




Last Forest's First Trail

ANNUAL REPORT 2011



Keystone to Sustainability

Keystone has been working in the Nilgiri Biosphere Reserve over the last 15 years (since 1995) with indigenous communities on eco-development initiatives. The Foundation's work has been concentrated in the areas of apiculture, land development, organic & fair trade marketing, non timber forest produce and many more. An evaluation in 1993, helped the organization to develop a strategic outlook for the next decade to holistically approach the issues of Livelihoods, Conservation & Enterprise. For the coming years, an integrated approach towards indigenous people has been made through the following programme areas of Livelihood, Conservation, Organic Market Development and Culture & People – these will be supported by crucial cross cutting programme areas of Environmental Governance, Training & Information and last but not the least, Finance & Administration.



Hello!

The past year has been a thought provoking and challenging year - a 'down to earth' period. Though the turnover has increased, the bottomline was 'red' and left us with the thought that we still need to make an extra effort. The evolution into a new organizational shape has given it a spur and a tremendous engine for the future - the possibilities are immense and we need to capture them.

The reality check also shows us the number of producers that depend on this platform - it is their livelihood and we need to show ways in which to make it a sustainable activity. It is heartening to note that today small groups are coming to us and asking if their products can be put into our shops - how times have changed - where 'profit' was a bad word a few years back, today, it symbolizes the new spirit that is flowing through many of us. We hope that the coming year will see us sailing into new waters which will give us new opportunities for learning and enjoying ourselves.

Mathew John
CEO, Last Forest Enterprises



Seeding a new beginning

ORGANIC MARKET DEVELOPMENT – A Transition phase

More than 2 years of debating, discussing and concept notes being written, Last Forest Enterprises, was formed in June 2010. In the trustee meeting of March 2010, the decision was taken that if the marketing activities had to increase and expand in their scope, the marketing activities needed to create space for themselves and move forward, without always being tied to Keystone Foundation. As a mother institution, it will continue to provide the linkages and conceptual base under which Last Forest would operate.

Last Forest

After the decision in March 2010, discussions were held with the auditors and steps initiated to start the registration. Though the registration took place on the 28th of June. Though foreseen, it was a mammoth task that made people quite frustrated at the processes that led us to registration before we could put the brand on the wagon. It also seemed that wherever we applied, the server went for a toss and we were left hanging supposedly, a day's work would have us fretting and fuming for over a couple of weeks.

The first discussion with the auditor showed us the hard reality that this creation of a new entity would also bring with it, some very tough decisions. Last Forest would start with a debt of 32 lakhs – the entire stock would have to be bought over. It did not end there. All fixed assets (primarily furniture and computer equipment), would also have to be bought over. The rent deposits followed – the list kept getting longer... Adding nearly 4 lakhs towards fixed assets and 2.25 lakhs of rent deposits, it meant that the total payable ended at over 38 lakhs. The due date for the entire amount repayment has been kept as 31st March, 2013 though the attempt will be to repay it as soon as possible. At the end of the present financial year of 2010-11, this amount has reduced to 28 lakhs – not a bad beginning, to pat ourselves a bit on the back.

The cut off date for shifting the entire operations was kept as 1st September 2010 – it meant a whole lot of hard work – all stocks in the shops and the warehouses had to be counted and recounted – the figures had to be water tight as there was no second chance. All credit to the group that they managed it – special mention here for Sam, Suganthi and Bala as they swung from shop to shop, helping, assisting and finalizing the figures. It also meant a load on the accounts section – both Monica and Easwar, bent their backs in ensuring the switch over was as smooth as possible. It meant creating new companies in the software and that all stocks shifted overnight and the new day on 1st Sept meant that all shops moved onto the new companies. This was all done in the background and amazingly, this was all achieved without a shutdown or any inconvenience to the customers. For them, life went on as usual. Yes, there were knocks in the sales as all the people had to concentrate on a range of things for the transition – new orders were held up, neither in or out. All suppliers and dealers had to incorporate changes into their systems to have Last Forest as a new entity and close down Keystone. Hard negotiations with debtors and creditors ensured that there was never a dull moment.

Ecosystem

Nature of Institution

One of the crucial decisions of the Board of Trustees of Keystone Foundation, was to make the institution a private limited company. This was primarily due to the reason that if one made it as a trust or society, it would still have a problem of taxation (with effect from 01st April, 2012, when the Direct Taxes Code, came into effect). The option of a producer company was ruled out because Last Forest was marketing products from over 40 groups, both large and small, from across India and it was not possible to have a representation of all these groups – this was also liable to change as some groups dropped out from the supply chain due to various reasons and new groups keep joining. Also, each one of these groups/organizations, had already marked up their prices to include profit margins. Even the production groups working through Keystone had their margins built into the prices. Also, since logically, the creation of such an entity was to build and test a model that could sustain itself, it was felt that the institution created should not be finding ways to operate under a non-profit regime but be true to its primary focus on a sustainable profit making model.

Shareholding pattern

It was decided that the initial shareholding of the company would be by the 3 founding directors, till the functioning and new organization stabilized. Capital would also be solicited from other acquaintances. An initial list was drawn up and the response was impressive. An amount of Rs. 19.10 lakhs was raised in the 7 months of existence. This has helped overcome the working capital requirements, to some extent. Actually, most of this amount was invested in the opening of a new shop in Mysore (explained later). There is also an idea to make the staff of Keystone Foundation and Last Forest Enterprises, as shareholders – this needs to be discussed and implemented over time as there can only be a max of 50 shareholders in a private company. All shareholders have been informed that their investments would need 3 years before they could expect returns.



Footprints

In the excitement of the new institution, there was one more major change that kept everybody involved and on their toes. There had been a need since some time that we needed someone who could help redesign labels and some of the material. Attempts with many friends had just not succeeded in getting the process going. Tried with some design schools but that too did not work. Finally, Gouthami of Travel Another India, put us in touch with the Srishti School of Design. Sneh & Mathew, spent a day, discussing with staff and explaining their ideas and dreams. It seemed we were a little late as most of the students had already decided their projects and we might have to wait. To our surprise, in a couple of weeks, up popped a student, who was excited to be involved in this exercise. Swati, a final year student, came and spent a few days and saw our work. Many rounds of discussions, helped her to come up with some options – the final design chosen, we suddenly had a new logo to go with our new entity. It was an instant hit with our customers as we displayed it in our shops.

The first label designs that have rolled out are with regard to honey. Also, the signage of the shops was redone. There was a thought process that we needed to slowly phase out 'Green Shops' and concentrate on building the brand of 'Last Forest'. However, we soon realized that they served different purposes. For the local customers, Green Shop as an identity was very crucial as they saw that as a multi brand outlet that could provide them a range of products from across the country. Last Forest was a single brand out of a host of other brands. On a larger canvas, Last Forest, was an important entity, as it allowed customers to identify with an institution which represented certain core values in its way of working - a brand that represents the organic/fair trade/forest & agricultural produce based products created by the Keystone Foundation with the indigenous communities of the Nilgiris.

This story will not be complete without mention of Via Media (and Stanley, who leads the group) from Coimbatore. November 2010 provided an opportunity for Mathew to speak at TEDx Coimbatore – he spoke about honeyhunting – the communities that are involved in it, the culture and traditions that go along with it and the final product that we hold in our hands. It was an opportunity to meet and know Via Media, a young design and strategy group. This association slowly grew and in 2011, they have been providing tremendous in getting our communication strategy on the right track, helping us build the brands of Last Forest and Green Shop, effectively.

Mysore has seen the addition of one more shop. The first one got going in Sept 2009, when the Green Hotel, offered a small space inside their hotel to open a shop for their customers as well as other local clientele. Last year, Nature Conservation Foundation (NCF) offered to start a nature interpretation centre if Last Forest also chipped

in and started a shop along with them. This was too good an offer to let go. However, it meant that within the whole atmosphere of changing institutions, there was an added load of trying to set up a new shop. Sam, with his eyes and ears tuned to the possibilities of design in the new shop as well as the extra effort of making new furniture, etc. kept going up and down. The end result was a great shop with excellent space utilization. This was appreciated by even the NCF staff who enjoyed the whole process. The Green Shop got going at the end of Dec 2010, with a soft launch. All dreams of tremendous increased sales came crashing down in a few days as the response to the shop has been very low – maybe, we should have known. A shop to set itself up and start generating decent returns takes atleast 2 years investment of time and money. It has been a slow process and with EcoQuest (nature interpretation centre) getting inaugurated recently, the footfalls have increased slowly. Sudhakar has been a pillar in Mysore, seeing the whole process through.

Leaving the Green Shop in the Green Hotel was a tough call for Sudhakar as he had settled in but greater responsibilities left no choice. Usha, a young girl, joined and has justified the choice. The old shop has had its share of hiccups with lower inflows into the hotel, affecting the sales. It also continued under Keystone till the end of March 2011. The sharp increase in the rental for the premises has put greater pressure for the sales to improve.

Import of Coffee Roaster

This has been another amazing journey in 2010-11. SAIL through its Corporate Social Responsibility (CSR) initiative, provides an opportunity for NGOs to access some funds. There has been an acute need for a good coffee roaster. This was solved to some extent when a small 1 kg batch roaster was bought from Italy, 2 years ago. However, with the needs of the market rising and an unstable machine, which frequently broke down, there was an urgent need to be filled. SAIL provided this opportunity. Through its offices in Chennai and Coimbatore, a top of the line product – Probat coffee roaster, from Germany was imported. This took close to 8 months as the machine had to be ordered and then shipped all the way. The patience and confidence of the SAIL staff was crucial in keeping us going as the coffee roaster landed on our campus. It has been installed with the support of Kaapi machines, from Bangalore. It is now hoped that the coffee will make an impact in the market.

Visit to Kumbaya

The visit to Bagli in Madhya Pradesh was a great experience as Suganthi and Mathew spent a few days understanding the work that goes into bringing beautiful garments and furnishings to the Green Shops. Kumbaya, the brand and hopefully, a new entity, created by Samaj Pragati Sahyog, picks up handloom material from Dastakar Andhra as well as export surplus material from Delhi and works with women in the Bagli region; producing exquisite stuff that have become common in the shops. For many, garments are top of the mind recall, (after honey, of course!) when they visit the shops. Hopefully, this partnership will continue to grow and prosper.

Forest Yield

Sales

Though this report is looking at a 15 month period, it is to be mentioned that the major part of the analysis will refer to the 12 month period from April 2010 till March 2011. The 15 month sales stood at Rs. 110 lakhs but for the 12 month period, it was 88.40 lakhs. This was lower than our target of crossing 100 lakhs in the financial year of 2010-2011. This is the combined sale under

Keystone (5 months – 41.05 lakhs) and Last Forest (7 months – 47.43 lakhs). There has been a net loss of Rs.

Table for Sales

| Hive | GS Ktg | GS Cnr | GS Oty | GS Mys1 | GS Mys2 |
|-----------|-----------|-----------|-----------|----------|----------|
| 27.62 INR | 12.97 INR | 19.35 INR | 23.93 INR | 4.47 INR | 0.68 INR |
| 31% | 15% | 22% | 27% | 5% | 1% |

Tree trunks

Top Dealers

| Dealer | Amount |
|--|----------|
| 1 Antony Tantea | 4.92 INR |
| 2 Auroannam | 2.13 INR |
| 3 Keystone Foundation | 1.34 INR |
| 4 Modern store | 1.34 INR |
| 5 Bon Appetit | 1.29 INR |
| 6 Thumbhithakadu | 1.23 INR |
| 7 Matha Amirthananda Mayi Mutt | 1.10 INR |
| 8 Banglapadigai Womens Progressive Group | 0.87 INR |
| 9 Arya Organic Food Store | 0.86 INR |
| 10 Kriti | 0.82 INR |

Top Suppliers

| Suppliers | Amount |
|--------------------------------|--------|
| Samaj Pragati Sahayog/Kumbaya | 15.5 |
| Thumbhithakadu_1 | 4.76 |
| Maan Pharmaceuticals | 3.80 |
| Malaiarasi Self Help Group | 3.16 |
| Kombai Indigenous People Group | 2.97 |
| Banglapadi Womens Progressive | 2.94 |
| Kullu Karishma Dehradun | 2.94 |
| Amuthasurabhi Makkal Kuzhu | 2.74 |
| TheUnitedNilgiriTeaEstateCoLtd | 2.48 |
| Mitan Handicrafts Development | 2.37 |

New Suppliers

Ansa Herbs and Foods Pvt Ltd, Trichy: Soapnuts
Porgai, Dharmapuri: Garments
Smyrna, Ooty: Cookies
Pristine Organic, Bangalore: Organic food- flakes
Sabala, Belgaum: Jewellery & Handicrafts
Thiashola Plantations, Ooty: Tea
Belaku Trust, Bangalore: Stationery and Garments
Vijay Stoneware Pottery, Puducherry: Ceramic Pottery
Nature Conservation Foundation, Valparai: Books and Publications
Wildcraft India Pvt Ltd, Chennai: Bags, Wallets and Keychains
Spiti Seabuckthorn Society, Himachal Pradesh: Seabuckthorn jam and crush
Mitan Handicrafts Development, Belgaum: Jewellery & Handicrafts
Arctic Energy Systems Pvt Ltd, Delhi: Solar lamps
Naturellement, Puducherry: Organic food - jams, pickles and squash

Debtors & Creditors

| | | |
|--------------------------|--------------|------------|
| Debtors as on 31st Mar | 21 debtors | 123293.29 |
| Creditors as on 31st Mar | 12 creditors | 4017560.08 |



Financial Highlights

Honey which has been the major revenue generator for the marketing operations, faced an unprecedented low for the 3rd year in a row. This has been for a variety of reasons, primary among them being the unpredictable weather conditions. Rain and sun at the wrong times have led to paucity of nectar and pollen sources and thus, the honey production has dipped sharply. Normally, as in most natural production cycles, there is 1 year of high production followed by an year of low production. However, a continuous 3 year low meant that not only sales of honey took a hit but sales of other products were also affected. Many of the customers walk in just to buy honey and then pick up other products. It also meant that many of our dealers were put on hold due to reduced supplies.

Honey supplies from Madhya Pradesh added to the limited supplies and kept the operations afloat. Training by Leo and Miller, a few years back, to the honey hunters, was a boon. The quality of honey through Samaj Pragati Sahyog/Kumbaya was excellent and much appreciated.

A probable reason why some honey (of the little available) might have slipped through would be the purchase price. With low production from around the country, prices started climbing and maybe the response was not good enough and at the speed required. Honey stocks needed to be supplemented by purchases from some cooperative societies around the Nilgiri Biosphere Reserve.

Attrition in the team at the retail end had a tremendous influence in the manner in which Last Forest operated. Each shop went through changes and upheavals – this had an impact on the way the shops were handled. Each person has their own unique way and for the customers it can be tremendously disturbing that new people are in the shop everytime they walk in. It did not allow relationships to build and for the people in the shop, there was no ownership – they had no idea for how long they would be deputed. Many a time, every morning would call for a discussion as to who would be deputed where. Hopefully, the coming financial year will see a settling in of new staff and a more focussed attitude to sales.

The promising scenario has been the stability at the packing, despatch and distribution end – nearly an all woman team, led by Suganthi, kept their cool and kept the lean distribution going at all times, talking to suppliers and distributors, keeping all happy.

A significant change that is slowly taking place was pushed through by Bhupi, a new director, on the Last Forest board (officially, he becomes a director only in the financial year 2011-12 as legal issues still kept the matter in abeyance). His insistence that the food sector be looked at seriously, opened new avenues. Though this matter was discussed earlier too, hesitation over keeping 3rd party certified organic goods as

well as inconsistent supplies and high prices, never let the ball roll. However, after the board decision in February, many new suppliers were contacted and it has taken time for stocks to come in. The coming year will see the impact of such a decision though there is belief that it will bring in greater footfalls and quicker turnover of stocks and capital.

Another need which has been continuously felt in the shops is that there are nearly no products for children. Many customers walk in with their families and while they are busy looking at products there are no products that hold the attention of the kids.

Networks - Participatory Guarantee Systems

The system has continued to gain popularity over the past year. Initially, it seemed that the NGO world and the government might remain at differing view points but to its tremendous credit, the government of India has seen the kind of impact this system can create and moved forward quite rapidly. The govt created a PGS-India platform which was created through the National Centre for Organic Farming (NCOF), based in Ghaziabad. Led by its Director, Dr. A K Yadav, there were 3 consultations based in Pune, Bangalore and Delhi. Fruitful and engaging discussions at each of the venues, with inputs from IFOAM too, have now come out with a notification which is more or less along the same lines as the PGS Organic Council.

The PGS OC (PGSOC), formerly called the PGS Organic India Council, had to rename itself as new registration conditions do not allow the word 'India' to be used in the name of any institution. After repeated attempts to register PGSOC, the registration did finally take place in Mapusa, Goa.

During the past year, the Council meetings have taken place in Ranikhet (March 2010) and Wardha (September 2010), hosted by Grassroots and Chetana Vikas, respectively. It was a good opportunity to also see the entrepreneurial activities of Umang (the producer co. supported by Grassroots) and how it is growing. It was a learning experience to see the work done in organic agriculture by Chetana Vikas.

The newsletter of the PGS OC has been a regular feature and eagerly awaited everywhere. Issues of April and November 2010 were well received. The April issue had articles on KAPAS, the organic cotton project of CCD. The November issue also had impressions from the PGS meeting in Terra Madre. Experiments in Pune by Gomukh on direct marketing of vegetables and in Goa by the Choroa Farmers of mangoes were interesting articles.

LEHO (The Ladakh Environment and Health Organization) organized a seminar in Leh. Unprecedented response led to a very lively exchange of ideas, with over 60 delegates from different villages, NGOs, government officials, etc. Joy, Miguel and Samraj formed the resource team. Other PGS meetings were organized in Erode (Miguel & Leo) and Kumbakonam (Moorthy). The Samdrup Jongkhar Initiative (SJI) was launched last year by the Prime Minister of Bhutan – OFAI was invited to promote organic agriculture and PGS.

The PGS Committee of IFOAM held its first meeting (after being constituted in Aug 2009) in the beautiful city of Thimphu, Bhutan. Previously, functioned as a IFOAM Task Force from 2004 till 2009. The meeting was followed by a 2 day workshop with the government of Bhutan.



Fair Trade

The journey in Fair Trade has been an exciting one as a retail branding strategy road map was laid out for Fair Trade member shops. This has been some time in the making but being part of a working group has helped in pushing this agenda forward. The advantages in leveraging on other Fair Trade members goodwill built over the years as well as the larger brand of 'Fair Trade' across the world, has many advantages.

Mathew has dropped out of the Fair Trade Forum – India Executive Board but continues to play an active role in many spheres of FTF-I's activities. He had an opportunity to share about PGS in the Annual General Body meeting in Kerala as well as to place the idea of umbrella branding of retail shops to the gathering.

Creative Handicrafts, headed by Johny Joseph, celebrated its 25 years of existence, working with the women of the slums in Mumbai, with a grand conference. It was an opportunity to meet many other groups and what was different that the meeting was organised around themes that had speakers from various backgrounds who challenged some of the ideas. This made for lively debates and infused fresh thinking for many of the delegates.

to this. The kind of volunteer effort that is channelized into this effort - apart from the support to the TM, so many hundreds of us were housed in individual homes with families that opened their homes without any qualms - picking up, dropping and showing us around Turin, all of this with such an open heart and smile... Asked to indicate a choice while filling up the registration form, I chose 'stay with a family'. There was still an amount of hesitation when I landed but the way I was made to feel at home, made me realize that I would trade this experience for any hotel, any day.

this session and I was amazed at his patience in allowing one and all to have their say. Thankfully, I was carrying the Indian PGS newsletter – PGS Organic News (Mar 10 issue) and there was such a scramble for them .

Something else to be appreciated was the simultaneous translation into over half a dozen languages – 8 parallel sessions and so many others. It allowed people to comfortably slip into the language of choice and be a part immediately.

Alice Veron from Certified Naturally Grown, USA was there, as was Thilak from Sri Lanka. It was great to hear that the effort made at the end of last year (Dec 2010) when a few of us visited Sri Lanka through IFOAM, has moved forward. Close to a dozen groups have formed in Sri Lanka since our visit last year and there has been quite a movement there with a University throwing open its doors to house a small office and provide any required support. Detailed reports are available in the PGS Organic India website www.pgsorganic.in.



Your honey gets sweeter



Terra Madre

A meeting or a network of food communities from around the world. A simplicity of expression but the enormity of the earth's complexity in terms of its people and their diversity on display. It takes one's breath away. The sheer enormity of the exercise of bringing close to 6000 people from around the world, on a common platform which gives people space to express themselves and meet people from other diverse backgrounds. I think that is what makes Terra Madre unique. It does not try and create boundaries but allows people to find and channelize energy from one another for the earth's common good.

While sitting at Mumbai airport, on my way back from Terra Madre 2010, waiting for my onward connection, I realized that it had been quite an experience – refreshing and reinvigorating. For those who have never been there, would suggest that at least one visit should be made, if the opportunity arises. The energy that goes through the place is amazing and one comes away with such a feeling of optimism and hope . Very difficult to describe but for those 6000 folks who spent those days together, they will testify



Coming back to the PGS workshop, it was quite a surprise to be hauled out of the crowd and told that within a few minutes, I would have to speak about the experience in India – it gave me an opportunity to go back in time and provide a background to the PGS movement in different parts of the world. How circumstances encouraged people to create their own spaces and yet make a statement that there was a huge population of people out there who made up the organic movement. I then explained about the manner in which PGS evolved in India – farmers reaching out to consumers in ways that they had not connected before. For consumers, a new paradigm in today's world where the producer was able to explain his/her issues. A connect which left both sides feeling happy and contented. I then ended with the effort being made by the government to launch an PGS India - I think it was quite well received as this session went on for close to 3 hours with no signs of ending - so many people from around the world talked of their efforts and the tremendous strength that they have gotten from this concept of PGS -many of them had heard about it and many were hearing about it for the first time and were so excited. Andrea, from the Italian Organic Association, was chairing



View from the tree top

Going forward - will be a challenge. Some of the areas where the maximum effort will take place:

1. **Increasing focus on adding and expanding the category of food products** - just begun the exercise in March and there is a whole range of suppliers that we have been put in touch with through Bhupi. It includes cereals & pulses, oils, spices, masalas, flakes & malts, sugar & jaggery, etc. We have started getting in touch with many of them and we hope that this will not only increase footfalls but also bring in people for repeat purchases. The prime reason we feel that as customers start making conscious choices about these products, they will also appreciate many of the other products available. The challenge is also to balance consistency of supply with prices as we don't want the products to be priced exorbitantly.

2. **Fair Trade Retail Branding** - through work with Fair Trade Forum - India, the exercise of launching and expanding an umbrella brand will gather steam and be implemented in the coming year. Between 10-20 shops run by FTF-I members will be included in this exercise and hopefully, we will be able to leverage not only the Fair Trade concepts but also the goodwill that these individual shops have built up over the years. The cross linkages and relationships built will surely be a huge spin off.

A dense forest scene with sunlight filtering through the trees. The ground is covered in fallen leaves, and the trees are tall and thin, creating a canopy of green and brown. The lighting is soft and natural, highlighting the textures of the leaves and branches.

Spirit of the Forest

Forest is an ecosystem in itself. Everything thrives there. However small the members and however small their contribution, it makes a significant meaning in the value chain. Modest in our beginnings, we believe that the spirit of the forest is about thriving yet sustaining balance. Growth that is meaningful and contributing.



LAST FOREST ENTERPRISES PRIVATE LIMITED

FIRST ANNUAL REPORT

2010 - 2011

Registered Office

No. 41/111, E, Groves Hill Road,

PB No. 35, Kotagiri,

The Nilgiris - 643217.

Phone : 04266 - 272266; 272277



Board of Directors

Mathew John

Pratim Roy

SnehlataNath

Auditors

M/s. Srivatsan& Gita

Chartered Accountants

Coimbatore

Bankers

Axis Bank

Indus Ind Bank

Standard Chartered Bank

Registered Office

No. 41/111, E, Groves Hill Road,

PB No. 35, Kotagiri,

The Nilgiris - 643217.

Phone : 04266 - 272266; 272277

Date of General Meeting

21st day of July 2011 at the

Registered office of the Company

LAST FOREST ENTERPRISES PRIVATE LIMITED

KOTAGIRI, THE NILGIRIS

Notice

NOTICE is hereby given that the First Annual General Meeting of the Company will be held at the registered office of the Company at No. 41/111E, Groves Hill Road, P.B. No. 35, Kotagiri, The Nilgiris - 643 217 on 21st day of July 2011 at Kotagirito transact the following business:

Ordinary Business

1. To receive, consider, approve and adopt the audited Profit and Loss Account for the year ended 31st March, 2011, the Balance Sheet as at the date and the Reports of the Directors and Auditors thereon.
2. To re-appoint M/s. Srivatsan& Gita, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Note:

1. A Member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.
2. Instrument appointing a proxy should be deposited at the Registered Office of the company not less than 48 hours before the commencement of the Meeting.

By Order of the Board

Date : 30th June, 2011

Place : Kotagiri

Mathew John

Chairman of the Meeting

LAST FOREST ENTERPRISES PRIVATE LIMITED

KOTAGIRI, THE NILGIRIS

DIRECTORS' REPORT

The Directors' of the Company are pleased to submit the First Annual Report and the audited accounts of the Company for the period ended 31st March, 2011.

FINANCIAL RESULTS (NINE MONTHS)

| | | (Amount in Rs.) |
|-------|--|-----------------|
| S.No. | Particulars | 31.03.2011 |
| 1. | Net Sales | 47,99,097 |
| 2. | Other Income | 73,301 |
| 3. | Total | 48,72,398 |
| 4. | Operating Profit / (Loss) before Depreciation & Amortisation, Interest and Tax | (76,782) |
| 5. | Less : Depreciation and Amortisation Expenses | 52,168 |
| 6. | Net Profit / (Loss) Before Tax | (1,28,950) |
| 7. | Less : Deferred Tax | 5,554 |
| 8. | Net Profit / (Loss) After Tax | (1,34,504) |

BUSINESS OPERATIONS

The Company was incorporated with the object to safeguard the environment and to create awareness about that in the society. In the first year of operations of the Company ends with anet Loss of Rs. 1.35 Lakhs after tax. However, the gross business of the Company shows a significant improvement and growth for nine months of business operations. The Directors' hope to present better results in the coming year.

FUTURE PROSPECTS

The Company has launched a website, www.lastforest.in to leverage the benefits of online trading. It helps the Company to popularize organic and fair trade products and make them available to all, interested. Also, it helps the Company to increase the marketing prospects of organic and fair trade produce, significantly, in the coming year.

The Company also conducting various programmes to bring the uses of organic and agricultural products and educate the peoples, how it is important in now a days for protecting eco systems of society. It has been creating better results among the peoples. The Company has also planned to conduct more programmes in the coming year.

SOCIAL RESPONSIBILITY

The Company has contributed Rs. 56,000 as donation to Keystone Foundation, Kotagiri, an organization engaged in protecting the eco-systems of Western Ghats. The Directors hope to contribute more in the line of social welfare activities in the coming year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Sec 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

(i) that in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review.

(iii) that 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.

(iv) that the Directors had prepared the annual accounts for the financial year ended 31st March, 2011 on an going concern basis.

PARTICULARS OF EMPLOYEES

Particulars under Section 217 (2A) are not applicable, as no employee has been paid more than prescribed limits.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters forms part of this report and is annexed hereto.

FIXED DEPOSIT

The Company has not accepted any fixed deposit, hence there are no unclaimed deposit as on 31.03.2011.

STATUTORY AUDITORS

M/s Srivatsan& Gita, Chartered Accountants will retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their appointment.

ACKNOWLEDGEMENT

The Directors express their sincere appreciation for the relentless efforts, supports and the dedication displayed by all the employees of the Company.

The Directors also place on record their appreciation for the support from the Shareholders, Banks and other Stake holders of the Company.

On behalf of the Board of Directors

Kotagiri

01st June, 2011

Mathew John

Pratim Roy

Director

Director

Information in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March, 2011.

A. CONSERVATION OF ENERGY

| | |
|--|-----|
| 1. Energy conservation measures taken | Nil |
| 2. Additional investment and proposals if any, being implemented for reduction of consumption of energy | Nil |
| 3. Impact of the measures of (1) & (2) above for reduction of energy consumption and consequent impact on the cost of production of goods. | Nil |

B. TECHNOLOGY ABSORPTION

| | |
|--|-----------------------|
| 1. Specific areas in which R & D carried out by the Company | Not applicable |
| 2. Benefit derived as a result of the above R & D | Not applicable |
| 3. Future plan of action | Not applicable |
| 4. Expenditure on R & D a. Capital b. Recurring c. Total R & D expenditure as a percentage of gross turnover/net turnover | Not applicable |

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

| | |
|--|-----------------------|
| 1. Efforts in brief, made towards technology absorption, adaptation and innovation. | Not applicable |
| 2. Benefits arrived as a result of the above efforts, eg., product improvement, cost reduction, product development, import substitution etc., innovation. | Not applicable |
| 3. Technology imported. | Not applicable |

D.FOREIGN EXCHANGE EARNINGS AND OUTGO

| | |
|--|------------------------------------|
| a). Activities relating to exports Initiative taken to increase exports and development of new exports markets for products & services and exports plans. | Efforts are continuing for export. |
| b). Total Foreign Exchange Used Earned | Nil |

On behalf of the Board of Directors

Kotagiri

01st June 2011

Mathew John **Pratim Roy**
Director **Director**

SRIVATSAN & GITA

Chartered Accountants

No. 6, "Kanchan", North Huzur Road

Coimbatore - 641 018.

LAST FOREST ENTERPRISES PRIVATE LIMITED

AUDITORS' REPORT

The Members,

1. We have audited the attached Balance Sheet of **Last Forest Enterprises Private Limited, Coimbatore**, as at 31st March 2011 and also the Profit and Loss Account 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.

2. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, (as amended) issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we report that this Order is not applicable to this company as:

The paid up capital and reserves are not more than Rupees Fifty Lakhs and:
Does not have any loans outstanding from any banks or financial institution and;
Does not have a turnover exceeding Rupees Five Crores.

4. Further to our comments in the annexure referred to in paragraph (3) above, 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 purposes of our audit.
- b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.

- .d) In our opinion, the Balance sheet, Profit and Loss account dealt with by this report complies with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- .e) On the basis of written representations received from the directors, as on 31st March 2011 and taken on the record of the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- .f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
- .f.i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March 2011.
- .f.ii) In the case of Profit and Loss Account, of the **loss** for the year ended on that date.

**Coimbatore
(07177S)
01.06.2011
Accountants**

**For M/s. SRIVATSAN & GITA

Chartered**

K.SHANMUKHA SUNDARAM

Partner - M.No. 26847

| | | | |
|---------|--|-----------------|----------------|
| Name | : Last Forest Enterprises Private Limited | PAN | : AABCL 8259 N |
| Address | : D.No. 41/111E, Groves Hill Road, P.B.No. 35, Kotagiri, The Nilgiris | Previous Year | : 2010 - 2011 |
| Status | : Private Limited Company | Assessment Year | : 2011 - 2012 |
| Phone | : 0426 - 272266 ; 272277 | DOI | : 29/06/2010 |
| | | Ward | : Ooty Circle |

| <u>STATEMENT OF TOTAL INCOME</u> | | (Amount in Rs.) |
|--|--------|-----------------|
| <u>Computation of Income under normal provisions</u> | | |
| Net Profit as per Profit and Loss Account | | -130,408 |
| Add : Depreciation as per Companies Act | 46,234 | |
| Donation | 56,000 | |
| Preliminary Expenses | 5,934 | |
| | | 108,168 |
| | | (22,240) |
| Less : Depreciation as per Income Tax Act | 87,545 | |
| 1/5th of Preliminary Expenses written off | 5,934 | |
| | | 93,479 |
| | | (115,719) |
| Income Tax on above | | - |
| <u>Computation of Income under section 115 JB</u> | | |
| Net Profit as per Profit and Loss Account | | -130,408 |
| Income Tax on above | | - |
| Less : Tax Paid | | - |
| Tax Payable / (Refund Due) | | - |
| For M/s. Last Forest Enterprises P Limited | | |
| Mathew John Director | | |

| <u>STATEMENT OF CARRIED FORWARD LOSS:</u> | | | |
|---|--------------|----------|---------|
| <u>BOOK LOSS</u> | | | |
| Particulars | Depreciation | Business | Total |
| Loss for Book Purposes | 46,234 | 84,174 | 130,408 |
| | | | 130,408 |
| <u>LOSS FOR INCOME TAX PURPOSES</u> | | | |
| Total Business and Depreciation Loss | 87,545 | 28,174 | 115,719 |
| | | | 115,719 |

LAST FOREST ENTERPRISES PRIVATE LIMITED
KOTAGIRI, THE NILGIRIS.

BALANCE SHEET AS ON 31ST MARCH 2011

(in Rs.)

| Particulars | Note No. | 31.03.2011 |
|--|----------|------------|
| 1 | 2 | 3 |
| I. EQUITY AND LIABILITIES | | |
| 1 Shareholders' funds | | |
| (a) Share capital | 1 | 100,000 |
| (b) Reserves and surplus | 2 | -135,962 |
| (c) Money received against share warrants | | - |
| 2 Share application money pending allotment | | 1,810,000 |
| 3 Non-current liabilities | | |
| (a) Long-term borrowings | | - |
| (b) Deferred tax liabilities (Net) | | 5,554 |
| (c) Other Long term liabilities | | - |
| (d) Long-term provisions | | - |
| 4 Current liabilities | | |
| (a) Short-term borrowings | | - |
| (b) Trade payables | | 4,017,560 |
| (c) Other current liabilities | 3 | 77,357 |
| (d) Short-term provisions | 4 | 67,605 |
| TOTAL | | 5,942,114 |
| II. ASSETS | | |
| Non-current assets | | |
| 1 (a) Fixed assets | | |
| (i) Tangible assets | 5 | 634,952 |
| (ii) Intangible assets | | - |
| (iii) Capital work-in-progress | | - |
| (iv) Intangible assets under development | | - |
| (b) Non-current investments | | - |
| (c) Deferred tax assets (net) | | - |
| (d) Long-term loans and advances | | - |
| (e) Other non-current assets | 6 | 23,336 |
| 2 Current assets | | |
| (a) Current investments | | - |
| (b) Inventories | 7 | 3,924,302 |
| (c) Trade receivables | 8 | 123,293 |
| (d) Cash and cash equivalents | 9 | 614,745 |
| (e) Short-term loans and advances | 10 | 621,486 |
| (f) Other current assets | | - |
| TOTAL | | 5,942,114 |
| Notes on Accounts and Significant Accounting Policies forming part of Balance Sheet | 18 | |

Date : 01.06.2011
Place : Coimbatore

For M/s. Srivatsan & Gita (07177S)
Chartered Accountants

For M/s. Last Forest Enterprises Private Limited

K.Shanmukhasundaram
Partner - M.No. 026847

Mathew John
Director

Pratim Roy
Director

Snehlatha Nath
Director

LAST FOREST ENTERPRISES PRIVATE LIMITED
KOTAGIRI, THE NILGIRIS.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

(in Rs.)

| Particulars | Note No. | 31.03.2011 |
|---|----------|------------------|
| I. Revenue from operations | 11 | 4,799,097 |
| II. Other Income | 12 | 73,301 |
| III. Total Revenue (I + II) | | 4,872,398 |
| IV. Expenses: | | |
| Purchases of Stock-in-Trade | 13 | 7,367,986 |
| Decrease / (Increase in Stock-in-Trade) | 14 | -3,924,302 |
| Employee benefits expense | 15 | 707,416 |
| Finance costs | | - |
| Depreciation and amortization expense | 16 | 52,168 |
| Other expenses | 17 | 799,538 |
| Total expenses | | 5,002,806 |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | -130,408 |
| VI. Exceptional items | | 0 |
| VII. Profit before extraordinary items and tax (V - VI) | | -130,408 |
| VIII. Extraordinary Items | | 0 |
| IX. Profit before tax (VII- VIII) | | -130,408 |
| X Tax expense: | | |
| (1) Current tax | | 0 |
| (2) Deferred tax | | 5,554 |
| XI Profit (Loss) for the period from continuing operations (VII-VIII) | | -135,962 |
| XII Profit/(loss) from discontinuing operations | | 0 |
| XIII Tax expense of discontinuing operations | | 0 |
| XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII) | | 0 |
| XV Profit (Loss) for the period (XI + XIV) | | -135,962 |
| XVI Earnings per equity share: | | |
| (1) Basic | | -13.60 |
| (2) Diluted | | -13.60 |

Date : 01.06.2011
Place: Coimbatore

For M/s. Srivatsan & Gita (07177S)
Chartered Accountants

For M/s. Last Forest Enterprises Private Limited

K.Shanmukhasundaram
Partner - M.No. 026847

Mathew John
Director

Pratim Roy
Director

Snehlatha Nath
Director

**LAST FOREST ENTERPRISES PRIVATE LIMITED
KOTAGIRI, THE NILGIRIS.**

NOTES FORMING PART OF BALANCE SHEET AS ON 31.03.2011

| | | | | |
|---------------|----------|--|---------------|--------------------|
| Note 1 | A | Share Capital : | Number | Amount. Rs. |
| | | <u>Authorised</u> | | |
| | | Preference Share Capital | - | - |
| | | Equity Shares of Rs. 10/- Each | 100,000 | 1,000,000 |
| | | <u>Issued</u> | | |
| | | Equity Shares of Rs. 10/- Each | 10,000 | 100,000 |
| | | <u>Subscribed and Paid Up</u> | | |
| | | Equity Shares of Rs. 10/- Each Fully Paid Up | 10,000 | 100,000 |
| Note 1 | B | Equity Share Capital : | Number | Amount. Rs. |
| | | Shares Outstanding at the beginning of year | - | - |
| | | Shares issued during the year | 10,000 | 100,000 |
| | | Shares bought back during the year | - | - |
| | | Shares outstanding at the end of the year | 10,000 | 100,000 |
| Note 1 | C | Equity Share Holding Details (MORE THAN 5%) | | |
| | | Name of the Shareholder | Number | % |
| | | Mathew John | 4,000 | 40% |
| | | Pratim Roy | 3,000 | 30% |
| | | Snehlatha Nath | 3,000 | 30% |
| | | Total | 10,000 | 100% |
| Note 2 | | Reserves & Surplus | | Amount. Rs. |
| | | <u>Surplus in Profit & Loss A/c</u> | | |
| | | Opening Balance | | - |
| | | Add : Net Profit / (Loss) for the current year | | -135,962 |
| | | Add : Transfer from Reserves | | 0 |
| | | Less : Proposed Dividend | | 0 |
| | | Less : Interim Dividends | | 0 |
| | | Less : Transfer to Reserves | | 0 |
| | | Closing Balance | | -135,962 |

LAST FOREST ENTERPRISES PRIVATE LIMITED
KOTAGIRI, THE NILGIRIS.

| Note 3 | Other Current Liabilities | Amount. Rs. |
|---------------|--|--------------------|
| | (a). Sales Tax Payable | 25,031 |
| | (b). Other Payables | 50,000 |
| | (c). Advance Received from Customers | 2,326 |
| | | 77,357 |
| Note 4 | Short Term Provisions | |
| | (a). EPF Payable | 19,723 |
| | (b). Staff Welfare Fund | 13,334 |
| | (c). Provision for Audit Fee | 33,090 |
| | (c). Interest Payable | 1,458 |
| | | 67,605 |
| Note 6 | Other Non Current Assets | |
| | a. Preliminary Expenses | 29,270 |
| | b. Less: Written off during the year | 5,934 |
| | c. Balance | 23,336 |
| Note 7 | Inventories | |
| | Stock in Trade | 3,924,302 |
| | | 3,924,302 |
| Note 8 | Trade Receivables | |
| | Trade Receivables outstanding less than six months | 123,293 |
| | Trade Receivables outstanding exceeding six months | - |
| | Less : Provision for doubtful debts | - |
| | | 123,293 |

LAST FOREST ENTERPRISES PRIVATE LIMITED
KOTAGIRI, THE NILGIRIS.

| <u>Note 9</u> | Cash and Cash Equivalents | Amount. Rs. |
|----------------|-------------------------------|-------------|
| | (a). Balances with banks | |
| | (i). In Deposit Accounts | - |
| | (ii). In Current Accounts | 569,482 |
| | (b). Cash on hand | 45,263 |
| | | 614,745 |
| <u>Note 10</u> | Short term Loans and Advances | |
| | (a). Staff Personal Advance | 31,108 |
| | (b). Rent Advance | 525,000 |
| | (c). Sundry Advance | 3,940 |
| | (d). VAT Refund Receivable | 1,000 |
| | (e). Advance to Suppliers | 60,438 |
| | | 621,486 |

NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

| <u>Note 11</u> | Revenue from Operations | Amount. Rs. |
|----------------|--|-------------|
| | a. Sales | 4,799,097 |
| | | 4,799,097 |
| <u>Note 12</u> | Other Income | |
| | a. Discount Received | 72,989 |
| | b. Other Income | 312 |
| | | 73,301 |
| <u>Note 13</u> | Purchases of Stock in Trade | |
| | a. Purchases | 7,367,986 |
| | | 7,367,986 |
| <u>Note 14</u> | Changes in Stock in Trade | |
| | a. Opening Stock | - |
| | b. Less : Closing Stock | 3,924,302 |
| | | -3,924,302 |
| <u>Note 15</u> | Employees Benefits Expenses | |
| | a. Salary | 592,706 |
| | b. Employer Contribution to Provident Fund | 65,533 |
| | c. Gratuity | 10,000 |
| | d. Employer Contribution to Staff Welfare Fund | 6,667 |
| | e. Staff Medical Expenses | 17,207 |
| | f. Staff Welfare Expenses | 15,303 |
| | | 707,416 |
| <u>Note 16</u> | Depreciation and Amortization Expenses | |
| | a. Depreciation as per Note - 5 | 46,234 |
| | b. Preliminary Expenses Written off | 5,934 |
| | | 52,168 |

LAST FOREST ENTERPRISES PRIVATE LIMITED
KOTAGIRI, THE NILGIRIS.

| Note 17 | Other Expenses | Amount. Rs. |
|----------------|---------------------------|--------------------|
| | a. Electricity Charges | 27,307 |
| | b. Freight Inward | 63,219 |
| | c. Packing Expenses | 8,880 |
| | d. Processing Expenses | 4,777 |
| | e. Advertising Expenses | 25,612 |
| | f. Audit & Accounting Fee | |
| | - Accounting Fee | 3,033 |
| | - Audit Fee | |
| | Statutory Audit | 27,575 |
| | Tax Audit | 5,515 |
| | g. Bank Charges | 18,741 |
| | h. Boarding and Lodging | 4,860 |
| | i. Commission Paid | 706 |
| | j. Communication Expenses | 34,686 |
| | k. Discount Allowed | 316 |
| | l. Donation | 56,000 |
| | m. Freight Outward | 21,285 |
| | n. Marketing Expenses | 51,444 |
| | o. Postage & Courier | 6,177 |
| | p. Printing & Stationery | 55,209 |
| | q. Rates & Taxes | 11,037 |
| | r. Rent | 154,000 |
| | s. Repairs & Maintenance | 6,800 |
| | t. Shop Expenses | 131,170 |
| | u. Travelling Expenses | 67,126 |
| | v. Vehicle Expenses | 12,605 |
| | w. Interest Payable | 1,458 |
| | | 799,538 |

LAST FOREST ENTERPRISES PRIVATE LIMITED
KOTAGIRI, THE NILGIRIS.

(Amt. in Rs.)

| SUB NOTES FORMING PART OF MAIN NOTES | |
|---|-----------|
| <u>Sales</u> | |
| KVAT-Sales - 0% | 28,724 |
| KVAT-Sales - 13.50% | 12,978 |
| KVAT-Sales - 2.00% | 261 |
| KVAT-Sales - 5.00% | 26,741 |
| TNVAT - Sales - 0% | 742,009 |
| TNVAT - Sales - 12.50% | 567,742 |
| TNVAT - Sales - 4.00% | 3,038,259 |
| CST - Sales - 0% | 27,629 |
| CST - Sales - 2% | 152,980 |
| CST - Sales - 4% | 148,388 |
| CST - Sales - 12.50% | 53,388 |
| | 4,799,097 |
| <u>Purchases</u> | |
| Purchase 0% | 2,923,219 |
| Purchase 12.5% | 273,687 |
| Purchase 13.5% | 49,243 |
| Purchase 2% | 955,369 |
| Purchase 4% | 2,849,117 |
| Purchase 4.5% | 14,848 |
| Purchase 5% | 262,196 |
| Packing Material | 203,527 |
| | 7,531,206 |
| Less : Purchase Returns | 163,220 |
| | 7,367,986 |
| <u>Trade Payables</u> | |
| Amuthasurabhi Makkal Kuzhu | 32,169 |
| Dev Bhumi Natural Products Co | 26,250 |
| Kullu Karishma | 128,450 |
| Kumaon Earthcraft Swayatt Sahakar | 42,598 |
| Maan Pharmaceuticals | 67,184 |
| Porgai Producers Group | 95,400 |
| Sabala | 22,218 |
| Samaj Pragati Sahayog | 617,990 |
| Thumbhithakadu | 46,618 |
| Trifed | 16,570 |
| Keystone Foundation | 2,886,998 |
| Vijay Stoneware Pottery | 35,116 |
| | 4,017,560 |
| <u>Sales Tax Payable</u> | |
| KVAT Payable | -7,624 |
| TNVAT Payable | 30,687 |
| CST Payable | 1,968 |
| | 25,031 |

| | |
|---|---------|
| <u>Sundry Debtors</u> | |
| 350.ORG | 5,000 |
| Amrita Tripathy | 355 |
| Antony Tantea Dealer | 59 |
| Auroannam | 45,415 |
| Bakers Junction | 1,793 |
| Be in Balance | 1,400 |
| Cecily Joyce | 1,115 |
| Kriti | 1,744 |
| Manipura Suya Uthavi Kuzhu | 14,203 |
| New Tantea Emporium | 4,457 |
| Nilgiri Super Home Needs | 2,217 |
| Quetta Stores | 1,085 |
| Restore | 10,058 |
| Roselyn Simon | 3,481 |
| Serenity | 3,621 |
| SR. Mala | 312 |
| Tatsat | 5,183 |
| Tede Trust | 265 |
| The Altitude Store | 7,872 |
| Tulsi Mall | 13,388 |
| Tushita Singh | 270 |
| | 123,293 |
| <u>Balances with Banks</u> | |
| Axis Bank Limited, Ooty | 340,401 |
| Axis Bank Limited, Mysore | 25,737 |
| Central Bank of India, Kotagiri | 106,692 |
| Indus Ind Bank, Coonoor | 38,753 |
| Indus Ind Bank - SWF, Coonoor | 11,448 |
| Standard Chartered Bank, Coimbatore | 46,450 |
| | 569,482 |
| <u>Cash in hand</u> | |
| Cash - HO | 43,284 |
| Cash - Branch:- | |
| Greenshop - Mysore | 1,979 |
| | 45,263 |
| <u>Advance to Suppliers</u> | |
| Aditya Enterprises | 2,033 |
| Creative Educational Aids Private Lintied | 7,453 |
| Fair Trade Forum India | 2,500 |
| Global Fiber Works | 43,452 |
| Maple Orgtech (I) Limited | 5,000 |
| | 60,438 |

LAST FOREST ENTERPRISES PRIVATE LIMITED
KOTAGIRI, THE NILGIRIS.

Note - 5 : Fixed Assets

| S.No. | Fixed Assets | Gross Block | | | | Accumulated Depreciation | | | | | Net Block | | |
|-------|--|----------------------------|------------------------|--|-----------------------------|-----------------------------|----------------------------|----------------------------------|--------------------------------|--------------|-----------------------------|----------------------------|-----------------------------|
| | | Balance as at 1 April 2010 | Additions/ (Disposals) | Acquired through business combinations | Revaluations/ (Impairments) | Balance as at 31 March 2011 | Balance as at 1 April 2010 | Depreciation charge for the year | Adjustment due to revaluations | On disposals | Balance as at 31 March 2011 | Balance as at 1 April 2010 | Balance as at 31 March 2011 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| a | Tangible Assets | | | | | | | | | | | | |
| | Computer | - | 60,739 | - | - | 60,739 | - | 12,115 | - | - | 12,115 | 48,625 | - |
| | Plant & Machinery | - | 57,303 | - | - | 57,303 | - | 3,975 | - | - | 3,975 | 53,329 | - |
| | Furniture and Fittings | - | 563,144 | - | - | 563,144 | - | 30,145 | - | - | 30,145 | 532,999 | - |
| | | - | 681,186 | - | - | 681,186 | - | 46,234 | - | - | 46,234 | 634,952 | - |
| b | Intangible Assets | - | - | - | - | - | - | - | - | - | - | - | - |
| c | Capital Work In Progress | - | - | - | - | - | - | - | - | - | - | - | - |
| d | Intangible assets under Development | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | - | 681,186 | - | - | 681,186 | - | 46,234 | - | - | 46,234 | 634,952 | - |

LAST FOREST ENTERPRISES PRIVATE LIMITED

KOTAGIRI, THE NILGIRIS

NOTE - 8 - I. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. Use of Accounting Estimates

The preparation of the financial statements in conformity with the Generally Accepted Accounting Principles requires the company's management to make estimates and assumptions that have a bearing on the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from those estimates.

3. Revenue and other income

Revenue from sale of goods is recognized when the risks and rewards of ownership are transferred to the buyer. Sales are net of sales return and sales tax but include other elements as are allowed to be recovered as part of the price.

4. Stock in Trade

Stock In Trades are valued at lower of cost and net realisable value. Cost includes all taxes, duties, Cess, and other levies that are not subsequently recoverable from the Government and other costs to bring the inventories to their present location and condition. Cost is arrived at on weighted average basis.

5. Fixed Assets and Depreciation

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets.

7. Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the contracted / year end exchange rates. The exchange differences arising on payments/ realisations and from the year end restatement referred to above are recognized as income or expense in the profit and loss account.

8. Employee Benefits

Short Term

Short term employee benefits are recognized as an expense as per the Company's scheme based on expected obligations.

Provident fund

This is a defined contribution plan. Contributions are remitted to provident fund authorities in accordance with the relevant statute and are charged to profit and loss account as and when due. The Company has no further obligations for future provident fund benefits in respect of these employees other than its annual contributions.

Gratuity

The Company has Gratuity Fund with the Life Insurance Corporation of India. The Company has a policy to provide and account gratuity liability on the basis of contribution advice received from the Life Insurance Corporation of India.

9. Taxes on income

Provision for current tax is made based on the liabilities computed in accordance with the relevant tax laws. Provision for deferred tax is made for the timing differences arising between the taxable and accounting income computed at the rates enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only if there is a virtual certainty that they will be realized in the foreseeable future and are reviewed for appropriateness of their respective carrying values at each Balance Sheet date.

LAST FOREST ENTERPRISES PRIVATE LIMITED

KOTAGIRI, THE NILGIRIS

NOTE - 8 - II - NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for-

31.03.2011

NIL

2. The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.
3. As the Company has not received any information from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, no disclosures as required under the said Act are furnished.
4. The accounts of the Company have been prepared on the basis of a "going concern" as in the opinion of the management the Company has alternative plans to diversify to profitable ventures.
5. The Company has timing differences, the total deferred tax liability recognised for the year ended 31.03.2011 is Rs. 5,554/-.

6. Fee paid to auditors: 31.03.2011

Rupees

| | |
|---------------------|--------|
| Statutory Audit Fee | 27,575 |
| Tax Audit Fee | 5,515 |

7. Number of employees in receipt of remuneration more than Rs. 24,00,000/- per year if employed throughout the year or Rs. 2,00,000/- per month if employed for part of the year.

31.03.2011

NIL

8. Retirement Benefits

Gratuity

The Company is accounted Gratuity liability in the books of accounts on the basis of advice received from the Life Insurance Corporation of India.

Provident Fund

The Company contributes in addition to employees' contribution to Provident Fund, as required by the Employees Provident Fund and Miscellaneous Provisions Act, 1952.

9. Particulars in respect of Sales

| Particulars | 31.03.2011 (Rs. in Lakhs) |
|---|------------------------------|
| Sale of Organic, agricultural and other cultural products | 47.99 |

10. Earnings and Expenses in foreign exchange

| Particulars | 31.03.2011 (Rs. in Lakhs) |
|-------------|------------------------------|
| Earnings | NIL |
| Expenses | NIL |

11. Related Party Disclosure (AS 18)

There are no related party transactions for the period ended 31st March 2011 as required to be reported in accordance with AS 18 issued by the Institute of Chartered Accountants of India.

12. Earnings Per Share (EPS) :

| Particulars | 31.03.2011 |
|-------------------------------------|------------|
| Profit / (Loss) After Tax (Rs.) | (1,34,504) |
| No. of Shares (Nos.) | 10,000 |
| Nominal Value of Equity Share (Rs.) | 10.00 |
| Earnings Per Share (EPS) (Rs.) | (13.45) |

As per our report of even date

For M/s. Srivatsan& Gita (007177S)

For M/s. Last Forest Enterprises P Limited

Chartered Accountants

K.Shanmukhasundaram

Mathew John

Pratim Roy

SnehlataNath

Partner - M.No. 221571

Director

Director

Director

Kotagiri

01st June, 2011