



KERALA FOREST DEVELOPMENT CORPORATION LTD.,
(A Govt. of Kerala Undertaking)
KOTTAYAM - 686 003

Regd. Office : "Aaranyakom",
Karapuzha,
Kottayam - 686 003

Grams : 'Trees '

Fax : 0481-2581338

E-Mail : md_kfdcktm@yahoo.co.in, mail@keralafdc.org

Web : www.keralafdc.org

Telephone : 2581236 (Chairman)
2582640 (M.D.)
2580593
2581204
2581205

40th ANNUAL REPORT
2013-2014

KERALA FOREST DEVELOPMENT CORPORATION LIMITED

BOARD OF DIRECTORS

Adv. M. Manoharan Pillai

Chairman

Sri. Bennichan Thomas IFS.

Managing Director

Sri. P.K. Mohanty IAS.

Additional Chief Secretary to Govt.

Forest & Wild Life Department

Director

Sri. K.S. Reddy IFS.

Additional Principal Chief Conservator of Forests (Central)

Director

Sri. Surendrakumar IFS.

Addl. Principal Chief Conservator of Forests (Protection),

Director

Sri. E.K.Prakash

Special Secretary, Finance Department

Director

Sri.George Joseph

Director

Sri.M.Shahul Hameed

Director

Sri.M.Usman Sahib

Director

Smt.M.Anitha

Director

Bankers :

District Treasury Kottayam

State Bank of Travancore

Union Bank of India

Canara Bank

Auditors :

M/s.Koshy & Mani

Chartered Accountants



KERALA FOREST DEVELOPMENT CORPORATION LTD.

(A Govt. of Kerala Undertaking)

Registered Office: "AARANYAKOM", KARAPUZHA, KOTTAYAM- 686 003.

Ph: -91-481-2581204, 2581205, Fax-2581338, MD- 2581236

E Mail: md_kfdcktm@yahoo.co.in

NOTICE TO SHARE HOLDERS

Notice is hereby given that the 40th Annual General Meeting of the Company shall be convened on Friday the 26th day of September 2014 at the Registered office of the Company at Building No.13/ XXV/KMC, Aaranyakam, Karapuzha, Kottayam-686 003 at 11 A.M. to transact the following business:

1. To receive and adopt the Director's Report and Audited Accounts for the year ended 31st March, 2014.
2. Declaration of Dividend for 2013-14
3. To transact any other business of which due notice is given

By order of the Board,
For Kerala Forest Development Corporation Ltd.,
Sd/-
MANAGING DIRECTOR.

Place : Kottayam,

Date : 03.09.2014



DIRECTORS' REPORT

Ladies & Gentlemen,

Your Directors are pleased to present the 40th Annual Report together with the Audited Statement of Accounts and Auditors' Report of the Company for the financial year ended, 31st March, 2014.

1.SHARE CAPITAL

There was no change in the authorized share capital and paid up share capital of the company which remained at ` .10,00,00,000/- and ` .9,19,53,500/- respectively as on 31st March 2014. The amount of loans due to the State Government including interest was ` .5,33,16,770/-.

2. FINANCIAL RESULTS

The summarized financial results for the year ended 31st March,2014 were as under:

Particulars	For the financial year ended, 31 st March, 2014 Ps.	For the financial year ended, 31 st March, 2013 Ps.
Net Profit Before Tax	8167879.27	5057015.36
Provision for Tax	1132642.00	1324949.00
Profit After Tax	7035237.27	3732066.36
Net Profit transferred to Reserves and Surplus Account	7035237.27	3732066.36

3. Dividend

The Directors are pleased to recommend a dividend of ` 1/- per share (1% on par value of ` 100/-per share) for the year under report. The outflow of funds on this account is as detailed below:

Payable to Government of India	- ` 93000
Payable to Government of Kerala	- ` 826535
Total	- ` 919535
Dividend Tax	- ` 149172



4. TRANSFER TO RESERVES

An amount of ₹ 175880/- was transferred to the General Reserve Account, out of the profits available for appropriation during the year, which is in accordance with the Companies (Transfer of Profits to Reserves) Rules 1975.

5. PLANTATIONS

5.1 The area under tree plantations was 8085 ha. Tree growth over 943 ha. plantations was sold during the year. Fresh plantations were raised or coppice plantations maintained in the areas where felling was made.

5.2 The area of cardamom plantations was 1100.86 ha. and that under coffee was 207.75 ha.

5.3 The area under tea cultivation was 90 ha. and about 10 ha. of administrative area and there was no change in area during the year under report.

5.4. 477 ha. of coffee plantations in Kallumala, Cheeyambam and Pambra estates of the Forest Department have been transferred to the company during 2000-01, vide G.O.(MS) No.33/2000/F&WLD dated 1-6-2000. These plantations were under encroachment by workers/ tribals since 2002-03. Subsequently, the areas have been assigned to landless tribals. Orders of the State Government on the request of the company for surrendering the area to Forest Department are awaited.

5.5 Vettiyl Estate of Akamalavaram plantations entrusted to the company by Government for management still remains with the company. After surrender of various plantations to Forest Department, the actual area under possession of company as on 31.03.2014 was 59.519 ha only

5.6. The following estates in Nelliampathy belonging to Forest Department which were entrusted to the company for collection of usufructs during 2011-12 continued to be managed during 2013-14 also.

1. Meeraflores
2. Rosary
3. Beatrice
4. Thuthumpara

The Thuthumpara Estate was taken back by Forest Department on 24.12.2012 and the other three Estates continued to be managed by KFDC during 2013-14 also.

All the permanent workers had been given employment by the company during the reporting year. Minimum operations required for facilitating the crop collection were carried out by the Company.

6. SALE OF WOOD CROPS

Pulpwood of the company was sold during the reporting year mainly to M/s Tamilnadu Newsprint and Papers Ltd

7. SALE OF TEA AND CARDAMOM.

Green tea leaves was sold by tender-cum-auction during the year. Cardamom was sold by retail sale and by bulk sale to Ayurveda medicine manufacturers, and in auctions.

8. RETAIL SALE OF SANDALWOOD.

Retail sale of sandalwood had picked up during the year

9. SANDALWOOD OIL FACTORY

The sandal oil factory which commenced production on 19th August 2011 continued operation during the reporting year. Due to poor response to bulk sale the capacity utilization was low.



10. ECO TOURISM

The ecotourism activities at Arippa, Gavi and Munnar continued during the year under report. The Floriculture centre at Munnar made brisk business during the year. A visitor facilitation centre with comfort station was set up.

11. NEW ECO TOURISM PROJECTS

The State Government had entrusted the implementation of various ecotourism projects in forest areas and steps had been initiated by the company in this connection. Much progress could be achieved in the following projects funded by Forest Department viz (1) Nature visit facility at Kallar (2) Development at the Elephant Rehabilitation Centre at Kottoor and (3) Orchidarium at Vagamom. Similarly, much progress was achieved in the following projects funded by the Tourism Department viz (1) Setting up camping facility at Arippa and (2) Camping facility at Meesapulimala near Munnar. The project for Nature Visit at Kuruva Island in Wayanad District amounting to ₹.50 lakhs funded by Forest Department has been dropped. The project of establishing Gandhi Smrithivanam at Purakkad in Alapuzha District funded by Forest Department for a cost of ₹.200 lakhs could not progress at all. The project of developing basic facilities for Nature visit at Kambamala Tea Estate in Mananthavady with a fund provision of ₹.50 lakhs from Forest Department and ₹.20.70 lakhs from Tourism Department could not progress.

12. “SABARIJALAM” PROJECT

Works for establishing a unit of packaged drinking water at Kadasserry near Pathanapuram had commenced during the reporting period. The project was funded by Forest department.

13. FOREIGN EXCHANGE EARNINGS

There was no earnings or outgo of foreign exchange during the year.

14. CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION

As the company is engaged in forestry operations the requirements relating to these matters are not applicable to the Company. However the company have been utilizing gravitational force to provide drinking water to workers and to irrigate plantations wherever possible, to dispense with use of fuel and electricity. Drying of cardamom is now being done using energy efficient modern driers. A pico hydel power generation unit has been set up in Silent Valley of Munnar division to meet the energy requirements of camping facilities. Work of setting up of another such unit had been completed at Gavi. A biogas plant had been set up in Gavi Eco tourism unit which operates on bio wastes originating from the kitchen.

15. SUBSIDIARY

The Annual Report and Audited Accounts of M/s. Kerala State Wood Industries Ltd (KESWIL) for the year 2013-14 have not been finalised and hence not annexed hereto. The audited accounts of M/s. KESWIL for the year ended 31st March 2014 shall be furnished to the members on demand, as and when, these are ready. The State Government had taken a decision in January 2009 to wind up the company.

16. PERSONNEL

Employer-employee relations remained cordial. There were no employees coming within the purview of section 217 (2A) of the Companies Act, 1956 during the year under review.

17. AUDIT COMMITTEE

An Audit Committee consisting of the following members have been constituted to comply with the directions contained in Circular No.13883/BPE-2/8/Plg. dt.15.11.2008 issued by the Planning & Economic Affairs (BPE) Department.



- | | |
|-----------------------------|-------------------|
| 1. Shri..M.Manoharan Pillai | Chairman |
| 2. Shri.K.J.Varughese,IFS | Managing Director |
| 3. Shri.Surendrakumar,IFS | Director |
| 4. Shri.E.K.Prakash | Director |

18. AUDITORS

M/s. Koshy & Mani, Chartered Accountants, Kottayam were appointed the Auditors of the Company for the year under review and their Audit Report has been annexed to the Accounts.

19. DIRECTORS

During the period under report Shri. Pradeepkumar, IAS Principal Secretary F&WLD ceased to be Director and Shri.P.K.Mohanty, IAS Adtl.Chief Secretary F&WLD was appointed as Director .

20. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, on the Directors Responsibility Statement, it is hereby confirmed that:

- a. In the preparation of Annual Accounts for the financial year ended 31.03.2014, the applicable accounting standards have been followed. The Statutory Auditors' comments on compliance with various applicable mandatory Accounting Standards are contained in Para 9 of the Report of Statutory Auditors enclosed.
- b. 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 true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The Directors had prepared the Annual Accounts for the year ended 31st March 2014 on a going concern basis.

ACKNOWLEDGEMENT

In conclusion, your Directors wish to place on record their appreciation to the contribution made by the employees at all levels towards successful operations of the company during the year. They also take this opportunity to thank the Central and State Government, Financial Institutions, Banks, Spices Board, Tea Board, Suppliers, Tour Operators, Business Associates and all customers who unhesitatingly reposed their trust on the company during the year under review.

For and on behalf of the Board

Sd/-

CHAIRMAN



**KERALA FOREST DEVELOPMENT CORPORATION LTD. KOTTAYAM-3
BALANCE SHEET AS AT 31st MARCH 2014**

	Description	Notes Reference Number	As at 31st March 2014	As at 31st March 2013
A	EQUITY & LIABILITIES			
1	Shareholders' Funds			
a	Share Capital	2	91953500.00	91953500.00
b	Reserves & Surplus	3	424147455.73	415210410.46
2	Non Current Liabilities			
a	Long term borrowings	4	53316770.24	51882232.73
3	Current Liabilities			
a	Other current Liabilities	5	142212512.50	124248420.83
b	Short term provisions	6	58121999.63	63600662.63
	Total		769752238.10	746895226.65
B	ASSETS			
1	Non current assets			
a	Fixed Assets			
i	Tangible Assets	7	74844392.73	81555711.73
ii	Capital work in progress	8	2060461.59	1619881.58
b	Non Current Investments	9&10	41872136.43	46315976.43
2	Current Assets			
a	Inventories	11	512159302.26	524194716.32
b	Trade receivables	12	34618585.56	16865063.06
c	Cash & Bank Balance	13	83509012.68	56462223.68
d	Loans & Advances	14	20688346.85	19881653.85
	Total		769752238.10	746895226.65
	Significant Accounting Policies	1		
	Notes forming integral part of financial statements	2-48		

"For and on behalf of Board of Directors"

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT CORPORATION LTD. KOTTAYAM-3
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

	Particulars	Notes Reference Number	As at	As at
			31st March 2014	31st March 2013
I	Revenue From Operations	15	166525411.37	119838809.36
II	Other Income	16	48955078.80	51691388.29
III	Total Revenue (I+II)		215480490.17	171530197.65
IV	Expenses:			
	Changes in Inventories	17	11924774.09	-19431132.58
	Plantation, Upkeep, Harvesting	18	76386714.84	79579666.91
	Employee Benefit expenses	19	70893863.11	60166073.19
	General Administrative Expenses	20	11811177.96	8641853.92
	Finance Cost	21	1434537.51	1434537.51
	Depreciation/Amortisation expenses	7	7721580.26	7855558.30
	Other Expenses	22	27139963.13	28226625.04
	Total Expenses		207312610.90	166473182.29
V	Profit before extra ordinary items and Tax:(III-IV)		8167879.27	5057015.36
VI	Tax expenses			
	a) Income Tax		1132642.00	1324949.00
	b) Agricultural Income Tax		0.00	0.00
VII	Profit for the period (V-VI)		7035237.27	3732066.36
VIII	Earnings per equity share			
	(i) Basic Earnings Per Share	48	7.65	4.06
	(ii) Face Value Per Share		100.00	100.00
	Significant Accounting Policies	1		
	Notes forming integral part of financial statements	2-48		

"For and on behalf of Board of Directors"

Sd/-
 BENNICHA THOMAS IFS
 Managing Director

Sd/-
 ADV.M. MANOHARAN PILLAI
 Chairman

Sd/-
 For Koshy & Mani
 Chartered Accountants
 FRN - 001430S
 C.A. Thomas Mani
 M. No. 020015 (Partner)



NOTES TO FINANCIAL STATEMENTS

1. Accounting Policies:

The Accounting policies followed by the Company are as stated below:

- a. The accounts have been prepared on the basis of historical costs. All incomes and expenses have been accounted on the accrual basis, except those mentioned elsewhere in the notes.
- b. Fixed Assets have been capitalized at cost and include all expenses up to putting the asset into use. Depreciation has been provided on the written down value method at the rates specified in Schedule XIV to the Companies Act 1956 except in the case of Development of property, the treatment of which is stated separately. In the case of assets, which have been lost or rendered useless the balance cost remaining in the books have been written off.
- c. Sales are recognized on supply of the material to the customers. In cases where supplies have not been billed, due to technical reasons, the sale value has been estimated on probable realizable value, after taking into account all the relevant circumstances. In cases of auction sales of future crops, appropriate amount has been transferred to advance account.
- d. The cost of raising wood plantations have been accumulated and shown under the head 'Work-in-Progress-Wood Plantations'. The wood plantations have been raised for the purpose of felling and sale of the wood when the trees reach commercial maturity. The opening and closing work-in-progress have been valued at cost (including overheads). The cost of plantations sold/transferred during the year has been reduced from the value of closing work-in-progress, while the cost of new plantations raised as well as the maintenance cost of existing plantations has been added to it. Incidental revenues arising from plantations during their growth period have been shown as income in the Profit & Loss A/c. and have not been set off against the cost of the plantations.
- e. The cost of raising cardamom plantation till the commercially yielding stage has been capitalized and shown under the head 'Development of Property Account'. Every year 1/15th of this capitalized amount is being written off in the profit and loss account on the basis that the commercial life of the cardamom plant is 15 years.
- f. The cost of raising Tea, Coffee and Cashew Plantations till the commercially yielding stage has been capitalized and shown under the head 'Development of Property'. Every year 1/50th of this capitalized amount of Tea and Coffee and 1/30th of such cost of Cashew



- plantation are being written off in the Profit & Loss A/c. on the basis that commercial yielding period of Tea and coffee plants is 50 years and that of Cashew 30 years.
- g. The basis adopted for the valuation of closing stock of Coffee, Cardamom Pepper Timber and Teak poles is net realizable price.
- h. Loose tools, Survey instruments and Hospital equipments have been valued on the basis of revaluation by the Managing Director.
- i. Prior Period Income & Expenditure have been separately disclosed in the Notes on Accounts.
- j. Regeneration charges collected on wood billets are utilized by the company for the expenses relating to research & development and balance are added with Regeneration Reserve.
- k. The Company is a participant in the Group-Gratuity-cum-Life Assurance Scheme of the LIC of India with regard to the gratuity liability of the staff of the Company. Only the premium pertaining to each year is brought into account. Valuation method followed is projected unit credit method as referred in AS 15. In the case of estate workers engaged by the company, the provision is created based on the actuarial valuation done by LIC
- l. The accounts of the Sandal oil factory are incorporated in the accounts of the company and the net loss of the current year has been taken to profit and loss account. The total investment including share capital contribution of Gov't is shown under investment account. 15% of investment has been taken as Return on investment and accounted during this year.
- m. Government Assisted Scheme & Projects are separately accounted in respective project head and balance in fund received from Government has been shown under other current liabilities.

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



SHARE CAPITAL

Note Ref.No.	Particulars	As at 31-03-2014		As at 31-03-2013	
		`	%	`	%
2.	Share Capital				
	Equity Share Capital				
	a) Authorised <i>10,00,000 Equity shares of Rs.100/each</i>	100000000	100.00	100000000	100
	b) Issued subscribed and fully paid up <i>919535 Equity shares of Rs.100/- each fully paid up.</i>	91953500	91.95	91953500	91.95
		91953500		91953500	
	C) Particulars of share holders holding more than 5% of the aggregate shares in the compny				
	<i>(a) Govt. of India- 93000 shares</i>	93000	10.00	93000	10.00
	<i>(b) Govt. of Kerala- 826535 shares</i>	826535	90.00	826535	90.00
	d) The reconciliation of the number of shares outstanding is set out below	No. of Shares	Value	No. of Shares	Value
	<i>Balance at the beginning of the year</i>	919535	91953500	919535	91953500
<i>Issued during the year</i>	---	---	---	---	
<i>Balance as at the end of the year</i>	919535	91953500	919535	91953500	

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3

**Note Reference No.3
RESERVES AND SURPLUS**

As at 31st March 2013	PARTICULARS			As at 31st March 2014
543510.00	543510.00	Capital Reserve		543510.00
		Regeneration Reserve		
	59045597.80	Opening balance	52323047.80	
	4189069.00	Addition during the year	6835707.00	
52323047.80	10911619.00	Deduction during the year	3865192.00	55293562.80
		General Reserve		
	8611964.35	Opening balance	8705266.35	
8705266.35	93302.00	Addition during the year	175880.00	8881146.35
		Govt. Grant		
	235314737.00	Opening balance	235314737.00	
235314737.00	0.00	Addition during the year	0.00	235314737.00
		Investment Subsidy		
	38462490.00	Opening balance	38462490.00	
38462490.00	0.00	Addition during the year	0.00	38462490.00
		Surplus		
	77291301.95	Opening balance:	79861359.31	
	3732066.36	Add: profit for the year	7035237.27	
	0.00	Less: Appropriations	0.00	
	919535.00	a) Proposed Dividend	919535.00	
	149172.00	b) Proposed Dividend Tax	149172.00	
79861359.31	93302.00	c) General Reserve	175880.00	85652009.58
415210410.46		TOTAL		424147455.73

"For and on behalf of Board of Directors"

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3
Note Ref.No.4
Long term borrowings

As at 31st March 2013	PARTICULARS	As at 31st March 2014
	Unsecured loans	
1000000.00	Loan for Fire Wood Distribution Scheme	1000000.00
1300000.00	Loan for Pulp Wood Plantation	1300000.00
8100000.00	Fund from State Government Contingency Fund	8100000.00
1500000.00	Loan for Cardamom Plantation	1500000.00
609200.00	Loan for PKNM Cardamom Plantation	609200.00
	Interest accrued and due on loan	
	37938495.22 Up to 31-03-2013 39373032.73	
	1434537.51 During the year 1434537.51	
39373032.73	as on 31-03-14	40807570.24
51882232.73	TOTAL	53316770.24

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3
Note Ref.No.5
OTHER CURRENT LIABILITIES

As at 31st March 2013	PARTICULARS	As at 31st March 2014
	Amount Due to Govt:	
6301082.57	Government Account-Firewood	6301082.57
9663018.70	Government Account-(Coupe Sale and Plantations)	9663018.70
17173054.75	Government Account Wind fallen trees	17173054.75
2459489.00	Government Account-Windfallen Trees (Rosewood)	2459489.00
1340253.00	Government Account-Mathikettan (Cardamom)	1340253.00
	Balance in fund received for Projects	
9994393.40	Scheme Fund	14608980.40
492744.04	Power fencing Project	- 426576.96
22002112.00	Ecotourism Project in areas of Forest Department	35312677.00
	Refundable deposits	
227014.00	Retention Deposit	467662.00
197789.00	Earnest Money Deposit	514924.00
1685203.00	Security deposit	1521995.00
1540339.00	Fund from Govt. (KESWIL)	423350.00
22186351.68	Advance from Customers	20884137.18
1462467.62	Government Account -Nelliampathy Estate	3939204.12
	Others	
27523109.07	Other liabilities	28029261.74
124248420.83	TOTAL	142212512.50

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3
Note Ref.No.6
PROVISIONS

As at 31st March 2013	PARTICULARS	As at 31st March 2014
	<u>Short term provisions</u>	
420000.00	Provision for Plantation Tax	570000.00
27675451.00	Provision for Agriculture Income Tax	27675451.00
17473914.63	Provision for Gratuity	18788650.63
919535.00	Proposed Dividend	919535.00
149172.00	Dividend Tax	149172.00
13500000.00	Provision for Pay & Allowance	9106444.00
3120.00	Provision for PF on pay arrears	3120.00
3459470.00	Provision for Terminal surrender	909627.00
63600662.63	TOTAL	58121999.63

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT

Note Ref.No.7								
PARTICULARS	ORIGINAL COST							
	As on 1.4.2013		Additions During the year		Deductions on a/c of sale/ adjustment (-)		As on 31.3.2014	
	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
Assets purchased or works completed								
Land	2359302.73		0.00		0.00		2359302.73	
Check Dam/Ponds	3619650.30		0.00		0.00		3619650.30	
Building	53693470.63		0.00		0.00		53693470.63	
Computer Installation	3305159.40		106900.00		0.00		3412059.40	
Electrical Fitting	2078079.89		0.00		0.00		2078079.89	
Furniture	2566853.24		45617.00		0.00		2612470.24	
Office Equipments	1241088.65		230456.00		0.00		1471544.65	
Plant and Machinery	3403204.74		17200.00		0.00		3420404.74	
Library	54903.26		0.00		0.00		54903.26	
Vehicles	11481437.53		625830.00		921883.24		11185384.29	
Water supply installations	18801768.10		0.00		0.00		18801768.10	
Total	102604918.47		1026003.00		921883.24		102709038.23	
Development of Property								
Kanni Elam Project	3402808.30		0.00		0.00		3402808.30	
Mankulam Project	3345938.18		0.00		0.00		3345938.18	
Nemmara Project	10605903.80		0.00		0.00		10605903.80	
Pachakkanam Project	40107910.54		0.00		0.00		40107910.54	
Cashew Project	5483900.40		0.00		0.00		5483900.40	
Wynad Project	9691928.63		0.00		0.00		9691928.63	
Total	72638389.85		0.00		0.00		72638389.85	
TOTAL	175243308.32		1026003.00		921883.24		175347428.08	
Previous year	172514655.32		2728653.00		0.00		175243308.32	
Note Ref.No.8.Capital Works-in-Progress								
(i). Buildings	242358.42		0.00		0.00		242358.42	
(iii). Cardamom Project	196023.17		0.00		0.00		196023.17	
(VI)Tea Factoroy	551500.00		0.00				551500.00	
Micro Hydal Project, Gavi	600000.00		440580.00		0.00		1040580.00	
Waster water Plant, Gavi	30000.00		0.00		0.00		30000.00	
Total	1619881.59		440580.00		0.00		2060461.59	
Previous year	989881.59		630000.00		0.00		1619881.59	

Sd/-
BENNICHAN THOMAS IFS
Managing Director

"For and on behalf



CORPORATION LTD. KOTTAYAM-3

Tangible Assets											
DEPRECIATION (W.D.V)						NET BLOCK					
Upto 31.3.2013		During the year		Adjustment due to sale etc. during the year (+/-)		Upto 31.3.2014		As on 31.3.2014		As on 31.3.2014	
Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
	0.00		0.00		0.00		0.00		2359302.73		2359302.73
	1277750.61		117095.00		0.00		1394845.61		2224804.69		2341899.69
	25722033.94		1398571.88		0.00		27120605.82		26572864.81		27971436.69
	2936738.67		178214.32		0.00		3114952.99		297106.41		368420.73
	1200349.33		122092.36		0.00		1322441.69		755638.20		877730.56
	1689440.58		165277.54		0.00		1854718.12		757752.12		877412.66
	921570.59		69434.10		0.00		991004.69		480539.96		319518.06
	2432487.95		135151.26		0.00		2567639.21		852765.53		970716.79
	49675.00		727.26		0.00		50402.26		4501.00		5228.26
	6212638.44		1381353.39		795501.54		6798490.29		4386894.00		5268799.09
	12012310.93		944413.46		0.00		12956724.39		5845043.71		6789457.17
	54454996.04		4512330.57		795501.54		58171825.07		44537213.16		48149922.43
	1003659.46		68056.17		0.00		1071715.63		2331092.67		2399148.84
	1753381.93		167787.26		0.00		1921169.19		1424768.99		1592556.25
	4191527.46		523715.12		0.00		4715242.58		5890661.22		6414376.34
	25548622.74		1962415.92		0.00		27511038.66		12596871.88		14559287.80
	1437122.55		182796.68		0.00		1619919.23		3863981.17		4046777.85
	5298286.41		193838.57		0.00		5492124.98		4199803.65		4393642.22
	39232600.55		3098609.72		0.00		42331210.27		30307179.58		33405789.30
	93687596.59		7610940.29		795501.54		100503035.34		74844392.73		81555711.73
	85832038.30		8139270.83		283712.52		93687596.61		81555711.73		86682617.02
	0.00		0.00						242358.42		242358.42
	0.00		0.00		0.00				196023.17		196023.17
	0.00		0.00		0.00				551500.00		551500.00
	0.00		0.00		0.00				1040580.00		600000.00
	0.00		0.00		0.00				30000.00		30000.00
	0.00		0.00		0.00				2060461.59		1619881.58
	0.00		0.00		0.00				989881.59		989881.59

of Board of Directors”

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3
Note Ref.No.9
Non Current Investment
Other investment

As at 31st March 2013	PARTICULARS	As at 31st March 2014
9522400.00	(1) Investment in Equity Shares in Kerala State wood Industries Ltd., a subsidiary of Kerala Forest Development Corporation Ltd.(95,224 Shares of ` 100/-each fully paid up). These shares are unquoted and valued at cost	9522400.00
36793576.43	(2). Sandal Oil Factory (Note Ref.No.10&32)	32349736.43
46315976.43	Total	41872136.43

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3					
Note Ref No.10 Sandal Oil Factory Accounts					
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014					
Opening Stock			Sale of Sandal Oil		4944785
	Sandal oil finished	2176220	Sale of sandal dust		20450
	Sandal oil semi- finished	20131683			
	Sandal Dust	72325			
Raw Materials consumed			Closing Stock		
	Purchases	0			
	process loss	0	Sandal oil finished		6010 g 1574620
	Add: Opening Stock	6333838	Sandal oil semi- finished		19133257
	Less: Closing Stock	4970820	1363018	Sandal Dust	2773kg 69325
Production Expenses					
		365747			
Packing Charges					
		26179			
	Gross Profit c/f				1607264.7
	Total		25742437	Total	25742437
			0	Gross Profit b/f	1607264.7
Administrative Expenses					
		455057			
R&M Machinery					
		41021			
Depreciation					
		1477795			
Return on Investment			Excess of expenditure over income		2841409
		1910170			
Excise Duty					
		564630			
TOTAL			4448673	TOTAL	4448673

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3

Note Ref.No.11

INVENTORIES

As at 31st March 2013	PARTICULARS	As at 31st March 2014
513823764.60	Work-in-progress (wood plantations) valued at Cost Agricultural Products (valued at net realisable value)	499908321.77
7363292.00	Cardamom	6090597.60
163325.00	Pepper	158679.00
1497860.00	Coffee	994700.00
0.00	Coffee Powder	17850.00
164790.00	Teak Poles/Timber	0.00
120515.00	Garden Plants	171465.00
506628.00	Sandalwood (valued at cost)	4373787.14
554541.72	Loose tools as revalued by the Managing Director	443901.75
524194716.32	TOTAL	512159302.26

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3
Note Ref.No.12
TRADE RECEIVABLES

As at 31st March 2013	PARTICULARS	As at 31st March 2014
	Trade Receivables	
	<u>Amount due from Govt.</u>	
	Govt.A/c.Agastiavanam Biological Park 6880000.00	
	TPI Ltd. Punalur 4056429.88	
	Grassim Industries Ltd 11335657.59 22272087.47	
	Less: Provision for Doubtful Debts - Grassim Industries Ltd 11335657.59	
		10936429.88
	Sundry Debtors (Subject to confirmation, considered good,secured by debtors personal security)	
	(a) Debtors outstanding for a period exceeding six months 9275790.68	
	(b) Other debts 14406365.00	
16865063.06		23682155.68
16865063.06	TOTAL	34618585.56

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3
Note Ref.No.13
CASH AND BANK BALANCES

As at 31st March 2013	PARTICULARS	As at 31st March 2014
9000000.00	a(i) Short Term Deposit	23000000.00
2500000.00	(ii) Bank guarantee for Sabarimala supply	0.00
3556930.00	(ii) Deposit with treasury (Pledged for the court case of Western India Plywood Ltd.	3556930.00
6546542.68	(b) Cash with Scheduled Banks	14816952.68
5584.00	(c) Cash with Government Treasury: Sub Treasury Kottayam (TPA 55)	5584.00
2587.00	Sub Treasury, Vellaymabalam (TSB 4178)	2587.00
2156125.00	District Treasury-KTM(SPLTSB 5460)	2156125.00
27570190.00	District Treasury-KTM (TSB 5377)	39962490.00
5114344.00	(d) Treasury deposit with 12 months maturity District Treasury-KTM (TSB 5589)	4344.00
9921.00	(e) Cash in hand	4000.00
56462223.68	TOTAL	83509012.68

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3
Ref.No.14
LOANS AND ADVANCES

As at 31st March 2013	PARTICULARS	As at 31st March 2014
57500.00	<u>Loans</u> Education Loan	35000.00
1302989.25	<u>Advances</u> Other advances	1936634.25
17767898.60	Agricultural Income tax advances	17767898.60
0.00	Interest accrued on deposits	195548.00
728266.00	Advance to VAT	728266.00
25000.00	Earnest Money Deposit	25000.00
19881653.85	TOTAL	20688346.85

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



Note Ref.No.	PROFIT & LOSS A/c.	For the year ended 31st March 2014	For the year ended 31st March 2013
15	Revenue From Operations		
	Sale of Products:		
	Cardamom	3755724.00	10930058.00
	Cashew	2847449.00	1968214.00
	Coffee	364101.00	306189.00
	Garden Plants	1318000.00	1083145.00
	Green Tea Leaves	15086747.00	13776488.00
	Pepper	660918.00	264388.00
	Sale Proceeds from Akamalavaram Plantations	1605364.00	3052912.00
	Sandalwood	4365449.37	3794112.36
	Timber & Tree Growth	118578236.00	61182260.00
	Sale of spontaneous tree growth	17780480.00	23147828.00
	Others	162943.00	333215.00
		166525411.37	119838809.36
16	Other Income		
	Eco-Tourism (Receipts)	34273449.00	35184219.92
	Floriculture Receipts	8662724.00	7695968.00
	Interest on Deposits	2848705.00	4729815.00
	Return on investment from Sandal Oil Factory Rs.1910170.00 Less loss on Sandal Oil Factory Rs..2841409.00	-931239.00	657354.00
	Miscellaneous Receipts, Fine, Penalty etc	3250023.50	1546287.00
	Consultancy charges for Power fencing	272570.00	0.00
	Pass/Tender Forms	411478.00	626680.00
	Profit on sale of Old Vehicles	167368.30	0.00
	Prior Period Income	0.00	1251064.37
		48955078.80	51691388.29
17	Increase/decrease in stock		
	Closing Stock		
	Cardamom	6090597.60	7363292.00
	Coffee	994700.00	1497860.00
	Coffee Powder	17850.00	0.00
	Garden Plants	171465.00	120515.00
	Pepper	158679.00	163325.00
	Sandalwood	4373787.14	506628.00
	Teak Poles/Timber	0.00	164790.00
	WIP Wood Plantation	499908321.77	513823764.60
		511715400.51	523640174.60



Note	PROFIT & LOSS A/c.	For the year ended	For the year ended 31st March
	Opening Stock		
	Cardamom	7363292.00	7039940.00
	Coffee	1497860.00	1515675.00
	Garden Plants	120515.00	71765.00
	Pepper	163325.00	117635.00
	Sandalwood	506628.00	3443866.04
	Teak Poles/Timber	164790.00	0.00
	WIP Wood Plantation	513823764.60	492020160.98
		523640174.60	504209042.02
	Net	11924774.09	-19431132.58
18	Plantation, Upkeep, Harvesting		
	Harvesting & Processing Exp.	8229790.99	14012358.74
	Akamalavaram Plantations	821353.00	2072514.00
	Packing & Forwarding	-37653.00	-239641.39
	Plantation Stores	6686426.64	3370317.20
	Plantation Direct expenses	35018994.00	39491000.00
	Wages to Workers	25667803.21	20873118.36
		76386714.84	79579666.91
19	Employees Benefit		
	Salaries & Allowances	50306322.00	39909551.00
	Contribution to PF	6394664.00	6238279.08
	Contribution to GIS	245821.00	342670.00
	Bonus & Festival Allowances	2784729.11	3263109.00
	Group Gratuity-cum-Life Assurance Scheme	738822.00	4171312.63
	Gratuity Expenses	4391018.00	1041899.00
	Pay & Allowance to MD.	1984653.00	1606892.00
	Festival Allowance to MD	2200.00	2000.00
	Pension Contribution	225247.00	1156407.00
	Honorarium to Chairman	166267.00	71000.00
	Staff Training Expenses	3500.00	260140.00
	Welfare Expenses to Staff & Workers	3645651.00	2100641.48
	Contribution to LWF	4969.00	2172.00
		70893863.11	60166073.19
20	General Administrative Expenses		
	Advertisement Charges	1117443.00	870307.00
	Audit Expenses	21553.00	36861.00
	Bank Charges & Commission	45993.50	34860.60
	Books & Periodicals	56839.00	48947.00
	Computer Software Development Expenses	133564.00	151063.00



Note Ref.No.	PROFIT & LOSS A/c.	For the year ended 31st March 2014	For the year ended 31st March 2013
	Electricity & Water Charges	418858.00	456321.00
	Insurance on vehicles	236022.00	193630.00
	Lease Rent	833638.00	700074.00
	Miscellaneous Assets Written off	62804.00	50893.00
	Office & Miscellaneous Expenses	607141.08	379218.13
	Personal Accident Insurance Scheme	600.00	0.00
	TA to Directors	67630.00	32449.00
	TA to MD	21230.00	15256.00
	Travelling Expenses	758181.00	906070.00
	Postage & Telephone	405851.38	275191.00
	Printing & Stationery	502814.00	193647.50
	Professional Fees/Legal Charges	125101.00	367326.00
	Rates, Taxes, & Registration Expenses	157307.00	63374.00
	Remuneration to Auditors	100000.00	100000.00
	Rent	568095.00	370080.00
	Repairs & Maintenance:		
	Building	2583761.00	1321378.69
	Vehicles	2514580.00	1576112.00
	Machinery and Other Assets	397312.00	394750.00
	Research & Development	0.00	82500.00
	Sales Promotion	46475.00	1645.00
	Security Expenses	0.00	0.00
	Vehicle Hire Charges	0.00	19900.00
	Discount on sale	28385.00	
		11811177.96	8641853.92
21	Finance cost	1434537.51	1434537.51
22	Other Expenses		
	Eco-Tourism	14824979.52	21724693.04
	Floriculture Expenses	4618919.61	3104995.00
	Purchase of Sandalwood	7452174.00	178571.00
	KVAT (Ecotourism)	30388.00	34312.00
	Luxury Tax	63502.00	83618.00
	Plantation Tax	150000.00	150000.00
	Service Tax	0.00	2396.00
	Donation	0.00	250000.00
	Prior period Expenses	0.00	2698040.00
		27139963.13	28226625.04

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



23. The Balance Sheet as at 31-03-2014 and the Profit & Loss A/c. for the year ended on that date have been drawn up as far as possible and are applicable in terms of the provisions of Schedule VI of the Companies Act 1956. All the other required information has been given in these Notes. The figures for the previous year have been regrouped or recast wherever necessary.
24. The details of opening stock, closing stock, production and disposal of cured cardamom, coffee, pepper and tea are as follows:

i) CURED CARDAMOM							
Year	Opening Stock		Production	Disposal		Closing Stock	
	Qty. Kg.	Value (`)		Qty. Kg.	Qty. Kg.	Value (`)	Qty. Kg.
2012-13	8960.550	7039940.00	16407.150	16163.585	10930058.00	9204.115	7363292.00
2013-14	9204.115	7363292.00	5958.662	7532.230	3755724.00	7630.547	6090597.60
ii) GREEN TEA LEAVES							
Year	Opening Stock		Production	Disposal		Closing Stock	
	Qty. Kg.	Value (`)		Qty. Kg.	Qty. Kg.	Value (`)	Qty. Kg.
2012-13	Nil	Nil	902184	902184	13776488.00	Nil	Nil
2013-14	Nil	Nil	899547	899547	15086747.00	Nil	Nil
iii) COFFEE SEEDS							
Year	Opening Stock		Production	Disposal		Closing Stock	
	Qty. Kg.	Value (`)		Qty. Kg.	Qty. Kg.	Value (`)	Qty. Kg.
2012-13	20209.00	1515675.00	36829.00	35640.00	306189.00	21398.00	1497860.00
2013-14	21398.00	1497860.00	15434.50	22622.50	364101.00	14210.00	994700.00



iv) **PEPPER**

Year	Opening Stock		Production Qty. Kg.	Disposal		Closing Stock	
	Qty. Kg.	Value (`)		Qty. Kg.	Qty. Kg.	Value (`)	Qty. Kg.
2012-13	336.100	117635.00	853.200	355.550	264388.00	833.75	163325.00
2013-14	833.750	163325.00	1516.450	2056.350	660918.00	293.850	158679.00

v) **SANDALWOOD**

Year	Opening Stock		Purchase during 2011-12 Qty. Kg.	Disposal		Closing Stock	
	Qty. Kg.	Value (`)		Qty. Kg.	Value (`)	Qty. Kg.	Value (`)
2012-13	576.019	3443866.04	81.468	572.581	3794112.36	84.905	506628.14
2013-14	84.905	506628.14	1131.20	653.982	4365449.37	732.996	4373787.13

vi)

i) The closing stock of Garden plants during the year 2013-14 is valued at ` 171465/- only.

ii) The details of wood plantation areas felled are as follows:

Particulars	Year	
	2013-14	2012-13
a). Area felled	943.77	382.006 Ha
b). Sale value (Including misc.tree growth, teak poles and wood billets)	136358716.00	84330088.00



25. The details of area under Wood, Cardamom, Coffee, Tea and Cashew plantations are as follows:

A). Wood Plantations

Particulars	Year	
	2013-14	2012-13
a) Total area of wood plantations	6332 Ha (Excluding Cashew and Bamboo plantation)	6332 Ha (Excluding Cashew and Bamboo plantation)

B). Cash crops

(i) Cardamom Plantations

Division	Total area under cardamom Ha.	Unproductive area Ha.	Commercially yielding area Ha.	Plantation area in developmental stage Ha.
Munnar	138.59	69.09	49.25	20.25
Thrissur	119.66	106.16	13.50	0.00
Gavi	842.61	732.61	110.00	0.00
Total	1100.86	907.86	172.75	20.25
(2012-13)	1100.86	836.36	186.50	78.00



(ii). Coffee Plantation

Division	Total area under cardamom Ha.	Unproductive area Ha.	Commercially yielding area Ha.	Plantation area in developmental stage Ha.
Thrissur	77.00	22.00	55.00	
Munnar	60.75	0.00	60.75	
Gavi	70.00	42.00	28.00	
Total	207.75	64.00	143.75	
(2012-13)	207.75	116.25	91.50	0

In addition to this 477 Ha. of coffee plantation in Kallumala, Cheeyambam and Pambra Estates of the Forest Department have been transferred to the Company during 2000-01, vide G.O. (MS) No.33/2000/F&WLD dated 1-6-2000. These plantations were earlier encroachment by workers /tribals since 2002-03. Subsequently the areas have been assigned to landless tribals. Order of the Government on the request of the Company for returning the area to Forest Department are awaited.

iii). Tea Plantation

Division	Area under Tea cultivation	
	2013-14	2012-13
Mananthavady	90 ha.	90 ha.

Note: 9.5 Ha. area is used on colony, office etc.



(iv) Cashew plantation

	2013-14		2012-13	
	Total area Ha.	yielding area Ha.	Total area Ha.	yielding area Ha.
Trivandrum	149.063	149.063	149.063	149.063
Punalur	163.200	163.200	163.200	163.200
Total	312.2263	312.263	312.263	312.263

26. The cost of softwood plantations where teak is interplanted with Elavu/Matti had been written off in the accounts on extraction of the teak and miscellaneous trees of GBH of 75cm and above. The softwood and misc. trees remaining after the extraction of teak and misc. trees as above have not been valued and included in the accounts due to practical difficulties.

27. **Related party disclosures:**

a) Related parties

1) KESWIL (subsidiary company)

2) Key Managerial Personnel

b) Transaction with related parties

1) Balance in fund received from Govt. (KESWIL) ` 423350 /-



2) Managing Director

Nature of Payment	2013-14	2012-13
Salaries & Allowance	1984653.00	1606892.00
Festival allowance	2200.00	2000.00
Travelling Allowance	21230.00	15256.00
Total	2008083.00	1624148.00

3) Honorarium to Chairman

2013-14	2012-13
166267.00	71000.00

4) TA to Directors

2013-14	2012-13
67630.00	32449.00



	2013-14	2012-13
i. Value of imports of CIF basis	Nil	Nil
ii. Expenditure in foreign currency during the year on royalty, know how, professional consultation fees, interest etc.	Nil	Nil
iii. Value of imported raw materials, spare parts and components during the year	Nil	Nil
iv. Amount remitted in foreign currencies towards dividends during the year	Nil	Nil
v. Earnings in foreign exchange during the year	Nil	Nil

29. The annual accounts of Kerala State Wood Industries Ltd., the Company's Subsidiary, have not been finalized. Therefore, the requirements of Section 212 of the Companies Act, 1956 could not be complied with.
30. The management of 156 hectares of rubber, coconut and other miscellaneous plantations in Akamalavaram area has been transferred to the company by Government vide G.O.No.48/93/Forest dt. 18.06.93. After surrender of various plantations back to Forest Department, the actual area under possession of the Company as on 31.03.2013 is 59.519 Ha. only. Since KFDC has already moved Forest Department for leasing out the area to KFDC, the sale proceeds and expenditure incurred has been taken into the Profit & Loss A/c and has been disclosed separately.
31. Nellyampathy Estate:KFDC had taken over the collection of usufructs in Beatrice,Rosary,Miraflores and Thoothampara Estates on 11-12-2011 as per Govt.Letter No.2127/B2/2009/ F7WLD dt 25-11-2011. The money spent by the Company on the said plantations after deducting the income there from has been debited to'Govt. A/c. Nellyampaty Estate'and has been shown under the head Other Current Liabilities in the Balance



Sheet.Thoothampara Estate was returned to Forest Department for organic management in November 2012.

32. Sandal Oil Factory:Government vide order No.G.O.(MS) No.84/2010/F&WLD dated 4.12.2010 accorded administrative sanction for the setting up of a Sandal Oil Extraction Unit at Marayoor, Iddukki. Factory commenced production on 19/8/2011 . As per the decision of the Board, the accounts of the Sandal Oil Factory are incorporated in the accounts of the company.

The total investment including share capital contribution of Govt. is shown under Investment Account and as per the project report approved by Govt. 15% of investment has been taken as Return of investment and accounted during this period. The current year factory net loss has been taken to profit & loss account and net result are disclosed in P & L account.

Return On Investment	1910170.00
excess of expenditure over income	2841409.00
Balance loss	931239.00

33. The Board of Directors of the Company at the 73rd Meeting passed a resolution (No 592) for collecting Forest Development Tariff (FDT) for setting up a Forest Development Reserve to be utilized for research and developmental activities. As FDT collected is in the nature of a capital receipt, this has been taken directly to the Balance Sheet as an addition to the said Reserve A/c. As per Resolution (No. 1187) in 141st Meeting of Board of Directors held on 21.5.2007, the nomenclature of Forest Development Tariff has been changed as “Regeneration Charges”.
34. Agricultural Income Tax



Period	Present position
Period up to 31/3/2005 A.Y 2005-06	Settled under Amnesty scheme and remitted ` .1,63,26,648/- during 2010-11. Loss of ` .56,87,279/- is available for set off for the A.Y 2004-05. Assessed loss is ` .8,46,840/- Sale value of spontaneous tree growth to the extent of ` .49,84,164/- could not exclude from agricultural income in the original return and hence revised return filed on 14/1/2012 claiming loss of ` .58,31,004/- and requested Inspecting Assistant Commissioner to revise the assessment order.
A.Y 2006-07	Assessed taxable income is ` .75,59,380/- and tax ` .37,79,690/-. Filed appeal before the Deputy Commissioner (Appeals) which is still pending. Sale value of spontaneous tree growth to the extent of ` 1,17,79,166/- could not exclude from agricultural income in the original return and hence revised return filed on 14/1/2012 claiming loss of ` .42,19,786/- and requested Inspecting Assistant Commissioner to revise the assessment order.
A.Y 2007-08	Assessed taxable income is ` .40,83,370/- and tax ` .20,41,685/-. Sale value of spontaneous tree growth to the extent of ` .1,13,83,240/- could not exclude from agricultural income in the original return and hence revised return filed on 14/1/2012 claiming loss of ` .72,99,870/- and requested Inspecting Assistant Commissioner to revise the assessment order.
A.Y 2008-09	Assessed taxable income is ` .14,63,650/- and tax ` .7,31,825/-. Sale value of spontaneous tree growth to the extent of ` .1,37,40,110/- could not exclude from agricultural income in the original return and hence revised return filed on 14/1/2012 claiming loss of ` .1,22,76,460/- and requested to the Inspecting Assistant Commissioner to revise the assessment order and refund the tax already paid on 31.12.2010 ` .7,31,825/-.



A.Y 2009-10	Order from DC(Appeals) were obtained on 27/3/2014. Reassessment based on DC (Appeals) order are pending with Assessing Authority .If reassessment is made on the basis of DC(Appeals) order, the AIT due will be ` 23,08,139/- after adjusting AIT paid for the year ` 34,55,118/-. For the disallowed items second appeals has been filed before the AIT Tribunal.
A.Y 2010-11	Order from DC(Appeals) were obtained on 27/3/2014. Reassessment based on DC (Appeals) order are pending with Assessing Authority .If reassessment is made on the basis of DC(Appeals) order, the Agriculture loss will be ` 35,78,753/- , and AIT paid for the year ` 1,14,24,732/-. Is refundable to KFDC. For the disallowed items second appeals has been filed before the AIT Tribunal.
A.Y 2011-12	Assessed taxable income is ` 5,25,77,997/- as against the returned income ` 36,67,801/-. Carry forward loss for the Ass. year 2010-11 ` 1,15,83,598/- and rebate on IDS ` 38,12,850/- were not considered in the assessment. Filed appeal before the DC(Appeals) which is still pending.
A.Y 2012-13	As per self assessment agricultural income worked out is ` 2,89,83,405/-. The loss of the previous years can be set off against the income. Hence there is no tax liability
A.Y.2013-14	As per self assessment agricultural loss is ` 2,73,44,107/-. Total carried forward loss is ` 4,03,10,797.
A.Y.2014-15	As per self assessment agriculture loss is ` 17,20,886/-



35. Reassessment of KGST & KVAT for the years 2003-04, 04-05, 05-06 & 06-07 has been done by Assessing Officer and additional liability has been fixed at ` 72,82,655/- including interest. These assessments are under appeal. The IAC (commercial Taxes) has however initiated revenue recovery proceedings against the Company for realizing the tax assessed and interest thereon aggregating to ` 72,86,655/- for the year from 2003-04 to 2006-07. To avoid recovery proceedings the Company was compelled to remit 10% of the total demand ie. ` 7,28,665/- during 2010-11 to the authority to settle it in future demands. It has included in loans and advances in Schedule C . The order from Appellate authority had been received on 06/05/2011. The orders on certain issues were against the law and facts submitted and hence appeal before the Hon'ble Tribunal have been filed and that order is awaiting.

36. (i) In the case of loan of ` 81.00 lakhs from Contingency Fund, though Government in G.O.No. 90/94/F&WLD dt.19.02.94 had ordered that the terms and condition in the General Circular No.60/86/Fin dt.08.08.86 would apply, interest rates specified therein could not be adopted as Government had not stipulated the nature of the loan whether it was investment loan or working capital loan and also the period of its repayment. The company has therefore adopted the interest rate at 10.75% as in the case of other loans.

(ii) In the case of loan for Pulpwood (` 13 lakhs) and Loan for Cardamom (` 15 lakhs) penal interest has been provided on outstanding instalments of principal only.

37. (i) Fund assistance received up to 31/3/2012 from Govt. under various schemes such as Kerala Forestry Project, Western Ghat Development Programme, National Afforestation and Eco-Development Board's Program etc., have been accounted as deferred Govt. grant and shown below 'Reserves and Surplus' on the liability side of Balance sheet The assets created/plantation raised using such funds are accounted under appropriate sub head in fixed /Current assets. The adjustment of these grants in terms of the relevant Accounting Standard will be considered at the time of extraction of these plantations.

(ii) Fund received and expended after 31/3/2012 from National Medicinal Planting Board, Western Ghat Development Programme, Bamboo Mission & Fund from Forest Department for Eco-Tourism activities etc are maintained as separate account and net amounts has been shown under Scheme fund Account in Current Liabilities.

38. New Eco Tourism Projects:



The State Government have entrusted the implementation of various Eco tourism projects in forest areas to the company and civil works in connection with the projects were going on and four projects are in nearing completion. Projects expenditure incurred in this connection are separately accounted in respective project head itself. Balance fund received from Government has been shown under other current liabilities

39. Power Fencing Project: 33 kms of fencing work for waynad Forest division had been completed during this year. Consultancy charge recognized in the work bill is accounted separately and shown under other income.
40. Since the bills relating to the Curing house at Munnar are pending settlement due to some dispute, the expenditure incurred ` 2,42,358.42 in this work has not been transferred from work-in-progress to the respective asset account in the final accounts.
41. Employees receiving remuneration more than ` 24,00,000 per annum : Nil
42. Contingent liabilities : Nil
43. The Company has no liability towards trade payables to any micro, small and medium enterprises for more than 30 days.
44. The confirmation of balances from debtors is pending and other balances are also subject to confirmation.
45. All the wood and cash crop plantations shown under appropriate sub heads under current and fixed assets and other items such as Building, Check Dam, Water supply installation etc are on lease hold land except those relating to Head Office.
46. INCOME TAX: Tax expense comprise of current tax and is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. There is no Deferred tax during this year Deferred tax income and accounting income that originate in one period and are capable of reversal in one or expense or benefit is recognized on timing differences being the difference between taxable more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or subsequently enacted by the balance sheet date.



47. Audit Fee	2013-14	2012-13
1) Statutory Audit	80000	80000
2) Taxation matters	20000	20000
3) Audit expense	21553	36861
Total	121553	136861

48. Earnings Per Share

	Current year	Previous year
Net profit	7035237.37	3732066.36
Weighted average No. of share	919535.00	919535.00
Earnings Per share	7.65	4.06
Nominal value of share	100.00	100.00

“For and on behalf of Board of Directors”

Sd/-
BENNICHAN THOMAS IFS
Managing Director

Sd/-
ADV.M. MANOHARAN PILLAI
Chairman

Sd/-
For Koshy & Mani
Chartered Accountants
FRN - 001430S
C.A. Thomas Mani
M. No. 020015 (Partner)



Independent Auditors' Report

To the Members of

Kerala Forest Development Corporation Limited.

We have audited the accompanying financial statements of **Kerala Forest Development Corporation Limited ("The Company")**, which comprise the balance sheet as at **March 31, 2014**, and the statement of profit and loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

1. *Prior period penal interest for belated payment of principal and interest has not been provided on loan repayment to State Government as per Government order No. GO(MS) No. 74/86/FE&WL dated 04.08.1986 for pachakkanam cardamom plantation upto 31.03.2009. We are*



unable to quantify the provision for prior period penal interest due for the period 04.08.1987 to 31.03.2009. To this extent, the profit is overstated.

2. Amount due from Hindustan Newsprint Ltd as on 31/03/2014 of ₹ 50,60,509/- with respect to previous years has not been confirmed and reconciled. The impact, if any, on the financial statements is not ascertainable.
3. Company has not paid/provided service tax with respect to ecotourism services, if any. We are unable to quantify the impact, if any, on the financial statements.
4. The balance of each item under trade receivables-note 12, loans & advances-Note 14 and other current liabilities-Note 5 are subject to confirmation, reconciliation and consequential adjustment. We have relied only on the books of accounts maintained and information and explanations furnished by the company. The impact, if any, on the financial statements is not ascertainable.
5. The requirement of Section 212 of the Companies Act, 1956 has not been complied with in the case of company's subsidiary Kerala Wood Industries Ltd.
6. Audited financial statements of Kerala Wood Industries are not available. Hence we are not in a position to comment on the provision, if any, to be provided against the diminution in the value of investment. To that extent the Company has not complied with disclosure requirements of Accounting Standard-13 (Accounting for Investments).
7. In the case of Work-in-progress, statement of up-to-date input cost incurred for each plantation cannot be precisely verified for lack of information and records. The yearly write off from work-in-progress also could not be precisely verified. Also the company has not complied with Accounting Standard-28 (Impairment of Assets) with respect to impairment due to natural & other factors. In the light of the above we are unable to comment on the correctness of the value of work-in-progress.
8. The Company has not complied with Accounting Standard-17 (Segment Reporting) & Accounting Standard - 22 (Accounting for Taxes on Income).
9. In certain cases, the Plantation Journals are not being maintained in the proper format. The Company also does not have any system of periodical enumeration for identification of inventory of plants. The internal control over felling and transportation of trees is inadequate.
10. The internal controls over purchases in Munnar division with respect to nursery activities are weak. The system of obtaining competitive quotations is not being implemented.
11. Disclosure of Trade Receivables in Note No.12 is not in accordance with stipulated disclosure under Schedule VI of the Companies Act,1956
12. Balance sheet items Government Account - (Nelliampathy Estate), Fund from Govt.(KESWIL) & Advance from Customers shown under sub head 'Refundable Deposits' in Other Current Liabilities should have been shown under Advance due to Government and Others.



13. *We are unable to quantify the amounts mentioned in paragraph 1,2,3,4 & 7 for want of full information and as and when the quantification is made by the Company, the overstatement/ understatement of the profit and assets & liabilities will further decrease/increase to that extent.*

Qualified Opinion

In our opinion, except for the effect on the financial statements of the matter described in the basis for qualified opinion paragraph and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the balance sheet, of the state of affairs of the company as at March 31, 2014;
- b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - c) the balance sheet and statement of profit and loss dealt with by this report are in agreement with the books of account.
 - d) in our opinion, the balance sheet and statement of profit and loss comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 except accounting standards 17,13,22 & 28.
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

For Koshy & Mani
Chartered Accountants
FRN: 001430S

Kottayam,
31.07.2014

CA. Thomas Mani
M. No. 020015 (Partner)



ANNEXURE TO AUDITORS' REPORT

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) Physical verification of the fixed assets is done by the management as per regular program of verification, which in our opinion needs to be strengthened having regard to the size of company and nature of assets. As informed, no material discrepancies were noticed on such verification.
(c) The fixed assets disposed of during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) The inventories have been physically verified by the management during the year at reasonable intervals except in the case of Work in progress and Loose Tools.
(b) Procedure for physical verification of inventory followed by the management is not adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory except in the case of Work in Progress and Loose Tools. It is reported that the discrepancies noted in physical verification between physical stock and book records were not material.
3. The company has neither taken nor granted any loans, secured or unsecured to companies, firms or other parties covered in the register referred under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us internal control with respect to the purchase of inventory and fixed assets and for the sale of goods are inadequate and there is a continuing failure to correct the major weakness in internal control system.
5. On the basis of our examination of books of accounts, the Company has not made any such transactions, during the financial year, that needs to be entered in the register pursuant to Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public during the year.
7. Considering the size & nature of the company, in our opinion the scope and effectiveness of the internal audit system are inadequate.
8. The maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.
9. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues. According to information and explanation given to us there are no undisputed statutory dues as at 31st March, 2014 outstanding for a period of more than six months from the date they became payable.



b) Disputed Sales tax dues pertaining to years 2003 - 2004, 2004 - 2005, 2005 - 2006, 2006 - 2007 is ` 65,54,000/-. The matter is pending before Sales Tax Tribunal (Refer Note 35 of Notes to financial statements)

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to banks/financial institutions/debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund, Nidhi, Mutual Benefit Fund or a Society.
14. The Company is not dealing or trading in shares, securities, debentures or other investments.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The Company has not availed any term loans during the year.
17. The Company has not raised funds on short term basis during the year.
18. The Company has not made preferential allotment of shares to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Koshy & Mani
Chartered Accountants
FRN-001430S

CA. Thomas Mani
M. No. 020015 (Partner)

Kottayam,
31.07.2014



**REPLIES TO THE REPORT OF AUDITORS-M/S. KOSHY & MANI CHARTERED
ACCOUNTANTS TO THE MEMBERS OF M/S. KFDC LTD, KOTTAYAM, ON AUDIT OF
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014.**

Replies to the Basis for Qualified Opinion.

1. As per GO (MS) No.74/86/F&WLD Dt.4/8/1986 and GO(MS) No.30/89/F&WLD dt.1/3/1989 Government have fixed the cost incurred by the Forest Department for raising Pachakkanam Cardamom Plantation at ` 1218400/- and it has been ordered that 50% of the cost thereof will be treated as Government Share Capital contribution and balance 50% as 10 year loan carrying interest @14%p.a and penal interest @2% for belated payment of principal and interest from the date of GO cited first above. In pursuance of the above GO, the company has issued shares for value of ` 609200/- in July 2007 .Since the Company has requested to convert the balance portion also to share capital ,the repayment and penal interest was not provided in the accounts.
2. Amount due from HNL: The amount of ` 5060509/- is amount due from HNL for previous years.Discussion have been held with HNL,for settlement of the dues and final decision on this matter is pending.
3. Service Tax on Eco Tourism activities: Since KFDC is not having any air conditioned restaurant and room rent tariff of ` 1000/- or more service tax is not attracted.
4. Note 12 and Note 5-:-The Company has requested Government to settle the dues against the lease rent payable by the Company.

Sundry Debtors -Traders and Contractors have not furnished the confirmation Certificate. However, balances have been confirmed by the concerned Divisional Managers.

Note 14 Loans and Advances,the balances are being reviewed and necessary adjustments will be made in the accounts. In the case of AIT advance steps will be taken to get the amount refunded on completion of the assessment for the years to which these advances pertain.

5. Since the accounts of KESWIL are in arrears, the requirement regarding submission of accounts of the subsidiary company along with the holding Co's accounts could not be complied with.
6. Shares in Kerala State Wood Industries Ltd, ` 95,22,400/-

The accounts of the Kerala State Wood Industries Ltd up to 2011-12 have been approved by the Board of Directors and are being audited by the statutory auditors. Valuation of investment is not possible as the accounts of the Subsidiary Company are not yet adopted in the Annual General meeting. KSWIL being a Govt. Company, the Holding Company cannot suo moto value the investment.

7. Work-in-progress:

The method adopted for valuation of work-in-progress (wood plantation) is same as in the previous years and it has been followed consistently over the years. The expenditure incurred for each plantation is not accounted separately. Instead, the total expenditure incurred (both



direct and indirect) is aggregated and it is apportioned to each year's plantation based on the product of the area and weightage assigned based on the age and nature of plantation.

We are maintaining all the relevant details such as the sanctioned estimate, voucher wise details of actual expenditure, area planted, area extracted and Plantation Journals etc relating to the valuation of work in progress and are available for verification.

8. AS-17 Segment Reporting is not applicable as it is a Level II Company Accounting Standard-22 (Accounting for Taxes on Income): AS 22 is not applicable as far as Income Tax Assessment of the company is concerned.
9. Instruction have already been issued to field officers to maintain the plantation journals in respect of all the plantation with all the relevant details and journals are verified during the Inspection of the Division/Estate by the MD, GM, AGM etc.

Proper records relating to enumeration, felling, stacking, transport etc. are maintained in the field offices. The transportation of felled trees and pulpwood billets are regulated by issue of passes under the provision of Forest Act /Code and Rules, The materials transported are verified along with the passes at various points on the way of its transportation by various check posts offices of the Forest Department. In the case of pulpwood transportation, the lorry load wise dispatches are checked with the lorry wise weightment details furnished monthly by Managers and if any discrepancies are noticed the same is investigated and remedial measures taken. Internal Audit Wing of the Company has verified the procedures during their audit and reviewed for compliance.

10. As regards the internal control on purchase of nursery activities in Munnar division, it may be pointed that the company is strictly following the store purchase rules issued by State Govt. for all the purchases and the procedure has been verified specifically by the Internal Audit team and instruction has already been given to follow the procedures strictly.
11. Noted. Detailed disclosure as required in Schedule VI will be done in the next year accounts.
12. Noted and grouping will be changed in the next year accounts.

Sd/-

Managing Director



समूहसचिव (आर्थिक एवं राजस्व सेवा विभाग) का कार्यालय, नई दिल्ली
सिद्धान्तपुरा

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

**३ मार्च २०१४ की तारीख को के.एफ.डी. लिमिटेड पर किए गए वित्तीय विवरणों की जांच, अंग्रेजी में
किए गए वित्तीय विवरणों की जांच की रिपोर्ट के अंतर्गत
आय के विवरण पर प्रतिक्रिया की प्रतिलिपि**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER
SECTION 410A OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF KERALA
FOREST DEVELOPMENT CORPORATION LIMITED, KANNIYAM FOR THE YEAR
ENDED 31 MARCH 2014**

The preparation of financial statements of Kerala Forest Development Corporation Limited, Kanniyam for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 410 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 417 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them only their Audit Report dated 31 July 2014.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 410 (2) (b) of the Companies Act, 1956 of the financial statements of Kerala Forest Development Corporation Limited, Kanniyam for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 410 (b) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.



GOVERNMENT OF KERALA

No.75773/PU-B3/2014/.Firi

Finance (PU-B) Department

COMMENTS OF ADDITIONAL CHIEF SECRETARY (FINANCE) ON THE AUDITED ANNUAL ACCOUNTS OF KERALA FOREST DEVELOPMENT CORPORATION LIMITED FOR THE YEAR 2013-2014

- 1) The net profit of the Corporation during the year under review is ` 70.35 lakhs against the figure of ` 37.32 Lakhs during 2012-13 .
- 2) The Company should comply with the prescribed Accounting Standards
- 3) The Company should strengthen its internal control measures.
- 4) The audit of the accounts of Kerala Wood Industries Ltd should be updated.
- 5) Corporation should reconcile and confirm the figures in respect of the dues from Hindustan Newsprint Limited.
- 6) Plantation Journals should be strictly maintained and the enumeration of plants should be made periodically.

K.M. ABRAHAM
ADDITIONAL CHIEF SECRETARY (FINANCE)

Thiruvananthapuram.
10/09/2014.