



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

43rd ANNUAL REPORT 2013-2014

Registered Office: 'Vanavikas', 18th Cross, Malleswaram, Bangalore-560 003
Phone: 91-80-23345192, 23345711 Fax: 91-80-23461647
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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 22.09.2014

Srimathi & Sriyuths:	
Chairman	: M. Madan Gopal
Managing Director	: C.S. Raju
Directors	: G.V.Sugur Kanwarpal Kolla Sri Saibaba Arvind Shrivastava
FM & Chief Accounts Officer	: Shilpa Shetty
Company Secretary	: V. Likitha
Auditors	: M/s G MUNUSAMI & CO., Chartered Accountants No 264, Kamaraj Road, Bangalore-560 042 Phone : 080-25577685 email : kmcobengaluru@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 LIMITED
(A Government of Karnataka undertaking)

Corporate Identity No: UO2001KA197ULL001999

e-mail : info@kfdcl.com
website : www.kfdcl.com

1st Floor, Vana Vikas, 18th Cross,
Malleswaram, Bangalore-560 003.
Phone Off : +91-080-23345192, 23345711
Fax : +91-080-23461647

Ref No : KFDC/AGM/43/2013-14/

Date: 30.08.2014

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 43rd Annual General Meeting of the members of the Karnataka Forest Development Corporation Limited will be held on Monday, the 22nd day of September 2014 at 11.00 AM at the registered office of the Corporation at 'Vana Vikas', 18th Cross, Malleswaram, Bangalore-560 003 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2014, Profit and Loss Account for the financial year ended 31st March 2014, Cash Flow Statement, together with the Board's and Auditors report thereon, including the certificate issued by the Comptroller and Auditor General of India for the year ended 31st March 2014.
2. To declare a final dividend of 20% on equity share capital of the Company.
3. Re-appoint Mr.G.V.Sugur (DIN 02984199) who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
4. Re-appoint Mr. Kolla Sri Saibaba (DIN 06562621) who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
5. To determine the remuneration of the Statutory Auditors as per the provisions of Section 142 of the Companies Act, 2013.

SPECIAL BUSINESS:

6. To declare dividend for Financial Years 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13.

On behalf of the Board
for Karnataka Forest Development Corporation Ltd.,

Place : Bangalore
Date : 30.08.2014

Sd/-
(**C.S.Raju**)
Managing Director

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. Profits must be lodged with the Company not less than 48 hours before the meeting.
2. The power of appointment of Directors to the Company vest with Government of Karnataka.
3. The powers of appointment of Statutory Auditors vest with the Comptroller and Auditor General of India.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.

Item No.6:

To declare dividend for Financial Years 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13:

As per circular No. DDPER 50 ARU 2003 dated 22.05.2003, Public Sector Enterprises are required to declare a minimum dividend of 20% of share holding. If the payment of dividend to this extent is not possible then the dividend payout must constitute at least 20% post tax profits. This circular is effective from the financial year 2007-08.

The details of dividends payable in accordance with the above circular is worked out as below:

(Rs. in crores)					
Financial year	Investment by GOK	Net Profit	20% of GOK Investment	20% of Net Profit	Dividend (whichever is lower)
2007-08	9.31	7.62	1.86	1.52	1.52
2008-09	9.31	6.91	1.86	1.38	1.38
2009-10	9.31	8.16	1.86	1.63	1.63
2010-11	9.31	22.43	1.86	4.49	1.86
2011-12	9.31	6.43	1.86	1.29	1.29
2012-13	9.31	27.45	1.86	5.49	1.86
2013-14	9.31	61.32	1.86	12.26	1.86
Total		40.32	13.04	8.06	11.41
Less: Dividend declared in 2010-11 @ 5% of the Share holding (9.314)					0.47
Balance dividend that may be declared					10.94

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the item No.6.

The Board recommends the Item No.6 for approval of the members.

On behalf of the Board
for Karnataka Forest Development Corporation Ltd.,

Place : Bangalore
Date : 30.08.2014

Sd/-
(**C.S.Raju**)
Managing Director

KARNATAKA FOREST DEVELOPMENT CORPORATION LTD.,
BANGALORE – 560 003

BOARD'S REPORT

To:

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

Dear Shareholders,

Your Directors have great pleasure in presenting their 43rd Annual Report of the Company, the Audited Statement of Accounts for the Year ended 31st March 2014, Auditors Report and the Comments of the Comptroller and Auditor General of India.

Performance:

The Company has shown an excellent performance and registered a net profit of ₹ 61.32 Crores in 2013-14. There has been increase in the revenue realized during 2013-14 at ₹ 130.50 Crores compared to ₹ 76.92 Crores for the year ended 2012-13. Operating turnover for the year 2013-14 is ₹ 121.05 Crores and other income is ₹ 9.45 Crores.

Revenue from operations are noted as follows:

Sl. No.	Products	2013-2014 Amount (₹ in Crores)	2012-2013 Amount (₹ in Crores)
1.	Rubber	38.32	37.65
2.	Eucalyptus wood	75.41	13.23
3.	Eucalyptus Trees	0.00	0.20
4.	Firewood	0.24	0.21
5.	Bamboo	0.30	0.26
6.	Eucalyptus poles	0.30	0.18
7.	Tamarind	0.03	0.03
8.	Agriculture Products	0.07	0.07
9.	Sale of rubber trees	6.38	7.41
Total (A)		121.05	59.24

Sl. No.	Products	2013-2014 Amount (₹ in Crores)	2012-2013 Amount (₹ in Crores)
	Income from other sources		
1.	Interest on Deposits	6.89	5.30
2.	Building rent	0.75	0.80
3.	Others	1.81	11.58
	Total (B)	9.45	17.68
	Total (A) + (B)	130.50	76.92

Expenditure:

Sl. No.	Particulars	2013-2014 Amount (₹ in Crores)	2012-2013 Amount (₹ in Crores)
1.	Bamboo tending and extraction	0.03	0.03
2.	Rubber production expenses	3.84	3.71
3.	Rubber processing expenses	2.34	2.33
4.	Cost of production of eucalyptus wood sold.	14.96	2.52
5.	Variation in stock	3.52	-4.06
6.	Employee Benefit Expenses	36.53	35.28
7.	Other expenses	9.16	5.33
8.	Depreciation	2.44	2.27
9.	Income Tax	1.88	2.11
10.	Prior period expenses	-5.81	0.02
	Total	68.89	58.65

Segment Wise Financial Performance 2013-14 (₹ in Crores):

Sl. No.	Particulars	Head Office	Pulpwood Unit	Rubber Unit	Grand Total
I	Revenue from Operations	0.00	76.34	44.71	121.05
II	Other Income	8.31	0.40	0.74	9.45
III	Total Revenue (I+II)	8.31	76.74	45.45	130.50
IV	Expenses				
	a) Operating Expenses	0.00	14.99	6.19	21.18
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	0.00	2.41	1.11	3.52

Sl. No.	Particulars	Head Office	Pulpwood Unit	Rubber Unit	Grand Total
	c) Employee Benefits Expense	2.35	9.98	24.20	36.53
	d) Other Expenses	0.59	5.75	2.82	9.16
	e) Depreciation and Amortization Expense	0.17	0.18	2.08	2.43
	Total Expenses	3.11	33.31	36.40	72.82
V	Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)	5.20	43.43	9.05	57.68
VI	Exceptional Items	0.00	-4.98	-0.83	-5.81
VII	Profit / (Loss) before extraordinary items and tax (V - VI)	5.20	48.41	9.88	63.49
VIII	Extraordinary Items	0.00	0.00	0.00	0.00
IX	Profit / (Loss) before tax (VII - VIII)	5.20	48.41	9.88	63.49

Accumulated Profit/Loss at the end of 31st March 2014:

Particulars	Amount (₹ in Crores)
Net Profit after tax	61.32
Add: Profit of previous year brought forward	86.50
Accumulated profit as on 31.03.2014	147.82

Provision for taxation:

The Corporation has provided ₹ 1.88 Crores (previous year ₹ 2.11 Crores) towards payment of Income Tax.

Income from sales (excluding other incomes):

(₹ In Crores)

Financial Year	Sales	Profit/Loss before tax	Profit/Loss after tax
2007-2008	41.21	8.14	7.62
2008-2009	41.39	8.13	6.91
2009-2010	41.68	8.80	8.16
2010-2011	63.29	25.65	22.43
2011-2012	56.41	8.15	6.43
2012-2013	59.23	29.57	27.45
2013-2014	121.05	63.49	61.32

Working of Plantations during 2013-14:

- a) Pulpwood:** The Corporation manages 51756.75 ha. of leased forest land for pulpwood plantations. In the year 2013-14 1443.36 ha Pulpwood plantations were raised.
- 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 ₹ 56.21 Crores has been approved by the Government of Karnataka. The project period is 2008-09 to 2020-21 in 2013-14 242 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 (Skim crepe, latex crepe) and milling wastes etc. During 2013-14, rubber production is 2334.16 MT, while in 2012-13 it was 2682.91 MT a decrease of 348.75 MT.

During the year 2013-14, 132966 MTs of pulpwood was extracted and supplied to the industries with revenue of ₹ 75.41 Crores. 2356.93 MTs of rubber products were sold which yielded revenue of ₹ 38.32 Crores.

Raising of Other Species:

KFDC Board has approved a Project for raising 1999 ha of pulpwood plantations during 2014 rains.

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 2013-14. 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 and lease rent has been paid in full till the year 2013-14. The lease rent payable for the year 2013-14 is being assessed and will be paid.

Agricultural Income Tax:

The Agriculture Income Tax returns have been filed up to 2013-14.

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. G. Murali & Co., Chartered Accountants, Bangalore was appointed as Internal Auditors of the Company and has conducted the Internal Audit for the financial year 2013-14.

Statutory Auditors:

M/s. K. Munisami & Co., Chartered Accountants, Bangalore, have been appointed as Statutory Auditors for the financial year ended 31.03.2014 by the Comptroller and Auditor General of India as per the

amended provisions of Section 619 of the Companies (Amendment) Act, 2000. 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. The Audit Committee perused the draft accounts of the Company for the financial year 2013-14 and the Board of Directors has been appraised 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 2012. Every company to which these rules apply shall submit a Compliance Report in respect of each financial year commencing on or after 1st April 2012 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 2013-14.

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 31.03.2014	Percentage (%)
1.	Scheduled Castes	106	21.37
2.	Scheduled Tribes	40	8.06
3.	Others	350	70.57
	Total	496	100.00

The Corporation has on its rolls 1537 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 ₹ 10,000/- PM. Since the allocable surplus was worked out, the Corporation has paid a bonus of 20% to eligible workmen for the year 2012-2013 during 2013-14.

Share Capital:

The Authorized Share Capital of the Corporation is ₹ 2500 lakhs. However, the paid up share Capital of the Corporation as on 31.03.2014 remained at ₹ 931.40 lakhs.

Board of Directors:

The following persons are appointed as directors of the Corporation by the Government.

Sl. No	Name	Designation	Appointment	Retirement
1	Sri N Shivasailam, IAS Principal Secretary to Government, Forest, Ecology & Environment Department, Bangalore.	Chairman & Director	03.09.2013	02.02.2014
2	Sri M Madan Gopal, IAS Addl. Chief Secretary to Government, Forest, Ecology & Environment Department, Bangalore.	Chairman & Director	03.02.2014	--
3	Sri Dipak Sarmah, IFS Principal Chief Conservator of Forest (Head of Forest Force), Bangalore.	Director	04.09.2013	31.12.2013
4	Sri Ganesh Vasantrao Sugur, IFS Principal Chief Conservator of Forest (Head of Forest Force), Bangalore.	Director	01.01.2014	--
5	Sri Vinay Luthra, IFS PCCF & Managing Director, Karnataka Forest Industries Corporation Ltd., Bangalore.	Director	16.09.2013	02.12.2013
6	Sri Kanwarpal, IFS PCCF & Managing Director, Karnataka Forest Industries Corporation Ltd., Bangalore.	Director	15.03.2014	--
7	Sri Kolla Sri Saibaba, IFS Secretary to Government, Forest, Ecology & Environment Department, Bangalore.	Director	26.03.2013	--
8	Sri Arvind Srivathsav, IAS Secretary to Government, Finance (Budget and Resources)	Director	31.08.2013	--
9	Sri Ganesh Vasantrao Sugur, IFS Principal Chief Conservator of Forest	Managing Director	26.02.2013	31.12.2013
10	Sri Chellam Swamy Raju, IFS Principal Chief Conservator of Forest	Managing Director	06.01.2014	--

The Board places on record 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 2013-14 and the comments made thereon by the Accountant General, the nominee of the Comptroller and Auditor General of India will be 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 carbon thus sequestered by raising plantations is now tradable. But the methodology of trade in carbon credits is yet to be simplified.

Foreign exchange income / outgo:

There were no Foreign Exchange earnings and the outgo during the year 2013-14 was ₹ NIL.

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.

Auditors Comments and Management reply:

1.i) AS-12- Accounting for Government grants: Capital grants received during the previous years from the Rubber Board amounting to ₹ 1,16,32,638.00 is pending amortisation and have been included in Capital Reserve. The consequential financial impact if any is unascertainable.

Management Reply:

Amortisation of grants of previous years will be carried out in the ensuing years.

1. ii) AS-28 - Impairment of Assets: As per Note 7 (a) the Company has not quantified and recognised the impairment of development of property due to natural calamities & other factors in the Profit & Loss Statement.

Management Reply:

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.

1. iii) AS-21 - Consolidated Financial Statements: The Company has not presented the Consolidated Financial Statement pursuant to the requirements of the Companies Act. The Financial Statements of Karnataka

Pulpwood Limited which is a 100% subsidiary of the Company has not been consolidated with the Company's Financial Statement.

Management Reply:

The Company has taken note of the observation and will take necessary action in future.

2) Proper documents are not made available for following entries and the impact on the financial statements is not ascertainable (Note No.5).

i. PCCF (Outstanding since 1999-2000) ₹ 21,60,199/-

Management Reply:

The documents pertaining to ₹ 21,60,199 are not readily traceable and necessary action will be taken in this regard.

6. 1) The company has not written-off expenditure incurred to the extent of ₹ 12,84,129/- towards failed plantations of Girishruna Project(refer note 8) which was raised in land belonging to Karnataka Pulpwood Industries Limited, although full provision for the same has been made.

Management Reply:

The expenditure incurred towards the failed plantations of Girishruna Project of ₹ 12,84,129/- will considered for the write off in the ensuing year.

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.

Sd/-
Director

On behalf of the Board,
Sd/-
Managing Director

Place : Bangalore
Date : 27.08.2014

**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 2014.**

The preparation of financial statements of “KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED, BANGALORE” for the year ended 31 March 2014 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 16 September 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit, under section 619(3) (b) of the Companies Act, 1956, of the financial statements of “KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED, BANGALORE” for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. In view of the revisions made in the **Auditors’ Report**, as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to Statutory Auditors’ report under section 619(4) of the Companies Act, 1956.

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

Sd/-
(L.A.C. SINGH)
PR.ACCOUNTANT GENERAL
(ECONOMIC AND REVENUE SECTOR AUDIT)
KARNATAKA, BANGALORE

Bangalore
Dated : 19 September 2014

To the Members of

KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED.

1. **Report on the Financial Statements:**

We have audited the accompanying financial statements of KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED (“the Company”), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. **Management’s Responsibility for the Financial Statements:**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. **Auditor’s Responsibility:**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the

risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4. **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

5. **Opinion:**

Further to our comments in the Annexure referred to above and As required by Section 227(3) of the Act, we report that

- 1) *The Balance sheet, the Profit and Loss Statement and 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, read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 except for*
 - I. *AS 12 – Accounting for Government Grants: Capital grants received during the previous years from the Rubber Board amounting to Rs. 1,16,32,638.00 is pending amortisation and have been included in Capital Reserve. The consequential financial impact if any is unascertainable.*
 - II. *AS 28 – Impairment of Assets: As per Note 7 (a) the Company has not quantified and recognised the impairment of development of property due to natural calamities & other factors in the Profit & Loss Statement.*
 - III. *AS 21 – Consolidated Financial Statements: The Company has not presented the Consolidated Financial Statement pursuant to the requirements of the Companies Act. The Financial Statements of Karnataka Pulpwood Limited which is a 100% subsidiary of the*

Company have not been consolidated with the Company's Financial Statement.

- 2) *We are unable to verify the correctness of the following item grouped under "Other Current Liabilities" (Note No.05), as no records are made available to us for verifying the same. The impact of the same, if any, on the financial statements is not ascertainable.*

I. PCCF (Outstanding since 1999-2000) 21,60,199.00

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

6. **Emphasis of Matter:**

- 1) The company has not written-off expenditure incurred to the extent of Rs.12,84,129/- towards failed plantations of Girishrunga Project(refer note 8) which was raised in land belonging to Karnataka Pulpwood Industries Limited, although full provision for the same has been made.

As per our Report of even date
for **K. Munusami & Co.,**
Chartered Accountants
(FRN.005602S)

Place : Bangalore
Date : 27.08.2014

Sd/-
(VISHALAKSHI PADMANABHAN)
Partner
M.No. 216590

ANNEXURE TO THE REPORT OF THE AUDITORS
(Referred to in paragraph 4 of our report of even date)

To the Members of
KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED.
FOR THE YEAR ENDED 31ST MARCH 2014

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

(i)

- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained to us, fixed assets other than land both under freehold and leasehold were physically verified by the management in accordance with program of verification, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. It was further explained to us that no material discrepancies were noticed on such verification. In the case of leasehold land, the lease deed for Rubber plantation is due for renewal from the year 2001 for which suitable action is being taken by the Company.
- c. During the year, the Company has not disposed off substantial part of its Fixed Assets.

(ii)

- a. It has been explained to us that, the Company has conducted physical verification of inventory during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. As explained to us, the company is maintaining proper records of inventory. Discrepancies noticed on verification between physical stocks and the records are not material and have been appropriately dealt with in the books of accounts.

- (iii)
- a. During the year the company has not granted any loans secured or unsecured to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - b. In light of (a) above, no comment is required under Paragraph 4 (iii) (b) of the said order.
 - c. In respect of loans and advances in the nature of loans given by the company during the earlier periods to Karnataka Cashew Development Corporation (200 Lakhs), receipt of interest is outstanding for a long time.
 - d. According to the information provided, the Company has taken reasonable steps for the recovery of the interest.
 - e. The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act, and so no comments are required under clauses (e), (f) and (g) of Paragraph 4 (iii) of the said order.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion and according to the explanations given to us, there is no continuing failure to correct major weakness in the internal control.
- (v) It was explained to us that, during the year the company has not entered into any contract or arrangement that need to be entered in the register maintained pursuant to Section 301 of the Act. Therefore, the requirement under paragraph 4(v) (b) of the said Order is not applicable for the company.
- (vi) The company has not accepted deposits from the public. Hence, the requirement under paragraph 4(vi) of the said Order is not applicable to the company.
- (vii) The internal audit function is carried out by a firm of independent Chartered Accountants appointed by the management and is commensurate with the size and nature of the business of the Company.
- (viii) We have broadly reviewed the books of account relating to material, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the same.

(ix)

- a. To the best of our knowledge and according to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including income tax, sales tax and other material statutory dues with the appropriate authorities
- b. The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under

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	KFDC has paid a sum of 28,32,000 after adjusting Income tax refund receivable of ` 12,40,769 as on 31 st March 2014
Income Tax Asst. Year 2009-10	209.49	The Commissioner of Income Tax (Appeals)B'lore	KFDC has paid a sum of 1,00,00,000/- and refund for the Assessment year 2006-07 of 7,59,857/- and for the Assessment year 2007-08 of ` 67,60,944/- have been adjusted against the liability as on 31 st March 2014
Income Tax Asst. Year 2010-11	190.40	The Deputy Commissioner of Income Tax	KFDC has filed an appeal and the same is now pending before the Commissioner of Income Tax
Income Tax (TCS) Assessment year 2008-09, 2009-10, 2010-11 and 2011-12	84.37	Income tax officer , Davangere	KFDC has filed an appeal before the Assistant Commissioner of Income Tax, Hubli.

- (x) The company has no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year under audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company did not have any amount outstanding to a financial institution or a bank. Therefore the provisions of clause (xi) are not applicable.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.

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

As per our Report of even date
for **K. Munusami & Co.,**
Chartered Accountants
(FRN.005602S)

Place : Bangalore
Date : 27.08.2014

Sd/-
(VISHALAKSHI PADMANABHAN)
Partner
M.No. 216590

**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, 2014**

Sl. No.	Particulars	Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
A	EQUITY AND LIABILITIES			
1	SHARE HOLDERS FUNDS:			
	a) Share Capital	1	931,40,000	931,40,000
	b) Reserves and Surplus	2	19362,19,342	13102,01,964
2	Share Application Money Pending Allotment		-	-
3	Non-Current Liabilities			
	a) Long-Term Borrowings		-	-
	b) Deferred Tax Liabilities (Net)		-	-
	c) Other Long-Term Liabilities	3	155,09,686	136,89,059
	d) Long-Term Provisions		-	-
4	Current Liabilities			
	a) Short-Term Borrowings		-	-
	b) Trade Payables	4	25,53,011	19,22,651
	c) Other Current Liabilities	5	3050,50,995	2998,97,469
	d) Short-Term Provisions	6	920,39,954	943,14,580
	TOTAL		24445,12,988	18131,65,723
B	ASSETS			
1	Non-current assets			
	a) Fixed Assets		-	-
	(i) Tangible Assets	7	4504,80,008	4048,88,816
	(ii) Intangible Assets		-	-
	(iii) Capital work-in-progress	8	5052,79,402	4518,08,534
	b) Non-Current Investments		-	-
	c) Long-term Loans and Advances	9	1575,11,838	1603,69,763
	d) Other Non-Current Assets		-	-
2	Current Assets			
	a) Current Investments		-	-
	b) Inventories	10	1706,43,511	1781,73,999
	c) Trade Receivables	11	1259,41,923	262,98,547
	d) Cash and Bank Balances	12	10120,33,202	5760,25,020
	e) Short-Term Loans and Advances	13	64,94,015	67,53,300
	f) Other Current Assets	14	161,29,089	88,47,744
	TOTAL		24445,12,988	18131,65,723
	CONTINGENT LIABILITIES	23	407,30,600	407,30,600
	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/-
(KANWARPAL)
Director

Sd/-
(SHILPA SHETTY)
Finance Manager & Chief Accounts Officer

Sd/-
(C.S. RAJU)
Managing Director

Sd/-
(V. LIKITHA)
Company Secretary

As per our Report of even date
for K. Munusami & Co.,
Chartered Accountants (FRN. 005602S)

Sd/-
(VISHALAKSHI PADMANABHAN)
Partner
M.No. 216590

Place : Bangalore
Date : 28.08.2014

**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, 2014**

Sl. No.	Particulars	Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
I	Revenue from Operations	15	12105,65,344	5923,30,729
II	Other Income	16	945,10,026	1768,99,838
III	Total Revenue (I+II)		13050,75,370	7692,30,567
IV	Expenses			
	a) Operating Expenses	17	2117,80,255	850,36,560
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	351,79,952	(406,44,862)
	c) Employee Benefits Expense	19	3652,92,450	3528,35,416
	d) Other Expenses	20	916,23,402	533,10,416
	e) Depreciation and Amortisation Expense	21	243,77,978	227,72,707
	Total Expenses		7282,54,037	4733,10,236
V	Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		5768,21,333	2959,20,331
VI	Exceptional Items	22	(581,68,767)	2,33,893
VII	Profit / (Loss) before extraordinary items and tax (V - VI)		6349,90,100	2956,86,438
VIII	Extraordinary Items		-	-
IX	Profit / (Loss) before tax (VII - VIII)		6349,90,100	2956,86,438
X	Tax expense:			
	a) Current tax for the year		188,50,021	211,24,647
	b) Add/(Less) : MAT Credit		-	-
	c) Tax expense relating to prior years		29,16,908	-
	d) Deferred tax		-	-
XI	Profit / (Loss) from continuing operations (IX - X)		6132,23,171	2745,61,791
XII	Profit / (Loss) from discontinuing operations		-	-
XIII	Net Profit / (Loss) for the year (XI + XII)		6132,23,171	2745,61,791
XIV	Earnings per equity share:			
	1) Basic		6,584	2,948
	2) Diluted		6,584	2,948

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/-
(KANWARPAL)
Director

Sd/-
(SHILPA SHETTY)
Finance Manager & Chief Accounts Officer

Sd/-
(C.S. RAJU)
Managing Director

Sd/-
(V. LIKITHA)
Company Secretary

As per our Report of even date
for **K. Munusami & Co.,**
Chartered Accountants (FRN. 005602S)

Sd/-
(VISHALAKSHI PADMANABHAN)
Partner
M.No. 216590

Place : Bangalore
Date : 28.08.2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014
In terms of AS-3 on Cash Flow Statement - Indirect Method

Sl. No.	Particulars		2013-14 ₹		2012-13 ₹
A.	Cash Flow from Operating activities				
	Net Profit Before Taxation	6349,90,100		2956,86,438	
	Adjustment for:				
	Depreciation on Fixed Assets	97,84,878		100,56,685	
	Transfers to Capital reserves	127,94,205		116,14,258	
	Other Income (Rubber Subsidy)				
	Operation profit before working capital changes		6575,69,183		3173,57,381
	(Increase) / Decrease in Inventories	75,30,488		(444,05,652)	
	(Increase) / Decrease in Trade & Other Receivables	(996,43,376)		(180,45,531)	
	(Increase) / Decrease in Short term Loans & Advances	2,59,284		(20,45,103)	
	(Increase) / Decrease in Other Current Assets	(72,81,345)		174,44,663	
	(Increase) / Decrease in Long-term loans and advances	28,57,925		(248,00,795)	
	Increase / (Decrease) in Trade Payables	6,30,360		(32,53,205)	
	Increase / (Decrease) in Other Liabilities	51,53,526		877,14,677	
	Increase / (Decrease) in Short Term Provisions	(22,74,626)		211,21,247	
	Increase / (Decrease) in Other Long-Term Liabilities	18,20,627		(3245,53,707)	
	Cash from operations		(909,47,137)		(2908,23,406)
	Income Tax		217,66,929		211,24,647
	Net cash from operating activities		5448,55,117		54,09,328
B.	Cash flow from Investing Activities				
	Purchase of Fixed Assets	(573,99,929)		(439,10,313)	
	Increase in Capital work in progress	(534,70,868)		4,47,788	
	Proceed from sale of Fixed Assets-WDV	20,23,861		12,74,996	
	Net Cash from investing activities		(1088,46,937)		(421,87,529)
C.	Cash flow from financing activities				
	Dividend paid				
	Dividend Tax paid				
	Net Cash flow from Financing Activities		-		-
	Net Increase / Decrease in Cash & cash equivalents		4360,08,182		(367,78,201)
	Opening Bal. Cash & Cash Equivalents	5760,25,020		6128,03,221	
	Closing Bal. Cash & Cash Equivalents	10120,33,202	4360,08,182	5760,25,020	(367,78,201)

For and on behalf of the Board of Directors.

Sd/-
(KANWARPAL)
Director

Sd/-
(SHILPA SHETTY)
Finance Manager & Chief Accounts Officer

Sd/-
(C.S. RAJU)
Managing Director

Sd/-
(V. LIKITHA)
Company Secretary

As per our Report of even date
for **K. Munusami & Co**
Chartered Accountants
(FRN.005602S)

Sd/-
(VISHALAKSHI PADMANABHAN)
Partner
M.No. 216590

Place : Bangalore
Date : 28.08.2014

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

SHARE CAPITAL

NOTE - 01

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
1	AUTHORISED SHARE CAPITAL: 2,50,000 Equity Shares of Rs. 1,000/- each		2500,00,000	2500,00,000
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	931,40,000	931,40,000
TOTAL			931,40,000	931,40,000

1.1) 93,140 Equity Shares (Previous year: 93,140 equity shares) are fully owned by Government of Karnataka during the Financial Year 2013-14 .

RESERVES AND SURPLUS

NOTE - 02

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
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		979,39,462	979,39,462
	Add : Additions during the year		-	-
	Less : Deletions during the year		-	-
	Closing Balance		979,39,462	979,39,462
5	Rubber Board Subsidy			
	Opening Balance		119,74,650	116,32,638
	Add : Additions during the year		-	3,42,012
	Less : Deletions during the year		43,601	-
	Closing Balance		119,31,049	119,74,650

RESERVES AND SURPLUS

NOTE - 02

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
II	CONTINGENCY RESERVE	2.1		
	Opening Balance		1460,07,601	1463,81,601
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year	2.2	-	3,74,000
	Closing Balance		1460,07,601	1460,07,601
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			
	Opening Balance		990,44,102	888,43,078
	<u>Add</u> : Additions during the year		133,31,135	102,01,024
	<u>Less</u> : Deletions during the year		19,38,540	-
	Closing Balance		1104,36,697	990,44,102
V	TEA REHABILITATION RESERVE			
	Opening Balance		61,07,000	58,49,000
	<u>Add</u> : Additions during the year		2,58,000	2,58,000
	<u>Less</u> : Deletions during the year		-	-
	Closing Balance		63,65,000	61,07,000
VI	TAMARIND REHABILITATION RESERVE			
	Opening Balance		2,87,104	2,51,216
	<u>Add</u> : Additions during the year		35,888	35,888
	<u>Less</u> : Deletions during the year		-	-
	Closing Balance		3,22,992	2,87,104
VII	BAMBOO REHABILITATION RESERVE			
	Opening Balance		62,54,093	56,43,561
	<u>Add</u> : Additions during the year		6,10,521	6,10,532
	<u>Less</u> : Deletions during the year		-	-
	Closing Balance		68,64,614	62,54,093

RESERVES AND SURPLUS

NOTE - 02

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
VIII	TEAK REHABILITATION RESERVE			
	Opening Balance		28,81,882	23,41,080
	<u>Add</u> : Additions during the year		5,40,802	5,40,802
	<u>Less</u> : Deletions during the year		-	-
	Closing Balance		34,22,684	28,81,882
IX	GENERAL RESERVE			
	Opening Balance		639,96,426	639,96,426
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year		-	-
	Closing Balance		639,96,426	639,96,426
X	SURPLUS BALANCE - PROFIT & LOSS STATEMENT			
	Opening Balance		8650,43,127	5904,81,333
	<u>Add</u> : Profit for the Year		6132,23,172	2745,61,791
	<u>Less</u> : Appropriations		-	-
	Proposed Dividend on Equity Shares		-	-
	Dividend Distribution Tax		-	-
	Closing Balance		14782,66,299	8650,43,124
TOTAL			19362,19,342	13102,01,964

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 ₹ 3,74,000/- is paid towards settlement of differential seigniorage value for the period from 23.02.1981 to 28.06.1982 towards the Eucalyptus Pulpwood supplied to M/s. H.P.F. This is as per 13th report of Public Accounts Committee dated 17.07.1996.
- 2.3 The area of 208.22 ha (Previous year 150.70 ha) of Old Rubber Plantations have been clearfelled during the year 2013-14 for the purpose of Rubber Plantations. An amount of ₹ 19,38,540/- (Previous year ₹ 12,40,724/-) 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 2014 ₹	As at 31st March 2013 ₹
1	Dues to Government of Karnataka - FDT		-	-
2	Lease rental payable (Eucalyptus) - GoK.	3.1	102,78,576	102,78,576
3	Advance from GoK for JBIC Scheme		38,000	38,000
4	Security Deposits		2,02,854	1,85,915
5	Liabilities towards Capital Supplies		35,94,870	17,91,182
6	Other Advances		13,17,518	13,17,518
7	Other Payables		77,868	77,868
TOTAL			155,09,686	136,89,059

3.1 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 ₹ 415.29 lakh upto 31.03.2014 (Previous Year ₹ 380.35 lakh) has not been provided for.

TRADE PAYABLES**NOTE - 04**

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
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		25,53,011	19,22,651
TOTAL			25,53,011	19,22,651

OTHER CURRENT LIABILITIES

NOTE - 05

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
I	Total outstanding dues of Small Scale Industrial Undertaking.		-	-
II	Total outstanding dues of Creditors other than the Small Scale Industrial Undertakings:			
	1. Employee Benefit Payable	5.1 & 5.2	1599,88,483	1674,94,350
	2. Advances from Customers		202,94,983	99,07,217
	3. Statutory Liabilities		124,26,551	107,49,835
	4. Other Current Liabilities		795,16,868	845,89,319
	5. Liabilities towards Capital Supplies		23,269	-
	6. Dues to Government of Karnataka - FDT		328,00,841	271,56,748
TOTAL			3050,50,995	2998,97,469

- 5.1 Employee benefits payable includes ₹ 10,41,22,026 (Previous Year ₹ 9,69,83,152) 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 ₹ 58,52,411 (Previous Year ₹ 90,86,980) 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 2014 ₹	As at 31st March 2013 ₹
1	Provisions for Income Tax		920,39,954	943,14,580
2	Provision for Tax on Dividends		-	-
3	Provision for Dividends		-	-
TOTAL			920,39,954	943,14,580

**FIXED ASSETS
TANGIBLE ASSETS**

NOTE - 07

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01/04/2013	Additions During 2013-2014	Deletion / Tr. During 2013-2014	Total as on 31/03/2014	As on 01/04/2013	For 2013-2014	Deletion / Tr. for 2013-2014	Total as on 31/03/2014	As on 31/03/2014	As on 31/03/2013
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1	Land	3,11,853	-	-	3,11,853	-	-	-	-	3,11,853	3,11,853
2	Rubber Plantations	2922,43,905	472,34,673	19,38,540	3375,40,038	-	-	-	-	3375,40,038	2922,43,905
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	186,39,554	-	-	186,39,554	-	-	-	-	186,39,554	186,39,554
6	Teak Plantations	324,44,463	-	-	324,44,463	-	-	-	-	324,44,463	324,44,463
7	Buildings	1241,03,907	44,48,404	-	1285,52,311	1001,57,824	33,55,224	-	1035,13,048	250,39,263	239,46,083
8	Roads	66,19,794	-	-	66,19,794	52,18,390	1,65,011	-	53,83,401	12,36,392	14,01,403
9	Temporary Sheds	5,17,084	1,06,164	-	6,23,248	5,17,083	1,06,164	-	6,23,247	1	1
10	Borewells	35,97,498	1,16,465	-	37,13,963	28,21,996	1,40,999	-	29,62,995	7,50,968	7,75,502
11	Pumpsets, Pipes, Fittings	52,40,996	7,83,508	-	60,24,504	46,16,269	2,33,927	-	48,50,196	11,74,308	6,24,727
12	Vehicles	250,88,620	27,51,061	3,55,538	274,84,143	209,74,901	19,03,176	3,55,538	225,22,539	49,61,604	41,13,719
13	Tractor	-	-	-	-	-	-	-	-	-	-
14	Bulldozers	208,85,695	-	-	208,85,695	208,85,685	-	-	208,85,685	10	10
15	Prime Movers	7,88,135	-	-	7,88,135	7,88,134	-	-	7,88,134	1	1
16	Plant and Machinery	342,43,976	7,27,719	36,316	349,35,379	205,78,938	25,65,780	36,313	231,08,406	118,26,974	136,65,038
17	Weighing Scales	33,41,215	68,236	64,288	33,45,163	31,40,882	44,970	64,276	31,21,576	2,23,588	2,00,334
18	Laboratory Equipments	12,74,405	7,901	76,903	12,05,403	7,63,850	67,299	76,892	7,54,257	4,51,146	5,10,555
19	Electrical Fittings	77,26,143	1,18,350	8,455	78,36,038	65,63,010	2,08,160	8,449	67,62,721	10,73,317	11,63,133
20	Electrical Equipments	16,00,568	1,46,561	-	17,47,129	7,68,193	1,04,209	-	8,72,402	8,74,727	8,32,375
21	Hospital Equipments	2,25,059	-	-	2,25,059	1,64,018	8,708	-	1,72,726	52,332	61,040

**FIXED ASSETS
TANGIBLE ASSETS**

NOTE - 07

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01/04/2013	Additions During 2013-2014	Deletion / Tr. During 2013-2014	Total as on 31/03/2014	As on 01/04/2013	For 2013-2014	Deletion / Tr. for 2013-2014	Total as on 31/03/2014	As on 31/03/2014	As on 31/03/2013
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
22	Fire Fighting Equipments	67,935	-	19,909	48,026	47,510	4,563	19,887	32,186	15,840	20,425
23	Gas Cylinders	7,97,414	-	1,49,276	6,48,138	7,97,144	-	1,49,209	6,47,935	202	269
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	43,62,880	2,82,014	99,650	45,45,244	23,85,745	2,59,188	39,628	26,05,305	19,39,940	19,77,135
29	Computers	50,77,452	4,01,412	23,122	54,55,742	31,69,196	4,61,401	16,418	36,14,179	18,41,563	18,91,059
30	Office Equipments	35,43,103	2,07,461	45,000	37,05,564	22,71,484	1,56,099	26,526	24,01,057	13,04,507	12,88,816
Grand Total		6016,74,275	573,99,929	28,16,996	6562,57,209	1967,85,459	97,84,878	7,93,135	2057,77,202	4504,80,008	4048,88,816
Previous Year Total		5632,27,014	439,10,313	54,63,052	6016,74,275	1909,16,330	100,56,685	41,87,555	1967,85,460	4048,88,816	3387,43,844

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 and Corporation has entered into an Lease Agreement with Govt. of Karnataka for leasing out an area of 23000 sft approx. for construction of Office Complex on 14th December 1989 for a period of 30 years.

2 Rubber Plantation :
(Sl. No. 2 of above)

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.

The area of 208.22 ha (150.70 ha) of old Rubber Plantations have been clearfelled during the year 2013-14 for the purpose of Rubber Plantations. An amount of ₹ 19,38,540 (Previous Year ₹ 12,40,724) being the value of such plantations have been adjusted towards Rubber Rehabilitation Reserve, since these plantations have been fully depreciated.

3 Buildings :
(Sl. No. 7 of above)

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.

CAPITAL WORK IN PROGRESS

NOTE - 08

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
1	Rubber Replanting Project		2793,88,906	2474,85,261
2	Provision for failed plantation (Girishruna 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 (1 ha.) ITC Bhadrachalam		30,564	30,564
	c) Pulpwood - 2006 (1078.06 ha.)		-	226,46,338
	d) Pulpwood - 2007 (935.60 ha.)		234,22,927	232,18,964
	e) Pulpwood - 2008 (655.90 ha.)		173,22,812	169,01,477
	f) Pulpwood - 2009 (856.15 ha.)		248,96,341	245,65,514
	g) Pulpwood - 2010 (1264.80 ha.)		356,42,493	351,01,244
	h) Pulpwood - 2011 (333 ha.)		99,65,515	96,42,967
	i) Pulpwood - 2013 (1181.72 ha.)		237,57,403	-
	j) Pulpwood - 2013 CMA Plantation		1,35,936	-
	k) Pulpwood - 2014 Nursery & Advance Works		270,41,679	-
5	Acacia Plantations (2007 to 2013 - 2334.69 ha.) (2004 to 2011 - 2550.90 ha. previous year)		621,93,136	654,27,157
6	Bosewellia Serratta Project (Cost of failed plantation)		1,15,954	1,15,954
7	Pulpwood Plantations 2012 (Hebbevu Nursery)		5,58,434	4,83,711
8	Salgaon Nursery (Fencing Works)		2,72,015	-
9	Buildings : Eucalyptus and Rubber Division		4,60,085	65,20,524
10	Wells & Borewells		4,06,344	-
	TOTAL		5082,58,810	4547,87,941
12	Less : Provisions made			
	a) Girishruna pulpwood pltn.1996		12,84,129	12,84,129
	b) Pulpwood plantations 1998		23,724	23,724
	c) Rubber Replanting Project		15,55,600	15,55,600
	d) Bosewellia Seretta-1999		1,15,954	1,15,954
GRAND TOTAL			5052,79,402	4518,08,534

LONG TERM LOANS AND ADVANCES

NOTE - 09

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
A	SECURED & CONSIDERED GOOD			
1	House Building Advance to Staff		7,22,752	8,88,137
2	Vehicle Advance to Staff		74,478	1,30,874
3	Income Tax Refund AY 2013-14		1,22,570	-
	TOTAL - A		9,19,800	10,19,011
B	UNSECURED & CONSIDERED GOOD			
1	Loan to Karnataka Cashew Development Corporation Ltd		53,00,246	49,07,635
2	Loan to Karnataka Pulpwood Limited		25,49,912	25,49,912
	TOTAL - B		78,50,158	74,57,547
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		61,22,069	59,90,075
2	Employees Security Deposit		2,02,854	1,85,915
3	Court Fee Stamps Receivable		1,12,176	1,12,176
4	TDS Receivable		16,34,830	9,837
5	Amount Receivable from GoK as per Note 9A		172,06,496	168,70,091
6	Advance Income Tax Paid		1200,27,130	1323,46,670
7	Other Advances		72,45,958	1,88,074
8	Workmen's Compensation Deposit		5,01,773	5,01,773
	TOTAL - C		1530,53,286	1562,04,611
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) (C5 above)		41,99,230	41,99,230
	TOTAL - D		43,11,406	43,11,406
GRAND TOTAL (A+B+C-D)			1575,11,838	1603,69,763

RECEIVABLE FROM GOVERNMENT OF KARNATAKA

NOTE - 09 A

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
1	Government of Karnataka (Forest Department)			
	a) Eucalyptus		8,66,239	8,66,239
	b) Cocoa Operational Loss		-	-
	c) Sale of Old assets (Cocoa)		-	-
	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		25,08,884	21,72,478
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			172,06,497	168,70,091

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 2014 ₹	As at 31st March 2013 ₹
A	FINISHED GOODS:			
1	Plantations (at cost) *			
	a) Casurina		13,696	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)		131,56,914	131,56,914
	f) Pulpwood Plantations (1996 & 1997)		108,87,517	106,66,203
	g) Pulpwood Plantations -1998 to 2001		170,99,615	170,37,741
	h) Pulpwood Plantations -2003 CMA		4,53,485	4,53,485
	i) Pulpwood Plantations -2004		72,15,553	70,44,647
	j) Pulpwood Plantations -2005		130,99,547	130,46,362
	k) Small Timber Plantations		78,13,998	78,13,998
	l) Pulpwood Plantations -2006		277,71,722	-
	m) Acacia Pulpwood Plantation - 2006		64,21,573	-
	n) Pepper		70,937	70,937
	o) Rubber (60 beds)		51,627	51,627
2	Stock of Rubber (Finished) (net realisable value)		587,24,747	695,17,150
3	Stock of Rubber skim lump (Finished) (net realisable value)		2,82,771	5,73,667
4	Stock of Acacia / Euc. wood (at cost price)		8,17,579	249,14,232
	TOTAL (A)		1639,04,748	1643,91,910
B	STORES AND SPARES:			
1	Stores and spares (at cost)		61,94,291	132,48,269
	TOTAL (B)		61,94,291	132,48,269
C	OTHERS:			
1	RCC pillars & name boards to plantations (at cost)		6,62,715	6,62,715
2	Permit books (at cost)		4,321	1,455
	TOTAL (C)		6,67,036	6,64,170
	Less : Provisions for item No. 1(a) Casurina - ₹ 7785.28/- 1 (2) Pepper ₹ 70937.03/- and 1(o) Rubber (60 Beds) ₹ 51,626.78		1,22,564	1,30,349
GRAND TOTAL			1706,43,511	1781,73,999

* 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 2014 ₹	As at 31st March 2013 ₹
(a)	Outstanding for a period exceeding six months from the date they are due for payment			
	- Secured, considered good		-	-
	- Unsecured, considered good		5,85,216	27,27,302
	- 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		1256,43,804	238,64,665
	- Unsecured, considered doubtful		-	-
	TOTAL		1262,29,020	265,91,967
	<u>Less</u> : Provision for bad and doubtful debts		2,87,097	2,93,420
GRAND TOTAL			1259,41,923	262,98,547

CASH AND CASH EQUIVALENTS

NOTE - 12

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
1	Balance with Scheduled Banks			
	In Current Accounts / SPSB Accounts		1248,42,502	890,86,631
2	Other Bank Balances			
	In Term Deposit Accounts			
	- Less than 3 Months		14,49,989	43,24,133
	- More than 3 Months & Less than 12 Months		8685,84,733	4765,10,734
	- More than 12 Months		149,95,729	59,34,284
3	Cash on hand			23,350
	- Inter-unit funds transfer Balances		21,56,740	1,43,140
4	Other Cash Equivalents			
	- Stamps on hand		3,509	2,748
TOTAL			10120,33,202	5760,25,020

SHORT TERM LOANS AND ADVANCES

NOTE - 13

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
A	UNSECURED & CONSIDERED GOOD			
1	Interest receivable on the KCDC loan		-	-
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		47,61,791	49,58,000
2	Other Advances		4,47,525	5,83,503
3	Advances to Suppliers		64,700	2,24,797
4	Advances to Contractors		12,20,000	9,95,338
	TOTAL		64,94,015	67,61,637
	<u>Less</u> : Provision for bad & doubtful debts, advances (against B4 above)		-	8,338
TOTAL			64,94,015	67,53,299

OTHER CURRENT ASSETS

NOTE - 14

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
1	Interest Receivable on Fixed Deposits		8,98,170	20,23,864
2	Income Receivable		3,45,728	4,81,971
3	Rent and Other Charges Receivable		38,54,819	35,35,634
4	Accounts Receivable		1,642	1,642
5	Rubber Scheme		-	22,96,108
6	Royalty and Building Rent from M/s. Campco Ltd., Mangalore		14,56,967	14,56,967
7	Prepaid Expenses		8,08,527	6,20,258
8	Balances with Divisions		102,20,203	(1,11,733)
	TOTAL		175,86,056	103,04,711
	Less : Provision for bad & doubtful Debts (Royalty and Building Rent from M/s.Campco Ltd., Mangalore No.6 above)		14,56,967	14,56,967
GRAND TOTAL			161,29,089	88,47,744

REVENUE FROM OPERATIONS

NOTE - 15

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
1	Sales of Rubber	15.1	3832,45,881	3764,78,095
2	Sales of Eucalyptus Wood		7541,03,166	1322,64,545
3	Sale of Euc. Trees below 20 cms girth		-	19,76,000
4	Sale of Fire Wood and Timber		24,35,145	20,84,675
5	Sale of Eucalyptus Poles / Stumps & Others		30,00,343	18,42,847
6	Sale of Bamboo		29,51,900	25,84,500
7	Sale of Tamarind		2,96,150	3,37,049
8	Sale of Miscellaneous Agri. Products		6,89,265	6,95,224
9	Sale of Rubber Trees		638,43,494	740,67,794
TOTAL			12105,65,344	5923,30,729

- 15 Quantitative information regarding opening stock of sales and closing stock for the year ended 31.03.2014 is furnished in the statement annexed.
- 15.1 The sale of rubber for the year 2013-2014 includes Sale of Rubber ₹ 25.34 lakhs (Previous Year ₹ 38.92 lakhs) being goods sold but not lifted by the parties.

OTHER INCOME

NOTE - 16

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
A	INTEREST INCOME			
1	Interest on Fixed Deposit		675,02,384	525,00,076
2	Interest on HBA		1,48,428	1,11,590
3	Interest from KCDC		3,92,611	10,95,397
4	Interest on Delayed Receipts from Contractors		9,02,565	37,51,973
B	RENTAL INCOME			
1	Buidling Rent (Office Complex)		67,02,815	73,53,777
2	House Rent (Employees)		7,00,485	6,92,966
3	Ground Rent		56,328	98,321
C	OTHER NON OPERATING INCOME:			
1	Licence fee for Tea Plantations		2,68,493	2,43,493
2	Provision no longer required		114,50,466	14,57,848
3	Extraction of Pulpwood and Bamboo - Establishment and other charges (Net)		-	1024,85,420
4	Extension Fee		15,81,390	25,04,600
5	EMD & Security Deposit Forfeited		20,81,787	8,16,989
6	Sale of Scrap		2,12,604	2,55,082
7	Miscellaneous Income		22,44,131	26,08,660
8	Subsidy amortised		43,601	43,601
9	Rubber Board Subsidy		-	1,85,598
D	PROFIT OR LOSS ON SALE OF FIXED ASSETS			
1	Loss on Sale of Fixed Assets		(19,319)	(7,396)
2	Profit on Sale of Fixed Assets		2,41,258	7,01,843
TOTAL			945,10,026	1768,99,838

OPERATING EXPENSES

NOTE - 17

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
A	COST OF RUBBER SALES			
I	Rubber Production Expenses			
1	Plantations Maintenance & latex collection charges		329,15,870	285,40,216
2	Plantations road maintenance charges		3,00,284	39,60,362
3	Welfare Expenses		50,85,406	43,49,845
4	Freight and Transportation		1,000	28,010
5	Tools and Implements		1,43,185	2,07,554
	TOTAL - I		384,45,745	370,85,987
II	Rubber Processing Expenses:			
1	Rubber Processing Expenses		51,68,077	48,70,280
2	Factory repairs and maintenance		32,84,616	28,70,772
3	Container (Barrels)		111,29,382	120,23,107
4	Power Charges		20,09,282	21,59,533
5	Machinery Maintenance		18,30,637	14,01,058
	TOTAL - II		234,21,994	233,24,750
	TOTAL - A (I + II)		618,67,739	604,10,737
B	COST OF PULPWOOD SALES			
1	Cost of Production of Eucalyptus / Acacia Wood sold		1,33,443	241,48,369
2	Extraction, Establishment & other charges		1492,95,203	-
3	Extraction & Transportation of Others		1,23,366	10,78,396
	TOTAL - B		1495,52,012	252,26,765
C	COST OF BAMBOO			
1	Bamboo tending and extraction cost		3,60,504	3,07,494
	TOTAL - C		3,60,504	3,07,494
	<u>Less:</u> Allocated to Nurseries and Plantations		-	9,08,436
GRAND TOTAL (A + B + C)			2117,80,255	850,36,560

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

NOTE - 18

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
A	CLOSING STOCK (AS ON 31.03.2014)			
1	Stock of Eucalyptus wood / Acacia Wood (at cost price)		-	240,96,652
2	Stock of Rubber (Net realisable value)		590,07,518	700,90,817
3	Stock of Eucalyptus Oil (Net realisable value)		-	-
4	Stock of Acacia / Teak poles / Timber (Net realisable value).		8,17,579	8,17,579
	TOTAL - A		598,25,097	950,05,049
B	OPENING STOCK (AS ON 01.04.2013)			
1	Stock of Eucalyptus wood / Acacia wood (At cost price)		249,14,232	301,35,027
2	Stock of Rubber (Net realisable value)		700,90,817	242,13,077
3	Stock of Eucalyptus Oil (Net realisable value)		-	12,083
4	Stock of Teak poles / Timber (Net realisable value).		-	-
	TOTAL - B		950,05,049	543,60,187
CHANGES IN INVENTORIES (B-A)			351,79,952	(406,44,862)

EMPLOYEE BENEFITS EXPENSES

NOTE - 19

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
I	ESTABLISHMENT EXPENSES:			
1	Salary, Wages & Bonus		3452,86,818	3218,41,780
2	Remeneration to Managing Directors		22,69,640	14,84,656
3	Contributions to:			
	a) Pension & Leave Salary		21,91,175	84,84,745
	b) Leave Travel Convession & H.T.C.		66,120	1,44,413
	c) Labour Welfare Expenses		14,874	21,534
	d) Provident Fund		207,01,489	196,15,078
	e) EPF Administrative Charges		20,66,317	21,52,541
	f) Group Gratuity Trust Fund (Employees)		39,71,638	46,25,601
	g) Group Gratuity Trust Fund (Workers)		18,60,613	43,97,578
	h) E.S.I.		1,13,336	2,06,606
4	Contribution to May Day Committee		42,000	42,000
5	Staff Welfare Expenses		18,98,406	25,53,097
6	Workmen's Compensation		-	5,22,450
7	Reimbursement of Medical Expenses		80,862	-
8	Hospital Maintenance		8,94,696	8,04,561
9	Cremation charges		10,000	25,000
	TOTAL		3814,67,984	3669,21,639
	Less: Allocated to Nurseries and Plantations		161,75,534	140,86,224
GRAND TOTAL			3652,92,450	3528,35,416

OTHER EXPENSES

NOTE - 20

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
1	Advertisement and Publicity		6,46,152	7,97,018
2	Bad Debts		-	-
3	Bank Charges and Evaluation Fees		49,713	55,558
4	Board meeting & AGM expenses		1,65,858	99,469
5	Books and periodicals		1,67,745	1,77,826
6	Building Rent		78,000	78,000
7	Cost Audit Fees		-	-
8	Donations		3,79,449	-
9	Directors Travelling Expenses		-	-
10	Electricity & Water Charges		7,31,225	8,86,640
11	Environmental Day Expenses		-	-
12	Filing Fees		24,987	15,264
13	Frieght and Insurance		20,015	865
14	Generator Set Maintenance		51,303	31,932
15	Honorarium to Chairman		-	1,80,000
16	Hospitality Expenses		1,64,101	2,41,471
17	Insurance		1,94,155	1,71,863
18	Insurance on Earth Moving Equipments		15,474	11,365
19	Internal Audit Fees		2,13,005	2,10,000
20	Lease Rent		480,54,837	145,19,000
21	Legal & Professional Charges		8,77,444	11,69,297
22	Loss on sale of fixed assets		1,009	-
23	Maintenance of Earth Moving Equipments & Pumpsets		52,91,965	17,26,487
24	Miscellaneous Expenses		44,108	2,808
25	Office Maintenance		10,92,186	9,32,294
26	Plantation maintenance (Pulpwood & Others)		13,29,193	1,90,055
27	Postage, Telegram and Telephone		9,80,249	8,72,935
28	Printing and stationery		9,29,320	8,85,382
29	Rates and Taxes		7,75,921	8,06,858
30	Remuneration to Chairman		80,226	1,08,000

OTHER EXPENSES

NOTE - 20

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
31	Repair & maintenance of Computers		3,03,057	1,69,234
32	Repairs - others		4,67,265	5,42,541
33	Repairs to buildings and wells		150,35,807	134,77,785
34	Rest House Maintanance		1,01,592	86,428
35	Sale promotion expenses		-	-
36	Sample plot expenses		4,54,450	7,24,650
37	Seminars, Conference and meetings		41,209	31,313
38	Sitting Fees to Directors		11,000	22,000
39	Statutory Audit Fees		96,112	2,65,271
40	Tax audit		35,000	33,708
41	Travelling Expenses		26,49,997	22,08,403
42	Vehicle Insurance		4,36,673	3,86,545
43	Vehicle Maintenance		101,60,532	81,00,887
44	Vehicle Tax		1,03,889	87,384
45	Watch & Ward		60,37,151	48,20,016
	TOTAL - A		982,91,374	551,26,553
	Less: Allocated to Nurseries and Plantations			
	i) Lease Rent		13,15,986	13,69,190
	ii) Other Expenses		53,51,986	4,46,947
	TOTAL - B		66,67,972	18,16,137
	GRAND TOTAL (A - B)		916,23,402	533,10,416

DEPRECIATION AND AMORTIZATION EXPENSES

NOTE - 21

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
	DEPRECIATION:			
1	Depreciation on Fixed Assets		97,84,878	100,56,685
	AMORTIZATION:			
2	Rubber Rehabilitation Reserve		133,31,135	114,41,748
3	Tea Rehabilitation Reserve		2,58,000	2,58,000
4	Tamarind Rehabilitation Reserve		35,888	35,888
5	Bamboo Rehabilitation Reserve		6,10,521	6,10,532
6	Teak Rehabilitation Reserve		5,40,802	5,40,802
	TOTAL		245,61,224	229,43,655
	Less: Allocated to Nurseries & Plantations			
	i) Depreciation		1,83,246	1,70,948
	TOTAL		243,77,978	227,72,707

EXCEPTIONAL ITEMS

NOTE - 22

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
I	PRIOR PERIOD ITEMS:			
A	PREVIOUS YEAR EXPENSES:			
1	Cultivation, Administration and Other Expenses		84,875	2,33,893
2	Sales Tax Arrears for the F.Y. 1999-2000 & 2000-01.		-	-
3	Cost of Eucalyptus Wood		-	-
4	Plantation Expenditure - 1996 & 97		6,985	-
5	Lease Rent		(582,59,667)	-
	TOTAL - A		(581,67,807)	2,33,893
B	LESS : PREVIOUS YEAR INCOME			
1	Cultivation, Administration and Other Expenses		960	-
2	Sale of Dry Bamboo - 2006-07		-	-
3	Interest from KCDC for FY 2009-10		-	-
	TOTAL - B		960	-
TOTAL (A - B)			(581,68,767)	2,33,893

CONTINGENT LIABILITIES

NOTE - 23

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
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.		378,59,000	378,59,000
3	Claims against the Company not acknowledged as debts.		65,000	65,000
4	Claim from Regional Provident Fund Commissioner Mangalore.		9,59,154	9,59,154
5	Claims made by the employees related to various litigations.		57,446	57,446
TOTAL			407,30,600	407,30,600

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 2014

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 on the Rubber Plantations raised by the Corporation 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) Government grant have been accounted on cash basis in accordance with Accounting Standard 12. Grant 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. During current Financial Year Capital Subsidy received is dealt with in accordance with AS 12.
- c) Interest on Secured Loans to the staff is accounted after the recovery of Principal amount as per Karnataka Civil Service Rules.

8. ACCOUNTING 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	38888.61
(2) KPL Pulpwood plantations	2869.45
(3) Tea plantations	55.90
(4) Rubber plantations *	4443.32
Total	<u>46257.28</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>31.03.2014</u>	<u>31.03.2013</u>
	₹ in lakh	₹ in lakh
Opening Balance	65.21	-
Add: Additions during the year	270.42	65.21
TOTAL	335.63	65.21
Less : Withdrawals during the year	-	-
TOTAL	335.63	65.21

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. The Corporation has filed an appeal before the Tribunal, Bangalore after depositing 50% in cash and 50% by way of bank guarantee. However, the Tribunal has remanded back the appeal to assessing officer to assess the tax period considering the contentions of the Corporation. The matter is under process.

In respect of VAT assessment year 2009-10 and 2010-11, the assessing officer has disallowed the input tax claim on fertilizers and pesticides amounting to ₹ 5.99 lakhs. The Corporation is in the process of filing an appeal.

7. **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.

8. 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 2010-11.
- d) Disputed Liabilities:
 - (i) A Demand notice was issued for the Assessment year 2008-09 for ₹ 81,45,071. The Corporation has paid a sum of ₹ 28,32,000 after adjusting Income tax refund receivable of ₹ 12,40,769 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 Income Tax against the same and has also paid a sum of ₹ 1,00,00,000/- and refund for the Assessment year 2006-07 of ₹ 7,59,857/- and for the Assessment year 2007-08 of ₹ 67,60,944/- have been adjusted against the liability as on date.
 - (iii) Appeals for Tax Refund Claims for the Assessment year 2004-05 is to be made against the order of the tribunal of ₹ 12,14,165/- before High Court. The refund claim for the Assessment year 2003-04 is pending before High Court against the order of tribunal filed by the Income Tax Department.
 - (iv) A Demand notice u/s 143(3) of Income Tax Act 1961, was issued for the Assessment year 2010-11 for ₹ 1,90,40,000/- by Deputy Commissioner of Income Tax and the same is pending before the Commissioner of Income Tax.
 - (v) A Demand notice u/s 156 of Income Tax Act 1961, was issued towards tax collected at source (TCS) for the Assessment year 2008-09, 2009-10, 2010-11 and 2011-12 for ₹ 84,37,020 by Income Tax Officer, Davanagere. The Corporation has filed an appeal before the Assistant Commissioner of Income Tax, Hubli.

9. The KFDC Ltd has raised Eucalyptus Plantations over an area of 599.40 ha of land in Thirthahalli Taluk under the name “Girishrunga 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.

10. The Company has set up a Centrifuged Latex factory for rubber process at Bilinele at a cost of ₹ 1,40,57,352/-. Since the Capital Expenditure incurred has exceeded the financial limit and pending before Govt. for its approval.

11. 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)

12. Related party transactions:

- i) Name of the related party: M/s Karnataka Pulpwood Limited, Bangalore.
- ii) Nature of relationship: 100% subsidiary of Karnataka Forest Development Corporation Limited, Bangalore.
- iii) Transactions and value:

Sl. No.	Name of the related party	Relationship	Description	₹ in lakh	
				Balance as at March 31, 2014 (Payable / Receivable)	Balance as at March 31, 2013 (Payable / Receivable)
1	Karnataka Cashew Development Corporation Ltd.	Common Director	Unsecured loan given, net	53.00	49.08
2	Karnataka Pulpwood Ltd.	100% Subsidiary	Unsecured loan given, net	25.50	25.50

13. Investments in Karnataka Pulpwood Limited (KPL):

The Government of Karnataka vide its proceedings/order No. DPAER 56 ARU 2002, Bangalore dated 27th June 2005 had directed that KPL should opt for winding up through the Simplified Exit Scheme and as a step to facilitate KPL to attain the status of ‘nil assets-nil liability’, ordered conversion of the Government Loan of Rs.13.91 Crores into equity. Though the procedural aspects of KPL could not be completed to attain the status of ‘nil assets-nil liability’, it has been observed by the Auditors that KPL is no longer considered as a ‘going concern’ and the investment made by KFDC in KPL is valued as NIL. Accordingly the value of investment in the shares of KPL amounting to ₹ 1,25,00,000/- has been written-off in the books of KFDC in Financial Year 2004-05.

14. Segment Reporting:

						₹ in lakhs
Sl. No.	Particulars	Head Office ₹	ED Shimoga ₹	ED Mangalore ₹	COCOA Division ₹	Total ₹
1	Segment Revenue					
(a)	External Sales / Revenue	831.00	7,674.64	4,545.11	-	13,050.75
(b)	Inter-Segment Sales	-	-	-	-	-
	Total Revenue	831.00	7,674.64	4,545.11	-	13,050.75
2	Total Revenue of each Segment as a percentage of total revenue of all	6.37	58.81	34.83	-	100.00
3	Segment Result	305.53	4,841.58	988.77	-	6,135.88
4	Segment Result as a percentage of total result.	4.98	78.91	16.11	-	100.00
5	Segment Assets	11,120.72	5,728.73	7,571.82	23.86	24,445.13
6	Segment asset as a percentage of total assets of all segments.	45.49	23.44	30.97	0.10	100.00

15. Dividend Declaration:

The Company has not declared any Dividend for the year as against the Dividend declaration Nil (₹ Nil) in the previous year.

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

Sd/-
(KANWARPAL)
Director

Sd/-
(C.S. RAJU)
Managing Director

Sd/-
(SHILPA SHETTY)
Finance Manager & Chief Accounts Officer

Sd/-
(V. LIKITHA)
Company Secretary

As per our Report of even date
for **K. Munusami & Co.,**
Chartered Accountants
(FRN.005602S)

Sd/-
(VISHALAKSHI PADMANABHAN)
Partner
M.No. 216590

Place : Bangalore
Date : 28.08.2014

KARNATAKA FOREST DEVELOPMENT CORPORATION LTD

QUANTITATIVE INFORMATION REGARDING OPENING STOCK, YIELD / PRODUCTION / SALES AND CLOSING STOCK FOR THE YEAR ENDED 31.03.2014

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)	2,02,769 (50,518)	16,85,356 (19,04,886)	18,88,124 (19,55,404)	17,03,514 (17,52,635)	1,84,610 (2,02,769)	333,66,836 (333,66,836)
2	ISNR & Other Rubber (in DRC Kgs)	2,85,290 (96,080)	6,51,322 (7,73,850)	9,36,611 (8,69,930)	6,53,425 (5,84,640)	2,83,186 (2,85,290)	262,41,561 (344,84,984)
3	Ammoniated Field Latex (in DRC Kgs)	15,336 (11,153)	(2,515) (4,183)	12,820 (15,336)	- -	12,820 (15,336)	16,34,588 (22,38,998)
II	PLANTATIONS-STANDING CROPS						
4	Eucalyptus / Acacia wood (in MTs)	89,736 (64,586)	43,230 (1,15,496)	1,32,966 (1,80,082)	1,32,966 (90,346)	(0) (89,736)	- (240,96,652)
5	Eucalyptus poles & Stumps / Timber	- -	98,139.04 -	98,139.04 -	4,539.73 -	93,599.31 -	- -
6	Eucalyptus Oil / leaves (in Kgs)	- -	13,000 -	13,000 -	13,000 -	- -	- -
7	Sale of Rubber Trees	- -	- -	- -	44,644 (30,557)	- -	- -
8	Sale of Fire Wood (Cum)	- -	1,996 -	1,996 -	1,996 -	- -	- -
9	Sale of Bamboo	- -	1,70,200 -	1,70,200 -	1,70,200 -	- -	- -
10	Sale of Tamarind	- -	20,292 -	20,292 -	20,292 -	- -	- -
TOTAL							612,42,986
TOTAL							(941,87,470)

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 2014
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 31.03.2014 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 2014.
 - 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 : (₹ 2087.57 lakhs)
31.03.2014
 - b) For previous financial years of the : (₹ 2087.34 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/-
(KANWARPAL)
Director

Sd/-
(C.S. RAJU)
Managing Director

Sd/-
(SHILPA SHETTY)
Finance Manager & Chief Accounts Officer

Sd/-
(V. LIKITHA)
Company Secretary

Place : Bangalore
Date : 28.08.2014

As per our Report of even date
for **K. Munusami & Co.,**
Chartered Accountants
(FRN.005602S)

Sd/-
(VISHALAKSHI PADMANABHAN)
Partner
M.No. 216590