



THE PLANTATION CORPORATION OF KERALA LTD.

KOTTAYAM - 686 004

(An ISO 9001-2008 Certified Company)

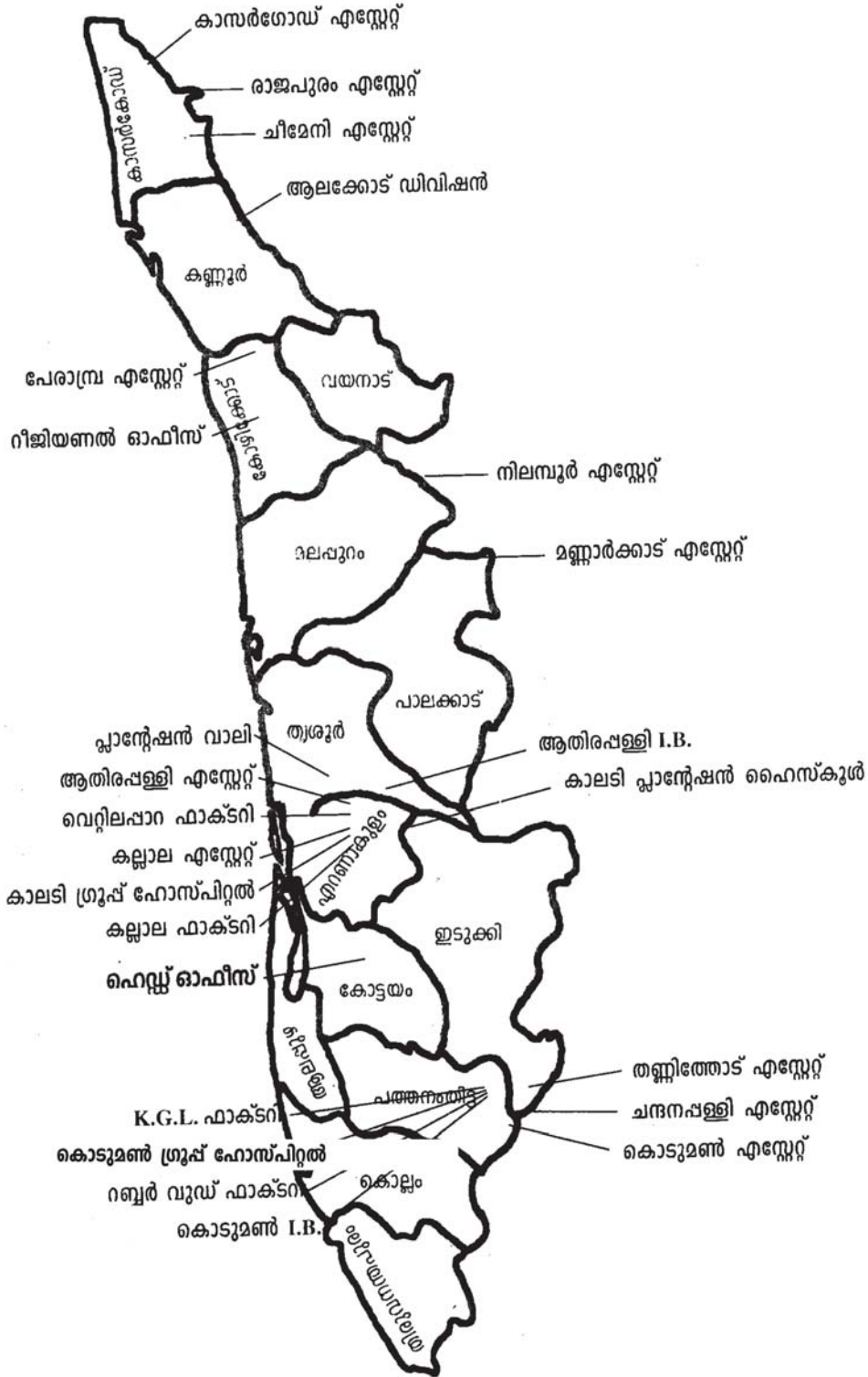


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52nd Annual Report

2013 - 2014

LOCATION OF VARIOUS UNITS OF PLANTATION CORPORATION



BOARD OF DIRECTORS

Dr. Varughese George
Chairman (From 24.12.2011)

Dr. J. Thomas
Director (From 9.12.2011)

Sri P.K. Mohanan
Director (From 03.02.2014)

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

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

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

Auditors
M/s JRS & Co.
Chartered Accountants
2nd Floor, The Monarch
P.T. Usha Road, Kochi - 682 011

Company Secretary
Agate Joseph Easow

Sri. A. Unnikrishnan
Managing Director (From 14.12.2012)

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

Sri. P. T. Thomas
Director (From 9.12.2011 to 02.02.2014)

Sri. P. Khalid Master
Director (From 17.10.2012)

Sri. P. Binu
Director (From 19.11.2012 to 07.08.2014)

Sri. A. Nizar
Director (From 08.08.2014)

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

&

SJS & Co.
Chartered Accountants
Ernakulam

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the 52nd Annual General Meeting of the Corporation will be held on Monday, the 29th September, 2014 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 2014 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
 - ii. Dr J Thomas
 - iii. Sri M V Markose
 - iv. Sri P K Mohanan
 - v. Sri P Khalid Master
 - vi. Adv. E R Santoshkumar
 - vii. Sri V T Joseph
 - viii. Prof A K Sankaran
 - ix. Sri A Nizar
4. To authorise the Board of Directors to fix the remuneration of the Auditors appointed by the Comptroller and Auditor General of India.

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

Kottayam
02.09.2014

Harish K
Company Secretary i/c

Note:-

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 52nd Adjoined Annual General Meeting of the Corporation will be held on Tuesday, the 30th December, 2014 at 11.00 AM at the Registered Office of the Corporation at Muttambalam (P.O), Kottayam- 686 004 to transact the following business;

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2014 and Profit and Loss Account for the year ended on that date, the reports of Directors and Auditors thereon.
2. To consider declaration of dividend on equity shares.

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

Sd/-

Kottayam
03.12.2014

Agate Joseph Easow
Company Secretary

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 2014 and Balance Sheet as on that date are also seen attached herewith.

Notice to Shareholders

Notice is hereby given that the 52nd Adjourned Annual General Meeting of the Corporation will be held on Saturday, the 28th March, 2015 at 11.00 AM at the Registered Office of the Corporation at Muttambalam (P.O), Kottayam- 686 004 to transact the following business;

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2014 and Profit and Loss Account for the year ended on that date, the reports of Directors and Auditors thereon.
2. To consider declaration of dividend on equity shares.

By Order of the Board,

For The Plantation Corporation of Kerala Ltd

Sd/-

Kottayam
02.03.2015

Agate Joseph Easow
Company Secretary

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 2014 and Balance Sheet as on that date are also seen attached herewith.

DIRECTORS' REPORT FOR THE YEAR 2013-14

Gentlemen,

Your Directors have pleasure in presenting the 52nd Annual Report of the The Plantation Corporation of Kerala Limited, for the year ended 31st March, 2014.

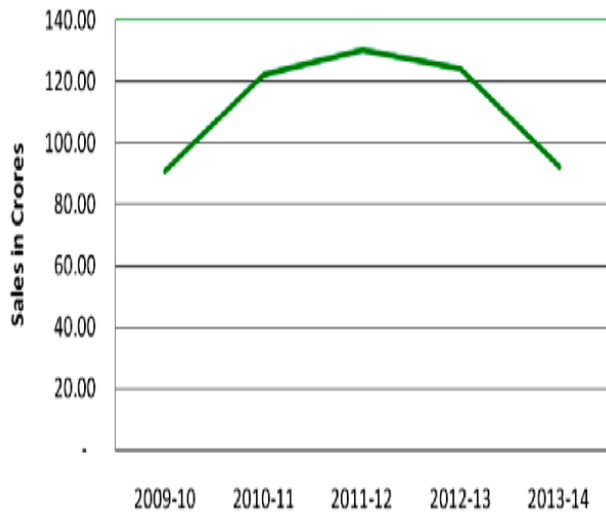
Financials at a glance

(In Lakhs)

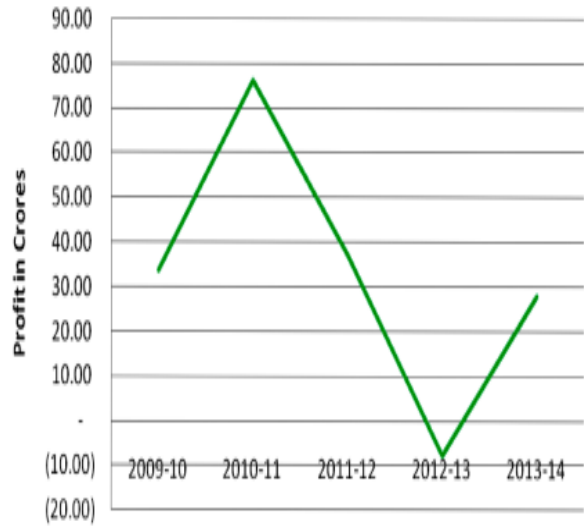
Particulars	2013-14	2012-13
Sales	9,238.97	12,476.76
Stock differential	814.27	9.42
Other income	1,228.86	1,845.11
Total Revenue	10,604.89	14,333.99
Manufacturing and other cost	8,394.47	8,858.10
Depreciation	204.96	218.70
Tax provision	1,000.00	1,000.00
Net profit before tax	2,796.78	-762.04
Earnings Per Share*	3,226.52	-3,164.12
Capital	556.88	556.88
Reserves	17,834.30	16,055.18
Net worth	18,391.18	16,612.06

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

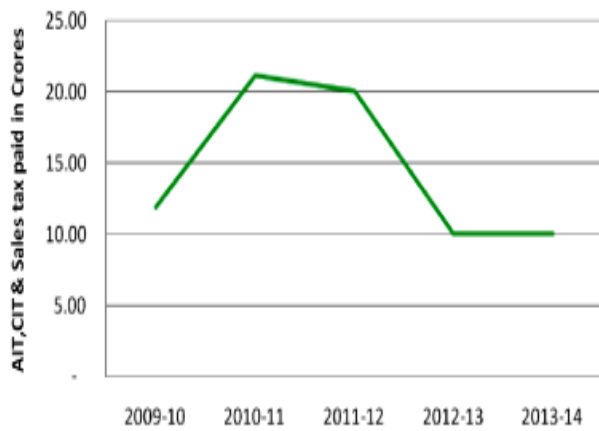
Sales



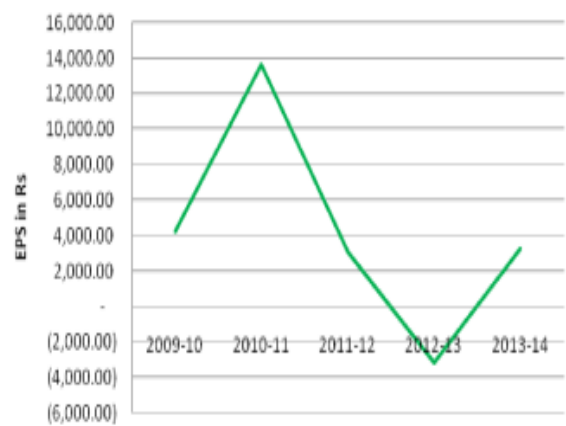
Profit



Contribution to Exchequer



EPS



Note: Profit and EPS have been arrived at after considering the provision for contribution to endosulphan victims amounting to ₹ 60.22 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 ₹1,79,67,857.31 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 was received up to Financial Year 2010-11 (AY 2011-12). For the financial year 2009-10 (AY 2010-11) a notice u/s 41(1) has been received to revise the assessment order by including an additional income under AIT ₹ 57.84 lakhs. We have remitted ₹ 2606.25 lakhs for Endosulphan Victims and claimed the same as expenditure and including the carried forwarded losses (₹ 2168.28 lakhs) from the previous year, the Agriculture Income computed is a loss as such no provision has been made for the current year under Agricultural Income Tax and the Corporation is pursuing cases for favorable orders.

SALES

Rubber

During the year 2013 -'14 the value of rubber sold was ₹ 7,852.93 lakhs as against value of ₹ 10,539.83 lakhs in 2012-'13.

Cashew

During the year 2013-'14 the amount received on sale of Cashew was ₹ 500.94 lakhs as against ₹ 608.26 lakhs in 2012-'13.

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 which is fully owned by PCK and rep Further the Corporation is in the process of planting rubber in the suitable areas of Kasaragode Estate where about 300 Ha, have already been planted with rubber.

2. Cashew Estates

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

3. Factories

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

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

4. Production

a. Rubber

The production target was 5715 MTs (PY 5677) and the achievement was 5129.927 MTs (PY 5412.095) during the period 2013 -2014. In terms of target achievement percentage for the year 2013-14 is 89.76%

b. Cenex

The production of Cenex during the period 2013- 2014 was 3,837.80 MTs (PY 4,081.851) [Kallala Factory – 1,551.04 MTs & KGL – 2,286.76 MTs).

c. Rubber Wood Factory

During the period 2013-2014, the quantity of 5,767 cft. (PY 3,763.76) of treated rubber wood was sold and the value realized was ₹ 20,15,722.00.

d. Oil Palm Plantations

The FFB harvested during the year 2013 - 14 was 4,924.875 MTs. (PY 4,196.852)

NEW ACTIVITIES**2013 – 2014**

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

2014 - 2015

1. Drip irrigation for open precision farming at Chandanappally Estate (Tender Notice published)
2. Construction of Poly House at Kodumon Estate.
3. Construction of Poly House at Vadavathoor Staff quarters.
4. Installed of new aerator for ETP, Kallala Factory.
5. Installation of mechanical stirrer in CF Latex tank at PCK Latex factory, Kodumon

INDUSTRIAL RELATIONS

The industrial relations during the period 2013-14 remained cordial and peaceful. Following are some of the major activities in this area.

1. Salary revision implemented to all staff and officers.
2. Amount of Vehicle loan increased to 5 lakh for all officers and staff
3. Maintenance and repair work of majority of labour lines completed

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES AND OUTGO

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

PARTICULARS OF EMPLOYEES

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

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

- (i) In the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures wherever applicable.

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

DIRECTORS

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

CORPORATE GOVERNANCE

The report on Corporate Governance is given in Annexure – III

AUDITORS

M/s. JRS & Co, Chartered Accountants, Kochi were appointed by Comptroller and Auditor General of India as the Auditors of the company for the year 2014-15.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Kottayam
06.11.2014

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	During the year 2013-14, a solar power plant was installed at Nilambur Estate for an amount of ₹ 8,90,209/-
(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 31-03-2014

SI No.	Name	Address	Date of Appointment
1	Dr.Varughese George	Kodumthara Malayil Eraviperoor P.O. Thiruvalla	24.12.2011
2	Sri.A.Unnikrishnan	Managing Director Plantation Corporation of Kerala Limited, Kottayam	14.12.2012
3	Sri.S P Singh	Principal Chief Conservator of Forests (Social Forestry). Forest Head Quarters, Vazhuthacaud, Thiruvananthapuram.	05.01.2012
4	Dr.J.Thomas	Rubber Board Production Commission Kottayam.	09.12.2011
5	Sri. P.T. Thomas	Additional Secretary Agriculture Department, Government of Kerala, Secretariat Thiruvananthapuram.	09.12.2011 to 03.02.2014
6	Sri.M.V.Markose	Additional Secretary Finance Department, Government of Kerala, Secretariat Thiruvananthapuram.	09.12.2011
7	Sri. P.K.Mohanan	Deputy Secretary Agriculture Department, Government of Kerala, Secretariat Thiruvananthapuram.	03.02.2014
8	Sri.P.Khalid Master	Chokad, Pullengodu. P.O., Malappuram	17.10.2012
9	Sri.E.R.Santhoshkumar	Eranallur House, Panamaram P.O., Wayanad	24.08.2012
10	Sri.P.Binu	Ambady, Chaathanadu, Alappuzha.	19.11.2012 to 08.08.2014
11	Sri. V.T. Joseph	Veliyil Parambil (H) CMC 34, Cherthala P.O., Alapuzha	03.08.2013
12	Sri.A.K.Sankaran	Aaranyakam Padannakad P.O., Kasaragod.	23.09.2013

ANNEXURE III

REPORT ON CORPORATE GOVERNANCE

During the period 2013-14, 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 2013-14 and meetings attended by the Directors are as follows:

Sl. No.	Name of the Director	Total No. of Board meetings in the FY	Total number of meetings attended by the Director	Total number of meetings required to be attended	Whether AGM attended by the Director
1	Dr. Varughese George	12	12	12	Yes
2	Sri. A. Unnikrishnan	12	12	12	Yes
3	Sri. S.P. Singh IFS	12	0	12	NA
4	Dr. J. Thomas	12	2	12	NA
5	Sri. P.T. Thomas	12	7	10	NA
6	Sri. M.V. Markose	12	9	12	Yes*
7	Sri. P.K.Mohanar	12	2	2	NA
8	Sri. P. Khalid Master	12	12	12	NA
9	Adv. E.R. Santoshkumar	12	10	12	NA
10	Sri. P. Binu	12	10	12	NA
11	Sri. V.T.Joseph	12	6	7	NA
12	Sri. A.K.Sankaran	12	4	6	NA

Note:

Sri. M.V. Markose is a shareholder of the Company w.e.f. 06.04.2013

INDEPENDENT AUDITOR'S REPORT

To

Member
The Plantation Corporation Of Kerala Limited
Muttambalam P.O, Kottayam

Report on the Financial Statements

We have audited the accompanying financial statements of **The Plantation Corporation of Kerala Ltd** ("the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") (Which continue to be applicable in respect of section 133 of the companies Act, 2013 in term of General Circular 15/2013 dated September 13, 2013 of the Corporate Affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

- Loans amounting to ₹ 150 lakhs given to Kerala State Horticultural Products Development Corporation Ltd and ₹ 25 lakhs given to Kerala State Coconut Development Corporation Ltd under Note No.11(4) are outstanding for a long period. It is further mention in the notes to accounts that Kerala State Coconut Development Corporation Ltd is under liquidation. The company has not created any provision for loss against the same. The consequential financial impact is unascertainable since the quantum of recovery possible is unknown, according to the information provided.*

- II. ₹ 48.21 lakhs shown under long term borrowing under Note. No: 4 is due to the government of Kerala for estate development being interest accrued and due which is subject to confirmation /adjustment by the concerned government department.
- III. Balance of each item under Other Current liabilities amounting to ₹ 317,695,701.17 under Note.7, Trade Payable amounting to ₹ 8,296,061.82 under Note.6, Trade Receivables amounting to ₹ 10,219,480.11 under Note.13, Long term loans and advances amounting to ₹ 53,104,552.49 under Note.11 and short term loans and advances amounting to ₹ 778,834,768.44 under Note No.15, Capital Work in Progress amounting to ₹ 8,417,828.95 under Note No.9 are subject to confirmation, reconciliation and consequential adjustment. We have relied only on the books of accounts maintained and information and explanation furnished by the company. The impact, if any, on the financial statements is not ascertainable.
- IV. The company has not charged depreciation on development of property on Note.9 for various cultivation Viz. ₹ 54.94 Crores for Rubber plantation, ₹ 9.38 Crores Cashew plantation, ₹ 3.24 Crores For Oil palm plantation and ₹ 0.30 Crores for other plantation. The company should have amortised the development of property on a systematic basis over their useful lives. The amount of such non- provision of depreciation pertaining to the current year and prior years is not furnished, the consequential impact on the financial statement is not ascertainable.
- V. The company has not recognized impairment of development of property with respect to Vanilla cultivation of ₹ 5.23 lakhs in accordance with Accounting Standard 28. As a result we are of the opinion that the loss is underestimated to the extent of ₹ 5.23 lakhs and development of property (Note:9) under fixed assets is overstated to that extent.
- VI. The company has shown subsidy of ₹ 14.92 lakhs received from the directorate of Cashew nut and Cocoa Development during the year under the head of "Subsidy from Government" under Note.3 "Reserve & Surplus". The total subsidy from Rubber Board till 31.03.2014 is ₹ 150.48 lakhs and against cashew plantation is ₹ 331.73 lakhs. These government grants related to specific assets should have been deducted from the gross value of the assets in arriving at their book value. Alternatively it could have been credited in the statement of Profit & Loss on a systematic and rational manner over the useful life of assets in proportion in which depreciation on those assets charged. The above method of treatment as prescribed in "Accounting Standard 12 - Accounting for Government Grants" has not been complied by the company. The impact as a result of the departure on the financials statement is not ascertainable in the absence of relevant details.
- VII. As shown in Note.13 to the financial statements, the company has classified sundry debtors amounting to ₹ 102.20 lakhs as unsecured considered good. In Absence of records relating to sundry debtors against which provision for doubtful debts is created, we are unable to verify the correctness of the amount shown as provision for doubtful debts of ₹ 13.88 lakhs and sundry debtors of ₹ 102.20 lakhs in note No.12. The Impact of the above, if any, on the financial statement is not ascertainable.
- VIII Since no records are made available to us for verifying the individual breakup or party wise details of many items under "Other Deposits" in Note.11(3) amounting to ₹ 30.66 lakhs, "Secured Loan" in Note.11(2) amounting to ₹ 204.79 lakhs, "Advance recoverable in cash or kind" in Note.15(1) amounting to ₹ 443.87 lakhs, we are unable to verify the correctness of the same. The impact of the same, if any on the financial statement is not ascertainable.
- IX Though the company has incurred a loss of ₹ 12.71 lakhs on account of budding failure in Rubber nursery at Kallala Estate, the same has not been recognized in the statement of Profit & Loss. As such we are of the opinion that profit is overstated and inventories under Note No.12 have been overstated to that extent.

- X The valuation of Nurseries mentioned in Note No.12(viii) amounting to ₹ 190.75 lakhs are subject to confirmation/reconciliation. Hence we are unable to quantify the effect, if any on the value of Inventories and the corresponding effects in the Statement of Profit and Loss.
- XI The company has estimated its tax liability for the financial year 2013 – 14 at 10 Crores and provided same in the statement of Profit & Loss. Since no records were made available to us for verifying the details of such estimation, we are unable to verify the correctness of the same. The impact of the same, if any on the financials statement is not ascertainable. Further it was noted that, the company has created a provision for Income Tax amounting to ₹ 10 Crores for the financial year 2012-13 against which the actual tax liability as per return of income was ₹ 6.76 Crores. However the company has not reversed the excess provision created. We are unable to quantify if any similar instances have occurred in the earlier years.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) **Except for the effects stated in Basis for Qualified Opinion**, in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2014; and
- b) **Except for the effects stated in Basis for Qualified Opinion**, in the case of the Statement of Profit & Loss, of the Profit for the year ended on that date.
- c) in the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

Emphasis of Matter

I Without Qualifying we would like to draw your attention to Note No.28 on Deferred Tax Assets and Liabilities. The company has not created any Deferred Tax Assets/Liability in the books of Accounts. The company has virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Due to lack of information, we are unable to quantify the impact of the financial statements.

II Without Qualifying, we would like to bring your attention to Note No.38(b) on Contingent Liability. The financial impact on the 215 cases which are pending against the company is not quantifiable and the provision for the same has not been provided in the financial statements.

Report on other legal and other regulatory requirements

- 1 As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Act, we give in the Annexure a statement on matters specified in paragraph 4 and 5 of the order.
- 2 As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.

- b) 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 those books.
- c) the Balance Sheet, the Statement of Profit & Loss and the Cash Flow statements dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statements dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 ***except for the effects stated in Basis for Qualified Opinion Paragraph.***
- e) In pursuance to the notification No GSR 829(E) dated 21.10.2003, issues by the Department of Company Affairs; clause (g) of sub section (1) of section 274 of the Companies Act,1956 pertaining to the disqualification of directors is not applicable to the company.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **JRS & Co.**
Chartered Accountants
Firm Reg. No. 008085S

Sd/-
Rajesh Ramachandran
Partner
Membership No.206211

Place : Kochi
Date : 06.11.2014

ANNEXURE TO THE AUDITORS REPORT

The Annexure referred to in paragraph 6 of the Our Report of even date to the members of The Plantation Corporation of Kerala Limited on the accounts of the company for the year ended 31st March, 2014.

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. However, the quantitative details of the fixed assets acquired upto 31.03.2007 requires reconciliation.
- b) As per the information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals. However, the reconcilitaion of the physical verification report with the fixed asset register has not been done and hence we are unable to comment on the discrepancies if any.
- c) The company has not disposed off substantial part of its fixed assets during the year.
- (ii) a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) On the basis of examination of the records of inventory, in our opinion, the company has generally maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory as compared to the book records.
- (iii) a.) The company has not granted any loans, secured or unsecured to companies, firms, or other parties, covered in the register maintained under section 301 of the Act. However the company has granted loan to Kerala State Coconut Development Corporation Ltd for Rs.25 lakhs and Kerala State Horticultural Products Development Corporation Ltd for Rs.150 lakhs in earlier years which is still outstanding.
- b) In light of (a) above, no comment is required under Paragraph 4 (iii) (b) of the said order.
- c.) In respect of loans and advances in the nature of loans given by the company during the prior years to Kerala State Coconut Development Corporation Ltd. (25 lakhs) and Kerala State Horticultural Products Development Corporation Ltd. (150 lakhs), receipt of either the principal amount or the interest was outstanding for a long time. But in the case of Kerala State Horticultural Products Development Corporation Ltd, interest is waived by the Department of Agriculture through a letter No.6571/ PU2/13/ AD dated 19-07-2013.
- d.) According to the information provided, the Company has taken reasonable steps for the recovery of the principal and interest, but no material evidence regarding this was made available to us.
- e.) The company has not taken any loans, secured or unsecured from companies, firms, or other parties, covered in the register maintained under section 301 of the Act. Clauses (iii)(f) to (iii)(g) of paragraph 4 of the said Order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and nature of its business, for the purchase of inventories and fixed assets and payment for expenses and for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls have been noticed.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, Clause (v) (b) of the paragraph 4 of the Order is not applicable to the company for the current year.
- (vi) The company has not accepted any deposit from public within the meaning of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 framed thereunder.
- (vii) In our opinion, the company's internal audit system is commensurate with its size and nature of its activities. However, the extent and coverage increase in activities 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) According to the records of the company, undisputed statutory dues including Provident Fund, Investor education and protection fund, Employees' state insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the informations and explanations given to us there were no outstanding statutory dues as on 31st March, 2014 for a period of more than six months from the date they became payable. However upon verification of the books of accounts, it was observed that an amount of Rs.942,467 was outstanding as Kerala Value Added Tax (Works Contract Tax TDS) payable which is outstanding for more than one year. The details/status of the same could not be verified.
- 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 601.42 lakhs, Agriculture Income Tax of 3,020.25 lakhs and Sales Tax of 624.13 lakhs as given in Note No. 36(A), (B), & (C) respectively in the forums where the disputes are pending are mentioned.
- (x) The company does not have any accumulated loss and have not incurred cash loss during the financial year covered by our audit and but has incurred cash loss in the immediately preceding financial year.
- (xi) As per the information and explanations given to us, the company has not availed any loans from banks or financial institutions or through debentures.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund or Nidhi or Mutual Fund Society are not applicable to the company.
- (xiv) In our opinion and according to the explanations given to us, the company is not a dealer or trader in securities.
- (xv) As explained to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, are prejudicial to the interest of 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) The company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year
- (xix) In our opinion, the company has not issued any debentures during the year.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) We have placed reliance on the explanations given by the management of the company that during the year no fraud on or by the company that causes the financial statements to be materially mis-stated has been noticed or reported.

For JRS & Co.
Chartered Accountants
Firm Reg. No.008085S

Rajesh Ramachandran
Partner
Membership No.206211

Place : Cochin
Date: 06.11.2011

**REPLY TO THE COMMENTS OF STATUTORY AUDITORS ON
THE ACCOUNTS OF THE PLANTATION CORPORATION OF KERALA
LTD. FOR THE YEAR ENDED 31.03.14**

- I. 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. 11(1)& 11(2) forming part of financial statements.
- II. 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.
- III. The report on the balance of each item under Current Liabilities (Note.7) Trade Payables (Note.6) Trade Receivables (Note No. 13) Long term Loans and Advances-(Note No.11) Short term Loans and advances (Note No. 15) and Capital Work in Progress (Note No. 9)are only a general statement and not specific.
- IV. 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 31.03.14. This practice has been consistently followed.
- V. 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 is legally disputed in different Courts including Hon'ble High Court of Kerala. Therefore the writing off of this plantation has not been done during this year.
- VI. The treatment of subsidies is shown in clause k of Note No.1 Significant Accounting policies of Notes forming part of financial statements. The company is following capital accounting method as per AS-12. As the subsidy is not meant for the purpose of procurement of capital asset and moreover the development of property is not depreciable, the subsidy amount is not credited in development of property, but shown as separate head under Reserve & Surplus.
- VII. We are in the process of verification of "advance from customers", Sundry Debtors and other liabilities.

- VIII. For most of the Loans and Advances, individual breakups are available in the registers maintained at various Units.
- IX. The Board has directed to conduct domestic enquiry on this. The same is pending. Hence no adjustment has been made in the accounts.
- X. Majority of the estates have furnished their physical numbers and value of nurseries in a detailed format which matches with the corresponding figures in their accounts. But per unit plant cost does not provide a comparative picture for some units. However we are in the process of reconciling the same.
- XI. Provision for tax liability during the year 2013-14 is provided based on the estimated income. The company has not adjusted the provision of previous year 2012-13 because the appeal has been preferred for the Assessment Years 2004-05, 2005-06 and 2010-11. So this excess provision may have to be utilized if there is any change in tax liability for those years. Moreover the assessment for the year 2012-13 is not completed.

THE PLANTATION CORPORATION OF KERALA LTD. KOTTAYAM - 686004

(CIN:U01119KL1962SGC001997)

BALANCE SHEET AS AT MARCH 31,2014

Particulars	Note No.	2013-14 (₹)	2012-13 (₹)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	5,56,88,000.00	5,56,88,000.00
(b) Reserves and surplus	3	1,78,34,30,557.25	1,60,55,17,873.18
		1,83,91,18,557.25	1,66,12,05,873.18
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	4	48,20,960.51	48,20,960.51
(b) Long-term provisions	5	2,03,87,734.00	2,48,52,495.00
		2,52,08,694.51	2,96,73,455.51
4 Current liabilities			
(a) Trade payables	6	82,96,061.82	73,14,090.80
(b) Other current liabilities	7	31,76,95,701.17	29,10,80,782.45
(c) Short-term provisions	8	1,25,08,51,674.07	1,45,15,08,210.07
		1,57,68,43,437.06	1,74,99,03,083.32
TOTAL		3,44,11,70,688.82	3,44,07,82,412.01
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	85,55,75,095.44	76,85,49,281.94
(ii) Intangible assets	9	3,41,905.90	3,75,803.00
(iii) Capital work-in-progress	9	84,17,828.95	77,32,634.95
		86,43,34,830.29	77,66,57,719.89
(b) Non-current investments	10	1,50,01,000.00	1,50,01,000.00
(c) Long-term loans and advances	11	5,31,04,552.49	4,33,35,155.07
		6,81,05,552.49	5,83,36,155.07
2 Current assets			
(a) Inventories	12	24,00,76,131.54	14,78,10,264.81
(b) Trade receivables	13	88,31,693.20	71,85,097.20
(c) Cash and cash equivalents	14	1,31,13,74,148.43	1,61,61,23,929.03
(d) Short-term loans and advances	15	77,88,34,768.44	71,00,19,988.06
(e) Other current assets	16	16,96,13,564.43	12,46,49,257.95
		2,50,87,30,306.04	2,60,57,88,537.05
TOTAL		3,44,11,70,688.82	3,44,07,82,412.01

Significant accounting policies & notes on financial statement 1-43

For and on behalf of Board of Directors

Sd/-
Dr. Varughese George
Chairman
DIN - 05237018

Sd/-
A.Unnikrishnan
Managing Director
DIN - 06476646

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

As per our report of even dated attached

Sd/-
Agate Joseph Easow
Company Secretary

JRS & Co.
Chartered Accountants
(FRN : 008085S)

Sd/-

C.A Rajesh Ramachandran
(Partner)
Membership No. 206211

Kottayam
06.11.2014

THE PLANTATION CORPORATION OF KERALA LTD. KOTTAYAM - 686004
(CIN:U01119KL1962SGC001997)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

Particulars	Note No.	2013-14 (₹)	2012-13 (₹)
1 Revenue from operations	17	92,38,97,998.45	1,24,76,76,217.78
2 Other income	18	12,28,86,031.34	18,45,11,603.24
3 Prior period income	19	1,37,05,480.00	12,11,452.40
4 Total Revenue (1 + 2 +3)		1,06,04,89,509.79	1,43,33,99,273.42
5 Expenses			
(a) Cost of materials consumed and direct expenses	20	33,63,32,812.92	31,26,40,587.66
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(8,14,27,384.00)	(9,42,470.00)
(c) Employee benefits expenses	22	35,62,93,352.82	40,32,19,935.57
(d) Depreciation and amortisation expenses	9	2,04,96,955.55	2,18,70,015.15
(e) Administrative and others expenses	23	14,68,21,459.43	16,99,50,012.50
(f) Prior period expenses	24	22,93,740.00	6,89,883.00
6 Total expenses		78,08,10,936.72	90,74,27,963.88
7 Profit / (Loss) before exceptional and extraordinary items and tax (4 - 6)		27,96,78,573.07	52,59,71,309.54
8 Extraordinary items	29	-	60,21,75,000.00
9 Profit / (Loss) before tax (7 - 8)		27,96,78,573.07	(7,62,03,690.46)
10 Tax expense:			
(a) Current tax expenses		10,00,00,000.00	10,00,00,000.00
11 Profit / (Loss) for the period (9 - 10)		17,96,78,573.07	(17,62,03,690.46)
Earning per equity share(EPS) (Nominal Value of Shares ₹ 1000 each) Basis and diluted earning per share	30	3,226.52	(3,164.12)

Significant accounting policies & notes on financial statement 1-43

For and on behalf of Board of Directors

As per our report of even dated attached

Sd/-
Dr. Varughese George
Chairman
DIN - 05237018

Sd/-
A.Unnikrishnan
Managing Director
DIN - 06476646

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

Sd/-
Agate Joseph Easow
Company Secretary

JRS & Co.
Chartered Accountants
(FRN : 008085S)

Kottayam
06.11.2014

Sd/-
C.A Rajesh Ramachandran
(Partner)
Membership No. 206211

THE PLANTATION CORPORATION OF KERALA LTD. KOTTAYAM - 686004
(CIN:U01119KL1962SGC001997)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

Particulars	2013-14 (₹)	2012-13 (₹)
I. Cash flows from operating activities		
Profit before tax and exceptional item	27,96,78,573	(7,62,03,690)
Non- cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	2,04,96,956	2,18,70,015
Proceeds from sale of trees	(3,59,96,238)	(8,47,75,136)
Dividend on investments	(9,00,000)	(8,00,000)
Interest on investments	(10,83,13,236)	(15,15,63,837)
Interest on loans and advances	(17,62,900)	(30,92,416)
Profit on sale of assets	(55,000)	(3,16,721)
Extra ordinary items	-	60,21,75,000
Accounts written off	-	16,43,435
Subsidy written back	-	(10,80,640)
Prior period expenses	-	3,07,044
Operating profit before working capital changes	15,31,48,155	30,81,63,054
Movements in working capital:		
Increase/(decrease) in other liabilities	2,66,14,919	(2,34,16,188)
Increase/(decrease) in provisions	(13,92,451)	(7,57,30,662)
Increase/(decrease) in trade payables	9,81,971	(2,85,801)
Decrease/(increase) in loans and advances	(1,52,00,901)	16,42,071
Decrease/(increase) in Inventories	(9,22,65,867)	(6,95,579)
Decrease/(increase) in trade receivables	(16,46,596)	(57,55,193)
Cash generated from/(used in) operations	7,02,39,231	20,39,21,701
Direct tax paid (net of refunds)	(10,85,84,731)	(9,40,38,731)
Cashflow before extra ordinary items	(3,83,45,500)	10,98,82,970
Extra ordinary items	(26,06,25,000)	(27,04,25,000)
Net cash flow from/(used in) operating activities (I)	(29,89,70,500)	(16,05,42,030)

II Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(2,78,48,590)	(3,75,41,621)
Development of property	(8,17,39,527)	(6,49,03,262)
Proceeds from sale of fixed assets	3,09,050	3,80,600
Sale of trees	3,59,96,238	8,47,75,136
Receipt of subsidy	14,91,720	17,29,098
Dividend on investment	9,00,000	8,00,000
Interest received on loans & advances	17,62,900	30,97,059
Net (deposits)/ withdrawals on fixed deposits	55,75,86,814	11,26,99,557
Investment in NABARD	(3,00,00,000)	-
Interest received on investments	6,33,48,929	8,55,72,303
Net cash flow from/(used in) investing activities (II)	52,18,07,534	18,66,08,871
III Cash flows from investing activities		
Payment of dividend	-	(27,84,400)
Dividend distribution tax	-	(4,51,700)
Net cash flow from/(used in) financing activities (III)	-	(32,36,100)
Net increase /(decrease) in cash and cash equivalents (I+II+III)	22,28,37,034	2,28,30,741
Cash and cash equivalents at the beginning of the year	3,22,00,171	93,69,430
Cash and cash equivalents at the end of the year	25,50,37,204	3,22,00,171
Notes:		
Cash and cash equivalents include		
- Balances with scheduled banks in current account	2,08,55,329	82,69,926
- Balances with treasury SB account	1,46,683	9,689
- Balances with fixed deposits with a maturity of less than 3 months	23,40,35,192	2,39,20,556
Cash and bank balances at the end of the year	25,50,37,204	3,22,00,171

For and on behalf of Board of Directors

As per our report of even dated attached

Sd/-	Sd/-	Sd/-	Sd/-	
Dr. Varughese George	A.Unnikrishnan	Sreelakumar.S.	Agate Joseph Easow	JRS & Co.
Chairman	Managing Director	G.M. (F&A) i/c	Company Secretary	Chartered Accountants
DIN - 05237018	DIN - 06476646			(FRN : 008085S)
				Sd/-
				C.A Rajesh Ramachandran
				(Partner)
				Membership No. 206211
Kottayam				
06.11.2014				

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

31.03.2014

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 the end of the financial year.

D. Taxes on Income:

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

E. Earnings per Share:

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

F. Depreciation:

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

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

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

G. Sales:

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

H. Inventories:

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

I. Treatment of expenses during construction period:

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

J. Development expenditure:

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

K. Subsidies:

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

L. Investments:

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

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

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

(ii) Post employment benefits (defined benefit Plans)

The employees' gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined as on 31.03.2014, 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	2013 - 2014		2012 - 2013	
	Numbers	Amount	Numbers	Amount
<u>Authorised</u>				
Equity shares of ₹ 1000 each	75,000	7,50,00,000.00	75,000	7,50,00,000.00
<u>Issued, Subscribed and Paid up</u>				
<u>Equity Share Capital</u>				
Equity shares of ₹ 1000 each	55,688	5,56,88,000.00	55,688	5,56,88,000.00
Total	55,688	5,56,88,000.00	55,688	5,56,88,000.00

B. Reconciliation of the number of Equity shares and amount outstanding at the beginning and end of the year

Particulars	2013-14		2012-13	
	Nos.	Amount	Nos.	Amount
Number of shares outstanding as at the beginning of the year	55,688	5,56,88,000.00	55,688	5,56,88,000.00
Number of shares brought back during the year	-	-	-	-
Number of shares redeemed during the year	-	-	-	-
Number of shares reconverted into equity shares during the year	-	-	-	-
Number of shares outstanding at the end of the year	55,688	5,56,88,000.00	55,688	5,56,88,000.00

C. 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 55686 shares (99.99%) of the Corporation.

D. Right, preference and restriction attached to shares

The company has only one class of equity shares having face value of ₹ 1000 each. Every share holder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

3. Reserves and Surplus:

Particulars	2013-14 (₹)	2012-13 (₹)
<u>1) Capital Reserve</u>		
Balance as at the beginning of the year	11,97,89,050.90	11,97,89,050.90
Add : Additions made during the year	-	-
Less : Transferred during the year	-	-
Balance as at the end of the year	11,97,89,050.90	11,97,89,050.90
<u>2) General reserve</u>		
Balance as at the beginning of the year	15,11,86,654.92	12,31,49,563.44
Add : Additions made during the year		
- Profit & loss statement	1,79,67,857.31	-
- Transferred from rehabilitation reserve	-	1,40,79,091.48
- Transferred from replanting reserve	-	1,39,58,000.00
Balance as at the end of the Year	16,91,54,512.23	15,11,86,654.92
<u>3) Other reserves</u>		
i) Replanting reserve		

Balance as at the beginning of the year	11,50,00,000.00	12,89,58,000.00
Add : Additions made during the year	-	-
Less : Transferred to general reserve	-	1,39,58,000.00
Balance as at the end of the year	11,50,00,000.00	11,50,00,000.00
<u>ii) Rehabilitation Reserve</u>		
Balance as at the beginning of the year	-	1,40,79,091.48
Less : Transferred to general reserve	-	1,40,79,091.48
Balance as at the end of the year	-	-
Balance as at the end of the year (i)+(ii)	11,50,00,000.00	11,50,00,000.00
<u>4) Surplus/(Deficit) in the statement of profit and loss)</u>		
Balance as at the beginning of the year	1,17,28,11,926.86	1,34,90,15,617.32
Add : Profit during the year	17,96,78,573.07	(17,62,03,690.46)
Less :Dividend proposed to be distributed to the equity share holders ₹ 50 per share.(previous year- nil)	(27,84,400.00)	-
Less :Tax on dividend	(4,73,209.00)	-
Transfer to general reserve	(1,79,67,857.31)	-
Balance as at the end of the year	1,33,12,65,033.62	1,17,28,11,926.86
<u>5) Subsidy from government</u>		
<u>i) Subsidy from rubber board</u>		
(Rubber cultivation)		
Balance as at the beginning of the year	1,50,48,248.50	1,50,48,248.50
Add : Additions made during the year	-	-
Less : Adjusted this year	-	-
Balance as at the end of the year	1,50,48,248.50	1,50,48,248.50
<u>ii) Subsidy from government of Kerala</u>		
(Cashew cultivation)		
Balance as at the beginning of the year	3,16,81,992.00	3,10,33,534.00
Add : Additions made during the year	14,91,720.00	17,29,098.00
Less : Transferred to prior period income	-	10,80,640.00
Balance as at the end of the year	3,31,73,712.00	3,16,81,992.00
Balance as at the end of the year (i)+(ii)	4,82,21,960.50	4,67,30,240.50
Total	1,78,34,30,557.25	1,60,55,17,873.18

- 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. No amount has been transferred to Replanting, Capital and Rehabilitation reserves during the year.
- b. Replanting Reserve is maintained for meeting the future expenses in connection with replanting activities. Based on estimate made for future replanting program an amount of ₹ 11,50,00,000/- is required for this purpose and the same amount has been deposited in the Treasury Account.
- c. 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.
- d. Government grand received by the company as subsidy during the year is ₹ 14,91,720.

4. Long Term Borrowings

Particulars	2013-14 (₹)	2012-13 (₹)
1) Other loans and advances		
(i) Unsecured		
From Govt of Kerala for Estate	48,20,960.51	48,20,960.51
Development interest accrued and Due (There is no change in the amount since 31.03.1999)		
Total	48,20,960.51	48,20,960.51

5. Long Term Provisions

Particulars	2013-14 (₹)	2012-13 (₹)
1) Provision for employee benefit		
(i) Provision for leave encashment	2,03,87,734.00	2,48,52,495.00
Total	2,03,87,734.00	2,48,52,495.00

6. Trade Payables

Particulars	2013-14 (₹)	2012-13 (₹)
Trade payables (*)	82,96,061.82	73,14,090.80
Total	82,96,061.82	73,14,090.80

*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.

7. Other Current Liabilities

Particulars	2013-14 (₹)	2012-13 (₹)
1) Other payables		
(i) Statutory remittances	79,14,306.28	1,00,72,180.06
(ii) Contractually reimbursable expenses		
a) Retention account	34,17,397.50	37,30,946.50
b) With held contractors	47,83,161.44	39,29,017.44
(iii) Trade / Security deposit received		
a) EMD	1,12,06,484.17	1,16,63,926.17
b) Security deposit	2,66,71,205.72	3,12,60,315.72
(iv) Advance from customers	17,22,000.00	-
(v) Others		
a) Other liabilities	2,05,59,005.04	83,78,445.70
b) Lease rent payable	17,29,70,983.82	15,60,36,312.82
c) Labour welfare fund	36,675.35	36,075.35
d) Agricultural income tax due	1,77,37,151.90	1,77,37,151.90
e) Liability for expenses	3,57,50,452.91	3,07,02,304.92
f) Advance from contractors	13,57,489.00	47,06,803.00
g) Wages payable account	1,35,69,388.19	1,28,27,302.87
Total	31,76,95,701.17	29,10,80,782.45

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 31/03/2014 is ₹ 36,675.35 (PY 36,075.35)

8. Short term provisions

Particulars	2013-14 (₹)	2012-13 (₹)
1) Provision for Employee Benefits		
a) Gratuity		
Balance as at the beginning of the year	46,62,647.00	13,08,27,304.00
Current year provision	3,69,68,953.00	6,44,40,361.00
Paid this year	4,15,66,417.00	19,06,05,018.00

Balance as at the end of the Year	65,183.00	46,62,647.00
b) Bonus	6,98,00,000.00	6,49,00,000.00
c) Leave encashment		
Balance as at the beginning of the year	19,45,261.00	-
Add : Current year provision	47,15,035.00	-
Less adjusted this year	19,45,261.00	-
Balance as at the end of the year	47,15,035.00	19,45,261.00
d) Provision for provident fund	1,56,10,090.00	1,56,10,090.00
e) Provision for salary arrears due to pay revision	5,82,41,000.00	5,82,41,000.00
2) Others		
a) Provision for taxation		
Balance as at the beginning of the year	66,48,73,355.07	56,53,25,055.07
Add : Current year provision	10,00,00,000.00	10,00,00,000.00
Less adjusted this year	4,63,61,455.00	4,51,700.00
Balance as at the end of the year	71,85,11,900.07	66,48,73,355.07
b) Provision for sales tax	3,91,00,857.00	3,91,00,857.00
c) Provision for endosulfan victims	34,15,50,000.00	60,21,75,000.00
d) Provision for proposed equity dividend	27,84,400.00	-
e) Provision for tax on proposed dividend	4,73,209.00	-
Total	1,25,08,51,674.07	1,45,15,08,210.07

9. Fixed Assets

a) Development of Property

Item	Opening Balance	Additions	Disposals	Closing Balance
Rubber	48,18,17,453.32	6,75,49,321.16	-	54,93,66,774.48
Cashew plantations	7,99,67,335.07	1,38,74,276.26	-	9,38,41,611.33
Arecanut plantations	11,98,635.03	-	-	11,98,635.03
Oil Palm plantation	3,21,43,207.66	2,91,842.00	-	3,24,35,049.66
Teak plantations	7,54,364.50	6,134.00	-	7,60,498.50
Cocoa plantation	12,797.00	-	-	12,797.00
Coconut plantations	2,60,822.82	5,199.00	6,050.00	2,59,971.82
Diary farm project	-	12,755.00	-	12,755.00
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	59,73,04,601.04	8,17,39,527.42	6,050.00	67,90,38,078.46
Previous Year	53,25,79,845.40	6,49,03,261.71	1,78,506.07	59,73,04,601.04

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 (on 31.03.2011 is 14,135.27 Ha.). Certain areas have been subjected to survey.

Details	Mature Area (Ha)	Immature Area (Ha)
Rubber Plantation	5305.94	1000.07
Cashew Plantation	5293.01	725.08
Oil Palm Plantation	704.73	0.00
Total	11,303.68	1725.15

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	:	<u>14,135.27 Ha</u>

The data mentioned above is for the year 31.03.2012.

Total Area of Land

- 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. 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. In the current year also we provided lease rent provision for 1378.3556 hectares @ ₹ 1300 per hectare.
- d) The 975 hectares in Cheemeni Estate includes 126.55 hectares transferred to the Prison Department as per G.O (MS) No. 95/99/RD dated 18.03.1999. An area of 126.55 Ha in Thuravu II division was transferred and possession is handed over to Prison Department invoking urgency claim subject

to the condition that the terms and conditions of transfer will be decided later. The Corporation has claimed an amount of ₹ 582.30 Lakhs from the Prison Department (by production loss and value of timber trees) as compensation. However, no adjustment in this regard has been made in the accounts since the matter is still pending. At the time of final decision in this matter, the amount receivable will be provided in the accounts..

- e) Government has vide order No G.O. (MS)NO.19/2009/ID dated 07-02-09, directed the corporation to hand over 2000 acres of land from Cheemeni Estate for its proposed Thermal Power Project. The Project has not taken off until date. The Corporation is still in possession of the said land and enjoying the benefits of agriculture from the land. No correspondence is received at the Corporation to alienate the land for the above mentioned purpose. No adjustment has been made in the books in this regard.
- f) Government has vide its letter No. 25376/PUI/08/AD dated. 05-01-2009 directed to hand over 100 acres of land from Cheemeni Estate for its proposed IT Park. No Govt. Order is received in this regard. Further the Project has not taken off until date. The Corporation is still in possession of the said land and enjoying the benefits of agriculture from the land. No correspondence is received at the Corporation to alienate the land for the above mentioned purpose. Hence, no adjustment has been made in the books in this regard.
- g) Lease deeds for lands handed over to the Corporation since 1970 are pending execution except for the land handed over for the development of cashew plantations (Rajapuram Estate) under World Bank Scheme. The lease deed relating to Rajapuram Estate expired on September 30, 2012. An application for renewal of the same was filed on September 25, 2012. The matter is now pending with Forest Department.
- h) The written down value of Buildings, Roads, Landing pads and Fences is ₹ 1,158.20 Lakhs of which assets worth ₹ 1,070.05 Lakhs are constructed on lease hold lands.
- i) Government vide its order GO (MS) No. 96/2012/RD dated 5.03.2012 has asked the Corporation to hand over 51 acres of land to Central University from Kasaragod Revenue land. As per the Board decision, Corporation has asked for a compensatory land equivalent to the value of 51 acres of land at Kasaragod. The matter is pending at the Govt. level, no adjustments has been made in the books in this regard.
- j) Government vide its order No. GO (MS)No.77/2011/RD dated 16.02.2011 asked the Corporation to hand over 310 acres of land to Central University from Kasargod revenue land. The transfer formalities were completed during the financial year 2012-13. Corporation has claimed approximately ₹ 2 crores as additional compensation vide letter No. SEC/23 dated 30.03.2011. This matter is pending at Government level. Hence no adjustment has been made in the books during the current year.
- k) Depreciation was charged on Plant and Machinery from the date on which asset put to use and in case of other assets from the date of purchase or on completion of construction. The factories are operated in single, double and triple shift basis. So for the current year the extra shift depreciation on plant and machinery has been provided in proportion with the number of days for which the concern worked double shift or triple shift bears to the number of working days during the year.
- l) A machinery damaged completely in PCK Latex Factory in the year 2012-13 with a written down value of ₹ 10,16,735/- has been written off. An insurance claim of ₹ 20 lakhs has been made in this regard. On the principle of conservatism, no accounting entries has been made in the books for the claim made by the Corporation.
- m) Intangible assets are amortized by using straight line method over a period of 10 years.

NOTE 9 - PLANT & MACHINERY, ROADS, BUILDINGS ETC AS ON 31-03-2014

Tangible Assets	ORIGINAL COST			DEPRECIATION			NET CARRYING AMOUNT			
	As at 1/4/2013 Rs. P.	Additions during the Rs. P.	Deletion Rs. P.	As at 31/03/2014 Rs. P.	Up to 31/03/2013 Rs. P.	For the year Rs. P.	Deletion/adjustments Rs. P.	up to 31/03/2014 Rs. P.	Net Block as on 31.03.14 Rs. P.	Net Block as on 31.03.13 Rs. P.
1. Furniture	4642618.66	268157.63	0.00	4910776.29	3965665.63	200870.43	0.00	4166536.06	744239.82	676953.03
2. Office equipments	4413325.65	177231.00	0.00	4590556.65	3922590.20	117985.60	0.00	4040575.80	549980.73	490735.45
3. Electrical appliances	1072127.79	175702.00	0.00	1247829.79	770404.58	105115.46	0.00	875520.04	372309.76	301723.21
4. Electrical installation	14725764.69	1191244.00	0.00	15917008.69	8621955.43	1318015.46	0.00	9939970.88	5977037.87	6103809.26
5. Telephone	481293.67	378535.00	0.00	859828.67	386933.40	34013.89	0.00	420947.29	438882.13	94360.27
6. Survey instruments	10517.54	0.00	0.00	10517.54	10466.46	7.67	0.00	10474.13	43.41	51.08
7. Library	84795.36	0.00	0.00	84795.36	78988.14	580.72	0.00	79568.86	5226.51	5807.22
8. Roads	40401984.79	2686420.00	0.00	43088404.79	18976463.31	1140062.49	0.00	20116525.80	22971878.44	21425521.48
9. Fence/Kayala	30426674.21	5726389.00	0.00	36153063.21	13278185.64	1953791.20	0.00	15231976.84	20921086.31	17148488.57
10. Electric fittings	337479.03	0.00	0.00	337479.03	265860.86	14323.61	0.00	280184.47	57294.54	71618.17
11. Plant & machinery	84785788.99	9421805.00	0.00	94207593.99	51358985.45	8155821.48	0.00	59514806.93	34692786.50	33426803.54
12. Buildings	129798227.39	2466091.00	240000.00	132024318.39	56394800.71	4045697.35	11967.12	60428530.94	71595787.61	73403426.68
13. Vehicles	31275208.36	409056.00	2000.00	31682264.36	21404142.59	2592681.32	456.80	23996367.12	7685897.24	9871065.77
14. Water supply installations	10990488.33	10390.00	0.00	11000878.33	9782165.64	366379.39	0.00	10148545.03	852333.16	1208322.69
15. Amonium cylinders	523639.00	0.00	0.00	523639.00	523611.14	11.14	0.00	523622.28	16.72	27.86
16. wells	867295.95	0.00	0.00	867295.95	207241.43	33002.73	0.00	240244.16	627051.78	660054.52
17. Landing pad	118844.25	0.00	0.00	118844.25	87527.51	1565.84	0.00	89093.35	29750.92	31316.74
18. Jhankar boat	117650.00	0.00	0.00	117650.00	17639.31	10001.07	0.00	27640.38	90009.62	100010.69
19. Freehold land	5576197.25	2385702.00	0.00	7961899.25	1.25	0.00	0.00	1.25	7961898.00	5576196.00
20. Computer	4956231.20	693682.00	6000.00	5643913.20	4307842.71	374096.58	1532.05	4680407.24	963505.90	648388.49
21. Development of Property (Refer Note No 9 a.)	597304601.04	81739527.42	6050.00	679038078.46					679038078.46	597304601.04
Total	962910753.15	107729932.05	254050.00	10703866635.20	194361471.39	20464023.43	13955.98	214811538.84	855575095.44	768549281.76
Previous Year Total	868163660.79	99581417.72	4834325.36	962910753.15	175564468.37	21824426.15	3027423.14	194361471.38	768549281.94	692599192.42
INTANGIBLE ASSETS										
Computer Software	455890	12991	0	468881	80087	46888.10		126975.10	341905.90	375803
CAPITAL WORK IN PROGRESS										
Capital work in progress	7732634.95	1437493	752299	8417828.95	0	0	0	0	8417828.95	7732634.95

10. Non current investments

Particulars	2013-14 (₹)	2012-13 (₹)
1) Other investment		
i) Investment in equity instrument (fully paid up)		
a) 10 Equity shares of ₹ 100/- each fully paid up in Banana & Fruit Development Corporation Ltd., Madras	1,000.00	1,000.00
b) 1000 equity shares of ₹ 10,000/- each fully paid up in Kerala Feeds Ltd., Kallettumkara, Trichur.	1,00,00,000.00	1,00,00,000.00
c) 5,00,000 Equity shares of ₹ 10/- each fully paid up in Cochin International Airport Ltd., Nedumbassery.	50,00,000.00	50,00,000.00
Total	1,50,01,000.00	1,50,01,000.00

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

11. Long term loans and advances

Particulars	2013-14 (₹)	2012-13 (₹)
1) Capital Advances		
i) Unsecured and considered good		
a) Advance for land	11,60,000.00	-
2) Loans and advances to employees		
i) Secured and considered good		
a) Motor car loan	74,01,061.00	54,51,150.00
b) Motor cycle loan	1,30,78,134.10	87,83,061.10
c) Housing loan	-	14,617.00
3) Deposits		
i) Unsecured and considered good		
1. KSEB, Port Trust & other Govt. Dept.	67,70,790.00	42,07,964.00

2. Other deposits	30,66,007.00	28,15,451.00
3. With court	16,78,021.00	16,72,621.00
4) Other Loans and Advances		
i) Unsecured and considered good		
a) K.S.C.D.C.	25,00,000.00	25,00,000.00
b) K.S.H.D.C.	1,50,00,000.00	1,50,00,000.00
c) Advances recoverable in cash or kind for value to be received.	21,92,334.14	26,32,085.72
d) Rebate receivable on Govt. Loan (Inclusive of Guarantee commn. Refund due)	2,58,205.25	2,58,205.25
Total	5,31,04,552.49	4,33,35,155.07

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

In pursuance of the Government order (Rt) No. 1546/96/AD dated 01.11.1996, the Corporation has paid ₹ 1.5 crores to Kerala State Horticultural Products Development Corporation Limited. The K.S.H.P.D.C. has not paid part of the loan or interest due to the Corporation. The Govt., of Kerala has directed to convert the loan and interest into share capital. The Corporation's Board meeting held on 30.10.1999 has accorded sanction to convert the principal amount of loan to share capital and to request the Govt. to pay the interest to the Corporation rather than converting the same into share capital. However, the Govt. of Kerala vide letter no. 3840/PU1/99/AD dated 10.01.2000 did not accept the proposal of the Corporation and has affirmed that the Govt., adheres to the earlier Govt. direction and hence interest of ₹ 27 Lakhs at the rate of 18% has not been provided. The matter was again taken up before the Board of Directors and the board decided to stick on to its earlier decision on 30/10/1999 and the same was informed to the Government and pending at high power committee. Meanwhile Agriculture (PU) Department vide letter No.6571/PU2/13/AD dated 19-07-2013 directed to waive the interest portion of the above loan.

2. Loan to Kerala State Coconut Development Corporation Ltd.

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

3. Others.

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

Deposit with Govt. departments, comprises balances with:

Details	2013-14 (₹)	2012-13 (₹)
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	66,97,003.00	41,34,177.00
Total	67,70,790.00	42,07,964.00

12. Inventories

Particulars	2013-14 (₹)	2012-13 (₹)
i) Stock of Rubber & Rubber in Process	15,51,63,938.00	7,41,44,522.00
ii) Stock of rubber wood	47,50,702.00	18,93,030.00
iii) Stock of cashew nuts	21,47,768.00	48,74,777.00
iv) Closing stock - others	14,73,622.00	11,96,317.00
v) Stores and spares at cost	4,79,34,106.49	3,99,70,931.74
vi) Loose tools	86,11,206.96	69,37,092.88
vii) Agricultural and other equipments	9,20,262.67	8,84,562.07
viii) <u>Nurseries</u> :		
Budwood - Rubber	13,34,630.94	9,91,581.94
Polybag - Rubber	1,07,10,120.34	1,02,87,547.02
Seedlings - Rubber	55,17,550.38	46,44,446.40
Oil Palm nursery	-	2,91,604.00
Cashew nursery	13,83,025.76	15,69,349.76
Other nurseries	1,29,198.00	1,24,503.00
Total	24,00,76,131.54	14,78,10,264.81

13. Trade receivables

Particulars	2013-14 (₹)	2012-13 (₹)
1) Secured considered good	Nil	Nil
2) Unsecured considered good:		

Exceeding six months	5,96,217.70	5,96,217.70
Others	96,23,262.41	79,76,666.41
	1,02,19,480.11	85,72,884.11
Less Provision for doubtful Debts	13,87,786.91	13,87,786.91
Total	88,31,693.20	71,85,097.20

Sundry Debtors include ₹ 1,02,19,480.11 (Previous year ₹ 85,72,884.11) from companies owned by the Government of Kerala and Government of India details of which are as under:

Oil Palm India Ltd, Kottayam	:	₹ 96,16,869.41
State Farming Corporation of Kerala Ltd, Punalur	:	5,22,127.70
SIDCO	:	6,393.00
Handicraft Development Corporation	:	<u>74,090.00</u>
Total	:	<u>₹ 1,02,19,480.11</u>

14. Cash and cash equivalents

Particulars	2013-14 (₹)	2012-13 (₹)
1) Cash in hand	-	-
2) Bank Balances:		
i) With Scheduled Banks		
a) In Current Accounts	2,07,86,368.43	82,69,926.03
b) In Fixed Deposits less than 12 months	3,85,00,000.00	17,14,43,226.00
c) In Fixed Deposits more than 12 months	96,10,42,723.00	1,02,04,66,000.00
ii) With Treasury		
a) SB A/c	1,46,683.00	9,689.00
b) In Fixed Deposits less than 12 months	14,58,29,413.00	30,09,35,088.00
c) In Investment Deposit Scheme	11,50,00,000.00	11,50,00,000.00
iii) With NABARD	3,00,00,000.00	-
iv) With Other Banks		
a) Deposit with Banks Estates	68,961.00	-
Total	1,31,13,74,148.43	1,61,61,23,929.03

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

15. Short Term Loans and Advances

Particulars	2013-14 (₹)	2012-13 (₹)
1) Advances recoverable in cash or kind		
i) Unsecured and considered good		
a) Employees	1,75,96,004.35	1,41,18,032.55
b) Advance to contractors	1,70,69,039.75	1,51,73,629.75
c) Others	97,22,548.86	85,04,426.36
2) Balance with Government Authorities		
i) Unsecured and considered good		
a) Advance payment of taxes:		
1. Sales tax	1,38,04,873.18	1,38,04,873.18
2. Agricultural Income tax	37,70,37,888.00	34,30,09,988.00
3. Central Income tax	32,70,89,229.93	29,88,52,339.00
b) Tax refund due :		
1. Income tax	1,09,77,333.00	1,09,77,333.00
2. Agricultural Income tax	50,82,748.18	50,82,748.18
3. Plantation tax	3,99,715.79	4,41,230.79
3) Others		
i) Unsecured and considered good		
a) Deposit with supplier	55,387.25	55,387.25
Total	77,88,34,768.44	71,00,19,988.06

16. Other current assets

Particulars	2013-14 (₹)	2012-13 (₹)
Interest receivable on fixed deposit	16,96,13,564.43	12,46,49,257.95
Total	16,96,13,564.43	12,46,49,257.95

17. Revenue from operations.

Particulars	2013-14 (₹)	2012-13 (₹)
1) Sale of product	91,66,96,510.85	1,23,73,23,864.24
2) Sale of services	60,92,659.00	39,95,069.00
3) Other operating revenue	11,08,828.60	60,32,834.54
Total	92,38,97,998.45	1,24,73,51,767.78
i) Sale of Product comprises		
a) Rubber	78,52,93,372.85	1,05,39,82,573.66
b) Cashew	5,00,94,141.00	6,08,26,172.60
c) Oil Palm	3,60,12,615.00	2,71,61,022.00
d) Agriculture produce	42,12,452.00	55,83,057.98
e) Trees and firewood	3,59,96,238.00	8,47,75,136.00
f) Processed rubber wood	21,35,108.00	27,07,320.00
g) Income from restaurant	29,52,584.00	22,88,582.00
Total	91,66,96,510.85	1,23,73,23,864.24
ii) Sale of Services comprises		
a) Toll charges	22,98,609.00	5,30,269.00
b) Rental income - Plantation Valley	37,94,050.00	38,16,250.00
Total	60,92,659.00	43,19,519.00
iii) Other Non-operating Income		
a) Slaughter tapping	25,600.00	45,12,953.00
b) Tender forms	7,13,300.60	10,28,459.54
c) Empties and unserviceables	3,69,928.00	4,91,422.00
Total	11,08,828.60	60,32,834.54
Total	92,38,97,998.45	1,24,76,76,217.78

18. Other income

Particulars	2013-14 (₹)	2012-13 (₹)
1) Interest Income		
i) From banks & treasury	10,83,13,235.62	15,15,63,837.08
ii) From the employees	9,69,853.00	11,17,196.35
iii) Contractors and customers	7,93,046.71	19,75,220.00
iv) Interest on income tax refund	21,54,276.00	-
2) Other Income		
i) Rent of building	1,47,745.00	1,21,945.00
ii) Profit on sale of assets	55,000.00	3,16,720.86
iii) Dividend from long term investments	9,00,000.00	8,00,000.00
iv) Miscellaneous income	17,06,391.01	27,91,305.95
v) Weather based crop insurance	78,46,484.00	2,58,25,378.00
Total	12,28,86,031.34	18,45,11,603.24

19. Prior period income

Particulars	2013-14 (₹)	2012-13 (₹)
Interest for the year 2012-13	1,37,05,480.00	-
Advance from customers	-	8,984.40
Subsidy cashew plantation	-	10,80,640.00
Interest from contractors	-	1,21,828.00
Total	1,37,05,480.00	12,11,452.40

20. Cost of materials consumed and direct expenses

Particulars	2013-14 (₹)	2012-13 (₹)
Purchase latex	2,33,256.00	3,36,029.00
Manufacturing expenses	4,63,69,573.90	4,43,99,574.65
Tapping & collection - Rubber	18,37,87,372.28	18,00,82,783.49
Collection charges - Cashew	20,66,079.00	25,21,944.00
Harvesting expenses - Oil Palm	44,42,555.00	29,43,163.00

Cultivation & Upkeep - Rubber	5,01,59,323.10	4,13,78,547.69
Cultivation & Upkeep - Cashew	2,75,53,497.59	2,22,14,996.50
Cultivation & Upkeep - Oil Palm	1,05,27,682.00	83,31,025.00
Cultivation & Upkeep - Other Crops	24,96,233.05	15,67,154.33
Electricity charges	71,63,078.00	77,22,968.00
Restaurant expenses Plantation Valley	15,34,163.00	11,42,402.00
Total	33,63,32,812.92	31,26,40,587.66

21. Changes in Inventory

Particulars	2013-14 (₹)	2012-13 (₹)
Opening Stock - Rubber and agrl. products	8,21,08,646.00	8,11,66,176.00
Less : Closing stock		
Rubber	15,51,63,938.00	7,41,44,522.00
Cashew	21,47,768.00	48,74,777.00
Other agricultural produces	14,73,622.00	11,96,317.00
Treated rubber wood	47,50,702.00	18,93,030.00
Total	(8,14,27,384.00)	(9,42,470.00)

22. Employee benefit expense

Particulars	2013-14 (₹)	2012-13 (₹)
Salaries & allowances	13,03,13,446.55	15,33,20,885.74
Salaries & allowances to MD	8,50,637.00	8,23,148.00
Honorarium to Chairman	2,25,861.00	1,20,000.00
TA & sitting fee to directors	4,74,861.00	2,99,304.00
Leave encashment	69,02,702.00	35,27,377.60
Employer's contribution - PF	4,71,32,924.00	5,05,18,158.00
TA to staff & officers	22,24,608.35	24,46,418.00
L I C - group gratuity premium	12,31,692.00	8,00,000.00
Bonus & production incentive	7,25,24,318.00	7,42,97,072.00
Welfare expenses	5,74,74,586.92	5,25,12,729.23
Provision for gratuity	3,69,37,716.00	6,45,54,843.00
Total	35,62,93,352.82	40,32,19,935.57

23. Administrative and other expense

Particulars	2013-14 (₹)	2012-13 (₹)
Rep. & maintenance of assets	5,43,45,660.77	8,04,54,673.75
Insurance charges	13,31,769.00	11,53,228.00
Weather based crop insurance	51,60,360.00	49,69,860.00
Selling expenses	1,81,861.00	1,92,444.50
Rent	10,91,904.00	6,90,520.00
Advertisement charges	98,69,185.00	65,72,362.00
Rates & taxes	20,99,751.00	22,52,861.60
Commission and rebate	30,71,725.00	45,20,032.00
Legal expenses	6,19,071.00	11,00,692.00
Security expenses	1,09,90,250.00	99,87,385.85
Professional fees	7,51,239.00	7,35,223.00
Miscellaneous expenses	99,77,518.60	93,19,728.42
Electricity charges	2,35,11,409.00	2,28,80,935.00
Lease rent	1,72,33,453.00	1,74,02,443.74
Golden jubilee expenses	-	76,35,706.67
Bank charges	1,55,237.06	81,915.97
Interest paid to income tax	64,31,066.00	-
Total	14,68,21,459.43	16,99,50,012.50

24. Prior period expense

Particulars	2013-14 (₹)	2012-13 (₹)
Wages to workers		14,350.00
Interim relief arrear of employees	68,355.00	-
Sale of trees in replanting area	4,70,469.00	-
Advertisement charges	16,717.00	-
Golden jubilee celebration expenses	10,41,747.00	-
Labour welfare expenses	6,96,452.00	-
Rubber seedling nursery	-	1,01,578.00
D.A.arrears	-	69,290.00
Perambra estate	-	2,11,496.00
PF contribution	-	77,703.00
Honararium to Chairman	-	10,000.00
Plantation tax refundable	-	2,05,466.00
Total	22,93,740.00	6,89,883.00

25. Disclosure as per AS 29

Disclosure for each class of provision

Particulars	Gratuity (₹)	Bonus (₹)	Leave Encashment (₹)
Opening Balance	46,62,647.00	6,49,00,000.00	2,67,97,756.00
Additions during the year	3,69,68,953.00	6,98,00,000.00	67,90,938.00
Utilization during the period	4,15,66,417.00	6,49,00,000.00	84,85,925.00
Closing balance	65,183.00	6,98,00,000.00	2,51,02,769.00

26. 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

Gratuity Report Under AS - 15 (Revised 2005) for the year ended 31.03.2014

1	Assumption	As on 31.03.2013	As on 31.03.2014
	Discount rate	8.00%	8.00%
	Salary Escalation	15.00%	15.00%
2	Table Showing changes in present value of obligation as on 31.03.2014		
	Present value of obligations as at beginning of year		50,29,47,816.00
	Interest cost		4,02,35,825.00
	Current Service Cost		3,33,69,185.00
	Benefits Paid		-15,63,671.00
	Actuarial (gain) / loss on obligations		-2,95,41,886.00
	Present value of obligations as at end of year		54,54,47,269.00
3	Table Showing changes in the fair value of plan assets as on 31.03.2014		
	Fair value of plan asset at beginning of year		49,82,85,169.00
	Expected return on plan asset		4,39,98,588.00
	Contributions		46,62,000.00
	Benefits Paid		-15,63,671.00
	Actuarial (gain) / loss on plan assets		Nil
	Fair value of plan asset at the end of the year		54,53,82,086.00
4	Table Showing fair value of plan assets		
	Fair value of plan asset at beginning of year		49,82,85,169.00
	Actual return on plan assets		4,39,98,588.00
	Contributions		46,62,000.00

	Benefits Paid	-15,63,671.00
	Fair value of plan assets at the end of the year	54,53,82,086.00
	Funded status	-65,183.00
	Excess of actual over estimated return on plan assets	NIL
	(Actual rate of return = Estimated rate of return as ARD falls on 31 st March)	
5	Actuarial gain/ loss recognized as on 31/03/2014	
	Actuarial(gain)/ loss on obligations	2,95,41,886.00
	Actuarial gain/ loss for the year - plan assets	Nil
	Total (gain)/ loss for the year	-2,95,41,886.00
	Actuarial (gain) /loss recognized in the year	-2,95,41,886.00
6	The amount to be recognized in the balance sheet and statement of profit and loss	
	Present value of obligations as at the end of year	54,54,47,269.00
	Fair value of plan assets at the end of the year	54,53,82,086.00
	Funded status	-65,183.00
	Net asset/ (liability) recognized in the balance sheet	-65,183.00
7	Expense recognized in statement of Profit and Loss	
	Current Service Cost	3,33,69,185.00
	Interest cost	4,02,35,825.00
	Expected return on plan asset	-4,39,98,588.00
	Net Actuarial (gain) /loss recognized in the year	-2,95,41,886.00
	Expense recognized in statement of Profit and Loss	64,536.00

Group Leave Encashment Scheme of Employees

1	Proposal No/Quot.No	: 2655/1
	Date of Commencement	: 1/4/2014
2	Membership Data	
	No. of Members	: 342
	Average age	: 46
	Average Monthly Salary	: 24,927
3	VALUATION METHOD	: Projected unit credit method
4	ACTUARIAL ASSUMPTIONS	
	Mortality Rate	: LIC(1994-96) ultimate

	Withdrawal Rate	:	1% to 3% depending on age
	Discount rate	:	8% p.a
	Salary Escalation	:	7%
5	RESULTS OF VALUATION		
	a. PV PSG	:	2,15,87,768
	b. Current Service Cost	:	31,87,846
	c. LCSA	:	5,98,50,000
	d. LC Premium	:	2,91,167
	e. Service Tax @12.36%	:	35,988
6	RECOMMENDED CONTRIBUTION RATE		
	a. Initial Contribution	:	2,15,87,768
	b. Additional Contribution for existing fund	:	0
	c. Current Service Cost	:	31,87,846
7	Total Amount Payable (₹)	:	2,51,02,769
	(6.a +6.c + 5.d + 5.e)		

27. 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.

Particulars	Rs. in Lakhs							
	Agriculture Business		Plantation Valley		RubberWoodFactory		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Segment revenue	9,244.78	13,508.06	67.47	61.13	24.29	31.32	9,336.54	13,600.52
Segment results	3,035.38	5,359.74	0.34	3.89	(16.13)	(3.00)	3,019.58	5,360.64
Dividend & interest income	-	-	-	-	-	-	1,131.30	1,554.56
Prior period income	-	-	-	-	-	-	137.05	-
Prior period expenses	-	-	-	-	-	-	22.94	-
Unallocated H.O expenses	-	-	-	-	-	-	1,468.21	1,654.30
Extra ordinary items	-	-	-	-	-	-	-	6,021.75
Current tax	-	-	-	-	-	-	1,000.00	1,000.00
Net Profit / (Loss)	1,812.58	-	0.34	-	(16.13)	-	1,796.79	(1,762.04)
Other Informations								
Tangible assets	8,437.35	7,563.45	113.25	116.32	5.15	5.72	8,555.75	7,685.49
Depreciation	197.14	210.75	7.14	7.29	0.69	0.66	204.97	218.70
Other assets	25,836.48	26,309.86	13.79	2.81	5.68	5.37	25,855.96	26,722.33
Liabilities	16,016.07	17,791.18	0.75	2.40	3.70	2.19	16,020.52	17,795.77
Write off	-	16.43	-	-	-	-	-	16.43

28. Deferred tax assets and liabilities

Even though the company has achieved a profit of ₹ 17.97 crores (P.Y17.62 loss) 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 Genex Profit comes under the purview of Income Tax.

29. Extraordinary items

The Government of Kerala vide order no. GO (MS) 147/12/H&FW dated 26.05.2012 has directed the Corporation to pay compensation to endosulphan victims as recommended by the National Human Rights Commission. The total amount computed as per a further letter no 50073/GI/2010/H&FW dated 31.05.2012 is ₹ 87.26 crores. As first installment, an amount of ₹ 27.04 crores was remitted to the Government on 4.06.2012. As such the liability for an amount of ₹ 27.04 crores is recognized as on 31.03.2012. Balance ₹ 60.22 crores has been made as provision for Endosulfan victims during the year 2012-13. Out of this an amount of ₹ 26.06 crores was remitted to the Government on 20.02.2014

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

Particulars	2013-14 (₹)	2012-13 (₹)
(a) Net Profit after tax but before considering Extra ordinary items (₹ in Lakhs)	1,796.79	4,259.71
(b) Extra ordinary item- Compensation towards endosulphan Victims (₹ in Lakhs)	-	6,021.75
(c) Profit attributable to equity shareholders (₹ in Lakhs)	1,796.79	(1,762.04)
(d) Weighted average number of Equity shares	55,688.00	55,688.00
(e) Basic/ Diluted EPS (a)/(d)	3,226.52	7,649.25
(f) Basic/ Diluted EPS (c)/(d)	3,226.52	(3,164.12)
(g) Face Value of Equity share (Rs.)	1,000.00	1,000.00

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

Particulars	Expense (₹)	Income (₹)
Interest for the year 2012-13		1,37,05,480.00
Interim relief arrear of employees	68,355.00	-
Sale of Trees in Replanting area	4,70,469.00	-
Advertisement charges	16,717.00	-
Golden Jubilee Celebration Expenses	10,41,747.00	-
Labour Welfare Expenses	6,96,452.00	-
Total	22,93,740.00	1,37,05,480.00

32. Related party disclosure

Remuneration to Key Managerial Personnel

Related Party : Managing Director

Particulars	2013-14 (₹)	2012-13 (₹)
Name of Related Party	-	Sri.Subair Khan
Period of service	-	1st April 2012 - 15th December 2012
Remuneration		₹ 5,93,606.00
Name of Related Party	Sri. A Unnikrishnan	Sri. A Unnikrishnan
Period of service	1st April 2013 - 31st March 2014	16th December- 31st March 2013
Rendering of services	₹ 8,50,637.00	₹ 2,29,542.00

The Managing Director is also provided with a rent free furnished residential accommodation by taking a flat on rent by the Corporation. The perquisite enjoyed in this regard during the year is ₹ 1,34,000/-to Sri. A Unnikrishnan (P.Y ₹ 24,500/-) and to Sri. Subair Khan (P.Y ₹ 59,500/-)

33. Managerial remuneration

Particulars	2013-14 (₹)	2012-13 (₹)
TA & Sitting fee to Directors	4,74,861.00	1,91,770.00
Honorarium to Chairman	2,25,861.00	1,20,000.00

34. Auditor's remuneration

Particulars	2013-14 (₹)	2012-13 (₹)
Statutory Auditor's fee	2,17,417.00	1,93,500.00
Expenses to Statutory Auditors	28,090.00	29,000.00
Internal Auditor's Fee	3,70,788.00	3,30,000.00
Tax Audit fee	44,944.00	40,000.00
Cost Auditor's fee	85,000.00	1,00,000.00
Expenses to Cost Auditors	5,000.00	10,000.00
Total	7,51,239.00	7,02,500.00

35. Additional information as per Schedule VI of the Companies Act

a) Value of goods consumed during the year

Particulars	2013-14 (₹)		2012-13 (₹)	
a) CIF Value of Imports - Capital Goods	Nil		Nil	
b) Value of raw materials, stores, spares and components during the year.	Value (Rs. lakhs)	Consumption	Value (Rs. lakhs)	Consumption
i). Imported value	Nil	Nil	Nil	Nil
ii). Indigenous (Stores & spares)	810.86	100%	802.95	100%

b) Total wages paid during the year to tappers, field worker and factory workers are ₹ 2,197.09 lakhs (P.Y: ₹ 2,149.44 lakhs)

c) Total Sales commission paid during the year to selling agents is ₹ 30.72 lakhs (P.Y: ₹ 45.20 lakhs)

d) Manufacturing expense include cost of packing drums worth ₹116.18 lakhs (P.Y: ₹ 110 lakhs).

e) Sales

Item	2013-14 (₹)		2012-13 (₹)	
	Quantity (M.Ts.)	Value (₹ Lakhs)	Quantity (M.Ts.)	Value (₹ Lakhs)
Sale of goods (As classified in the sales register)				
Rubber	4164.077	7852.93	5879.512	10539.83
Cashew	NA	500.94	NA	320.08
Oil palm	5147.390	360.13	4168.675	271.61
Treated Rubber Wood	2972.133 cft	21.35	3763.76 cft	27.07

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

f) There is no earning an expenditure in foreign currency during the year as well previous year.

36. Taxation Matters

A) Central Income Tax

The assessment order of CIT has been received up to the financial year 2010-11 (AY 2011-12). Intimation u/s 143(2) of CIT has been received for the financial year 2011-12 (AY 2012-13). However for the financial year 2004-05 (AY 2005-06) and 2006-07 (AY 2007-08) notice u/s 154 for rectification have been received from the Dy Commissioner and for the financial year 2008-09 (AY 2009-10) notice has been received for re opening the assessment. For the current year ₹ 10 Crores has been 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 but for the financial year 2009-10 (AY 2010-11) we have remitted ₹ 87.27 lakhs.

Nature of Statute	Amt (in lakhs)	financial year	Forum where dispute is pending
Central Income tax	4.01	1987-88 (AY 1988-89)	Hon'ble High Court order pending for modification
Central Income tax	1.19	1989-90 (AY 1990-91)	CIT (A) order pending for modification
Central Income tax	16.87	2003-04 (AY 2004-05)	CIT Appeal
Central Income tax	12.25	2004-05 (AY 2005-06)	CIT Appeal
Central Income tax	87.84	2009-10 (AY 2010-11)	CIT Appeal
Central Income tax	479.26	2010-11 (AY 2011-12)	CIT Appeal

B) Agricultural Income Tax

The assessment order of Agricultural Income Tax was received up to Financial Year 2010-11 (AY 2011-12). For the financial year 2009-10 (AY 2010-11) a notice u/s 41(1) has been received to revise the assessment order by including an additional income under AIT ₹ 57.84 lakhs. We have remitted ₹ 2606.25 lakhs for Endosulphan Victims and claimed the same as expenditure and including the carried forward losses (₹ 2168.28 lakhs) from the previous year, the Agriculture Income computed is a loss as such no provision has been made for the current year under Agricultural Income Tax. The following is the list of Agricultural Income Tax cases pending at various forums. No additional provision has been made for these cases as all are pending litigations and the Corporation is pursuing cases for favorable orders.

Nature of Statute	Amt (in lakhs)	financial year	Forum where dispute is pending
Agricultural Income Tax	39.93	1976-1977	Tribunal orders pending for modification for all the years except for the year 1983-84. Modified order for the year 1983-84 was received on 07.11.2012.
Agricultural Income Tax	8.96	1977-1978	
Agricultural Income Tax	81.64	1978-1979	
Agricultural Income Tax	84.85	1979-1980	
Agricultural Income Tax	137.54	1980-1981	
Agricultural Income Tax	131.29	1981-1982	
Agricultural Income Tax	55.63	1982-1983	
Agricultural Income Tax	158.41	1984-1985	
Agricultural Income Tax	187.50	1985-1986	
Agricultural Income Tax	38.09	1986-1987	
Agricultural Income Tax	131.35	1987-1988	
Agricultural Income Tax	214.11	1988-1989	
Agricultural Income Tax	62.86	1989-1990	
Agricultural Income Tax	144.21	1990-1991	
Agricultural Income Tax	124.10	1994-1995	
Agricultural Income Tax	200.99	1995-1996	
Agricultural Income Tax	65.40	2004-2005	D.C (Appeals)
Agricultural Income Tax	92.65	2005-2006	D.C (Appeals)
Agricultural Income Tax	57.27	2007-2008	D.C (Appeals)
Agricultural Income Tax	88.11	2008-2009	D.C (Appeals)
Agricultural Income Tax	184.55	2009-2010	D.C (Appeals)
Agricultural Income Tax	730.81	2010-2011	D.C (Appeals)

C) Sales Tax (KGST/KVAT/CST)

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

Name of the statute	Name of the dues	Amount (₹ 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
Kerala General Sales Tax Act, 1963	Tax demanded in appeal	158.89	2002-03	Remanded to DC (A)
Kerala General Sales Tax Act, 1963	Tax demanded in appeal	8.79	2003-04	Tribunal order pending for modification
Kerala General Sales Tax Act, 1963	Tax demanded in appeal	55.55	2004-05	Tribunal order pending for modification
CST Act , 1956	Tax demanded in appeal	27.15	2002-03	Tribunal order pending for modification
CST Act , 1956	Tax demanded in appeal	35.06	2003-04	Tribunal order pending for modification
CST Act , 1956	Tax demanded in appeal	6.49	2004-05	Tribunal order pending for modification
KVAT	Tax demanded in appeal	14.96	2005-06	Remanded by DC(Appeals)
CST Act , 1956	Tax demanded in appeal	3.85	2006-07	Remanded by DC (Appeals)
KVAT & CST Act 1956	NIL	NIL	2007-08	Completed
KVAT & CST Act 1956	NIL	NIL	2008-09	Not completed
KVAT & CST Act 1956	Tax demanded in appeal	12.18(KVAT)	2009-10	CST not completed.KVAT remanded by DC(Appeals)
KVAT & CST Act 1956	Tax demanded in appeal	185.09(KVAT)	2010-11	CST not completed.KVAT remanded by DC(Appeals)
KVAT & CST Act 1956	Tax demanded in appeal	41.41(KVAT)	2011-12	CST not completed.KVAT remanded by DC(Appeals)
KVAT & CST Act 1956			2012-13	Not completed
KVAT & CST Act 1956			2013-14	Not completed

Based on the information of the Act and various pronouncement in relation to similar matters, the company is of the view that these demands are likely to be deleted or it may be substantially reduced.

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 ₹ 3,99,715.79/-. (Previous year tax refundable was ₹ 4,41,230.79/-).

E) Based on the interpretation of the Act and various pronouncements in relation to the similar matters company is of the view that these demands are likely to be deleted or it may be substantially reduced.

37. PF and Other charges

Corporation has a disputed liability of ₹ 1,16,63,819 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.

38. Contingent liability

- a) Estimated amount of contractors for which the Corporation is contingently liable on Capital Account is ₹ 1.5 crores (P.Y ₹ 1.5 crores)
- b) 215 cases (Previous year 234 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.

39. Lease Rent

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

as the final decision is pending with the Government. As per G.O. (MS) No. 128/U8/AD dated 07/08/2008 the Government has directed to remit ₹ 7 Crores as lease rent and the Corporation has remitted ₹ 5 Crore in the Financial Year 2009-10 and the balance ₹ 2 Crores during the year 2010-11. The issue was again discussed at a high level meeting of Minister concerned on 19.03.2012. Another meeting in the presence of Hon'ble Chief Minister was convened on 28.05.2013 and the matter is pending at Govt. level.

40. 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.

41. As on the balance sheet date company has review carrying amount of assets except development of property and found that there is no indication that those assets has suffered any impairment loss.

42. Dividend

₹ 27,84,400/- is provided for proposed dividend for the financial year 2013-14 and dividend distribution tax @ 16.995% is also provided (₹ 4,73,209).

43. 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 our report of even dated attached

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Dr. Varughese George	A.Unnikrishnan	Sreelakumar.S.	Agate Joseph Easow	JRS & Co.
Chairman	Managing Director	G.M. (F&A) i/c	Company Secretary	Chartered Accountants
DIN - 05237018	DIN - 06476646			(FRN : 008085S)

C.A Rajesh Ramachandran
(Partner)
Membership No. 206211

Kottayam
06.11.2014



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

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

31 मार्च 2014 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 2014**

The preparation of financial statements of **The Plantation Corporation of Kerala Limited, Kottayam** for the year ended **31 March 2014** 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 6 November 2014.

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 2014**. 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. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

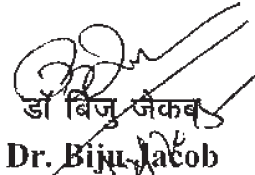
A. Comment on Auditor's Report

Auditor has reported vide item no. I, III, IV, VI, VII and VIII of 'Basis for Qualified Opinion' paragraph that sufficient information/records are not available to Audit for deriving impact on financial statements. However, the fact of non availability of information was not mentioned in item no. 2a of the 'Report on Other Legal and Regulatory Requirements' as required in SA 705.

B. Other Comments**Cash Flow Statement****Cash flow from investing activities – ₹ 52.18 crore**

The above includes ₹ 3.60 crore being cash inflow in respect of sale of trees. The cash inflow from sale of trees which is a normal operating activity of the Company was shown as investing activity resulting in understatement of cash flow from operating activities by ₹ 3.60 crore with corresponding overstatement of cash flow from investing activities.

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


Dr. Biju Jacob

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

तिरुवनन्तपुरम

Thiruvananthapuram

Dated: 06.02.2015

No:98016/PU.Bt/13/Fia.

Finance (P.U.B) Department

COMMENTS OF SECRETARY (FINANCE EXPENDITURE) ON THE AUDITED ANNUAL ACCOUNTS OF "PLANTATION CORPORATION OF KERALA LIMITED" FOR THE YEAR 2013-14.

- 1) Total revenue from operation, sales etc, show a declining trend but stock in hand of rubber and rubber wood is going northwards.
- 2) Steps should be taken to realize the principal and interest of loans amounting to Rs 150 lakh and Rs 25 lakh given to Kerala State Horticultural Products Development Corporation Limited and to Kerala State Coconut Development Corporation.
- 3) A fixed deposit of Rs 96.1 crore is seen kept in the scheduled bank and Rs 19.96 crore has been received as interest on the fixed deposits. Company should follow circular instructions issued by government with respect to the parking of funds.
- 4) There is a decrease of Rs 32.67 crore in the sale of products compared to the previous year.
- 5) Valuation of nurseries amounting to Rs 190.75 lakh should be reconciled.
- 6) Steps should be taken to settle all the disputed dues regarding Central Income Tax, Agricultural Income Tax, and Sales Tax and maintain proper records of tax payment.
- 7) The scope of internal audit should be strengthened due to the increased activity of the Company.
- 8) The performance of the company needs improvement in these respects.

Rajeshkumar Saha
Secretary (Finance Expenditure).

Thiruvananthapuram
24.12.2014

**REPLY TO THE COMMENTS OF AG AUDITORS
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956
FOR THE FINANCIAL YEAR 2013-14**

A. Comments on Auditor's report

Reply : As per the Auditor's response it was a clerical mistake while drafting report which will be taken care of in the subsequent years.

B. Other Comments.

Reply : Noted for future compliance.

**REPLY TO THE COMMENTS OF SECRETARY (FINANCE EXPENDITURE) ON
THE AUDITED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2013-14**

1. This was mainly because of the decrease due to the fall in demand for rubber. Majority of our income (85 % of the total revenue from operation) is from the sale of Rubber. When the price of the rubber decreases demand also decreases, resulting in over stocking on a particular month. However as and when the demand increases all the stock which are held in factories are being sold at a higher rate.
2. In the case of loan to The Kerala state Coconut Development corporation we have requested for realization of the loan amount due from The Kerala state Coconut Development corporation Vide our Letter No:F& A-F 2073 dated 06.07.2011, to the Government which is pending there. The issue of pending loan with the two PSU's will be brought before the Board again.
3. The fixed deposit of ₹ 96.10 is not a single Fixed Deposit. It is deposited in different lots in different Banks. It is deposited on the basis of highest rate offered by the different banks on the same day. Majority of our deposit is made at nationalized banks which gives more interest than treasury.
4. During the year 2013-14 out of the total Sales of products of ₹ 91.67 Crores, ₹ 78.53 Crores related to the Sale of Rubber. That means 85.67% comprises the sale of rubber. The main reason behind the reduction in sale of product was due to the fall in price and demand of Rubber.
5. Majority of the estates have furnished their physical numbers and value of nurseries in a detailed format which matches with the corresponding figures in their accounts. But per unit plant cost does not provide a comparative picture for some units. However we are in the process of reconciling the same.
6. Noted for future compliance. In the case of disputed dues regarding Central Income Tax, Agriculture Income Tax and Sales tax, the various cases are pending at different levels of authorities in different department.
7. Noted for future compliance.