



ಕರ್ನಾಟಕ ಅರಣ್ಯ  
ವಿಕಾಸ ಕಾರ್ಪೊರೇಷನ್  
ಲಿಮಿಟೆಡ್  
(ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಅಂಗವಾಗಿ)

KARNATAKA FOREST  
DEVELOPMENT  
CORPORATION LIMITED

(A GOVERNMENT OF KARNATAKA UNDERTAKING)





**KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED**  
(A Government of Karnataka Undertaking)

**44<sup>rd</sup> ANNUAL REPORT**  
**2014 – 2015**

**Registered Office :**

'Vanavikas', 18<sup>th</sup> Cross, Malleswaram,  
Bangalore – 560 003

Phone : 91-80-2334 5348, Fax : 91-80-2346 1647

Email : [info@kfdcl.com](mailto:info@kfdcl.com) website : [kfdcl.kar.nic.in](http://kfdcl.kar.nic.in)

**KARNATAKA FOREST DEVELOPMENT CORPORATION LTD.,**

BANGALORE– 560 003

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**KARNATAKA FOREST DEVELOPMENT CORPORATION LTD.,**

BANGALORE - 560 003

## LIST OF DIRECTORS AS ON 31-03-2015

<b>Srimathi &amp; Sriyuths:</b>	
Chairman	: Chalavadi Narayanaswamy
Managing Director	: A.K. Singh IFS., PCCF
Directors	: Lokesh V Nayak Vice-Chairman M.Madan Gopal IAS G.V. Sugur IFS., PCCF (HOFF) Kanwarpal IFS., PCCF Kolla Sri Saibaba IFS., Arvind Shrivastava IAS.,
FM & Chief Accounts Officer	: Shilpa Shetty, ACA
Company Secretary	: V. Likitha, ACS
Auditors	: M/s K MUNUSAMI & CO., Chartered Accountants No 264, Kamaraj Road, Bangalore-560 042 Phone : 080-25577685 email : kmcobengaluru@gmail.com
Registered Office	: “Vanavikas” 18 <sup>th</sup> Cross, Malleswaram, Bangalore-560 003
Divisional Offices	: Mangalore, Puttur, Sullia (D.K) Shimoga, Dharwad, 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.kfdclkar.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/44/2014-15/

Date:07.12.2015

**NOTICE OF THE ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 44<sup>th</sup> Annual General Meeting of the members of the Karnataka Forest Development Corporation Limited will be held on Monday, the 28<sup>th</sup> day of December 2015 at 12.00 PM at the Registered office of the Corporation at "Vanavikas", 1<sup>st</sup> Floor, 18th Cross, Malleswaram, Bangalore 560 003 to transact the following business:

**ORDINARY BUSINESS:**

**1. Receive, consider and adopt the financial statements of the Company**

To consider and, if thought fit, to pass, the following resolutions as Ordinary Resolutions:

- a) Audited standalone financial statements of the Company for the financial year ended 31st March 2015.

“Resolved that the audited standalone financial statements of the Company including the balance sheet as at March 31, 2015, the statement of profit and loss, the cash flow statement for the year ended on that date and the reports of the Board of Directors and Auditors thereon be and are hereby received, considered and adopted.”

- b) Audited consolidated financial statements of the Company for the financial year ended March 31, 2015.

“Resolved that the audited consolidated financial statements of the Company including the balance sheet as at March 31, 2015, the statement of profit and loss, the cash flow statement for the year ended on that date and the report of the Auditors thereon be and are hereby received, considered and adopted.”

**2. Declaration of dividend on equity shares:**

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“Resolved that subject to the applicable provisions of the Companies Act, 2013 and the Government circular no. DDPER 50 ARU 2003 dated 22.05.2003, the consent of the shareholders be and is hereby accorded for the declaration of the dividend at 20% on the equity share capital of the Company to its shareholders for the financial year ended 31.03.2015.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to the above resolution.”

**3. To determine the remuneration of the Statutory Auditors as per the provisions of Section 142 of the Companies Act:**

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 142 of the Companies Act 2013, the Statutory Auditors appointed by the Comptroller and Auditor General of India for the Company, for the financial year 2015-2016, be paid such remuneration as suggested by the Comptroller and Auditor General of India.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to the above resolution.”.

**SPECIAL BUSINESS:**

**4. To approve and ratify the remuneration of the Cost Auditor for the financial year ending 31.03.2015 and in this regard to consider and if thought fit, to pass with or without modification(s) the following as an Ordinary Resolution:**

"RESOLVED THAT Shareholders hereby ratify the actions of the Board of Directors pursuant to the provisions of Section 148(3) and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, for approving the remuneration at Rs. 75,000/- (Rupees Seventy Five Thousand only) per annum plus applicable taxes and out of pocket expenses to M/s. PSV & Associates, Bangalore, Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2014-15.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to the above resolution.”

**5. To approve and ratify the remuneration of the Cost Auditor for the financial year ending 31.03.2016 and in this regard to consider and if thought fit, to pass with or without modification(s) the following as an Ordinary Resolution:**

"RESOLVED THAT Shareholders hereby ratify the actions of the Board of Directors pursuant to the provisions of Section 148(3) and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, for approving the remuneration at Rs. 70,000/- (Rupees Seventy Thousand only) and out of pocket expenses to M/s. NS & Associates, Bangalore, Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2015-16.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to the above resolution.”

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

Sd/-

( A.K. Singh )

**Managing Director**

Place: Bangalore

Date: 07.12.2015

**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.

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

Sd/-

( A.K. Singh )

**Managing Director**

Place : Bangalore

Date : 07.12.2015

**Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013**

**Item No. 4:**

M/s. PSV Associates, Cost Accountants, Bangalore, were appointed as the Cost Auditors of the Corporation for the financial year 2014-15 for the remuneration of Rs.75,000/- (Rupees Seventy Five Thousand only) per annum plus applicable taxes and out of pocket expenses, by the Board of Directors vide the circular resolution dated 6th March 2015.

As per the provisions of Section 148(3) and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, decision of the Board regarding the remuneration of the Cost Auditors needs to be ratified by the shareholders and hence, the subject is placed before the Annual General Meeting.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board recommends the passing of the resolution as set out under Item No.4 as an Ordinary Resolution.

**Item No. 5:**

M/s. N S Associates, Cost Accountants, Bangalore, were appointed as the Cost Auditors of the Corporation for the financial year 2015-16 for the remuneration of Rs.70,000/- (Rupees Seventy Thousand only) and out of pocket expenses, by the Board of Directors in their 251st Board meeting.

As per the provisions of Section 148(3) and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, decision of the Board regarding the remuneration of the Cost Auditors needs to be ratified by the shareholders and hence, the subject is placed before the Annual General Meeting.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board recommends the passing of the resolution as set out under Item No.5 as an Ordinary Resolution.

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

Sd/-  
**( A.K. Singh )**  
**Managing Director**

Place: Bangalore  
Date: 07.12.2015

**KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED**

(A Government of Karnataka undertaking)

**Board's Report**

To  
The Members of  
Karnataka Forest Development Corporation Limited

Your Directors have pleasure in presenting the 44th Board's Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2015.

**FINANCIAL HIGHLIGHTS****Segment Wise Financial Performance 2014-15 ( in Crores):****(inRs)**

Particulars	Consolidated		Standalone	
	2014-15	2013-14	2014-15	2013-14
Revenue from Operation	1215100349	1210565344	1215100349	1210565344
Other Income	135329522	94576696	135261617	94510026
<b>Total Income</b>	<b>1350429871</b>	<b>1305142040</b>	<b>1350361966</b>	<b>1305075370</b>
Expenditure:				
Bamboo tending and extraction	553862	360504	553862	360504
Rubber production expenses	39745836	38445745	39745836	38445745
Rubber processing expenses	23386122	23421994	23386122	23421994
Cost of production of eucalyptus wood sold.	221900877	149552012	221900877	149552012
Variation in stock	3896218	35179952	3896218	35179952
Employee Benefit Expenses	379219405	365292450	379219405	365292450
Other expenses	95951224	91636638	95852927	91623402
Depreciation	22787785	24377978	22787785	24377978
Prior period expenses/exceptional items	74702	-58168767	74702	-58168767
<b>Total Expenditure</b>	<b>787516031</b>	<b>670098506</b>	<b>787417734</b>	<b>670085270</b>
Net Profit Before Tax	562913840	635043534	562944232	634990100
Provision for Tax	22418102	21766929	22418102	21766929



<b>Net Profit After Tax</b>	<b>540495738</b>	<b>613276605</b>	<b>540526130</b>	<b>613223171</b>
Balance of Profit brought forward	1279487312	666210707	1478266298	865043127
Balance available for appropriation	0.00	0.00	0.00	0.00
Dividend on Equity Shares	109300000	0.00	109300000	0.00
Tax on Dividend	18575535	0.00	18575535	0.00
Depreciation Amortization	1992309	0.00	1992309	0.00
Transfer to General Reserve	0.00	0.00	0.00	
<b>Surplus carried to Balance Sheet</b>	<b>1690115206</b>	<b>1279487312</b>	<b>1888924585</b>	<b>1478266298</b>

**Performance:**

The Company has shown an excellent performance and registered a net profit after tax of Rs 54.05Crores in 2014-15(Standalone Financial statements for the Financial Year 2014-15). There has been increase in the revenue realized during 2014-15 at Rs 135.04 Crores compared to Rs 130.50Crores for the year ended 2013-14. Operating turnover for the year 2014-15 is Rs 121.51 Crores and other income is Rs 13.53 Crores.

**STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK**

Revenue from operations is noted as follows:

<b>Sl. No.</b>	<b>Products</b>	<b>2014-2015 Amount (inRs.)</b>	<b>2013-2014 Amount (inRs.)</b>
1.	Rubber	279442609	383245881
2.	Eucalyptus wood	848054702	754103166
3.	Firewood	6833657	2435145
4.	Eucalyptus poles	1512330	3000343
5.	Bamboo	3434000	2951900
6.	Tamarind	1351840	296150
7.	Agriculture Products	2186755	689265
8.	Sale of rubber trees	72284456	63843494
	<b>Total (A)</b>	<b>1215100349</b>	<b>1210565344</b>
	Income from other sources	104508753	68945988
1.	Interest on Deposits	7596238	7459628
2.	Building rent	23156626	18104411
3.	Others		
	<b>Total (B)</b>	<b>135261617</b>	<b>94510026</b>
	<b>Total (A) + (B)</b>	<b>1350361966</b>	<b>1305075370</b>

**Expenditure:**

<b>Sl. No.</b>	<b>Particulars</b>	<b>2014-2015 Amount (` inRs.)</b>	<b>2013-2014 Amount (` inRs.)</b>
1.	Bamboo tending and extraction	553862	360504
2.	Rubber production expenses	39745836	38445745
3.	Rubber processing expenses	23386122	23421994
4.	Cost of production of eucalyptus wood sold.	221900877	149552012
5.	Variation in stock	3896218	35179952
6.	Employee Benefit Expenses	379219405	365292450
7.	Other expenses	95852927	91623402
8.	Depreciation	22787785	24377978
9.	Income Tax	22418102	21766929
10.	Prior period expenses	74702	-58168767
	<b>Total</b>	<b>8098354836</b>	<b>691852199</b>

The Corporation has spent Rs.74.30 lakhs on manpower outsourcing due to shortage of employees/ workers. The management is in the process of recruiting the personnel and fills the vacancies available in the Corporation.

Income from sales (excluding other incomes):

<b>Financial Year</b>	<b>Sales</b>	<b>Profit/Loss before tax</b>	<b>Profit/Loss after tax</b>
2007 - 2008	412127826	81468255	76252458
2008 - 2009	413941141	81379927	69086539
2009 - 2010	416813633	88037196	81630254
2010 - 2011	632906688	256589652	224378752
2011 - 2012	564170423	81565343	64307808
2012 - 2013	592330729	295686438	274561791
2013 - 2014	1210565344	634990100	613223171
2014 - 2015	1215100349	562944232	540526130

**Working of Plantations during 2014-15:****a) Pulpwood:**

The Corporation manages 51756.75 ha. of leased forest land for pulpwood plantations. During the year 2013-14 9998.69 ha. of land handed over to Karnataka Forest Department as per G.O.No. FEE 03 FPC 2013 dated 20.02.2013. Therefore currently manages 41758.06 ha. of leased land for pulpwood plantation. In the year 2014-15 1886.01 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 2014-15, 254 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 2014-15, rubber production is 2439.06 MT, while in 2013-14 it was 2334.16 MT a increase of 104.90 MT.

During the year 2014-15, 150330 MTs of pulpwood was extracted and supplied to the industries with revenue of Rs 84.80 Crores. 2256.47 MTs of rubber products were sold which yielded revenue of Rs 27.94 Crores.

**Raising of Other Species:**

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

**CHANGE IN NATURE OF BUSINESS, IF ANY:**

There was no change in the nature of business carried out by the Company.

**DIVIDEND**

Your Directors are pleased to recommend a final dividend of 20% on the Equity Share Capital (Rs. 9,31,40,000/-) of the Company, which is not provided for in the accounts absorbing a sum of Rs. ₹ ₹ 1,86,28,000/- (Rupees One Crore Eighty Six Lakhs Twenty Eight Thousand only), if approved by the members in the ensuing Annual General Meeting.

**AMOUNTS TRANSFERRED TO RESERVES**

The Board of the company has decided not to carry any amount to its reserves.

**CHANGES IN SHARE CAPITAL, IF ANY**

There was no change in the Share Capital of the Company.

**INFORMATION ABOUT SUBSIDIARY/ JV/ ASSOCIATE COMPANY**

Details of the Companies which have become / ceased to be its Subsidiary/ JV/ Associate Company:

Sl.No.	Name	Status Subsidiary/ JV/ Associate Company	Date of becoming Subsidiary/ JV/ Associate Company	Date of ceasing as Subsidiary/ JV/ Associate Company
01	Karnataka Pulpwood Limited	Subsidiary	14.02.1985	NA

### **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provisions of Section 125 of the Companies Act, 2013 do not apply.

### **MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which these financial statements relate on the date of this report.

### **THE EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is annexed herewith for your kind perusal and information. (Annexure: 1)

### **MEETINGS OF THE BOARD OF DIRECTORS**

During the Year 2014-15, the Company held 4 board meetings of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below. The provisions of Companies Act, 2013 was adhered to while considering the time gap between two meetings.

Sl No.	Date of Meeting	Board Strength	No. of Directors Present
01	18/03/2014	6	5
02	11/07/2014	6	4
03	28/08/2014	6	3
04	18/12/2015	8	5

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- c) The directors had 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;
- d) The directors had prepared the annual accounts on a going concern basis; and
- e) The Company being unlisted sub clause (e) of section 134(3) is not applicable.
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **AUDITORS and REPORT thereon**

M/s. Munusami and Co, Chartered Accountants, Bangalore, was appointed as Statutory Auditors for the financial year 2014-15, by the office of the Comptroller and Auditor General of India.

Their payment of remuneration is to be confirmed in the ensuing Annual General Meeting.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation. The Notes on financial statements are self-explanatory, and needs no further explanation.

Further the Auditors' Report for the financial year ended, 31st March, 2015 is annexed herewith for your kind perusal and information. (**Annexure: 2**)

### **LOANS, GUARANTEES AND INVESTMENTS**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable

### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large and Approval of the Board of Directors & shareholders was obtained wherever required. Further all the necessary details of transaction entered with the related parties are attached herewith in form no AOC-2 for year kind perused and information.

in lakh

Sl. No	Name of the related party	Relationship	Description	Balance as at March 31, 2015 (Payable / Receivable)	Balance as at March 31, 2014 (Payable / Receivable)
	Karnataka Cashew Development Corporation Ltd.	Common Director	Unsecured loan given, net	38.82	53.00
	M/s Karnataka Pulpwood Limited	100% Subsidiary	Unsecured loan given, net	25.50	25.50



## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

### **(A) Conservation of energy and Technology absorption:**

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.

### **(B) Foreign exchange earnings and Outgo**

There were no foreign exchange earnings and outgo during the year under review.

## **RISK MANAGEMENT**

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence is very minimal.

## **DIRECTORS and KMP**

During the current financial year the following changes have occurred in the constitution of directors of the Company:

Sl.No	Name	Designation	Date of appointment	Date of Cessation	Mode of Cessation
01	Shri Chellam SwamyRaju	Managing Director	06.01.2014	31.10.2014	Retirement on Superannuation
02	Shri Ashok Kumar Singh	Managing Director	31.10.2014	NA	NA
03	Shri M Madangopal	Chairman	24.11.2014	24.11.2014	Retirement
04	Shri Chalawadi T NarayanaSwamy	Chairman and Director	24.11.2014	NA	NA
05	Lokesh V Nayaka	Vice Chairman and Director	24.11.2014	NA	NA

**List of Directors and Key Managerial Personnel of the Corporation as on 31.03.2015:**

Sl.No	Name	Designation	DIN
01	Shri Chalawadi Narayana Swamy	Chairman and Director	7093020
02	Lokesh V Nayaka	Vice Chairman and Director	7093349
03	Shri Ashok Kumar Singh	Managing Director	1392560
04	Shri M Madangopal	Director	2133079
05	KanwerpalRaghubir Singh	Director	2331842
06	KollaSriSaibaba	Director	6562621
07	ArvindSrivastava	Director	2340040
08	Ganesh VasantraoSugur	Director	2984199
09	Likitha V	Company Secretary	NA
10	Shilpa Shetty	Finance Manager and Chief Accounts Officer	NA

**DEPOSITS**

The Company has not accepted any deposits during the year.

**CORPORATE SOCIAL RESPONSIBILITY**

As per Section 135(5) of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and schedule VII of the Companies Act, 2013, the company has duly constituted CSR Committee. The committee has decided the activities to be undertaken by the company and the expenditures to be incurred on the same and recommended the same to the board therefore the board approved the CSR policy.

The expenses incurred towards CSR activities are charged to the statement of profit and loss and is disclosed under other expenses.

a. Gross amount required to be to be spent by the company during the year: Rs. 67,48,279/-

b. Amount spent during the year as on 31st March 2015:

Rs. 1,00,00,000/- (Rupees One Crore only) was paid to the Chief Minister's Relief Fund. In addition to this the following amounts were spent by the Corporation on CSR activities:

Sl. No.	Particulars	Paid during the year(In Rs.)	Balance available (carried forward for the next financial year)(In Rs.)
1	Rubber wing	3,42,307	—
2	Pulpwood wing	27,22,386	—
3	Head office	1,02,00,000	—
	<b>Total</b>	<b>1,32,64,693</b>	<b>—</b>

**Therefore, the Corporation has spent full amount due towards CSR activities for the FY 2014-15.**

### **ANNUAL EVALUATION**

The provision of Section 134(3) (p) relating to board evaluation is not applicable on the company.

### **INDEPENDENT DIRECTORS and DECLARATION**

The Directors of the Company are appointed by the Government of Karnataka.

### **NOMINATION AND REMUNERATION COMMITTEE**

The Directors of the Company are appointed by the Government of Karnataka and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

### **AUDIT COMMITTEE**

According to Section 177 of the Companies Act, 2013 the company's Audit Committee comprised of 4 directors. The board has accepted the recommendations of the Audit Committee. The table sets out the composition of the Committee:

Name of the Director	Position held in the Committee	Category of the Director
Shri Chalavadi T Narayana Swamy	Chairman	Representative of the Government of Karnataka
Shri Ashok Kumar Singh, IFS	Member	Managing Director of the Corporation
Shri Kanwerpal, IFS	Member	Director appointed by the Government of Karnataka
Shri Kolla Srisaibaba	Member	Director appointed by the Government of Karnataka

## **SECRETARIAL AUDIT REPORT**

The provisions of the Companies Act, 2013 relating to Secretarial Audit Report is not applicable to the Company.

## **COST AUDIT**

M/s. PSV and Associates, Cost Accountants, were appointed as the Cost Auditor of the Company and their Audit report on the Cost Accounts of the Company for the financial year ended 31st March 2015, will be submitted to the Central Government in due course.

## **VIGIL MECHANISM**

NA

## **SHARES**

### **a. BUY BACK OF SECURITIES**

The Company has not bought back any of its securities during the year under review.

### **b. SWEAT EQUITY**

The Company has not issued any Sweat Equity Shares during the year under review.

### **c. BONUS SHARES**

No Bonus Shares were issued during the year under review.

### **d. EMPLOYEES STOCK OPTION PLAN**

The Company has not provided any Stock Option Scheme to the employees.

## **ORDER OF COURT**

None of the orders passed by the regulators or courts or Tribunals impact the going concern status and company's operation in future.

## **DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Corporation has appointed Chartered Accountants as its internal auditors, who furnish a report on the internal financial control of the Corporation quarterly. Further, the Corporation is also maintaining its Cost records which are audited by the Cost Accountants in practice.

## **ACKNOWLEDGEMENT**

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Banks, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service of the Executives, staff and Workers of the Company.

**For & on behalf of the Board of Directors**

Sd/-

**Chalawadi T NarayanaSwamy**  
**DIN : 07093020**  
**(Chairman)**

Sd/-

**Ashok Kumar Singh**  
**DIN : 01392560**  
**(Managing Director)**

**Date:25.11.2015**  
**Place: Bangalore**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2015**

The preparation of financial statements of **Karnataka Forest Development Corporation Limited Bangalore** for the year ended **31 March 2015** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **25.11.2015**.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Karnataka Forest Development Corporation Limited, Bangalore** for the year ended **31st March 2015**. 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 financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the **Note No. 25(H)/1(B)** of the financial statements, I have no further comments to offer upon or supplement to the statutory auditors' report, under section 143(6)(b) of the Act.

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

**(BIJIT KUMAR MUKHERJEE)**

**ACCOUNTANT GENERAL**

**(ECONOMIC & REVENUE SECTOR AUDIT)**

**KARNATAKA, BANGALORE**

Bangalore.  
Date: 07.12.2015



**K.MUNUSAMI & Co264**, Kamaraj Road,Chartered Accountants  
Bangalore - 560042

Phone: 080-25577685

Mobile: 9008762076

Email: kmcobengaluru@gmail.com

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**INDEPENDENT AUDITORS REPORT (Revised) TO THE MEMBERS OF KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED.**

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

On completion of audit of accounts of Karnataka Forest Development Corporation Limited, for the year ended 31st March 2015 we have rendered our Audit Report on 5th September 2015. Subsequent to our report, in the light of observations arising from the audit by the Comptroller and Auditor General of India the Corporation decided to revise the Financial Statements for the said year pursuant to which the said report has been revised. This supersedes our earlier report dated 05th September 2015

We have audited the accompanying Standalone Financial Statements of **KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED** (“the Company”), which comprise the Balance Sheet as at March 31, 2015, 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:***

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these Standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone 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 standalone Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We have audited the accompanying Standalone Financial Statements of KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, 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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Financial Statements.

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

### **4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

### **5. Emphasis of Matter:**

- a). We draw attention to Note No. 8 and Note No.25- sub note II – 10 to the Financial Statement where the company has not written-off expenditure incurred to the extent of Rs.12,84,129/- towards failed plantations of Girishruna Project which was raised in land belonging to Karnataka Pulpwood Industries Limited, although full provision for the same has been made.

b). We draw attention to Note No.25 , Sub note II , Point 1(B) – Other Disclosures, to the Financial Statement where the Company has disclosed the details and also the financial impact of the changes made in the revised Financial Statement.

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

1. As required by the Companies (Auditor's Report) Order, 2015 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the

2. Annexed also is report on Additional Sub-directions issued by the Principal Accountant General (E&RSA), Karnataka under Section 143(5) of the Companies Act, 2015

3. As required by Section 143 (3) of the Act, we report that:

- i. *We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.*
- ii. *In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books*
- iii. *The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;*
- iii. *In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except as described in the Basis for Qualified opinion*
- iv *On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and.*
- v *With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:*
  - ✦ *The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note No.25 Sub note II – 9 to the Standalone Financial Statements.*
  - ✦ *The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 8 to the Standalone Financial Statements; and*
  - ✦ *There were no amounts which required to be transferred, to the Investor Education and Protection Fund by the Company*

**For K MUNUSAMI & Co.**  
Chartered Accountants (FRN. 005602S)

**Vishalakshi Padmanabhan (Partner)**  
(M.No. 216590)

Bangalore  
25/11/2015

**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 2015

***Statement on Matters Specified In Paragraphs 3 and 4  
of The Companies (Auditor's Report) Order, 2015***

- (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 and drawing specific attention to Note 11 of the Standalone Financial Statements subject to non disclosure of the quantitative information of stock by the company, 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 189 of the Companies Act, 2013 ('the Act').
- b. In light of (a) above, no comment is required under Paragraph 3 (iii) (b) of the said order.
- c. In respect of loan given by the company during the earlier periods to Karnataka Cashew Development Corporation (200 Lakhs), receipt of interest is outstanding for a long time and during the year some portion of the interest was waived off as per decision taken by the Board of Directors.

- d. According to the information provided, the Company has taken reasonable steps for the recovery of the overdue amount from Karnataka Cashew Development Corporation.
- (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) The company has not accepted any deposits from the public.
- (vi) 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 148(1) of the Companies Act, 2013 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.
1. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
2. According to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:

<b>Nature of Dues</b>	<b>Amount (Rs in lacs)</b>	<b>Forum where dispute is pending</b>	<b>Remarks</b>
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 Rs. 12,40,769 as on 31st March 2015. The order has been partially allowed.



Income Tax Asst. Year 2009-10	209.49	The Commissioner of Income Tax (Appeals)B'lore	KFDC has paid a sum of Rs.1,00,00,000/- and refund for the Assessment year 2006-07 of Rs.7,59,857/- and for the Assessment year 2007-08 of 67,60,944/- have been adjusted against the liability as on 31st March 2015. The order has been partially allowed.
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. The order has been partially allowed.
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.The order has been passed in favour of the Company setting aside the previous order. The Company is in the process of filing for the refund of ` 42,18,510/- paid towards the demand notice.

3. According to the information and explanations given to us no amounts were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.

(viii)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.

(ix) 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 (ix) are not applicable.

(x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) The Company did not have any term loans outstanding during the year.

(xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

**For K MUNUSAMI & Co.**

Chartered Accountants (FRN. 005602S)

**VishalakshiPadmanabhan (Partner)**

(M.No. 216590)

Bangalore :  
Date : 05/09/2015

**K.MUNUSAMI & Co 264**, Kamaraj Road,Chartered Accountants  
Bangalore - 560042

Phone: 080-25577685

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**ADDITIONAL SUB-DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES  
ACT 2013 VIDE LETTER NO. Pr. AG (E&RSA)/ES-II/CA-1/D-525(1)/44  
DATED 08/06/2015**

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- 1) If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.**

*Not Applicable*

- 2) Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, state reasons there for and the amount involved.**

- a) *Accrued Interest on loan to Karnataka Cashew Development Board amounting to Rs.5,47,745/- ( Five Lakh forty Seven Thousand Seven Hundred and Forty Five ) has been written off as per approval of the Board in their 249th meeting held on 17/04/2015*

*Considering the financial difficulties that the Karnataka Cashew Development Board is facing the board took the decision for such waiver. However during the year 2015-16 such liability has been settled and discharged by the said Company.*

- b) *Income Tax recoverable to the extent of Rs. 2,53,586/- (Two Lakh Fifty Three Thousand Five Hundred and Eighty Six) was written off based on intimation form the Income Tax Department and as approved in the 249th Board meeting held on 17/04/2015*

- 3) Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.**

*According to information and explanations provided to us, there are no Inventories lying with third parties and also the Corporation has not received any gifts from Govt. or other authorities.*

- 4) A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases(foreign and local) may be given**

*Annexure with details is attached to this report.*

*As per records provided to us there exists a monitoring mechanism for expenditure on legal cases if any.*

**Additional Company Specific Directions:**

- a) **Whether requisite permission for clearing of forest existing plants, etc. have been obtained under the prevailing rules and regulations in compliance of Forest Conservation Act so as to protect/preserve forest cover has the Company taken adequate steps to stop unauthorized felling of trees for conservation and spread of forest cover.**

*KFDC was established as per the forest policy of the Government of India with the main objective of raising and cultivating plantations of all varieties of forest plants, trees and crops and hence felling and replanting of trees is a regular activity. As per information provided to us the Corporation does not require any specific permission to fell trees in the leasehold lands held by the Corporation. However no unauthorised felling of trees has been observed during the year.*

- b) **Whether the policy of accounting for trees felled after economic life of rubber plantation is in accordance with the standard practices followed in similar**

*As per information provided to us the current policy of accounting for trees felled after the economic life of rubber plantation is adopted from the system as implemented by the Plantation Corporation of Kerala (PCK). Their system has been studied and evaluated by a team of experts before such adoption.*

- c) **Whether re-plantation reserve has been utilized for the intended purposes and meets the requirement of compensatory afforestation under respective legislation.-**

*As per information provided to us the rubber replantation or rehabilitation reserve is being utilised to replant and rehabilitate older rubber plantations and hence is being utilised for the intended purpose and meets the requirement of compensatory*

- d) **Whether the company has proper system to check the basis of calculation and timely payment of royalty to the Forest Department. Interest paid to the State Government on account of delay in payment of royalty may be commented.**

*The Corporation operates on the reserve forest and other areas as leased out by the Forest Department for the specific projects as defined by the lease agreement. Such agreement does not provide for any such royalty payments. However lease rentals are payable based on computations as specified by the deed. The Corporation has outstanding dues of such lease rentals are detailed in Note 3.1 to the Financial Statement*

- e) **Examine the system of effective utilization of Loans/Grant-in-Aid/Subsidy. List the cases of diversion of funds.**

*The Corporation has not availed any loan during the said year.*

*The Company has received Subsidy from the Rubber Board during the year as reimbursement of actual expenditure incurred on purchase of machineries, improvements in the factory, repairs etc.*

*During our audit we did not observe any diversion of such subsidy by the Corporation.*

FOR K.MUNUSAMI & CO  
CHARTERED ACCOUNTANTS (FRN 005602S)

VISHALAKSHI PADMANABHAN  
(PARTNER)

Membership No: 216590

**K.MUNUSAMI & Co264**, Kamaraj Road,Chartered Accountants

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**ANNEXURE TO ADDITIONAL SUB-DIRECTIONS UNDER SECTION 143(5)**  
**OF THE COMPANIES ACT 2013 VIDE LETTER NO.**  
**Pr. AG (E&RSA)/ES-II/CA-1/D-525(1)/44 DATED 08/06/2015**

Sl. No.	Case Number	Name of the court where case is pending	Amount of Claim / Details of the claim	Pending since
1.	W.P. No. 19070/91	EPF Commissioner, Mangalore	Rs. 96,341.15 has been deposited with EPF Authorities (25% of the Claim as per Court Order)	26 Years
2.	R .P. C No.KNP. FSRO ENFI M.L.R.IV 964 /91	The Regional Provident Fund Commissioner Mangalore	Rs.147745.40 25%) claimed about as been deposited as per the direction of the High court	24 Years
3.	W.P. No. 17721/91	EPF Commissioner, Mangalore	Rs. 171972.50 has been deposited with EPF Authorities (25% of the Claim as per Court Order)	18 Years
4.	MFA/SS2/ 2003	Labour Court, Mangalore	Rs.1,93,817 has been deposited with commissioner for workmen's compensation, Mangalore	12 Years
5.	W.P No. 1876: :07 (LBR)	High Court Bangalore	—	7 Year
6.	WCA:SR 16/2009 F	Senior Civil Judge and ACJM, Puttur D.K.	Rs. 2,29,400 claimed by the plain tiff.	6 Years
7.	WCA:SR 17/2009 F	Commissioner for Workmen Compensation, Mangalore	Rs. 3,12,980 claimed by the plaintiff.	6 Years
8.	OS No.4299 / 2007	In the Court of the Additional City Civil Judge at Bangalore	7,15,455.00 + interest (Outstanding liabilities of Rs.6,21,775/- already exists in the accounts as Sundry Creditors) apart from Security Deposit of Rs.89,872/-)	
9.	FIR/LCM /03/ 2009	High Court, Bangalore	—	6 Years
10.	Writ Appeal No.3096/2009 (L-TER)	High Court Bangalore	—	5 Years

Sl. No.	Case Number	Name of the court where case is pending	Amount of Claim / Details of the claim	Pending since
11.	IDR (LCM) No.13/2010	Labour Court, Mangalore	—	5 Years
12.	IDR (LCM) No.15/2010	Labour Court, Mangalore	—	5 Years
13.	IDR (LCM) No.12/2010	Labour Court, Mangalore	—	5 Years
14.	IDR (LCM) No.14/2010	Labour Court, Mangalore	—	5 Years
15.	WCA:SR-9/2010(NF)	Senior Civil Judge and ACJM, Puttur D.K.	—	5 Years
16.	IDA. (L.CM) 8/1/2011	Labour court Mangalore	—	4 Years
17.	IDA. (L.CM) 9/1/2011	Labour court Mangalore	—	4 Years
18.	IDA.1/2011	Labour Court Mangalore (High Court of Karnataka Bangalore)	—	4 Years
19.	WCA:SR-2 2012 (F)	Commissioner for Workmen Compensation, Mangalore	Rs. 3,07,955.63 has been deposited in the court of workmen compensation commissioner Mangalore.	3 Year
20.	W.P. No. 19070/92	—	—	3 Years
21.	PTN/CR 5 2012-13	Conciliation Failur Report submitted to the Govt by the DLC.	—	3 Years
22.	Ref: /5/2013	Industrial Tribunal Mysore	—	
23.	PLR/CR-22 12-13	Eviction Authority Mangalore	—	2 Years
24.	PTN/CR-41 12-13	Deputy Labour Commissioner Hassan	—	2 Years
25.	IDA(LCM) 7/2013	Labour Court, Mangalore	—	2 Years
26.	IDA(LCM)No. 01/2013	Labour Court, Mangalore	—	2 Years
27.	Ref: 115/2014	Industrial Tribunal Mysore	—	1 Year
28.	IDA(LCM)No. 01/2014	Labour Court, Mangalore	—	1 Years

Sl. No.	Case Number	Name of the court where case is pending	Amount of Claim / Details of the claim	Pending since
29.	IDA(LCM)No. 02/2014	Labour Court, Mangalore	—	1 Years
30.	160/05 RA 62/2010	High court, Bangalore	To Stop Encroachment Case has been filed as o.s.No 160/05 in Kolar JMFC court. In R.A 62/10 judgement came in favor of Department. All the action taken to stop Encroachment. After Sri. Nagaraj has filed the case in Highcourt, Bangalore. Case is in Progress.	10 Years
31.	164/05 RA 65/2010	High court, Bangalore	To Stop Encroachment Case has been filed as o.s.No 164/05 in Kolar JMFC court. In R.A 62/10 judgement came in favor of Department. Action needs to be taken to stop Encroachment.	10 Years
32.	IPC NO.306/ C C 2008	1st Additional JMC, Hassan	The Case has been Dismissed & No Action taken on Corporation Employee.	7 Years
33.	303/2009	Additional JMC, Hassan	Next Hearing On 11.06.2015	6 Years
34.	OS/475/09	Civil Court junior Division, Chikkaballapura	In progress. Enquiry Level	6 Years
35.	181/09 RSA 585/11	High court, Bangalore	To Stop Encroachment Case has been filed as o.s.No 164/05 in Kolar JMFC court. But judgement came in favor of Shanmugam. So the Department has Appealed in High court through lawyer Sri. Kannur.	6 Years
36.	203/2010	1st Civil Judge, Arasikere	PWI Sri. Mohammed Akbar's enquiry is Pending. & Rangapura Kaval Survey No 1/p112/615 .18 Ha. Injection Ordered.	5 Years



Sl. No.	Case Number	Name of the court where case is pending	Amount of Claim / Details of the claim	Pending since
37.	602/2011	Civil Judge Junior division Shimoga	Enquiry Level	4 Years
38.	623/2011	Civil Judge Junior division Shimoga	Enquiry Level	4 Years
39.	629/2011	Civil Judge Junior division Shimoga	Enquiry Level	4 Years
40.	726/2011	Civil Judge Junior division Shimoga	Enquiry Level	4 Years
41.	CC No 11/2011	District Judge, Hassan	3232/W 34 IPC column 3 class (I) (V) (XI) GCST Act.1989 Enquiry Running. Next hearing on 30.06.2015	4 Years
42.	Wp 34559 /2011	High court, Bangalore	Before case was in DC Court Nandagudi Chokkasandra survey No 77/ Mallamma & others case no 34559/2011. Now the case is in Highcourt. Case No 14228-14234/2015. Next hearing is in Second week of July-2015. Parawise Remarks has been submitted to both Sri. Kannur (Lawyer) & to Government Lawyer. Already ripping works completed to build tree park by dept.	4 Years
43.	320/2012	Additional Civil Judge, Arasikere	Case Dismissed on 27.03.2015	4 years
44.	A-184/2013	Senior Civil Judge, Hassan	Next hearing on 06.07.2015	2 years
45.	O.S.NO. 291/20213	Civil Court, Kadur	Case is on 24.07.2015	2 years
46.	OS/481/13	Civil Court junior Division, Chikkaballapura	In progress. Enquiry Level	2 years
47.	MA 10	JMFC, Chintamani	The Judgement came against Corporation. The area already handed over to Forest Dept. So the Forest Dept had files case in Chikkaballapur Court. Case is in Enquiry level	10 years

Sl. No.	Case Number	Name of the court where case is pending	Amount of Claim / Details of the claim	Pending since
48.	538/08	JMFC,Shidlagatta	The Judgement came against Corporation. The area already handed over to Forest Dept. So the Forest Dept had files case in Chikkaballapur Court. Case is in Enquiry level	7 years
49.	440/08	JMFC, Chintamani.		7 Years
50.	530/08	JMFC,Shidlagatta		7 Years
51.	84/08	JMFC, Hoskote	Through Go No 03/FDC/2013 Dt:20.02.2013 the Plantation handed over to Shidlagatta forest Area. After handover case cannot be continued by corporation. So lawyer Sri Kannur wrote a letter that he would withdraw the case. So letter sent to DCF, Chikkaballapur & Rural Forest Division asking them to continue the Case by department.	7 Years
52.	332/08	JMFC, Hoskote	Through Go No 03/FDC/2013 Dt:20.02.2013 the Plantation handed over to Shidlagatta forest Area. After handover case cannot be continued by corporation. So lawyer Sri Kannur wrote a letter that he would withdraw the case. So letter sent to DCF, Chikkaballapur & Rural Forest Division asking them to continue the Case by department.	7 Years
53.	OS/341/08	Civil Court, Junior division, Chikkaballapura	Enquiry Completed. Judgement Pending.	7 years
54.	200/09	City Civil Court, Bangalore	Through Go No 03/FDC/2013 Dt:20.02.2013 the Plantation handed over to Shidlagatta forest Area. The case is continuing by Forest Department	6 years

Sl. No.	Case Number	Name of the court where case is pending	Amount of Claim / Details of the claim	Pending since
55.	201/09		Through Go No 03/FDC/2013 Dt:20.02.2013 the Plantation handed over to Shidlagatta forest Area. The case is continuing by Forest Department	6 Years
56.	202/09			6 Years
57.	488/2010	Civil Judge Junior Division, Shimoga	Enquiry Level	5 Years
58.	205/2011	Civil Judge Junior Division, Shikaripura	Case in progress	4 Years
59.	206/2011	Civil Judge Junior Division, Shikaripura	Case in progress	4 Years
60.	207/2011	Civil Judge Junior Division, Shikaripura	Case in progress	4 Years
61.	45451/2013	High Court, Bangalore	Case in progress	2 Years
62.	205/13	DC Court, Bangalore	The area already handed over to Hoskote by RFO. So case handed over to Hoskote RFO. Case No 205/2013 Sri Vijayakumar.	2 Years
63.	Income Tax Refund - AY 2004-05	Pending In High Court		8 Years
64.	Income Tax Demand notice - AY 2008-09	CIT Appeals decided in our favour partially. Management decided not to proceed further in this matter. DCIT should give effect to the appeal orders. Letter submitted to the DCIT		4 Years
65.	Income Tax Demand notice - AY 2009-10	DO. Letter to be submitted		3 Years

Sl. No.	Case Number	Name of the court where case is pending	Amount of Claim / Details of the claim	Pending since
66.	Demand notice u/s 156-IT-(TCS) - A.Y.2009-10, A.Y.2010-11, A.Y.2011-12	Pending Before Tribunal. Discussed with the Advocate for stay petition.		2 Years
67.	Demand notice u/s 143(3) of the Income Tax Act - AY 2010-11	CIT Appeal is deiced in our Favour. Order to be recived.		2 Years
68.	Demand Notice U/s 143 (3) of the Income Tax Act - AY 2011-12	Appeal Pending Beforre CIT Appeals		1 Year
69.	Income Tax Assessment - AY 2012-13	Pending Befor DCIT		2 Months

**FOR K.MUNUSAMI & CO**  
CHARTERED ACCOUNTANTS (FRN 005602S)

**VISHALAKSHI PADMANABHAN**  
(PARTNER)  
Membership No: 216590

Place : Bangalore  
Date : 25/11/2015

# 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 2015

Sl No	Particulars	Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
A	<b>EQUITY AND LIABILITIES</b>			
1.	<b>SHARE HOLDERS FUNDS:</b>			
	a) Share Capital	1	93,140,000	93,140,000
	b) Reserves and Surplus	2	2,350,565,212	1,936,219,342
2.	<b>Share Application Money Pending Allotment Non-Current Liabilities</b>		-	-
3	<b>Non-Current Liabilities</b>			
	a) Long- Term Borrowings		-	-
	b) Deferred Tax Liabilities ( Net)			
	c) Other long-Term Liabilites	3	12,509,342	15,509,686
	d) Short-Term Provisions			-
4	<b>Current Liabilities</b>			
	a) Short - Term Borrowings		-	-
	b) Trade Payables	4	3,681,599	2,553,011
	c) Other Current Liabilites	5	312,211,031	305,050,995
	d) Short term Provisions	6	24,224,849	92,039,954
	<b>Total</b>		<b>2,796,332,033</b>	<b>2,444,512,988</b>

**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 2015**

Sl No	Particulars	Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>B.</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	<b>a) Fixed Assets</b>			
	i) Tangible Assets	7	502,150,851	450,480,007
	ii) Intangible Assets		-	-
	iii) Capital Work-in progress	8	683,661,229	609,199,327
	b) Non-Curent Investments	9	2,549,912	2,549,912
	c) Long-terms Loans and Advances	10	86,991,044	154,961,926
	d) Other Non-Current Assets		-	-
<b>2</b>	<b>Current Assets</b>			
	a) Current Investments		-	-
	b) Inventories	11	92,278,377	66,723,587
	c) Trade Receivables	12	82,354,744	125,941,923
	d) Cash and Bank Balances	13	1,317,124,235	1,012,033,202
	e) Short-Term Loans and advances	14	5,494,208	6,494,015
	f) Other Current Assets	15	23,727,433	16,129,089
			<b>2,796,332,033</b>	<b>2,444,512,988</b>
	<b>CONTINGENT LIABILITEIS</b>	24	<b>1,016,600</b>	<b>40,730,600</b>
	The Significant Accounting Policies and Other Disclosures	25		

Notes 1 to 24 annexed hereto forming part of Balance Sheet and Profit & Loss Statement  
Signed pursuant to Section 134(1) of the Companies Act, 2013 for and on behalf of the Board

Sd/-

( CHALAVADI T NARAYANASWAMY )

Chairman

Sd/-

( A K SINGH )

Managing Director

Sd/-

( A K SINGH )

I/C FM &amp; 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 : 24.11.2015



# 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 2015

Sl No	Particulars	Note	As at 31st March 2015	As at 31st March 2014
I	Revenue from Operations	16	1,215,100,349	1,210,565,344
II	Other Income	17	135,261,617	94,510,026
III	<b>Total Revenue (I+II)</b>		<b>1,350,361,966</b>	<b>1,305,075,370</b>
IV	<b>Expenses</b>			
	a) Operating Expenses	18	285,586,697	211,780,255
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	3,896,218	35,179,952
	c) Employee Benefits Expense	20	379,219,405	365,292,450
	d) Other Expenses	21	95,852,927	91,623,402
	e) Depreciation and Amortisation Expense	22	22,787,785	24,377,978
	<b>Total Expenses</b>		<b>787,343,032</b>	<b>728,254,037</b>
V	<b>Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)</b>		<b>563,018,934</b>	<b>576,821,333</b>
VI	Exceptional Items	23	74,702	(58,168,767)
VII	<b>Profit / (Loss) before extraordinary items and tax (V - VI)</b>		<b>562,944,232</b>	<b>634,990,100</b>
VIII	Extraordinary Items		-	-
IX	<b>Profit / (Loss) before tax (VII - VIII)</b>		<b>562,944,232</b>	<b>634,990,100</b>
X	<b>Tax expense:</b>			
	a) Current tax for the year		20,092,991	18,850,021
	b) Add/(Less) : MAT Credit		-	-
	c) Tax expense relating to prior years		2,325,111	2,916,908
	d) Deferred tax		-	-

Sl No	Particulars	Note	As at 31st March 2015	As at 31st March 2014
XI	Profit / (Loss) from continuing operations (IX - X)		540,526,130	613,223,171
XII	Profit / (Loss) from discontinuing operations		-	-
XIII	Net Profit / (Loss) for the year (XI + XII)		540,526,130	613,223,171
XIV	Earnings per equity share:			
	1) Basic		5,803	6,584
	2) Diluted		5,803	6,584

Notes 1 to 24 annexed hereto forming part of Balance Sheet and Profit & Loss Statement  
Signed pursuant to Section 134(1) of the Companies Act, 2013 for and on behalf of the Board

Sd/-  
( **CHALAVADI T NARAYANASWAMY** )  
Chairman

Sd/-  
( **A K SINGH** )  
Managing Director

Sd/-  
( **A K SINGH** )  
I/C FM & Chief Accounts Officer

Sd/-  
( **V. LIKITHA** )  
Company Secretary

Place : Bangalore  
Date : 24.11.2015

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

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

In terms of AS-3 on Cash Flow Statement - Indirect Method

<b>Sl No</b>	<b>Particulars</b>		<b>2014-15</b> ₹		<b>2013-14</b> ₹
<b>A</b>	<b>Cash Flow from Operating activities</b>				
	Net Profit Before Taxation	562,944,232		634,990,100	
	<b>Adjustment for:</b>				
	Depreciation on Fixed Assets	6,372,541		9,784,878	
	Transfers to Capital reserves	3,687,585		12,794,205	
	Other Income (Rubber Subsidy)				
	<b>Operation profit before working capital changes</b>		573,004,358		<b>657,569,183</b>
	(Increase) / Decrease in Inventories	(25,554,788)		7,530,488	
	(Increase) / Decrease in Trade & Other Receivables	43,587,180		(99,643,376)	
	(Increase) / Decrease in Short term Loans & Advances	999,807		259,284	
	(Increase) / Decrease in Other Current Assets	(7,598,344)		(7,281,345)	
	(Increase) / Decrease in Long-term loans and advances	67,970,882		2,857,925	
	Increase / (Decrease) in Trade Payables	1,128,588		630,360	
	Increase / (Decrease) in Other Liabilities	7,160,036		5,153,526	
	Increase / (Decrease) in Short Term Provisions	(67,815,105)		(2,274,626)	
	Increase / (Decrease) in Other Long-Term Liabilities	(3,000,344)		1,820,627	
	<b>Cash from operations</b>		<b>16,877,912</b>		<b>(90,947,137)</b>
	Income Tax		22,418,102		21,766,929
	<b>Net cash from operating activities</b>		<b>567,464,168</b>		<b>544,855,117</b>

Sl No	Particulars		2014-15 ₹		2013-14 ₹
<b>B</b>	<b>Cash flow from Investing Activities</b>				
	Purchase of Fixed Assets	(62,353,507)		(57,399,929)	
	Increase in Capital work in progress	(74,461,903)		(53,470,868)	
	Proceed from sale of Fixed Assets-WDV	2,317,812		2,023,861	
<b>C</b>	<b>Net Cash from investing activities</b>		<b>(134,497,598)</b>		<b>(108,846,935)</b>
	<b>Cash flow from financing activities</b>				
	Dividend paid	(109,300,000)		—	
	Dividend Tax paid	(18,575,535)		—	
	<b>Net Cash flow from Financing Activities</b>		<b>(127,875,535)</b>		<b>—</b>
	<b>Net Increase / Decrease in Cash &amp; cash equivalents</b>		<b>305,091,035</b>		<b>436,008,182</b>
	Opening Bal. Cash & Cash Equivalents	1,012,033,202		576,025,020	
	Closing Bal. Cash & Cash Equivalents	1,317,124,235		1,012,033,202	
			<b>305,091,033</b>		<b>436,008,182</b>

For and on behalf of the Board of Directors.

Sd/-  
( **CHALAVADI T NARAYANASWAMY** )  
Chairman

Sd/-  
( **A K SINGH** )  
Managing Director

Sd/-  
( **A K SINGH** )  
I/C FM & Chief Accounts Officer

Sd/-  
( **V. LIKITHA** )  
Company Secretary

Place : Bangalore  
Date : 24.11.2015

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

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

### SHARE CAPITAL

#### NOTE - 01

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	<b>AUTHORISED SHARE CAPITAL:</b> 2,50,000 Equity Shares of Rs. 1,000/- each		250,000,000	250,000,000
2	<b>ISSUED SUBSCRIBED AND PAID UP CAPITAL:</b> 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. FFD5 FRP82 dated 31.03.1982 without payment being received in cash).	1.1	93,140,000	93,140,000
<b>TOTAL</b>			<b>93,140,000</b>	<b>93,140,000</b>

1.1) 93,140 Equity Shares (Previous year: 93,140 equity shares) are fully owned by Government of Karnataka during the Financial Year 2014-15 .

**RESERVE AND SURPLUS****NOTE - 02**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>I</b>	<b>CAPITAL RESERVE:</b>			
1	Grant from Govt. of Karnataka under DPAP			
	Opening Balance		130,000	130,000
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>130,000</b>	<b>130,000</b>
2	Grant Received under WGDP (Rubber)			
	Opening Balance		6,005,589	6,005,589
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year		4,143,089	-
	<b>Closing Balance</b>		<b>1,862,500</b>	<b>6,005,589</b>
3	Grant Received under WGDP (Tea)			
	Opening Balance		3,200,000	3,200,000
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>3,200,000</b>	<b>3,200,000</b>
4	Grant from Govt. of Karnataka on sale of Eucalyptus Wood from older plantations.			
	Opening Balance		97,939,462	97,939,462
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>979,39,462</b>	<b>979,39,462</b>
5	Rubber Board Subsidy			
	Opening Balance		11,931,049	11,931,049
	<u>Add</u> : Additions during the year		230,000	-
	<u>Less</u> : Deletions during the year		5,831,438	43,601
	<b>Closing Balance</b>		<b>6,329,611</b>	<b>11,931,049</b>



**RESERVE AND SURPLUS****NOTE - 02**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>II</b>	<b>CONTINGENCY RESERVE</b>	2.1		
	Opening Balance		146,007,601	146,007,601
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year	2.2	-	-
	<b>Closing Balance</b>		<b>146,007,601</b>	<b>146,007,601</b>
<b>III</b>	<b>INTEREST SUBSIDY RECEIVED</b>			
	Opening Balance		1,330,928	13,30,928
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year		1,108,878	-
	<b>Closing Balance</b>		<b>222,050</b>	<b>13,30,928</b>
<b>IV</b>	<b>RUBBER REHABILITATION RESERVE</b>			
	Opening Balance		110,436,697	99,044,102
	<u>Add</u> : Additions during the year		15,307,993	13,331,135
	<u>Less</u> : Deletions during the year	2.3	1,954,208	1,938,540
	<b>Closing Balance</b>		<b>123,790,482</b>	<b>110,436,697</b>
<b>V</b>	<b>TEA REHABILITATION RESERVE</b>			
	Opening Balance		6,365,000	6,107,000
	<u>Add</u> : Additions during the year		-	2,58,000
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>6,365,000</b>	<b>6,365,000</b>
<b>VI</b>	<b>TAMARIND REHABILITATION RESERVE</b>			
	Opening Balance		322,992	287,104
	<u>Add</u> : Additions during the year		35,888	35,888
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>358,880</b>	<b>322,992</b>

**RESERVE AND SURPLUS****NOTE - 02**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>VII</b>	<b>BAMBOO REHABILITATION RESERVE</b>			
	Opening Balance		6,864,614	6,254,093
	<u>Add</u> : Additions during the year		610,515	610,521
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>7,475,129</b>	<b>6,864,614</b>
<b>VIII</b>	<b>TEAK REHABILITATION RESERVE</b>			
	Opening Balance		3,422,684	2,881,882
	<u>Add</u> : Additions during the year		540,802	5,40,802
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>3,963,486</b>	<b>3,422,684</b>
<b>IX</b>	<b>GENERAL RESERVE</b>			
	Opening Balance		63,996,426	63,996,426
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>63,996,426</b>	<b>63,996,426</b>
<b>X</b>	<b>SURPLUS BALANCE - PROFIT &amp; LOSS</b>			
	Balance as per last Financial Statement	2.4	1,478,266,299.00	865,043,127.00
	Profit for the Year		540,526,130.00	613,223,172.00
	<u>Less</u> : <b>Appropriations</b>			
	Final Dividend for the previous year		109,300,000.00	-
	Tax on Equity dividend		18,575,535.00	-
	Depreciation & Amortisation Expense on change in the Depreciation method		1,992,309.45	-
	Dividend Distribution Tax			-
	<b>Total Appropriations</b>		<b>129,867,844.00</b>	-
	<b>Net Surplus in the statement of Profit &amp; Loss</b>		<b>1,888,924,585.00</b>	<b>1,478,266,299.00</b>
	<b>Grand Total</b>		<b>2,350,565,212.00</b>	<b>1,936,219,342.00</b>

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 217.99 ha (Previous year 208.22 ha) of Old Rubber Plantations have been clearfelled during the year 2014-15 for the purpose of Rubber Plantations. An amount of ₹ 19,54,208/- (Previous year ₹ 19,38,540/-) being the value of such plantations have been adjusted towards Rubber Rehabilitation Reserve, since these plantations have been fully depreciated.

**OTHER LONG TERMS LIABILITIES****NOTE - 03**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1.	Dues to Government of Karnataka - FDT		-	-
2.	Lease rental payable (Eucalyptus) - GoK.	3.1	10,278,576	10,278,576
3.	Advance from GoK for JBIC Scheme		38,000	38,000
4.	Security Deposits		221,322	202,854
5.	Liabilities towards Capital Supplies		576,058	3,594,870
6.	Other Advances		1,317,518	1,317,518
7.	Other Payables		77,868	77,868
	<b>TOTAL</b>		<b>12,509,342</b>	<b>15,509,686</b>

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 ₹ 432.76 lakh upto 31.03.2015 (Previous Year ₹ 415.29 lakh) has not been provided for .

**TRADE PAYABLES****NOTE - 04**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
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		3,681,599	2,553,011
	<b>TOTAL</b>		<b>3,681,599</b>	<b>2,553,011</b>

**OTHER CURRENT LIABILITIES****NOTE - 05**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
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	144,176,211	159,988,483
	2. Advances from Customers		6,855,292	20,294,983
	3. Statutory Liabilities		17,028,619	12,426,551
	4. Other Current Liabilities		97,779,113	79,516,868
	5. Liabilities towards Capital Supplies		-	23,269
	6. Dues to Government of Karnataka - FDT		46,371,796	32,800,841
<b>TOTAL</b>			<b>312,211,031</b>	<b>305,050,995</b>

5.1 Employee benefits payable includes ₹ 9,94,67,409/- (Previous Year ₹10,41,22,026/-) towards provision for Leave Encashment benefit to the Corporation staff as per Accounting Policy No. 9 (c).

5.2 The Employee benefits payable includes a Provision for Gratuity ₹91,37,529/- (Previous Year ₹58,52,411/-) 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 2015 ₹	As at 31st March 2014 ₹
1	Provisions for Income Tax		24,224,849	92,039,954
<b>TOTAL</b>			<b>24,224,849</b>	<b>92,039,954</b>

# FIXED ASSETS TANGIBLE ASSETS

## NOTE - 07

GROSS BLOCK										DEPRECIATION					NET BLOCK	
Sl. No.	Particulars	As on 01/04/2014	Additions During 2014-2015	Deletion / Tr. During 2014-2015	Reclassification During 2014-2015	Total as on 31/03/2015	As on 01/04/2014	For 2014-2015	Deletion / Tr. for 2014-2015	Reclassification During 2014-2015	Depreciation charged to reserves	Total as on 31/03/2015	As on 31/03/2015	As on 31/03/2014		
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹		
1	Land	3,11,853	-	-	-	311,853	-	-	-	-	-	-	3,11,853	311,853		
2	Rubber Plantations	337,540,038	49,421,444	1,954,208	-	385,007,273	-	-	-	-	-	-	385,007,273	337,540,038		
3	Tea Plantations	69,83,000	-	-	-	6,983,000	-	-	-	-	-	-	6,983,000	6,983,000		
4	Tamarind Plantations	1,794,400	-	-	-	1,794,400	-	-	-	-	-	-	1,794,400	1,794,400		
5	Bamboo Plantations	18,639,554	-	352,144	-	18,287,410	-	-	-	-	-	-	18,287,410	18,639,554		
6	Teak Plantations	324,44,463	-	-	-	32,444,463	-	-	-	-	-	-	32,444,463	32,444,463		
7	Buildings	128,552,311	1,513,831	-	-	130,066,142	103,513,048	512,319	-	-	-	104,025,367	26,040,775	25,039,263		
8	Roads	6,619,794	177,716	-	-	6,797,510	5,383,401	265,586	-	-	755,526	6,404,513	392,997	1,236,392		
9	Temporary Sheds	623,248	117,134	-	-	740,382	623,247	37,469	-	-	-	660,716	79,666	1		
10	Borewells	3,713,963	470,352	-	-	4,184,315	2,962,995	326,306	-	-	259,405	3,548,706	635,609	750,968		
11	Pumpsets, Pipes & Fittings	6,024,504	320,814	-	-	6,345,318	4,850,196	157,015	-	-	-	5,007,211	1,338,107	1,174,308		
12	Vehicles	27,484,143	6,242,075	-	-	33,726,218	22,522,539	1,479,664	-	-	-	24,002,203	9,724,014	4,961,604		
13	Bulldozers	20,885,695	2,164,137	-	-	23,049,832	20,885,685	29,231	-	-	-	20,914,916	2,134,916	10		
14	Prime Movers	788,135	-	-	-	788,135	788,134	-	-	-	-	788,134	1	1		
15	Plant and Machinery	34,935,379	-	2,034,055	-	32,901,324	23,108,406	1,117,721	2,034,053	-	-	22,192,073	10,709,251	11,826,974		
16	Weighing Scales	3,345,163	119,008	6,350	-	3,457,821	3,121,576	27,113	6,104	-	-	3,142,585	315,237	223,588		
17	Laboratory Equipments	1,205,403	-	-	-	1,205,403	754,257	34,990	-	-	-	789,248	416,156	451,146		
18	Electrical Equipments & Fittings	9,583,167	219,538	18,000	-	9,784,705	7,635,123	336,763	8,676	-	-	7,963,210	18,21,495	1,948,044		

**NOTE - 07**

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK				
		As on 01/04/2014	Additions During 2014-2015	Deletion / Tr. During 2014-2015		Reclassification During 2014-2015	Total as on 31/03/2015	As on 01/04/2014	For 2014-2015	Deletion / Tr. for 2014-2015	Reclassification During 2014-2015	Depreciation charged to reserves	Total as on 31/03/2015	As on 31/03/2015	As on 31/03/2014
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹			
19	Hospital Equipments	225,059	—	—	(24,870)	200,189	172,726	3,443	—	(11,218)	—	—	164,952	35,237	52,332
20	Fire Fighting Equipments	48,026	—	—	(48,026)	—	32,186	—	—	(32,186)	—	—	—	—	15,840
21	Gas Cylinders	648,138	—	—	—	648,138	647,935	—	—	—	—	—	647,935	202	202
22	Power Tiller	88,934	—	—	—	88,934	88,932	—	—	—	—	—	88,932	2	2
23	Guns	11,000	—	—	—	11,000	10,989	—	—	—	—	—	10,989	11	11
24	Dish Antena	31,475	—	—	—	31,475	31,473	—	—	—	—	—	31,473	2	2
25	Power Sprayers (Tea)	23,813	—	—	—	23,813	23,812	—	—	—	—	—	23,812	1	1
26	Furniture and Fixtures	4,545,244	326,398	—	—	4,871,642	2,605,305	285,679	—	—	—	89,406	2,980,390	1,891,253	1,939,940
27	Computers	5,455,742	1,086,769	—	—	6,542,511	3,614,179	1,330,316	—	—	—	368,238	5,312,733	1,229,778	1,841,563
28	Office Equipments	3,705,564	174,291	2,750	72,896	3,950,001	2,401,057	428,926	862	43,404	519,735	3,392,260	557,741	1,304,507	
	Grand Total	656,257,209	62,353,507	4,367,507	—	714,243,208	205,777,203	6,372,541	2,049,695	—	—	1,992,309	212,092,357	502,150,851	450,480,007
	Previous Year Total	601,674,275	57,399,929	2,816,996	—	656,257,209	196,785,459	9,784,878	793,135	—	—	—	205,777,202	450,480,007	404,888,816

**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.

**2. Rubber Plantation :** 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 (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 217.99 ha (208.22 ha) of old Rubber Plantations have been clearfelled during the year 2014-15 for the purpose of Rubber Plantations. An amount of ` 19,54,208/- (Previous Year ` 19,38,540/-) being the value of such plantations have been adjusted towards Rubber Rehabilitation Reserve, since these plantations have been fully depreciated.

**3. Buildings :** No accounting adjustments are made in the books of accounts towards transfer of ownership of office complex to KSFC pending final agreement and settlement of (Sl. No. 7 of above) bills and registration charges.



**CAPITAL WORK IN PROGRESS****NOTE - 08**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Rubber Replanting Project		300,926,057	279,388,906
2	Provision for failed plantation (Girishruna Project - 1996- 39.90 ha.)		1,284,129	1,284,129
3	Tamarind Plantation Project (1996 & 1997 - 409 ha. net)		404,933	1,340,413
4	Hebbevu Plantations 2012		681,598	558,434
5	Cost of failed plantation - 1998 Plantation - 1 Ha		23,724	23,724
6	Cost of failed plantation - Bosewellia Serratta- 1999/50 ha		115,954	115,954
7	Acacia Plantations (2007 to 2014 - 2345.69) (2007 to 2013 - 2349.49 ha. previous year)		57,784,822	62,193,136
8	Pulpwood Plantation 1994-97 (UFP)		13,464,126	13,156,914
9	Pulpwood Plantation 1994-97 (STP)		7,872,942	7,813,998
10	Pulpwood Plantation 1996 to 2001		27,057,937	27,987,132
11	2003 Clonal Plantation A.M. Palli 5 Ha (5.00 ha)		462,805	453,485
12	2003 Clonal Plantation ITC Bhadrachalam 1 Ha (1.00 ha)		30,564	30,564
13	Pulpwood Plantation 1986		-	-
14	Pulpwood Plantation 2004 to 2014		261,460,299	216,557,565
15	CMA Nursery - 2013		167,846	135,936
16	Advance & Nursery Euc Pulpwood Plantation - 2015		12,814,251	-
17	Salgaon Nursery (Fencing Works)		289,660	272,015
18	2014 Red Sandala Plantation, Hebbevu Nursery & Plantation, Raising of CMA Plantation, Honge Nursery and Planting CPT.		832,702	-
19	Maintenance of Mohishet Nursery		250,300	-
20	Compost making for use in plantation		98,100	-
21	Buildings : Eucalyptus and Rubber Division		617,888	460,085
22	Wells & Borewells		-	406,344
	<b>TOTAL</b>		<b>686,640,637</b>	<b>612,178,734</b>
12	<b>Less:</b> Provisions made			
	a) Girishruna pulpwood pltn.1996		1,284,129	1,284,129
	b) Pulpwood plantations 1998		23,724	23,724
	c) Rubber Replanting Project		1,555,600	1,555,600
	d) Bosewellia Seretta-1999		115,954	115,954
	<b>GRAND TOTAL</b>		<b>683,661,230</b>	<b>609,199,327</b>

**Note:**

The Company has reclassified the capital expenditure from Inventories to Capital Work in Progress for the plantations which are not ready for harvesting as on 31/3/2015. The Capital expenditure in Capital Work in Progress will be allocated to Inventories and cost of sales based on area/yield as estimated in the projects concerned depending on the 1st, 2nd and 3rd harvest.

**NON-CURRENT INVESTMENTS****NOTE - 09**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	M/s. Karnataka Pulpwood Limited. (KPL)		2,549,912	2,549,912
	<b>TOTAL</b>		2,549,912	2,549,912

Note: Reclassified the Investment of ₹ 25,49,912/- made in M/s. Karnataka Pulpwood Limited by purchasing Equity Shares from M/s. Grasim Industries Limited from Long Term Loans & Advances to Non-Current Investments.

**LONG TERM LOANS AND ADVANCES****NOTE - 10**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>A</b>	<b>SECURED &amp; CONSIDERED GOOD</b>			
1	House Building Advance to Staff		825,910	722,752
2	Vehicle Advance to Staff		139,503	74,478
3	Income Tax Refund AY 2013-14		-	122,570
	<b>TOTAL - A</b>		<b>965,413</b>	<b>9,19,800</b>
<b>B</b>	<b>UNSECURED &amp; CONSIDERED GOOD</b>			
1	Loan to Karnataka Cashew Development Corporation Ltd.		3,882,391	5,300,246
	<b>TOTAL - B</b>		<b>3,882,391</b>	5,300,246
<b>C</b>	<b>IN ADVANCE RECOVERABLE IN CASH OR IN KIND CONSIDERED GOOD FOR WHICH THE COMPANY HOLDS NO SECURITY OTHER THAN THE PERSONAL SECURITY</b>			
1	Deposit with Government and Other Departments		8,840,966	6,122,069
2	Employees Security Deposit		221,322	202,854
3	Court Fee Stamps Receivable		112,176	112,176
4	TDS Receivable		6,314,250	1,634,830
5	Mat Credit Entitlement A.Y. 2014-15		1,425,985	-
6	Amount Receivable from GoK as per Note 10A		18,088,000	17,206,496
7	Advance Income Tax Paid		50,705,161	120,027,130
8	Other Advances		245,013	7,245,958
9	Workmen's Compensation Deposit		501,773	5,01,773
	<b>TOTAL - C</b>		<b>86,454,646</b>	<b>153,053,286</b>
1	<b>Less:</b> Provision for bad & doubtful Debts on Court Fees Receivable (C3 above)		112,176	1,12,176
2	<b>Less:</b> Provision for GoK (Teak) (C5 above)		4,199,230	41,99,230
	<b>TOTAL - D</b>		<b>4,311,406</b>	43,11,406
<b>GRAND TOTAL (A+B+C-D)</b>			<b>86,991,044</b>	<b>154,961,926</b>

**RECEIVABLE FROM GOVERNMENT OF KARNATAKA****NOTE - 10 A**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Government of Karnataka (Forest Department)			
	a) Eucalyptus		866,239	866,239
	b) Teak		4,199,230	4,199,230
	c) PCCF (Wild Life Wing - areas)	10A.1	8,137,367	8,137,367
	d) Tamarind Plantation project (1996-1997)	10A.2	935,480	-
2	Leave Salary Recoverable		2,708,495	2,508,884
3	Income Tax Recoverable			253,586
4	Silvipastural Project		141,519	141,519
5	Director of Health & Family Welfare Scheme		107,103	107,103
6	Chief Engineer Communication & Buildings, B'lore.		2,253	2,253
7	Euc. Seedlings and Power tillers		766,524	766,524
8	Interest receivable from Govt. of Karnataka		223,792	223,792
<b>TOTAL</b>			<b>18,088,002</b>	<b>17,206,497</b>

**10A.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. The efforts will be made to avail compensation from the government for the area transferred.

**10A.2** The above represents the cost of the Tamarind plantations raised by the KFDC during the 1996-97 in Byrasandra of Bangalore division. During the year 2013-14, KFDC handed over the area 118.50ha of Byrasandra plantations along with 5000 standing tamarind trees to the forest department as per the orders of GOK and no revenue is being generated/accounted from these plantations since 2013-14. As the plantations along with area were handed over to forest department hence, the cost of the plantations has to be recovered.(Rs.9,35,480/-). Correspondence with the government will be made to recover the amount.

**INVENTORIES****NOTE - 11**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>A</b>	<b>FINISHED GOODS:</b>			
1	Plantations (at cost) *			
	a) Casurina		13,696	13,696
	b) Teak Plants		11,865	11,865
	c) Bamboo		5,525	5,525
	d) Vanilla		6,076	6,076
	e) Pepper		70,937	70,937
	f) Rubber (60 beds)		51,627	51,627
2	<b>NURSERIES AND PLANTATIONS:</b>			
	a) Stock of Euc.Pulpwood 1999 (at cost price)		2,404,722	-
	b) Stock of Acacia & Ecu.wood 2006 (at cost price)		5,821,978	-
	c) Stock of Euc. Pulpwood 2007 (at cost price)		6,377,789	-
	d) Stock of Acacia wood 2007 (at cost price)		11,960,860	-
3	Stock of Rubber (Finished) (net realisable value)		54,934,748	58,724,747
4	Stock of Rubber skim lump (Finished) (net realisable value)		176,552	282,771
5	Stock of Acacia / Euc. wood (at cost price)		817,579	817,579
	<b>TOTAL (A)</b>		<b>82,653,954</b>	<b>59,984,824</b>
<b>B</b>	<b>STORES AND SPARES:</b>			
1	Stores and spares (at cost)		9,744,344	6,194,291
	<b>TOTAL (B)</b>		<b>9,744,344</b>	<b>6,194,291</b>
<b>C</b>	<b>OTHERS:</b>			
1	RCC pillars & name boards to plantations (at cost)	11.1	662,715	662,715
2	Permit books (at cost)		2,641	4,321
	<b>TOTAL (C)</b>		<b>665,356</b>	<b>667,036</b>
	<b>Less : Provisions for item No. 1 (e) Pepper 70937.03/- and 1(f) Rubber (60 Beds) ` 51,626.78, RCC Pillars Rs.6,62,715/-</b>		785,279	122,564
	<b>TOTAL</b>		<b>92,278,375</b>	<b>66,723,587</b>

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

**11.1** Provision has been made for an amount of Rs.6,62,715 relating to RCC Pillers & Name boards to plantation, lying since 1994-95 of Dharwad division. However to ascertain the actual facts an order has been issued to obtain the particulars of Procurement & Utilisation of above mention assets and final effect will be given in the financial statement of the financial year 2015-16.

**TRADE RECEIVABLES****NOTE - 12**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
(a)	<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
	- Secured, considered good		-	-
	- Unsecured, considered good		271,169	585,216
	- Unsecured, considered doubtful		476,240	-
(a)	<b>Outstanding for a period not exceeding six months from the date they are due for payment</b>			
	- Secured, considered good		-	-
	- Unsecured, considered good		82,110,832	125,643,804
	- Unsecured, considered doubtful		-	-
	<b>TOTAL</b>		<b>82,858,241</b>	<b>126,229,020</b>
	<b>Less:</b> Provision for bad and doubtful debts		503,498	287,097
	<b>GRAND TOTAL</b>		<b>82,354,743</b>	<b>125,941,923</b>

- 12.1** The provision for bad and doubtful debt of Rs.2,16,401 (Unsecured, Considered as doubtful) being the rent of Bulldozers which given on hire basis by kolar division to forest department during 1998-99. now it is accounted under the head Provision for Dozer charges recoverable (Note-21) However Correspondence with the Government will be made to recover the amount. and final effect will be given in financial statement for the year 2015-16.
- 12.1** The provision has been made for Rs. 94,621.85/- as bad and doubtful/debt (Unsecured, Considered as good) being the , KS & DL ( Debtors) of Rs 16632.45/- Manikantha Oil Extractors of Rs.36449.40/- & Nirmal Essential Oil MFR, Hassan of Rs.41540/- by Head office
- 12.1** The provision has been made for Rs. 192,474.65/- as bad and doubtful/debt (Unsecured, Considered as doubtful) by Shimoga Division.

**CASH AND CASH EQUIVALENTS****NOTE - 13**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	<b>Balance with Scheduled Banks</b> In Current Accounts / SPSB Accounts		83,517,224	124,842,502
2	<b>Other Bank Balances</b> In Term Deposit Accounts			
	- Less than 3 Months		3,028,456	1,449,989
	- More than 3 Months & Less than 12 Months		1,229,232,112	868,584,733
	- More than 12 Months		1,320,656	14,995,729
3	<b>Cash on hand</b> - Inter-unit funds transfer Balances		23,040	2,156,740
	<b>Other Cash Equivalents</b> - Stamps on hand		2,747	3,509
4	<b>TOTAL</b>		<b>1,317,124,235</b>	<b>1,012,033,202</b>

**SHORT TERM LOANS AND ADVANCES****NOTE - 14**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
A	<b>UNSECURED &amp; CONSIDERED GOOD</b>		-	-
B	<b>ADVANCES RECOVERABLE IN CASH OR IN KIND CONSIDERED GOOD FOR WHICH THE COMPANY HOLDS NO SECURITY OTHER THAN THE PERSONAL SECURITY</b>			
1	Advances to Staff		5,031,844	4,761,791
2	Other Advances		392,380	447,525
3	Advances to Suppliers		69,984	64,700
4	Advances to Contractors		-	1,220,000
	<b>TOTAL</b>		<b>5,494,208</b>	<b>6,494,015</b>

**OTHER CURRENT ASSETS****NOTE - 15**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Interest Receivable on Fixed Deposits		11,964,995	898,170
2	Rent and Other Charges Receivable		4,050,184	3,854,819
3	Royalty and Building Rent from M/s. Campco Ltd., Mangalore		1,456,967	1,456,967
4	Prepaid Expenses		711,423	808,527
5	Balances with Divisions		6,448,024	10,220,203
6	Other Receivables M/s. Campco Ltd., Mangalore		552,807	347,370
	<b>TOTAL</b>			
	<u>Less</u> Provision for bad & doubtful Debts (Royalty and Building Rent from M/s.Campco Ltd., Mangalore No.6 above)		<b>25,184,400</b>	<b>17,586,056</b>
			1,456,967	1,456,967
	<b>GRAND TOTAL</b>		<b>23,727,433</b>	<b>16,129,089</b>

**REVENUE FROM OPERATIONS****NOTE - 16**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Sales of Rubber	16.1	279,442,609	383,245,881
2	Sales of Eucalyptus Wood		848,054,702	754,103,166
3	Sale of Fire Wood and Timber		6,833,657	2,435,145
4	Sale of Eucalyptus Poles / Stumps & Others		1,512,330	3,000,343
5	Sale of Bamboo		3,434,000	2,951,900
6	Sale of Tamarind		1,351,840	296,150
7	Sale of Bannana Sticks		30,000	-
8	Sale of Miscellaneous Agri. Products		2,156,755	689,265
9	Sale of Rubber Trees		72,284,456	63,843,494
	<b>TOTAL</b>		<b>1,215,100,349</b>	<b>1,210,565,344</b>



16 Quantitative information regarding opening stock of sales and closing stock for the year ended 31.03.2015 is furnished in the statement annexed.

16.1 The sale of rubber for the year 2014-2015 includes Sale of Rubber Rs. 3.34 lakhs (Previous Year Rs. 25.34 lakhs) being goods sold but not lifted by the parties.

## OTHER INCOME

### NOTE - 17

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2016 ₹
<b>A</b>	<b>INTEREST INCOME</b>			
1	Interest on Fixed Deposit		102,694,045	67,502,384
2	Interest on House Building and Vehicle Loan		847,158	148,428
3	Interest from KCDC		424,020	392,611
4	Interest on Delayed Receipts from Contractors		543,530	902,565
<b>B</b>	<b>RENTAL INCOME</b>			
1	Buidling Rent (Office Complex)		6,753,371	6,702,815
2	House Rent (Employees)		768,174	700,485
3	Ground Rent		74,693	56,328
<b>C</b>	<b>OTHER NON OPERATING INCOME:</b>			
1	Subsidy amortised		11,083,405	43,601
2	Compensation- Honge-1997 Plantation III Cut Yeild Cost		761,404	-
3	Provision no longer required		8,399,003	11,450,466
4	Miscellaneous Income		2,650,325	6,388,405
<b>D</b>	<b>PROFIT OR LOSS ON SALE OF FIXED ASSETS</b>			
1	Profit/ Loss on Sale of Fixed Assets		262,489	221,939
	<b>TOTAL</b>		<b>135,261,617</b>	<b>94,510,026</b>

**OPERATING EXPENSES****NOTE - 18**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>A</b>	<b>COST OF RUBBER SALES</b>			
<b>I</b>	<b>Rubber Production Expenses</b>			
1	Plantations Maintenance & latex collection charges		34,429,813	32,915,870
2	Plantations road maintenance charges		230,065	300,284
3	Welfare Expenses		5,953,069	5,085,406
4	Freight and Transportation		-	1,000
5	Tools and Implements		233,898	143,185
	<b>TOTAL - I</b>		<b>40,846,845</b>	<b>38,445,745</b>
<b>II</b>	<b>Rubber Processing Expenses:</b>			
1	Rubber Processing Expenses		5,003,563	5,168,077
2	Factory repairs and maintenance		2,438,843	3,284,616
3	Container (Barrels)		11,827,201	11,129,382
4	Power Charges		2,347,310	2,009,282
5	Machinery Maintenance		1,769,205	1,830,637
	<b>TOTAL - II</b>		<b>23,386,122</b>	<b>23,421,994</b>
	<b>TOTAL - A ( I + II)</b>		<b>64,232,967</b>	<b>61,867,739</b>
<b>B</b>	<b>COST OF PULPWOOD SALES</b>			
1	Cost of Production of Eucalyptus / Acacia Wood sold		15,361,486	133,443
2	Extraction, Transportation and other Charges		206,539,391	149,418,569
	<b>TOTAL - B</b>		<b>221,900,877</b>	<b>149,552,012</b>
<b>C</b>	<b>COST OF BAMBOO</b>			
1	Bamboo tending and extraction cost		553,862	360,504
	<b>TOTAL - C</b>		<b>553,862</b>	<b>360,504</b>
	<b>Less : Allocated to Nurseries and Plantations</b>		1,101,009	-
	<b>GRAND TOTAL (A + B + C)</b>		<b>285,586,697</b>	<b>211,780,255</b>

18 B1 During financial year 2013-14 accounting method for cost of plantation related to Eucalyptus and Acacia has been changed based on the cost compliance report by transferring the inventory in the proportion of area extracted during the year out of the total area proposed for extraction. Before 2013-14, the matching concept of cost of sales was not followed and the cost of plantation being transferred to cost of sales irrespective of the year of extraction and area extracted. The cost of plantation for the financial year 2013-14 was transferred to cost of sales during financial year 2012-13. Hence, cost of sales was not provided during financial year 2013-14.

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

### NOTE - 19

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
A	<b>CLOSING STOCK (AS ON 31.03.2015)</b>			
1	Stock of Eucalyptus wood / Acacia Wood (at cost price)		-	-
2	Stock of Rubber (Net realisable value)		55,111,300	59,007,518
3	Stock of Eucalyptus Oil (Net realisable value)		-	-
4	Stock of Acacia / Teak poles / Timber (Net realisable value).		817,579	817,579
	<b>TOTAL - A</b>		<b>55,928,879</b>	<b>59,825,097</b>
B	<b>OPENING STOCK (AS ON 01.04.2014)</b>			
1	Stock of Eucalyptus wood / Acacia wood (At cost price)		817,579	24,914,232
2	Stock of Rubber (Net realisable value)		59,007,518	70,090,817
3	Stock of Eucalyptus Oil (Net realisable value)		-	-
4	Stock of Teak poles / Timber (Net realisable value).		-	-
	<b>TOTAL - B</b>		<b>59,825,097</b>	<b>95,005,049</b>
<b>CHANGES IN INVENTORIES (B-A)</b>			<b>3,896,218</b>	<b>35,179,952</b>

**EMPLOYEE BENEFITS EXPENSES****NOTE - 20**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
I	<b>ESTABLISHMENT EXPENSES:</b>			
1	Salary, Wages & Bonus		348,804,782	345,286,818
2	Remuneration to Managing Directors		2,060,529	2,269,640
3	<b>Contributions to:</b>			
	a) Pension & Leave Salary		2,055,217	2,191,175
	b) Leave Travel & Home Travel Concession		274,057	66,120
	c) Labour Welfare Expenses		19,428	14,874
	d) Provident Fund		25,695,334	20,701,489
	e) Employee Provident Fund- Administrative Charges		2,509,212	2,066,317
	<b>f) Group Gratuity Trust Fund</b>			
	(i) Group Gratuity Trust Fund (Employees)		3,955,194	3,971,638
	(ii) Exgratia to Daily Wage Employees		180,291	
	g) Group Gratuity Trust Fund (Workers)		4,977,960	1,860,613
	h) Employee State Insurance		57,116	113,336
4	Contribution to May Day Committee		42,000	42,000
5	Staff Welfare Expenses		2,011,364	1,898,406
6	Reimbursement of Medical Expenses		353,953	80,862
7	Hospital Maintenance		974,635	894,696
8	Cremation charges		15,000	10,000
	<b>TOTAL</b>		<b>393,986,072</b>	<b>381,467,984</b>
	<b>Less:</b> Allocated to Nurseries and Plantations		14,766,667	16,175,534
<b>GRAND TOTAL</b>			<b>379,219,405</b>	<b>365,292,450</b>

**OTHER EXPENSES****NOTE - 21**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Sub Note</b>	<b>As at 31st March 2015 ₹</b>	<b>As at 31st March 2014 ₹</b>
1	Advertisement and Publicity		1,266,503	646,152
2	Audit Fees:			
	a) Cost Audit		120,000	-
	b) Internal Audit		240,000	213,005
	c) Statutory Audit		94,500	96,112
	d) Tax audit		35,000	35,000
3	Bank Charges and Evaluation Fees		60,848	49,713
4	Board & Annual General Meeting expenses		78,321	165,858
5	Books and periodicals		209,458	167,745
6	Business Promotion Expenses		514,000	-
7	Chief Minister's Relief Fund		-	-
8	Donations		200,000	379,449
9	Filing Fees		184,641	24,987
10	Fire Line & Fire Tracing Works		-	-
11	Honorarium:			
	a) Chairman		37,200	80,226
	b) Vice-Chairman		37,200	-
12	Hospitality Expenses		382,434	164,101
13	Insurance		588,162	666,317
14	Labour Colonies Planting Expenses		377,414	-
15	Lease Rent		36,472,751	48,054,837
16	Legal & Professional Charges		1,006,733	877,444
17	Loss on sale of fixed assets		-	1,009
18	Man Power Outsourcing Charges		7,430,352	-
19	Meeting Expenses		107,479	41,209
20	Plantation maintenance (Pulpwood, Tamarind & Others)		3,185,195	1,329,193

**OTHER EXPENSES****NOTE - 21**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Sub Note</b>	<b>As at 31st March 2015 ₹</b>	<b>As at 31st March 2014 ₹</b>
21	Postage, Telegram and Telephone		1,090,191	980,249
22	Power, Fuel & Water Charges		1,445,118	731,225
23	Printing and stationery		851,118	929,320
24	Rent, Rates and Taxes		6,567,033	957,810
25	Repairs & maintenance:			
	a) Buildings and wells		8,092,077	15,137,399
	b) Earth Moving Equipments & Pumpsets		2,568,659	5,291,965
	c) others		12,352,801	12,074,343
26	Sample plot expenses		907,800	454,450
27	Sitting Fees to Directors		12,500	11,000
28	Travelling and Conveyance Expenses		3,740,278	2,649,997
29	Watch & Ward		465,310	6,037,151
30	Expenses / Assets Written Off		2,897,408	-
31	Miscellaneous Expenses		117,062	44,108
32	Corporate Social Responsibility Expenses		13,264,693	-
33	<b>Provision for</b>			
	a) Dozer Charges Recoverable - considered doubtful		216,401	
	b) RCC pillars & name boards to plantations (at cost)		662,715	
	<b>TOTAL - A</b>		<b>107,879,355</b>	<b>98,291,374</b>
	<u>Less: Allocated to Nurseries and Plantations</u>			
	i) Lease Rent		603,790	1,315,986
	ii) Other Expenses		11,422,638	5,351,986
	<b>TOTAL - B</b>		<b>12,026,428</b>	<b>6,667,972</b>
	<b>GRAND TOTAL (A - B)</b>		<b>95,852,927</b>	<b>91,623,402</b>

**DEPRECIATION AND AMORTIZATION EXPENSES****NOTE - 22**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
	<b>DEPRECIATION:</b>			
1	Depreciation on Fixed Assets		6,372,542	9,784,878
	<b>AMORTIZATION:</b>			
2	Rubber Rehabilitation Reserve		15,307,993	13,331,135
3	Tea Rehabilitation Reserve		-	258,000
4	Tamarind Rehabilitation Reserve		35,888	35,888
5	Bamboo Rehabilitation Reserve		610,515	610,521
6	Teak Rehabilitation Reserve		540,802	540,802
	<b>TOTAL</b>		<b>22,867,740</b>	<b>24,561,224</b>
	<b>Less : Allocated to Nurseries &amp; Plantations</b>			
	i) Depreciation		79,955	183,246
	<b>TOTAL</b>		<b>22,787,785</b>	<b>24,377,978</b>

**EXCEPTIONAL ITEMS****NOTE - 23**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>I</b>	<b>PRIOR PERIOD ITEMS:</b>			
<b>A</b>	<b>PREVIOUS YEAR EXPENSES:</b>			
1	Cultivation, Administration and Other Expenses		42,658	84,875
2	Plantation Expenditure - 1996 & 97		32,044	6,985
3	Lease Rent			(58,259,667)
	<b>TOTAL - A</b>		<b>74,702</b>	<b>(58,167,807)</b>
<b>B</b>	<b>LESS : PREVIOUS YEAR INCOME</b>			
1	Cultivation, Administration and Other Expenses		-	960
	<b>TOTAL - B</b>		<b>-</b>	<b>960</b>
	<b>TOTAL</b>		<b>74,702</b>	<b>(58,168,767)</b>



**CONTINGENT LIABILITIES****NOTE - 24**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Interest on ways and means loan on Rubber Plantations claimed by Govt. of Karnataka.		-	1,790,000
2	Irregular Transfer of Revenue (Euc) Claimed by Forest Department.		-	37,859,000
3	Claims against the Company not acknowledged as debts.		-	65,000
4	Claim from Regional Provident Fund Commissioner Mangalore.		959,154	959,154
5	Claims made by the employees related to various litigations.		57,446	57,446
<b>TOTAL</b>			<b>1,016,600</b>	<b>40,730,600</b>

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

## **NOTE No – 25**

### **SIGNIFICANT ACCOUNTING POLICIES AND OTHER DISCLOSURES FORMING PART OF BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING 31<sup>ST</sup> MARCH 2015**

#### **I. SIGNIFICANT ACCOUNTING POLICIES**

- a) The Company had adopted the mercantile system of accounting.
- b) Accounting Policies not specifically referred, are consistent with the generally accepted accounting practices except for depreciation and amortization as described in the accounting policy on depreciation and amortization and by the The Companies Act, 2013.

#### **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 (SLM) based on the life of the asset in accordance with the provisions of the Part C of the Schedule II of the Companies Act, 2013 in pursuant to the notification issued by the Ministry of Corporate Affairs effective 01 April. 2014.

- a) The details of the useful life of each category of the asset:

Asset	Useful Life in Years
Building	60
Factory Building	30
Roads- non carpeted	3
Plant & Machinery, Weighing Scale	15
Furniture & Fixture	10
Office Equipment	5
Vehicles	8
Hospital Equipment	15
Pumpsets & Pipes	10
Electrical Equipment & Fittings	10
Laboratory Equipment	15
Wells	5
Temporary Sheds	3
Computers	3
Earth Moving Equipment	9

- \* Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

## 5. RESERVES

- a) *Rubber Rehabilitation Reserve on rubber plantation is provided on the Rubber Plantations raised by the Corporation at the rate of 1/25th of the capital cost of the plantations.*
- b) *Tea rehabilitation reserve on tea plantation has been provided at the rate of 1/27th of the Capital cost of plantations incurred.*
- c) *Tamarind rehabilitation reserve on Tamarind plantation has been provided at the rate of 1/50th of the cost of Plantations incurred.*
- d) *Rehabilitation Reserve has been provided in respect of Medari bamboo at 1/32nd of the cost and in respect of Marihal bamboo at 1/30th of the Capital cost of plantations incurred.*
- c) *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 Eucalyptus / Acacia plantations are valued at cost.*
- c) *Stock of Rubber, Rubber Products, Poles, Bamboo and Eucalyptus Oil are valued at net realisable price.*
- c) *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**

- i. *Provident Fund has been contributed to the Regional Provident Fund Commissioner as per the Provident Fund Scheme.*
- ii. *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.*
- iii. *Leave encashment benefits to the employees is provided as per KCSR Rules.*
- vi. *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.A) 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, Cashew nut, 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.

- B) Consequent to supplementary Audit for the year 2014-15 of The C & AG u/s 143 (6) (b) of the Company's Act 2013, the Financial Statement of the Company has been revised and the impact are as follows :

Sl. No	Queries	Head of Account	Amount	Effect
1	AG PC 1	VAT Payable	275073	Reduce by Asset and Liability
2	AG PC 2	Tamarind Plantation	935480	Inter change No effect to P&L A/c
3	AG PC 3	Receivable from GOK relating to 1988-99	8137367	No effect to P&L A/c
4	AG PC 4	Loan to KCDC Interest	1294130	Decrease in the Profit
5	AG PC 5	Bambo Plantation	352144	Decrease in the Profit
6	AG PC 6	RCC at Pillers Dharwad	662715	Decrease in the Profit
7	AG PC 7	Trade Receivable Buldozer Hire charges (Kolar)	216401	Decrease in the Profit

**2) Area of Plantations:**

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

		Hectares
1	Eucalyptus, Pulpwood & other plantations	38211.11
2	KPL Pulpwood plantations	3546.95
3	Tea plantations	55.90
4	Rubber plantations *	4443.32
	<b>Total</b>	<b>46257.28</b>

- 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)
- 5) 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



**6) NURSERIES AND PLANTATION (EUCALYPTUS)**

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

Particulars	31.03.2015 ₹ in lakh	31.03.2014 ₹ in lakh
Opening Balance	335.63	65.21
Add: Additions during the year	128.14	270.42
<b>TOTAL</b>	<b>463.77</b>	<b>335.63</b>
Less : Withdrawals during the year	-	-
<b>TOTAL</b>	<b>463.77</b>	<b>335.63</b>

7)

During 2014-15, the Company has changed the invoice method towards sale of pulpwood. Invoice raised upto June 2014 includes material cost, Value added tax (VAT) and Forest development tax (FDT). Further, the separate invoice was raised for extraction & transportation cost, administrative cost and overhead charges. From June 2014 and onwards, the invoicing system has been changed to include material cost, extraction & transportation cost, administrative & overhead charges upto the sales point plus applicable taxes. The net impact on the Company will be VAT & FDT charged on the costs other than on the material cost included in the new invoicing method upto the sales point.

**8) AGRICULTURAL INCOME TAX**

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

**9) INCOME TAX**

- 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.
- 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.
- The Assessments under the Income Tax Act 1961 have been completed up to Assessment Year 2012-13.
- Disputed Liabilities:

- ❖ 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. The order has been partially allowed by the Commissioner of Income Tax and the Company has submitted the required details as requested by the Assessing Officer.
- ❖ 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. The order has been partially allowed by the Commissioner of Income Tax and the Company has submitted the required details as requested by the Assessing Officer.
- ❖ 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.
- ❖ 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. The order has been partially allowed by the Commissioner of Income Tax and the Company has submitted the required details as requested by the Assessing Officer.
- ❖ An assessment order under section 143(3) of Income Tax Act, 1961 was issued for the Assessment Year 2012-13 for ₹ 56,24,100/- by The Deputy Commissioner of Income Tax after considering the refund of ₹ 70,25,216/- made to the Company. However, the amount was not refunded to the Company. The Company is in process of claiming back the refund receivable with the interest and the appeal preferred before the Commissioner of Income Tax.
- ❖ 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 Appellate Tribunal, Bangalore after paying the 50% of the demand notice against the CIT (A) order. The order has been passed in favour of the Company setting aside the previous order. The Company is in the process of filing for the refund of ₹ 42,18,510/- paid towards the demand notice.

**10)** 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.

**11)** The information required under Revised Schedule III 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.

Sl. No.	Name of the related party	Relationship	Description	Balance as at March 31, 2015 (Payable / Receivable)	Balance as at March 31, 2014 (Payable / Receivable)
1	Karnataka Cashew Development Corporation Ltd.	Common Director	Unsecured loan given, net	38.82	53.00
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 Rs. 1,25,00,000/- has been written-off in the books of KFDC in Financial Year 2004-05.

**14) Segment Reporting:****SEGMENT REPORTING OF THE CORPORATION AS PER ACCOUNTING STANDARD -17**

Sl. No.	Particulars	Head Office	ED Shimoga ₹	ED Mangalore ₹	COCOA Division ₹	Total ₹
1	Segment Revenue					
(a)	External Sales / Revenue	1,130,37	8,706.78	3,666.47	-	13,503,62
(b)	Inter-Segment Sales	-	-	-	-	-
	<b>Total Revenue</b>	1,130,37	8,706.78	3,666.47	-	13,503,62
2	Total Revenue of each Segment as a percentage of total revenue of all	8.37	64.48	27.15	-	100.00
3	Segment Result	400.81	4,957.71	46.75	-	5,405,26
4	Segment Result as a percentage of total result.	7.42	91.72	0.86	-	100.00
5	Segment Assets	13,510.05	6,128.22	8,301.19	23.86	27,963.32
6	Segment asset as a percentage of total assets of all segments.	48.31	21.92	29.69	0.09	100.00

**15)** As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility („CSR?) committee has been formed by the Company. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on promoting the health and education especially of girl child/women. The expenses incurred towards CSR activities are charged to the statement of profit and loss and is disclosed under other expenses.

a) Gross amount required to be to be spent by the company during the year: Rs.67,48,279/-

b) Amount spent during the year on:

Sl No.	Particulars	In Cash	Yet to be paid in cash	Total
1	Construction/acquisition of any asset	1,155,113.00	1,449,280.00	2,604,393.00
2	On purposes other than (1) above	503,121.00	157,179.00	660,300.00

c) The Company has donated ` 1.00 Crore towards Chief Minister's Relief fund during 2014-15.

**16. Dividend Declaration**

The Company has declared dividend of ` 10.93 Crores during the year for the Financial Years 2007-08 to 2013-14 as against the Dividend declaration of Nil ( ` ) in the previous year.

**Signed pursuant to section 134(1) of the Companies Act, 2013  
for and on behalf of the Board**

Sd/-  
**( CHALAVADI T NARAYANASWAMY )**  
Chairman

Sd/-  
**( A K SINGH )**  
Managing Director

Sd/-  
**( A K SINGH )**  
I/C FM & Chief Accounts Officer

Sd/-  
**( V. LIKITHA )**  
Company Secretary

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

Place : Bangalore  
Date : 24.11.2015

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

## KARNATAKA FOREST DEVELOPMENT CORPORATION LTD

## QUANTITATIVE INFORMATION REGARDING OPENING STOCK, YIELD / PRODUCTION / SALES AND CLOSING STOCK FOR THE YEAR ENDED 31.03.2015

Sl. No.	Products	Opening Stock		Total	Sales Quantity	Closing Stock	
		Quantity	Add: Additions during the year Yield / Production			Quantity	Value ₹
I	<b>RUBBER</b>						
1	Cenex (in DRC Kgs)	184,610.4 (202,769)	1,714,106 (1,685,356)	1,898,716 (1,888,124)	1,691,990 (1,703,514)	206,726 (184,610)	25,151,712 (33,366,836)
2	Cenex (in DRC Kgs) ISNR & Other Rubber (in DRC Kgs)	283,186.30 (285,290)	711,912.1 (651,322)	995,098 (936,611)	564,475.40 (653,425)	430,623 (283,186)	28,945,419 (26,241,561)
3	Ammoniated Field Latex (in DRC Kgs)	12,820 (15,336)	(2,621.50) (2,515)	10,199 (12,820)	- -	10,198.80 (12,820)	101,468.67 (1,634,588)
II	<b>PLANTATIONS-STANDING CROPS</b>						
4	Eucalyptus / Acacia wood (in MTs)	(89,736)	150,330 (43,230)	150,330 (132,966)	150,330 (132,966)	-	-
5	Eucalyptus poles & Stumps / Timber	94 -	1,394,777 (98)	1,488,376 (98)	1,488,376 (5)	- (94)	- -
6	Eucalyptus Oil / leaves (in Kgs)	- -	9,500 (13,000)	9,500 (13,000)	9,500 (13,000)	- -	- -
7	Sale of Tomato Sticks	- -	149,707 -	149,707 -	149,707 -	- -	- -
8	Sale of Rubber Trees	- -	41,839 -	41,839 -	41,839 (44,644)	- -	- -
9	Sale of Fire Wood (Cum)	- -	7,695 (1,996)	7,695 (1,996)	7,695 (1,996)	- -	- -
10	Sale of Bamboo	- -	162,700 (170,200)	162,700 (170,200)	162,700 (170,200)	- -	- -
11	Sale of Tamarind	- -	39,025 (20,292)	39,025 (20,292)	39,025 (20,292)	- -	- -
	<b>TOTAL</b>						54,198,600 (61,242,986)
	<b>TOTAL</b>						

1) Figures in brackets pertain 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 129 (3) OF THE COMPANIES ACT, 2013  
RELATED TO SUBSIDIARY COMPANY

Name of the Subsidiary Company	Karnataka Pulpwood Limited
The Financial year of the Subsidiary Company ended on	31st March 2015
No. of shares in the Subsidiary held by the holding Company	1,25,000 equity shares of ` 100/- each held by KFDC Ltd., each fully paid-up, the total investment as on 31.03.2015 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 ending 31 <sup>st</sup> March 2015.	Nil
b) For previous financial years of the Subsidiary since it becomes subsidiary of KFDC Ltd.	Nil
1) Not dealt within the accounts of KFDC Ltd. Amount to	
a) For subsidiary financial year ending 31.03.2015	(₹ 2087.59 lakhs)
b) For previous financial years of the subsidiary since it becomes subsidiary of KFDC Ltd.	₹ 2,087.29 lakhs)

Signed pursuant to Section 134 (1) of the Companies Act, 2013  
for and on behalf of the Board

Sd/-  
( **CHALAVADI T NARAYANASWAMY** )  
Chairman

Sd/-  
( **A K SINGH** )  
Managing Director

Sd/-  
( **A K SINGH** )  
I/C FM & Chief Accounts Officer

Sd/-  
( **V. LIKITHA** )  
Company Secretary

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

Place : Bangalore  
Date : 24.11.2015

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



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2015.**

The preparation of consolidated financial statements of Karnataka Forest Development Corporation Limited, Bangalore for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25.11.2015

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of **Karnataka Forest Development Corporation Limited**, Bangalore for the year ended 31 March 2015. We did not conduct supplementary audit of the financial statements of **Karnataka Pulpwood Limited, Bangalore** (subsidiary company) for the year ended on that date. This supplementary audit of **Karnataka Forest Development Corporation Limited**, Bangalore 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 financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the **Note. 26(II).1(B)** of consolidated financial statements, I have no further comments to offer upon or supplement to the statutory auditors' report, under section 143(6)(b) read 1. with section 129(4) of the Act.

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

Sd/-  
**(BIJIT KUMAR MUKHERJEE)**  
**ACCOUNTANT GENERAL**  
**(ECONOMIC & REVENUE SECTOR AUDIT)**  
**KARNATAKA, BANGALORE**

Bangalore  
Date: 07.12.2015

**K.MUNUSAMI & Co**264, Kamaraj Road,Chartered Accountants  
Bangalore - 560042

Phone: 080-25577685

Mobile: 9008762076

Email: kmcobengaluru@gmail.com

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## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED.**

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

On completion of audit of accounts of Karnataka Forest Development Corporation Limited, for the year ended 31st March 2015 we have rendered our Audit Report on 5th September 2015. Subsequent to our report, in the light of observations arising from the audit by the Comptroller and Auditor General of India the Corporation decided to revise the Financial Statements for the said year pursuant to which the said report has been revised. This supersedes our earlier report dated 05th September 2015

We have audited the accompanying Consolidated Financial Statements of KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED (“the Company”), which comprise the Balance Sheet as at March 31, 2015, 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:***

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these Consolidated 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **2. Auditor Responsibility :**

Our responsibility is to express an opinion on these consolidated Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matter:**

1. We draw attention to Note No. 9 and Note No.26- sub note II – 10 to the Financial Statement where the company has not written-off expenditure incurred to the extent of Rs.12,84,129/- towards failed plantations of Girishruna Project which was raised in land belonging to Karnataka Pulpwood Industries Limited, although full provision for the same has been made.

2. We draw attention to Note No.26, Sub note II, Point 1(B) – Other Disclosures, to the Financial Statement where the Company has disclosed the details and also the financial impact of the changes made in the revised Financial Statement.
3. We draw attention to Note No. 2.4 of the Financial Statement where the Holding Company has as per the specified Government order written off the value of its investment in the shares of its Subsidiary Company, KPL amounting to Rs.1,25,00,000/- in the Financial year 2004-05. The Company has provided the net impact of such write off against the Reserves & Surplus of the Company's Consolidated Financial Statement.
4. We also draw our attention to the matters specified by the auditor of the Subsidiary Company in the para 'Emphasis of Matter' in the audit report of the Standalone financial statements of the Subsidiary Company.

**Report on Other Legal and Regulatory Requirements**

- I. As required by the Companies (Auditor's Report) Order, 2015 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- II. Annexed also is report on Additional Sub-directions issued by the Principal Accountant General (E&RSA), Karnataka under Section 143(5) of the Companies Act, 2015
- III. As required by Section 143 (3) of the Act, we report that:
  - a. *We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.*
  - b. *In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books*
  - c. *The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;*
  - c. *In our opinion, the a fore said Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except as described in the Basis for Qualified opinion paragraph above*
  - d. *On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and*

*d. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:*

- i. The Company has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements – Refer Note No.26 Sub note II – 9 to the Consolidated Financial Statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 9 to the Consolidated Financial Statements; and
- iii. There were no amounts which required to be transferred, to the Investor Education and Protection Fund by the Company

**For K MUNUSAMI & Co.**

Chartered Accountants (FRN. 005602S)

Bangalore :

Date : 25/11/2015

**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 2015**

***Statement on Matters Specified In Paragraphs 3 and 4  
of The Companies (Auditor's Report) Order, 2015***

- (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 and drawing specific attention to Note 11 of the Standalone Financial Statements subject to non disclosure of the quantitative information of stock by the company, 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 189 of the Companies Act, 2013 ('the Act').
- b. In light of (a) above, no comment is required under Paragraph 3 (iii) (b) of the said order.
- c. In respect of loan given by the company during the earlier periods to Karnataka Cashew Development Corporation (200 Lakhs), receipt of interest is outstanding for a long time and during the year some portion of the interest was waived off as per decision taken by the Board of Directors



- d. According to the information provided, the Company has taken reasonable steps for the recovery of the overdue amount from Karnataka Cashew Development Corporation.
- (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) The company has not accepted any deposits from the public.
- (vi) 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 148(1) of the Companies Act, 2013 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.
1. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
2. According to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:

<b>Nature of Dues</b>	<b>Amount (Rs in lacs)</b>	<b>Forum where dispute is pending</b>	<b>Remarks</b>
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 Rs. 12,40,769 as on 31st March 2015. The order has been partially allowed.



Income Tax Asst. Year 2009-10	209.49	The Commissioner of Income Tax (Appeals)B'lore	KFDC has paid a sum of Rs.1,00,00,000/- and refund for the Assessment year 2006-07 of Rs.7,59,857/- and for the Assessment year 2007-08 of 67,60,944/- have been adjusted against the liability as on 31st March 2015. The order has been partially allowed.
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. The order has been partially allowed.
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.The order has been passed in favour of the Company setting aside the previous order. The Company is in the process of filing for the refund of ` 42,18,510/- paid towards the demand notice.

3. According to the information and explanations given to us no amounts were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.

- (viii)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.
- (ix) 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 (ix) are not applicable.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

**For K MUNUSAMI & Co.**

Chartered Accountants (FRN. 005602S)

**VishalakshiPadmanabhan (Partner)**

(M.No. 216590)

Bangalore :  
Date : 25/11/2015

# KARNATAKA FOREST DEVELOPMENT CORPORATION LIMITED

(A GOVERNMENT OF KARNATAKA UNDERTAKING)

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

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2015

Sl No	Particulars	Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
A	<b>EQUITY AND LIABILITIES</b>			
1.	<b>SHARE HOLDERS FUNDS:</b>			
	a) Share Capital	1	93,140,000	93,140,000
	b) Reserves and Surplus	2	2,151,755,833	1,737,440,355
2.	<b>Share Application Money Pending Allotment Non-Current Liabilities</b>		139,100,000	-
3	<b>Non-Current Liabilities</b>			
	a) Long- Term Borrowings	3	28,935,520	28,935,520
	b) Deferred Tax Liabilities ( Net)			-
	c) Other long-Term Liabilites	4	41,574,800	44,575,144
	d) Short-Term Provisions			-
4	<b>Current Liabilities</b>			
	a) Short - Term Borrowings			-
	b) Trade Payables	5	3,681,599	2,553,011
	c) Other Current Liabilites	6	312,226,120	305,067,358
	d) Short term Provisions	7	24,224,849	92,039,954
	<b>Total</b>		<b>2,794,638,721</b>	<b>2,442,851,342</b>

Sl No	Particulars	Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
B.	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	<b>a) Fixed Assets</b>			
	i) Tangible Assets	8	502,150,851	450,480,007
	ii) Intangible Assets		-	-
	iii) Capital Work-in progress	9	683,661,229	609,199,327
	<b>b) Non-Curent Investments</b>		-	-
	<b>c) Long-terms Loans and Advances</b>	10	86,991,044	154,961,926
	<b>d) Other Non-Current Assets</b>	11	11,415	11,415
2	<b>Current Assets</b>			
	a) Current Investments		-	-
	b) Inventories	12	92,278,377	66,723,587
	c) Trade Receivables	13	82,354,744	125,941,923
	d) Cash and Bank Balances	14	1,317,969,420	1,012,910,053
	e) Short-Term Loans and advances	15	5,494,208	6,494,015
	f) Other Current Assets	16	23,727,433	16,129,089
			<b>2,794,638,721</b>	<b>2,442,851,342</b>
	<b>CONTINGENT LIABILITEIS</b>	25	<b>1,016,600</b>	<b>40,730,600</b>
	The Significant Accounting Policies and Other Disclosures	26		

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

Signed pursuant to Section 134 (1) of the Companies Act, 2013 for and on behalf of the Board

Sd/-  
( **CHALAVADI T NARAYANASWAMY** )  
Chairman

Sd/-  
( **A K SINGH** )  
Managing Director

Sd/-  
( **V. LIKITHA** )  
Company Secretary

Sd/-  
( **A K SINGH** )  
I/C FM & Chief Accounts Officer

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

Place : Bangalore  
Date : 24.11.2015

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)

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Sl No	Particulars	Note	As at 31st March 2015	As at 31st March 2014
I	Revenue from Operations	17	1,215,100,349	1,210,565,344
II	Other Income	18	135,329,522	94,576,696
III	<b>Total Revenue (I+II)</b>		1,350,429,871	1,305,142,040
IV	<b>Expenses</b>			
	a) Operating Expenses	19	285,586,697	211,780,255
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	3,896,218	35,179,952
	c) Employee Benefits Expense	21	379,219,405	365,292,450
	d) Other Expenses	22	95,951,224	91,636,638
	e) Depreciation and Amortisation Expense	23	22,787,785	24,377,978
	<b>Total Expenses</b>		787,441,329	728,267,273
V	<b>Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)</b>		562,988,542	576,874,767
VI	Exceptional Items	24	74,702	(58,168,767)
VII	<b>Profit / (Loss) before extraordinary items and tax (V - VI)</b>		562,913,840	635,043,534
VIII	Extraordinary Items		-	-
IX	<b>Profit / (Loss) before tax (VII - VIII)</b>		562,913,840	635,043,534
X	<b>Tax expense:</b>			
	a) Current tax for the year		20,092,991	18,850,021
	b) Add/(Less) : MAT Credit		-	-
	c) Tax expense relating to prior years		2,325,111	2,916,908
	d) Deferred tax		-	-

<b>Sl No</b>	<b>Particulars</b>	<b>Note</b>	<b>2014-15 ₹</b>	<b>2013-14 ₹</b>
XI	<b>Profit / (Loss) from continuing operations (IX - X)</b>		<b>540,495,738</b>	<b>613,276,605</b>
XII	<b>Profit / (Loss) from discontinuing operations</b>		-	-
XIII	<b>Net Profit / (Loss) for the year (XI + XII)</b>		<b>540,495,738</b>	<b>613,276,605</b>
XIV	Earnings per equity share:			
	1) Basic		5,803	6,584
	2) Diluted		5,803	6,584

Notes 1 to 24 annexed hereto forming part of Balance Sheet and Profit & Loss Statement  
Signed pursuant to Section 134(1) of the Companies Act, 2013  
for and on behalf of the Board

Sd/-  
( **CHALAVADI T NARAYANASWAMY** )  
Chairman

Sd/-  
( **A K SINGH** )  
Managing Director

Sd/-  
( **A K SINGH** )  
I/C FM & Chief Accounts Officer

Sd/-  
( **V. LIKITHA** )  
Company Secretary

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

Place : Bangalore  
Date : 24.11.2015

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

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

In terms of AS-3 on Cash Flow Statement - Indirect Method

<b>Sl No</b>	<b>Particulars</b>		<b>2014-15</b> ₹		<b>2013-14</b> ₹
<b>A</b>	<b>Cash Flow from Operating activities</b>				
	Net Profit Before Taxation	562,913,840		634,999,035	
	<b>Adjustment for:</b>				
	Depreciation on Fixed Assets	6,372,541		9,784,878	
	Transfers to Capital reserves	3,687,585		12,794,205	
	Other Income (Rubber Subsidy)				
	<b>Operation profit before working capital changes</b>		<b>572,973,966</b>		<b>657,578,118</b>
	(Increase) / Decrease in Inventories	(25,554,788)		7,530,488	
	(Increase) / Decrease in Trade & Other Receivables	43,587,180		(99,643,376)	
	(Increase) / Decrease in Short term Loans & Advances	999,807		259,284	
	(Increase) / Decrease in Other Current Assets	(7,598,344)		(7,281,345)	
	(Increase) / Decrease in Long-term loans and advances	67,970,882		2,857,925	
	Increase / (Decrease) in Trade Payables	1,128,588		630,360	
	Increase / (Decrease) in Other Liabilities	7,158,762		5,156,406	
	Increase / (Decrease) in Short Term Provisions	(67,815,105)		(2,274,626)	
	Increase / (Decrease) in Other Long-Term Liabilities	(3,000,344)		1,820,627	
	<b>Cash from operations</b>		<b>16,876,638</b>		<b>(90,944,257)</b>
	Income Tax		22,418,102		21,770,056
	<b>Net cash from operating activities</b>		<b>567,432,502</b>		<b>544,863,805</b>

Sl No	Particulars		2014-15 ₹		2013-14 ₹
<b>B</b>	<b>Cash flow from Investing Activities</b>				
	Purchase of Fixed Assets	(62,353,509)		(57,399,929)	
	Increase in Capital work in progress	(74,461,903)		(53,470,868)	
	Proceed from sale of Fixed Assets-WDV	2,317,812		2,023,861	
<b>C</b>	<b>Net Cash from investing activities</b>		<b>(134,497,600)</b>		<b>(108,846,935)</b>
	<b>Cash flow from financing activities</b>				
	Dividend paid	(109,300,000)		-	
	Dividend Tax paid	(18,575,535)		-	
	<b>Net Cash flow from Financing Activities</b>		<b>(127,875,535)</b>		<b>-</b>
	<b>Net Increase / Decrease in Cash &amp; cash equivalents</b>		<b>305,059,367</b>		<b>436,016,870</b>
	Opening Bal. Cash & Cash Equivalents	1,012,910,053		576,893,183	
	Closing Bal. Cash & Cash Equivalents	1,317,969,420		1,012,910,053	
			<b>305,059,367</b>		<b>436,016,870</b>

For and on behalf of the Board of Directors.

Sd/-  
( **CHALAVADI T NARAYANASWAMY** )  
Chairman

Sd/-  
( **A K SINGH** )  
Managing Director

Sd/-  
( **A K SINGH** )  
I/C FM & Chief Accounts Officer

Sd/-  
( **V. LIKITHA** )  
Company Secretary

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

Place : Bangalore  
Date : 24.11.2015

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



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

### SHARE CAPITAL

#### NOTE - 01

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	<b>AUTHORISED SHARE CAPITAL:</b> 2,50,000 Equity Shares of Rs. 1,000/- each		250,000,000	250,000,000
2	<b>ISSUED SUBSCRIBED AND PAID UP CAPITAL:</b> 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. FFD5 FRP82 dated 31.03.1982 without payment being received in cash).	1.1	93,140,000	93,140,000
<b>TOTAL</b>			<b>93,140,000</b>	<b>93,140,000</b>

1.1) 93,140 Equity Shares (Previous year: 93,140 equity shares) are fully owned by Government of Karnataka during the Financial Year 2014-15 .

**RESERVE AND SURPLUS****NOTE - 02**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>I</b>	<b>CAPITAL RESERVE:</b>			
1	Grant from Govt. of Karnataka under DPAP			
	Opening Balance		130,000	1,30,000
	<b>Add:</b> Additions during the year		-	-
	<b>Less:</b> Deletions during the year		-	-
	<b>Closing Balance</b>		<b>130,000</b>	<b>1,30,000</b>
2	Grant Received under WGDP (Rubber)			
	Opening Balance		6,005,589	60,05,589
	<b>Add:</b> Additions during the year		-	-
	<b>Less:</b> Deletions during the year		4,143,089	-
	<b>Closing Balance</b>		<b>1,862,500</b>	<b>6,005,589</b>
3	Grant Received under WGDP (Tea)			
	Opening Balance		3,200,000	3,200,000
	<b>Add:</b> Additions during the year		-	-
	<b>Less:</b> Deletions during the year		-	-
	<b>Closing Balance</b>		<b>3,200,000</b>	<b>32,00,000</b>
4	Grant from Govt. of Karnataka on sale of Eucalyptus Wood from older plantations.			
	Opening Balance		97,939,462	97,939,462
	<b>Add:</b> Additions during the year		-	-
	<b>Less:</b> Deletions during the year		-	-
	<b>Closing Balance</b>		<b>979,39,462</b>	<b>97,939,462</b>
5	Rubber Board Subsidy			
	Opening Balance		11,931,049	11,974,650
	<b>Add:</b> Additions during the year		230,000	-
	<b>Less:</b> Deletions during the year		5,831,438	43,601
	<b>Closing Balance</b>		<b>6,329,611</b>	<b>11,931,049</b>

**RESERVE AND SURPLUS****NOTE - 02**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>II</b>	<b>CONTINGENCY RESERVE</b>	2.1		
	Opening Balance		146,007,601	146,007,601
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year	2.2	-	-
	<b>Closing Balance</b>		<b>146,007,601</b>	<b>146,007,601</b>
<b>III</b>	<b>INTEREST SUBSIDY RECEIVED</b>			
	Opening Balance		1,330,928	13,30,928
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year		1,108,878	-
	<b>Closing Balance</b>		<b>222,050</b>	<b>13,30,928</b>
<b>IV</b>	<b>RUBBER REHABILITATION RESERVE</b>			
	Opening Balance		110,436,697	99,044,102
	<u>Add</u> : Additions during the year		15,307,993	13,331,135
	<u>Less</u> : Deletions during the year	2.3	1,954,208	1,938,540
	<b>Closing Balance</b>		<b>123,790,482</b>	<b>110,436,697</b>
<b>V</b>	<b>TEA REHABILITATION RESERVE</b>			
	Opening Balance		6,365,000	6,107,000
	<u>Add</u> : Additions during the year		-	2,58,000
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>6,365,000</b>	<b>6,365,000</b>
<b>VI</b>	<b>TAMARIND REHABILITATION RESERVE</b>			
	Opening Balance		322,992	287,104
	<u>Add</u> : Additions during the year		35,888	35,888
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>358,880</b>	<b>322,992</b>

**RESERVE AND SURPLUS****NOTE - 02**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>VII</b>	<b>BAMBOO REHABILITATION RESERVE</b>			
	Opening Balance		6,864,614	6,254,093
	<u>Add</u> : Additions during the year		610,515	610,521
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>7,475,129</b>	<b>6,864,614</b>
<b>VIII</b>	<b>TEAK REHABILITATION RESERVE</b>			
	Opening Balance		3,422,684	2,881,882
	<u>Add</u> : Additions during the year		540,802	5,40,802
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>3,963,486</b>	<b>3,422,684</b>
<b>IX</b>	<b>GENERAL RESERVE</b>			
	Opening Balance		63,996,426	63,996,426
	<u>Add</u> : Additions during the year		-	-
	<u>Less</u> : Deletions during the year		-	-
	<b>Closing Balance</b>		<b>63,996,426</b>	<b>63,996,426</b>
<b>X</b>	<b>SURPLUS BALANCE - PROFIT &amp; LOSS</b>			
	Balance as per last Financial Statement	2.4	1,279,487,312.00	666,210,707.00
	Profit for the Year		540,495,738.00	613,276,605.00
	<b>Less: Appropriations</b>			
	Final Dividend for the pervious year		109,300,000.00	-
	Tax on Equity dividend		18,575,535.00	-
	Depreciation & Amortization Expenses on		-	-
	Change in the Depreciation method		-	-
	Dividend Distribution Tax		1,992,309.45	-
	<b>Total Appropriations</b>		<b>129,867,844.00</b>	-
	<b>Net Surplus in the statement of Profit &amp; Loss</b>		<b>1,690,115,206.00</b>	<b>1,279,487,312.00</b>
	<b>Grand Total</b>		<b>2,151,755,833.00</b>	<b>1,737,440,355.00</b>

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 217.99 ha (Previous year 208.22 ha) of Old Rubber Plantations have been clearfelled during the year 2014-15 for the purpose of Rubber Plantations. An amount of ₹ 19,54,208/- (Previous year ₹ 19,38,540/-) being the value of such plantations have been adjusted towards Rubber Rehabilitation Reserve, since these plantations have been fully depreciated.
- 2.4 The Government of Karnataka vide its proceedings/order No. DPAER 56 ARU 2002, Bangalore dated 27th June 2005 had directed that M/S Karnataka Pulpwood Limited (KPL) to wind up through the Simplified Exit Scheme and to facilitate status of 'nil assets-nil liability'. The Company is no longer considered as a 'going concern' and the investment made by M/s KFDC Ltd., is valued as NIL. Accordingly the value of investment in the shares of M/s KPL amounting to ₹1,25,00,000/- has been written-off in the books of KFDC in Financial Year 2004-05. Hence, the net impact on such written off investment is provided against the Reserves & Surplus of the Company for consolidation.

**LONG TERM BORROWINGS****NOTE - 03**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	VRS Compensation Loan Account		28,935,520	28,935,520
	<b>TOTAL</b>		<b>28,935,520</b>	<b>28,935,520</b>

**OTHER LONG-TERM LIABILITIES****NOTE - 04**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Government of Karnataka-Forest Development Tax		1,982,250	1,982,250
2	Government Guarantee payable		4,877,081	4,877,081
3	Lease Rent Payable-M/s Karnataka Pulpwood Limited		2,210,747	2,210,747
4	Lease rental payable (Eucalyptus) - GoK.		10,278,576	10,278,576
5	Advance From GOK for JBIC scheme		38,000	38,000
6	Security Deposits		221,322	202,854
7	Salary, Wages & Bonus Payable		1,136,887	1,136,887
8	Incremental Salary & DA (upto 31.03.2014)		17,198,008	17,198,008
9	Gratuity and VRS Payable		340,073	340,073
10	DICGC Guarantee Commission		354,375	354,375
11	KAIC Ltd-Ripping Charges		192,410	192,410
12	Branches and Divisions		3,603	3,603
13	Liabilities towards Capital Supplies		576,058	3,594,870
14	Other Advances		1,632,390	1,632,390
15	Other Payables		533,020	533,020
	<b>TOTAL</b>		<b>41,574,800</b>	<b>44,575,144</b>

- 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 ₹432.76 lakh upto 31.03.2015 (Previous Year ₹ 415.29 lakh) has not been provided for.

**TRADE PAYABLES****NOTE - 05**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
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		3,681,599	2,553,011
	<b>TOTAL</b>		<b>3,681,599</b>	<b>2,553,011</b>

**OTHER CURRENT LIABILITIES****NOTE - 06**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
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	144,176,211	159,988,483
	2. Advances from Customers		6,855,292	20,294,983
	3. Statutory Liabilities		17,028,619	12,426,551
	4. Other Current Liabilities		97,794,202	79,533,231
	5. Liabilities towards Capital Supplies		-	23,269
	6. Dues to Government of Karnataka - FDT		46,371,796	32,800,841
	<b>TOTAL</b>		<b>312,226,120</b>	<b>305,067,358</b>

- 5.1 Employee benefits payable includes ₹ 9,94,67,409/- (Previous Year ₹ 10,41,22,026/-) towards provision for Leave Encashment benefit to the Corporation staff as per Accounting Policy No. 9 (c).
- 5.2 The Employee benefits payable includes a Provision for Gratuity ₹ 91,37,529/- (Previous Year ₹ 58,52,411/-) 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 - 07**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Provisions for Income Tax		24,224,849	92,039,954
<b>TOTAL</b>			<b>24,224,849</b>	<b>92,039,954</b>



## NOTE - 08

## FIXED ASSETS TANGIBLE ASSETS

GROSS BLOCK										DEPRECIATION					NET BLOCK	
Sl. No.	Particulars	As on 01/04/2014	Additions During 2014-2015	Deletion / Tr. During 2014-2015	Reclassification During 2014-2015	Total as on 31/03/2015	As on 01/04/2014	For 2014-2015	Deletion / Tr. for 2014-2015	Reclassification During 2014-2015	Depreciation charged to reserves	Total as on 31/03/2015	As on 31/03/2015	As on 31/03/2014		
		₹	₹	₹	₹	₹	₹	₹	₹	₹						
1	Land	3,11,853	-	-	-	311,853	-	-	-	-			3,11,853	311,853		
2	Rubber Plantations	337,540,038	49,421,444	1,954,208	-	385,007,273	-	-	-	-			385,007,273	337,540,038		
3	Tea Plantations	69,83,000	-	-	-	6,983,000	-	-	-	-			6,983,000	6,983,000		
4	Tamarind Plantations	1,794,400	-	-	-	1,794,400	-	-	-	-			1,794,400	1,794,400		
5	Bamboo Plantations	18,639,554	-	352,144	-	18,287,410	-	-	-	-			18,287,410	18,639,554		
6	Teak Plantations	324,44,463	-	-	-	32,444,463	-	-	-	-			32,444,463	32,444,463		
7	Buildings	128,552,311	1,513,831	-	-	130,066,142	103,513,048	512,319	-	-		104,025,367	26,040,775	25,039,263		
8	Roads	6,619,794	177,716	-	-	6,797,510	5,383,401	265,586	-	-	755,526	6,404,513	392,997	1,236,392		
9	Temporary Sheds	623,248	117,134	-	-	740,382	623,247	37,469	-	-		660,716	79,666	1		
10	Borewells	3,713,963	470,352	-	-	4,184,315	2,962,995	326,306	-	-	259,405	3,548,706	635,609	750,968		
11	Pumpsets, Pipes & Fittings	6,024,504	320,814	-	-	6,345,318	4,850,196	157,015	-	-	-	5,007,211	1,338,107	1,174,308		
12	Vehicles	27,484,143	6,242,075	-	-	33,726,218	22,522,539	1,479,664	-	-	-	24,002,203	9,724,014	4,961,604		
13	Bulldozers	20,885,695	2,164,137	-	-	23,049,832	20,885,685	29,231	-	-	-	20,914,916	2,134,916	10		
14	Prime Movers	788,135	-	-	-	788,135	788,134	-	-	-	-	788,134	1	1		
15	Plant and Machinery	34,935,379	-	2,034,055	-	32,901,324	23,108,406	1,117,721	2,034,053	-	-	22,192,073	10,709,251	11,826,974		
16	Weighing Scales	3,345,163	119,008	6,350	-	3,457,821	3,121,576	27,113	6,104	-	-	3,142,585	315,237	223,588		
17	Laboratory Equipments	1,205,403	-	-	-	1,205,403	754,257	34,990	-	-	-	789,248	416,156	451,146		
18	Electrical Equipments & Fittings	9,583,167	219,538	18,000	-	9,794,705	7,635,123	336,763	8,676	-	-	7,963,210	18,21,495	1,948,044		

		GROSS BLOCK					DEPRECIATION					NET BLOCK		
Sl. No.	Particulars	As on 01/04/2014	Additions During 2014-2015	Deletion / Tr. During 2014-2015	Reclassification During 2014-2015	Total as on 31/03/2015	As on 01/04/2014	For 2014-2015	Deletion / Tr. for 2014-2015	Reclassification During 2014-2015	Depreciation charged to reserves	Total as on 31/03/2015	As on 31/03/2015	As on 31/03/2014
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹			
19	Hospital Equipments	225,059	—	—	(24,870)	200,189	172,726	3,443	—	(11,218)	—	164,952	35,237	52,332
20	Fire Fighting Equipments	48,026	—	—	(48,026)	—	32,186	—	—	(32,186)	—	—	—	15,840
21	Gas Cylinders	648,138	—	—	—	648,138	647,935	—	—	—	—	647,935	202	202
22	Power Tiller	88,934	—	—	—	88,934	88,932	—	—	—	—	88,932	2	2
23	Guns	11,000	—	—	—	11,000	10,989	—	—	—	—	10,989	11	11
24	Dish Antena	31,475	—	—	—	31,475	31,473	—	—	—	—	31,473	2	2
25	Power Sprayers (Tea)	23,813	—	—	—	23,813	23,812	—	—	—	—	23,812	1	1
26	Furniture and Fixtures	4,545,244	326,398	—	—	4,871,642	2,605,305	285,679	—	—	89,406	2,980,390	1,891,253	1,939,940
27	Computers	5,455,742	1,086,769	—	—	6,542,511	3,614,179	1,330,316	—	—	368,238	5,312,733	1,229,778	1,841,563
28	Office Equipments	3,705,564	174,291	2,750	72,896	3,950,001	2,401,057	428,926	862	43,404	519,735	3,392,260	557,741	1,304,507
	Grand Total	656,257,209	62,353,507	4,367,507	—	714,243,208	205,777,203	6,372,541	2,049,695	—	1,992,309	212,092,357	602,150,851	450,480,007
	Previous Year Total	601,674,275	57,399,929	2,816,996	—	656,257,209	196,785,459	9,784,878	793,135	—	—	205,777,202	450,480,007	404,888,816

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.

2. **Rubber Plantation :** 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.

(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 217.99 ha (208.22 ha) of old Rubber Plantations have been clearfelled during the year 2014-15 for the purpose of Rubber Plantations. An amount of ` 19,54,208/- (Previous Year ` 19,38,540/-) being the value of such plantations have been adjusted towards Rubber Rehabilitation Reserve, since these plantations have been fully depreciated.

3. **Buildings :** No accounting adjustments are made in the books of accounts towards transfer of ownership of office complex to KSFC pending final agreement and settlement of (Sl. No. 7 of above) bills and registration charges.

4. **Fixed Assets- KPL:** No fixed assets from the Subsidiary Company M/s Karnataka Pulpwood Limited.

**CAPITAL WORK IN PROGRESS****NOTE - 09**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Rubber Replanting Project		300,926,057	279,388,906
2	Provision for failed plantation (Girishruna Project - 1996- 39.90 ha.)		1,284,129	1,284,129
3	Tamarind Plantation Project (1996 & 1997 - 409 ha. net)		404,933	1,340,413
4	Hebbevu Plantations 2012		681,598	558,434
5	Cost of failed plantation - 1998 Plantation - 1 Ha		23,724	23,724
6	Cost of failed plantation - Bosewellia Serratta- 1999/50 ha		115,954	115,954
7	Acacia Plantations (2007 to 2014 - 2345.69) (2007 to 2013 - 2349.49 ha. previous year)		57,784,822	62,193,136
8	Pulpwood Plantation 1994-97 (UFP)		13,464,126	13,156,914
9	Pulpwood Plantation 1994-97 (STP)		7,872,942	7,813,998
10	Pulpwood Plantation 1996 to 2001		27,057,937	27,987,132
11	2003 Clonal Plantation A.M. Palli 5 Ha (5.00 ha)		462,805	453,485
12	2003 Clonal Plantation ITC Bhadrachalam 1 Ha (1.00 ha)		30,564	30,564
13	Pulpwood Plantation 1986		-	-
14	Pulpwood Plantation 2004 to 2014		261,460,299	216,557,565
15	CMA Nursery - 2013		167,846	135,936
16	Advance & Nursery Euc Pulpwood Plantation - 2015		12,814,251	-
17	Salgaon Nursery (Fencing Works)		289,660	272,015
18	2014 Red Sandala Plantation, Hebbevu Nursery & Plantation, Raising of CMA Plantation, Honge Nursery and Planting CPT.		832,702	-
19	Maintenance of Mohishet Nursery		250,300	-
20	Compost making for use in plantation		98,100	-
21	Buildings : Eucalyptus and Rubber Division		617,888	460,085
22	Wells & Borewells		-	406,344
12	<b>Less</b> : Provisions made <b>TOTAL</b>		<b>686,640,637</b>	<b>612,178,734</b>
	a) Girishruna pulpwood pltn.1996		1,284,129	1,284,129
	b) Pulpwood plantations 1998		23,724	23,724
	c) Rubber Replanting Project		1,555,600	1,555,600
	d) Bosewellia Seretta-1999		115,954	115,954
	<b>GRAND TOTAL</b>		<b>683,661,230</b>	<b>609,199,327</b>

**Note:** The Company has reclassified the capital expenditure from Inventories to Capital Work in Progress for the plantations which are not ready for harvesting as on 31/3/2015. The Capital expenditure in Capital Work in Progress will be allocated to Inventories and cost of sales based on area/yield as estimated in the projects concerned depending on the 1st, 2nd and 3rd harvest.

**LONG TERM LOANS AND ADVANCES****NOTE - 10**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
A	<b>SECURED &amp; CONSIDERED GOOD</b>			
1	House Building Advance to Staff		825,910	722,752
2	Vehicle Advance to Staff		139,503	74,478
3	Income Tax Refund AY 2013-14		-	122,570
	<b>TOTAL - A</b>		<b>965,413</b>	919,800
B	<b>UNSECURED &amp; CONSIDERED GOOD</b>			
1	Loan to Karnataka Cashew Development Corporation Ltd.		3,882,391	5,300,246
	<b>TOTAL - B</b>		<b>3,882,391</b>	5,300,246
C	<b>IN ADVANCE RECOVERABLE IN CASH OR IN KIND CONSIDERED GOOD FOR WHICH THE COMPANY HOLDS NO SECURITY OTHER THAN THE PERSONAL SECURITY</b>			
1	Deposit with Government and Other Departments		8,840,966	6,122,069
2	Employees Security Deposit		221,322	202,854
3	Court Fee Stamps Receivable		112,176	112,176
4	TDS Receivable		6,314,250	1,634,830
5	Mat Credit Entitlement A.Y. 2014-15		1,425,985	-
6	Amount Receivable from GoK as per Note 10A		18,088,002	17,206,496
7	Advance Income Tax Paid		50,705,161	120,027,130
8	Other Advances		245,013	7,245,958
9	Workmen's Compensation Deposit		501,773	5,01,773
	<b>TOTAL - C</b>		<b>86,454,648</b>	<b>153,053,286</b>
1	<b>Less:</b> Provision for bad & doubtful Debts on Court Fees Receivable (C3 above)		112,176	1,12,176
2	<b>Less:</b> Provision for GoK (Teak) (C5 above)		4,199,230	41,99,230
	<b>TOTAL - D</b>		<b>4,311,406</b>	43,11,406
<b>GRAND TOTAL (A+B+C-D)</b>			<b>86,991,044</b>	<b>154,961,926</b>

**RECEIVABLE FROM GOVERNMENT OF KARNATAKA****NOTE - 10 A**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Government of Karnataka (Forest Department)			
	a) Eucalyptus		866,239	866,239
	b) Teak		4,199,230	4,199,230
	c) PCCF (Wild Life Wing - areas)	10A.1	8,137,367	8,137,367
	d) Tamarind Plantation project (1996-1997)	10A.2	935,480	-
2	Leave Salary Recoverable		2,708,495	2,508,884
3	Income Tax Recoverable			253,586
4	Silvipastural Project		141,519	141,519
5	Director of Health & Family Welfare Scheme		107,103	107,103
6	Chief Engineer Communication & Buildings, B'lore.		2,253	2,253
7	Euc. Seedlings and Power tillers		766,524	766,524
8	Interest receivable from Govt. of Karnataka		223,792	223,792
<b>TOTAL</b>			<b>18,088,002</b>	<b>17,206,497</b>

**10A.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. The efforts will be made to avail compensation from the government for the area transferred.

**10A.2** The above represents the cost of the Tamarind plantations raised by the KFDC during the 1996-97 in Byrasandra of Bangalore division. During the year 2013-14, KFDC handed over the area 118.50ha of Byrasandra plantations along with 5000 standing tamarind trees to the forest department as per the orders of GOK and no revenue is being generated/accounted from these plantations since 2013-14. As the plantations along with area were handed over to forest department hence, the cost of the plantations has to be recovered.(Rs.9,35,480/-). Correspondence with the government will be made to recover the amount.

**OTHER NON-CURRENT ASSETS****NOTE - 11**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>1</b>	<b>OTHER</b>			
	Investment in NSC		10,000	10,000
	Deposits		32,375	32,375
	Other loans and advances		11,415	11,415
	<b>Total</b>		<b>53,790</b>	<b>53,790</b>
	Less: Provision Towards NSC & Deposits		42,375	42,375
	<b>TOTAL</b>		<b>11,415</b>	<b>11,415</b>

**INVENTORIES****NOTE - 12**

Sl. No.	Particulars	Sub Note	As at 31st March 2014 ₹	As at 31st March 2013 ₹
<b>A</b>	<b>FINISHED GOODS:</b>			
<b>1</b>	Plantations (at cost) *			
	a) Casurina		13,696	13,696
	b) Teak Plants		11,865	11,865
	c) Bamboo		5,525	5,525
	d) Vanilla		6,076	6,076
	e) Pepper		70,937	70,937
	f) Rubber (60 beds)		51,627	51,627
<b>2</b>	<b>NURSERIES AND PLANTATIONS:</b>			
	a) Stock of Euc. Pulpwood 1999 (at cost price)		2,404,722	-
	b) Stock of Acacia & Ecu. wood 2006 (at cost price)		5,821,978	-
	c) Stock of Euc. Pulpwood 2007 (at cost price)		6,377,789	-
	d) Stock of Acacia wood 2007 (at cost price)		11,960,860	
<b>3</b>	Stock of Rubber (Finished) (net realisable value)		54,934,748	58,724,747
<b>4</b>	Stock of Rubber skim lump (Finished) (net realisable value)		176,552	282,771

**INVENTORIES****NOTE - 14**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
5	Stock of Acacia / Euc. wood (at cost price)		817,579	817,579
	<b>TOTAL (A)</b>		<b>82,653,954</b>	<b>59,984,824</b>
<b>B</b>	<b>STORES AND SPARES:</b>			
1	Stores and spares (at cost)		9,744,344	6,194,291
	<b>TOTAL (B)</b>		<b>9,744,344</b>	<b>6,194,291</b>
<b>C</b>	<b>OTHERS:</b>			
1	RCC pillars & name boards to plantations (at cost)	12.1	662,715	662,715
2	Permit books (at cost)		2,641	4,321
	<b>TOTAL (C)</b>		<b>665,356</b>	<b>667,036</b>
	<b>Less : Provisions for item No. 1 (e) Pepper 70937.03/- and 1(f) Rubber (60 Beds) Rs. 51,626.78, RCC Pillars Rs.6,62,715/-</b>		785,279	122,564
	<b>TOTAL</b>		<b>92,278,375</b>	<b>66,723,587</b>

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

**12.1** Provision has been made for an amount of ₹.6,62,715 relating to RCC Pillers & Name boards to plantation, lying since 1994-95 of Dharwad division. However to ascertain the actual facts an order has been issued to obtain the particulars of Procurement & Utilisation of above mention assets and final effect will be given in the financial statement of the financial year 2015-16.



**TRADE RECEIVABLES****NOTE - 13**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
(a)	<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
	- Secured, considered good		-	-
	- Unsecured, considered good		271,169	585,216
	- Unsecured, considered doubtful		476,240	-
(a)	<b>Outstanding for a period not exceeding six months from the date they are due for payment</b>			
	- Secured, considered good		-	-
	- Unsecured, considered good		82,110,832	125,643,804
	- Unsecured, considered doubtful		-	-
	<b>TOTAL</b>		<b>82,858,241</b>	<b>126,229,020</b>
	<b>Less:</b> Provision for bad and doubtful debts		503,498	287,097
	<b>GRAND TOTAL</b>		<b>82,354,743</b>	<b>125,941,923</b>

**13.1** The provision for bad and doubtful debt of Rs.2,16,401 (Unsecured, Considered as doubtful) being the rent of Buldozers which given on hire basis by kolar division to forest department during 1998-99. now it is accounted under the head Provision for Dozer charges recoverable (Note-21) However Correspondence with the Government will be made to recover the amount.

**13.1** The provision has been made for Rs. 94,621.85/- as bad and doubtful/debt (Unsecured, Considered as good) being the , KS & DL ( Debtors) of Rs 16632.45/- Manikantha Oil Extractors of Rs.36449.40/- & Nirmal Essential Oil MFR, Hassan of Rs. 41540/- by Head office

**13.1** The provision has been made for Rs. 192,474.65/- as bad and doubtful/debt (Unsecured, Considered as doubtful) by Shimoga Division.

**CASH AND CASH EQUIVALENTS****NOTE - 14**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Sub Note</b>	<b>As at 31st March 2015 ₹</b>	<b>As at 31st March 2014 ₹</b>
1	<b>Balance with Scheduled Banks</b>			
	In Current Accounts / SPSB Accounts		84,362,409	125,719,353
2	<b>Other Bank Balances</b>			
	In Term Deposit Accounts			
	- Less than 3 Months		3,028,456	1,449,989
	- More than 3 Months & Less than 12 Months		1,229,232,112	868,584,733
	- More than 12 Months		1,320,656	14,995,729
3	<b>Cash on hand</b>			
	- Inter-unit funds transfer Balances		23,040	2,156,740
4	<b>Other Cash Equivalents</b>			
	- Stamps on hand		2,747	3,509
<b>TOTAL</b>			<b>1,317,969,420</b>	<b>1,012,910,053</b>

## SHORT TERM LOANS AND ADVANCES NOTE - 15

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
A	<b>UNSECURED &amp; CONSIDERED GOOD</b>		-	-
B	<b>ADVANCES RECOVERABLE IN CASH OR IN KIND CONSIDERED GOOD FOR WHICH THE COMPANY HOLDS NO SECURITY OTHER THAN THE PERSONAL SECURITY</b>			
1	Advances to Staff		5,031,844	4,761,791
2	Other Advances		392,380	447,525
3	Advances to Suppliers		69,984	64,700
4	Advances to Contractors		-	1,220,000
	<b>TOTAL</b>		<b>5,494,208</b>	<b>6,494,015</b>

## OTHER CURRENT ASSETS NOTE - 16

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Interest Receivable on Fixed Deposits		11,964,995	898,170
2	Rent and Other Charges Receivable		4,050,184	3,854,819
3	Royalty and Building Rent from M/s. Campco Ltd., Mangalore		1,456,967	1,456,967
4	Prepaid Expenses		711,423	808,527
5	Balances with Divisions		6,448,024	10,220,203
6	Other Receivables M/s. Campco Ltd., Mangalore		552,807	347,370
	<b>TOTAL</b>		<b>25,184,400</b>	<b>17,586,056</b>
	<u>Less</u> Provision for bad & doubtful Debts (Royalty and Building Rent from M/s.Campco Ltd., Mangalore No.6 above)		1,456,967	1456967
	<b>GRAND TOTAL</b>		<b>23,727,433</b>	<b>16,129,089</b>

**REVENUE FROM OPERATIONS****NOTE - 17**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Sub Note</b>	<b>As at 31st March 2015 ₹</b>	<b>As at 31st March 2014 ₹</b>
1	Sales of Rubber	17.1	279,442,609	383,245,881
2	Sales of Eucalyptus Wood		848,054,702	754,103,166
3	Sale of Fire Wood and Timber		6,833,657	2,435,145
4	Sale of Eucalyptus Poles / Stumps & Others		1,512,330	3,000,343
5	Sale of Bamboo		3,434,000	2,951,900
6	Sale of Tamarind		1,351,840	296,150
7	Sale of Bannana Sticks		30,000	-
8	Sale of Miscellaneous Agri. Products		2,156,755	689,265
9	Sale of Rubber Trees		72,284,456	63,843,494
<b>TOTAL</b>			<b>1,215,100,349</b>	<b>1,210,565,344</b>

17 Quantitative information regarding opening stock of sales and closing stock for the year ended 31.03.2015 is furnished in the statement annexed.

17.1 The sale of rubber for the year 2014-2015 includes Sale of Rubber ₹ 3.34 lakhs (Previous Year ₹ 25.34 lakhs) being goods sold but not lifted by the parties.

**OTHER INCOME****NOTE - 18**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>A</b>	<b>INTEREST INCOME</b>			
1	Interest on Fixed Deposit		102,758,823	67,569,054
2	Interest on House Building and Vehicle Loan		847,158	148,428
3	Interest from KCDC		424,020	392,611
4	Interest on Delayed Receipts from Contractors		543,530	902,565
<b>B</b>	<b>RENTAL INCOME</b>			
1	Buidling Rent (Office Complex)		6,753,371	6,702,815
2	House Rent (Employees)		768,174	700,485
3	Ground Rent		74,693	56,328
<b>C</b>	<b>OTHER NON OPERATING INCOME:</b>			
1	Subsidy amortised		11,083,405	43,601
2	Compensation- Honge-1997 Plantation III Cut Yeild Cost		761,404	-
3	Provision no longer required		8,399,003	11,450,466
4	Miscellaneous Income		2,653,452	6,388,405
<b>D</b>	<b>PROFIT OR LOSS ON SALE OF FIXED ASSETS</b>			
1	Profit/ Loss on Sale of Fixed Assets		262,489	221,939
	<b>TOTAL</b>		<b>135,329,522</b>	<b>94,576,696</b>

**OPERATING EXPENSES****NOTE - 19**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>A</b>	<b>COST OF RUBBER SALES</b>			
<b>I</b>	<b>Rubber Production Expenses</b>			
1	Plantations Maintenance & latex collection charges		34,429,813	32,915,870
2	Plantations road maintenance charges		230,065	300,284
3	Welfare Expenses		5,953,069	5,085,406
4	Freight and Transportation		-	1,000
5	Tools and Implements		233,898	143,185
	<b>TOTAL - I</b>		<b>40,846,845</b>	<b>38,445,745</b>

**OPERATING EXPENSES****NOTE - 19**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
II	<b>Rubber Processing Expenses:</b>			
1	Rubber Processing Expenses		5,003,563	5,168,077
2	Factory repairs and maintenance		2,438,843	3,284,616
3	Container (Barrels)		11,827,201	11,129,382
4	Power Charges		2,347,310	2,009,282
5	Machinery Maintenance		1,769,205	1,830,637
	<b>TOTAL - II</b>		<b>23,386,122</b>	<b>23,421,994</b>
	<b>TOTAL - A ( I + II)</b>		<b>64,232,967</b>	<b>61,867,739</b>
B	<b>COST OF PULPWOOD SALES</b>			
1	Cost of Production of Eucalyptus / Acacia Wood sold		15,361,486	133,443
2	Extraction, Transportation and other Charges		206,539,391	149,418,569
	<b>TOTAL - B</b>		<b>221,900,877</b>	<b>149,552,012</b>
C	<b>COST OF BAMBOO</b>			
1	Bamboo tending and extraction cost		553,862	360,504
	<b>TOTAL - C</b>		<b>553,862</b>	<b>360,504</b>
	<b>Less: Allocated to Nurseries and Plantations</b>		1,101,009	-
	<b>GRAND TOTAL (A + B + C)</b>		<b>285,586,697</b>	<b>211,780,255</b>

19 B1 During financial year 2013-14 accounting method for cost of plantation related to Eucalyptus and Acacia has been changed based on the cost compliance report by transferring the inventory in the proportion of area extracted during the year out of the total area proposed for extraction. Before 2013-14, the matching concept of cost of sales was not followed and the cost of plantation being transferred to cost of sales irrespective of the year of extraction and area extracted. The cost of plantation for the financial year 2013-14 was transferred to cost of sales during financial year 2012-13. Hence, cost of sales was not provided during financial year 2013-14.

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

### NOTE - 20

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
A	<b>CLOSING STOCK (AS ON 31.03.2015)</b>			
1	Stock of Eucalyptus wood / Acacia Wood (at cost price)		-	-
2	Stock of Rubber (Net realisable value)		55,111,300	59,007,518
3	Stock of Eucalyptus Oil (Net realisable value)		-	-
4	Stock of Acacia / Teak poles / Timber (Net realisable value).		817,579	817,579
	<b>TOTAL - A</b>		<b>55,928,879</b>	<b>59,825,097</b>
B	<b>OPENING STOCK (AS ON 01.04.2014)</b>			
1	Stock of Eucalyptus wood / Acacia wood (At cost price)		817,579	24,914,232
2	Stock of Rubber (Net realisable value)		59,007,518	70,090,817
3	Stock of Eucalyptus Oil (Net realisable value)		-	-
4	Stock of Teak poles / Timber (Net realisable value).		-	-
	<b>TOTAL - B</b>		<b>59,825,097</b>	<b>95,005,049</b>
<b>CHANGES IN INVENTORIES (B-A)</b>			<b>3,896,218</b>	<b>35,179,952</b>



## EMPLOYEE BENEFITS EXPENSES NOTE - 21

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
I	<b>ESTABLISHMENT EXPENSES:</b>			
1	Salary, Wages & Bonus		348,815,982	345,286,818
2	Remuneration to Managing Directors		2,049,329	2,269,640
3	<b>Contributions to:</b>			
	a) Pension & Leave Salary		2,055,217	2,191,175
	b) Leave Travel & Home Travel Concession		274,057	66,120
	c) Labour Welfare Expenses		19,428	14,874
	d) Provident Fund		25,695,334	20,701,489
	e) Employee Provident Fund- Administrative Charges		2,509,212	2,066,317
	<b>f) Group Gratuity Trust Fund</b>			
	(i) Group Gratuity Trust Fund (Employees)		3,955,194	3,971,638
	(ii) Exgratia to Daily Wage Employees		180,291	
	g) Group Gratuity Trust Fund (Workers)	1,860,613	4,977,960	
	h) Employee State Insurance	113,336	57,116	
4	Contribution to May Day Committee	42,000	42,000	
5	Staff Welfare Expenses		2,011,364	1,898,406
6	Reimbursement of Medical Expenses		353,953	80,862
7	Hospital Maintenance		974,635	894,696
8	Cremation charges		15,000	10,000
	<b>TOTAL</b>		<b>393,986,072</b>	<b>381,467,984</b>
	<b>Less:</b> Allocated to Nurseries and Plantations		14,766,667	16,175,534
<b>GRAND TOTAL</b>			<b>379,219,405</b>	<b>365,292,450</b>

**OTHER EXPENSES****NOTE - 22**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Sub Note</b>	<b>As at 31st March 2015 ₹</b>	<b>As at 31st March 2014 ₹</b>
1	Advertisement and Publicity		1,266,503	646,152
2	Audit Fees:			
	a) Cost Audit		120,000	-
	b) Internal Audit		240,000	213,005
	c) Statutory Audit		111,225	109,348
	d) Tax audit		35,000	35,000
3	Bank Charges and Evaluation Fees		61,017	49,713
4	Board & Annual General Meeting expenses		78,321	165,858
5	Books and periodicals		209,458	167,745
6	Business Promotion Expenses		514,000	-
7	Chief Minister's Relief Fund		-	-
8	Donations		200,000	379,449
9	Filing Fees		184,641	24,987
10	Fire Line & Fire Tracing Works		-	-
11	Honorarium:			
	a) Chairman		37,200	80,226
	b) Vice-Chairman		37,200	-
12	Hospitality Expenses		382,434	164,101
13	Insurance		588,162	666,317
14	Labour Colonies Planting Expenses		377,414	-
15	Lease Rent		36,472,751	48,054,837
16	Legal & Professional Charges		1,071,256	877,444
17	Loss on sale of fixed assets		-	1,009
18	Man Power Outsourcing Charges		7,430,352	-
19	Meeting Expenses		107,479	41,209
20	Plantation maintenance (Pulpwood, Tamarind & Others)		3,185,195	1,329,193

## OTHER EXPENSES

## NOTE - 22

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
21	Postage, Telegram and Telephone		1,090,191	980,249
22	Power, Fuel & Water Charges		1,445,118	731,225
23	Printing and stationery		867,998	929,320
24	Rent, Rates and Taxes		6,567,033	957,810
25	<b>Repairs &amp; maintenance:</b>			
	a) Buildings and wells		8,092,077	15,137,399
	b) Earth Moving Equipments & Pumpsets		2,568,659	5,291,965
	c) others		12,352,801	12,074,343
26	Sample plot expenses		907,800	454,450
27	Sitting Fees to Directors		12,500	11,000
28	Travelling and Conveyance Expenses		3,740,278	2,649,997
29	Watch & Ward		465,310	6,037,151
30	Expenses / Assets Written Off		2,897,408	-
31	Miscellaneous Expenses		117,062	44,108
32	Corporate Social Responsibility Expenses		13,264,693	-
33	<b>Provision for</b>			
	a) Dozer Charges Recoverable - considered doubtful		216,401	
	b) RCC pillars & name boards to plantations (at cost)		662,715	
	<b>TOTAL - A</b>		<b>107,977,652</b>	<b>98,304,610</b>
	<u>Less: Allocated to Nurseries and Plantations</u>			
	i) Lease Rent		603,790	1,315,986
	ii) Other Expenses		11,422,638	5,351,986
	<b>TOTAL - B</b>		<b>12,026,428</b>	<b>6,667,972</b>
	<b>GRAND TOTAL (A - B)</b>		<b>95,951,224</b>	<b>91,636,638</b>

**DEPRECIATION AND AMORTIZATION EXPENSES****NOTE - 23**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
	<b>DEPRECIATION:</b>			
1	Depreciation on Fixed Assets		6,372,542	9,784,878
	<b>AMORTIZATION:</b>			
2	Rubber Rehabilitation Reserve		15,307,993	13,331,135
3	Tea Rehabilitation Reserve		-	258,000
4	Tamarind Rehabilitation Reserve		35,888	35,888
5	Bamboo Rehabilitation Reserve		610,515	610,521
6	Teak Rehabilitation Reserve		540,802	540,802
	<b>TOTAL</b>		<b>22,867,740</b>	<b>24,561,224</b>
	<b>Less : Allocated to Nurseries &amp; Plantations</b>			
	i) Depreciation		79,955	183,246
	<b>TOTAL</b>		<b>22,787,785</b>	<b>24,377,978</b>

**EXCEPTIONAL ITEMS****NOTE - 24**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
<b>I</b>	<b>PRIOR PERIOD ITEMS:</b>			
<b>A</b>	<b>PREVIOUS YEAR EXPENSES:</b>			
1	Cultivation, Administration and Other Expenses		42,658	84,875
2	Plantation Expenditure - 1996 & 97		32,044	6,985
3	Lease Rent			(58,259,667)
	<b>TOTAL - A</b>		<b>74,702</b>	<b>(58,167,807)</b>
<b>B</b>	<b>LESS : PREVIOUS YEAR INCOME</b>			
1	Cultivation, Administration and Other Expenses		-	960
	<b>TOTAL - B</b>		<b>-</b>	<b>960</b>
	<b>TOTAL A- B</b>		<b>74,702</b>	<b>(58,168,767)</b>

**CONTINGENT LIABILITIES****NOTE - 25**

Sl. No.	Particulars	Sub Note	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Interest on ways and means loan on Rubber Plantations claimed by Govt. of Karnataka.		-	1,790,000
2	Irregular Transfer of Revenue (Euc) Claimed by Forest Department.		-	37,859,000
3	Claims against the Company not acknowledged as debts.		-	65,000
4	Claim from Regional Provident Fund Commissioner Mangalore.		959,154	959,154
5	Claims made by the employees related to various litigations.		57,446	57,446
<b>TOTAL</b>			<b>1,016,600</b>	<b>40,730,600</b>

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

**NOTE No – 26**

**SIGNIFICANT ACCOUNTING POLICIES AND OTHER DISCLOSURES  
FORMING PART OF BALANCE SHEET AND STATEMENT OF PROFIT AND  
LOSS FOR THE YEAR ENDING 31<sup>ST</sup> MARCH 2015**

**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 except for depreciation and amortization as described in the accounting policy on depreciation and amortization and by the The Companies Act, 2013.

**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 (SLM) based on the life of the asset in accordance with the provisions of the Part C of the Schedule II of the Companies Act, 2013 in pursuant to the notification issued by the Ministry of Corporate Affairs effective 01 April.

- a) The details of the useful life of each category of the asset:

Asset	Useful Life
Building	60
Factory Building	30
Roads- non carpeted	3
Plant & Machinery, Weighing Scale	15
Furniture & Fixture	10
Office Equipment	5
Vehicles	8
Hospital Equipment	15
Pumpsets & Pipes	10
Electrical Equipment & Fittings	10
Laboratory Equipment	15
Wells	5
Temporary Sheds	3
Computers	3
Earth Moving Equipment	9



- \* Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

## 5. RESERVES

- a) *Rubber Rehabilitation Reserve on rubber plantation is provided on the Rubber Plantations raised by the Corporation at the rate of 1/25th of the capital cost of the plantations.*
- b) Tea rehabilitation reserve on tea plantation has been provided at the rate of 1/27th of the Capital cost of plantations incurred.
- c) *Tamarind rehabilitation reserve on Tamarind plantation has been provided at the rate of 1/50th of the cost of Plantations incurred.*
- d) *Rehabilitation Reserve has been provided in respect of Medari bamboo at 1/32nd of the cost and in respect of Marihal bamboo at 1/30th of the Capital cost of plantations incurred.*
- c) *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 Eucalyptus / Acacia plantations are valued at cost.*
- c) *Stock of Rubber, Rubber Products, Poles, Bamboo and Eucalyptus Oil are valued at net realisable price.*
- c) *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**

- i. *Provident Fund has been contributed to the Regional Provident Fund Commissioner as per the Provident Fund Scheme.*
- ii. *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.*
- iii. *Leave encashment benefits to the employees is provided as per KCSR Rules.*
- vi. *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.

**I. OTHER DISCLOSURES:****1.A) 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, Cashew nut, 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.

**B) Share Application Money Pending Allotment:**

Consequent to supplementary Audit for the Financial year 2014-15 of the C & AG u/s 143 (6)(b) of the Companies Act 2013, the disclosure regarding the share application money pending allotment has been included in the notes of consolidated financial statement as follows:

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 'nil assets-nil Liability', ordered conversion of the Government Loan of ₹.13.91 crores into equity. As the financial position of the KPL was not good, the Authorised Share Capital of the KPL could not be increased to facilitate the issue of equity shares worth ₹.13.91 crores and hence, the equity shares could not be issued to the Government.

Correspondence will be made with Govt to treat ₹13.91 crores as a grant to KPL and waive it off.

**2) Area of Plantations:**

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

		Hectares
1	Eucalyptus, Pulpwood & other plantations	38211.11
2	KPL Pulpwood plantations	3546.95
3	Tea plantations	55.90
4	Rubber plantations *	4443.32
	<b>Total</b>	<b>46257.28</b>

- 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 Rs. 9.59 Lakh is shown under Contingent liabilities (Note – 25).
- 4) The claims against M/s. Karnataka Pulpwood Limited has not acknowledged as debt:
- Rs 423102/- being rebate of ripping charges at 5% deducted from the ripping charges from the account of M/s Karnataka Agro Industries Corporation
  - No provision has been made towards bonus in respect of earlier year (1995-96) payable to employees.
- 5) Estimated amount of contracts remaining to be executed on capital accounts not provided for Rs. NIL lakh. (previous year ₹ NIL lakh)

- 6) 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
- 7) The operations of the M/s Karnataka Pulpwood Limited have been closed with effect from 07.02.2005. Voluntary Retirement Scheme has been announced to the employees for whom the Government of Karnataka has released an amount of ₹ .2, 89, 35,520/- towards VRS compensation of 170 employees. Out of 170 employees VRS compensation has been fully disbursed to 169 employees and for one employee VRS compensation has been partially disbursed.
- 8) Investment in National Savings Certificate (NSC) of M/S KPL of ₹ 10,000 is held as Security by the Principal Chief Conservator of Forests, Government of Karnataka. However copy of the NSC is physically not available with the company hence Interest on the same is not accrued for.
- 9) Company is not in a position to confirm the likely recovery of the balance other current assets of ₹ 42,375.00 of M/s KPL against which provision has been created.

#### 10) NURSERIES AND PLANTATION (EUCALYPTUS)

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

Particulars	31.03.2015 ₹ in lakh	31.03.2014 ₹ in lakh
Opening Balance	335.63	65.21
Add: Additions during the year	128.14	270.42
<b>TOTAL</b>	<b>463.77</b>	<b>335.63</b>
Less : Withdrawals during the year	-	-
<b>TOTAL</b>	<b>463.77</b>	<b>335.63</b>

- 11) During 2014-15, the Company has changed the invoice method towards sale of pulpwood. Invoice raised upto June 2014 includes material cost, Value added tax (VAT) and Forest development tax (FDT). Further, the separate invoice was raised for extraction & transportation cost, administrative cost and overhead charges. From June 2014 and onwards, the invoicing system has been changed to include material cost, extraction & transportation cost, administrative & overhead charges upto the sales point plus applicable taxes. The net impact on the Company will be VAT & FDT charged on the costs other than on the material cost included in the new invoicing method upto the sales point.

## 12. 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.

## 13. 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 2012-13.

### d. Disputed Liabilities:

- ❖ A Demand notice was issued for the Assessment year 2008-09 for Rs. 81,45,071. The Corporation has paid a sum of Rs. 28,32,000 after adjusting Income tax refund receivable of Rs. 12,40,769 as on date. The order has been partially allowed by the Commissioner of Income Tax and the Company has submitted the required details as requested by the Assessing Officer.
- ❖ 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. The order has been partially allowed by the Commissioner of Income Tax and the Company has submitted the required details as requested by the Assessing Officer.
- ❖ 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.
- ❖ 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. The order has been partially allowed by the Commissioner of Income Tax and the Company has submitted the required details as requested by the Assessing Officer.

- ❖ An assessment order under section 143(3) of Income Tax Act, 1961 was issued for the Assessment Year 2012-13 for ₹ 56,24,100/- by The Deputy Commissioner of Income Tax after considering the refund of ₹ 70,25,216/- made to the Company. However, the amount was not refunded to the Company. The Company is in process of claiming back the refund receivable with the interest and the appeal preferred before the Commissioner of Income Tax.
- ❖ 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 Appellate Tribunal, Bangalore after paying the 50% of the demand notice against the CIT (A) order. The order has been passed in favour of the Company setting aside the previous order. The Company is in the process of filing for the refund of ₹ 42,18,510/- paid towards the demand notice.
- ❖ Income tax return of M/s KPL has not been filed since its incorporation and the consequence of the same is yet to be known.

**14.** The KFDC Ltd has raised Eucalyptus Plantations over an area of 599.40 ha of land in Thirthahalli Taluk under the name “Girishruna Project”. This land was originally leased to Karnataka Pulpwood Ltd by the Government. In view of the on-going process of liquidation of the Karnataka Pulpwood Ltd., the Government has decided to resume back the land of Karnataka Pulpwood Ltd. However, the KFDC has requested the Government to release this land to KFDC where KFDC has raised plantations. This is under consideration of the Government and Government Order is awaited.

**15.** 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)

**16. 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	Balance as at March 31, 2015 (Payable / Receivable)	Balance as at March 31, 2014 (Payable / Receivable)
1	Karnataka Cashew Development Corporation Ltd.	Common Director	Unsecured loan given, net	38.82	53.00
2	Karnataka Pulpwood Ltd.	100% Subsidiary	Unsecured loan given, net	25.50	25.50

### 17. 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 ₹.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.

### Networth of M/s KPL:

Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
Share Capital	12,500,000	12,500,000
Share Deposit	139,100,000	139,100,000
<b>Total Capital</b>	<b>151,600,000</b>	<b>151,600,000</b>
Reserves and Surplus	(208,759,467)	(208,729,075)
<b>Total</b>	<b>(57,159,467)</b>	<b>(57,129,075)</b>

The company has requested Government of Karnataka to take over liabilities and once government takes over the liability, company will apply of winding up.

**18. Segment Reporting:**

Sl. No.	Particulars	Head Office	ED Shimoga ₹	ED Mangalore ₹	COCOA Division ₹	K.P.L	Total ₹
1	Segment Revenue						
(a)	External Sales / Revenue	1,130,37	8,706,78	3,666,47	-	0.68	13,504.30
(b)	Inter-Segment Sales	-	-	-	-		-
	<b>Total Revenue</b>	1,130,37	8,706,78	3,666,47	-	0.68	13,504.30
2	Total Revenue of each Segment as a percentage of total revenue of all	8.37	64,47	27,15	-	0.01	100.00
3	Segment Result	400.81	4,957,71	46,75	-	0.30	5,404.96
4	Segment Result as a percentage of total result.	7.42	91,73	0.86	-	0.01	100.00
5	Segment Assets	13,510.05	6,128,22	8,301.19	23.86	8.57	27,971.89
6	Segment asset as a percentage of total assets of all segments.	48.30	21,91	28.68	0.09	0.03	100.00

- 19** As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility („CSR?) committee has been formed by the Company. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on promoting the health and education especially of girl child/women. The expenses incurred towards CSR activities are charged to the statement of profit and loss and is disclosed under other expenses.

- a. Gross amount required to be to be spent by the company during the year: ₹.67,48,279/-
- b. Amount spent during the year on:

Sl No.	Particulars	In Cash	Yet to be paid in cash	Total
1	Construction/acquisition of any asset	1,155,113.00	1,449,280.00	2,604,393.00
2	On purposes other than (1) above	503,121.00	157,179.00	660,300.00

- c. The Company has donated ₹1.00 Core towards Chief Minister's Relief fund during 2014-15.

**15. Dividend Declaration:**

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

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**Signed pursuant to section 134(1) of the Companies Act, 2013  
for and on behalf of the Board**

Sd/-  
( **CHALAVADI T NARAYANASWAMY** )  
Chairman

Sd/-  
( **A K SINGH** )  
Managing Director

Sd/-  
( **A K SINGH** )  
I/C FM & Chief Accounts Officer

Sd/-  
( **V. LIKITHA** )  
Company Secretary

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

Place : Bangalore  
Date : 24.11.2015

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

## KARNATAKA FOREST DEVELOPMENT CORPORATION LTD

## QUANTITATIVE INFORMATION REGARDING OPENING STOCK, YIELD / PRODUCTION / SALES AND CLOSING STOCK FOR THE YEAR ENDED 31.03.2015

Sl. No.	Products	Opening Stock		Total	Sales Quantity	Closing Stock	
		Quantity	Add: Additions during the year Yield / Production			Quantity	Value ₹
I	<b>RUBBER</b>						
1	Cenex (in DRC Kgs)	184,610.4 (202,769)	1,714,106 (1,685,356)	1,898,716 (1,888,124)	1,691,990 (1,703,514)	206,726 (184,610)	25,151,712 (33,366,836)
2	Cenex (in DRC Kgs) ISNR & Other Rubber (in DRC Kgs)	283,186.30 (285,290)	711,912.1 (651,322)	995,098 (936,611)	564,475.40 (653,425)	430,623 (283,186)	28,945,419 (26,241,561)
3	Ammoniated Field Latex (in DRC Kgs)	12,820 (15,336)	(2,621.50) (2,515)	10,199 (12,820)	- -	10,198.80 (12,820)	101,468.67 (1,634,588)
II	<b>PLANTATIONS-STANDING CROPS</b>						
4	Eucalyptus / Acacia wood (in MTs)	(89,736)	150,330 (43,230)	150,330 (132,966)	150,330 (132,966)	-	-
5	Eucalyptus poles & Stumps / Timber	94 -	1394.777 (98)	1,488.376 (98)	1,488.376 (5)	- (94)	- -
6	Eucalyptus Oil / leaves (in Kgs)	- -	9,500 (13,000)	9,500 (13,000)	9,500 (13,000)	- -	- -
7	Sale of Tomato Sticks	- -	149,707 -	149,707 -	149,707 -	- -	- -
8	Sale of Rubber Trees	- -	41,839 -	41,839 -	41,839 (44,644)	- -	- -
9	Sale of Fire Wood (Cum)	- -	7,695 (1,996)	7,695 (1,996)	7,695 (1,996)	- -	- -
10	Sale of Bamboo	- -	162,700 (170,200)	162,700 (170,200)	162,700 (170,200)	- -	- -
11	Sale of Tamarind	- -	39,025 (20,292)	39,025 (20,292)	39,025 (20,292)	- -	- -
	<b>TOTAL</b>						54,198,600 (61,242,986)
	<b>TOTAL</b>						

1) Figures in brackets pertain 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 129(3) OF THE COMPANIES ACT, 2013  
RELATED TO SUBSIDIARY COMPANY

Name of the Subsidiary Company	Karnataka Pulpwood Limited
The Financial year of the Subsidiary Company ended on	31st March 2015
No. of shares in the Subsidiary held by the holding Company	1,25,000 equity shares of ` 100/- each held by KFDC Ltd., each fully paid-up, the total investment as on 31.03.2015 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 ending 31 <sup>st</sup> March 2015.	Nil
b) For previous financial years of the Subsidiary since it becomes subsidiary of KFDC Ltd.	Nil
1) Not dealt within the accounts of KFDC Ltd. Amount to	
a) For subsidiary financial year ending 31.03.2015.	(₹ 2087.59 lakhs)
b) For previous financial years of the subsidiary since it becomes subsidiary of KFDC Ltd.	(₹ 2087.29 lakhs)

Signed pursuant to Section 134 (1) of the Companies Act, 1956  
for and on behalf of the Board

Sd/-  
( **CHALAVADI T NARAYANASWAMY** )  
Chairman

Sd/-  
( **A K SINGH** )  
Managing Director

Sd/-  
( **A K SINGH** )  
I/C FM & Chief Accounts Officer

Sd/-  
( **V. LIKITHA** )  
Company Secretary

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

Place : Bangalore  
Date : 24.11.2015

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





**ವನವಿಕಾಸ, 18ನೇ ಅಡ್ಡರಸ್ತೆ, ಮಲ್ಲೇಶ್ವರಂ, ಬೆಂಗಳೂರು - 560 003.**

**ದೂರವಾಣಿ : 91-80-23345192, 23345711 ಫಾಕ್ಸ್ : 91-80-23461647**

**ಇ-ಮೇಲ್ : [info@kfdcl.com](mailto:info@kfdcl.com) ವೆಬ್‌ಸೈಟ್ : [www.kfdcl.kar.nic.in](http://www.kfdcl.kar.nic.in)**