



LAST FOREST

4th ANNUAL REPORT

2013 -14

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lastforest



Greetings from Last Forest!

A social enterprise like ours incubated in a non-profit space with capital “jugaad” from friends and well-wishers and then go headlong into the market with lofty principles and values is a humbling experience. There’s always a reluctant admiration for enterprises that have cracked the market, made profits and ensured that in the profit equation, marginal farmers and forest communities are also part of the “growth” trajectory.

We, at Last Forest have tried to straddle this complex equation and there are times in which we see a light at the end of the tunnel and sometimes we lose it all in this fine balance. The immediate visible impact is seen on our balance sheet. Though we are compensated in several ways: when honey hunters from Nilgiris come in groups during the peak harvesting season and want to sell their honey to us first. When our phone lines are choked with calls from as far as Rajasthan, where Producer groups want to work with us and we procure from them at premium prices, where groups incubated by Keystone are planning to expand their production, so that more and more local produce like millets, NTFP (non-timber forest produce) as well as primary producer men and women enter mainstream markets, through our branding and certification.

This places us in a unique position, a “goodwill” generated by the Last Forest team. How that can be translated into sound business for all connected in this intricate web, is the question. Our third full year (2013-14) is all of this, consolidating the present and trying to break new grounds, with the minimal bandwidth that a small private company has. All these spaces and tensions make it an apt place buzzing with ideas, scale, profits and loss and our office is aptly called “JenuArsh”, which means chamber of honey, in Toda, and our warehouse is called Hive! This reflects Nature’s own lessons in terms of fluctuations, seasonal cycles of production and harvest.

TasnimKhorakiwala
CEO
Last Forest Enterprises Pvt Ltd

PRIMARY PRODUCER GROUPS - SUPPLIERS

In emphasising the agency of small farmers and producers operating in informal markets, we treat them as economic actors rather than as passive recipients of poverty programmes.

AADHIMALAI PRODUCER COMPANY

Number of villages/districts/households : 4000 households; 135 villages; 89 adivasi hamlets; 5 districts; Employs 55 adivasi women for value addition and production.

As Keystone began work in the Nilgiri Biosphere Reserve, livelihoods of indigenous people were addressed through creating value addition avenues for their local produce. This need was felt because of low wages, low returns on the produce and an exploitative, low quality raw material trade. The need to increase income of adivasis in the region was important while balancing resource use and ensuring sustainability.

Aadhimalai Producer Company Limited was formed in 2013 by Keystone Foundation in order to provide the indigenous forest produce collectors and farmers a platform for undertaking value addition production. These Production Centers are located in seven locations in the Nilgiri Biosphere Reserve (NBR) (Hasanur, Pillur, Bangalapadigai, Semmanarai, Vazhathottam, and Pudukad in Tamil Nadu, Nilambur in Kerala and Punanjanur in Karnataka). These centers had a combined turnover of nearly 50 lakh rupees during 2012-13. Most of the products are quality-controlled and sold through Last Forest, though the APPCL also sells locally within the Nilgiri Biosphere Reserve through a chain of shops called *Honey Huts*.





CASE STUDY

Vanaja is a young Irula woman who has been working at our production centre at Bangalapadigai for the last seven years. Earlier, she would work as a wage labourer in coffee plantations. Work timings in coffee plantations are rigid, making her leave home very early and travel long distances to get to the plantations.

Once she started working in the Bangalapadigai Production Centre, she was provided training and with close supervision is, at present involved in various activities, right from peeling shikakai to cotton ginning to making beeswax balms. She also plays a key role in determining the prices for the various raw materials the centre buys from the villagers. Today, Vanaja earns regular income per day and is assured of work throughout the year. She works on a piece basis, which means that her salary is determined not by the number of hours she puts in but by the volume of product she makes. This coupled with the exposure to participate in team meetings with the various production centres as well as observe in detail the marketing effort of Last Forest, has earned her confidence amongst the Irula community.



DEV BHUMI NATURAL PRODUCTS CO.

4000 rural producers, 4 districts of Uttarakhand. Devbhumi has been promoted by ATI (Appropriate Technology India), an NGO based in Guptkashi for the last 15 years with an aim to organize rural producers for increasing their income from micro enterprise activities. Devbhumi is a company owned by its producers, the rural women of the Garhwal region of Uttarakhand in India. Devbhumi is directly involved with its shareholders in production, post-harvest handling, processing, packaging, labelling and marketing.

The company's product line includes certified organic honey, certified organic spices (including turmeric, ginger, red chillies, coriander and large cardamom), forest silk garments (including oak tasar, mulberry, and Eri silks along with silk blends with wool and cotton), certified organic rajma (kidney beans) and a variety of natural fast dyes using local plant material. These are all procured at premium prices from local farms and producers. We have partnered with them for many years.



KULLU KARISHMA

Kullu Karishma was created by default. The whole exercise started in an effort to find a way for value addition to the raw angora wool, locally produced. The art of spinning, weaving, knitting and crochet of wool is centuries old in these mountains. The knowledge and skill of these craft has been used effectively by Kullu Karishma to develop contemporary apparels and home furnishings for the urban market.

Initially, in 1991, Kullu Karishma tried the industrial mode that is machine spun yarns, chemical dyeing and machine knitting and powerloom weaving, but then quickly realized that nothing was in control besides that there was very little that was new. Secondly the strength of a cottage industry and its niche market gets minimised. In 1992, they underwent a structural change and have finally managed to get their act together in terms of what products would be produced, using the local talent and innovations around the product line. In 1996, Kullu Karishma was formally registered.

SABALA

Sabala is a voluntary organisation dedicated to the empowerment of women and children, based in the arid district of Bijapur of North Karnataka in South India. Set up in 1986, Sabala is working with widows, destitutes, tribals, physically challenged girls and women, and economically backward women.

Sabala has created a platform to rehabilitate landless and houseless people of Almatti Dam submerged villages. Sabala currently supports over 300 women from 6 Lambani settlements, and 4 villages and slums of Bijapur in North Karnataka, South India.

Sabala established a Craft Development Centre in 1998 to:

- Revive the traditional Lambani and Kasuthi crafts
- Promote self employment in order to check the migration
- Provide marketing facilities to ensure regular income and sustainability
- Develop entrepreneurship quality among artisans
- Protection of child rights
- Capacity building and networking of artisans

SABALA has been recognized for its fair trade standards and is a member of Fair Trade Forum India and World Fair Trade Organisation - Asia.

CASE STUDY - SABALA

Sabala has been working with Prema, a victim of child marriage. In one of the outreach activities of Sabala, she became aware about the income generation work that Sabala was engaged in. This led to her training in jute bags making that were being made in her village unit itself. She has been working with the unit for the past 6 years and is now a master trainer for the new comers. Her self-confidence and the sustained income has drawn reluctant admiration from her community members.





SAMARTHAK SAMITI

Samarthak Samiti is a federation of minor forest collectors. It was registered in 1995. At present it has under its umbrella six tribal cooperatives and 35 primary producer groups at the community level. It had its genesis with another organisation from Udaipur called Astha. However, years of low rainfall in Rajasthan between 1997 and 2003, affected livelihood sources of these forest communities.

Soon, the organisation started exploring ways to support other forms of livelihood income for the people in the region. It began to organise people in the context of other Non-Timber Forest Produces, with focus on honey collection. At present Samarthak Samiti is working with primary producers for procurement of honey and also provides to the honey collectors with financial and legal assistance. Last Forest has been working with Samarthak Samiti since the past 2 years.

CASE STUDY - DEVBHUMI

Sunita Rawat from Monsoona village, near Guptkashi joined the Devbhumi producer group five years ago. She was provided training by ATI and at present is the supervisor for the natural yarn weaving unit, and is managing a 15 member team in the production centre. She has been trained in book-keeping and maintaining production charts. This work apart from earning a sustained income has also earned her dignity and respect amongst her peers. Through sustained earnings, she has fortified her house with a cement roof, her children now go to school and she has been able to plan for her children's higher education.

CASE STUDY - SAMARTHAK

Lala Ram is thirty-five years old and from the Bhil community. He has been collecting honey from the forests since he was fifteen. He is a skilled honey hunter, and was further trained by Samarthak Samiti in sustainable honey harvesting techniques and at present honey and NTFP collection forms more than 50% of his family income. He leads his group of honey hunters and they recently set a record by earning Rs.70,000 through just one month of honey collection. He also works hard at encouraging entrepreneurship in his community and spreading awareness about the importance of sustainable harvesting practices.

According to the CII report - Business Today April 2014, the share of the organised sector in India's 400 billion retail industry is only 4%.

RETAIL

Last Forest has seen an overall 20% jump of revenue from INR 13.7 million to INR 16.4 million compared to 2012-13. Our Retail stores aptly called “Green Shop” in Coonoor and Kotagiri have shown increased footfall than Ooty. The potential to scale at the retail space is high, where we have to be nimble and respond consistently to the customer preference as well focus on product development that pushes us into new areas, plus, balance a consistency in supply to meet the demand.

Though we had to take a “tough call” in closing our Mysore Green Shop, the company could not bear consistent losses for the past few years and small firms like ours with minimal bandwidth, had to wrap up operations in the month of December 2013 after a long debate. This led to the Company incurring losses by 2% in the financial year.

To broad base our market nets we at Last Forest have participated in a chain of exhibitions being organised by our various partners like Hundred Hands in Bangalore and Kochi; Isha Crafts, Coimbatore; Kala Ghoda, Mumbai and Bio-Fach, Bangalore these exhibitions provide us a forum to interact with our competitors, fellow-peers - study the markets and be competitive in the market place.

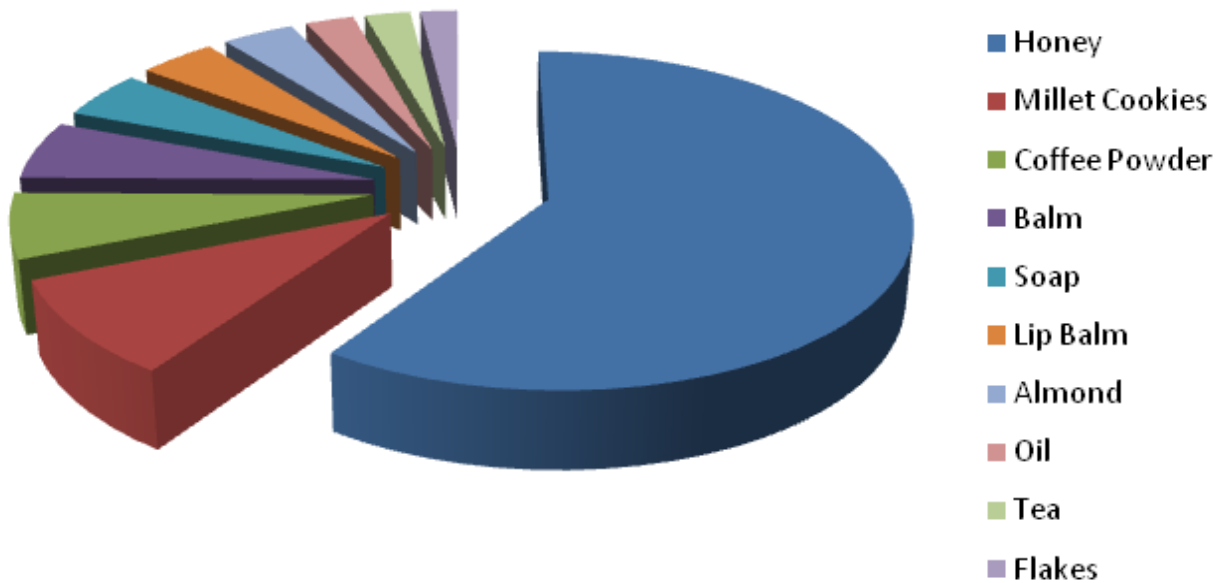
Last Forest expanded its horizons from 2013-14 with technical support from Pallav who brings in three decades of experience working in the apparel industry with top brands like Arvind Mills, Tommy Hilfiger, Ekmatra etc. This wide range of experience gets reflected in the contemporary designs, textures, colours that the company has started with weavers and hand-block printers from Rajasthan and West Bengal. This new trend will scale in the coming financial year and we see a potential new vertical.

All products both in-house and out-sourced product labels were standardized for the retail as the main focus was on branding “Last Forest”. The total sales through our three retail stores for the financial year 2013-14 are INR 91,18,728.

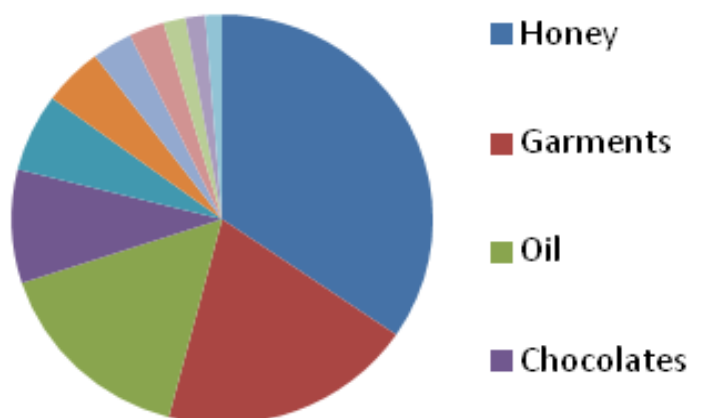


TOP SELLING PRODUCTS

THE TOP PRODUCT LINE SALES IN LAST FOREST



Green Shops (in Lakhs)	
Honey	17.91
Garments	10.17
Oil	8.24
Chocolates	4.63
Tea	3.18
Balm	2.39
Capsule	1.61
Incense	1.41
Soap	0.90
Coffee Powder	0.78
Lip Balm	0.68

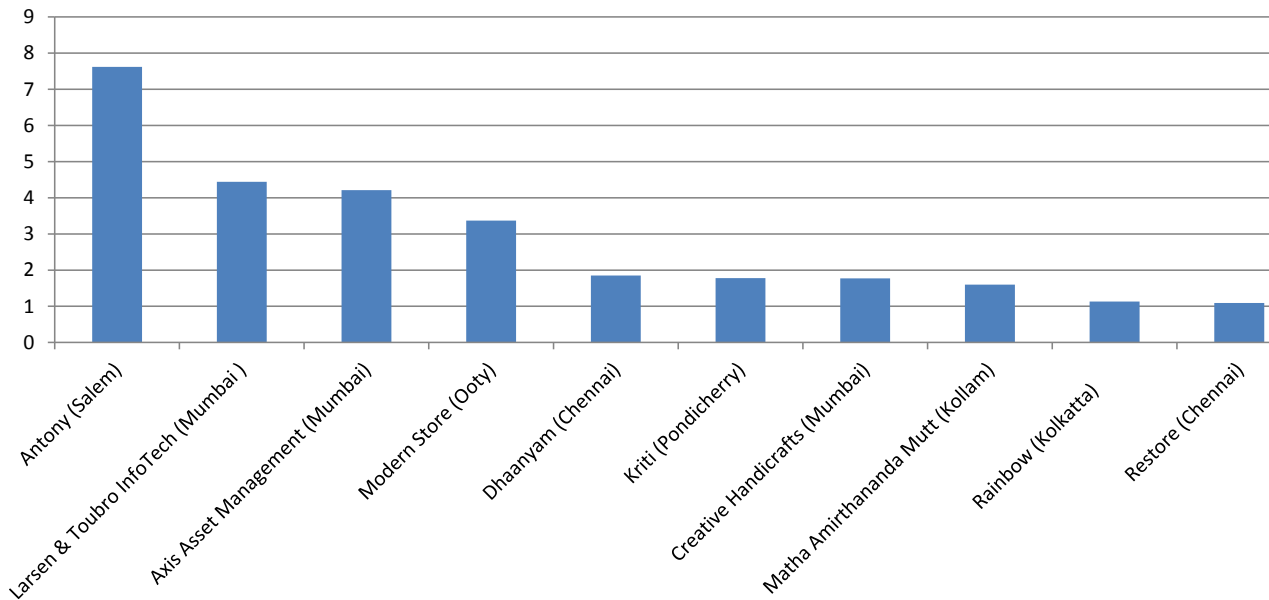




DEALER NETWORKS

The company in the past three years has cultivated a strong dealer network that has been loyal and we have made efforts to service them. Our total dealer network is 107, of which, due to the small marketing team, we are actively working with 60 dealers on a regular basis. This is a growing potential area where without much investment we have been able to make a dent in the domestic market, outside Nilgiris. Most of the dealers are located in South India and in tier 1 and tier 2 cities. Their enthusiasm, especially in availing organic foods and also honey under the Last Forest brand, makes it difficult to cater to the rising need and demand. Our efforts are on to strengthen this in the coming future. The total sales for the financial year 2013-14 is INR 72,66,557.

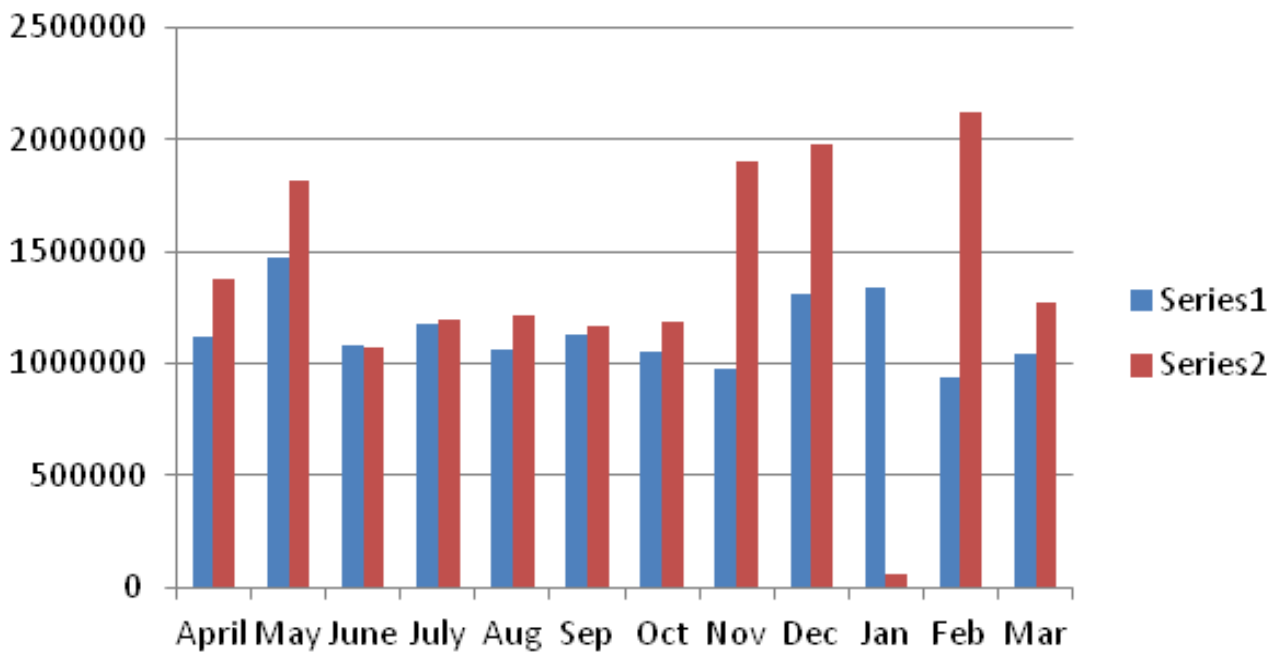
TOP DEALERS



FINANCIALS

The company's foot print started with Retail and our Dealer networks are emerging. Below, the Financial captures the sales from both the avenues.

Monthly sales comparison 2012-2014 (two years)



Series 1 (Blue legend) is Year 2012-13

Series 2 (Red legend) is Year 2013-14

April	13.81
May	18.16
June	10.76
July	11.98
Aug	12.12
Sep	11.72
Oct	11.90
Nov	19.04
Dec	19.78
Jan	0.56
Feb	21.27
Mar	12.74



SHOP FOR CHANGE

Shop for Change is a non-profit based in Mumbai that focuses on being bridge between Primary Producers and Markets. We have partnered with them on the Market front being part of the Kalaghoda exhibitions as well as our products have been sold to various corporate tie-ups that were initiated by Shop for Change. This tie-up has been a learning opportunity for us, it led to development of new range of products like millet cookies and our branding and packaging has improved based on the feedback that we got from the customers. During the Diwali season we were able to cater to companies like Axis Asset Management Company Ltd, Forbes Marshall Pvt Ltd, Larsen & Toubro InfoTech, UBS Securities India Pvt Ltd, Dalberg - Global Development Advisors, Impact Foundation India & Alliance Data FHC, Inc. This alone led to sales of INR 1.12 million at Last Forest.

Shop For Change provided an incentive to Aadhimalai producer company by installing solar dryers.



PATHWAYS FOR ENGAGING WITH THE SECTOR

Establishing and strengthening connects between marginal farmers, forest dwellers and policy makers.

Mathew John, the Managing Director of Last Forest, plays an important role in these spaces. All the various networks have evolved with the need to create an advocacy mechanism for addressing the issues of small famers, marginal land-holdings, forest-dwellers that compromise more than 67% in our country (2010-11).

PARTICIPATORY GUARANTEE SYSTEMS ORGANIC COUNCIL

The PGSOC held its AGM and Managing Committee meeting at Timbaktu Collective's office in CK Palli, Anantpur. Another meeting took place in Bangalore just after the Biofach, at the ICRA office. Apart from regular updates and stock taking of activities over the past six months, the PGSOC decided to meet in early February 2014 for a planning and brainstorming session for a few days. The EGM was held in Corbett Creek, Marchula in Uttarakhand from 3rd to 6th February 2014. Nine Facilitation Council Members and four Invitees attended the EGM. The main agenda was to revisit the vision and mission of PGS Organic Council in view of the growing acceptance and demand for PGS certification across India and the number of new organizations showing willingness to join the Facilitation Council.

The first day had deliberations on the relevance and expansion of geography and size of farms among other factors that are emerging from the visibility received by PGS Organic certification. The next two days saw in depth discussion on the entire spectrum of logo use, transparency, packaging, processing, wild collection and norms for new applicants to the Facilitation Council, responsibilities and roles of all stakeholders and most importantly bring PGS branded products into the market. This exercise provided the necessary clarity and direction for the future of PGS Organic certification process which goes to the credit of the participants. The review of the PGS Organic certification database and the revamp of the website were decided on the final day and are being implemented currently.

The new Participatory Guarantee Systems brochure and the Participatory Guarantee Systems manual have been finalised and the print order and translations into different languages will begin shortly.





BIOFACH PARTICIPATION

Participatory Guarantee Systems Organic Council participated in BIOFACH 2013 in Bangalore from 13th to 16th November 2013. With assistance from WHH, New Delhi, the Council was able to put up a very well designed and organized stall and also managed farmer groups from four organizations to participate with produce and interact with consumers directly. Last Forest was able to present the PGSOC certified products from the Nilgiris. What was exciting was that some of the organization members, who had till now only heard or talked to each other, had an opportunity to meet and discuss some of their common issues.

PGSOC members Mathew John, Ashish Gupta and Joy Daniel presented at BioFACH India and PGS was very well received at the event, not just by farmers but also by third party certifiers. It was also an opportunity to interact with IFOAM Asia board members - Ashish Gupta, the Secretary of the PGSOC is also the Vice-President of IFOAM Asia. It is expected that more interaction to this regard shall take place in 2014.



PGS INTERNATIONAL COMMITTEE

The IFOAM committee on PGS was able to meet physically after a gap of nearly 2 years through the support of School of Wellbeing Studies and Towards Organic Asia. The previous strategic plan was reviewed and necessary changes made for the coming few years. As the concept of PGS has become more widely spread, with its adoption by groups that are not practicing organic agriculture, the PGSC raises the issue of developing an IFOAM position regarding what can be the “IFOAM recognized PGS” and acknowledging PGS as a tool for development even outside the organic sector. The Global PGS Newsletter has been a great tool for communicating updates, strengthening the PGS community and reaching more people. The PGS Committee also took part in a workshop on ‘International Forum on Innovating Alternative Markets - Towards Food Security and Food Sovereignty’.



IFOAM

The World Board meetings have been great opportunities to learn and participate in so many crucial decisions. As usual, the depth and intensity of discussions has been of exceptional levels. The icing on the cake came from the April 2013 meeting being organized in Malaga, Spain – at the southern end of Europe, it was a beautiful venue and very well organized by Eva. The time spent after the meeting was steeped in history as we walked around Malaga. A visit to Alhambra was memorable. The one in October 2013 was in Bonn – a lot of effort being made to build on the good practices of organic agriculture and the various challenges being faced. The next IFOAM Organic World Congress will be in Istanbul in Oct 2014.



FAIR TRADE FORUM INDIA

Fair Trade Forum has gone through a difficult time last year with funds being at a premium and reduced projects. However, work continued in different organizations. The World Fair Trade Day in May and the World Fair Trade week were celebrated with gusto in many places. The AGM was held in Delhi in Sept.

Work on the Retail Branding continued – now, there are close to 30 shops that carry the umbrella Fair Trade India logo. FTF-I has also now worked on its logo and built a new logo for the organization and also a variant for its members.



WORLD FAIR TRADE ORGANIZATION

WFTO launched the WFTO Guarantee System last year. This is a system that is available to its members only and is mandatory for all its trading members whether or not they wish to use it on its products. Membership of WFTO will guarantee a Fair Trade Organization's compliance with fair trade principles and thus all members are equally responsible for the reputation of the Guarantee System. The new system uses the Self-Assessment as the basic monitoring obligation trading members need to do every 2 years. It guarantees the compliance of fair trade organizations with the WFTO Standard and the label on their products will guarantee the organization rather than the product.

Last Forest has filled up the assessment form and now awaits a Peer Review to take the process further.



SLOW FOOD

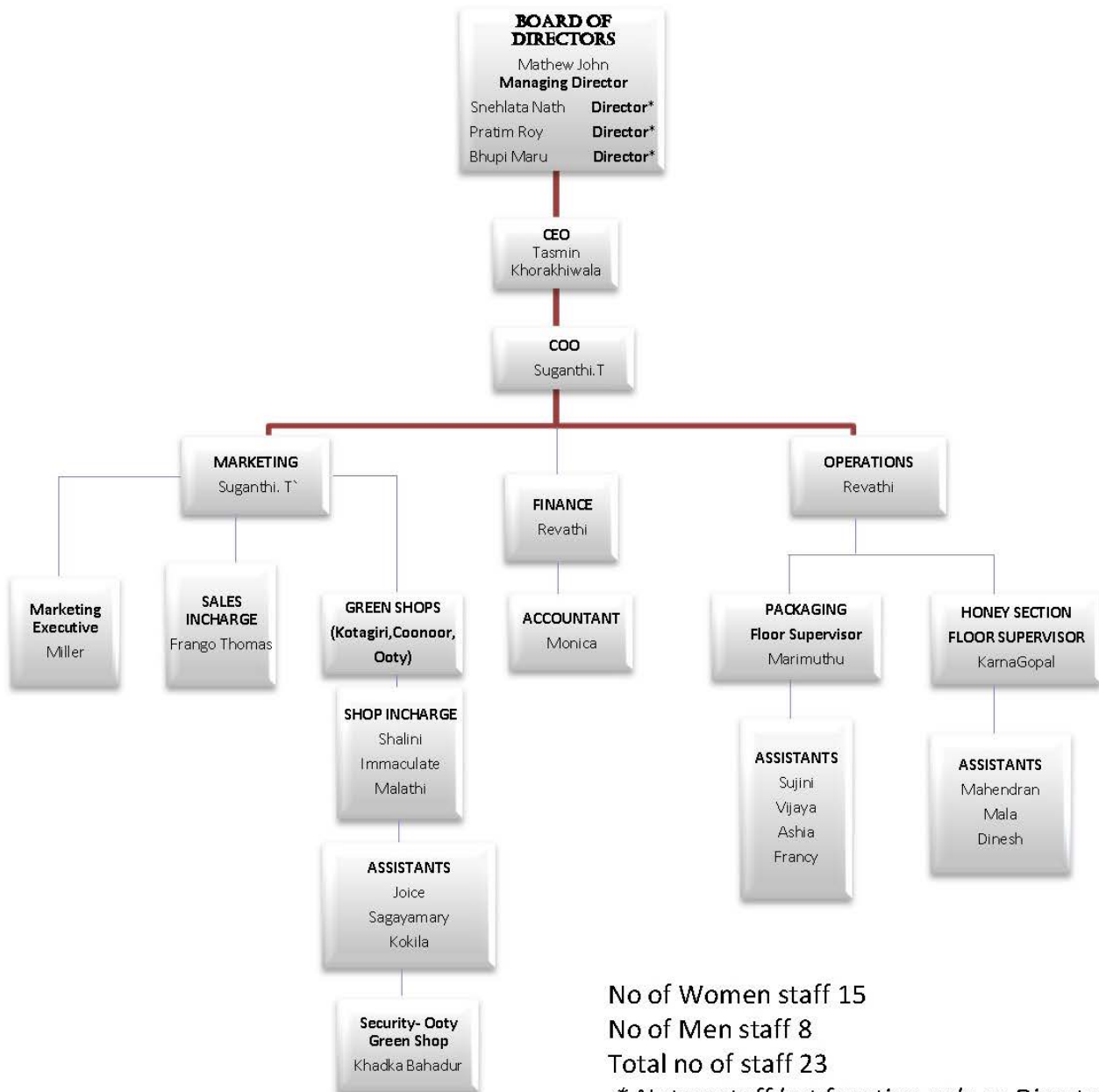
Timbaktu was also host to the 1st ever congregation of Slow Food supporters. Slow Food is a new concept in India and it was agreed that it remains an informal network at least for the next 2 years until the end of Indigenous Terra Madre in Meghalaya (2015) - after which it will reassess the need for a more formalized structure.

For the near future, each participating organization will (voluntarily) incorporate the philosophy of Slow Food within their current and ongoing activities, wherever applicable, and gauge the response from local levels. One of the clear and outstanding needs was to introduce the concept of pleasure and celebration to our food. This aspect can put a positive spin on awareness building, advocacy and policy, health and nutrition, safeguarding bio-cultural diversity and most importantly to re-instill pride to our traditional food cultures.

The other overarching need for Slow Food in India is to serve as an umbrella and connect the dots of all like-hearted organizations that inherently follow Slow Food's philosophy of good, clean and fair food for all. The Slow Food 'global brand' can be used effectively to advocate the support of small scale farmers and high quality 'artisanal' food (as opposed to industrialized food).

THE TEAM

Last Forest started with 8 and now we have grown into a team of 21, and the company is proud to have all of them on the payroll. This transition of from a not-for profit to a profit space is work in progress. The challenge for a social enterprise like ours is how to keep the heart of the community balanced with the efficiency of corporate is what keeps us ticking.





THE MEMBERS OF THE LAST FOREST TEAM

Mathew John, Founder and MD - Mathew has an active interest in enterprise development and organic certification for small growers and harvesters. To compliment his role in Last Forest, he is a World Board member of IFOAM and involved with PGS at the national and international levels. As a member of Fair Trade Forum - India, he engages with their retail branding programme.

Tasnim Khorakiwala, CEO - She is a development professional with more than a decade of experience in managing complex programmes of the state, civil society, donors, INGOs and social enterprises across the country. She is a graduate from Tata Institute of Social Sciences and is a recipient of the Hubert Humphrey fellowship to MIT in 2011-12. She has joined Last Forest Enterprise as their CEO.

Pallav Chandra, Consultant - A Textile Design graduate from National Institute of Design, Ahmedabad, he has worked with UNDP and World Bank projects as well as international and national brands. At present, he has been working as a design consultant at Last Forest for textile, apparel section and handloom sector, helping to create a robust retail environment.

Suganthi, COO - Having started her career with Keystone as a sales assistant at the Green Shop in Coonoor, now she is the Chief Operating Officer of Last Forest. She was chosen for the Cherie Blair Menteeship Programme during 2012-13.

Revathi, Finance and Administration - Bringing in a commerce background and at present in the final year completion of Company Secretaryship, she has an extensive corporate experience with focus on marketing and finance.

Anitha: She has completed her bachelor's degree in Commerce and for the past year has been working as a packing assistant.

Charles: Charles has a diploma in electronics and worked earlier in a private energy co. in Gujarat. He is in-charge of the stocks of Last Forest.

Francy: She has a bachelor's degree in Tamil literature and works as a packing & marketing assistant.

Frango: He has a diploma in automobile engineering and has worked in Ford India Pvt Ltd; he is in charge of executing order and supervision of delivery in Last Forest.

Karnagopal: He is from the Kota community and been with Keystone & Last Forest, for a total of 9 years. He is presently in-charge of the honey section.

Mahendran: works as an assistant packing with LFE and has been with us for the past 1 year.

Mala: She is from the Irula community and her cumulative experience within Keystone & Last Forest is 8 years.

Marimuthu: Armed with a diploma in Computer Engineering, he has been with Last Forest for the past year and works as a Floor Supervisor.

Monica: She has completed her bachelor's deg in Commerce and has working experience with an audit firm. She has been with Keystone & Last Forest for the past five years.

Miller Ashok: His role is to build in organic and fair trade principles at the village, marketing channels and consumer levels. Confidantes of many, his knowledge of local conditions make him an asset.

KOTAGIRI GREEN SHOP:

Kokila: She has been working since the past year as a sales assistant in the Kotagiri Green Shop.

Shalini: She has been with the company for the past 2 years and does an extremely capable job of managing the Kotagiri Green Shop.

COONOOR GREEN SHOP:

Ashwathi: She has been with us for the past year and is a shop assistant at the Coonoor shop.

Sagaya Mary: She has experience of working in the administration section of DSSC (Defence Services Staff College) and since the past 2 years, has been a shop assistant in Coonoor.

OOTY GREEN SHOP:

Annie Anitha: She has been as an assistant at the Ooty Green Shop for the past year.

Immaculate: She has completed her graduation and then worked as a sales assistant with Himalaya Herbals. She is presently in-charge of the Ooty shop.

Joice: She had 5 years of sales experience before joining the Ooty Green Shop. She's been with the company for the past 3 years.

BALANCE SHEET AS AT 31.03.2014

EQUITY AND LIABILITIES (in '000s)

		2013-14	2012-13
1	Capital Funds	2,000	2,120
2	Non-Current Liabilities	1,374	876
3	Current Liabilities	3,973	4,675
		7,347	7,671

ASSETS (in '000s)

		2013-14	2012-13
1	Fixed Assets	549	593
2	Other non current assets	6	11
3	Current Assets	6,792	7,067
		7,347	7,671

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31.03.2014

		2013-14	2012-13
1	Revenue from Operations	16,561	13,709
2	Other Income	483	702
		17,044	14,411

EXPENSES (in '000s)

		2013-14	2012-13
1	Purchases	10,199	10,620
2	Changes in Inventories	757	-1106
3	Direct and indirect Expenses	6,272	4,712
		17,228	14,226

		2013-14	2012-13
	Profit Before Taxation	-184	184
1	Tax	-13	58
		-171	126



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Sweet Honey

Last Forest Enterprises Pvt Ltd

41/111 E, Groves Hill Road,
Kotagiri, The Nilgiris - 643217

Phone : +91 4266 272266

E mail : response@lastforest.in

Website : www.lastforest.in

Facebook : www.facebook.com/lastforest

Green Shops

Sargan Villa, Club Road,
Opp. Hill Bunk (Petrol pump)
Ooty - 643001 | Ph: 0423 2441340

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

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



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