



KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED
(A GOVERNMENT OF KARNATAKA UNDERTAKING)

41st ANNUAL REPORT 2011-2012

Registered Office: 'Vanavikas', 18th Cross, Malleswaram, Bangalore-560 003
Phone: 91-80-23345192, 23345711 Fax: 91-80-23461647
email: info@kfdcl.com Website: www.kfdcl.com

KARNATAKA FOREST DEVELOPMENT CORPORATION LTD.,
BANGALORE – 560 003

I N D E X

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KARNATAKA FOREST DEVELOPMENT CORPORATION LTD.,
BANGALORE – 560 003

LIST OF DIRECTORS AS ON 26.09.2012

Srimathi & Sriyuths:	
Chairman	: S.N Manmatha, BA
Managing Director	: B.K Singh
Directors	: R. Sridharan A.K Varma C.S Vedant S. Dayashankar M. Nagaraj Hampole Ajay Seth M.S. Ganapathi
Company Secretary & FM & CAO (I/C)	: S. Kishor Kumar
Auditors	MURALI & VENKAT Chartered Accountants #15, First Floor, Church Road, Basavanagudi, Bangalore-560 004 Phone No. 080-26570528, 26571629 Fax No: 080-26564185 email : satishchandra811@gmail.com
Registered Office	: “Vanavikas” 18 th Cross, Malleswaram, Bangalore-560 003
Divisional Offices	: Mangalore, Puttur, Sullia (D.K) Shimoga, Dharwar, Chickmagalur & Kolar.
Bankers	: Syndicate Bank Corporation Bank

KARNATAKA FOREST DEVELOPMENT CORPORATION LTD.,
BANGALORE – 560 003
Regd Office: “Vanavikas” 18th Cross, Malleswaram, Bangalore-560 003”

No. KFDC/AGM-41/2012-13/1015

Dated 15.09.2012

NOTICE

NOTICE is hereby given that the “41st Annual General Meeting” of the Shareholders of the Karnataka Forest Development Corporation Ltd., will be held on Wednesday, 26th September 2012 at 04.15 PM at the Registered Office of the Corporation at “Vanavikas”, 18th Cross, Malleswaram, Bangalore 560 003 to transact the following business:

1. To received, consider and adopt the Balance Sheet, Profit and Loss Statement, Cash Flow Statement, together with the Directors’ and Auditors’ reports thereon, including the certificate issued by the Comptroller and Auditor General of India, under Section 619(4) of the Companies Act, 1956 for the year ended 31st March 2012.
2. To determine the remuneration of the Statutory Auditors in pursuance of Section 224(8) (a,a) of the Companies Act, 1956.

By order of the Board,

Sd/-
Managing Director

Place : Bangalore
Date : 15.09.2012

Notes:

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote, instead of himself and a proxy need not be a member, Proxies must be lodged with the Company not less than 48 hours before the meeting.
2. The powers of appointment of Directors vest with the Government of Karnataka.
3. The powers of appointment of Statutory Auditors vest with the Comptroller and Auditor General of India.

KARNATAKA FOREST DEVELOPMENT CORPORATION LTD.,
BANGALORE – 560 003

DIRECTORS' REPORT

To:

The Shareholders,
Karnataka Forest Development Corporation Ltd.,
Bangalore-560 003.

Dear Shareholders,

Your Directors have great pleasure in presenting their 41st Annual Report of the Company, the Audited Statement of Accounts for the Year ended 31st March 2012, Auditors Report and the Comments of the Comptroller and Auditor General of India.

Performance:

After showing an excellent performance and registering a profit of Rs. 22.43 Crores in 2010-11, there has been bit decline in the revenue realized during 2011-12. Net profit during 2011-12 is Rs. 643.08 Lakhs after taxes. The Corporation achieved a turnover of Rs. 5641.70 Lakhs from sale of products as against Rs.6329.07 Lakhs achieved during the previous year. Payment of Rs. 1307 Lakhs as arrears of Lease rent and decline in rubber production, being the main reason for decrease in profitability. However, Income from other sources has registered a higher figure of Rs. 853.78 Lakhs in 2011-12, as compared to Rs. 746.75 Lakhs in 2010-11. Decline in rubber production is cause of concern, as there is 23.14% shortfall in production of DRC in 2011-12, which is 2340 MT, while that in 2010-11 was 3045 MT. A Committee headed by Joint Managing Director has gone into the details of shortfall in rubber production and found that 11.5% shortfall is on account of non spraying resulting in leaf fall. In Sullia and Aivarnad rubber divisions, there have been extraction of tappable trees, which may account for part of remaining shortfall, while in subramanya Divisions no good reasons are forthcoming for remaining shortfall. The Committee has recommended some action such as disciplinary action against officials, timely spray, timely fixation of rain guards, strong supervision, regular monitoring & alternative

arrangement for absentee etc., which will be complied during 2012-13 to ensure that no shortfall in rubber production takes place.

Revenue:

Sl. No.	Products	2011-2012 Amount (Rs in lakhs)	2010-2011 Amount (Rs in lakhs)
1.	Rubber	4357.01	5140.22
2.	Eucalyptus wood	203.46	208.46
3.	Eucalyptus Trees	4.5	-
4.	Firewood	15.73	24.84
5.	Bamboo	24.91	24.68
6.	Eucalyptus poles	13.82	7.09
7.	Tamarind	2.74	5.7
8.	Agriculture Products	4.75	6.85
9.	Sale of rubber trees	1014.78	911.23
Total (A)		5641.70	6329.07
	Income from other sources		
1.	Interest on Deposits	566.22	364.01
2.	Building rent	46.47	39.44
3.	Others	241.09	343.3
Total (B)		853.78	746.75
Total (A) + (B)		6495.48	7075.82

Expenditure:

Sl. No.	Particulars	2011-2012 Amount (Rs in lakhs)	2010-2011 Amount (Rs in lakhs)
1.	Bamboo tending and extraction	3.15	3.38
2.	Rubber production expenses	157.45	289.9
3.	Rubber processing expenses	192.07	221.12
4.	Cost of production of eucalyptus wood sold.	302.99	118.01
5.	Variation in stock	42.31	-212.55
6.	Employee Benefit Expenses & Other expenses.	3477.33	3887.89
7.	Depreciation	212.01	190.9
8.	Income Tax & FBT	172.58	322.11
9.	Prior period expenses	1292.51	11.27
Total		5852.41	4832.03

Segment Wise Financial Performance 2011-12 (Rs. in lakhs)

Sl. No.	Particulars	Head Office	Pulpwood Unit	Rubber Unit	Grand Total
I	Revenue from Operations	0.00	269.92	5371.79	5641.70
II	Other Income	591.91	170.26	91.61	853.78
III	Total Revenue (I+II)	591.91	440.17	5463.40	6495.48
IV	Expenses				
	a) Operating Expenses	0.00	306.14	349.52	655.66
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	7.07	-183.00	218.24	42.31
	c) Employee Benefits Expense	180.58	877.15	1955.30	3013.03
	d) Finance Cost	0.00	0.00	0.00	0.00
	e) Other Expenses	73.62	110.30	280.38	464.30
	f) Depreciation and Amortisation Expense	11.76	25.60	174.64	212.01
	Total Expenses	273.03	1136.19	2978.09	4387.31
V	Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)	318.88	-696.02	2485.31	2108.17
VI	Exceptional Items	-13.17	463.02	842.67	1292.52
VII	Profit / (Loss) before extraordinary items and tax (V - VI)	332.05	-1159.04	1642.65	815.65
VIII	Extraordinary Items	0.00	0.00	0.00	0.00
IX	Profit / (Loss) before tax (VII - VIII)	332.05	-1159.04	1642.65	815.65

Accumulated Profit/Loss at the end of 31st March 2012:

	<u>Rs. Lakhs</u>
Net Profit after tax	643.08
Add: Profit of previous year brought forward	5261.73
Accumulated profit as on 31.03.2012	5904.81

Provision for taxation:

The Corporation has provided Rs.172.40 lakhs (previous year Rs. 316.79 lakhs) towards payment of Income Tax.

Income from sales (excluding other incomes):

(Rs. in lakhs)

Financial Year	Sales	Profit/Loss before tax	Profit/Loss after tax
2007-2008	4121.28	814.68	762.53
2008-2009	4139.41	813.80	690.87
2009-2010	4168.14	880.37	816.30
2010-2011	6329.07	2565.90	2243.79
2011-2012	5641.70	815.65	643.08

Working of plantations during 2011-12:

a) Pulpwood: The Corporation has allocated 51756.75 ha of leased forest land for pulpwood plantations. In the year 2011-12, no pulpwood plantations was raised in view of ban imposed by State for raising eucalyptus and Acacia auriculiformis.

b) Rubber: The Corporation continues to maintain and manage 4443.32 ha of rubber estates. It has also prepared a replanting project to replace all old and low yielding rubber plantations with newer and higher yielding clones approved by the Rubber Board of India. The Rubber replanting project for 1750 ha at a cost of Rs.5621.79 lakhs has been approved by the Government of Karnataka. The project period is 2008-09 to 2020-21 in 2011-12 248 ha of older rubber plantation was clear felled and replanted.

Production and Marketing:

The pulpwood extracted from our plantations is supplied to the paper and pulp industries in the State, whereas green bamboo to local artisans and consumers. The rubber is sold in the form of concentrated latex (cenex), block rubber (ISNR-20) and crepe rubber (skimcrepe, latex crepe) and milling wastes etc. During 2011-12, rubber production fell short by 23.14%.

Total production from all three divisions during 2010-11 was 3045 MT, while in 2011-12 it was 2340 MT a shortfall of 705 MT. A Committee comprising of Joint Managing Director, Executive Director and representative from Rubber Board has examined the reasons for shortfall and suggested further measures to makeup.

During the year 2011-12, 14,398 metric tones of pulpwood was extracted and supplied to the industries to yield revenue of Rs.203.46 lakhs. 2423.31 metric tones of rubber products were sold to yield revenue of Rs.4357.00 lakhs.

Other species:

KFDC board has approved a Project for raising 750 ha.of pulpwood plantations of eucalyptus and Acacia auriculiformis during 2013 rains. Preparatory work would start during 2012-13. The project is sent for approval of Government, in relaxation of ban of planting eucalyptus and Acacia auriculiformis.

Loans:

The Corporation has not drawn either a term loan or an over-draft facility from any Bank for the on-going projects during the year 2011-12. No loans are outstanding against the Corporation. The Corporation is therefore fully self-reliant.

Payment of Taxes:

The Corporation has been remitting the VAT and Income Tax in time and regularly. Forest Development Tax has been paid in full for the year 2011-12. The Corporation has also paid the lease rent amounting to Rs.102.00 lakhs for the year 2011-12.

Agricultural Income Tax:

The Corporation is not liable to pay Agricultural Income Tax for the year 2011-12. Agriculture Income Tax returns have been filed up to 2011-12.

Deposits:

During the year under report the Company has not invited or accepted any deposits from the public within the meaning of Section 58-A of the Companies Act, 1956.

Internal Auditors:

M/s. H.V. Vishwanatha & Co., Chartered Accountants, Bangalore was appointed as Internal Auditors of the Company and has conducted the Internal Audit for the financial year 2011-12.

Statutory Auditors:

M/s. Murali & Venkat, Chartered Accountants, Bangalore, have been appointed as Statutory Auditors for the financial year ended 31.03.2012 by the Comptroller and Auditor General of India as per the amended provisions of Section 619 of the Companies (Amendment) Act, 2000. However, as per the provisions under section 224(8)(aa) of Companies (Amendment) Act, 2000, The Corporation has to fix remuneration in the General Meeting. The replies /explanations of the Corporation, to the qualifications/reservations of the Auditors are furnished in the addendum to this report.

Audit Committee:

Your Board of Directors has constituted an Audit Committee as provided under Section 292A of the Companies Act, 1956, though it is not mandatory to the Corporation. The Audit Committee perused the draft accounts of the Company for the financial year 2011-12 and the Board of Directors has been apprised about the observations of the Committee.

Cost Compliance Report:

Companies (Cost Accounting Records) Rules 2011, shall apply to every company which is engaged in the production, processing, manufacturing, or mining activities and wherein the aggregate value of net worth as on the last date of the immediately preceding financial year exceeds five crores of Rupees; or wherein the aggregate value of the

turnover made by the company from sale or supply of all products or activities during the immediately preceding financial year exceeds twenty crores of rupees; or wherein the company's equity or debt securities are listed or in the process of listing on any stock exchange, whether in India or outside India. Every company to which these rules apply shall keep cost records in respect of each of its financial year commencing on or after 1st day of April 2011. Every company to which these rules apply shall submit a Compliance Report in respect of each financial year commencing on or after 1st April 2011 duly certified by a cost accountant. Accordingly M/S Prabhakar & Co., who are Practicing Cost Accountants, were appointed to issue the Compliance Report for the year 2011-12

Personnel:

No employee of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

The Corporation has adhered to the guidelines of the Government and the law on reservation of posts for Scheduled Castes and Scheduled Tribes in employment. Appropriate rosters are maintained and monitor regularly.

Sl. No.	Particulars	As on 31.03.2012	Percentage (%)
1.	Scheduled Castes	115	19.56
2.	Scheduled Tribes	54	9.18
3.	Others	419	71.26
	Total	588	100.00

The Corporation has on its rolls 1675 workmen. These persons are Srilankan Repatriates engaged on rubber plantation work.

Payment of Bonus:

The payment of Bonus Act 1965 allows payment of bonus not exceeding 20% of eligible wages to workmen drawing upto Rs.10,000/- PM.

Since the allocable surplus was worked out, the Corporation has paid a bonus of 20% to eligible workmen for the year 2010-2011 during 2011-12.

Share Capital:

The Authorized Share Capital of the Corporation is Rs. 2500 lakhs. However, the paid up share Capital of the Corporation as on 31.03.2012 remained at Rs. 931.40 lakhs.

Board of Directors:

The following persons were appointed as directors of the Corporation by the Government & continue to be in position as on date.

Sri S N Manmatha, BA	Chairman
Sri. R. Sridharan, IAS., Principal Secretary to Government, Forest, Ecology & Environment Department, B'lore.	Director
Sri. A.K. Varma, IFS., Principal Chief Conservator of Forests (Head of Forest Force) Bangalore.	Director
Sri. B.K. Singh, IFS., Principal Chief Conservator of Forests	Managing Director
Sri. C.S. Vedant, IFS., PCCF & Managing Director, Karnataka State Forest Industries Corporation Ltd., Bangalore.	Director
Sri S Dayashankar, IAS., Additional Secretary to Hon'ble Chief Minister Government of Karnataka, Bangalore.	Director
Sri M Nagaraj Hampole, IFS., Secretary to Government (Forest), Forest, Ecology and Environment Department.	Director
Sri Ajay Seth, IAS., Principal Secretary to Government, Finance Department (Budget & Resources)	Director
Sri. M. S. Ganapathi, Joint Secretary, DPE Government of Karnataka	Director

The Board places on record of its gratitude and appreciation to all the directors for the services rendered and co-operation extended during the year under report.

Review of Accounts by the Comptroller and Auditor General of India:

The review of accounts for the financial year 2011-12 and the comments made thereon by the Accountant General, the nominee of the Comptroller and Auditor General of India are annexed as addendum to this report.

Conservation of Energy, Technology absorption, adaptation and Foreign Exchange earning and outgo, in terms of Section 217 (1)(e) of the Companies Act, 1956:

Trees trap solar energy in the form of biomass which is nothing but complex hydrocarbon chains. This energy is released when biomass is burnt or converted to other forms during industrial process. World-over there is increasing realization about the role of forests (both natural and man made) in ameliorating climatic and ecological conditions. Plantations also trap atmospheric carbon in the photosynthesis process. The world is now taking in terms of paying those who use land for rising plantations of trees and thus help trap atmospheric carbon. But the methodology of trade in carbon credits is not yet simple and clear to all. The system still operates through some licensed contractors who have to prepare the necessary documentation. Your Corporation is keeping itself well informed of all developments in this area and as soon as things become easier your Corporation will claim its due.

Effluent Treatment Plant (ETP):

A state of the art of effluent treatment plant was set up at the Rubber Factory in Medinadka for control of water pollution from the rubber processing unit.

One more ETP is planned to be constructed at Bilinele.

Foreign exchange income / outgo:

There was no Foreign Exchange earnings and the outgo during the year 2011-12 was Rs. NIL (Previous year 4.93 lakhs).

Directors Responsibility Statement:**Your Directors state and report that:**

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have 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 of the profit or loss of the company for that period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a going concern basis.

Appreciation:

The Directors would like to record their appreciation of the continuous and unstinted support extended by the Government of Karnataka, Karnataka Forest Department, the Department of Public Enterprises (DPE), all the Commercial Banks with which your Corporation normally interacts the Rubber Board of India, Pulpwood Industries, esteemed Customers and all others who were associated with the activities of the Corporation. The Directors also thank the Accountant General, the

Statutory Auditors, the Internal Auditors and various Experts and Consultants who have continued to give their valuable co-operation and advice.

The Directors also wish to express their deep gratitude and appreciation for the loyalty and co-operation of all the Officers and employees and those who are working in the Corporation on deputation tenures.

On behalf of the Board,

**Sd/-
Chairman**

Place : Bangalore
Date : 26.09.2012

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

The preparation of financial statements of "KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED, BANGALORE" for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under 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 3 September 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of "KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED, BANGALORE" for the year ended 31 March 2012 and as such have no comments to make under section 619(4) of the Companies Act, 1956.

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

Sd/-
(ANITA PATTANAYAK)
PR.ACCOUNTANT GENERAL
(ECONOMIC AND REVENUE SECTOR AUDIT)
KARNATAKA, BANGALORE

Place : Bangalore
Date : 20.09.2012

MURALI & VENKAT

Chartered Accountants

#15, First Floor, Church Road, Basavanagudi, Bangalore-560004.

Phone : 080-26570528, 26571629, Fax : 26564186.

Auditors' Report	Replies by KFDC Ltd.,
TO THE MEMBERS OF KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED	
(I) We have audited the attached Balance Sheet of KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED, BANGALORE , as at March 31 st 2012, the Profit & Loss Statement and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.	No comments
II) We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.	No comments
(III) We report, further in terms of the provisions of Section 227 of the Companies Act, 1956 that: 1. As required by the Companies (Auditor's Report) Order, 2003 (as amended by the Amendment Order, 2004) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give our comments on the matters specified in paragraphs 4 and 5 of the said order to the extent as applicable to the Company in the Annexure to this report.	No comments

Auditors' Report	Replies by KFDC Ltd.,
<p>2. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.</p> <p>3. 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.</p> <p>4. The Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by the Report are in agreement with the books of account.</p> <p>5. In our opinion, the Balance Sheet the Profit and Loss Statement and the Cash Flow Statement dealt by this Report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except for AS-12 "Accounting for Government Grants", AS-28 "Impairment of Assets" and AS-1 "Disclosure of Accounting Policies" issued by the Institute of Chartered Accountants of India in respect of the following matters: -</p>	<p>No comments</p> <p>No comments</p> <p>No comments</p> <p>No comments</p>
<p><u>(i) Treatment of Government Grants received - AS-12:</u></p> <p>The Company has not accounted the Government Grant received in accordance with AS-12 "Accounting for Government Grants." Though the Company has not received any Government Grants during the year, the amounts received earlier are included in Capital Reserve which is subjected to allocation to income over the period in proportion in which the depreciation / amortization was charged on those fixed assets. Further, we are unable to assess the impact of such effect on the financial statement of the Company, as the same is not ascertainable.</p>	<p>Amortization of grants as per AS-12 will be carried out in the ensuing years.</p>

Auditors' Report	Replies by KFDC Ltd.,
<p>(ii) <u>Impairment of Assets - AS-28:</u></p> <p>With reference to the Note 7, Point No 1(a) of the notes on accounts, the company has not adhered AS-28 in assessing the potential impairment loss of assets during the year.</p>	<p>In furtherance to Note No. 7 of "Fixed Assets" the Corporation states that there is no significant impairment of Assets therefore indication of potential impairment loss of assets during the year does not arise.</p>
<p>6. Government of India vide a general circular No. 2/2002 dated 22.03.2002 has exempted the directors of Government Companies from the provisions of disqualification. Hence the provisions for disqualifications of directors of the Companies under section 274(1) (g) of the Companies Act, 1956 do not apply.</p>	<p>No comments</p>
<p>7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and the Notes on Accounts stated in Schedule 20 and subject to matters stated below:-</p> <p>i. The Lease Agreement for the Rubber Plantations expired on 30/06/2001 as disclosed in Note No. 7, Point No 2 of Notes to Accounts. The renewal of the lease is still pending with the Government of Karnataka.</p>	<p>Forest lands having very good evergreen forests, were cleared by Forest Department between 1970 and 1980 and Rubber Plantations were raised for providing livelihood opportunities to Sri Lankan repatriates. Subsequently in 1981 these rubber plantations were handed over to KFDC for further management for a 20 years lease period, which expired on 30.06.2001. We were not sure whether F(C) Act clearance is required for extension of lease of the forest land. Principal Secretary, FEE has conducted a meeting of concerned officers on 29.08.2012, where in it is resolved that KFDC would apply for extension of lease under F (C) Act 1980 duly asking for exemption from NPV payment,</p>

Auditors' Report	Replies by KFDC Ltd.,
	exemption from compensatory afforestation & penal compensatory afforestation. ED, Mangalore has been requested to formulate necessary proposal.
ii. The Company has not capitalized the establishment expenditure to the concerned projects earlier to 1995-96 with regard to the Pulpwood Plantations raised out of own funds. We are unable to assess the impact of such non-allocation on the financial statements of the Company for want of required information.	It is clarified that between 1989-90 and 1993-94 the Corporation has not raised any pulpwood plantations out of its own funds. Hence capitalisation of establishment cost does not arise. However with effect from 1995-96 capitalisation of establishment costs is being done as per approved project norms.
iii. We have learnt that there is a Government Order dated 22.11.2004 to segregate the rubber divisions from the Company and merge with Karnataka Cashew Development Corporation Limited (KCDC) and also merge the Karnataka State Forest Industries Corporation Ltd., with the Company. However, we are unable to ascertain the date from which this order becomes effective and therefore unable to comment on the matter.	This proposal is not feasible as KFDC has a different work culture, management style and ethics from that of KCDC. Merging two inherently organizations in the manner suggested will result in KFDC also becoming a sick organization. Hence the suggestion is not feasible.
iv. The Company has not provided for Interest on secured loans to staff (refer Accounting policy 7 (c)) and in the absence of detailed working, the amount is not quantified and its effect on the profitability of the Company is not known.	Please refer to Item No.7(c) of 'Notes on Accounts' for detailed explanation in the matter.
v. The Company has not written-off expenditure incurred to the extent of Rs 12,84,129/- towards failed plantations of Girishruna Project (Refer Note 8), although full provision for the same has been made.	Necessary steps have already been taken in this regard and will be incorporated in the books of accounts in the ensuing years.

Auditors' Report	Replies by KFDC Ltd.,
<p>Give the information required by the Companies Act, 1956, in the matter so required and give a true and fair view in conformity with the accounting principles generally accepted in India;</p> <p>a. in the case of the Balance Sheet, of the State of Affairs of the Company as at March 31st, 2012,</p> <p>b. in the case of the Profit and Loss Statement, of the Profit for the year ended on that date.</p> <p>c. in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.</p>	<p>No comments</p> <p>No comments</p> <p>No comments</p>

For MURALI & VENKAT
Chartered Accountants

Sd/-
(G. SATISHCHANDRA)
Partner

Membership No. 27372
ICAI Firms' Regn No: 002162S

Place : Bangalore.
Date : 03.09.2012

For Karnataka Forest Development
Corporation Ltd.,
By order of the Board,

Sd/-
Managing Director

Place : Bangalore.
Date : 26.09.2012

Auditors' Report	Replies by KFDC Ltd.,
<p><u>ANNEXURE TO THE AUDITORS' REPORT</u> (Referred to in paragraph 1 of our report of even date)</p>	
<p>1. a) The Company has maintained records of Fixed Assets to show full particulars including quantitative details and situation of all Fixed Assets.</p>	No comments
<p>b) As per the information and explanations given to us, the fixed assets of the Company have been physically verified by the management periodically, which in our opinion is reasonable, having regards to the size and nature of its Assets. We observed that the discrepancies noticed between the book records and physical verification if any, have been properly dealt in the books of account.</p>	No comments
<p>c) The Company has not disposed off /sold a substantial portion of its Fixed Assets during the year.</p>	No comments
<p>2. a) Inventories (excluding the standing plantations ready to cut) have been physically verified by the management. In our opinion, the frequency of verification is reasonable.</p>	No comments
<p>b) 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.</p>	No comments
<p>c) The company is maintaining proper records of inventory. In our opinion and according to the information and explanations given to us, we have not come across any material discrepancies between the physical stocks and inventory records.</p>	No comments

Auditors' Report	Replies by KFDC Ltd.,
<p>3. a) The Company has not taken any secured or unsecured loans from companies, firms or other parties listed in the Register maintained under section 301 of the companies Act, 1956.</p> <p>b) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Act, 1956. except an unsecured Loan of Rs.1,75,00,000 (which was outstanding as at the beginning of the year and was received in full during year) to M/s. Karnataka Cashew Development Corporation Ltd (KCDC Ltd), a Government of Karnataka undertaking and the rate of Interest and other terms and conditions of the loan are not prima facie prejudicial to the interest of the Company.</p> <p>However the interest dues to the extent of Rs 38,12,054 have not been received as on date.</p>	<p>No comments</p> <p>No comments</p>
<p>4. In our opinion and according to the information and explanations given to us, there are adequate Internal Control Systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, Fixed Assets and for the Sale of goods and Services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.</p>	<p>No comments</p>
<p>5. In respect of particulars of contracts or arrangements and transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956;</p> <p>a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.</p> <p>b) According to the information and explanations given to us, each of the transactions in pursuance of such contracts / arrangements have been made at prices which are reasonable having</p>	<p>No comments</p> <p>No comments</p>

Auditors' Report	Replies by KFDC Ltd.,
regard to the prevailing market prices at the relevant time, where such prices are available.	
6. The Company has not accepted any deposits from the public.	No comments
7. The Company has an Internal Audit System and in our opinion, the same needs to be strengthened considering the size and nature of its business.	Necessary action will be taken in consultation with Internal Auditors to strengthen the Internal Audit System.
8. According to the Information and explanations given to us, the maintenance of cost records has been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 in respect of the activities of Rubber Plantations of the company and such records have not been maintained.	The Company has appointed M/s. Prabhakar & Co., Cost Accountants for implementation of Cost Accounting System in KFDC Ltd., they have submitted their report and it is under implementation.
<p>9. a) The company is generally regular in depositing the undisputed Statutory Dues with Appropriate Authorities and there are no undisputed and outstanding amounts payable in respect of Provident Fund, ESI Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess or any other applicable taxes, Duties or Levies applicable to the Company and its business which have remained outstanding as at 31st March 2012, for a period of more than six months from the date they became payable except for:</p> <p>(i) Sales Tax Collections (erstwhile Cocoa Division) of Rs. 7,436 pending for a long time.</p> <p>(ii) Income Tax Deductions (TDS) of Rs. 2,295 from Contractors (erstwhile Cocoa Division)</p> <p>b) We report that the following disputed liabilities and there are no other disputed liabilities (other than the items mentioned below) with regard to income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty / Cess as on 31.03.2012.</p>	<p>No comments</p> <p>Necessary action will be taken to remit these very old statutory dues totally amounting to Rs.9731.00 after detailed examination of the reasons leading to it so as to comply with the observations of the auditors.</p>

Auditors' Report				Replies by KFDC Ltd.,																					
<table><tr><th>Nature of Dues</th><th>Amount (Rs in lacs)</th><th>Forum where dispute is pending</th><th>Remarks</th></tr><tr><td>Income Tax Asst. Year 2008-09</td><td>81.45</td><td>The Commissioner of Income Tax (Appeals) B'lore</td><td>An amount Rs. 69.04 Lacs was paid against the same.</td></tr><tr><td>Income Tax Asst. Year 2009-10</td><td>209.49</td><td>The Commissioner of Income Tax (Appeals) B'lore</td><td>An amount Rs. 109.49 Lacs was paid against the same.</td></tr><tr><td>Income Tax Asst. Year 2010-11</td><td>262.55</td><td>The Assessing Officer, B'lore.</td><td>A Petition was placed against the same.</td></tr><tr><td>Sales Tax Asst. Years 2006-07, 2007-08 & 2008-09</td><td>32.13</td><td>Joint Commissioner of Commercial Taxes (Appeals) B'lore.</td><td>An Amount of 50% was paid in cash and 50% by way of Bank Guarantee was provided against the same.</td></tr></table>				Nature of Dues	Amount (Rs in lacs)	Forum where dispute is pending	Remarks	Income Tax Asst. Year 2008-09	81.45	The Commissioner of Income Tax (Appeals) B'lore	An amount Rs. 69.04 Lacs was paid against the same.	Income Tax Asst. Year 2009-10	209.49	The Commissioner of Income Tax (Appeals) B'lore	An amount Rs. 109.49 Lacs was paid against the same.	Income Tax Asst. Year 2010-11	262.55	The Assessing Officer, B'lore.	A Petition was placed against the same.	Sales Tax Asst. Years 2006-07, 2007-08 & 2008-09	32.13	Joint Commissioner of Commercial Taxes (Appeals) B'lore.	An Amount of 50% was paid in cash and 50% by way of Bank Guarantee was provided against the same.	No comments	
Nature of Dues	Amount (Rs in lacs)	Forum where dispute is pending	Remarks																						
Income Tax Asst. Year 2008-09	81.45	The Commissioner of Income Tax (Appeals) B'lore	An amount Rs. 69.04 Lacs was paid against the same.																						
Income Tax Asst. Year 2009-10	209.49	The Commissioner of Income Tax (Appeals) B'lore	An amount Rs. 109.49 Lacs was paid against the same.																						
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Sales Tax Asst. Years 2006-07, 2007-08 & 2008-09	32.13	Joint Commissioner of Commercial Taxes (Appeals) B'lore.	An Amount of 50% was paid in cash and 50% by way of Bank Guarantee was provided against the same.																						
10. The Company has no accumulated losses as at the year end and has not incurred any cash losses during the financial year covered by our audit.				No comments																					
11. According to the information and explanation given to us, the Company has not availed any loans from Banks and Financial Institutions and the Company has not issued any Debentures.				No comments																					
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.				No comments																					
13. The Company is not a chit fund or a Nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the order are not applicable to the Company.				No comments																					
14. The Company is not dealing or trading in Shares, Securities, Debentures and other Investments.				No comments																					
15. The Company has not given any Guarantee for Loans taken by others from bank or financial institutions for the purpose mentioned.				No comments																					

Auditors' Report	Replies by KFDC Ltd.,
16. The Company has not availed any Term Loans.	No comments
17. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, We report that the funds raised on short-term basis have not been used for long-term investment.	No comments
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to Parties and Companies covered in the register to be maintained under section 301 of the Act.	No comments
19. The Company has no Debentures and hence reporting does not arise in respect of creation of securities thereof.	No comments
20. The Company has not raised any money by public issue during the year.	No comments
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under our Audit.	No comments

For MURALI & VENKAT
Chartered Accountants

Sd/-
(G. SATISHCHANDRA)

Partner

Membership No. 27372

ICAI Firms' Regn No: 002162S

Place : Bangalore.

Date : 03.09.2012

For Karnataka Forest Development
Corporation Ltd.,
By order of the Board,

Sd/-
Managing Director

Place : Bangalore.

Date : 26.09.2012



KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED
(A GOVERNMENT OF KARNATAKA UNDERTAKING)
Registered Office : 'Vanavikas', 18th Cross, Malleswaram, Bangalore-560 003
BALANCE SHEET AS AT 31ST MARCH, 2012



Sl. No.	Particulars	Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
A	EQUITY AND LIABILITIES			
1	SHARE HOLDERS FUNDS:			
	a) Share Capital	1	9,31,40,000	9,31,40,000
	b) Reserves and Surplus	2	1,02,40,25,913	94,92,74,453
2	Share Application Money Pending Allotment		500	500
3	Non-Current Liabilities			
	a) Long-Term Borrowings		-	-
	b) Deferred Tax Liabilities (Net)		-	-
	c) Other Long-Term Liabilities	3	33,46,02,817	36,95,09,592
	d) Long-Term Provisions		-	-
4	Current Liabilities			
	a) Short-Term Borrowings		-	-
	b) Trade Payables	4	51,75,856	31,69,560
	c) Other Current Liabilities	5	21,58,22,741	27,00,15,525
	d) Short-Term Provisions	6	7,31,93,333	6,13,83,703
	TOTAL		1,74,59,61,160	1,74,64,93,333
B	ASSETS			
1	Non-current assets			
	a) Fixed Assets		-	-
	(i) Tangible Assets	7	37,23,10,684	33,87,43,844
	(ii) Intangible Assets		-	-
	(iii) Capital work-in-progress	8	45,22,56,322	43,47,68,788
	b) Non-Current Investments		-	-
	c) Long-term Loans and Advances	9	13,06,61,334	12,04,90,976
	d) Other Non-Current Assets		-	-
2	Current Assets			
	a) Current Investments		-	-
	b) Inventories	10	13,37,68,346	12,67,73,007
	c) Trade Receivables	11	82,53,016	88,67,119
	d) Cash and Bank Balances	12	61,28,03,221	68,14,97,007
	e) Short-Term Loans and Advances	13	96,15,830	1,03,37,208
	f) Other Current Assets	14	2,62,92,407	2,50,15,384
	TOTAL		1,74,59,61,160	1,74,64,93,333
	CONTINGENT LIABILITIES	23	4,11,73,997	4,20,05,400
	The Significant Accounting Policies and Other Disclosures	24		

Notes 1 to 24 annexed hereto forming part of Balance Sheet and Profit & Loss Statement
Signed pursuant to Section 215 of the Companies Act, 1956
for and on behalf of the Board

Sd/-
(C.S. Vedant)
Director

Sd/-
(S. Kishor Kumar)
Finance Manager & Chief Accounts Officer (I/C)
& Company Secretary.

Sd/-
(B.K. Singh)
Managing Director

Place : Bangalore
Date : 03.09.2012

As per our Report of even date
for Murali & Venkat
Chartered Accountants

Place : Bangalore
Date : 03.09.2012

Sd/-
(G. SATISHCHANDRA)
Partner
Reg. No. 27372

**KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED****(A GOVERNMENT OF KARNATAKA UNDERTAKING)**

(Registered Office : 'Vanavikas', 18th Cross, Malleswaram, Bangalore-560 003)

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

Sl. No.	Particulars	Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
I	Revenue from Operations	15	56,41,70,423	63,29,06,688
II	Other Income	16	8,53,78,036	7,46,75,253
III	Total Revenue (I+II)		64,95,48,459	70,75,81,941
IV	Expenses			
	a) Operating Expenses	17	6,55,66,106	6,32,40,150
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	42,31,219	(2,12,54,771)
	c) Employee Benefits Expense	19	30,13,03,139	34,51,73,067
	d) Other Expenses	20	4,64,30,146	4,36,16,108
	e) Depreciation and Amortisation Expense	21	2,12,00,805	1,90,90,464
	Total Expenses		43,87,31,415	44,98,65,018
V	Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		21,08,17,044	25,77,16,924
VI	Exceptional Items	22	12,92,51,702	11,27,272
VII	Profit / (Loss) before extraordinary items and tax (V - VI)		8,15,65,343	25,65,89,652
VIII	Extraordinary Items		-	-
IX	Profit / (Loss) before tax (VII - VIII)		8,15,65,343	25,65,89,652
X	Tax expense:			
	a) Current tax for the year		1,72,40,100	3,16,78,939
	b) Add/(Less) : MAT Credit		-	-
	c) Tax expense relating to prior years		17,435	5,31,961
	d) Deferred tax		-	-
XI	Profit / (Loss) from continuing operations (IX - X)		6,43,07,808	22,43,78,752
XII	Profit / (Loss) from discontinuing operations		-	-
XIII	Net Profit / (Loss) for the year (XI + XII)		6,43,07,808	22,43,78,752
XIV	Earnings per equity share:			
	1) Basic		690	2,409
	2) Diluted		690	2,409

Notes 1 to 24 annexed hereto forming part of Balance Sheet and Profit & Loss Statement

Signed pursuant to Section 215 of the Companies Act, 1956

for and on behalf of the Board

Sd/-
(C.S. Vedant)
Director

Sd/-
(S. Kishor Kumar)
Finance Manager & Chief Accounts Officer (I/C)
& Company Secretary.

Sd/-
(B.K. Singh)
Managing Director

Place : Bangalore
Date : 03.09.2012

As per our Report of even date
for Murali & Venkat
Chartered Accountants

Place : Bangalore
Date : 03.09.2012

Sd/-
(G. SATISHCHANDRA)
Partner
Reg. No. 27372

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012
In terms of AS-3 on Cash Flow Statement - Indirect Method

Sl. No.	Particulars		2011-12 ₹		2010-11 ₹
A.	Cash Flow from Operating activities				
	Net Profit Before Taxation	8,15,65,343		25,65,89,652	
	Adjustment for:				
	Depreciation on Fixed Assets	97,89,306		87,73,843	
	Transfers to Capital reserves	1,04,43,652		83,72,362	
	Other Income (Rubber Subsidy)			5,27,638	
	Operation profit before working capital changes		10,17,98,301		27,42,63,495
	(Increase) / Decrease in Inventories	(69,95,339)		(39,73,863)	
	(Increase) / Decrease in Trade & Other Receivables	6,14,103		1,38,31,992	
	(Increase) / Decrease in Short term Loans & Advances	7,21,378		(25,44,639)	
	(Increase) / Decrease in Other Current Assets	(12,77,026)		(8,06,550)	
	(Increase) / Decrease in Long-term loans and advances	(1,01,70,358)		(3,51,73,213)	
	Increase / (Decrease) in Trade Payables	20,06,296		1,62,455	
	Increase / (Decrease) in Other Liabilities	(5,41,92,784)		6,50,56,781	
	Increase / (Decrease) in Short Term Provisions	1,18,09,630		3,66,56,133	
	Increase / (Decrease) in Other Long-Term Liabilities	(3,49,06,775)		1,83,55,266	
	Cash from operations		(9,23,90,875)		9,15,64,362
	Income Tax		1,72,57,535		3,22,10,900
	Net cash from operating activities		(78,50,109)		33,36,16,957
B.	Cash flow from Investing Activities				
	Purchase of Fixed Assets	(4,44,69,811)		(3,38,68,062)	
	Increase in Capital work in progress	(1,74,87,534)		(6,79,59,011)	
	Proceed from sale of Fixed Assets-WDV	11,13,669		20,62,423	
	Net Cash from investing activities		(6,08,43,676)		(9,97,64,650)
C.	Cash flow from financing activities				
	Dividend paid			(46,57,000)	
	Dividend Tax paid			(7,73,470)	
	Net Cash flow from Financing Activities		-		(54,30,470)
	Net Increase / Decrease in Cash & cash equivalents		(6,86,93,786)		22,84,21,837
	Opening Bal. Cash & Cash Equivalents	68,14,97,007		45,30,75,170	
	Closing Bal. Cash & Cash Equivalents	61,28,03,221	(6,86,93,786)	68,14,97,007	22,84,21,837

For and on behalf of the Board of Directors.

Sd/-
(C.S. Vedant)
Director

Sd/-
(S. Kishor Kumar)
Finance Manager & Chief Accounts Officer (I/C)
& Company Secretary.

Sd/-
(B.K. Singh)
Managing Director

Place : Bangalore
Date : 03.09.2012

Place : Bangalore
Date : 03.09.2012

As per our Report of even date
for **Murali & Venkat**
Chartered Accountants

Sd/-
(G. SATISHCHANDRA)
Partner
Reg. No. 27372

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

SHARE CAPITAL

NOTE - 01

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	AUTHORISED SHARE CAPITAL: 2,50,000 Equity Shares of Rs. 1,000/- each		25,00,00,000	25,00,00,000
2	ISSUED SUBSCRIBED AND PAID UP CAPITAL: 93,140 equity shares of Rs.1,000/- each fully paid up (of the above shares 58,613 equity shares are allotted as fully paid up pursuant to transfer of rubber plantations vide G.O. No. FFD 5 FRP 82 dated 31.03.1982 without payment being received in cash).	1.1	9,31,40,000	9,31,40,000
TOTAL			9,31,40,000	9,31,40,000

1.1) 93,140 Equity Shares (Previous year: 93,140 equity shares) are fully owned by Government of Karnataka during the Financial Year 2011-12 .

RESERVES AND SURPLUS

NOTE - 02

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
I	CAPITAL RESERVE:			
1	Grant from Govt. of Karnataka under DPAP			
	Opening Balance		1,30,000	1,30,000
	Add : Additions during the year		-	-
	Less : Deletions during the year		-	-
	Closing Balance		1,30,000	1,30,000
2	Grant Received under WGDP (Rubber)			
	Opening Balance		60,05,589	60,05,589
	Add : Additions during the year		-	-
	Less : Deletions during the year		-	-
	Closing Balance		60,05,589	60,05,589
3	Grant Received under WGDP (Tea)			
	Opening Balance		32,00,000	32,00,000
	Add : Additions during the year		-	-
	Less : Deletions during the year		-	-
	Closing Balance		32,00,000	32,00,000
4	Grant from Govt. of Karnataka on sale of Eucalyptus Wood from older plantations.			
	Opening Balance		9,79,39,462	9,79,39,462
	Add : Additions during the year		-	-
	Less : Deletions during the year		-	-
	Closing Balance		9,79,39,462	9,79,39,462
5	Rubber Board Subsidy			
	Opening Balance		1,16,32,638	1,11,05,000
	Add : Additions during the year		-	5,27,638
	Less : Deletions during the year		-	-
	Closing Balance		1,16,32,638	1,16,32,638

RESERVES AND SURPLUS

NOTE - 02

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
II	CONTINGENCY RESERVE	2.1		
	Opening Balance		14,63,81,601	14,63,81,601
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year		-	-
	Closing Balance		14,63,81,601	14,63,81,601
III	INTEREST SUBSIDY RECEIVED			
	Opening Balance		13,30,928	13,30,928
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year		-	-
	Closing Balance		13,30,928	13,30,928
IV	RUBBER REHABILITATION RESERVE	2.2		
	Opening Balance		7,98,44,648	7,29,17,509
	<u>Add</u> : Additions during the year		1,00,44,314	89,61,315
	<u>Less</u> : Deletions during the year		10,45,884	20,34,176
	Closing Balance		8,88,43,078	7,98,44,648
V	TEA REHABILITATION RESERVE			
	Opening Balance		55,91,000	53,33,000
	<u>Add</u> : Additions during the year		2,58,000	2,58,000
	<u>Less</u> : Deletions during the year		-	-
	Closing Balance		58,49,000	55,91,000
VI	TAMARIND REHABILITATION RESERVE			
	Opening Balance		2,15,328	1,79,440
	<u>Add</u> : Additions during the year		35,888	35,888
	<u>Less</u> : Deletions during the year		-	-
	Closing Balance		2,51,216	2,15,328
VII	BAMBOO REHABILITATION RESERVE			
	Opening Balance		50,33,029	44,22,497
	<u>Add</u> : Additions during the year		6,10,532	6,10,532
	<u>Less</u> : Deletions during the year		-	-
	Closing Balance		56,43,561	50,33,029

RESERVES AND SURPLUS

NOTE - 02

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
VIII	TEAK REHABILITATION RESERVE			
	Opening Balance		18,00,278	12,59,476
	Add : Additions during the year		5,40,802	5,40,802
	Less : Deletions during the year		-	-
	Closing Balance		23,41,080	18,00,278
IX	GENERAL RESERVE			
	Opening Balance		6,39,96,426	6,39,96,426
	Add : Additions during the year		-	-
	Less : Deletions during the year		-	-
	Closing Balance		6,39,96,426	6,39,96,426
X	SURPLUS BALANCE - PROFIT & LOSS STATEMENT			
	Opening Balance		52,61,73,526	30,72,25,245
	Add : Profit for the Year		6,43,07,808	22,43,78,752
	Less : Appropriations		-	-
	Proposed Dividend on Equity Shares		-	46,57,000
	Dividend Distribution Tax		-	7,73,470
	Closing Balance		59,04,81,334	52,61,73,526
TOTAL			1,02,40,25,913	94,92,74,453

Note:

- 2.1 The Company has been accounting the net revenue realized on sale of Departmental Eucalyptus Plantation as contingency reserve amounting to ₹ 14,63,81,601/- up to 31.03.1998. From the year 1998-1999 and onwards, the net revenue realized has been accounted as sales.
- 2.2 The area of 130.37 ha (251 ha.) of Old Rubber Plantations have been clear felled during the year 2011-12 for the purpose of Rubber Plantations. An amount of ₹ 10,45,884 (Previous Year ₹ 20,34,176) being the value of such plantations have been adjusted towards Rubber Rehabilitation Reserve, since these plantations have been fully depreciated.

OTHER LONG-TERM LIABILITIES

NOTE - 03

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	Dues to Government of Karnataka - FDT	3.1	32,41,12,411	35,90,30,768
2	Lease rental payable (Eucalyptus) - GoK.	3.2	1,02,78,576	1,02,78,576
3	Advance from GoK for JBIC Scheme		38,000	38,000
4	Security Deposits		1,73,830	1,62,248
TOTAL			33,46,02,817	36,95,09,592

- 3.1 The Company has retained the Forest Development Tax (FDT) collections made on the sale of the Forest Produce to the extent of ₹ 32,40,98,061 collected upto 31.03.2010 as plough back of funds for development of plantations, as per Government order No AHFF 147 FDT 12 dated 03.11.1992 and the same is disclosed as Dues to Government of Karnataka (Sl. No. 1 of above) pending further orders.
- 3.2 The request of the Corporation for converting lease rent of ₹ 102.79 lakh (Payable to Government of Karnataka) as equity share capital as provided in Government Order No. FFD.49.FPC.80, dated 28.08.1982 has not been agreed by the Government of Karnataka by Order No. AHFF.166.FPC.89, dated 25.11.1989. Besides the Government is also claiming an interest at the rate of 17% per annum beyond 90 days. However, the Corporation has again taken up the matter with the Government for reconsidering the above proposal for conversion of lease rent into share capital. Therefore, the interest claimed to an extent of ₹ 380.35 lakh upto 31.03.2012 (Previous Year ₹ 362.88 lakh) has not been provided for.

TRADE PAYABLES

NOTE - 04

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
I	Total outstanding dues of Small Scale Industrial Undertaking.		-	-
II	Total outstanding dues of Creditors other than the Small Scale Industrial Undertakings:			
	1. Sundry Creditors for Suppliers		51,75,856	31,69,560
TOTAL			51,75,856	31,69,560

OTHER CURRENT LIABILITIES

NOTE - 05

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
I	Total outstanding dues of Small Scale Industrial Undertaking.		-	-
II	Total outstanding dues of Creditors other than the Small Scale Industrial Undertakings:			
	1. Liabilities towards Capital Supplies.		23,22,431	28,15,472
	2. Employee Benefit Payable	5.1 & 5.2	13,05,75,004	16,71,58,397
	3. Advances from Customers		1,74,34,152	94,40,717
	4. Statutory Liabilities		48,89,251	58,87,109
	5. Other Current Liabilities		6,06,01,902	8,47,13,830
TOTAL			21,58,22,741	27,00,15,525

- 5.1 Employee benefits payable includes ₹ 7,62,39,222 (Previous Year ₹ 7,27,95,794) towards provision for Leave Encashment benefit to the Corporation staff as per Accounting Policy No. 8 (c).
- 5.2 The Employee benefits payable includes a Provision for Gratuity ₹ 1,37,53,641 (Previous Year ₹ 5,90,64,728) and the Company is having separate Gratuity Trust accounts in respect of employees to which annual contributions are made as per the actuarial valuation.

SHORT-TERM PROVISIONS

NOTE - 06

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	Provisions for Income Tax		7,31,93,333	5,59,53,233
2	Provision for Tax on Dividends		-	7,73,470
3	Provision for Dividends		-	46,57,000
TOTAL			7,31,93,333	6,13,83,703

**FIXED ASSETS
TANGIBLE ASSETS**

NOTE - 07

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01/04/2011	Additions During 2011-2012	Deletion / Tr. During 2011-2012	Total as on 31/03/2012	As on 01/04/2011	For 2011-2012	Deletion / Tr. for 2011-2012	Total as on 31/03/2012	As on 31/03/2012	As on 31/03/2011
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1	Land	3,11,853	-	-	3,11,853	-	-	-	-	3,11,853	3,11,853
2	Rubber Plantations	23,25,19,676	2,70,74,981	10,45,884	25,85,48,773	-	-	-	-	25,85,48,773	23,25,19,676
3	Tea Plantations	69,83,000	-	-	69,83,000	-	-	-	-	69,83,000	69,83,000
4	Tamarind Plantations	17,94,400	-	-	17,94,400	-	-	-	-	17,94,400	17,94,400
5	Bamboo Plantations	1,86,39,554	-	-	1,86,39,554	-	-	-	-	1,86,39,554	1,86,39,553
6	Teak Plantations	3,24,44,463	-	-	3,24,44,463	-	-	-	-	3,24,44,463	3,24,44,463
7	Buildings	10,86,88,296	1,08,69,339	13,752	11,95,43,883	9,42,83,844	28,05,753	13,751	9,70,75,846	2,24,68,037	1,44,04,451
8	Roads	57,77,398	3,64,085	-	61,41,483	49,98,615	85,076	-	50,83,691	10,57,792	7,78,783
9	Temporary Sheds	4,36,348	-	-	4,36,348	4,36,347	-	-	4,36,347	1	1
10	Borewells	33,96,056	81,784	-	34,77,840	25,75,726	1,13,577	-	26,89,303	7,88,537	8,20,330
11	Pumpsets, Pipes, Fittings	47,99,596	2,29,671	-	50,29,267	41,29,383	2,47,716	-	43,77,099	6,52,168	6,60,198
12	Vehicles	2,57,02,069	24,29,265	26,30,427	2,55,00,907	1,89,03,406	31,00,227	26,30,421	1,93,73,212	61,27,695	67,98,663
13	Tractor	6,11,234	-	-	6,11,234	6,11,233	-	-	6,11,233	1	1
14	Bulldozers	2,61,15,724	-	52,30,029	2,08,85,695	2,61,15,712	-	52,30,027	2,08,85,685	10	12
15	Prime Movers	7,88,135	-	-	7,88,135	7,88,134	-	-	7,88,134	1	1
16	Plant and Machinery	3,30,55,840	13,15,519	2,279	3,43,69,080	1,77,01,153	22,77,948	2,278	1,99,76,823	1,43,92,257	1,53,64,705
17	Weighing Scales	34,69,262	2,700	15,647	34,56,315	31,94,651	45,103	15,643	32,24,111	2,32,204	2,74,612
18	Laboratory Equipments	8,18,257	4,46,648	-	12,64,905	6,68,562	28,623	-	6,97,185	5,67,720	1,49,696
19	Electrical Fittings	74,03,512	2,37,195	21,203	76,19,504	62,05,926	1,87,142	21,202	63,71,866	12,47,638	11,97,585
20	Electrical Equipments	15,82,567	18,000	-	16,00,567	5,56,277	1,07,860	-	6,64,137	9,36,430	10,26,285

**FIXED ASSETS
TANGIBLE ASSETS**

NOTE - 07

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01/04/2011	Additions During 2011-2012	Deletion / Tr. During 2011-2012	Total as on 31/03/2012	As on 01/04/2011	For 2011-2012	Deletion / Tr. for 2011-2012	Total as on 31/03/2012	As on 31/03/2012	As on 31/03/2011
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
21	Hospital Equipments	2,25,059	-	-	2,25,059	1,46,602	8,708	-	1,55,310	69,749	78,457
22	Fire Fighting Equipments	67,935	-	-	67,935	38,384	4,563	-	42,947	24,988	29,551
23	Gas Cylinders	7,97,414	-	-	7,97,414	7,97,144	-	-	7,97,144	270	270
24	Power Tiller	88,934	-	-	88,934	88,932	-	-	88,932	2	2
25	Guns	11,000	-	-	11,000	10,989	-	-	10,989	11	11
26	Dish Antena	31,475	-	-	31,475	31,473	-	-	31,473	2	2
27	Power Sprayers (Tea)	23,813	-	-	23,813	23,812	-	-	23,812	1	1
28	Furniture and Fixtures	37,26,977	2,22,794	2,575	39,47,196	19,50,597	2,07,091	2,567	21,55,121	17,92,075	17,76,382
29	Computers	38,61,283	10,96,710	1,91,164	47,66,829	25,07,804	3,81,883	1,29,747	27,59,940	20,06,889	13,53,477
30	Office Equipments	38,45,735	81,120	1,07,634	38,19,221	25,08,311	1,88,036	1,01,289	25,95,058	12,24,163	13,37,424
Grand Total		52,80,16,865	4,44,69,811	92,60,594	56,32,26,082	18,92,73,017	97,89,306	81,46,925	19,09,15,398	37,23,10,684	33,87,43,844
Previous Year Total		49,93,90,040	3,38,68,062	52,41,236	52,80,16,865	18,36,77,991	87,73,843	31,78,813	18,92,73,021	33,87,43,844	31,57,12,049

- 1 Note 7 : a) The Company has not provided for impairment of Assets as per AS. 28 in the absence of annual assessment to be carried out in this regard and indications of a potential impairment of loss.
b) All the plantation cultivation (Item 2 to 6) are carried on the Leasehold lands from Government of Karnataka.
- 2 Rubber Plantation : The area of 130.37 ha (251 ha.) of Old Rubber Plantations have been clear felled during the year 2011-12 for the purpose of Rubber Plantations. An amount of ₹ 10,45,884 (Previous Year ₹ 20,34,176) being the value of such plantations have been adjusted towards Rubber Rehabilitation Reserve, since these plantations have been fully depreciated.

Out of the area 4,443.32 hectares of Rubber Plantations leased to KFDC by Government of Karnataka, an area of 47.60 hectares of land was leased by KFDC to Rubber Board, Kottayam for the use of Rubber Research Institute of India in 1996. Though the lease period of the Rubber Plantations expired on 30.06.2001, the land leased to Rubber Board is continued to be in their possession.
- 3 Buildings : No accounting adjustments are made in the books of accounts towards transfer of ownership of office complex to KSFC pending final agreement and settlement of bills and registration charges.
(Sl. No. 7 of above)

CAPITAL WORK IN PROGRESS

NOTE - 08

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	Rubber Replanting Project		22,06,79,911	18,89,38,112
2	Provision for failed plantation (Girishrunga Project - 1996- 39.80 ha.)		12,84,129	12,84,129
3	Tamarind Plantation Project (1996 & 1997 - 409 ha. net)		13,40,413	13,40,413
4	Pulpwood Plantations:			
	a) Pulpwood - 1998		23,724	23,724
	b) Pulpwood - 2003 & 2004 (626.57 ha.)		7,86,013	1,42,88,131
	c) Pulpwood - 2005 & 2006 (2128.11 ha.)		4,25,29,120	4,22,99,111
	d) Pulpwood - 2007 (935.60 ha.)		2,30,31,266	2,28,82,741
	e) Pulpwood - 2008 (655.90 ha.)		1,67,65,712	1,66,53,466
	f) Pulpwood - 2009 (856.15 ha.)		2,42,46,149	2,42,17,054
	g) Pulpwood - 2010 (1264.80 ha.)		3,44,49,960	2,92,56,141
	h) Pulpwood - 2011 (333 ha.)		83,51,944	20,11,010
5	Acacia Plantations (2004 to 2011 - 3656.30 ha.) (2004 to 2010 - 3414.90 ha. previous year)		7,93,44,173	8,54,62,258
6	Bosewellia Serratta Project (Cost of failed plantation)		1,15,954	1,15,954
7	Pulpwood Plantations 2012 (Hebbevu Nursery)		2,22,933	-
8	Buildings : Eucalyptus and Rubber Division		15,67,040	89,75,952
9	Roads, Pumpsets, Pipes and Kilns		3,47,631	-
10	Wells & Borewells		1,49,658	-
	TOTAL		45,52,35,730	43,77,48,195
11	Less : Provisions made			
	a) Rubber Replanting Project (Item No.1)		15,55,600	15,55,600
	b) Girishrunga pulpwood pltn.1996 (Item No.2)		12,84,129	12,84,129
	c) Pulpwood plantations 1998 (Item No.4a)		23,724	23,724
	d) Bosewellia Seretta-1999 (Item No.6)		1,15,954	1,15,954
GRAND TOTAL			45,22,56,322	43,47,68,788

LONG TERM LOANS AND ADVANCES

NOTE - 09

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
A	SECURED & CONSIDERED GOOD			
1	House Building Advance to Staff		7,48,471	8,23,368
2	Vehicle Advance to Staff		1,53,388	2,00,872
	TOTAL - A		9,01,859	10,24,240
B	UNSECURED & CONSIDERED GOOD			
1	Loan to KCDC Ltd.,		-	1,75,00,000
	TOTAL - B		-	1,75,00,000
C	ADVANCES RECOVERABLE IN CASH OR IN KIND CONSIDERED GOOD FOR WHICH THE COMPANY HOLDS NO SECURITY OTHER THAN THE PERSONAL SECURITY			
1	Deposit with Government and Other Departments		59,07,802	58,37,721
2	Employees Security Deposit		1,73,830	1,62,248
3	Court Fee Stamps Receivable		1,12,176	1,12,176
4	Amount Receivable from GoK as per Note 9A		1,67,41,945	2,91,85,388
5	Advance Income Tax Paid		10,82,03,324	6,73,28,170
6	Advances to Contractors		1,61,407	32,97,214
7	Other Advances		25,76,579	1,61,407
8	Workmen's Compensation Deposit		1,93,817	1,93,817
	TOTAL - C		13,40,70,881	10,62,78,142
1	Less: Provision for bad & doubtful Debts on Court Fees Receivable (C3 above)		1,12,176	1,12,176
2	Less: Provision for GoK (Teak) (C4 above)		41,99,230	41,99,230
	TOTAL - D		43,11,406	43,11,406
GRAND TOTAL (A+B+C-D)			13,06,61,334	12,04,90,976

RECEIVABLE FROM GOVERNMENT OF KARNATAKA

NOTE - 09 A

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	Government of Karnataka (Forest Department)			
	a) Eucalyptus		8,66,239	8,66,239
	b) Cocoa Operational Loss		-	66,70,055
	c) Sale of Old assets (Cocoa)		-	60,71,532
	d) Teak		41,99,230	41,99,230
	e) PCCF (Wild Life Wing - areas)	9A.1	81,37,367	81,37,367
2	Leave Salary Recoverable		20,44,332	17,46,188
3	Income Tax Recoverable	9A.2	2,53,586	2,53,586
4	Silvipastural Project		1,41,519	1,41,519
5	Director of Health & Family Welfare Scheme		1,07,103	1,07,103
6	Chief Engineer Communication & Buildings, B'lore.		2,253	2,253
7	Euc. Seedlings and Power tillers		7,66,524	7,66,524
8	Interest receivable from Govt. of Karnataka		2,23,792	2,23,792
TOTAL			1,67,41,945	2,91,85,388

9A.1 The Eucalyptus plantations transferred vide Government Order to the jurisdiction of PCCF - Wild Life area is ₹ 81,37,367/- has been withdrawn from the value of inventories. The same was disclosed as receivable from the PCCF (Wild Life Wing) under amount receivable from Government of Karnataka. However, the recognition of the same as income is pending in view of the correspondence for obtaining alternative equi-productive areas from Government.

9A.2 As provided in Govt. Order No.FFD/12/FAP/71, dated 01.07.1976 and No.FFD/49/FPL/80, dated 28.08.1982, Income Tax amounting to ₹ 2,53,586.00 paid by the Company is reimbursable by the Government of Karnataka as grant and the same has been accounted on accrual basis as grant receivable.

INVENTORIES

NOTE - 10

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
A	FINISHED GOODS:			
1	Plantations (at cost) *			
	a) Casurina		21,482	21,482
	b) Teak Plants		11,865	11,865
	c) Bamboo		5,525	5,525
	d) Vanilla		6,076	6,076
	e) Urban Fuelwood (1994-97)		1,31,56,914	1,68,94,430
	f) Pulpwood Plantations (1996 & 1997)		1,06,66,203	1,57,47,423
	g) Pulpwood Plantations -1998		17,43,484	17,43,484
	h) Pulpwood Plantations -1999		93,72,138	93,72,138
	i) Pulpwood Plantations -2000		24,99,092	24,99,092
	j) Pulpwood Plantations -2001		43,74,018	43,74,018
	k) Pulpwood Plantations -2004		70,44,647	-
	l) Small Timber Plantations		78,13,998	86,04,028
	m) Pepper		70,937	70,937
	n) Rubber (60 beds)		51,627	51,627
2	Stock of Rubber (Finished) (net realisable value)		2,38,49,844	4,58,01,758
3	Stock of Rubber skim lump (Finished) (net realisable value)		3,63,234	2,35,116
4	Stock of Eucalyptus wood (at cost price)		72,54,148	82,52,221
5	Stock of Acacia wood (at cost price)		2,28,81,283	42,90,227
6	Stock of Eucalyptus Oil (at net realisable value)		12,083	12,083
	TOTAL (A)		11,11,98,597	11,79,93,529
B	STORES AND SPARES:			
1	Stores and spares (at cost)		2,20,36,813	82,45,986
	TOTAL (B)		2,20,36,813	82,45,986
C	OTHERS:			
1	RCC pillars & name boards to plantations (at cost)		6,62,715	6,62,715
2	Permit books (at cost)		570	1,125
	TOTAL (C)		6,63,285	6,63,840
	Less : Provisions for item No. 1(a) Casurina - ₹ 70,937.03/- 1(m) Pepper ₹ 7,785.28/- and 1(n) Rubber (60 Beds) ₹ 51,626.78		1,30,349	1,30,349
GRAND TOTAL			13,37,68,346	12,67,73,007

* Inventory of plantations are not verifiable in view of the vast area and are disclosed at cost for valuation purpose.

TRADE RECEIVABLES

NOTE - 11

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
(a)	Outstanding for a period exceeding six months from the date they are due for payment			
	- Secured, considered good		-	-
	- Unsecured, considered good		27,27,302	73,03,363
	- Unsecured, considered doubtful		-	-
(b)	Outstanding for a period <u>not</u> exceeding six months from the date they are due for payment			
	- Secured, considered good		-	-
	- Unsecured, considered good		58,19,134	17,62,554
	- Unsecured, considered doubtful		-	-
	TOTAL		85,46,436	90,65,917
	<u>Less</u> : Provision for bad and doubtful debts		2,93,420	1,98,798
GRAND TOTAL			82,53,016	88,67,119

CASH AND CASH EQUIVALENTS

NOTE - 12

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	Balance with Scheduled Banks			
	In Current Accounts / SPSB Accounts		8,16,34,265	10,12,07,328
2	Other Bank Balances			
	In Term Deposit Accounts			
	- Less than 3 Months		76,87,465	33,50,319
	- More than 3 Months & Less than 12 Months		51,67,50,738	57,21,48,078
	- More than 12 Months		7,71,787	15,20,513
3	Cash on hand		-	-
4	Other Cash Equivalents			
	- Stamps on hand		2,581	2,318
	- Inter-unit funds transfer Balances		59,56,385	32,68,451
TOTAL			61,28,03,221	68,14,97,007

SHORT TERM LOANS AND ADVANCES

NOTE - 13

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
A	UNSECURED & CONSIDERED GOOD			
1	Interest receivable on the KCDC loan		38,12,054	37,69,021
B	ADVANCES RECOVERABLE IN CASH OR IN KIND CONSIDERED GOOD FOR WHICH THE COMPANY HOLDS NO SECURITY OTHER THAN THE PERSONAL SECURITY			
1	Advances to Staff		47,06,573	51,67,044
2	Other Advances		8,72,406	10,93,855
3	Advances to Suppliers		2,24,797	2,47,289
4	Advances to Contractors		8,338	68,338
	TOTAL		96,24,168	1,03,45,546
	Less : Provision for bad & doubtful debts, advances (against B4 above)		8,338	8,338
TOTAL			96,15,830	1,03,37,208

OTHER CURRENT ASSETS

NOTE - 14

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	Interest Receivable on Fixed Deposits		2,22,15,766	1,90,67,487
2	Income Receivable		3,52,332	3,41,045
3	Rent and Other Charges Receivable		27,33,950	28,47,838
4	Royalty and Building Rent from M/s. Campco Ltd., Mangalore		14,56,967	14,56,967
5	Prepaid Expenses		6,90,453	6,24,471
6	Balances with Divisions		2,99,906	21,34,543
	TOTAL		2,77,49,374	2,64,72,351
	Less : Provision for bad & doubtful Debts (Royalty and Building Rent from M/s.Campco Ltd., Mangalore No.4 above)		14,56,967	14,56,967
GRAND TOTAL			2,62,92,407	2,50,15,384

REVENUE FROM OPERATIONS

NOTE - 15

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	Sales of Rubber	15.1	43,57,00,875	51,40,21,770
2	Sales of Eucalyptus Wood	15.2	2,03,46,156	2,08,45,895
3	Sale of Euc. Trees below 20 cms girth		4,50,000	-
4	Sale of Fire Wood and Timber		15,73,569	24,83,588
5	Sale of Eucalyptus Poles / Stumps & Others		13,82,333	7,08,862
6	Sale of Bamboo		24,91,350	24,68,070
7	Sale of Tamarind		2,73,400	5,69,590
8	Sale of Miscellaneous Agri. Products		4,74,738	6,85,500
9	Sale of Rubber Trees		10,14,78,002	9,11,23,413
TOTAL			56,41,70,423	63,29,06,688

- 15 Quantitative information regarding opening stock of sales and closing stock for the year ended 31.03.2012 is furnished in the statement annexed.
- 15.1 The sale of rubber for the year 2011-2012 includes Sale of Rubber ₹ 76.72 lakhs (Previous Year ₹ 6.87 lakhs) being goods sold but not lifted by the parties.
- 15.2 Sale of Pulpwood for the year 2011-2012 includes ₹ 0.19 lakhs (Previous Year : Nil) being goods sold but not lifted by the parties.

OTHER INCOME

NOTE - 16

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
A	INTEREST INCOME			
1	Interest on Fixed Deposit		5,66,22,422	3,64,00,747
2	Interest on HBA		3,43,740	5,34,777
3	Interest from KCDC		43,033	14,00,000
4	Interest on Delayed Receipts from Contractors		34,90,871	21,88,178
B	RENTAL INCOME			
1	Buidling Rent (Office Complex)		46,46,627	39,44,500
2	House Rent (Employees)		3,96,015	4,27,367
3	Ground Rent		52,188	42,889
C	OTHER NON OPERATING INCOME:			
1	Licence fee for Tea Plantations		2,18,493	1,93,493
2	Provision no longer required		7,92,051	9,00,158
3	Extraction of Pulpwood and Bamboo - Establishment and other charges (Net)	16.1	1,40,24,448	2,59,66,940
4	Compensation received from EE, Karnataka Neeravari Nigama Ltd., Shikaripura for hading over of 1.64 ha of 2006 PW Pltn.		3,69,000	-
5	Karnataka Chief Minister Ratna Award		1,00,000	-
6	Extension Fee		16,75,750	9,31,750
7	EMD & Security Deposit Forfeited		4,73,918	1,06,028
8	Sale of Scrap		1,60,609	5,68,251
9	Sale of Jungle Wood		7,01,662	1,79,472
10	Miscellaneous Income		12,67,210	8,90,703
TOTAL			8,53,78,036	7,46,75,253

16.1 The extraction charges received amounting to ₹ 1,40,24,448 (Net) (Previous Year ₹ 2,59,66,940 is shown as extraction and establishment charges received under the head Other Income as it is being the amount reimbursed by various Pulpwood Industries to meet the expenditure incurred by the KFDC on account of extraction of pulpwood plantations and related expenses.

OPERATING EXPENSES

NOTE - 17

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
A	COST OF RUBBER SALES			
I	Rubber Production Expenses			
1	Plantations Maintenance & latex collection charges		1,07,64,474	2,42,32,722
2	Plantations road maintenance charges		2,96,731	6,14,185
3	Welfare Expenses		43,58,777	39,28,111
4	Freight and Transportation		1,375	160
5	Tools and Implements		3,23,983	2,14,677
	TOTAL - I		1,57,45,340	2,89,89,855
II	Rubber Processing Expenses:			
1	Rubber Processing Expenses		29,71,417	34,22,550
2	Factory repairs and maintenance		16,23,214	22,05,516
3	Container (Barrels)		1,08,34,154	1,29,61,506
4	Power Charges		21,90,032	23,12,613
5	Machinery Maintenance		15,87,925	12,09,658
	TOTAL - II		1,92,06,742	2,21,11,843
	TOTAL - A (I + II)		3,49,52,082	5,11,01,698
B	COST OF PULPWOOD SALES			
1	Cost of Production of Eucalyptus / Acacia Wood sold		2,97,88,463	1,13,03,964
2	Extraction & Transportation of Others		5,10,260	4,96,988
	TOTAL - B		3,02,98,723	1,18,00,952
C	COST OF BAMBOO			
1	Bamboo tending and extraction cost		3,15,300	3,37,500
	TOTAL - C		3,15,300	3,37,500
GRAND TOTAL (A + B + C)			6,55,66,106	6,32,40,150

CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

NOTE - 18

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
A	CLOSING STOCK (AS ON 31.03.2012)			
1	Stock of Eucalyptus wood / Acacia Wood (at cost price)		2,93,69,164	1,25,42,449
2	Stock of Rubber (Net realisable value)		2,42,13,077	4,60,36,874
3	Stock of Eucalyptus Oil (Net realisable value)		12,083	12,083
4	Stock of Acacia / Teak poles / Timber (Net realisable value).		7,65,862	-
	TOTAL - A		5,43,60,187	5,85,91,405
B	OPENING STOCK (AS ON 01.04.2011)			
1	Stock of Eucalyptus wood / Acacia wood (At cost price)		1,25,42,449	96,33,628
2	Stock of Rubber (Net realisable value)		4,60,36,874	2,76,90,924
3	Stock of Eucalyptus Oil (Net realisable value)		12,083	12,083
4	Stock of Teak poles / Timber (Net realisable value).		-	-
	TOTAL - B		5,85,91,405	3,73,36,635
CHANGES IN INVENTORIES (B-A)			42,31,219	(2,12,54,771)

EMPLOYEE BENEFITS EXPENSES

NOTE - 19

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
I	ESTABLISHMENT EXPENSES:			
1	Salary, Wages & Bonus		27,60,02,078	27,12,64,169
2	Remeneration to Managing Directors		18,44,026	16,51,617
3	Contributions to:			
	a) Pension & Leave Salary		16,75,858	23,02,271
	b) Leave Travel Convession & H.T.C.		14,571	1,27,008
	c) Labour Welfare Expenses		22,287	13,014
	d) Provident Fund		1,88,33,614	1,94,76,591
	e) EPF Administrative Charges		18,31,543	19,43,792
	f) Group Gratuity Trust Fund (Employees)		91,03,123	3,45,84,603
	g) Group Gratuity Trust Fund (Workers)		-	2,44,80,046
	h) E.S.I.		2,55,307	3,09,968
4	Contribution to May Day Committee		84,000	-
5	Staff Welfare Expenses		22,39,075	16,69,370
6	Workmen's Compensation		1,51,728	-
7	Hospital Maintenance		7,54,061	7,60,921
8	Training fees for NREGA		-	18,475
9	Cremation charges		23,000	18,000
	TOTAL		31,28,34,270	35,86,19,845
	Less: Allocated to Nurseries and Plantations		1,15,31,131	1,34,46,778
GRAND TOTAL			30,13,03,139	34,51,73,067

OTHER EXPENSES

NOTE - 20

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	Lease Rent		1,01,85,422	1,22,20,410
2	Frieght and Insurance		11,908	35,197
3	Insurance on Earth Moving Equipments		4,100	3,970
4	Maintenance of Earth Moving Equipments & Pumpsets		24,40,213	42,90,498
5	Plantation maintenance (Pulpwood & Others)		1,89,614	6,80,432
6	Watch & Ward		37,72,789	30,08,889
7	Sitting Fees to Directors		20,000	12,000
8	Directors Travelling Expenses		81,454	4,56,505
9	Remuneration to Chairman		1,08,000	98,400
10	Honorarium to Chairman		1,80,000	1,65,000
11	Bad Debts		94,622	-
12	Building Rent		74,200	96,170
13	Electricity & Water Charges		12,42,541	6,90,196
14	Generator Set Maintenance		27,814	24,843
15	Travelling Expenses		14,00,297	18,11,656
16	Legal & Professional Charges		19,11,649	8,25,708
17	Cost Audit Fees		3,05,408	-
18	Statutory Audit Fees		1,06,180	1,04,233
19	Out of pocket expenses		-	20,000
20	Tax audit		33,708	33,090
21	Internal Audit Fees		2,00,000	1,75,000
22	Rates and Taxes		8,16,052	7,07,405
23	Seminars, Conference and meetings		1,11,692	2,01,791
24	Books and periodicals		1,35,147	1,24,714
25	Printing and stationery		8,89,436	9,80,004
26	Postage, Telegram and Telephone		8,44,837	9,63,142
27	Advertisement and Publicity		5,95,448	7,31,500
28	Office Maintenance		6,84,152	6,97,228
29	Rest House Maintanance		88,555	54,405
30	Board meeting & AGM expenses		46,668	72,164

OTHER EXPENSES

NOTE - 20

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
31	Insurance		1,65,682	1,23,563
32	Repair & maintenance of Computers		2,55,298	1,73,766
33	Repairs - others		1,68,041	2,01,402
34	Bank Charges and Evaluation Fees		94,253	80,921
35	Vehicle Maintenance		86,77,914	81,76,153
36	Vehicle Tax		1,10,107	1,86,638
37	Vehicle Insurance		3,46,666	3,71,870
38	Filing Fees		13,309	4,160
39	Sample plot expenses		8,80,550	5,01,940
40	Miscellaneous Expenses		7,005	96,833
41	Repairs to buildings and wells		1,28,16,991	1,17,79,053
42	Cost of Plantation Written off (1.64 ha of 2006 PW Pln. handed over to Karnataka Niravari Nigam, Shikaripura)		37,567	1,15,954
43	Environmental Day Expenses		3,800	-
44	Sale promotion expenses		5,740	65,092
45	Hospitality Expenses		9,27,823	1,46,535
	TOTAL - A		5,11,12,653	5,13,08,429
	Less: Allocated to Nurseries and Plantations			
	i) Lease Rent		19,91,923	22,56,358
	ii) Other Expenses		26,90,584	54,35,963
	TOTAL - B		46,82,507	76,92,321
	GRAND TOTAL (A - B)		4,64,30,146	4,36,16,108

DEPRECIATION AND AMORTIZATION EXPENSES

NOTE - 21

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
	DEPRECIATION:			
1	Depreciation on Fixed Assets		97,89,305	87,73,843
	AMORTIZATION:			
2	Rubber Rehabilitation Reserve		1,00,44,314	89,61,315
3	Tea Rehabilitation Reserve		2,58,000	2,58,000
4	Tamarind Rehabilitation Reserve		35,888	35,888
5	Bamboo Rehabilitation Reserve		6,10,532	6,10,532
6	Teak Rehabilitation Reserve		5,40,802	5,40,802
	TOTAL		2,12,78,841	1,91,80,380
	Less: Allocated to Nurseries & Plantations			
	i) Depreciation		78,036	89,916
	TOTAL		2,12,00,805	1,90,90,464

EXCEPTIONAL ITEMS

NOTE - 22

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
I	PRIOR PERIOD ITEMS:			
A	PREVIOUS YEAR EXPENSES:			
1	Cultivation, Administration and Other Expenses		68,991	43,37,335
2	Sales Tax Arrears for the F.Y. 1999-2000 & 2000-01.		-	-
3	Cost of Eucalyptus Wood		-	-
4	Lease Rent		13,06,68,443	-
	TOTAL - A		13,07,37,434	43,37,335
B	LESS : PREVIOUS YEAR INCOME			
1	Cost of Sales		-	8,96,082
2	Cultivation, Administration and Other Expenses		-	(83,541)
3	Interest from KCDC for FY 2009-10		-	14,00,000
	TOTAL - B		-	22,12,541
	TOTAL - I (A - B)		13,07,37,434	21,24,794
II	PROFIT OR LOSS ON SALE OF FIXED ASSETS			
1	Loss on Sale of Fixed Assets		55,891	22,801
2	Profit on Sale of Fixed Assets		15,41,623	10,20,323
	TOTAL - II (1 - 2)		(14,85,732)	(9,97,522)
	GRAND TOTAL (I + II)		12,92,51,702	11,27,272

CONTINGENT LIABILITIES

NOTE - 23

Sl. No.	Particulars	Sub Note	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1	Interest on ways and means loan on Rubber Plantations claimed by Govt. of Karnataka.		17,90,000	17,90,000
2	Irregular Transfer of Revenue (Euc) Claimed by Forest Department.		3,78,59,000	3,78,59,000
3	Claims against the Company not acknowledged as debts.		65,000	65,000
4	Claim from Regional Provident Fund Commissioner Mangalore.		9,59,154	12,48,178
5	Claims made by the employees related to various litigations.		5,00,843	10,43,222
TOTAL			4,11,73,997	4,20,05,400

The above amounts have not been provided as the Company has disputed the claims.

NOTE No – 24

SIGNIFICANT ACCOUNTING POLICIES AND OTHER DISCLOSURES FORMING PART OF BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING 31ST MARCH 2012

I. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

- a) The Company had adopted the mercantile system of accounting.
- b) Accounting Policies not specifically referred, are consistent with the generally accepted accounting practices.

2. FIXED ASSETS

- a) The fixed assets are accounted on the basis of cost of acquisition or construction, inclusive of freight, duties taxes and installation charges.
- b) The Corporation was charging interest on borrowings for raising plantations to Profit and Loss Account upto 1995-1996. From 1996-1997 onwards such interest and other financing charges has been charged to respective plantations and capitalized.
- c) In respect of Specific Project Plantation approved by the Government of Karnataka and taken up for planting from 1995-96, establishment expenses have been allocated as per the project approvals and capitalized along with Direct Costs.

3. CAPITAL WORK IN PROGRESS

- a) In respect of the Rubber plantations, the company accounts all the expenditure on account of the development of plantations up to 6th Year as Capital Work in Progress and the same is capitalized as Fixed Assets under the head Rubber Plantations in the Seventh Year. However, based on Field Reports, if the plantations are reported to be of tappable status earlier than the standard period of 6 years, the same are capitalized in the respective year.

- b) In respect of the Tea plantations, the company accounts all the expenditure on account of the development of plantations upto 3rd Years as Capital Work in Progress and the same is capitalised as Fixed Assets under the head Tea Plantations in the Fourth Year.
- c) In respect of the Tamarind, Teak and Medari Bamboo, Marihal Bamboo plantations, the company accounts all the expenditure on account of the development of plantations upto the year of yield based on Field Reports as Capital Work in progress. Accordingly based on Field Reports, the plantations are capitalised as Fixed Assets in the year of Yield.
- d) In respect of the Pulpwood Plantations such as Eucalyptus, Acacia etc., the company accounts all the expenditure on account of the development of plantations up to the period of harvest based on Field Reports as Capital Work in Progress. The same is treated as inventory meant for sale in the year of harvest.
- e) In respect of other Capital Expenditure, the same are accounted as Capital Work in Progress until the same are certified for the purposes of capitalisation.

4. DEPRECIATION

Depreciation is provided on straight-line method at the rates indicated below against each category of assets, which are equal or higher than the rates prescribed in Schedule-XIV of the Companies Act, 1956.

- a) 100% on temporary sheds.
- b) 30% on tractors, power tillers and bulldozers.
- c) 20% on vehicles, sprayers and pump sets.
- d) 10% on other fixed assets.
- e) 16.21% on computers.
- f) Depreciation is provided on 95% of the asset value over the useful life of the asset and thereafter, the balance depreciation will be provided keeping residual value of the Asset at a nominal value of ₹ 1/-
- g) Depreciation on plant and machinery is provided at the rate applicable under Schedule – XIV of the Companies Act, 1956 or at 10% whichever is higher.

5. RESERVES

- a) Rubber Rehabilitation Reserve on rubber plantation is provided at ₹ 400/- per ha per year on plantations transferred by the Karnataka Forest Department on 01.07.1981. On the Rubber Plantations raised by the Corporation, rubber rehabilitation reserve has been provided at the rate of $1/25^{\text{th}}$ of the capital cost of the plantations.
- b) Tea rehabilitation reserve on tea plantation has been provided at the rate of $1/27^{\text{th}}$ of the Capital cost of plantations incurred.
- c) Tamarind rehabilitation reserve on Tamarind plantation has been provided at the rate of $1/50^{\text{th}}$ of the cost of Plantations incurred.
- d) Rehabilitation Reserve has been provided in respect of Medari bamboo at $1/32^{\text{nd}}$ of the cost and in respect of Marihal bamboo at $1/30^{\text{th}}$ of the Capital cost of plantations incurred.
- e) Rehabilitation Reserve has been provided in respect of Teak plantations at $1/60$ of the capital cost of plantations incurred.

6. VALUATION OF INVENTORY

The Accounting Standard AS-2, of "Valuation of Inventories" is not applicable to the Company as the Company's Operations involve agricultural activities, forestry and that of Plantations. However the Company recognizes the valuation of inventories of Plantations, Stores and Spares as under to observe consistency.

- a) Stock of Plantations are valued at cost.
- b) Stock of Rubber, Rubber Products, Poles, Bamboo and Eucalyptus Oil are valued at net realisable price.
- c) Eucalyptus / Acacia plantations that come up for harvesting are valued at cost.
- d) Stores and Spares are valued at cost.

7. OTHER ACCOUNTING POLICES

- a) Expenditure accounting viz., expenses accruing in a financial year and ascertainable with reasonable accuracy are provided for in the accounts.
- b) Grants have been accounted on cash basis in accordance with Accounting Standard 12. Grants received for Capital Expenditure are included in Capital Reserve and are neither diminished in value of Assets nor has the value of capital grant been reduced to the extent.
- c) Interest on Secured Loans to the staff is accounted after the recovery of Principal amount as per Karnataka Civil Service Rules.

8. ACCOUNTS OF SALES

Sales are accounted net of taxes.

9. EMPLOYEES RETIREMENT BENEFITS

- a) Provident Fund has been contributed to the Regional Provident Fund Commissioner as per the Provident Fund Scheme.
- b) Gratuity on retirement to all eligible employees is covered by the appropriate schemes and annual contributions on actuarial valuations are made to the respective funds.
- c) Leave encashment benefits to the employees is provided as per KCSR Rules.
- d) ESI contribution has been done as per ESI Rules.

10. TAXES ON INCOME

- a) Agricultural Income Tax: The Company is subjected to Agricultural Income Tax on the Income generated by way of Commercial Produce raised and sold from the plantations and accordingly the provision for tax is accounted for under the provisions of Karnataka Agricultural Income Tax Act, 1957.
- b) The Provision for Income Tax as a charge under the Income Tax Act, 1961, as per Rule 7(A) of the Income Tax Rules, for the Rubber Plantations income is accordingly accounted. Non-Agricultural Income such as Rent, Interest and other miscellaneous revenues are subjected to the Income Tax and Income

Tax is computed on these incomes as per the relevant provisions of the Income Tax Act.

- c) As the Company is involved in the Agricultural, Forestry and Plantations Activities and as the income generated out of these activities are exempt from Income Tax under the provisions of Section 10(1) and as there are no timing differences arising on the on the incomes / expenses or benefits chargeable to under Income Tax Act, the Deferred Tax Liability / Asset does not arise and hence no provision is considered under the head.

II. OTHER DISCLOSURES:

1. Background of the Company:

Karnataka Forest Development Corporation Ltd., (KFDC) was established as per the Forest Policy of the Government of India during the 4th Five-year Plan to encourage cultivation of fast growing trees species which are suitable for producing papers pulp and rayon-grade pulp. KFDC was incorporated in the year 1971 as a fully owned by Government of Karnataka. This was part of the overall industrialization program of the nation at that time.

The main Objectives of the Company is to develop land for raising forest plantations and in particular Eucalyptus, Bamboo, Tropical Pines, Rubber, Cashewnut, Cocoa, Tea, Coffee and such other suitable species in the State of Karnataka, for the purpose of development of industries based on their produce, and to plant, grow, cultivate, produce and raise plantations of all kinds of varieties of forest plants, trees and crops and natural products of every kind and other agricultural crops and to buy, sell, export, import, process, distribute or otherwise deal in all kinds of forest plants, tree crops, natural products and agricultural crops and to carry on the business of planters, cultivators, sellers and dealers in time, plywood, pulpwood, matchwood and such other products of every description and to

manufacture, dispose off, sell and deal in products of such plantations and other forest crops of every description.

2. Area of Plantations:

a) The status of areas with KFDC Ltd., in respect of Eucalyptus Pulpwood wing and Rubber wing is as follows:

	<u>Hectares</u>
(1) Eucalyptus, Pulpwood & other plantations	48209.80
(2) KPL Pulpwood plantations	3546.95
(3) Tea plantations	55.90
(4) Rubber plantations *	4443.32
Total	<u>56255.97</u>

* The lease agreement on rubber plantations has expired on 30.06.2001. The issue of renewal of lease period is pending with the Government of Karnataka. An area of 1.64 ha Taralagatta area has been handed over to Karnataka Neeravari Nigama Ltd., during 2011-12.

b) Government of Karnataka vide G.O.No. AHFF/170/FPC/90, dated 13.03.1992 has permitted the Corporation to give the Tea Plantations on license to private planter. The right of collections and maintenance of Tea Plantation over an area of 55.9 Hectares have been given on license basis over a period of 15 years from 2008-09 to a private planter.

c) Out of the total 55.90 hectares Tea Plantations, the value of 13.9 hectares which was transferred by the Forest Department is not included in the value of Tea Plantations as shown in the fixed assets schedule against the same.

3. As against the claim of ₹ 13.75 lakh under section 7A of the E.P.F. Act by the Regional Provident Fund Commissioner, Mangalore, the Corporation has paid ₹ 4.16 lakh under protest as per Orders of Court dated 24.10.1991. Subsequently the Court has directed the Provident Fund Authorities to

re-calculate the liability. Pending final orders of the Provident Fund Authorities, the amount so deposited is continued to be shown as such and the balance ₹ 9.59 Lakh is shown under Contingent liabilities (Note – 24).

4. Estimated amount of contracts remaining to be executed on capital accounts not provided for ₹ NIL lakh. (previous year ₹ NIL lakh)

- 4 (a) The balances in respect of Trade Receivable, Trade Payable and others relating to loans, advances and deposits are subject to confirmation and reconciliation, if any

5. NURSERIES AND PLANTATION (EUCALYPTUS)

The details of Eucalyptus Nursery and plantations inventories are as under:

	<u>31.03.2012</u>	<u>31.03.2011</u>
	₹ in lakh	₹ in lakh
Opening Balance	-	7.07
Add: Additions during the year	-	-
TOTAL	-	7.07
Less : Withdrawals during the year	-	7.07
TOTAL	-	-

6. VAT

In respect of VAT assessment year 2006-07, 2007-08 & 2008-09, the assessing officer has disallowed the input tax claim on fertilizers and pesticides amounting to ₹ 32.13 lakhs. Therefore, the Corporation has filed an appeal before JCCT (appeal) Bangalore after depositing 50% in cash and 50% by way of bank guarantee. The matter is under process.

7. The lease rent payable to the Karnataka Forest Department on various Government Orders for the period from 1987-88 to 2008-09 has been arrived at ₹ 16,22,07,000/-. Out of this ₹ 13,91,87,189/- has been paid after adjustment of ₹ 1,02,78,076/- meant for conversion of lease rent to equity share capital (Pending Government Approval), ₹ 66,70,055/- towards COCOA Operational Loss and ₹ 60,71,532/- towards transfer of COCOA assets to Karnataka Forest Department. The Company continues to provide the Rubber Rehabilitation Reserve considering the concept of Going Concern though such lease is pending renewal.

8. AGRICULTURAL INCOME TAX

There is no tax liability in respect of Agricultural Income Tax owing to the possibility of set off of unabsorbed carried forward losses. As such, no provision has been made.

9. INCOME TAX

- a) The income from the rubber Plantations to the extent of 35% under Rule 7A of the Income Tax Rules and other income such as rent, interest and miscellaneous income have been considered for computing Income Tax for the year and a provision has been made accordingly to that extent.
- b) The income generated from all other agricultural and Forestry activities including the Pulpwood plantations are exempt from the provisions of Income Tax and hence the same are not considered for arriving at taxable income.
- c) The Assessments under the Income Tax Act 1961 have been completed up to Assessment Year 2008-09.
- d) Disputed Liabilities:
 - (i) A Demand notice was issued for the Assessment year 2008-09 for ₹ 81,45,071. The Appeal is pending before the Income Tax Appellate Tribunal against the same and has also paid a sum of ₹ 69,04,535/-as on date.
 - (ii) A Demand notice was issued for the Assessment year 2009-10 for ₹ 2,09,49,288/-. The Corporation has filed an Appeal with Commissioner of Appeals against the same and has also paid a sum of ₹ 1,09,49,288/-as on date.
 - (iii) Appeals for Tax Refund Claims for the Assessment year 2004-05 is pending with the Hon'ble High Court. The refund claim for the Assessment year 2003-04 as per the order from the Assessing Officer has been adjusted against the demand raised for the Assessment year 2008-09.

- (iv) A Demand notice u/s 143(1) of Income Tax Act 1961, was issued for the Assessment year 2010-11 for ₹ 2,62,55,039/- and the same is pending before the Assistant Commissioner of Income Tax for Regular Assessment u/s 143(2) of the Act.
10. The KFDC Ltd has raised Eucalyptus Plantations over an area of 599.40 ha of land in Thirthahalli Taluk under the name "Girishruna Project". This land was originally leased to Karnataka Pulpwood Ltd by the Government. In view of the on-going process of liquidation of the Karnataka Pulpwood Ltd., the Government has decided to resume back the land of Karnataka Pulpwood Ltd. However, the KFDC has requested the Government to release this land to KFDC where KFDC has raised plantations. This is under consideration of the Government and Government Order is awaited.
11. The Company has set up a Centrifuged Latex factory for rubber process at Bilinele at a cost of ₹ 1,40,57,352/-. Approval of Government of Karnataka is awaited for the same.
12. The information required under Revised Schedule VI of the Companies Act 1956, is as under:
- i) Value of goods imported are CIF basis – NIL (Previous year - NIL)
 - ii) Expenditure in Foreign Currency – NIL (Previous year - NIL)
 - iii) Foreign exchange earnings – NIL (Previous year - NIL)
13. Related party disclosure:
- i) Name of the related party: M/s Karnataka Pulpwood Limited, B'lore.
 - ii) Nature of relationship: 100% subsidiary of Karnataka Forest Development Corporation Limited, Bangalore.
 - iii) Transactions and value: NIL
14. Dividend Declaration:
- The Company has not declared any Dividend for the year as against the Dividend declaration @ 5% (₹ 46,57,000) in the previous year.
15. The Revised Schedule VI notified under Companies Act 1956 has become applicable to the Company for the year ended 31st March 2012 for

preparation and presentation of its Financial Statements. The Adoption of the revision does not impact recognition and measurement principles followed by the Company in preparing the Financials. The Company has also reclassified / regrouped the previous year figures in accordance with the requirements applicable to the Current year data for the purpose of comparison. The figures have been rounded off to rupee.

**Signed pursuant to section 215 of the Companies Act, 1956
for and on behalf of the Board**

Sd/-
(C.S. Vedant)
Director

Sd/-
(B.K. Singh)
Managing Director

Sd/-
(S. Kishor Kumar)
Finance Manager & Chief Accounts Officer (I/C)
& Company Secretary

Place : Bangalore
Date : 03.09.2012

As per our Report of even date
for **MURALI & VENKAT,**
Chartered Accountants

Sd/-
(G. SATISHCHANDRA)
Partner
Regn. No.27372

Place : Bangalore
Date : 03.09.2012

KARNATAKA FOREST DEVELOPMENT CORPORATION LTD

QUANTITATIVE INFORMATION REGARDING OPENING STOCK, YIELD / PRODUCTION / SALES AND CLOSING STOCK FOR THE YEAR ENDED 31.03.2012

Sl. No.	Products	Opening Stock		Total	Sales Quantity	Closing Stock	
		Quantity	Add: Additions during the year Yield / Production			Quantity	Value ₹
I	RUBBER						
1	Cenex (in DRC Kgs)	84,623 (74,263)	16,94,784 (21,28,021)	17,79,407 (22,02,284)	17,28,889 (21,17,661)	50,518 (84,623)	97,42,292 (1,84,29,264)
2	ISNR & Other Rubber (in DRC Kgs)	1,57,250 (1,36,323)	6,33,255 (9,02,282)	7,90,505 (10,38,605)	6,94,425 (8,81,355)	96,080 (1,57,250)	1,25,22,579 (2,51,18,029)
3	Ammoniated Field Latex (in DRC Kgs)	12,408 (11,216)	- (1,192)	- (12,408)	- -	11,153 (12,408)	19,48,206 (24,89,581)
II	PLANTATIONS-STANDING CROPS						
4	Eucalyptus / Acacia wood (in MTs)	- -	14,398 -	14,398 -	14,398 -	- -	2,93,69,164 (1,11,74,036)
5	Eucalyptus poles & Stumps / Timber	- -	- -	- -	- -	- -	7,65,862 (13,68,412)
6	Eucalyptus Oil / leaves (in Kgs)	- -	- -	- -	- -	- -	12,083 (12,083)
7	Sale of Rubber Trees / Fire wood	- -	- -	- -	40,445 -	(40,445) -	- -
8	Sale of Bamboo	- -	- -	- -	- -	- -	- -
9	Sale of Tamarind	- -	- -	- -	- -	- -	- -
10	Sale of Misc. Ag. Products	- -	- -	- -	- -	- -	- -
TOTAL							5,43,60,187
TOTAL							(5,85,91,405)

1) Figures in brackets pertains to figures of previous year.

2) In view of the practical difficulties in arriving at the quantitative details of standing Plantations inventory in values only are disclosed.

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATED
TO SUBSIDIARY COMPANY**

Name of the Subsidiary Company : Karnataka Pulpwood Limited

The Financial year of the Subsidiary Company : 31st March 2012
ended on

No. of shares in the Subsidiary held by the : 1,25,000 equity shares of ₹ 100/- each
holding Company held by KFDC Ltd., each fully paid-up,
the total investment as on 31.03.2012 is
₹ 1,25,00,000/- this amount to holding
of 100% of the paid-up capital of the
subsidiary Company

The net aggregate of Profits, less Losses of the
Subsidiary Company so far as it concerns the
member of KFDC Ltd.

- 1) Dealt within the accounts of KFDC Ltd
amounted to
 - a) For the subsidiary's financial year : Nil
ending 31st March 2012.
 - b) For previous financial years of the : Nil
Subsidiary since it becomes subsidiary
of KFDC Ltd.
- 2) Not dealt within the accounts of KFDC Ltd.
Amount to
 - a) For subsidiary financial year ending : 2086.90
31.03.2012
 - b) For previous financial years of the : (₹ 2087.64 lakhs)
subsidiary since it becomes subsidiary
of KFDC Ltd.

**Signed pursuant to Section 215 of the Companies Act, 1956
for and on behalf of the Board**

Sd/-
(C.S. Vedant)
Director

Sd/-
(B.K. Singh)
Managing Director

Sd/-
(S. Kishor Kumar)
Finance Manager & Chief Accounts Officer (I/C)
& Company Secretary

Place : Bangalore
Date : 03.09.2012

As per our Report of even date
for **MURALI & VENKAT,**
Chartered Accountants
Sd/-
(G. SATISHCHANDRA)
Partner
Regn. No. 27372

Place : Bangalore
Date : 03.09.2012