



3rd ANNUAL REPORT
2012-13





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Last Forest Enterprises Private Limited ("Last Forest") is based in Nilgiris, and was founded to promote agro-ecological products and indigenous crafts. It was created in 2010 to take over the entire marketing operations from Keystone Foundation based in Tamil Nadu. Right from the inception of Keystone Foundation, enterprise development and marketing have formed a solid fulcrum on which the work has been based. It began with the purchase and sale of honey. Over time, it has built up and expanded operations.

This separate entity brings benefits in terms of:

- Increased flexibility of operations
- Increase in the scope of activities
- Increased focus on sustainability of operations
- Options to access other channels for capital requirements

Last Forest provides market access to many smaller groups who do not have the reach and capacity to build retail platforms. It primarily aims to bring value added produce from small farmers and harvesters into the market and to provide a platform for many groups from around the country to make them able to access the market.



Last Forest runs a chain of four Green Shops in Tamil Nadu (Kotagiri, Ooty, and Coonoor) and Karnataka (Mysore). Over the past years, it has worked to build its base of suppliers and dealers. Last Forest has learnt to bear all its expenses and make it financially viable. It procures produce from over 50 groups across the country and supplies to over 60 dealers. It has been dealing in 40 categories of products and all these products are being sourced from all over the country from various suppliers.



LAST FOREST PROMOTES AGRO ECOLOGICAL PRODUCTS & INDIGENOUS CRAFTS

It aims to spread the message of :

- * Small indigenous farmers & gatherers
- * Value added organic produce
- * Biodiversity & food security
- * Indigenous knowledge, traditions & crafts
- * Sustainable harvesting & farming methods
- * Local employment & markets
- * Fair trade principles



LAST FOREST ALSO PROMOTES PRODUCTS FROM OTHER AREAS IN THE COUNTRY, WITH SIMILAR VALUES

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Last Forest is a brand that represents organic and forest based products brought out in collaboration with the indigenous communities of the Nilgiris. The products boast of age old methods of gathering and preserving with modern cottage industry processes to provide the widest range of pure and authentic natural products.

The company's broad range of products includes:

Food: honey, coffee, spices, jams & squashes, wheat, jaggery, tea, etc.

Handicrafts: bamboo, incense, embroidery, etc.

Garments: woollens, shawls, stoles, etc.

Lifestyle: bees wax balms, lip balms, soaps, candles, paintings, etc.

There are many more new groups of producers who need the market support and Last Forest feels that it is now well placed to expand its range of products. Last Forest hopes to reach out to these groups, visit them, know them, buy their produce and importantly present them to customers who are willing to appreciate.



Social Concerns

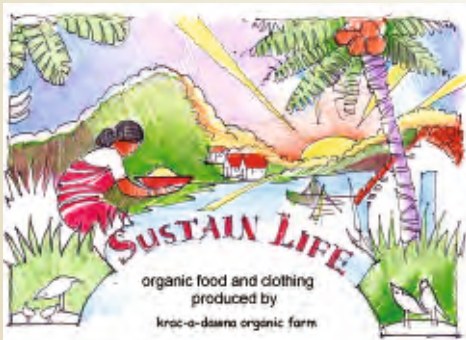


Nearly every one of Last Forest suppliers goes through a stringent check to see if the producers comply with one or more of Last Forest principles. This is achieved either through visiting these groups or knowing them through very close and reliable friends. This enables Last Forest to know that each one of these producer groups is working on strong principles which provide direct benefits to the community and not to a chain of middlemen. For e.g. garments from Kumbaya (a unit of Samaj Pragati Sahyog based in MP) are the village women are trained to tailor and stitch the garments which provides them regular employment.



After visiting them, one realizes the impact they have - handicapped men/women, in some places, centres burnt because men do not want women to work and become independent.

In other places - Krac-a-Dawna in HD Kote; it is a family run farm but they have settled for the last 20 years in that place and worked with local villages to get organic produce like jaggery, ragi and indigo garments into the market Jinan's pottery unit in Nilambur works with women who were exploited earlier and are today independent (Kumbam). Most of our suppliers have similar stories of encouragement and strength, to tell.



Biodiversity Concerns

There are few groups who work on biodiversity issues directly but our own production groups provide a maximum of the products in our shops. Honey records go back 15 years - collecting data on from where it has been collected, what is the moisture content, how many combs collected and left, what is the primary flowering, etc. This helps Last Forest to analyse and understand, the changes that are taking place in forest areas - diversity, abundance, etc. For other products like amla, Last Forest tries and ensures that the fruits are mature, branches not lopped - constant training and engagement with the communities enables them also to understand the concerns and issues. Quality parameters are constantly monitored so that ripe, mature or the best material is collected only.

The honey hunters are crucial to this sustenance of biodiversity. Keystone has been working with them since 1995 and the skill, traditions and rituals that they maintain are a testimony to their resilience in this fast changing society. Today, these

honey hunters and collectors of other non-timber forest produce are the backbone of the work for Last Forest. They are slowly coming together as an entity and from August 2013 onwards, they will function as an independent producer company – Adhimalai.

Local Capacity Building

All products are picked up locally. Invoices are raised for every purchase. The value addition centers that have been built around the local harvests (both farm and forest) are primarily organized around women, who manage the place and also process and pack the products. They have been informally independent over the past few years, have their own bank accounts, been audited. In the coming months, they will be registered as a separate producer company, where they will have more control and decision making opportunities. For honey, Last Forest gives a bonus at the end of the year; the honey hunters are insured.

These are some of the ways through which Last Forest ensure that there is a constant awareness built of environmental concerns and translated into benefits received by them. The past year has been a sobering year after the highs of the previous years. The retail playground has been tough and getting products off the shelves has been a challenge. There has been continuous pressure on all the Green Shops to perform creditably.



Retail & Wholesale Trade

The year ended with a total revenue generation of Rs. 13.7 million. There was a gross profit of 21% but the net profit was 0%. Direct expenses were 10% while indirect expenses took away 25% of the revenues.

The Kotagiri shop has been a model for the entire group as Shalini has been exceptional in her performance. Her capacity to handle the shop single handedly alongwith with meticulous attention to detail in terms of stocks and cash has been outstanding. Many of the regular customers are now from nearby towns like Coimbatore, Erode, Salem, etc. who come up during the weekends or holidays or to visit their children in schools.

Though the Coonoor shop has led the total sales, it has much more potential which has not been tapped. The town sees a large trading population as well

as officers from the Defence College at Wellington. Hopefully, in the coming years, it can create a strong niche for itself. Stock problems have continued to create instability in operations.

The Ooty shop has had a stable time in terms of staff turnover but again the potential has been largely untapped. The range of goods in the store as well as the ambience creates an ideal setting for tourists and visitors to hang out. The Bee Museum brings in visitors and this combination should have allowed the shop to do very well.

The shop is starting to be mentioned on different websites as a must visit spot. Mysore shop continued to be an area of concern and has brought down the profits of the enterprise. The coming year will be a decisive year whether we would like to continue to run the shop.

The monthly SALES

April	- 11.8
May	- 14.69
June	- 10.76
July	- 11.80
Aug	- 10.59
Sept	- 11.31
Oct	- 10.53
Nov	- 09.77
Dec	- 13.14
Jan	- 13.43
Feb	- 09.39
Mar	- 10.45



Though there is tremendous potential in the city, distance and the ability to reach out to customers in a positive manner has been a handicap. Food has a tremendous demand but the high temperatures have not helped matters. Misappropriation of cash and stocks by staff has been demoralizing.

Supplies to dealers took a whopping step forward as many dealers have now started stocking Last Forest produce. There are constant enquiries from many shops and some of them have had to be turned down due to unavailability of sufficient stocks.

Some of the other highlights during the year were

- Mathew has moved full time to Last Forest and his salary is now being covered under the cost of operations. This is a huge boost.

- There has been cooperation with the Forest Department and boards have been installed at different places in the district which advertise the Green Shops

- Last Forest is now proud to be the only authorized franchisee of Moddy's Chocolates, an Ooty based home run enterprise. This local product is a favourite among customers as they drive up the hills and take away something delectable. Exclusive counters have been made for each of the three shops and we hope that the sales would pick up during the coming months



-The Craftmark initiative helps denote genuine Indian handicrafts, develop sector-wide minimum standards and norms for labeling a product as a handicrafts product, and increase consumer awareness of distinct handicraft traditions. Under this initiative, AICA licenses the Craftmark logo for use by Craft-based businesses, cooperatives and NGOs for use on product tickets and labels. Last Forest was able to procure this license for Pebbles soap that is produced by a local producer group.

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Web Orders

Last Forest was able to tie up with some e-commerce sites to put its products up on their sites. Some worked while others did not as issues of pricing, freight costs remained points of concern. Natural Mantra and Shopo became regulars though with Shopo being 'snapped up' by Snapdeal, the site is not much active.

However, what has been encouraging has been the response on our own website. There is nearly an order everyday and that has taken time to build up. Individuals write in asking for products to be dispatched – balms and oils remain bestsellers. Though the freight costs are high, many of the customers still prefer this as they are assured of the genuineness and quality of the product.

Registration under FSSAI



Last Forest was able to get registration for its packing section as well as all its retail stores – this was a long drawn out process as clarity for many of the requirements took time.

The Food Safety and Standards Authority of India (FSSAI) has been

established under Food Safety and Standards Act, 2006 which consolidates various acts & orders that have handled food related issues in various Ministries and Departments. FSSAI has been created for laying down standards for articles of food and to regulate their manufacture, storage, distribution, sale and import. Various Central Acts like Prevention of Food Adulteration Act, 1954 Fruit Products Order, 1955, etc. are repealed after commencement of FSS Act, 2006.

Geographical Indication Registry



Networks

Last Forest has been supporting and building networks on the domestic marketing front, in the belief that the scale and impact of its efforts far exceeds what it would normally be able to do, as a single entity. Last Forest is a part of two effective networks that are crucial in this process:

- Participatory Guarantee Systems (PGS)
- Fair Trade Forum – India (FTF)

Both of them play a crucial role when it comes to providing market access for goods produced by small and marginalized communities. Both systems provide market tools which give a special niche to the products being placed. It believes that 'organic' and 'fair trade' are two sides of the same coin. However, for these tools to be effective, it is necessary that the quality of goods is given prime focus.

Organic Network - IFOAM



It has been a learning experience for Mathew as a member of the World Board. The excitement of getting elected in 2011 over, it was soon time to be part of discussions and meetings that needed all his skills and wisdom. Many of the topics relating to certification and standards have been tough but he has been able to bring to the table, issues relating to indigenous

communities, food rights and a more inclusive approach to organic. Two meetings in Bonn, Germany (Nov 2012) and Malaga, Spain (Mar 2013) have been great and the team work built between the WB members has been a highlight.

Fair Trade Network



Fabulous news has been that Last Forest has been accepted as a World Fair Trade Organization member. After becoming an India network member in the previous year, Last Forest worked on fulfilling the criteria of WFTO-Asia and then the world body. We hope that this process will add value to Last Forest as it seeks to expand its market. In the Indian scenario, Mathew was elected to the Executive Committee of Fair Trade Forum – India for the second time. He was a member during 2008-2010. The retail branding exercise has been slowly progressing though the potential is much more.

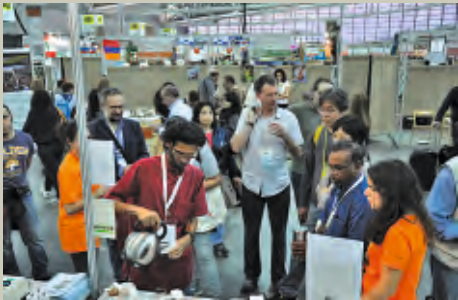


Slow Food Network

Last Forest carried coffee and honey to the Terra Madre meeting in Turin in Oct 2012. Sam and Leo accompanied Mathew and a brisk sale and enduring interest in the activity of honey hunting kept them busy for that week. A large contingent of Indian participants ensured that there was never a dull moment. Mathew was a delegate to the International Congress – one of the two from India and also gave a presentation on honey and bees.

The honey from the Nilgiris has been accepted as Ark of Taste product -

<http://www.slowfoodfoundation.com/ark/details/1340/multi-floral-forest-honey>



Certification

Participatory Guarantee Systems Domestic



It has been a busy year of networking and training. Leo and Samraj have been working with a lot of groups to train and prepare them. In August, 2012, a 2 day national seminar on Organic Farming was held in Trivandrum by the Dept of Agriculture. Samraj was invited to make a presentation. The Chief Minister of Kerala, Mr. Oommen Chandy hoped that Kerala would be able to follow Sikkim in becoming an organic state.

Another govt meeting in which Samraj made a presentation was to the Tamil Nadu Women's Development Corporation in Chennai.

The topic was relatively new and a lively discussion on implementation of PGS with women farmers without land holding, without entitlements, access to markets, nutritional security, local marketing and pricing mechanisms, took place.

An intensive training program on forming Local Groups under PGS, for farmers from Mayiladutharai region of Nagapattinam district under the TEDE Trust network, was held in November 2012. Most farmers were paddy

cultivators with some growing vegetables and fruits.

A highlight was promotion of PGS in the North-East where efforts by Dr. Anjali Pathak and Dr. Claude Alvares finally bore fruit as a 2 day meet brought many small growers of plantation crops as well as fruits & vegetables, together. The northeast is a huge untapped area and we hope that the organic movement under PGS penetrates.

Participatory Guarantee Systems International

PGS has been making waves in many meetings. PGS spokespersons have been invited in many organic forums to make presentations and talk to groups.

Mathew was re-elected to the IFOAM PGS Committee for another term. The team consisting of Alice Veron (USA), Chris May (New Zealand), Eva Torremocha (Spain), Jannet Villanueva (Peru), Marc Lewis (South Africa) and Mathew, more than ably assisted by Flavia Castro from the IFOAM. There was no opportunity to meet together but constant email communication and skype chats kept the groups fully occupied.

Mathew had an opportunity to participate in a workshop organized by the International Analog Forestry Network (IAFN) to look at PGS for non-timber forest products. This workshop brought together people from Latin America to discuss and highlight the main aspects to be considered in drawing a road map for PGS.



Top Dealers

	000s'
1 Antony Tantea Dealer	585
2 Auroannam	268
3 Creation	247
4 Modern Stores	239
5 Thumbhidakadu	176
6 Dhaanyam Superstores Pvt Ltd	173
7 Grameena Naturals	146
8 Restore	138
9 Rainbow	137
10 Matha Amirthananda Mayi Mutt	123



Top Suppliers

	000s'
Samaj Pragati Sahayog	1102
Thumbhithakadu	933
Samarthak Producer com Pvt ltd	774
Malayarasi Self Help Group	585
The United Nilgiri Tea Estates	554
Banglapadi Womens Progressive Group	520
Kombhai Indigenous People Group	458
Bon Appetit	425
Amuthasurabhi Makkal Kuzhu	417
SLR Associates	402



BALANCE SHEET AS AT 31.03.2013

EQUITY AND LIABILITIES

1	Share Holders Funds	2,120	1,879
2	Non-Current Liabilities	944	943
3	Current Liabilities	4,607	3,506
		7,671	6,328

ASSETS

1	Fixed Assets	593	623
2	Other non current assets	11	47
3	Current Assets	7,067	5,657

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2013

1	Revenue from Operations	13,709	11,591
2	Other Income	702	434
		14,411	12,025

EXPENSES

1	PURCHASES	10,620	8010
2	Changes in Inventories	-1106	-311
3	Direct and Indirect Expenses	4,712	4166
		14,227	11,864

	Profit Before Taxation	184	161
1	Tax	58	42
	NET PROFIT	126	119



TEAM

Managing Director : **Mathew John**

Chief Operating Officer : **T Suganthi**

Managers : **J Miller Ashok
N Prabhu
M Sonia**

Supervisors : **M Karnagopal
M Mala
D Arun Paul**

Accountant : **Daisy Monica**

Sales Executives : **S Immaculate
Immanuel Apoorva**

Sales Assistants : **E Kanchana
W Joice Leena**

Packing Assistants : **S Annie Anita
V Suresh
PK Suganthi
Shalini**

Security : **Kharkha Bahadur**




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w: <http://www.lastforest.in>

 <http://www.facebook.com/lastforest>

Auditors:

Srivatsan & Gita, Coimbatore

GREEN SHOP

ORGANIC FOOD | GIFTS | FAIRTRADE GOODS

Sargan Villa, Club Road
Opp. Hill Bunk (Petrol Pump)
Ooty-643 001, Ph: 0423 - 244-1340

Jograj Buildings, Bedford Circle
Coonoor-643101, Ph: 0423 - 2238412

Johnstone Square, (Kamaraj Square)
Kotagiri-643217, Ph: 04266 - 273887

1 Diya Arcade, Kantharaj Urs Road
Saraswathipuram, **Mysore**-570012
Ph: 0821 - 4247160