



**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 (S.F.M)

E-Mail : md\_kfdcktm@yahoo.co.in, mail@keralafdc.org

Web : www.keralafdc.org

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

**37<sup>th</sup> ANNUAL REPORT**  
**2010-2011**



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**KERALA FOREST DEVELOPMENT CORPORATION LIMITED**

**BOARD OF DIRECTORS**

**Sri. Sajen Peter, IAS**  
Chairman & Director

**Sri. Amarnatha Shetty I.F.S.**  
Managing Director

**Sri. N.V. Trivedi Babu I.F.S.**  
Chief Conservator of Forests  
Director

**Sri. K.S. Reddy I.F.S.**  
Chief Conservator of Forests (Central)  
Director

**Sri. M. Chandradhas**  
Additional Secretary, Finance Department  
Director

SECRETARY - CUM - FINANCE MANAGER  
**Sri. C.R. Mohanakumar B.Com, ACA, ACS, LLB.**

**Bankers :**

Union Bank of India  
State Bank of Travancore  
Syndicate Bank  
Canara Bank

**Auditors :**

M/s.K.I. Abraham & Co.  
Chartered Accountants  
Thiruvalla.



# **KERALA FOREST DEVELOPMENT CORPORATION LTD.**

( A Govt. of Kerala Undertaking)

**REGISTERED OFFICE : AARANYAKOM, KARAPUZHA, KOTTAYAM - 686 003. KERALA, INDIA**

Tele : 0481-2582640 (MD), 2581204, 2581205 (Office) Fax : 0481-2581338, Gram TREES

E. mail: md\_kfdcktm@yahoo.co.in, mail@keralafdc.org

Web : www.keralafdc.org

## **NOTICE TO SHARE HOLDERS**

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting which was adjourned sine-die on the 17<sup>th</sup> September, 2011 shall be re-convened on 28<sup>th</sup> December 2011 and shall be held at the Registered office of the Company at Building No. 13/XXV/KMC, Aaranyakom, Karapuzha, Kottayam 686 003 at 11 AM to transact the following business:-

1. To receive and adopt the Director's Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2011.
2. Declaration of final dividend for 2010-11
3. To transact any other business of which due notice is given

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

*Sd/-*  
**SECRETARY-cum-FINANCE MANAGER**

*Place : Kottayam,*

*Date : 12/12/2011*

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## DIRECTORS' REPORT

Gentlemen,

Your Directors have pleasure in presenting the 37<sup>th</sup> Annual Report and the audited statements of accounts for the year ended 31st March, 2011.

### 1. SHARE CAPITAL AND FINANCE

There was no change in the authorised Share Capital and paid up Share Capital of the company which stand at Rs. 10 crores and Rs.8,44,53,500/- respectively as on 31st March 2011.

The amount of the loans due to the State Government including interest is Rs.4,90,13,157.71.

### WORKING RESULTS

The summarised operating results are as follows:

	2010-11		2009-10	
	Rs.	Ps.	Rs.	Ps.
Profit before depreciation and taxes	4,16,16,409.45		4,69,70,060.24	
Less Provision for Depreciation	86,18,649.40		93,03,545.05	
Less Provision for Taxation	2,01,27,189.53		2,28,75,222.22	
Net Profit transferred to Profit & Loss Appropriation Account	1,28,70,570.50		1,47,91,292.97	

Adjustments relating to expenses and incomes of previous years have also been made during the year and the net expenses on this account is Rs. 30,38,442.00

#### Appropriation made from the profits.

##### a) Dividend

An interim dividend of Rs. 5 per share (5% on par value of Rs. 100/- per share) was declared by the Directors in view of the better financial position. The Directors are pleased to recommend a final dividend of Rs. 5 per share to be adjusted against the interim dividend declared and paid by the Directors. The outflow of funds on this account is as detailed below.

Paid to Govt. of India	-	Rs. 4,65,000.00
Paid to Govt. of Kerala	-	Rs.37,57,675.00
Total	-	<u>Rs.42,22,675.00</u>
Dividend Tax	-	<u>Rs. 7,01,386.00</u>

##### b) Transfer to Reserve

An amount of Rs. 12,87,057.05 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.

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## **2. PLANTATIONS**

The area under tree plantations was 8085 ha. Tree growth over 630 ha. plantations was sold during the year. Fresh plantations were raised or Coppice Plantations maintained in the areas where felling was done.

The area of cardamom plantations is 1083 ha. Area under coffee plantations is 155.5 ha.

The area under tea cultivation is 90 ha. which includes about 10 ha. of administrative area and no further expansion was made during the year under report.

477 ha. of coffee plantations in Kallumala, Cheeyambam and Pambra Estates of the Forest Department transferred to the company continue to be in the records of the company. The Plantations are under encroachment by workers and tribals and no income was received by the company from those plantations and hence the Forest Department was informed that we are vacating the premises from 05/05/2011.

Vettiyil Estate of Akamalavaram Plantations entrusted to the company by Government for management still remains with the company.

The Eco Tourism activities in Gavi and Munnar Divisions continued during the year under report, and the activities were expanded to Arippa in Trivandrum division and Kambamala in Mananthavadi Division.

The Floriculture centre at Munnar is doing brisk business and a visitor facilitation centre is set up with comfort station.

Retail sale of sandwood business has picked up well during the year and it has become an important activity generating handsome profits to the Corporation.

## **3. SANDALWOOD OIL FACTORY**

The company has set up a sandal wood oil extraction unit at Marayoor Sandal Wood Depot Compound of Forest Department. The factory commenced production on 19<sup>th</sup> August 2011. Marketing arrangements are being undertaken here.

## **4. FOREIGN EXCHANGE EARNINGS**

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

## **5. 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 irrigation to plantation wherever possible, to dispense with use of fuel and electricity. Drying of cardamom is now being done using energy efficient modern driers. A small hydel power generation unit has been set up in Silent Valley of Munnar division to meet the energy requirements of camping facilities. A biogas plant has been set up in Gavi Eco tourism unit which operates on bio wastes originating from the kitchen.

## **6. SUBSIDIARY**

The Annual Report and Audited Accounts of M/s Kerala State Wood Industries Ltd. (KESWIL) for the year 2010-11 have not been finalised and hence not annexed hereto. The audited accounts of M/s KESWIL for the year ended 31st March 2011 shall be furnished to the members on demand, as and when, these are ready. The State Govt. has taken a decision in January 2009 to wind up the company.

## **7. PERSONNEL**

Employer - Employee relations remained cordial and there were no employees coming within the purview

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of section 217 (2A) of the Companies Act, during the year under review.

#### **8. AUDIT COMMITTEE**

An audit committee consisting of the following members has been constituted to comply with the directions contained in circular No. 13883/BPE-2/8PIg. dtd. 15/11/2008 issued by the Planning & Economic Affairs (BPE) Department.

1. Shri. E.K. Vijayan, Chairman
2. Shri. Amarnatha Shetty, IFS, Managing Director
3. Shri. N.V. Trivedi Babu, IFS, Director
4. Shri. S. Haridas, Director
5. Shri. M. Chandra Dhas, Director

Three Meetings of the Audit Committee were held during the year under report.

#### **9. AUDITORS**

M/s.K.I. Abraham & Company, Chartered Accountants, Thiruvalla were appointed the Auditors of the Corporation for the year under review and their Audit Report has been annexed to the Accounts.

#### **10. DIRECTORS**

During the period under report Shri.E.K.Vijayan, Chairman and Dr.W.R.Reddy, IAS ceased to be Directors and Shri.Sajen Peter, IAS was appointed as Director.

#### **11. 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 31.03.2011, no material departures from the applicable accounting standards have been followed. The Statutory Auditors comments on compliance with various applicable mandatory Accounting Standards contain in Para 9 of the Report of Statutory Auditors enclosed.
- b. The Directors have selected the accounting policies and applied them consistently and made judgements 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 year under review and of the profit of the company for that period.
- c. The Directors have 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 have prepared the Annual Accounts for the year ended 31<sup>st</sup> March 2011 on a going concern basis.

#### **11. ACKNOWLEDGEMENTS**

In conclusion, your Directors wish to place on record their appreciation to the contribution made by the employees at all levels to the 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.

on behalf of the Board of Directors,

## KERALA FOREST DEVELOPMENT CORPORATION LTD. KOTTAYAM - 3

### BALANCE SHEET AS AT 31st MARCH 2011

Description	Sch.	Current Year		Previous Year	
		31st March 2011		31st March 2010	
		Rs.	Ps.	Rs.	Ps.
<b>SOURCE OF FUNDS</b>					
<b>SHARE CAPITAL</b>					
<b>AUTHORISED</b>					
<i>(10,00,000 Equity shares of Rs. 100/- each)</i>					
<b>Share Capital</b>					
<i>(844535 Equity shares of Rs. 100/- each fully paid up &amp; 6092 Equity shares of Rs. 100/- each issued for consideration other than cash)</i>					
<i>Advance to Share Capital</i>					
75,00,000.00					
0.00					
<b>Reserves &amp; Surplus</b>					
34,91,20,460.19					
33,44,82,177.69					
<b>(b) LOAN FUNDS</b>					
Secured Loans					
0.00					
Unsecured Loans					
4,90,13,157.71					
4,65,31,342.20					
<b>Total</b>					
<b>49,00,87,117.91</b>					
<b>47,19,17,530.89</b>					
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block : 168550148.15					
Less : Depreciation : 78377742.96					
Net block					
9,01,72,405.20					
8,98,91,962.17					
<b>INVESTMENT</b>					
<i>(Shares in Kerala State wood Industries Ltd., a subsidiary of Kerala Forest Development Corporation Ltd. (95,224 Shares Rs. 100/- each fully paid up). These shares are unquoted and valued at cost).</i>					
<b>Sub Total</b>					
<b>9,96,94,805.20</b>					
<b>9,94,14,362.17</b>					
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories					
45,91,26,185.02					
423829232.77					
Sundry Debtors					
2,87,88,458.81					
2,15,00,170.81					
Cash & Bank Balance					
8,35,51,638.53					
8,51,38,790.60					
Loans & Advances					
2,29,34,202.76					
1,31,51,851.43					
Suspense A/c. Unbilled Supplies of Wood Billets					
0.00					
1,52,35,449.46					
<b>Sub Total</b>					
<b>59,44,00,485.12</b>					
<b>55,88,55,495.07</b>					
Less : CURRENT LIABILITIES & PROVISIONS					
Current Liabilities					
113203502.07					
12,07,52,403.86					
Provisions					
9,08,04,670.35					
6,55,99,922.49					
<b>Sub Total</b>					
<b>20,40,08,172.42</b>					
<b>18,63,52,326.35</b>					
<b>NET CURRENT ASSETS</b>					
39,03,92,312.70					
37,25,03,168.72					
<b>TOTAL</b>					
<b>49,00,87,117.91</b>					
<b>47,19,17,530.89</b>					

Notes on Accounts-Schedule-1

Earning per Share = Rs. 11.64/-

"For and on behalf of Board of Directors"

Subject to our report of even date  
For K.I Abraham & Co.

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance Manager

Sd/-  
AMARNATHA SHETTY - IFS  
Managing Director

Sd/-  
M. CHANDRADHAS  
Director

Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. (Partner)



## KERALA FOREST DEVELOPMENT CORPORATION LTD. KOTTAYAM - 3

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENED 31st MARCH 2011

PARTICULARS		For the Year ended 31st March 2011	For the Year ended 31st March 2010
Sales (Turn over)	I	15,35,63,167.53	17,55,81,075.00
Other Income	J	3,16,78,431.06	2,36,96,233.52
Closing Stock	K	45,85,71,643.30	42,32,74,691.05
<b>Total</b>		<b>64,38,13,241.89</b>	<b>62,25,51,999.57</b>
<b>EXPENDITURE</b>			
Opening Stock	L	42,32,74,691.05	40,53,89,239.05
Plantation, Upkeep, Harvesting	M	8,26,47,952.89	8,61,66,527.39
Employee Cost	N	7,42,70,606.38	6,36,73,301.08
General Administrative Expenses	O	1,04,82,550.75	1,37,69,637.50
Depreciation/Amortisation	A	86,18,649.40	93,03,545.05
Other Expenses	P	1,15,21,031.37	65,83,234.53
<b>Total</b>		<b>61,08,15,481.84</b>	<b>58,48,85,484.60</b>
<b>Profit Before Tax</b>		<b>3,29,97,760.05</b>	<b>3,76,66,514.97</b>
Income Tax		15,17,347.55	5,94,307.00
Agricultural Income Tax		1,86,09,842.00	2,22,80,915.00
<b>Profit after Tax</b>		<b>1,28,70,570.50</b>	<b>1,47,91,292.97</b>
Prior Period Adjustments		-30,38,442.00	-18,62,189.22
<b>Profit After Prior Period Adjustments</b>		<b>98,32,128.50</b>	<b>1,29,29,103.75</b>
Balance Brought Forward		2,21,26,992.59	1,53,09,504.83
<b>Profit Available For Appropriation</b>		<b>3,19,59,121.09</b>	<b>2,82,38,608.58</b>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		12,87,057.05	14,79,129.30
Proposed Dividend		42,22,675.00	39,72,675.00
Tax on Proposed Dividend		7,01,386.00	6,59,811.69
Balance carried to Balance Sheet		2,57,48,003.04	2,21,26,992.59

Notes on Accounts-Schedule-1

"For and on behalf of Board of Directors"

Earning per Share = Rs. 11.64/-

Subject to our report of even date

For K.I Abraham & Co.

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance Manager

Sd/-  
AMARNATHA SHETTY - IFS  
Managing Director

Sd/-  
M. CHANDRADHAS  
Director

Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. (Partner)

## KERALA FOREST DEVELOPMENT

Schedule  
Fixed  
( Forming Part of Balance

### ORIGINAL COST

Sl. No.	Particulars	As on 01- 4 - 2010		Additions during the year		Deductions on account of sale/ Adjustment (-)		As on 31-3-2011	
		Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
	<i>Assets purchased or works completed</i>								
1.	Land	23,59,302.73			0.00		0.00	23,59,302.73	
2.	Check Dam/Ponds	36,19,650.30			0.00		0.00	36,19,650.30	
3.	Buildings	4,40,32,529.63		32,78,512.00			0.00	4,73,11,041.63	
4.	Computer Installation	25,57,441.40		4,35,250.00			0.00	29,92,691.40	
5.	Electrical Fittings	19,29,106.89		32,277.00			0.00	19,61,383.89	
6.	Furniture	23,31,313.24		24,850.00			0.00	23,56,163.24	
7.	Office Equipments	11,41,828.65		30,903.00			0.00	11,72,731.65	
8.	Plant and Machinery	31,32,476.74		48,273.84		17,000.00		31,63,749.74	
9.	Library	54,903.26		0.00			0.00	54,903.26	
10.	Vehicles	73,98,835.77		18,64,145.00		10,20,321.00		82,42,659.77	
11.	Water Supply Installations	1,87,89,044.10		52,724.00		40,000.00		1,88,01,768.10	
	<b>TOTAL</b>	<b>8,73,46,432.71</b>		<b>57,66,934.00</b>		<b>10,77,321.00</b>		<b>9,20,36,045.71</b>	
<b>DEVELOPMENT OF PROPERTY</b>									
	Kanni Elam Project	34,02,808.30		0.00		0.00		34,02,808.30	
	Mankulam Project	33,45,938.18		0.00		0.00		33,45,938.18	
	Nenmara Project	1,06,05,903.80		0.00		0.00		1,06,05,903.80	
	Pachakkanam Project	4,01,07,910.54		0.00		0.00		4,01,07,910.54	
	Cashew Project	54,83,900.40		0.00		0.00		54,83,900.40	
	Wynad Project	96,91,928.63		0.00		0.00		96,91,928.63	
	Vanila Project	0.00		0.00		0.00		0.00	
	<b>TOTAL</b>	<b>7,26,38,389.85</b>		<b>0.00</b>		<b>0.00</b>		<b>7,26,38,389.85</b>	
<b>WORKS-IN-PROGRESS</b>									
i)	Buildings ( Amenity centre)	4,67,358.42		4,50,000.00		0.00		9,17,358.42	
ii)	Road	0.00		0.00		0.00		0.00	
iii)	Cardamom Projects	1,96,023.17		0.00		0.00		1,96,023.17	
iv)	Pachakkanam Project	0.00		0.00		0.00		0.00	
v)	Buildings (Sandal oil factory)	0.00		22,10,831.00				22,10,831.00	
vi)	Tea Factory	0.00		5,51,500.00		0.00		5,51,500.00	
	<b>TOTAL</b>	<b>6,63,381.59</b>		<b>32,12,331.00</b>		<b>0.00</b>		<b>38,75,712.59</b>	
<b>GRAND TOTAL</b>		<b>16,06,48,204.15</b>		<b>89,79,265.00</b>		<b>10,77,321.00</b>		<b>16,85,50,148.15</b>	
<b>PREVIOUS YEAR</b>		<b>15,33,71,322.99</b>		<b>1,13,67,367.59</b>		<b>40,90,486.43</b>		<b>16,06,48,204.15</b>	

"For and on behalf of Board of Directors"

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance Manager

Sd/-  
AMARNATHA SHETTY  
Managing Director

## CORPORATION LTD., KOTTAYAM - 3

'A'

### Assets

Sheet as at 31st March, 2011)

DEPRECIATION (W.D.V)						NET BALANCE					
Up to 31-3-2010		During the Year		Adj. due to sale etc. during the year (+/-)		Up to 31-3-2011		As on 31-3-2011		As on 31-3-2010	
Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
	0.00		0.00		0.00		0.00		23,59,302.73		23,59,302.73
	8,92,991.91		1,31,755.64		0.00		10,24,747.55		25,94,902.75		27,26,658.39
	2,18,06,799.63		11,57,380.03		0.00		2,29,64,179.66		2,43,46,861.97		2,22,25,730.00
	21,90,698.72		2,53,373.94		0.00		24,44,072.66		5,48,618.74		3,66,742.68
	7,41,640.63		1,67,142.35		0.00		9,08,782.98		10,52,600.91		11,87,466.26
	10,85,458.09		2,16,877.32		0.00		13,02,335.41		10,53,827.83		12,45,855.15
	7,71,604.32		51,197.17		0.00		8,22,801.49		3,49,930.16		3,70,224.33
	19,57,670.93		1,66,154.12		0.00		21,23,825.05		10,39,924.69		11,74,805.81
	46,709.20		1,139.79		0.00		47,848.99		7,054.27		8,194.06
	46,47,214.70		10,11,068.34		997148.38		46,61,134.61		35,81,525.16		27,51,621.07
	81,76,548.22		14,64,994.01		0.00		96,41,542.23		91,60,225.87		1,06,12,495.88
	<b>4,23,17,336.35</b>		<b>46,21,082.71</b>		<b>9,97,148.38</b>		<b>4,59,41,270.63</b>		<b>4,60,94,775.08</b>		<b>4,50,29,096.36</b>
	7,99,490.97		68,056.17		0.00		8,67,547.13		25,35,261.17		26,03,317.33
	12,30,543.73		1,77,525.46		0.00		14,08,069.20		19,37,868.97		21,15,394.44
	26,53,053.46		5,23,715.10		0.00		31,76,768.55		74,29,135.23		79,52,850.32
	1,81,50,314.24		28,51,634.73		0.00		2,10,01,948.96		1,91,05,961.56		2,19,57,596.29
	8,88,732.51		1,82,796.66		0.00		10,71,529.19		44,12,371.21		45,95,167.89
	47,16,770.70		1,93,838.57		0.00		49,10,609.27		47,81,319.36		49,75,157.93
	0.00		0.00		0.00		0.00		0.00		0.00
	<b>2,84,38,905.62</b>		<b>39,97,566.69</b>		<b>0.00</b>		<b>3,24,36,472.31</b>		<b>4,02,01,917.51</b>		<b>4,41,99,484.20</b>
	0.00		0.00		0.00		0.00		9,17,358.42		4,67,358.42
	0.00		0.00		0.00		0.00		0.00		0.00
	0.00		0.00		0.00		0.00		1,96,023.17		1,96,023.17
	0.00		0.00		0.00		0.00		0.00		0.00
	0.00		0.00		0.00		0.00		22,10,831.00		0.00
	0.00		0.00		0.00		0.00		5,51,500.00		0.00
	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>38,75,712.59</b>		<b>6,63,381.59</b>
	<b>7,07,56,241.97</b>		<b>86,18,649.40</b>		<b>9,97,148.38</b>		<b>7,83,77,742.96</b>		<b>9,01,72,405.20</b>		<b>8,98,91,962.15</b>
	<b>6,33,16,955.86</b>		<b>93,03,545.05</b>		<b>18,64,258.93</b>		<b>7,07,56,241.98</b>		<b>8,98,91,962.17</b>		<b>9,00,54,367.18</b>

Sd/-  
M. CHANDRADHAS  
Director

Subject to our report of even date  
For K.I Abraham & Co.  
Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. (Partner)

# KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3

## SCHEDULE-B CURRENT ASSETS

(Forming part of the Balance Sheet as at 31st March, 2011)

As at 31st March 2010	Particulars	As at 31st March 2011
Rs.      Ps.		Rs.      Ps.
	<b>Inventories</b>	
5,49,764.05	Loose tools as revalued by the Managing Director	5,49,764.05
4,187.78	Survey instruments as revalued by the Managing Director	4,187.78
589.89	Hospital equipments as revalued by the Managing Director	589.89
	<b>CLOSING STOCK</b>	
	<b>(valued at net realisable value)</b>	
16,58,120.00	Cardamom	20,51,423.00
69,062.00	Pepper	1,24,925.00
6,16,110.00	Coffee	11,39,005.00
4,59,000.00	Teak Poles/Timber	27,92,762.00
26,32,000.00	Sandalwood (Valued at cost)	43,56,197.30
4,96,000.00	Garden Plants (Valued at cost)	13,55,000.00
0.00	Vanila	45,835.00
	<b>WORK-IN-PROGRESS</b>	
<b>41,73,44,399.05</b>	Work-in-progress (Wood plantations) valued at cost	<b>44,67,06,496.00</b>
<b>42,38,29,232.77</b>	Total	<b>45,91,26,185.02</b>
	<b>SUNDRY DEBTORS:</b>	
	(Subject to confirmation, considered good, secured by Debtors' personal security )	
	(a) Debtors outstanding for a period exceeding six months	2,26,05,949.40
	(b) Other debts	1,75,18,167.00
<b>2,15,00,170.81</b>	(c) Less: Provision for Doubtful debts	4,01,24,116.40
		<u>1,13,35,657.59</u>
		<b>2,87,88,458.81</b>
	<b>CASH AND BANK BALANCES</b>	
5,45,56,930.00	(a) Short Term Deposit	5,85,56,930.00
	(b) Interest accrued on deposits	96,768.00
1,19,79,689.60	(c) Cash-with Scheduled Banks	1,61,65,678.53
	(d) Cash with Government Treasury:	
0.00	District Treasury - KTM (SPLTSB 2)	0.00
5584.00	Sub Treasury Kottayam (TPA 55)	5584.00
0.00	Sub Treasury Punalur (TPA 124)	0.00
2,587.00	Sub Treasury, Vellayambalam (TSB 4178)	2587.00
28,18,800.00	District Treasury KTM (SPL TSB 5460)	2818800.00
1,57,75,200.00	District Treasury - KTM (TSB 5377)	1,92,925.00
0.00	District Treasury - KTM (TSB 5589)	57,12,366.00
8,51,38,790.60	Total	8,35,51,638.53
<b>53,04,68,194.18</b>	<b>TOTAL</b>	<b>57,14,66,282.36</b>

"For and on behalf of Board of Directors"

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance Manager

Sd/-  
AMARNATHA SHETTY I.F.S  
Managing Director

Sd/-  
M. CHANDRADHAS  
Director

Subject to our report of even date  
For K.I Abraham & Co.  
Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. (Partner)

---

**KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3****SCHEDULE-C****LOANS AND ADVANCES**

(Forming part of the Balance Sheet as at 31st March, 2011)

As at 31st March 2010		Particulars	As at 31st March 2011	
Rs.	Ps.		Rs.	Ps.
		Advances recoverable in cash or in kind or for value to be received,unsecured, considered good (Subject to confirmation of balances)		
5,45,285.63		Pre-paid expenses	5,45,285.63	
32,77,289.54		Government A/c Akamalavaram Estate	5,58,478.83	
7,66,088.00		ITDS Receivable	1,75,845.00	
69,839.00		Input Tax Due		0.00
0.00		KRFB Receivable	3,15,266.00	
8,04,732.66		Other advances	14,72,712.70	
13,45,450.00		Advance to Plantation Tax	13,45,450.00	
0.00		Earnest Money Deposit		25,000.00
63,43,166.60		Agricultural Income tax advances	1,77,67,898.60	
0.00		Advance to VAT		7,28,266.00
<b>1,31,51,851.43</b>		<b>TOTAL</b>	<b>2,29,34,202.76</b>	

"For and on behalf of Board of Directors"

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance ManagerSd/-  
AMARNATHA SHETTY I.F.S  
Managing DirectorSd/-  
M. CHANDRADHAS  
DirectorSubject to our report of even date  
For K.I Abraham & Co.  
Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. (Partner)

---

## KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3

### SCHEDULE - D

#### RESERVES AND SURPLUS

(Forming part of the Balance Sheet as at 31st March, 2011)

As at 31st March 2010		Particulars	As at 31st March 2011	
Rs.	Ps.		Rs.	Ps.
5,43,510.00		Capital Reserve	5,43,510.00	
4,80,37,808.80		Forest Dev. Reserve	5,43,30,278.80	
14,79,129.30		General Reserve	27,66,186.35	
22,58,12,737.00		Deferred Govt. Grant	22,99,26,737.00	
2,21,26,962.59		Profit and Loss account	2,57,48,003.04	
3,64,82,000.00		Subsidy from Govt.	3,58,05,745.00	
<b>33,44,82,177.69</b>		<b>TOTAL</b>	<b>34,91,20,460.19</b>	

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"For and on behalf of Board of Directors"

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance Manager

Sd/-  
AMARNATHA SHETTY I.F.S  
Managing Director

Sd/-  
M. CHANDRADHAS  
Director

Subject to our report of even date  
For K.I Abraham & Co.  
Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. (Partner)

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## KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3

### SCHEDULE - E

#### SECURED LOANS

(Forming part of the Balance Sheet as at 31st March, 2011)

As at 31st March 2010		Particulars	As at 31st March 2011	
Rs.	Ps.		Rs.	Ps.
46,31,056.00		Term Loan from Canara Bank (Hypothecation of Pulpwood crop in 433 Ha. of Land owned by the Company.)		0.00
68,19,455.00		Interest Accrued But Not Due on Loans		0.00
<b>1,14,50,511.00</b>		<b>TOTAL</b>		<b>0.00</b>

"For and on behalf of Board of Directors"

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance Manager

Sd/-  
AMARNATHA SHETTY I.F.S  
Managing Director

Sd/-  
M. CHANDRADHAS  
Director

Subject to our report of even date  
For K.I Abraham & Co.  
Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. (Partner)

---

## KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3

### SCHEDULE - F

### UNSECURED LOANS

(Forming part of the Balance Sheet as at 31st March, 2011)

As at 31st March 2010		Particulars	As at 31st March 2011	
Rs.	Ps.		Rs.	Ps.
10,00,000.00		Loan for Fire Wood Distribution Scheme	10,00,000.00	
13,00,000.00		Loan for Pulp Wood Plantation	13,00,000.00	
81,00,000.00		Fund from State Government Contingency Fund	81,00,000.00	
15,00,000.00		Loan for Cardamom Plantation	15,00,000.00	
6,09,200.00		Loan for PKNM Cardamom Plantation	6,09,200.00	
3,40,22,142.20		Interest accrued and due on loan	3,65,03,957.71	
<b>4,65,31,342.20</b>		<b>TOTAL</b>	<b>4,90,13,157.71</b>	

"For and on behalf of Board of Directors"

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance Manager

Sd/-  
AMARNATHA SHETTY I.F.S  
Managing Director

Sd/-  
M. CHANDRADHAS  
Director

Subject to our report of even date  
For K.I Abraham & Co.  
Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. (Partner)



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## KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3

### SCHEDULE - G

#### CURRENT LIABILITIES

(Forming part of the Balance Sheet as at 31st March, 2011)

As at 31st March 2010		Particulars	As at 31st March 2011	
Rs.	Ps.		Rs.	Ps.
5,70,31,565.93		Advance from customers	3,89,32,664.93	
63,01,082.57		Government Account-Firewood	63,01,082.57	
96,63,018.70		Government Account-(Coupe sale and plantations)	96,63,018.70	
1,71,73,054.75		Government Account Wind Fallen trees	17173054.75	
0.00		Scheme Fund	1,16,67,152.24	
24,59,489.00		Government Account - Windfallen trees (Rosewood)	24,59,489.00	
13,40,253.00		Government Account - Mathikettan (Cardamom)	13,40,253.00	
0.00		Retention Deposit	2,30,727.00	
2,13,339.00		Earnest Money Deposit	1,96,139.00	
51,670.00		Security Deposit	1,41,805.00	
2,65,18,930.91		Other liabilities	2,50,98,115.88	
<b>12,07,52,403.86</b>		<b>TOTAL</b>	<b>11,32,03,502.07</b>	

"For and on behalf of Board of Directors"

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance Manager

Sd/-  
AMARNATHA SHETTY I.F.S  
Managing Director

Sd/-  
M. CHANDRADHAS  
Director

Subject to our report of even date  
For K.I Abraham & Co.  
Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. (Partner)

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## KERALA FOREST DEVELOPMENT CORPORATION LTD., KOTTAYAM-3

### SCHEDULE- H

#### PROVISIONS

(Forming part of the Balance Sheet as at 31st March, 2011)

As at 31st March 2010		Particulars	As at 31st March 2011	
Rs.	Ps.		Rs.	Ps.
8,19,020.45		Provision for Income Tax	2,56,841.00	
43,95,203.35		Provision for Plantation Tax	43,88,724.35	
2,22,80,915.00		Provision for Agriculture Income Tax	2,76,75,451.00	
2,28,91,248.00		Provision for Gratuity	3,13,77,348.00	
39,72,675.00		Proposed Dividend	42,22,675.00	
6,59,811.69		Dividend Tax	7,01,386.00	
1,05,81,049.00		Provision for Pay and Allowance	2,12,01,005.00	
0.00		Provision for PF on pay arrears	9,81,240.00	
<b>6,55,99,922.49</b>		<b>TOTAL</b>	<b>9,08,04,670.35</b>	

"For and on behalf of Board of Directors"

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance Manager

Sd/-  
AMARNATHA SHETTY I.F.S  
Managing Director

Sd/-  
M. CHANDRADHAS  
Director

Subject to our report of even date  
For K.I Abraham & Co.  
Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. (Partner)

## Schedules under Profit & Loss Account 2010-2011

Schedule	Profit & Loss A/c	For the year ended 31st March 2011	For the year ended 31st March 2010
<b>I</b>	<b>Sales</b>		
	Cardamom	17614895.00	13881292.00
	Cashew	2395852.00	1277250.00
	Coffee	886333.00	1141300.00
	Graden Plants	920585.00	788700.00
	Green Tea Leves	13009765.00	14244409.00
	Pepper	205450.00	78064.00
	Sale Proceeds from Akamalavaram Plantations	4711032.00	2140552.00
	Sandalwood	3020699.00	961906.00
	Timber & Tea Growth	109747738.53	141067602.00
	Unbilled Sales of wood Billets	0.00	0.00
	Others	1050818.00	0.00
		<b>153563167.53</b>	<b>175581075.00</b>
<b>J</b>	<b>Other Income</b>		
	Eco-Tourism (Receipts)	21238383.00	15668488.00
	Floriculture Receipts	4421505.00	1894858.00
	Intrest on Deposit	3242582.63	3286833.61
	Kerala Road Fund Development Board	0.00	804250.00
	Miscellaneous Receipts, Fine, Penalty etc.	1753762.00	1800543.91
	Pass/Tender Forms	483520.00	241260.00
	Profit on Sale of Old Vehicle	538678.43	0.00
		<b>31678431.06</b>	<b>23696233.52</b>
<b>K</b>	<b>Closing Stock</b>		
	Cardamom	2051423.00	1658120.00
	Coffee	1139005.00	616110.00
	Garden Plants	1355000.00	496000.00
	Pepper	124925.00	69062.00.00
	Sandalwood	4356197.30	2632000.00
	Teak Poles / Timber	2792762.00	459000.00
	Vanila - Stock	45835.00	0.00
	WIP Wood Plantation	446706496.00	417344399.05
		<b>458571643.30</b>	<b>423274691.05</b>
<b>L</b>	<b>Opening Stock</b>		
	Cardamom	616110.00	1418566.70
	Coffee	1658120.00	774048.00
	Garden Plants	496000.00	225000.00
	Pepper	69062.00	33466.00

	Sandal Wood	2632000.00	584178.00
	Teak Poles / Timber	459000.00	5155596.00
	WIP Wood Plantation	417344399.05	397198384.35
		<b>423274691.05</b>	<b>405389239.05</b>
<b>M</b>	<b>Plantation, Up keep, Harvesting</b>		
	Harvesting & Processing Exp.	13718681.87	10201476.40
	Net Exp./Revenue to Akamalavaram Plantations	2718810.71	611622.73
	Packing and forwarding	-199488.00	77081.00
	Plantation Miscellaneous Exp.	0.00	235413.29
	Plantation Stores	4300936.52	6135837.30
	Plantation wages	35549940.73	39844557.96
	Purchase of Sandal Wood	3728709.00	2515444.00
	Wages to workers	22830362.06	26545094.71
		<b>82647952.89</b>	<b>86166527.39</b>
<b>N</b>	<b>Employee Cost</b>		
	Bonus & Festival Allowances	1901732.08	2111775.18
	Contribution to LWF	8792.00	5639.00
	Contribution to PF	6351408.00	4684510.29
	Contribution to GIS	332207.00	0.00
	Festival Allowance to MD	1500.00	1250.00
	Gratuity Exp.	1803830.00	9164331.22
	Group Gratuity-cum-Life Assurance Scheme	9627535.00	2334543.02
	Honorarium to Chairman	65699.00	72000.00
	Pay and Allownce to MD	1514685.00	1166482.00
	Pension Contribution	45769.00	143999.50
	Salaries and Allowances	49264860.00	41822219.75
	Staff Training Exp.	88938.00	39833.00
	TA to Chairman	0.00	6740.00
	TA to Directors	81816.00	31150.00
	TA to MD	161609.00	33726.00
	Travelling Exp.	734641.50	810738.90
	Welfare Exp. to Staff and Workers	2285584.80	1244363.22
		<b>74270606.38</b>	<b>63673301.08</b>
<b>O</b>	<b>General Administrative Exp.</b>		
	Advertisement Charges	969846.00	804194.00
	Amount removed from Sundry debtors	0.00	311500.00
	Audit Expenses	21710.00	20540.00
	Bank Charges & Commission	116716.32	38005.10
	Books and Periodicals	56645.90	60563.90
	Computer Software Development Exp.	97190.00	26000.00
	Contribution to Seminar	0.00	0.00
	Electricity and Water Charges	504970.00	573819.00

	Doubtful Debts - written off	31944.00	0.00
	Guarantee Commission	0.00	4891.00
	Insurance Charges	170037.00	114424.00
	Intrest on Loans	1542817.51	3823433.70
	Lease Rent	658125.00	846281.00
	Miscellaneous assets written off	89167.00	356630.00
	Office and Miscellaneous Exp.	220796.42	121373.68
	Other Audit Fee	0.00	24170.00
	Personal Accident Insurence Scheme	0.00	18432.00
	Postage and Telephone	314525.50	325114.00
	Printing and Stationery	454163.95	586336.70
	Profesional fees/Legal Charges	367213.00	487074.00
	Rates, Taxes & Registration Expenses	73711.00	98849.00
	Remuneration to Auditors	70000.00	55000.00
	Rent	314230.00	319720.00
	Repairs & Maintenance	0.00	0.00
	Building	1405151.98	1382907.73
	Vehicles	1908412.81	1548798.25
	Other Assets	782462.36	844337.44
	Research & Development	0.00	441200.00
	Sales Commission	3829.00	0.00
	Sales Promotion	40537.00	0.00
	Security Exp.	143825.00	239450.00
	Vehicle Hire Charges	124524.00	296593.00
		<b>10482550.75</b>	<b>13769637.50</b>
<b>P</b>	<b>Other Expenses</b>		
	Bamboo Mission	0.00	0.00
	Eco-Tourism	10258516.37	4798775.11
	Floricultural Expenses	1132515.00	705720.00
	Kerala Road Fund Development Board	0.00	804250.00
	Loss on revaluation	0.00	138010.42
	Plantation Tax	130000.00	136479.00
		<b>11521031.37</b>	<b>6583234.53</b>

"For and on behalf of Board of Directors"

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance Manager

Sd/-  
AMARNATHA SHETTY I.F.S  
Managing Director

Sd/-  
M. CHANDRADHAS  
Director

Subject to our report of even date  
For K.I Abraham & Co.  
Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113.(Partner)

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## SCHEDULE - I

### **NOTES: ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011 AND THE PROFIT AND LOSS A/c. FOR THE YEAR ENDED ON THAT DATE.**

- 1) The Balance Sheet as at 31-03-2011 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 have been given in these Notes. The figures for the previous year have been regrouped or recast wherever necessary.
- 2) 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 1/15<sup>th</sup> 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 1/50<sup>th</sup> of this capitalized amount of Tea and Coffee and 1/30<sup>th</sup> 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. Forest Development Tariff/Regeneration charges collected on wood billets and subsidy from Government on pulpwood sales are accounted as capital receipts.
- 3) 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 Rs.		Qty. Kg.	Qty. Kg.	Value Rs.	Qty. Kg.
2009-10	3416.480	1418566.70	19914.600	21848.48	13881292.00	1482.600	1658120.00
2010-11	1482.600	1658120.00	18643.250	17687.850	17614895.00	2438.000	2051423.00

**II. GREEN TEA LEAVES**

Year	Opening Stock		Production	Disposal		Closing Stock	
	Qty. Kg.	Value Rs.		Qty. Kg.	Qty. Kg.	Value Rs.	Qty. Kg.
2009-10	Nil	Nil	970998	970998	14244409.00	Nil	Nil
2010-11	Nil	Nil	1082962	1082962	13009765.00	Nil	Nil

**III. COFFEE SEEDS**

Year	Opening Stock		Production	Disposal		Closing Stock	
	Qty. Kg.	Value Rs.		Qty. Kg.	Qty. Kg.	Value Rs.	Qty. Kg.
2009-10	18390.000	774048.00	14936.00	18390.00	1141300.00	14936.00	616110.00
2010-11	14936.00	616110.00	46630.00	41103.00	886333.00	20463.00	1139005.00

**IV. PEPPER**

Year	Opening Stock		Production	Disposal		Closing Stock	
	Qty. Kg.	Value Rs.		Qty. Kg.	Qty. Kg.	Value Rs.	Qty. Kg.
2009-10	288.500	33466.00	234.00	29.200	78064.00	493.300	69062.00
2010-11	493.300	69062.00	699.00	667.700	205450.00	524.600	124925.00

**V. SANDAL WOOD**

Year	Opening Stock		Purchase during 2009-2010	Disposal		Closing Stock	
	Qty. Kg.	Value Rs.		Qty. Kg.	Qty. Kg.	Value Rs.	Qty. Kg.
2010-11	469.99	2632000	716.472	454.331	3020699.00	732.134	4356197.30

VI) The closing stock of Garden Plants during the year 2010-2011 is valued at Rs.13,55,000/- only

Particulars	Year	
	2010-11	2009-2010
a) Area felled	630 Ha	592 Ha.
b) Sale value (Including misc.tree growth, teak poles and unbilled sale of wood billets)	110642042.00	141067602.00

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

A. Wood Plantations	Year	
	2010-2011	2009-2010
Particulars		
a) Total Area of wood plantations	8085 Ha	7758 Ha
	(excluding Cashew plantations)	(excluding Cashew plantations)

#### B. Cash crops

i) Cardamom Plantations				
Division	Total area under cardamom	Unproductive area	Commercially yielding area	Plantation area in developmental stage
	Ha.	Ha.	Ha.	Ha.
Munnar	65	19	46	0
Thrissur	120	105	15	0
Gavi	835	725	110	0
<b>Total</b>	<b>1020</b>	<b>849</b>	<b>171</b>	<b>0</b>
(2009-10)	1083	918	165	0

ii) Coffee Plantation				
Division	Total area under Coffee	Unproductive area	Commercially yielding area	Plantation area in developmental stage
	Ha.	Ha.	Ha.	Ha.
Thrissur	77	39	38	
Munnar	8.5	.....	8.5	.....
Gavi	70	42	28	
<b>Total</b>	<b>155.5</b>	<b>81</b>	<b>74.5</b>	<b>.....</b>
(2009-10)	155.5	73	82.5	0

In addition to this, 477Ha. of coffee plantation in Kallumala, Cheeyambam and Pampra 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 are under illegal encroachment by workers/tribals since 2002-03. Order of the Government on the request of the Company for returning the area to Forest Department are awaited.

iii) Tea Plantations		
Division	Area under Tea cultivation	
	2010-2011	2009-2010
Mananthavady	90 ha.	100.67 ha.

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

iv) Cashew Plantation					
	Total Area (Ha)	2010-11		2009-10	
		Yielding Area (Ha)	Total Area (Ha)	Yielding Area (Ha)	
Trivandrum	157	157	157	157	
Punalur	170	170	170	170	
<b>Total</b>	<b>327</b>	<b>327</b>	<b>327</b>	<b>327</b>	



5. The cost of softwood plantations where teak is interplanted with Elavu/Matty is written off in the accounts on extraction of the teak and miscellaneous trees of GBH of 75 cm. and above. The softwood and mis. trees remaining after the extraction of teak and mis. trees as above have not been valued and included in the accounts due to practical difficulties.
6. The remuneration, allowances etc. paid to the Managing Director during the year have been detailed below:

Nature of Payment	2010-2011		2009-2010	
	Rs.	Ps.	Rs.	Ps.
1. Salaries & Allowances	15,14,685.00		11,66,482.00	
2. Festival Allowance	1,500.00		1,250.00	
<b>Total</b>	<b>1516185.00</b>		<b>11,67,732.00</b>	

7.

		2010-11	2009-10
i.	Value of imports on 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

8. 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. In the case of estate workers engaged by the Company, the provision is created based on the original valuation done by LIC.
9. The Annual Accounts of Kerala State Wood Industries Ltd., the Company's Subsidiary, have not been finalised. Therefore, the requirements of Section 212 of the Companies Act, 1956 could not be complied with.
10. 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 31/03/08 is 59.519 Ha. only. The terms of management have not yet been finalised. The money spent by the Company on the said plantations after deducting the income there from has been debited to 'Govt. A/c. Akamalavaram Plantations' and has been shown under the head 'Current Assets, Loans & Advances' in the Balance sheet. The share of overhead costs of the Divisional and Head Office pertaining to the Akamalavaram Plantations is credited to 'Management Cost of Akamalavaram Plantations' which appears as an income in the Profit & Loss A/c.

11. The Board of Directors of the Company at the 73<sup>rd</sup> Meeting passed a resolution (No. 592) for collecting Forest Development Tariff (FDT) for setting up a Forest Development Reserve to be utilised 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 141<sup>st</sup> Meeting of the Board Directors held on 21/05/07, the nomenclature of Forest Development Tarrif has been changed as 'Regeneration Charges'.
12. The details of claims against the Company not acknowledged as liabilities are as follows :

a) Agricultural Income Tax:

Period	Present Position																		
Period up to 31/03/2005	Settled under Amnesty scheme and remitted Rs. 1,63,26,648/-during 2010 - 11. Loss of Rs. 56,87,279/- is available for set off for the A. Y 2004-05.Assessed loss of Rs. 8,46,840/- . Hence no tax liability																		
A.Y. 2005 - 06 A.Y. 2006 - 07	Assessed taxable income as Rs. 75, 59,380/- and tax Rs. 37,79,690/- .Filed appeal before the Deputy Commissioner (Appeals) which is still pending. Hence no provision has been created.																		
A.Y. 2007 - 08	Assessed taxable income as Rs. 40,83,370 /- and tax Rs. 20,41,685 /- .Filed appeal before the Deputy Commissioner (Appeals) which is still pending. Hence no provision has been created. Moreover, loss for the A.Y 2004-05 &05-06 can be set off against the profit for the A.Y 2006-07 & 07-08.																		
A.Y. 2008 - 09	Remitted Rs. 7, 31,825/- on 31.12.2010 as final settlement of tax dues for the A.Y 2008-09.																		
A.Y. 2009 - 10	Based on self assessment, remitted Rs. 34, 55,118/- on 02.01.2009 after deducting Rs. 3, 88,049/- being advance payment made in earlier years.																		
A.Y. 2010 - 11	As per self assessment, agricultural income worked out to Rs. 2,85,61,829/- .In order to reduce the tax liability, remitted Rs. 57,12,366/- to Investment Deposit Scheme Rs.1,14,24,732/-being the tax on the balance income has been remitted in 2010-11 as advance payment of tax.																		
A.Y. 2011 - 12	As per self assessment, agricultural income worked out to Rs.2,48,15,105/- and tax due there on is Rs. 1,24,07,552/- of which Rs. 25 lakh has been paid as advance on 26.02.2011.																		
	Since tax assessment for the AY 2009-10, 10-11,& 11-12 is not yet completed, amount paid to the Taxes Department is shown as advance payment and provision created for these three years based on self assessment.																		
	<table border="1"> <thead> <tr> <th>AY</th> <th>Provision for AIT (Rs.)</th> <th>Advance for AIT (Rs.)</th> </tr> </thead> <tbody> <tr> <td>2009 - 2010</td> <td>38,43,167</td> <td>38,43,167</td> </tr> <tr> <td></td> <td></td> <td>(including OB of Rs. 388049)</td> </tr> <tr> <td>2010 - 2011</td> <td>1,14,24,732</td> <td>1,14,24,732</td> </tr> <tr> <td>2011 - 2012</td> <td>1,24,07,552</td> <td>25,00,000</td> </tr> <tr> <td><b>Total</b></td> <td><b>2,76,75,451</b></td> <td><b>1,77,67,899</b></td> </tr> </tbody> </table>	AY	Provision for AIT (Rs.)	Advance for AIT (Rs.)	2009 - 2010	38,43,167	38,43,167			(including OB of Rs. 388049)	2010 - 2011	1,14,24,732	1,14,24,732	2011 - 2012	1,24,07,552	25,00,000	<b>Total</b>	<b>2,76,75,451</b>	<b>1,77,67,899</b>
AY	Provision for AIT (Rs.)	Advance for AIT (Rs.)																	
2009 - 2010	38,43,167	38,43,167																	
		(including OB of Rs. 388049)																	
2010 - 2011	1,14,24,732	1,14,24,732																	
2011 - 2012	1,24,07,552	25,00,000																	
<b>Total</b>	<b>2,76,75,451</b>	<b>1,77,67,899</b>																	

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- b) 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 Rs. 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 Rs. 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. Rs.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 Appellate order have been received on 06/05/2011 and 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 waiting.
- c) The Revenue Authorities of the state have assessed the Company for total amount of Rs. 33,03,074/- to Plantation Tax under the Kerala Plantation Tax Act, 1960 for the years from 1976-77 to 1995-96. The Company has appealed against these assessments on various grounds and the appeals are pending. The tax liability for the years from 1999-2000 to 2007-08 has been provisionally fixed at Rs. 15,18,453/- and additional provision has been made in the Accounts for the balance amount due and the amount already remitted Rs. 13,45,450/- is shown as advance.
13. (i) In the case of loan of Rs.81.00 lakhs from Contingency Fund, though Government in G.O.No.90/94/ F&WLD dt.19.02.94 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 has not stipulated the nature of the loan whether it is 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. If the rate of 14% specified in the Govt. Circular dt. 08/08/1986 is adopted with penal interest @ 2.75% p.a. for defaulted instalment of principal and interest, the additional liability for the period upto 31/03/2011 comes to Rs. 196.27 lakhs. (Previous year Rs. 191.41 lakhs)
- (ii) In the case of loan for Pulpwood (Rs.13 lakhs) and Loan for Cardamom (Rs.15 lakhs ) penal interest has been provided on outstanding instalments of principal only. The penal interest not provided on interest outstanding Works to Rs.38.20 lakhs. (previous year Rs. 35.08 lakhs)
14. Fund assistance received from Govt. under various schemes such as Kerala Forestry Project, Western Ghat Development Programme, National Afforestation and Eco-Development Board's Programme 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.
15. Fund received and expended from National Medicinal Planting Board, Bamboo Mission & Fund from Forest Department for Eco-Tourism activities etc have been accounted and net amounts are viewed under Scheme fund Account in Current Liabilities.

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16. Since the bills relating to the Curing House at Munnar are pending settlement due to some dispute, the expenditure incurred Rs.2,42,358.42/- in these work has not been transferred from work-in-progress to the respective asset account in the final accounts.
  17. The wood billets supplied to M/s. Hindustan News Print Ltd. for the allotment year 2003-04 has been invoiced for 15201.71 MT during 2010-11 supplied from Thrissur and Trivandrum Division during 2003-04 for Rs 1,52,35,449.46 which was invoiced at provisional rate in the agreement. Therefore the supplies for the above periods at probable realizable price, was shown in Suspense A/c as Unbilled Supplies of Wood Billets has been fully settled during this period.
  18. Subsidy received from Government on the wood billets supplied to M/s HNL and other firms, on concessional rate is accounted on cash basis. The amount already received was taken directly to Reserves and Surplus in the Balance Sheet.
  19. Stock of Teak Poles and Timber as on 31.3.2011 includes Punalur Rs. 27,92,762/- pending stacking and lotting at dumping yard as on that date and same has been valued at the subsequently realised price.
  20. The maximum amount outstanding during the year in Treasury A/cs. are as follows:
 

District Treasury KTM SPL - TSB - 5460	=	Rs. 74,18,800.00
District Treasury KTM - TSB - 5377	=	Rs. 1,63,61,599.00
  21. Employees receiving remuneration more than Rs.24,00,000 per annum : Nil
  22. Contingent liabilities : Para 31&32
  23. Sums owned by the Company to Small Scale Industries for more than 30 days : Nil
  24. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.
  25. The confirmation of balances from debtors is pending and other balances are also subject to confirmation.
  26. 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.
  27. Deferred tax assets and liabilities have not been ascertained and included in the accounts for the year as the company is of the view that due to carry forward losses of previous years there would not be any such gain or loss during the year.
  28. The company had implemented World Bank assisted Kerala Forestry Project through Participatory Forest Management (PFM) by constituting PFM Societies. PFM societies are eligible for 10% of the Profit for their involvement in forestry activities. The PFM plantations over an area of 189.89 ha. were extracted in 2008 - 09. The Societies had already agreed to recover the expenditure incurred by the

Company for protection works from their Share of profits. The details of expenditure incurred by the Company for protection works are being collected to ascertain the actual amount due to PFM Societies and hence liability for the share of profits due to the PFM Societies has not been provided in the Accounts.

29. Actuarial valuation done by LIC has been taken for providing gratuity to workers in Cash Crop Divisions.
30. Terminal Surrender and DA payable to Employees continuing in service after 55 years have been accounted.
31. Leave surrender for all Staff has been accounted.
32. Dividend @ 5% on paid up Share Capital has been proposed and accounted as appropriation from profit during the year. 10% of Net Profit has been transferred to General Reserve, Dividend Tax @ 15% + SSC + SHEC (16.608%) has also been appropriated from the profit.

Previous years Adjustment-Expenditure 10-11		Previous years Adjustment-income 10-11	
Items	Amount (Rs)	Items	Amount (Rs)
1 Agricultural Income Tax	38,43,167.00	1. KSTP	3,31,623.00
		2. Liability for expense	21,705.00
		3. Bank A/c 3366	241.00
		4. Bank A/c 21089	540.00
		5. Salary payable	9,416.00
		6. Tea factory	4,41,200.00
<b>Total</b>	<b>38,43,167.00</b>		<b>8,04725.00</b>

Notes on Accounts-Schedule-1

Earning per Share = Rs. 11.64/-

"For and on behalf of Board of Directors"

Subject to our report of even date  
For K.I Abraham & Co.

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance Manager

Sd/-  
AMARNATHA SHETTY - IFS  
Managing Director

Sd/-  
M. CHANDRADHAS  
Director

Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. Thiruvalla.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**1. Registration Details**

Registration No.

State Code

Balance Sheet Date:

**II. Capital Raised During the Year**

Public Issue

Bonus Issue

Right Issue

Private Placement to Promoters/ Associates

**III. Position of Mobilisation and Development of Funds**

Total Liabilities

SOURCE OF FUNDS

Paid up Capital

Secured Loans

APPLICATION OF FUNDS

Net Fixed Assets

Net Current Assets

Accumulated Losses

Total Assets

Reserves and Surplus

Unsecured Loans

Investments

Miscellaneous Expenditure

**IV. Performance of Company**

Turnover

+ - Profit/Loss Before Tax

Earning per share in Rs.

Total Expenditure

+ - Profit/Loss after Tax

Dividend Rate (%)

**V. Generic Name of Three Principal Products/Services of Company (As per monetary terms)**

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Date

"For and on behalf of Board of Directors"

Subject to our report of even date

For K.I Abraham & Co.

Sd/-  
C.R. MOHANAKUMAR  
Secretary-cum-Finance  
Manager

Sd/-  
AMARNATHA SHETTY  
I.F.S  
Managing Director

Sd/-  
M. CHANDRADHAS  
Director

Sd/-  
C.A. IPE ABRAHAM FCA, DISA (ICAI)  
27.09.2011  
Membership. No.204113. (Partner)

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**M/S. K.I ABHRAHAM & Co.**  
**CHARTERED ACCOUNTANTS, THIRUVALLA.**

**REPORT OF AUDITORS TO THE MEMBERS OF**  
**KERALA FOREST DEVELOPMENT CORPORATION LTD. KOTTAYAM**

We have audited the attached Balance sheet of **Kerala Forest Development Corporation Ltd.**, Aranyakom, Karapuzha, Kottayam as at 31st March 2011 and also the Profit & Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies ( Auditor's) Report Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the **Annexure** a statement of the matters specified in Paragraphs 4 and 5 of the said order to the extent applicable.

We give our comments as under.

**COMMENTS**

**1. RESERVES AND SURPLUS (SCHEDULE-D)**

1) Forest Development reserve

Opening Balance	4,80,37,809.00
Credits during the year	<u>62,92,470.00</u>
Balance	<b><u>5,43,30,279.00</u></b>

The credit represents Forest Development Tariff (collected as regeneration charge w.e.f. 1-4-2007) collected at 5% on value of invoice raised for Timber and Tree growth.

By G.O. dt.11-2-11, the State Government has directed the Company to pay Rs. 33.33 Lakhs as Forest Development Tariff and Sales tax collected during the period 1997/98 to 2000/01. No provision has been made in the accounts for this amount..

The regeneration charges collected is a voluntary charge collected by the company, based on the decision of the Board. Accordingly this forms a part of Sales. But it has been accounted as an addition to the Forest Development Reserve. To that extent, the profit is understated (See item 11 of the Notes to Accounts)

2) Subsidy from government Rs.3,58,05,745 is compensation for selling timber at a reduced price. This amount is not reflected in the Profit and Loss account in the years of receipt. Instead the amount was directly accounted under the head "Reserves & Surplus". To this extent, the Profit & Loss Account is understated.

Vide G.O. dt. 11-2-11, the State Government has allowed Rs.26,56,745 as subsidy for sales at subsidised prices. This has not been accounted.

**2. UNSECURED LOANS (SCHEDULE- F)**

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 4/8/1986 for Pachakkanam Cardamom Plantation upto 31-3-2009. We are unable to quantify the provision for prior period penal interest due for the period 4-8-1987 to 31-3-2009. To this extent, the profit is overstated.

**3. CURRENT LABILITIES (SCHEDULE-G)**

Confirmations of balances have not been obtained and hence we are unable to ascertain the correctness

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of the above.

#### 4. PROVISIONS ( SCHEDULE- H)

##### Provision for Plantation Tax

Provision made for the years 1999-2000 to 2007-08 is Rs.15,18,453/- as against the demand of Rs. 13,45,450/- ( Refer Note-12(c) ). Thus there is an excess provision of Rs. 1,73,003/- and to this extent, the profit is understated.

#### 5. INVESTMENTS

##### Share in Kerala Wood Industries Ltd.

The requirement of Section 212 of the Companies Act, 1956 has not been complied with. In the absence of the Balance sheet of the subsidiary Company, it is not possible to ascertain the real worth of the investment.

#### 6. CURRENT ASSETS

##### 1. 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. In the light of the above we are unable to comment on the correctness of the value of work -in-progress.

##### 2. Sundry Debtors

a. Abdul Nazar	Rs. 58,178
b. Sherif N Sherif	Rs. 36,55,658
c. Shihab	Rs. 15,911
d. Nagarjuna Herbals	Rs. 2,26,287

The above amounts remains unadjusted for a long period. Confirmations of balances have not been obtained for debtors and hence we are unable to ascertain the correctness/ realisability of the above. Out of the total amount of debtors of Rs.4,01,24,116.40, Rs.2,26,05,949/- is outstanding for a period exceeding six months

##### 3. Cash and Bank Balances

###### 1. Cash at Bank

*Updated pass books/bank statement has not been produced for verification for the following accounts.*

- *Syndicate Bank A/c No. 1070 (Head Office)*
- *Punjab National Bank (Head Office)*
- *Sub Treasury Kottayam TPA 55 (Head Office)*

*Confirmation of balances has not been obtained for the following accounts.*

- *Sub-Treasury Kottayam TPA 55 (Head Office)*
- *Sub Treasury TSB 4178 (Trivandrum)*

*Confirmation of closure has not been obtained for the following accounts.*

- *Syndicate Bank (S B A/c) No - 134 (Mananthavady)*
- *Canara Bank A/c No. 488 (Mananthavady)*



- *Canara Bank A/c No. 504 (Punalur)*
- *Canara Bank A/c No. 505 (Punalur)*

In the absence of the necessary statements/confirmations, we cannot certify the correctness of the above mentioned balances.

## **7. LOANS AND ADVANCES (SCHEDULE - C)**

### **i. Other Advances**

The following balances are outstanding for a long period and the recoverability of this account is not ascertainable.

Leave Salary Recoverable	Rs. 1,29,280
Anandan E S	Rs. 3,190
Govt. account treasury	Rs. 5,860
Radhakrishna Pillai	Rs. 1,440

## **8. OTHERS**

1. 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.

2. Vouchers with preprinted Serial numbers are not used in any of the divisions and in Head Office.

Preprinted receipts are not followed in all cases. The internal control over the use of vouchers / invoices/ receipts is inadequate.

Pre-printed numbers are not followed for sales invoices in some of the divisions and the seal of the Divisional Offices are not affixed in many instances.

The internal control over cash is weak. Cash transactions are not accounted on the correct dates resulting in credit balances of cash on many dates . There is no system of physical verification of cash.

The internal control over purchases in the divisions are weak. Often purchases are made beyond the delegated powers sanctioned. In certain instances, the system of obtaining competitive quotations are not being implemented and stock registers are not properly maintained in the Gavi Division.

3. The Company has not deducted tax at source in certain instances where tax has to be deducted under Chapter XVII of the Income Tax Act.

4. Excess provision amounting to Rs.16,468 has been made for dividend tax.

## **9. MANDATORY ACCOUNTING STANDARDS**

Regarding compliance with various applicable Mandatory Accounting Standards we express our opinion as follows:

### **1. AS-12**

The Company has not complied with AS-12. As per AS -12, Government Grants relating to non depreciable assets should be deducted from the gross value of the concerned assets in arriving at the book value of those assets for the purpose of showing in the Balance Sheet. As regards to depreciable fixed asset, the grant is to be treated as deferred income. The deferred income is to be recognized in the profit and loss account on systematic basis over the useful life of the asset in proportion to which depreciation is charged.

### **2. AS-13**

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In our opinion, the Company has not complied with AS-13. As per Item No.9 of the Notes on Accounts, as regards non finalisation of accounts of Company's subsidiary, the Company should have made a fair valuation of the investment on the basis of available particulars regarding the investee company instead of continuing to disclose the value of investment at cost.

**3. AS-15**

The actuarial valuation of the gratuity payable to the staff of the Company has not been obtained as on 31-3-2011. We are unable to ascertain the correctness of the Provision made for gratuity as at the end of the year. No provision is made for gratuity payable to workers of estate transferred by the forest department. Actuarial valuation has also not been obtained for ascertaining the actual liability in respect of leave salary as at the year end.

**4. AS-22**

Deferred Tax assets are not recognised based on reasonable certainty of future taxable income and hence there is non-compliance of AS-22.

Subject to our above comments and our comments in the annexure referred to in Paragraph 3 above, we report that;

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.

In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.

- (a) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account.
- (b) In our opinion, subject to our comments in Paragraph 9 above, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of Companies Act, 1956.
- (c) As per the Department notification GSR 829(E) dated 21.10.2003, the provisions of clause (G) of sub section (1) of section 274 is not applicable to a Government Company.
- (d) In our opinion and as per the information and according to the explanations given to us, the said Accounts, read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.
  - i. In the case of the Balance Sheet, on the state of affairs of the Company as at 31<sup>st</sup> March 2011.
  - ii. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

Place : Thiruvalla

Date : 27/09/2011

For **K.I. ABRAHAM & Co.**  
**C.A. IPE. ABRAHAM, FCA, DISA**  
**(ICAI)**  
M. No.204113 (Partner)  
FRN 000017S

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## ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT

1.
  - a) The Company has maintained proper records showing particulars, including quantitative details and situation of fixed assets.
  - b) According to the information and explanations given to us, Fixed Assets have been physically verified by the management during the year and it is reported that no material discrepancies were noticed on such verification.
  - c) The fixed assets disposed of during the year, in our opinion do not affect the going concern status of the company.
2.
  - a) It is reported that stores and tools were physically verified by the Management during the period. Closing Stock and Work-in-Progress have not been physically verified during the period.
  - 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) Proper records of stock has not been maintained in the Gavi Division and for the Work-in-progress. 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 maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and in accordance with the procedures and practices noticed in the course of our audit, internal control with respect to the purchase of stores and other assets and for the sale of goods is not adequate and there is a continuing failure to correct the major weakness in internal control.
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. The internal audit system of the Company is not commensurate with the size and nature of the business of the Company.
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. According to the information and explanations furnished by the Company, the Company has generally been regular in depositing undisputed statutory dues.
  - a) The following amounts are not deposited on amounts of disputes:
    - i) Agricultural Income tax Rs.58,21,375/- Appeal pending before the Deputy Commissioner (Appeals)
    - ii) Out of the demand for KVAT & KGST amounting to Rs.72,86,655/-, only Rs.7,28,655/- has been remitted. Appeal pending before the Appellate Tribunal.

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- b) According to information and explanation given to us there are no undisputed statutory dues as at 31<sup>st</sup> March 2011 outstanding for a period of more than six months from the date they became payable.
10. Company has no accumulated losses and subject to and read with comments of the Auditors, the Company has not incurred Cash losses in the current year and in the immediately preceding financial year.
  11. According to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks/financial institutions/debenture holders.
  12. The Company has not granted 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. Therefore this clause of the order is not applicable.
  14. The Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, clause 4 (xiv) of the order is not applicable to the Company.
  15. As explained to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
  16. To the best of our knowledge and belief and according to information and explanations given to us, in our opinion, term loans availed by the Company were prima facie applied for the purpose for which loans were obtained.
  17. According to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
  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. During the year, no money has been raised by public issues.
  21. According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For K.I. ABRAHAM & Co.**  
**C.A. IPE. ABRAHAM, FCA, DISA**  
**(ICAI)**  
M. No.204113 (Partner)  
FRN 000017S

Place : Thiruvalla  
Date : 27-09-2011

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**REPLIES TO THE REPORT OF AUDITORS (M/s. K.I. ABHRAHAM & CO., CHARTERED ACCOUNTANTS) TO THE MEMBERS OF THE M/s. KFDC LTD., KOTTAYAM, ON AUDIT OF ANNUAL ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011.**

**1. RESERVES & SURPLUS (SCHEDULE D)**

1. Forest Development Reserve.

O.B.	Rs.4,80,37,809
Credits during the year	<u>Rs. 62,92,470</u>
	<u><u>Rs. 5,43,30,279</u></u>

The claim for refund of Rs.29.50 lakhs by Govt. has not been accepted by the Company as the Company has collected the amount not as tax but as Forest Development Tariff, which is not required to be remitted to Govt. The Company is also not empowered to collect Forest Development Tax as there is no specific provision for the same in the Kerala Forest Act, 1961. The relevant section of the Act read as follows-

*"Notwithstanding anything contained in this Act, **in respect of forest produce disposed of by the Government by sale**, there shall be levied and collected a tax at the rate of five per cent, of the amount of consideration paid".*

Forest Development Tariff (now renamed as Regeneration Charges) is collected and utilised by the Company for Research & Development Expenses and the amount collected is accounted as capital receipt instead of as revenue in the Profit and Loss Account. This has been the practice followed by the Company in accounting of the above item since its introduction.

However, by G.O dt. 11/02/2011, the State Government has directed the Company to pay Rs.33.33 lakhs as Forest Development Tariff and sales tax collected during the period 1997/98- 2000/01. Accordingly after adjusting Rs.26.56 lakhs from subsidy towards loss incurred by KFDC by supply of raw materials to industries in the state, Rs. 6,76,255/- paid back to Government. Necessary adjustment entries has been passed in the accounts of 2011-12.

2. The amount claimed by the Company from Govt. as Subsidy was towards replacement cost of the plantation. Although the Govt. Orders releasing the subsidy were silent on this fact, the understanding with the Govt., was on these lines as could be seen from the minutes of the meeting held in this connection by the Govt. on 27.12.1989.

**2. UNSECURED LOANS (SCHEDULE F)**

Prior period penal interest for belated payment of principal and interest for Pachakkanam Cardamom Plantation upto 31.03.2009 will be provided in the accounts for 2010-11.

**3. CURRENT LIABILITES (SCHEDULE G)**

(a) Traders and Contractors have not furnished the confirmation Certificate. However, balances have been confirmed by the concerned Divisional Managers.

**4. PROVISIONS ( SCHEDULE H)**

**Provision for Plantation Tax:**

Excess provision Rs. 1,73,003/- will be adjusted in the accounts for 2011-12, after setting off the provisions and advances for the year 1999-2000 to 2007-2008.

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## 5. INVESTMENTS

Shares in Kerala Wood Industries Ltd., Rs.95,22,400/-

The accounts of the Kerala Wood Industries are heavily in arrears and hence the same could not be included along with the annual accounts of the Company. Action is on to finalise the pending accounts of KSWIL.

## 6. CURRENT ASSETS

### (1) 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 years plantation based on the product of the area and weightage assigned based on the age and nature of plantation.

All the relevant details such as the sanctioned estimate, voucher wise details of actual expenditure, area planted, area extracted etc. are available for verification.

### (2) Sundry Debtors

Even after repeated request, balance due from the Debtors were not confirmed by them (except 2 Debtors). The amount noted in (b) has been received during the year 2011 - 12.

### (3) Cash & Bank Balances

The bank accounts listed in the audited report are either inoperative during the last several years or already closed down as detailed below :

Sl. No.	Name of Bank/Treasury	Account No.	Division	Bank Statement produced or not	Confirmation Certificates Produced or not	Remarks
1	Sub Treasury	TSB 4178	TVM	No	Yes	Inoperative
2	Syndicate	1070	HO	No	Yes	No transaction during the year
3	Punjab National Bank	8979	HO	No	Yes	No transaction during the year
4	Sub Treasury	TPA 55	HO	No	No	Inoperative
5	Syndicate Bank	134	MNTDY	No	No	A/c. closed
6	Canara Bank	488	MNTDY	No	No	A/c. closed
7	Canara Bank	504	PLR	No	No	A/c. closed
8	Canara Bank	505	PLR	No	No	A/c. closed

Bank/Treasury authorities are not willing to give the confirmation/balance certificate in respect of inoperative/closed accounts inspite of our repeated requests.

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## **7 Loans & Advances.**

### **I. Other advances**

- i) Leave Salary recoverable from Govt.

This represents the leave salary recoverable from Govt. in respect of Govt. Staffs, mainly from Forest Departments, worked in the Company on deputation in the earlier years. The matter is being pursued with the Govt.

- ii) Steps has been taken to recover the amount from employees account.
- iii) Govt. Account Treasury: Wrong grouping will be rectified during 2011-12.
- iv) Steps has been taken to recover the amount from Employees A/c.

## **8. OTHERS**

- 1. 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 journal re-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 enroute its transportation by various offices of the forest Department. In the case of pulpwood transportation, the lorry load wise despatches are checked with the lorry wise weighment details furnished monthly by M/s. HNL and if any discrepancies are noticed the same is investigated and remedial measures taken.

- 2. Receipts and Invoices are now used with pre-printed numbers in all Divisions and in Head office. Centralized system of printing and issue of receipts and invoices with pre printed nos. are followed from 01/04/2011 onwards.
- 3. Noted. Instructions have already been issued to all Divisions to avoid such lapses in future.
- 4. Excess provision will be rectified, while making payment of dividend tax.

## **9. MANDATORY ACCOUNTING STANDARDS**

### **(1) AS-12**

A.S 12 describes about the presentation of grants of the nature of Promoters' contribution. Since, the Central & State Governments are the promoters of the Company, grants received are shown separately as "Deferred Government Grant" so as to exhibit the Government's contribution in the Corporation clearly. If income approach is followed, entire amount will be absorbed through P & L Account after a certain period of time. Promoters of the Company are State and Central Government and hence the grant-in-aid received has been treated as Promoters Contribution and shown under Deferred Govt. Grants.

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**2. AS-13**

Valuation of investment is not possible as the accounts of the Subsidiary Company are in arrears from 91-92 onwards. KSWIL being a Govt. Company, the Company cannot suo moto value the investment.

**3. AS-15**

Will be complied with the accounts for the year 2011-12

**4 AS-22**

AS 22 is not applicable as far as Income Tax Assessment of the Company

**Annexure referred to in paragraph 3 of Auditors Report**

- 1 a. Particulars of the location of the assets, identification No., make etc. are being collected and incorporated in the Asset Register.
- 2 a. Closing stock of the company consist of stock of cardamom, coffee, felled and stacked timber and poles in the dumping site etc. These items have been physically verified at the year end. Work-in-progress represent the growing stock of various species of trees/ pulpwood raised in the plantations. Necessary instructions are issued for conducting annual verification of the stock of these plantations.

**4. Internal Control-**

As regards the internal control on purchase of store and other items, it may be pointed out that the company is strictly following the store purchase rules issued by State Govt. As for the sale of timber and store items, the prescribed procedure for the same in the Forest department, such as conducting of auction/ inviting of competitive offers, removal/ transportation of items by issue passes, checking of the material along with the passes enroute its transportation by various wings of the Forest Department etc. Thus effective internal control over sales and purchases are exercised.

7. Action will be taken to cover all the major activities of the Company in internal audit.





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**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (C & CA)**  
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**KERALA, THIRUVANANTHAPURAM**

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**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4)  
 OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF KERALA FOREST DEVELOPMENT CORPO-  
 RATION LIMITED, KOTTAYAM FOR THE YEAR ENDED 31 MARCH 2011.**

The preparation of financial statements of **Kerala Forest Development Corporation Limited, Kottayam** for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **27, September 2011**.

I, on behalf of the Comptroller and Auditor General of India have decided not review the report of the Statutory Auditors on the accounts of **Kerala Forest Development Corporation Limited, Kottayam** for the year ended **31 March 2011** and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

*For and on behalf of the*  
**Comptroller and Auditor General of India**  
 VEÒ. BxÉ. ºÉÖxnùú  
**G.N. SÚVÉÉRAJA**

ÊÉ ú ÉxÉÍÉ ÉÓú É  
 Thiruvananthapuram  
 Date : 28.10.2011

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 PRINCIPAL ACCOUNTANT GENERAL (C & CA), KERALA



**GOVERNMENT OF KERALA**

No. 80896/PU-B1/2011/Fin

FINANCE (PU-B) DEPARTMENT

**COMMENTS OF SECRETARY (FINANCE) ON THE AUDITED ACCOUNTS OF KERALA FOREST  
DEVELOPMENT CORPORATION LIMITED FOR THE YEAR ENDED ON 31/03/2011**

1. Despite Government direction to pay Rs. 33.33 lakh as Forest Development Tariff and Sales Tax collected during 1997 - 1998 to 2000 - 2001, no provision for this was made in the account.
2. Eventhough regeneration charges collected by the Corporation formed a part of the scale the same was accounted as an addition to the Forest development Revenue and hence the profit of the Company was understated to that extent.
3. Subsidy amount of Rs. 3,58,05,745/- received from Government was directly accounted under the head ' Reserve & Surplus' and hence the Profit and Loss account was understated to that extent.
4. Prior Period Penal Interest for belated payment of principal and interest to Government as per G.O. (Ms) No. 74/86/F & WLD dated 04/08/1986 was not provided in the accounts and hence the profit of the Corporation was overstated to that extent.
5. The company should take steps to confirm the correctness of the balance amounts under Current Liabilities.
6. Provision for Plantation Tax for the year 1990-2000 to 2007-2008 was Rs. 15,18,453/- against the actual demand of Rs. 13,45,455/- and hence an amount of Rs. 1,73,003/- was understated in the profit.
7. The annual accounts of Kerala State Wood industries Ltd., which is a subsidiary unit of KFDC, should also be finalizable complying Section 212 of the Companies Act 1956.
8. Immediate steps should be taken to adjust the long pending amounts from Sundry Debtors and the realizable balances should be confirmed.
9. The balance amounts in various bank accounts should be confirmed by updating the pass books. Closures of the accounts, if any, should also be confirmed.
10. Immediate steps should be taken to recover the long pending recoverable advances.
11. Plantation Journals should strictly be maintained and the inventory of plants should be periodically enumerated. The internal control system over felling and transportation of trees is also to be strengthened.
12. Pre-printed Receipts and vouchers and invoices with pre-printed numbers should strictly be used and regular physical verification of cash should be ensured and internal control system in this regard should be strengthened.
13. The internal control system and procedure for physical verification with regard to purchase of stores, maintenance of stocks and other assets, and the sales of goods should be strengthened commensurate to the size of the Corporation.
14. Immediate steps should be taken to settle the disputed dues of Agricultural Income Tax, KVAT & KGST in consultation with the respective appellate authorities.
15. As regards the accounts the Corporation should have strictly maintained all the mandatory accounting standards, especially accounting standard No. 12,13,15 and 22.

Thiruvananthapuram  
Dated: 14.11.2011.

**V. P. JOY**

**SECRETARY (FINANCE)**