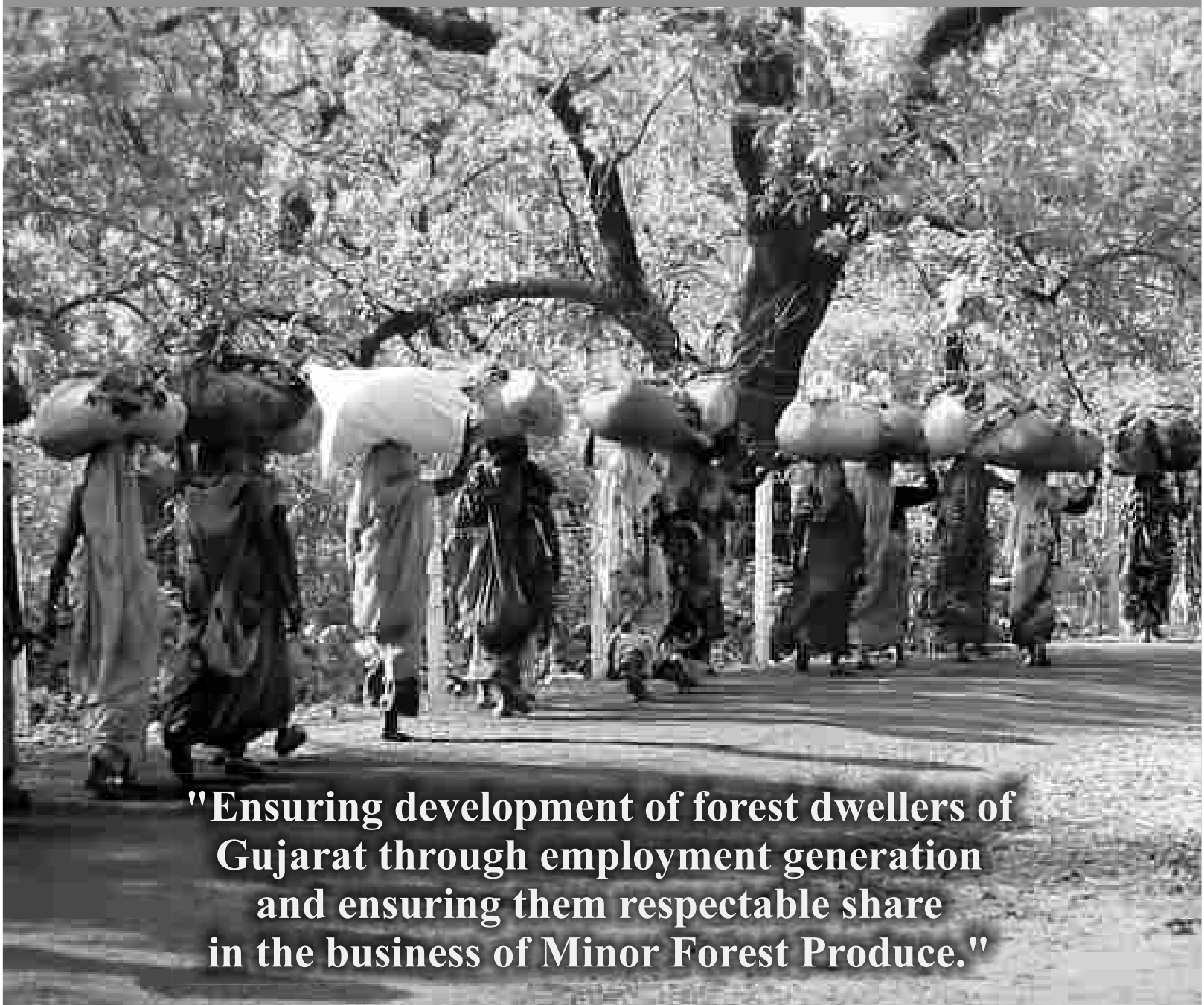




GUJARAT STATE FOREST DEVELOPMENT CORPORATION LIMITED



"Ensuring development of forest dwellers of Gujarat through employment generation and ensuring them respectable share in the business of Minor Forest Produce."

**Forty Fourth Annual Report
and Accounts 2020-21**



Vanil Udyog of GSFDC Ltd., manufactures wooden furniture, doors, windows, frames and shutters and small articles at its factory situated at Navtad, Navsari and sells through its showrooms.



GSFDC Ltd., manufactures ayurvedic formulations and processes wild honey at its factory situated at Por - GIDC, Vadodara and sells through its sales outlets across Gujarat State under the brand name of "Dhanvantari"

FORTY FIRST (44th) ANNUAL REPORT & ACCOUNTS 2020-21
(01-04-2020 To 31-03-2021)

| | | | | |
|--|----|---|---|-------------------|
| Board of Directors : | 1. | Dr. Rajiv Kumar Gupta, IAS (DIN : 03575316) | : | Chairman |
| | 2. | D K Sharma, IFS (DIN : 06850812) | : | Director |
| | 3. | Shri A P Gadhvi (DIN: 08950368) | : | Director |
| | 4. | Shri Vidhyutkumar Pandya (DIN : 07698808) | : | Director |
| | 5. | Shri S. K. Chaturvedi, IFS (DIN : 00325734) | : | Managing Director |
| Audit Committee : | 1. | PCCF-Gujarat (HoFF) & Director- GSFDC Ltd. (<i>ex-officio</i>) | : | Chairman |
| | 2. | Addl./Jt./Dy. Secretary-F & E Dept. & Director-GSFDC Ltd. (<i>ex-officio</i>) | : | Member |
| | 3. | Financial Advisor-F & E Dept. & Director-GSFDC Ltd. (<i>ex-officio</i>) | : | Member |
| | 4. | Managing Director, GSFDC Ltd (<i>ex-officio</i>) | : | Member |
| | 5. | Joint Managing Director, GSFDC Ltd (<i>ex-officio</i>) | | |
| Company Secretary | : | CS Rajesh Limbachia | | |
| Registered Office | : | “VANGANG” 78, Alkapuri Vadodara - 390007 | | |
| Corporate Identification Number (CIN) | : | U02005GJ1976SGC002927 | | |
| Statutory Auditors | : | M/s. Sanjay Soni & Associates Chartered Accountants, Vadodara | | |
| Bankers | : | State Bank of India Axis Bank Ltd. ICICI Bank Ltd. HDFC Bank Ltd. Bank of Baroda. | | |

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NOTICE

Notice is hereby given that the 44th Annual General Meeting of the Shareholders of Gujarat State Forest Development Corporation Limited will be held at Board Room, Grand Marcure, (Surya Palace) Opp. Parsi Agiyari, Sayajigunj, Vadodara-390020 on 20/07/2022 at 12.30 hrs. to transact the following business.

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the Financial Statements for the year ended on 31st March, 2021 and the Report of the Directors and Report of the Statutory Auditors thereon.
- 2 To declare dividend for the year ended on 31st March 2021.

By order of the Board
For Gujarat State Forest
Development Corporation Ltd.

DATE: 05-07-2022

Company Secretary

Regd. Office:

'VANGANGA'

78-Friends Co. op. Housing Society,

Alkapuri, Vadodara – 390007

NOTE: 1. A member entitled to attend and vote is entitled to appoint a proxy, or where that is allowed, one or more proxies to attend and vote instead of himself and that a proxy need not be a member of the Corporation. (Prescribed Proxy Form MGT-11 enclosed herewith)

BOARD'S REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your Board of Directors has pleasure in presenting its (44th) FORTY FORTH Annual Report on the operations of your Corporation together with Audited Financial Statements of the Accounts and Auditors' Report thereon for the year ended on 31st March 2021.

COMPANY SPECIFIC INFORMATION

Your Company has been incorporated with the major objectives to work for the betterment of the minor forest produce and forest dwellers dependent upon such forest produce. The Corporation has improved in its overall Net Sale position and its profitability position during the year under review, which is shown as under:

FINANCIAL RESULTS:

(Rs. in Lacs)

| PARTICULARS | <i>For the year ended on 31st March</i> | |
|---|---|-----------------------|
| | <u>2020-21</u> | <u>2019-20</u> |
| Revenue from Operations (Net Sales) | 2510.52 | 1979.24 |
| Add : Other Income | 771.07 | 455.40 |
| Total Revenue | 3,281.59 | 2,434.64 |
| Profit before Adjustment Relating to Prior Period (net), Extra-ordinary Item, Interest, Depreciation | 930.56 | 409.03 |
| Less: Deferred Tax | (6.00) | (4.71) |
| Less: Current Tax | 195.00 | 65.00 |
| Profit Before tax | 709.60 | 348.74 |
| Add : Prior Period Items | 234.11 | 16.03 |
| Less : Depreciation | 28.98 | 24.74 |
| Profit for the year | <u>914.73</u> | <u>340.03</u> |
| Dividend Proposed @ 8% (8 % for FY 2019-20) | 50.53 | 50.53 |

Total Revenue including other income of the Corporation is Rs.3281.59 Lakhs as against Rs.2434.64 Lakhs during last year.

Total Net Sale of the Corporation has increased 27% and remained at Rs.2510.52 Lakhs as against Rs.1979.24 Lakhs during the previous year. Net profit of our Corporation for the year is Rs.914.73 Lakhs as against Rs.340.03 Lakhs during the previous year. Panam Division and Vanil Udhyog are the major contributors to the revenue and net profit for the year.

DIVIDEND & RESERVES:

Your Board of Directors is pleased to recommend dividend on equity shares for the year @ 8% i.e. Rs. 8/- per equity share of Rs.100/- each. The paid-up share Capital of our Corporation is Rs.6,31,64,700/- divided into 6,31,647 equity share of Rs.100/- each as at the end of financial year.

ACTIVITY-WISE POSITION OF BUSINESS AND ITS OPERATIONS:**Panam Irrigated Plantation Project:**

Panam Clonal Eucalyptus plantations unit of the Corporation is an "important" source of income. During the year under review Panam Project has remained the major contributor of income to the Corporation through single activity. The unit has achieved sale of Rs.1,410.57 Lakhs as against Rs. 820.64 Lakhs previous year. Net profit generated for the year is Rs.428.05 Lakhs as against Rs.106.50 Lakhs previous year.

Vanil Udyog:

Wood working unit- Vanil Udyog of our Corporation is one of the major livelihood provider units of the Corporation. The unit has done sale of Rs. 754.88 Lakhs as against Rs. 824.97 Lakhs during the previous year. The unit has generated net profit of Rs.106.50 Lakhs as against Rs. 119.56 Lakhs. Overall sale of the unit has been decreased due to decrease in sale of furniture, doors, windows, frames and shutters. Various Government and Non-Government Office Renovation Works have also contributed a large chunk in the total sale of this unit. The major clients among others are Forest Department Offices, Gujarat Pollution Control Board Regional Offices, Gujarat Municipal Finance Board-Gandhinagar The Corporation has major ongoing renovation works projects in hand are Aranya Bhavan Offices-Gandhinagar, Higher Education Department-Gandhinagar, Gujarat Pollution Control Board Regional Offices, GEMI, Gujarat Tribal Development Corporation and Gujarat Water Resource Development Corporation among others.

The details of net sale during the year vis-a-vis previous year are given as below:

| Particulars of products | 2020-21 (Rs. Lacs) | 2019-20 (Rs. Lacs) |
|---|-----------------------|-----------------------|
| Sale of Furniture & Doors/Windows/Frames/Shutters | 158.02 | 438.73 |
| Renovation Works (Outsourced) | 596.86 | 386.24 |
| Total | 754.88 | 824.97 |

Minor Forest Produce (MFP) Management & Other Income:

Collection of MFP has remained core activity of the Corporation. The MFP unit of the Corporation has remained the major contributor towards the livelihood generation among tribals and other traditional forest dwellers, through collection of minor forest produce at fixed collection rates. The Corporation is carrying out Timru leaves collection activity from Non-Scheduled and Sanctuaries areas, which forms part of its income. The sale of this unit during the year is Rs.57.38 Lakhs as against Rs. 119.38 Lakhs previous year. However the net profit for this activity includes other

income, VAT refund and reversal of excess provisions made earlier, amounting to Rs.310.97 Lakhs as against Rs. 12.46 Lakhs previous year.

Apart from this, the Corporation is carrying out activity of collection of Timru leaves on behalf of Gram Sabhas of Schedule Areas in pursuance of the Rule 39 of the Gujarat (PESA) Rules. 2017. The Corporation has made sale of Rs.260.76 Lakhs. Generally after deduction of expenses, surplus, if any, are also transferred into the accounts of the gatherers of forest produce. The Statement of Income & Expenditure for MFP Collection Activity carried out on behalf of Gram Sabhas of Schedule areas has been included separately in the annual financial statements.

MFP gatherers are paid with Rs.1300/- per standard bag as collection rates for Timru Leaves. For F.Y 2020-2021 Rs. 1171.03 Lakhs have been paid to 37237 gatherers from 10 districts in Schedule and Non-Scheduled Areas, the details of which are shown as below:

| Sr. No. | Name of Districts | No. of Timru Units | Collection of Std. Bags | Amount paid (Rs. in Lacs) |
|---------|-------------------|--------------------|-------------------------|---------------------------|
| (1) | (2) | (3) | (4) | (5) |
| 1 | Sabarkantha | 7 | 22759.320 | 250.35 |
| 2 | Aravali | 10 | 21566.290 | 237.23 |
| 3 | Banaskantha | 1 | 1213.200 | 13.35 |
| 4 | Mahisagar | 15 | 33126.100 | 364.39 |
| 5 | Panchmahal | 5 | 2351.600 | 25.87 |
| 6 | Dahod | 7 | 8883.000 | 97.71 |
| 7 | Chhotaudepur | 14 | 11560.100 | 127.16 |
| 8 | Narmada | 2 | 2039.000 | 22.43 |
| 9 | Surat | 3 | 2469.600 | 27.17 |
| 10 | Tapi | 1 | 488.000 | 5.37 |
| | Total | 65 | 106456.210 | 1171.03 |

Apart from carrying out Timru Leaves collection activities from the Scheduled and Non-Scheduled Areas, GSFDC Ltd. is also acting as the implementing Agency for the Central Government scheme named "**Mechanism for Marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) & Development of Value Chain for MFP**" [MSP for MFP] in the State of Gujarat. Ministry of Tribal Affairs (GoI), in association with Tribal Co-operative Marketing Development Federation of India (TRIFED), is monitoring the Scheme. MFPs other than Timruleaves, are collected under the Scheme.

There are 73 species listed by the TRIFED under the scheme, out of which 50 species are found in Gujarat. During FY 2020-21, the Corporation has procured 5468.57 Quintals of Minor Forest Produce from 14 Districts through its Direct Purchase Centres (DPCs). 11558 beneficiaries were paid Rs. 364.09 Lakhs as procurement price for the produce collected. Following are the details of species wise collection done during the years.

| Sr. No. | MSP Item | Qty. in Qtls. |
|---------|----------------|----------------|
| 1 | Amla Pulp | 0.5 |
| 2 | Baheda | 480.2 |
| 3 | Charoli Seed | 50.5 |
| 4 | Harde | 34.6 |
| 5 | Honey | 1103.5 |
| 6 | Jambu Seed | 30.2 |
| 7 | Kachaka Seed | 6 |
| 8 | Kaucha Seed | 3 |
| 9 | Kusum Lac | 5.4 |
| 10 | Khati Amla | 344.1 |
| 11 | Madhunashini | 0.35 |
| 12 | Mahuda Doli | 3408.5 |
| 13 | Neem Seed | 1.72 |
| | Total : | 5468.57 |

Dhanvantari Unit:

Corporation's ayurvedic formulation and honey processing unit is doing the business under the brand name of “**DHANVANTARI**”. The Corporation has put in efforts to expanse its presence in the market by opening more sales centres across the State. Resultantly, the unit has increased its sale during the year by 51%, which is Rs.252.42 Lakhs as against Rs. 167.62 Lakhs during the previous year. The unit has generated profit of Rs.60.66 Lakhs as against Rs. 92.17 Lakhs during the previous year.

Eco-Tourism (Sardar Sarovar Nauka Vihar):

With the approval received from SSNN Ltd. to run Ferry Boat Service in the Dyke-3 and 4 of Sardar Sarovar at Kevadiya as a part of Eco-Tourism, the Corporation had launched the project in Sept-2019 and was receiving a very good response of tourists coming to the Statue of Unity site at Kevadiya. However due to prevalent conditions of COVID-19 pandemic, the restrictions inflicted on public places as a precautionary measure, the number of tourists visiting the site was reduced and due to this the net revenue earned through this activity is reduced to Rs.35.27 Lakhs as against 46.62 Lakhs with a net profit of Rs.8.57 Lakhs as against Rs.9.35 Lakhs during the previous year.

CAPITAL AND DEBT STRUCTURE

There are no changes in the capital structure of the company during the year, including the authorized, issued, subscribed and paid-up share capital of the Corporation.

EXTRACT OF ANNUAL RETURN

In pursuance of the Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 and section 92 (3) of the Companies Act 2013, copies of Annual Returns are available on the Company's website. The web link for the same is given herewith : <https://gsfdcltd.co.in/pages?page=ANNUAL%20RETURN>

NUMBER OF MEETINGS OF BOARD

During the financial year under review, the Board of Directors held two (2) board meetings as mentioned below:

| Sr. No. | Serial No. of Meeting | Date of Meeting | Place of Meeting |
|---------|---------------------------------|-----------------|------------------|
| 1 | 200 th Board Meeting | 04.09.2020 | Gandhinagar |
| 2 | 201 st Board Meeting | 21-12-2020 | Video Conference |

During the year under review the Directors have attended the board meeting as below:

| Sr. No. | Name of Director | Details of whether meetings attended [Yes (Y) / No (N)] | |
|---------|----------------------------|--|-------|
| | | 200th | 201st |
| 1. | Dr. Rajiv Kumar Gupta, IAS | N | Y |
| 2. | Shri D. K. Sharma | N | Y |
| 3. | Shri R. G. Desai | - | - |
| 4. | Shri S. M. Saiyad | Y | - |
| 5. | Shri Vidhyut Pandya | Y | N |
| 6. | Smt. Jaywantiyben Damor | Y | - |
| 7. | Shri S.K. Chaturvedi | Y | Y |
| 8. | Shri R. K. Sugoor | - | - |
| 9. | Dr. K Ramesh | - | Y |
| 10. | Shri A P Gadhavi | - | N |

CHANGES IN THE DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

In pursuance of the provisions of Rule 8 (5) (iii) of the Companies (Accounts) Rules, 2014, there changes in the Directors and Key Managerial Personnel.

The following Directors / KMPs have been appointed during the year under review:

| Sr. No. | Name of Director | Designation | Date of Appointment |
|---------|----------------------------------|-------------|---------------------|
| 1. | Shri A P Gadhvi (DIN - 08950368) | Director | 06-10-2020 |
| 2. | Dr. K. Ramesh (DIN – 09001016) | Director | 13-11-2020 |

During the year under review, the following directors / KMPs have been ceased to be so either due to their transfer/retirement or due to government order:

| Sr. No. | Name of Director | Designation | Date of Cessation | Remarks |
|---------|--|-------------|-------------------|--------------------------------------|
| 1. | Shri R. G. Desai (DIN - 07651493) | Director | 20.07.2020 | Ceased due to transfer |
| 2. | Smt. Jaywantyben Damor (DIN - 07951534) | Director | 26-09-2020 | ceased due to completion of term |
| 3. | Shri S. M. Saiyad (DIN - 08293753) | Director | 12-11-2020 | Ceased due to transfer |
| 4. | Dr. K. Ramesh (DIN – 09001016) | Director | 15-01-2021 | Ceased due to transfer & Resignation |

During the Financial Year 2020-21, there were no Key Managerial Personnel, other than Managing Director or Whole Time Director, who were in receipt of Remuneration exceeding Rs.60 Lakh per annum or Rs. 5 lakh per month, in pursuance of the provisions of Rule 5 (2) of the Company (Appointment & Remuneration Managerial Personnel) Rules 2014.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your directors confirm, in pursuance of the requirements of the provisions under section 134 (3) (c) of the Companies Act, 2013, as below that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The information in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to provisions of Section 134 (3) (m) of the Companies Act, 2013 as per Rule 8 (3) (c) of the Companies (Accounts) Rules, 2014 is given below:

A. CONSERVATION OF ENERGY:

There are no significant steps taken for the conservation of energy during the year under review. However your company has continued to utilize the alternate sources of energy i.e. solar energy at its

wood working unit-VANIL UDYOG at Navtad for seasoning of wood items. No additional capital investment has been made on energy conservation equipment during the year under review.

B. TECHNOLOGY ABSORPTION

No significant steps could be taken under this segment.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Corporation has not done any business activities involving the foreign exchange earnings or outgo hence the information in this regard is NIL.

DISCLOSURE UNDER THE SEXUAL HARASSMENT TO WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

To protect and ensure safe working conditions for the female employees and in pursuance of the provisions of the captioned act, an Internal Complaints Committee (ICC) had been re-constituted as on 15-04-2017 for a term of three years. During the year the said term was renewed for further period of three years starting from 15-04-2020 till 14-04-2023. The following members are there in the committee at the end of the year under review:

| Sr.No. | Name & Address | Designation |
|--------|---|-------------------|
| 1 | Smt. Tejal Patel I/c. Asstt. Police Commissioner (SC/ST Cell) Vadodara | Presiding Officer |
| 2 | Smt. Ritaben Chokshi Sahiyar (Stree Sangathan), Vadodara | Member |
| 3 | Smt. Neelaben D. Pandya (Clerk, GSFDC Limited) | Member |
| 4 | Smt. Jayshree P. Jadhav (Clerk, GSFDC Limited) | Member Secretary |

During the year under review, no complaint has been received by the Committee.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The Board has constituted a CSR Committee, in pursuance of the provisions of section 135 of the Companies Act, 2013 and Rules made thereunder. In pursuance of the provisions of the Companies Act, a CSR Policy has been also formulated and got approved by the Board of Directors. The Policy mainly includes the types of activities to be undertaken by the committee, area of operation, information of CSR expenditure, execution of the objectives of the CSR Policy, monitoring thereof etc. The copy of CSR Policy has been placed on the website of our company: <https://gsfdcltd.co.in/pages?page=CSR%20POLICY/COMMITTEE>

During the year under review there was no meeting of CSR Committee held and no amount spent towards CSR Activities.

We have also included “an ANNUAL REPORT on CSR activities” in the new format as prescribed under rule 8 of the Companies (CSR Policy) Amendment Rules 2021, in **Annexure-II**, which forms part of this report.

AUDITORS:

M/s. Sanjay Soni & Associates., Chartered Accountants, Vadodara have been appointed as Statutory

Auditors of the Corporation by the Comptroller and Auditor General of India to audit the accounts of the Corporation for the financial year 2020-21.

COMMENTS ON AUDITORS REMARKS / DISCLAIMER:

No Qualifications given by the statutory auditors. There has been no major non-compliance with accounting policies or statutory or regulatory requirements. However the Board of Directors draws your attention to the following suggestions made by the Audit Committee of the Corporation on the Auditors' observations under the Emphasis of matter para:

Reply to the point of "Emphasis of matter" in Statutory Auditors' Report for FY 2020-2021.

The Corporation had already approached the Government and sought guidance to spend “the excess of Income over expenditure of MFP collection Activity” as emphasized by the Statutory Auditors for F.Y. 2019-20, vide its letter no. OM/1126(9)/T-6/2020/168A, Dated: 01.10.2020. In pursuance of the Board of Directors Meeting Item no. 201.9 Dated: 21.12.2020.

The Corporation has also proposed to the Government to issue suitable instructions to utilize the aforesaid excess amount for Augmentation and Conservation of depleted minor forest produce (MFP) collected from the respective lands of Gram Panchayats, vide its letter no. OM/1126(9)/T-6/2021/176, Dated: 30.09.2021.

In pursuance of the Statutory Auditors' comments under “emphasis of matter”, for financial year under review (F.Y. 2020-21), the Board of Directors of the Corporation recommends the proposal sent to the Government vide letter Dated: 30.9.2021, for issuing suitable instructions to utilize the excess amount for augmentation and conservation of minor forest produce collected from various Gram Panchayats.

REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (C&AG) RECEIVED ON THE FINANCIAL STATEMENTS OF GSFDC LTD. FOR THE YEAR ENDED ON 31 MARCH 2021:

| Comments - 1 | Reply to Comments - 1 |
|--|--|
| <p>A. <u>Comments on the Profitability</u></p> <p>1. Statement of Profit & Loss</p> <p>Other Income – Rs. 771.07 Lakh (Note No. 17)</p> <p>Above does not include Rs. 406.95 Lakh (principal–Rs. 241. 73 Lakh and Interest–Rs. 165.22 Lakh) being the amount of VAT Refund for the year 2009-10 for which the refund order was received in May, 2021 before finalization of the Financial Statements for the year 2020-21. The principal amount of Rs. 241.73 lakh was accounted for in the “Prior Period Income and debited as VAT Refund receivable whereas interest amount of Rs. 165.22 Lakh was not accounted for in the FY 2020-21.</p> <p>Since the VAT refund is neither an error nor</p> | <p>It is true that the Interest Received along with Refund amount is not accounted in FY 2020-21 as the Refund Order including the Refund was received on 26/05/2021, ie. FY 2021-22 and at the time of finalizing books of accounts for FY 2020-21, Interest amount was not quantified in the Appellate Order dtd. 09/06/2020, ie FY 2020-21. Please note that though we have not accounted income in FY 2020-21, there is no revenue loss to the exchequer since we have paid the requisite tax in FY 2021-22 for the said Interest income.</p> <p>We have shown the Refund as Prior Period Item</p> |

| <p>an omission, the same cannot be accounted as Prior Period Item. This resulted in overstatement of Prior Period Income and understatement of other income by Rs. 241.73 Lakh. Also non accounting of interest of VAT Refund resulted in understatement of other income as well as interest receivable by Rs. 165.22 Lakh.</p> | <p>in Profit & Loss Statement; however the nomenclature used by us is not appropriate, It is categorically mentioned an <i>“Extraordinary Items”</i> to be separately disclosed as per Para 8 of AS-5, since the nature of receipt is not in the ordinary course of business and even not frequents. Thus the accounting practice adopted by the company is proper and doesn't form part of <i>“Other Income”</i>.</p> |
|--|--|
| Comments – 2 | Reply to Comments – 2 |
| <p>B. Comments on Financial Position 2. Balance Sheet Equity and Liabilities Shareholders' Funds Reserves and Surplus Rs.9180.83 Lakh (Note No.-3) Subsidy from Government</p> <p>(i) The company informed that Grant for Capital Assets includes, Grant for Infrastructure (MSP) which has unutilized balance of Rs. 586.35 Lakh. However the balance of all the Grants for Capital Assets as included in Reserves & Surplus is Rs. 209.85 Lakh. Further the company does not have any mechanism for reconciliation between grant received for capital assets and that received for other than capital assets. As such, the audit cannot vouchsafe the correctness of balance under each head.</p> <p>(ii) Above includes Rs. 101.30 lakhs which was utilised towards honey collection activities and debited under Subsidy from Government on Capital Assets, though it should have been booked as Expenditure under Subsidy/grant received (Other than Capital Assets). Incorrect accounting for utilisation of the grant resulted in understatement of balance of Subsidy from Government on Capital Assets</p> | <p>From the inception of MSP Grant Received from TRIFED was accounted in the single Ledger in the books of accounts that includes perpetual Long Term Revolving Fund for Procurement of Minor Forest Produce, Fund for Infrastructure facilities and Fund for augmenting of Van Dhan Vikas Kendras. In Note-3 of Annual Financial Statement, sum of all the figures is included under <i>“Subsidy/Grant received (Other than Capital Assets)”</i> amounting to Rs. 1384.99 Lakhs. As observed by the audit team, it is true that the Unutilized Infrastructure Grant of Rs. 586.35 Lakh should be included under <i>Subsidy from Government on Capital Account for Rs. 209.85 Lakh</i> and not under <i>“Subsidy/Grant received (Other than Capital Assets)”</i>. We assure to make necessary reconciliation will be carried out while preparing accounts for FY 2021-22.</p> <p>It is noted and accepted that the inadvertent error accidentally occurred while preparing Note-3 of Annual Financial Statement, however, since in the books of accounts a single ledger is maintained, it is booked correctly in the books of accounts. We assure that the necessary reconciliation will be carried out while preparing accounts for FY 2021-22.</p> |

| | |
|---|---|
| and overstatement of Subsidy/Grant received (other than Capital Assets) by Rs. 101.30 lakh. | |
| (iii) Above includes unutilized grant amounting to Rs. 1594.84 lakh (Capital Assets–Rs. 209.85 lakh and Other than Capital Assets – Rs. 1384.99 lakh). Since the above grants are not having obligation for issue of equity shares, the same should not have been included in Reserves and Surplus and should have been shown separately as Deferred Government Grants/ Other Current Liabilities based on the nature of grant (either Capital or Revenue). This has resulted in overstatement of Reserves and Surplus by Rs. 1594.84 lakh, understatement of Deferred Government Grants/Other Current Liabilities by Rs. 1594.84 lakh. | Total of unutilized grant of Rs. 1594.84 Lakh includes various Capital Assets Grant as well as Grants for other than for Capital Assets. Thus company has accounted those grants as per Para 5.2 of AS 12-Government Grants under “ <i>Capital Approach</i> ”. However funds received towards procurement of MFP should form part of Other Current Liabilities and not form part of Reserves & Surplus and accordingly necessary changes will be made while finalizing accounts for FY 2021-22. |

LOANS, GUARANTEE OR INVESTMENT U/S. 186:

No loans or advances or investment made except Fixed Deposit Receipts with Gujarat State Financial Services Ltd.-a Gujarat Government Company.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES [U/S. 188 (1)]:

During the year under review, no such contracts or arrangements took place with the related party.

STATEMENT ON COMPANY'S RISK MANAGEMENT POLICY

Your company is very well aware of the inherent risk involved in the business it carries on and for which the incorporation of this company has been done. The very objective your company is to undertake business based on forest produce. However forest produce being natural resources and seasonal in nature, the productivity does not remain in tandem year by year. Besides this, the company being a government company fully owned by the government, the business activities are based on Government Policy issued from time to time. Your company does not receive any aid in the form of grant from the government to run its day to day affairs. It runs on the activities carried out as per the broad objectives set by the government which are for the larger public good. The net results at the end of the financial year, be it a profit or loss, the company has to bear.

APPRECIATION:

The Directors take this opportunity to express their gratitude for the services and valuable advice received from their colleagues, both past and present, and for the valuable co-operation and assistance extended by Forest Department & other Departments of the Government of Gujarat and the Government of India in furthering the activities of the Corporation. The Directors also thank all the officers and employees of the Corporation for their dedicated services.

Place: Gandhinagar

Date: 23.03.2022

For and on behalf of the Board

S. K. Chaturvedi

(Managing Director)

Dr. D. K. Sharma

(Director)

“ANNEXURE-II”
FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE
INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR
COMMENCING ON OR AFTER 1ST DAY OF APRIL, 2020

1. Brief outline on CSR Policy of the Company.

A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken has been given below:

Gujarat State Forest Development Corporation Ltd. is a public sector undertaking of the Govt. of Gujarat, which has been incorporated as on 20/08/1976 as a government company under the Companies Act, 1956. Among its objectives, the Corporation mainly puts efforts towards the optimum utilization and development of the minor forest produce (MFP) available in the State of Gujarat. Being Government Company, the Corporation has been complying with the provisions of the Companies Act and Rules made thereunder. The Board of Directors of the Corporation has constituted a CSR Committee in pursuance of the provisions under section 135 and Schedule-VII of the Companies Act, 2013 and the Companies (CSR Policy) Rules, as amended from time to time.

CSR Activities

Corporation will undertake following CSR activities from among the Schedule-VII of the Companies Act, 2013

- a) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- b) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- c) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;

However CSR Committee is empowered to undertake any other activities as mentioned in the Schedule-VII of the Companies Act, 2013.

CSR Expenses: CSR expenses will be made as per the CSR Policy and the provisions under the Companies Act.

CSR Locations: The Gujarat State is the jurisdiction of the Corporation for CSR activities, however the Corporation will give priority to the Districts in which its Divisional Offices, Factories and Shops are established.

2. Composition of CSR Committee:

| SI. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|---------------------|---|--|--|
| 1 | Shri S K Chaturvedi | Managing Director (Ex officio) | - | - |
| 2 | Vacant | Dy. /Jt/Addl. Secretary, F & E Dept.& Director (Ex officio) | - | - |
| 3 | Vacant | Joint Managing Director- GSFDC Ltd. (Ex officio) | - | - |
| 4 | Shri A P Gadhvi | Financial Advisor, F & E Dept. & Director (Ex officio) | - | - |

| 3 | Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. | https://gsfdcltd.co.in/pages?page=CSR%20POLICY/COMMITTEE | | | | | | | | |
|---|---|---|--|----------------|--|--|---|---------|-----|-----|
| 4 | Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). | Not applicable | | | | | | | | |
| 5 | Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any | | | | | | | | | |
| <table><tr><th>Sr. No.</th><th>Financial Year</th><th>Amount required to be set off for the financial year, if any</th><th>Amount available for set off from preceding F.Y.</th></tr><tr><td>1</td><td>2020-21</td><td>NIL</td><td>NIL</td></tr></table> <p>*Note : No excess amount spent in pursuance of section 135(5) during Financial Year or during previous years hence no amount to be set off.</p> | | | Sr. No. | Financial Year | Amount required to be set off for the financial year, if any | Amount available for set off from preceding F.Y. | 1 | 2020-21 | NIL | NIL |
| Sr. No. | Financial Year | Amount required to be set off for the financial year, if any | Amount available for set off from preceding F.Y. | | | | | | | |
| 1 | 2020-21 | NIL | NIL | | | | | | | |

6 Average net profit of the company as per section 135(5).**Rs. 830.70 lakhs**

- 7 (a) Two percent of average net profit of the company as per section 135(5) **Rs. 16.72 lakhs**
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. **Rs. 32.51 lakhs**
- (c) Amount required to be set off for the financial year, If any -
- (d) Total CSR obligation for the financial year (7a+7b-7c) **Rs. 49.23 lakhs**

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in Rs.) | Amount unspent (in Rs.) | | | | |
|---|--|------------------|--|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| | NIL | NIL | NIL | NIL | NIL |

- (b) Details of CSR amount spent against ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---------|---------------------|--|-----------------------|--------------------------|-----------|-------------------|--|---|--|--|---|--------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local area (Yes /No). | Location of the project. | | Project duration. | Amount allocated for the project (in Rs.). | Amount spent in the current financial Year (in Rs.) | Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in Rs.). | Mode of Implementation - Director (Yes / No) | Mode of Implementation -Through Implementing Agency | |
| | | | | State. | District. | | | | | | Name | CSR Registration number. |
| 1. | | | | | | | | | | | | |
| 2. | NIL | | | | | | | | | | | |
| 3. | | | | | | | | | | | | |
| | | | | | | | | | | | | |

- (c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

| (1) Sl. No. | (2) Name of the Project | (3) Item from the list of activities in schedule VII to the Act. | (4) Local area (Yes/No) | (5) Location of the project. | | (6) Amount spent for the project (in Rs.) | (7) Mode of implementation - Direct (Yes/No) | (8) Mode of implementation Through implementing agency. | |
|----------------|----------------------------|---|----------------------------|---------------------------------|-----------|--|---|--|--------------------------|
| | | | | State. | District. | | | Name | CSR Registration number. |
| 1. | | | | | | | | | |
| 2. | NIL | | | | | | | | |
| 3. | | | | | | | | | |
| | TOTAL | | | | | | | | |

(d) Amount spent in Administrative Overheads -N.A.

(e) Amount spent on Impact Assessment, if applicable -N.A.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) -N.A.

(g) Excess amount for set off, if any

| Sr.No. | Particular | Amount (in Rs.) |
|--------|---|-----------------|
| (i) | Two percent of average net profit of the company as per section 135 (5) | 16,60,140 |
| (ii) | Total amount spent for the Financial Year | NIL |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | NIL |
| (iv) | Surplus arising out of the CSR projects or programmes or Activities of the previous financial years, if any | 32,50,726 |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | NIL |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the Reporting Financial Year (in Rs.) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in Rs.) |
|---------|---------------------------|--|---|--|-----------------|------------------|--|
| | | | | Name of the Fund | Amount (in Rs.) | Date of transfer | |
| 1 | 2020-21 | 16,60,140 | NIL | | | | |
| | TOTAL* | 16,60,140 | NIL | | | | |

*Note : In addition of above amount Rs.32.51 Lakhs amount of CSR fund and Rs.0.12 Lakhs surplus amount arising out of CSR Projects for the previous years, totaling to Rs.49.23 Lakhs have also been transfer to separate unspent CSR account.

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year (s) :

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---------|-------------|----------------------|---|------------------|---|--|--|---|
| SI. No. | Project ID. | Name of the Project. | Financial Year in Which the project was commenced | Project duration | Total amount allocated for the project (in Rs.) | Amount spent on the project in the reporting Financial Year (in Rs.) | Cumulative amount spent at the end of reporting Financial Year. (in Rs.) | Status of the project Completed /Ongoing. |
| 1. | | | | | | | | |
| 2. | NIL | | | | | | | |
| 3. | | | | | | | | |
| | TOTAL | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**).

- | | |
|--|------------|
| (a) Date of creation or acquisition of the capital asset (s) | NIL |
| (b) Amount of CSR spent for creation or acquisition of capital asset | NIL |
| (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. | NIL |
| (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). | NIL |

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135 (5).

Sd/-
(Director)

Sd/-
(Chairman CSR Committee)

Date: 23.03.2022

Place: Gandhinagar

AUDITORS' REPORT

To
The Members
Gujarat State Forest Development Corporation Limited
Vadodara

We have audited the accompanying Financial Statements of **Gujarat State Forest Development Corporation Limited, Vadodara** which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit & Loss Account and Cash Flow Statement of the Corporation for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by Company's Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021 of its PROFIT and cash flow for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further her described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of matter:

- Other Current liabilities shows amount payable of Rs. 2353.27 lakh to Panchayats in Gujarat which is share in excess of Income over expenditure of MFP collection Activity. As per Gujarat Government Notification, PESA Rule 2017, this amount is now not payable to Panchayats , but payable directly to the gatherers of forest products. The Notification has come into effect from

2017 however, there was opening balance pertaining to FY 2014-15, 2015-16, 2016-17 payable to Panchayats (prior to PESA) of Rs 761.11 lakh for which details of gatherers was not maintain then. The corporation is seeking guidance from Govt. of Gujarat for disposition of this amount lying at their end. The current liability to that extent is not confirmed.

Information other than the financial statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprise the information included in the Board's reports including Annexure to Board's Reports, business responsibility Reports, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

We draw attention to following matters though our opinion is not qualified in this matter.

- a. During the year the Corporation has disbursed Rs 1.25 crore to around 10000 MFP gatherers, most of whom, being illiterate, have given their thumb mark/signature on receipts, of which payment is done in cash in most of the cases. The Guidelines for Minimum Support Price for Minor Forest Products allows such payments in cash on case to case basis by following Government norms, to be upgraded to cashless payment mode. Govt. norms, for proper identification and authorization to genuine gatherer and correct calculation of amount payable to him as per inventory records, is required as a part of internal control and fulfill objective of Corporation for upliftment of tribals. However, as a large number of recipients are involved, adherence to Government norms for such payments and maintenance of records for the same, should be complied with and it has not been subject of our audit.
- b. Due to COVID-19 related restrictions imposed by the Government we as Auditors were unable to physically observe the verification of inventory that was carried out by the management and we have accepted the inventory amount as it is for Forest Produces and wherever possible, have obtained sufficient alternate appropriate evidence for other products to issue unmodified opinion on this statement. However, we have obtained audit evidence on test check basis and relied on internal audit report to issue unmodified opinion on these accounts.
- c. Fulfillment of Conditions for utilization of grants obtained from State and Central Government under various schemes and maintenance of record for the same, is not subject matter of our audit.
- d. Balance receivable and payable to Government of Gujarat is as per accounts of the Corporation and claims put up by the Corporation from time to time with Government Departments and is subject to approval of these authorities from time to time.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2016 ("the order") issued by the Central Government in terms of section 143 (11) of the Companies Act, 2013, we enclose in the **Annexure A**, a statement on the matters specified in paragraph 3 & 4 of the said Order.
2. As required under compliance to the Directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013 and on the basis of such checks of the books and records of the Corporation as we consider appropriate and in our opinion and according to information and explanation given to us, we give in the Annexure Report on the matters specified therein.
3. As required by Section 143 (3) of the Act, we report that:
 - i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion , proper books of accounts as required by law have been kept by the Corporation so far as appears from our examination of books of the Corporation.
 - iii) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Corporation.
 - iv) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.
 - v) On the basis of written representations received from the directors, as on 31st March, 2021, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2021 from being appointed as a director of the Corporation in terms of Section 164(2) of the Act.
 - vi) With respect to Section 143 (3) the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate report in **Annexure—B** attached herewith.

- vii) With respect to the other matters to be included in our Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2015, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The impact of any pending litigation as on March 31st, 2021 having impact on the financial position is disclosed in Note No. 2 to Notes to Accounts as contingent liabilities.
- (ii) The Corporation does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) No Amount is required to be transferred to the Investor Protection Fund by the Corporation.

**FOR, SANJAY SONI & ASSOCIATES,
CHARTERED ACCOUNTANTS
F.R.N. 113251W**



**CA Sunita Soni
PARTNER
MRN 044868**

UDIN 22044868AFPOYZ6964

**DATE : 23.03.2022
PLACE : BARODA**

Gujarat State Forest Development Corporation Limited
For the year ended 31st March 2021

ANNEXURE – A TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Corporation has updated its Fixed Asset Register showing full particulars including Quantitative Details and broadly the situation of the Fixed Assets.
- (b) The management during the year has physically verified not all the property, plant and equipment but, as informed to us, there is a regular program of verification that, in our opinion, is reasonable having regard to the size of the Corporation and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of Immovable Properties are held in the name of the Corporation.
- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals except in respect of Mahuda Flowers and Blocks/ area under Plantation at various places. As plantation stock at Panam is sold in Blocks, the measurement of area under plantation is assessed by the Department concerned and allocated cost of plantation is considered as Work in Progress. In our opinion and according to the information and explanations given to us, the discrepancies noticed on such physical verification between physical stock and book records were not material discrepancies and have been adequately dealt with in the books of accounts.
- (iii) The Corporation had not granted any Loan whether secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 and hence para (iii) (a), (b) and (c) are not applicable.
- (iv) The Corporation has neither granted any loans or advances nor given any guarantee or security as envisaged in Section in the Act and hence the question of compliance with Section 185 and 186 of the Companies Act, 2013 doesn't arise.
- (v) The Corporation has not accepted any deposits within the meaning of Section Sections 73 to 76 or any other relevant provisions of the Companies Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.
- (vi) We have broadly reviewed the books of accounts maintained by corporation in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub – section (1) of the section 148 of the Act, and are of the opinion that the

prima facie the prescribed accounts and records have been made and maintained. We have, however, not made detailed examination of records with a view of determining its accuracy or completeness.

- (vii) (a) According to the records of the Corporation, the Corporation is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess, GST and other material statutory dues applicable to it as at 31st March, 2021 for a period of more than six months from the date it became payable.
- (b) According to the records of the Corporation, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess, GST or other applicable statutory liabilities which have not been deposited on account of any dispute.
- (c) According to the information and explanations given to us the particulars of income tax, Value Added Tax which have not deposited on account of dispute are as under :

| Name of the Statute | Nature of the Dues | Pending amt./ amt. paid under protest | Forum where dispute is pending |
|---------------------|--------------------|---------------------------------------|--------------------------------|
| Income Tax | Tax and interest | 14.04 | Commissioner (Appeal) |

- (viii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that there is no question of default in repayment in absence of any loan or borrowings availed from a Financial Institution, Bank or Government or Debenture Holders.
- (ix) The Corporation has not raised any money by way of initial public offer or further public offer. Further according to the information made available to us, No External Commercial Borrowing raised from Foreign Equity Holder was applied for the purpose for which it was raised.
- (x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Corporation has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Corporation, the Corporation being Government Company provisions of section 197 read with Schedule V to the Act relating to managerial remuneration shall not apply to Corporation.

- (xii) In our opinion and according to the information and explanations given to us, the Corporation is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) The Company is Public Sector Undertaking under the administrative control of state government of Gujarat . There are transactions with other PSUs ,state Govt. departments, panchayats which are also controlled by Govt. of India directly or indirectly. The transactions with such entities are normal, based on market driven rates at arm's length price or as per Govt. guidelines as applicable.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Corporation, the Corporation has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Corporation, the Corporation has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company has not entered into any non cash transactions with directors or persons connected with him.
- (xvii) The Corporation is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

FOR, SANJAY SONI & ASSOCIATES,
CHARTERED ACCOUNTANTS
F.R.N. 113251W



CA Sunita Soni
PARTNER
MRN 044868

UDIN 22044868AFPOYZ6964

DATE : 23.03.2022
PLACE : BARODA

Gujarat State Forest Development Corporation Limited**ANNEXURE – B TO THE AUDITORS' REPORT****For the year ended 31st March 2021**

(Referred to in paragraph 3(vi) under 'Reports on other Legal and Regulatory Requirements' section of our Report of even date)

Report on the Internal Financial Controls over financial reporting under clause (i) of sub- section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of **Gujarat State Forest Development Corporation Limited ("the company")** As of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal financial controls based on the Internal Control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal financial controls over financial reporting based on our audit. We conducted our audit accordance with the Guidance Note on Audit of internal Financial Controls Over Financial Reporting (" the Guidance Note") and the Standards on Auditing prescribed under section 143 (10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

1. Our audit involves performing audit procedures to obtain audit evidence about the adequacy of internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of internal financial controls over financial reporting, assessing the risk that material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements whether due to fraud or error.
2. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records, that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, subject to matters mentioned elsewhere in our report, the Company has in all material respect an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial reporting issued by the Institute of Chartered Accountants of India.

**FOR, SANJAY SONI & ASSOCIATES,
CHARTERED ACCOUNTANTS
F.R.N. 113251W**



**CA Sunita Soni
PARTNER
MRN 044868
UDIN 22044868AFPOYZ6964**

**DATE : 23.03.2022
PLACE : BARODA**

GUJARAT STATE FOREST DEVELOPMENT CORPORATION LTD.
F.Y. 2020-21

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ANNEXURE (2)
REPORT UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

Referred to in paragraph (2) of Report on Other Legal and Regulatory Requirements of the Independent Auditors Report in compliance with the directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013 in respect of Gujarat State Forest Development Corporation Limited for the year ended 31ST March 2021.

ANNEXURE I

(I) Corporate Governance and Audit Committee

1. Whether the company has been listed on the stock exchanges? If yes, the names of the stock exchanges may please be indicated? If so, whether the provisions of listing agreement of SEBI are being followed by the company?

Not a listed Company.

- 2 Whether the company has 50% independent directors on their Board as required under SEBI guidelines?

Not Applicable as Company is not listed with SEBI.

3. Indicate whether the company has formed an Audit committee in compliance with section 177 of the Companies Act, 2013. If not then indicate the extent of noncompliance?

Audit Committee formed in compliance with section 177

4. Whether Audit Committee has discussed the qualifications made in the Auditor's report as well as important comments, audit paras of Government Audit and has given recommendations for taking appropriate corrective action in the next year's accounts?

Yes

5. Whether the Audit Committee has examined the replies to paragraphs, mini reviews, sectorial reviews, comprehensive appraisals, etc included in various Audit reports of the C &AG before their submission to Government Audit/Committee on Public Undertakings?

The submissions to C & AG are examined by audit committee as per minutes of their meeting.

6. Whether the Audit Committee has reviewed and discussed with the Management and the internal and external auditors, the adequacy and effectiveness of the accounting and financial controls , including the Company's financial and risk management policies?

Audit Committee has reviewed the Accounts but financial and accounting controls should be properly reviewed.

7. Whether the BOD has reported in the Director's Report to the shareholders compliance to their responsibility statement under section 134(3) of the Companies Act, 2013?

Yes

8. Whether CEO/CFO Certificate has been obtained in terms of listing agreement?

Not applicable as Corporation is not listed.

(II) Business Risk

1. Any new Statutory or Regulatory requirement or change in Govt. policy that could impair the financial stability or profitability of the entity.

- **Under PASA Rules 2017 , profit of the Corporation on behalf of panchayat, is also to be distributed back to the collectors.**
- **Increased outsourcing of operational activities , without deploying own staff of the organization, demands more of internal control and duty- responsibility allocation.**

2. Unusually rapid growth especially compared with that of other companies in the same Industry.

Unusual growth not observed due to scantily available forest land in the state of Gujarat.

3. The process used for identification of business risk and steps taken for mitigate it by the management

The matter is taken care by Board of Directors in consultation with Forest Officers on deputation.

4. Unrealistically aggressive sales or profitability incentive programs, if any.

The Corporation works as a beneficiary organization for the upliftment of Adivasis in Forest areas. So as commensurate with Govt. policies, the Sales policies & incentive programs of Corporation are framed.

5. Whether the company has a system of making a business plan, short term/long term & reviews of the same vis-à-vis the actual?

Yes.

6. The Capital Expenditure / Capital invested not put to use

Capital Work in Progress Rs. 375.27 lacs.

Expansion of Dhanvantari Unit of manufacturing Ayurvedic products is under utilized in our opinion.

7. Cost benefit analysis of major capital expenditure / expansion including IRR and payback period

Capital Expenditures undertaken on availability of Govt. Grants as per Govt. scheme. Cost benefit analysis is not done for the same at Company level.

8. The existence of Macro, Sector and operation threats that could drive fundamental changes in business model. Indicate in brief.

As informed to us, following are the threats envisaged by the Corporation,

- **Change in Govt. Policy**
- **Most of the products are dependent on climatic conditions.**
- **The products purchased under MSP may not fetch profits**
- **The Traders may form syndicates to quote low price of MSP or Plantation sales.**

(III) Disinvestments (if Applicable)

Not Applicable

(IV) System of Accounts & Financial Control

1. Whether the allocation of duties and responsibilities including the delegation of powers at various levels of management is fair/ proper / justifiable and the same have been adequately defined?

As informed to us, duties & responsibilities have been defined adequately commensurate with powers. However, due to retirement of staff, there are vacancy at various levels and authorities are delegated to other level staff or to reinstated retired staff on honorarium basis. Also there is outsourcing at various level in operations, accounts and secretarial work. This may be a cause of concern over duties and responsibilities.

2. Examine the systems of Accounts & Financial Control being followed by the company and give your views as regards their deficiencies along with suggestions for remedial measures.

a. Proper system controls should be installed in accounting software including access controls.

b. Looking to the volume of transactions (nearly 18 Thousand vouchers per annum as informed to us) the Corporation may have Audit Department for effective control.

c. Corporation should move in a direction to reduce cash transactions where banking facilities are available all over and now specially promoted by Govt. The Corp. is paying cash to temporary workers . Also all purchases of MFP , which are through Direct Collection Centre are also handled in cash with thumb impression of the sellers in all transactions. Collection of Tender Fees in some cases is also done in cash. Being transactions in cash, these are subject to inherent risk factor.

d. Measurement of area covered by plantation undertaken by Corporation at various locations like Panam, NH Projects etc is as per records maintained by Corporation. Proper System needs to be evaluated for verification and confirmation of these records as a part of Inventory verification exercise of the Corporation in order to ensure internal control.

e. In case of Valsad Plantation, Amount recoverable from Govt. on account of Salary and Allowances & other allocated expenses was classified under the head Plantation Stock .The area itself is taken over by Principal Chief Conservator of Forest in the year 2004. Corporation claimed ownership of plantation. The Income generated out of the Plantation is not shared by Govt forest dept. But prior to transfer, no income was shared by Corporation with Govt. Now the Management has decided to recover the allocated expenses of Plantation from Govt. of Gujarat. The forest department should guide on proper disposal and accounting effect of the transfer of Valsad plantation which happened in 2004.

3. Please report which of the accounting policies adopted by the Company is not in conformity with accounting polices applicable to the Industry / Companies are in the same sector, particularly the Government Companies. What is the impact of such policies on the accounts?

Yes. Accounting Policies of Company is in conformity with industry in the same sector.

4. Notes to accounts, qualification in Auditors Report and comments of C&AG may be reviewed for the last 3 years and state whether the management has taken rectificatory action?

Yes. Comments of C & AG whenever received are attended by taking necessary rectification action.

5. Whether the Company has a clear credit policy, policy for providing for doubtful debts/write offs & liquidated damages? Analyse the reasons such as non - completion of performance tests, litigation, retention sale, etc, for significant sundry debtors.

No Provision for bad debts during the year as not envisaged by management.

6. Please report whether the system of giving discount to promote sales is fair? Whether the instructions of allowing discount are issued in writing and communicated properly to sales outlets.

Yes.

7. Examine and indicate whether the Company has a system of monitoring the timely recovery of outstanding dues? Highlight th significant instance of failure of system, if any.

Yes. Except for Govt. dues and dues of Panchayants which are recoverable and/or Payable are outstanding for long time and not squared off.

8. What is the system of obtaining confirmation of balances from Debtors/ Creditors and Other Parties? Indicate separately the Amount of balance remain unconfirmed from Government Departments/ PSUs and private Parties and their percentage to total amount under each head.

As informed to us, the Corporation has a system of sending Balance Confirmation letters to its debtors /creditors and such balance confirmations wherever reciprocated are reconciled. Such confirmation must be obtained in accounts with large transaction volume/ amount. This year, the Balance Confirmation letters are not reciprocated in most of the cases.

Corporation is asked to obtain confirmation on electronic media as well.

Balance due from/to Govt. of Gujarat are not confirmed as Govt. does not follow accrual system of accounting.

The amount payable to Panchayat/collectors remains outstanding as the Corporation has no direction/guidance from GOG regarding who is the receiver whether Panchayat or individual members.

9 Please report whether there are any cases of waiver of Debts /loans/interest etc., if yes, the reasons therefore and the amount involved.

No significant waiver reported in the financial statement for the year 2020-21

10 Is there an adequate system of timely lodging of claims with outside parties? Whether the claims are properly monitored?

Yes

9. Indicate whether the credit obtained (including overdrafts) is monitored regularly and the terms of loans are not such that they have a negative impact on the earnings of the Company; examine the system of effective utilization of loans and the system of obtaining statutory benefits.

No such credit obtained during the year.

10. Whether any incidence involving improper use or wastage of funds was noticed?

No such case noticed prima facie. However, Fulfillment of Conditions for utilization of grants obtained from State and Central Government under various schemes is not subject matter of our audit. Corporation has incurred CSR expenditure of Rs. 16.60 lacs.

11. Examine and comment upon the reasonableness of assumptions made by the Actuary in providing for retirement benefits as per Accounting Standard -15.

On the basis of information and explanation given to us by the management and on our understanding of the same, the assumptions made by the actuary for providing retirement benefits appears to be reasonable and are in accordance with Accounting Standard 15 "Accounting for Retirement Benefits in the Financial Statement of Employer" issued by the Institute of Chartered Accountants of India.

12. whether work flow and document flow is in place to ensure proper controls and systems commensurate with the delegation of work ?

Yes.

(VI) Fraud/risk

1. Whether the company has an effective and delineated fraud policy consistent with regulatory requirements as well as the entity's business needs?

Company has proper mechanism to detect and control such incidence on timely basis. Proper policy and framework has been established, as informed to us. However volume of Cash transactions should be controlled to reduce inherent risk of fraud.

2. Whether the Company has formulated "Code of conduct" for senior management?

No specific documented Code of Conduct for senior management.

3. How the company has dealt with reported frauds and what are the remedial measures taken for preventing recurrence?

No such case during the year.

4. Are there any cases of violation of delegated financial powers during the period under report, which warrants "in-depth audit"? If yes, please give a list of such cases.

The financial powers are delegated to DFO and MD During the audit period, violation of delegated financial powers, is not reported in internal audit report. However, looking to the cash nature of transactions, and dealing in precious natural resources like Timber & other forest produces where valuation is subjective, the same carries inherent financial risk at field levels.

5. Does the Company have separate vigilance Department / Wing? To what extent is it effective in its duty and whether its reports are submitted to the Board?

As informed to us, there no separate Vigilance Department at the Corporation. However Govt. Grants are subject to C & AG audits and inspection.

6. Whether the Management has designed and put in place and adequate Prevention and Detection Controls to prevent reduce and discover the fraud and other irregularities?

Yes. However transaction such as payment to workers and for purchase of MFP and collection of tender money, are not routed through bank, though over 60 years of independence, banking facility is available in remote areas including adivasi areas.

7. Whether the Company has 'whistle blowing' policy?

Internal Auditors appointed by the company to monitor transactions on concurrent basis. Internal stock Inspections are carried out at various locations on annual basis.

8. Whether the fraud policy has been periodically reviewed and evaluated to determine whether it was designed and implemented to achieve optimal effectiveness?

Needs improvisation.

(VI) Assets (including Inventory)

1. What is the position regarding maintenance of records such as fixed assets register, etc.?

The Corporation generally maintains the records and registers properly. Deposit registers are not maintained / updated. The Corporation is in process of reconciliation of Physical Inventory of Fixed Asset including capital work in progress as per records.

2. Whether the Company has prescribed the following in regard to the management store:

- (a) Maximum and minimum limits of stores and spares etc.: **Yes**
- (b) Economic order quantity for procurement of stores: **Yes**

3. Whether ABC analysis has been adopted to control the inventory? If not, impact on inventory may be analyzed

Not significant stores requirement. Hence, it is not done. No major impact of the same if adopted.

4. Whether regulations made of the purpose of control over stores, including Stock taking and valuation of stock, stores, & work-in-progress at the end of the financial year are adequate and duly enforced?

Yes stock of raw material which is valued at cost but being perishable items, realizable value may be less.

5. Whether the work in progress contains any item, which has remained under work in progress, for an unduly long time? Attach a list of such items indicating amount, period of pendency and reasons.

No such case as informed to us.

6. Examine and comment on the system of physical verification, valuation, treatment of non-moving & slow moving items, their disposal & abnormal excess & shortages in respect of closing stock items.

No slow moving/ non moving stock item reported except for Stock of Honey which is segregated separately and held for disposal.

7. Examine and comment on the system of valuation of fixed assets, survey-off procedure and provision for assets & specific capital spares surveyed-off.

Fixed assets except land are valued at Cost less Depreciation. Capital Grant from Government, if any, for acquisition of fixed assets is shown separately and depreciation is written off against the same.

8. List out the surplus/obsolete/non-moving items of stores, raw material, finished goods lying unused at the end of last 3 years.

None

9. Whether proper records are maintained for inventories lying with third parties and assets received as gifts from Government or other authorities?

Yes

10. Are there any lapses in the internal control system right from ordering till the consumption of stores? If yes, the same may be highlighted.

No major lapses noticed

11. List out the assets and Plant & Machinery items, which have not been use over a considerable period of time (Say 5 years) and the reasons thereof.

Corporation is in process of segregating unused/obsolete items of fixed assets and Capital Work in Progress. Expansion of Dhanvantari Unit of manufacturing Ayurvedic products is underutilized since long in our opinion as market demand is low.

12. Whether there are instances of huge losses incurred due to sale of goods at prices lower than the prevailing market prices, citing poor quality as a reason, immediately subsequent to the balance sheet date?

The comparative market prices of Ayurvedic medicine, Honey, timber and other forest produces on retail/whole sale basis are not available to us but the same need to be studied in view of notional loss, if any.

13. Whether the norms for the storage losses have been fixed? What is the basis on which storage losses are regularized? Indicate the abnormal storage losses suffered during the year under audit and amount realized there against.

No storage loss of Raw Material or finished goods as informed to us.

14. Demurrage /wharf age incurred during the year and reasons therefore.

No such case as informed to us.

15. Whether the company has conducted physical verification of Fixed Assets during the year and a formal report is being prepared for the same?

Yes

16. Whether there is a policy to review and implement impairment of assets?

Yes

(VII) Investment

1. Indicate whether the Company has laid down an investment policy duly approved by the competent Authority? If yes, please indicate the following:

a. Is it in accordance with the laws, rules and regulations applicable to the Company? **YES**

b. Whether investments were made according to the investment policy? **YES**

c. Is the shortfall in market value of the current investment and permanent diminution in the value of the long-term investment reflected in the books? In not, describe the failure.

Deposit in Investment deposit Scheme Rs 24.60 lakh needs to be evaluated for market value or recovery of the same.

2. Indicate whether the deposits with banks / financial institutions and others have been in accordance with laws, rules, regulations, etc. as applicable.

As per directions of Govt., Corporation keeps deposits with Gujarat State Finance Corporation and scheduled Banks.

3. Indicate whether there has been grant of large loans to or placement of deposits with other PSUs or enterprises not related with the business of the Company.

NO.

4. Whether the Company has significant investments in an industry or product line noted for rapid change?

NO

5. Whether the investments made in the subsidiaries have been valued properly keeping in view of the financial position of the subsidiary? If not, extent of diminution in the value of investments.

NOT APPLICABLE.

6. Whether any surplus funds are invested? Is there any effect on availability of funds for working capital because of investments leading to borrowings at higher rates?

Surplus fund, if any, is not invested outside business of the Corporation.

7. How often market value is reviewed and whether profits are made on sale of investments?

Investments are under Govt. direction hence not reviewed for market price and not sold during the year.

(VIII) Liabilities and Loans

1. Give the total amount of loans (including interest, penal interest and commitment charges separately) whether defaults were made in repayments as at the end of the accounting period.

From Financial institution and banks

No loan/ advance from financial institution and banks outstanding at the year end. According to the information and explanations given to us, the Corporation has not defaulted in repayment of dues to financial institution or bank.

2. Whether guarantee fees payable to the Govt. of India as per terms of loan agreement had been accounted for properly?

Not applicable.

3. Whether any part or whole of the loans from government and/or interest accrued thereon have been either converted into equity or waived by the government: if so, its impact on the financial position of the company.

No such case.

4. Are the terms of the loan agreements such that they make the entity especially vulnerable to changes in the interest rates?

No

5. Check the loan profile of the Company to find out whether the high cost debts were swapped with low cost market borrowings.

No high cost loans outstanding from banks and financial institution during the year. Hence not applicable

6. Whether there have been receipts of large loans from other PSUs or enterprises not related with the business of the Company

No such case.

7. Whether any study was conducted to avail any other instruments or derivatives of high cost loans?

Not applicable.

(IX) Awards & Execution of contracts

1. Whether Company has devised a proper system of tendering for awarding of various contracts?

Yes. The Corporation has a system of procuring for purchases over Rs. 1,00,000/- by Tender through advertisement and below Rs. 1,00,000/- by way of quotations from parties.

2. Whether the Company has an efficient system for monitoring and adjusting advances to contractors/suppliers.

Yes.

3. Whether the Company has settled all the issues viz. Performances Guarantee (PG) tests, recovery of Liquidity Damages (LDs), final payments etc. soon after the commissioning of the project? Are there any cases of inordinate delay without sufficient justification? Whether there are any disputes/ Claims unsettled for a long time?

No project on turnkey basis. Hence not applicable

4. Whether there are any disputes\claims unsettled for a long time?

See Point XII – (1)

5. What is the procedure followed by the company for purchasing proprietary items? What is the procedure for ascertaining the authenticity of the propriety items certificate given by an official based on which tendering is not resorted to and goods are purchased from a particular supplier?

Propriety items (ayurvedic medicine) if any, are purchased at negotiated price duly approved by delegated authority.

(X) Costing System

1. Whether the Company has any cost policy?

Yes.

2. Are the cost accounts being reconciled with financial accounts?

Yes. Cost accounting applicable for Plantation WIP and Vanil Product of furniture and Ayurvedic Products.

3. Whether the Company is computing the cost of major operations, jobs, products, processes and services regularly? If not, describe the failures

Yes

4. Whether the Company has an effective system for identification of idle labour - hours and idle machine-hours?

No

5. Was cost audit ordered in the case of the Company? If so, highlight the major deficiencies pointed out in the latest cost audit report.

Cost audit is not statutorily applicable to the Corporation, however the Corporation has carried out cost audit for Ayurvedic and vanil products. The compliance certificate towards maintenance of cost record is obtained from the cost advisors. No irregularity pointed out in cost audit report for the year 2020-21.

6. Examine the accounting treatment of rejects & scraps for determination of cost of production. State the impact of by products and joint products in determining costs.

Co. has a system of identifying rejects & scraps in case of Ayurvedic & Vanil Udhyog Products; they are segregated separately and disposed off through auctions.

7. Whether there is any system to evaluate the abnormal losses and taking remedial measures to control such losses?

Yes

8. What is the method being followed by the company to charge overheads? How is the overhead rate being arrived at? In case of cost plus contracts, are the overheads being recovered completely or not?

For Plantation

Overheads are allotted on per cent basis as determined by Corporation Officers' Level Committee.

Vanil & Ayurvedic Division

Cost plus contracts handled and overheads are absorbed.

(XI) Internal Audit System

1. Whether the Company is having Internal Audit Section manned by staff of their own or whether the Company has hired the services of CAs as Internal Auditors? Give your comments on the Internal Audit System stating whether its reporting status, scope of work, level of competence etc, are adequate? If not, describe the shortcomings thereof. Is there an adequate compliance mechanism on internal audit observations?

Yes. Internal audit conducted by firm of Chartered Accountants. Their scope of work is may be strengthen and enlarged commensurate with the size of the Corporation and nature of its business.

2. Whether internal audit standards/manual/guidelines have been prescribed and they are in practice?

Yes

3. Whether the internal audit is accountable to the audit committee?

Yes

4. Whether internal audit is independent and reports directly to the Chairman/ Head of the Company?

Yes

5. If internal audit is outsourced then whether the selection process is fair and transparent?

Yes

6. Whether entities which are not under the jurisdictions of the professional institutes are being given the work of internal audit?

No

7. Does the Internal Audit report contain any serious irregularity which needs immediate attention of management / Government?

No

8. What is the total impact of all shortcomings/ deficiencies pointed out in the latest Internal Audit Report and pending for compliance as on date?

No significant irregularities pointed out in internal audit report and the report till 31.3.2021 is duly complied by the Corporation.

9. Whether mistakes/shortcoming pointed out in the latest report is of the same kind/ type as pointed out in earlier reports?

No such case.

(XII) Legal/Arbitration Cases

1. Number of pending legal/arbitration. Cases indicating the age- wise analysis and reasons for their pendency.

As informed to us,

| Age of legal cases | Total No. of Legal cases |
|---------------------------|---------------------------------|
| 1 to 3 years | 17 (2019 to 2021) |
| 4 to 6 years | 22 (2016 to 2018) |
| 7 to 9 years | 20 (2013 to 2015) |
| 10 years and above | 39 (2012 & before) |
| Total | 98 |

2. Details of new cases and cases settled during the year.

Total 98 pending cases as mentioned above.

3. Whether any norms/ procedures exist/ proposed to be laid down for large legal expenses (Foreign & Local) incurred to be incurred.

No such case

4. Is there any system to ensure proper documentation (like maintaining minutes if the meetings, Foreseeing Contingences, Foreign exchange fluctuations etc.) before Agreement with foreign parties was well as Indian Parties?

Yes

(XIII) EDP Audit

1. Whether the organization has an approved IT strategy or Plan.

Yes. Corporation had planned for modernization of accounting practices and implementation of ERP system which was granted by Govt few years back. However till date, it has been not implemented.

2. If the auditee has computerized its operations or part of it, assess and report, how much. of the data in the Company is in electronic format, which of the major areas such as Financial Accounting, Sales Accounting, Personnel Information, Payroll, Materials/ Inventory Management, etc. have been computerized'

All areas are computerized except

- Panam Division: Monthly receipt & payment received from Panam Division is entered in account. Daily records maintained by them manually in single entry system.

- Vanil Division: Stock records are maintained manually.

- All divisions: Personnel information, payroll maintained manually.

3. Indicate how this impacts on your work of auditing the Accounts and whether your audit is through or around the computer.

Around the computer.

4. Has the Company evolved proper security policy for data /Software/Hardware?

Yes. But regular back up should be stored out of sight.

5. Identify the areas in which the auditor is of the view that the built-in-checks and validations in the computer environment are not adequate or were not being exercised with proper authority?

Accounts maintained in Accounting Software Tally ERP 9 No built in checks and validation in the nature of dual control (Maker Checker Concept) in the system.

6. Comment on any problem faced in extracting information from Computer files due to lack of backup of past records or due to record corruption. Is there a document retention policy?

No such case

7. Whether any software is unutilized or underutilized due to lack of trained staff proper operating manual/ documentation etc?

No such case

8. Comment whether changes made in software have the approval of management and the same has been documented properly and the lead-time given to staff to get accustomed to it before making it fully operational?

No changes in the Software except up gradation.

9. Whether the BOD is briefed regularly about the new IT strategy, if any, proposed to be incorporated for the Company as a whole, for which large funds are sanctioned. This is particularly relevant to organizations where, the entire IT activity is to be made online in due course.

As informed to us, the proposal for on line ERP system is sanctioned and under implementation.

10. Whether the systems department is responsible for both hiring/buying EDP equipment Hardware and Software and also certifying their 'usability' before final payment both functions should be separate with user departments involved in the latter.

Software of ERP system is procured from Govt. Company

11. Whether the company has detailed/ comprehensive list of all reports/ statements which can be generated by the system in use?

Yes

12. Whether there is an effective IT steering Committee?

Work of Accounts Dept. handled in house. There is no IT committee appointed.

13. Whether there exists effective disaster recovery plan for EDP Department which is periodically reviewed and evaluated?

Back up maintained by all departments and software maintenance handled by vendors under AMC.

14. Whether any of the findings and recommendations noted in the EDP Audit report was considered significant and whether the issued were satisfactorily resolved?

No EDP audit conducted

(XIV) Environmental Management

Compliance of the various Pollution Control Acts and the impact thereof and policy of the Company in this regard may be checked and commented upon.

Not Applicable

(XV) Corporate Social Responsibility

1. How is the company discharging its Corporate Social Responsibility

Main object of the Organization is promoting CSR They undertake afforestation projects in the state of Gujarat and work for upliftment of Tribals and rural population by dealing in MFP , Timber , Ayurvedic products etc.

2. Whether any Board approved policy is in place and is being properly followed?
Yes.

3. Whether there is a system of fixation of target for CSR activities? Yes.

4. Whether adequate mentoring mechanism exists for implementation of CSR activities? Yes.

(XVI) General

1. Indicate whether the Company has entered into a Memorandum of Understanding with its administrative Ministry? If yes, have the targets in MOU been split unit wise? If so, attach a unit-wise statement of targets and achievements against the parameters in MOU.

**Yes. The Corporation has following MOUs with Ministries:
Transfer of land for Plantation at Panam Division**

2. Whether contribution of employer and employee to Provident Fund is kept separately out of business and proper safeguard of the same is taken care of?

PF is entrusted to Commissioner of Provident Fund trust of India.

3. Does the Company present a case for energy audit? If yes, has the audit conducted by a specialized agency?

Not Applicable.

4. Where land acquisitions is involved in setting up new projects an enquiry as to whether settlement of dues and rehabilitation of those affected are being done expeditiously and in a transparent manner to ensure that the benefits go to the rally affected people and is not diverted to agents and intermediaries including political parties.

Govt. of Gujarat has transferred land under Panam Irrigation Plantation Project to the Corporation for intensive management and development of plantation activity. No Disputes against the same as informed to us.

5. Whether the Company has done any mergers and acquisitions during the year? Whether a thorough need analysis was cone before Merger of acquisition ? Whether share holders acceptance was taken before decision on merger/ acquisition was arrived at? What was the impact thereof on the profitability of the Company?

No such case.

6. If testing has been applied by Statutory Auditors, the manner in which areas of checking have been identified may be specified. Extent of sample selected and methodology of sampling g adopted may also be specified.

We have applied test check on random basis covering at least 60% of all areas. We have also relied on the report of Internal Auditors of the Branch to the extent required.

**Direction under section 143(5) of Companies Act 2013 (Revised)
Applicable from the year 2017-18 onwards**

1. If the Company is selected for disinvestment, a complete status report in terms of valuation of assets (including intangible assets and land) and liabilities (including committed & general reserves) may be examined including the mode and present stage of disinvestment process.

Not Applicable

2. Please report whether there are any cases of waiver/ write off of debts/loan/interest etc. if yes, the reasons there for and the amount involved.

No Major amount written off of debts, Loans , interest etc.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.

Yes

4. A report on age wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.

Yes

**FOR, SANJAY SONI & ASSOCIATES,
CHARTERED ACCOUNTANTS
F.R.N. 113251W**



**CA Sunita Soni
PARTNER**

**MRN 044868
UDIN 22044868AFPOYZ6964**

DATE 23.3.2022

Directions under section 143(5) of Companies Act, 2013
Applicable from the year 2018-19 and onwards

I. Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

a. All accounting transactions are not system based. Individual payments to Minor Forest Produces and other MFP to around 10,000 gatherers, are paid in cash as per manual records maintained and consolidated entry is passed in the book. However, as a large number of recipients involved, adherence to Government norms for such payments is not subject matter of our audit. Govt. norms, for proper identification and authorization to genuine gatherer and correct calculation of amount payable to him as per inventory records, is required as a part of internal control.

b. The Collection records and accounts of the Shops and Depots across Gujarat are recorded manually and entered in books on consolidated basis at the month end.

II Whether there is any restructuring of an existing loan or cases of waiver/ write off of Debts/ loans/ interest etc made by a lender to the Company due to Company's inability to repay the loan?

No Loans taken by the Company hence not applicable.

III Whether funds received/ receivable for specific scheme from central/state agencies were properly accounted for/utilized as per its terms and conditions?

Fulfillment of Conditions for utilization of grants obtained from State and Central Government under various schemes and maintenance of record for the same, is a independent task and is not subject matter of our audit.

FOR, SANJAY SONI & ASSOCIATES,
CHARTERED ACCOUNTANTS
F.R.N. 113251W


CA Sunita Soni
PARTNER
MRN 044868
UDIN 22044868AFPOYZ6964

DATE 23.3.2022

Information as required as required vide Extract of Hqtr. Office letter No. 131/CA-IV/35-2009 dated 10.06.2009

Sub : Additional Sub –direction under Section 143(5) of the Companies Act 2013

1. Confirmation of Balances : as on 31.3.2021

Bank Balances: 100%

Account Receivables: Sent to all parties.

Accounts Payable: "

Loans & advances: The Balances due from / to Government of Gujarat are not confirmed as the Government does not follow accrual system of accounting.

2. Whether balance confirmed by the parties has wide variation and such variation might not have been reconciled till the finalization of financial statements, percentage of the amount of such variation to total amount of accounting head in the balance sheet may also be reported.

Confirmation obtained response from very few parties. No major Variation in the balance confirmations as reported wherever such confirmations are obtained.

3. High value individual cases (say representing more than one per cent of the respective accounting head) of non confirmation of balances and wide variation individual cases pending reconciliation may also be reported.

As informed to us, the Corporation has a system of sending Balance Confirmation letters to its debtors/creditors but such balance confirmations are not reciprocated in majority of the cases.

- **Such confirmation must be obtained in accounts with large transaction volume/ amount. This year, the Balance Confirmation letters are not reciprocated in most of the cases.**

- **The Corporation should take balance confirmation on electronic media as well so as to ensure quick and assured confirmation.**

4. The statutory Auditors are also directed to express their opinion on the adequacy of the system of the management for confirmation and reconciliation of balances as well as report the deficiencies , if any, on the above matters to the audit committee, if exists.

In case of balances with Panchayats and Govt. of Gujarat, are shown as receivable/ payable as per records of the Corporation and no confirmation of the same.

FOR, SANJAY SONI & ASSOCIATES,
CHARTERED ACCOUNTANTS
F.R.N. 113251W



CA Sunita Soni
PARTNER
MRN 044868
UDIN 22044868AFPOYZ6964

DATE 23.3.2022

Extracts of Hqrs. Office letter No. 194/WR/CA/Sub-directions/1-2013 dated 12-03-2013

SUB : DIRECTION UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

LAND HOLDINGS

A Land owned as fixed asset

1) Are proper records maintained for the land in possession of the Company/Corporation giving full particulars of quantitative details and locations?

Yes

2) Is the company having clear title of the entire land in its possession and suitable documentary evidence available with the management?

Yes

3) Are leased land shown separately? Has reconciliation been carried out of the gross and net carrying amount at the beginning and end of the reporting period with details of additions and disposals, if any?

Leasehold land not shown separately. Govt. of Gujarat has transferred to the Corporation command area admeasuring 5589 Ha of reserved forest of Panam Irrigation Plantation Project on lease of 30 years of intensive management and development by the Corporation w.e.f. 1.4.1988 on annual rent of Rs. 5589/- lease completed on 31.3.2018. Corporation has been requesting from time to time to the Government to renew the agreement for further period of 30 years and the same is under consideration of the Government.

4) If revalued amounts are substituted for historical costs, whether disclosure includes the method adopted to compute revalued amount, nature and indices used, Year of re-appraisal and whether external valuer was involved.

No such case.

5) Are disclosures about land shown at nominal or nil value full and adequate?

Lease hold land not disclosed separately

6) Is the entire land being put to use if not, does the management have any plan in place to utilize the left over land?

Govt. of Gujarat has transferred to the Corporation command area admeasuring 5589 Ha of reserved forest of Panam Irrigation Plantation Project and agricultural land for development of medicinal herbs and plants. Area under use is assessed may be surveyed independently.

7) Has the management declared any portion of the land surplus to their requirement? If yes, what further action has been initiated?

As informed to us, management has not declared any land as surplus to their requirement.

B Land owned as 'stock in trade'

1) Whether the inventory of land acquired as stock in trade match with the physical possession as per annual physical verification? Are discrepancies properly reconciled?

No such case

2) Is there a Property Register in respect of plots indication cost of land and cost of development? Do all costs relating to acquisition of land, development, rehabilitation, registration, stamp duty, brokerage, incidental expenses etc, form part of the total cost of land and are properly accounted for in the accounts based on clear accounting policy?

Yes

3) Is there any land held as stock in trade whose title has not been passed on to the company/corporation but further allotment of the same has been made by the company/corporation?

Not Applicable

4) Are development expenses capitalized on the basis of estimated expenses? If yes, quantify the difference between estimated and actual expenses.

Not Applicable

5) Whether land allotted to users have been put to use for the purpose for which it was allotted? What is the extent of monitoring to enable cancellation and resumption of plots wherein no production/approved activities are started as per terms and conditions of allotment by allottees?

Not Applicable

6) Is there any deviation from set policy in allotment /sale of land during the year?

Not Applicable

7) Are there instances of amounts recoverable from units sold out for which no security is available presently?

Not Applicable

C Common points(for land held as 'fixed assets' or 'stock in trade')

1) Whether lands transferred from erstwhile Government departments have been correctly taken into account with full details, the concrete efforts made by Government and the company/corporation to update records should be detailed

Yes. However lease period of Panam Project is over. Hence fresh documents along with details of land awaited at this juncture.

2) Have instances of encroachment of land been noticed? If yes, the extent and value and whether matter has been taken up immediately with the concerned authorities for eviction of the encroachers may be given.

Looking to the vast area under control of Corporation all over the State, such a possibility may not be avoided. Confirmation from concerned authority of Corporation evading any encroachment on land in possession of Corporation should be obtained on record. Such a survey of land should be expediently undertaken to safeguard Assets of the Corporation.

3) Whether disclosure for land under litigation is full and adequate?

No such case as reported.

D Specific point (Land development on behalf of Govt.)

1) Whether the PSU/Corporation is involved in land development projects on behalf of Government which do not form part of annual accounts? If so, there should be a full disclosure on the financial and other aspects.

The Corporation is involved in Plantation Project on land obtained from Government. The financial aspect of plantation covered in Annual Report. Also Grant is received from Forestry and Wild life Department for Godown Project on Government land, of which the construction of two godowns are under progress which will be capitalize in next year. Assessment may be done of utilisation of Capital Grant for development of projects in past and accounting of assets created out of the same. Sardar Sarovar Narmada Nigam Ltd has allotted Dyke 3 and 4 for Ferry Boat services for development of Tourism there.

**FOR, SANJAY SONI & ASSOCIATES,
CHARTERED ACCOUNTANTS
F.R.N. 113251W**


**CA Sunita Soni
PARTNER
MRN 044868
UDIN 22044868AFPOYZ6964**

DATE 23.3.2022

ANNEXURE II**ADDITIONAL SUB DIRECTIONS FOR NECESSARY COMPLIANCE IN STATUTOR AUDITOR'S REPORT AND FORWARDING OF ADDITIONAL REPORT UNDER SECTION 143(5) OF COMPANIES ACT ,2013****(1) ADDITIONAL DIRECTIONS:****(a) *Internal Control :*****➤ Periodicity of physical verification of cash.****HO cash**

Physical verification of cash is made on transactional days by Accountant from Finance Department at Head office and he is signing cash certificate as token of acceptance of the same. Cash transaction is made daily basis.

Division & Branches cash maintenance

Branches handle cash during season for disbursement to gatherers. Around 10,000 gatherers, on thump impression on voucher, paid in cash. Internal control to that extent needs to be strengthen.

➤ Frequency of Physical verification of stock and fixed assets

Physical verification is carried out for stock and fixed assets by concerned departments. However, this year due to COVID-19 related lock down restrictions imposed by the Government, management was not able to perform physical verification of inventory at some locations.

➤ System of Maintenance of bank account and cheque signing authority.

Fund management of all branches Banking transactions are mainly handled Head Office. Payments by HO on behalf of branch are as per advice sent by branch and credited to branches. Party account should be credited by HO with corresponding entry in branch account. As per Board Resolution, MD is given power to appoint Bank signatories at HO and Division level. At present , there are three signatories at HO viz CS, Sr. Mgr. Marketing and FC (any two of three) and one signatory at each division level.

The system of internal control inbuilt in the purchase and sales transactions entered into by the company.**Purchase:**

Corporation has well-defined purchase policy, giving purchasing powers based on value of purchase, to different hierarchy in the Corporation. Purchase of below Rs. 1 lac are done by Officers Purchase Committee duly constituted by the Board.

Purchases between Rs. 1 lac to Rs.50 lacs are done by a Purchase Committee consisting of Jt. Managing Director as Chairman of the Committee and purchases of above Rs. 50 lacs are done by Directors' Purchase Committee. Committee stated above follow Government's CSPO guideline issued from time to time.

Before carrying out any purchases "in principle" approved is taken from the Managing Director Or Board of Directors keeping in mind delegated financial powers.

Procurement of MFP is generally done in cash at various camps set up in catchment area. The tribals and villagers are paid in cash. There are receipt slips with thumb impression of the gatherer. As cash is involved therein with inherent risk, lack internal control should be strengthen Govt. norms , for proper identification and authorization to genuine gatherer and correct calculation of amount payable to him as per inventory records, is required as a part of internal control.

Sales:

Corporation follows its sales policy to get competitive rates of goods. An upset price is proposed by concerned officer to the Managing Director through Jr. Managing Director which is approved by the Chairman of the Corporation. In order to get healthy competitive rates, tendering or auctioning process is followed by the Corporation. Corporation has constituted a sales Committee which consists of Directors and Officers of the Corporation.

➤ Steps taken by the management to recover the overdue amount of more than Rs.1 lakh in loans and advances.

Steps are being taken to for recovery of advances. Dues from Govt. are under consideration.

➤ Details of utilization of all term loans raised with reference to its purpose.

At Present Corporation is not having any outstanding term loan from Financial Institutions/Banks. However, Charge on assets of the Corporation dated back to 1993 for Rs 75 lacs by SBI and 2.45 crore by Bank of Baroda is visible on MCA site.

(b) Contingent Liabilities :

Contingent Liabilities stated in Notes on Accounts are actually contingent in nature as per our verification of records and documents.

(c) Bad Debts Provisioning :

No provision for Bad debts during the year.

(2) ADDITIONAL DETAILS IN THE STATUTORY AUDITORS REPORT :**(a) Accounting Standards :**

The Corporation is following all applicable Accounting Standards issued by the Institute of the Chartered Accountants of India.

(b) Note on Accounts :

Notes to accounts are self explanatory.

(3) OTHERS :**Emphasis of matter :**

Other Current liabilities shows amount payable of Rs. 2353.27 lakh to Panchayats in Gujarat which is share in excess of Income over expenditure of MFP collection Activity. As per Gujarat Government Notification, PESA Rule 2017, this amount is now not payable to Panchayats, but payable directly to the gatherers of forest products. The Notification has come into effect from 2017 however, there was opening balance pertaining to FY 2014-15, 2015-16, 2016-17 payable to Panchayats (prior to PESA) of Rs 761.11 lakh for which details of gatherers was not maintain then. The corporation is seeking guidance from Govt. of Gujarat for disposition of this amount lying at their end. The current liability to that extent is not confirmed.

We have not qualified our Report for the same.

Other matters

We draw attention to following matters though our opinion is not qualified in this matter.

- a. During the year the Corporation has disbursed Rs 1.25 crore to around 10000 MFP gatherers, most of whom, being illiterate, have given their thumb mark/signature on receipts, of which payment is done in cash in most of the cases. The Guidelines for Minimum Support Price for Minor Forest Products allows such payments in cash on case to case basis by following Government norms, to be upgraded to cashless payment mode. Govt. norms, for proper identification and authorization to genuine gatherer and correct calculation of amount payable to him as per inventory records, is required as a part of internal control and fulfill objective of Corporation for upliftment of tribals. However, as a large number of recipients are involved, adherence to Government norms for such payments and maintenance of records for the same, should be complied with and it has not been subject of our audit.

- b. Due to COVID-19 related restrictions imposed by the Government we as Auditors were unable to physically observe the verification of inventory that was carried out by the management and we have accepted the inventory amount as it is for Forest Produces and wherever possible, have obtained sufficient alternate appropriate evidence for other products to issue unmodified opinion on this statement. However, we have obtained audit evidence on test check basis and relied on internal audit report to issue unmodified opinion on these accounts.
- c. Fulfillment of Conditions for utilization of grants obtained from State and Central Government under various schemes and maintenance of record for the same, is not subject matter of our audit.
- d. Balance receivable and payable to Government of Gujarat is as per accounts of the Corporation and claims put up by the Corporation from time to time with Government Departments and is subject to approval of these authorities from time to time.

(b)Supplementary Comments :

- Internal Audit system needs to strengthen looking to the size of the Company and nature of its business.

-The Comments issued by CAG Auditors on accounts of Corporation are responded by Corporation and corrective actions are taken wherever necessary.

**FOR, SANJAY SONI & ASSOCIATES,
CHARTERED ACCOUNTANTS
F.R.N. 113251W**


**CA Sunita Soni
PARTNER
MRN 044868
UDIN 22044868AFPOYZ6964**

DATE 23.3.2022

**Sector Specific Sub – Direction under section 143 (5) of the companies
Act, 2013
Forest**

Plantation

1. Whether requisite permission for clearing of forest existing plants etc have been obtained under the prevailing rules and regulations in compliance of forest conversation act so as to protect/ preserve forest cover. Has the company taken adequate steps to stop unauthorised felling of trees for conversation and spread of forest cover?

As explained to us, the Panam Irrigation Plantation Project is approved by Govt of Gujarat. The project covers activity of growing trees like Eucalyptus and cutting them for commercial purpose, governed under the approved Working Plan. The permission for felling of trees is in built. Again as informed to us, each cutting permission is obtained as per the prescription of approved Working Plan by Government of India and felling permission is granted by the Regional Office F.C.A Bhopal Government of India. The corporation has engaged security staff to protect the forest area.

2. Whether management has monitored that by-products/ scrap produces within the norms.

In the nature of Fire products estimate wood (Jalau lakda) estimated for each tree under cutting is as per norms and experience.

3. Whether the policy of accounting for trees felled after economics life of rubber plantation is in accordance with the standard practices followed in similar industries?

Panam Plantation is mainly a Eucalyptus Plantation Project, economic life of which is estimated as 5 years, after the plantation is harvested once at the end of five years, thereafter three coppice of the plantation are harvested further at the end of five years each. The corporation has made auction/sold after obtaining the permissions from the Regional Office F.C.A Bhopal Government of India.

4. Whether re-plantation reserve has been utilized for the intended purpose and meets the requirements of compensatory afforestation under respective legislation?

Yes

Extraction /utilization of Forest Produce

1. Indicate whether the company has devised proper system for timely taking over of marked forest lots for felling, extraction of timber and its safeguard against deterioration during extraction, transportation and storage. If not losses incurred due to deterioration of timber during the year may be highlighted

The Corporation had made the sale of standing crop of Eucalyptus after obtaining the due approval from the Central Government. Hence there is no question of deterioration during the extraction.

2. Whether the company has proper system to check the basis of calculation and timely payment of royalty to the Forest Department. Interest paid to the state Government on account of delay in payment of Royalty may be commented.

The forest at Panam admeasuring 5589 hector is transferred to Corporation on a lease on annual rent of Rs. 5589/- and lease period is over on 31.03.2018 and the further process of renewal is under process in Government. As informed to us no royalty is payable to forest dept. during the year.

3. Explain the system of auction to check if it is transparent enough to ensure fair realization of value of timber.

The Corporation has a proper system of auction and followed the same as and when there is auction. The Auction process is fair and transparent.

4. Whether management has monitored that by-product produced was within the norms.

As informed to us, the same is managed by respective range officer.

5. Whether the inventory management is effective to bridge the gap between the demand and supply to avoid distress selling of timber?

Yes, as informed to us, the coppices are ready for cutting every five years.

Report the cases of diversion of grants/ subsidies received from central/ state Government to their agencies for performing certain activities.

The list of Grants obtained and amount utilized is given in the Notes to Accounts. Fulfillment of conditions for utilisation of Grants for specific schemes from central/ state agencies is not subject matter of our audit.

Manufacturing Sector (Vanil Udhyog & Dhanvantari)

1. Whether the Company's pricing policy absorbs all fixed and variable cost of production as well as the allocation of overheads?

Yes

2. Whether the Company has utilized the Government assistance for technology up gradation/ modernization of its manufacturing process and timely submitted the utilization certificates

Not Applicable

3. Whether the Company has fixed norms for normal losses and a system for evaluation of abnormal losses for remedial action is in existence

Yes

5. What is the system of valuation of by-products and finished products? List out the cases of deviation from its declared policy

As narrated in Accounting Policy, Company has a policy to value semi finished goods at cost and finished goods are valued at the lower of cost or net realizable value. No such deviation found in its declared policy.

6. Whether the effect of deteriorated stores and spares of closed mills been properly accounted for in the books.

Yes

7. Whether the company has effective system for physical verification, valuation of stock, treatment of non-moving items and accounting the effect of shortage-excess noticed during physical verification

Yes, No such shortage/excess noticed during verification.

8. State the extent of utilization of plant and machinery during the year vis-a-vis installed capacity.

The installed capacity of the Vanil Udhyog is 1500 CMT and utilisation during the year is 350 CMT.

8. Report on the cases of discounts/commission in regard to debtors and creditors where the company has deviated from its laid down policy.

No such cases found

Service Sector (Sardar Sarovar Nauka Vihar)

1. Whether the Company's pricing policy absorbs all fixed and variable cost of production and the overheads allocated at the time of fixation of price?

The Authority given to Joint Managing Director of the Corporation.

2. Whether the Company recovers Commission for work executed on behalf of Government/other organizations that is properly recorded in the books of accounts? Whether the Company has an efficient system for billing and collection of revenue.

Yes and Company also has the efficient system for billing and collection of revenue. During the year approx 14400 footfalls have been occurred at the boating ferry services and total collection is amounting to Rs. 35.27 lacs (excluding GST). As per agreement with operational partner M/s. Uniferry Services 73% share amounting to Rs. 20.13 lacs (on payment received basis) has been transferred and other misc. expenditure like advertisement, electricity etc. amounting to Rs. 6.56 lacs have been incurred by the Corporation to get popularity of the ferry boat services.

5. Whether the Company regularly monitors timely receipt of subsidy from Government and it is properly recording them in its books?

Not applicable

6. Whether interest earned on parking of funds received for specific projects from Government was properly accounted for?

No such funding by Government.

7. Whether the Company has entered into Memorandum of understanding with its Administrative Ministry, if so, whether the impact thereof has been properly dealt with in the financial statements.

The Company has not entered into Memorandum of understanding with any Administrative Ministry. The Corporation has started the new business activity of Ferry Boat Services at Dyke-3 and 4 at Kevadia Nr. Statue of Unity by coming into agreement with M/s. Uniferry Services Pvt. Ltd.. The Dyke-3 and 4 has been allotted to Corporation as eco tourism site by SSNL vide letter no. Nayomukav/PB-3/4231 dated 03.09.2019.

**FOR, SANJAY SONI & ASSOCIATES,
CHARTERED ACCOUNTANTS
F.R.N. 113251W**


**CA Sunita Soni
PARTNER
MRN 044868
UDIN 22044868AFPOYZ6964**

DATE 23.3.2022

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF GUJARAT STATE FOREST DEVELOPMENT CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of the Gujarat State Forest Development Corporation Limited, Vadodara for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 March 2022.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Financial Statements of Gujarat State Forest Development Corporation Limited, Vadodara for the year ended 31 March 2021 under Section 143 (6) (a) of the Companies Act, 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comments on Profitability

1. Statement of Profit and Loss

Other Income – ₹ 771.07 lakh (Note No. 17)

Above does not include ₹ 406.95 lakh (principal – ₹ 241.73 lakh and interest – ₹ 165.22 lakh) being the amount of VAT refund for the year 2009-10 for which the refund order

was received in May 2021 before finalisation of the Financial Statements for the year 2020-21. The principal amount of ₹ 241.73 lakh was accounted for in the Prior Period Income and debited as VAT Refund receivable whereas interest amount of ₹ 165.22 lakh was not accounted for in the FY 2020-21.

Since the VAT refund is neither an error nor an omission, the same cannot be accounted as Prior Period Item. This resulted in overstatement of Prior Period Income and understatement of other income by ₹ 241.73 lakh. Also non-accounting of interest of VAT Refund resulted in understatement of other income as well as interest receivable by ₹ 165.22 lakh.

B. Comments on Financial Position

2. Balance Sheet

Equity and Liabilities

Shareholders' Funds

Reserves and Surplus – ₹ 9180.83 lakh (Note No.3)

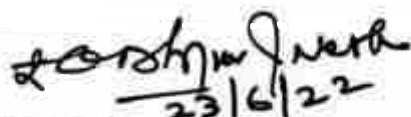
Subsidy from Government

(i) The Company informed that Grant for Capital assets includes, Grant for Infrastructure (MSP) which has unutilized balance of ₹ 586.35 lakh. However, the balance of all the Grants for Capital Assets as included in Reserves & Surplus is ₹ 209.85 lakh. Further, the Company does not have any mechanism for reconciliation between grant received for capital assets and that received for other than capital assets. As such, the audit cannot vouchsafe the correctness of balance under each head.

(ii) Above includes ₹ 101.30 lakh which was utilized towards honey collection activities and debited under subsidy from Government on Capital Assets, though it should have been booked as Expenditure under Subsidy/ Grant received (other than capital assets). Incorrect accounting for utilization of the Grant resulted in understatement of balance of subsidy from Government on Capital Assets and overstatement of Subsidy/Grant received (other than Capital Assets) by ₹ 101.30 lakh.

(iii) Above includes unutilized grant amounting to ₹ 1594.84 lakh (Capital Assets – ₹ 209.85 lakh and Other than Capital Assets – ₹ 1384.99 lakh). Since the above grants are not having obligation for issue of equity shares, the same should not have been included in Reserves and Surplus and should have been shown separately as Deferred Government Grants/ Other Current Liabilities based on the nature of grant (either Capital or Revenue). This has resulted in overstatement of Reserves and Surplus by ₹ 1594.84 lakh, understatement of Deferred Government Grants/Other Current Liabilities by ₹ 1594.84 lakh.

For & on behalf of the Comptroller and Auditor General of India



(H.K. Dharmadarshi)

Principal Accountant General (Audit-II), Gujarat

Place: Ahmedabad

Dated:

BALANCE SHEET AS AT 31ST MARCH,2021

(₹ Lakhs)

| PARTICULARS | NOTE NO. | As At 31st March | |
|--|----------|---|---------------------------|
| | | 2020-2021 | 2019-2020 |
| I EQUITY AND LIABILITIES | | | |
| (1) Shareholders' fund | | | |
| (a) Share Capital | 2 | 631.65 | 631.65 |
| (b) Reserves & Surplus | 3 | 9,180.83 | 8,605.87 |
| (2) Non Current Liabilities | | | |
| (a) Other Long term Liabilities | 4 | 4.27 | 4.46 |
| (3) Current Liabilities | | | |
| (a) Trade Payables | 5 | 266.67 | 357.43 |
| (b) Other Current liabilities | 6 | 3,993.82 | 3,786.35 |
| TOTAL | | 14,077.24 | 13,385.76 |
| II ASSETS | | | |
| (1) Non Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 7 | 895.85 | 879.32 |
| (ii) Capital Work in Progress | 7 | 375.27 | 269.09 |
| (b) Non Current Investments | 8 | 31.60 | 31.60 |
| (c) Deferred Tax Assets | - | 70.49 | 64.49 |
| (d) Long Term Loan & Advances | 9 | 191.99 | 84.54 |
| (e) Other Non Current Assets | 10 | 1,296.82 | 1,354.71 |
| (2) Current Assets | | | |
| (a) Inventories | 11 | 3,961.17 | 4,491.53 |
| (b) Trade receivables | 12 | 595.75 | 375.19 |
| (c) Cash & Cash Equivalents | 13 | 5,339.57 | 4,805.93 |
| (d) Short Term Loans & Advances | 14 | 344.57 | 291.47 |
| (e) Other Current Assets | 15 | 974.16 | 737.89 |
| TOTAL | | 14,077.24 | 13,385.76 |
| Significant Accounting Policies and accompanying Notes to the Accounts | 1 | | |
| As per our Report of even date attached | | For and on behalf of the Board | |
| For Sanjay Soni & Associates | | Gujarat State Forest Development Corporation Limited | |
| Chartered Accountants | | | |
| FRN No. 113251W | | | |
| CA SUNITA SONI | | (S K Chaturvadi,IFS) | (Dr. D. K. Sharma) |
| Partner | | Managing Director | Director |
| Membership No.044868 | | (Pankaj Jimuliya) | (R B Limbachia) |
| UDIN: 21044868AAAAAO3736 | | Financial Controller | Company Secretary |
| Place: Gandhinagar | | Place: Gandhinagar | |
| Date : 23/03/2022 | | Date : 23/03/2022 | |

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ Lakhs)

| PARTICULARS | NOTE NO. | Year Ended 31st March | |
|---|----------|---|-----------------|
| | | 2020-2021 | 2019-2020 |
| 1 Revenue from Operations (Net) | 16 | 2,510.52 | 1,979.24 |
| 2 Other Income | 17 | 771.07 | 455.40 |
| 3 Total Revenue (1+2) | | 3,281.59 | 2,434.64 |
| 4 Expenses | | | |
| Collection of MFP & Other Operation Expenses | 18 | 20.32 | 21.21 |
| Cost of Materials Consumed | 19 | 960.12 | 471.61 |
| Expenditure of Raising & Harvesting Plantations | | 994.99 | 735.45 |
| Purchase of finished Goods | | 3.97 | 1.42 |
| Changes in inventory of finished goods, Work in Progress | 20 | (246.90) | 8.90 |
| Job Work Labour Charges | | 4.95 | - |
| Employee Benefit Expenses | 21 | 420.94 | 561.01 |
| Depreciation and Amortisation Expenses | 22 | 28.98 | 24.74 |
| Other Expenses | 23 | 224.60 | 226.01 |
| Total Expenses | | 2,411.97 | 2,050.35 |
| 5 Profit / (Loss) before Exceptional Items (3-4) | | 869.62 | 384.29 |
| 6 Prior Period Items | | 234.11 | 16.03 |
| 7 Profit / (Loss) before Tax (5+6) | | 1,103.73 | 400.32 |
| 8 Tax Expenses | | | |
| (1.00) Current Tax | | 195.00 | 65.00 |
| (2.00) Deferred tax | | (6.00) | (4.71) |
| | | 189.00 | 60.29 |
| 9 Profit / (Loss) after tax (7-8) | | 914.73 | 340.03 |
| 10 Earnings per equity share : | | | |
| Basic & Diluted Earnings per Equity Share (Rs.) | | 144.82 | 53.83 |
| Significant Accounting Policies and Accompanying Notes to the Accounts | 1 | | |
| As per our Report of even date attached | | For and on behalf of the Board | |
| For Sanjay Soni & Associates | | Gujarat State Forest | |
| Chartered Accountants | | Development Corporation Ltd. | |
| FRN No. 113251W | | (S K Chaturvadi, IFS) (Dr. D. K. Sharma) | |
| CA SUNITA SONI | | Managing Director Director | |
| Partner | | (Pankaj Jimuliya) (R B Limbachia) | |
| Membership No.044868 | | Financial Controller Company Secretary | |
| UDIN: 21044868AAAAO3736 | | | |
| Place: Gandhinagar | | Place: Gandhinagar | |
| Date: 23/03/2022 | | Date: 23/03/2022 | |

GSFDC LTD, VADODARA

Statement of Income & Expenditure for MFP Collection Activity Carried out on behalf of Gram Sabhas of Schedule Areas for Season 2020 in pursuance of the Rule 39 of the Gujarat PESARules, 2017.

(₹ Lakhs)

| Particulars | 2020-21 | 2019-20 |
|--|---------------|---------------|
| A- INCOME | | |
| Sale of MFP | 260.76 | 252.89 |
| TOTAL - A | 260.76 | 252.89 |
| B- DIRECT EXPENDITURE | | |
| Auction and other related charges | 2.84 | 8.60 |
| Remuneration to MFP Agents | 32.35 | 31.77 |
| Transportation to MFP Agents | 1.19 | 2.12 |
| Cash Discount on Sales | 6.57 | 7.97 |
| Advertisement | 2.67 | 0.98 |
| TOTAL- B | 45.62 | 51.44 |
| GROSS PROFIT (A-B) | 215.14 | 201.45 |
| C- INDIRECT EXPENDITURE | | |
| Salary & Allowances (Field Offices) | 225.10 | 201.61 |
| TOTAL- C | 225.10 | 201.61 |
| SUB TOTAL (D)= (B+C) | 270.72 | 253.05 |
| Excess of Income over expenditure payable to Dist. Panchayat (A- D) | (9.96) | (0.16) |

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ Lakhs)

| PARTICULARS | Year Ended 31st March | |
|---|---|-------------------------|
| | 2020-2021 | 2019-2020 |
| A CASHFLOW FROM OPERATING ACTIVITIES | | |
| PROFIT BEFORE TAX | 1,103.73 | 400.32 |
| Adjustment for : | | |
| Depreciation and Amortisation Expenses | 28.98 | 24.74 |
| Depreciation apportioned to plantation Expense | 19.90 | 14.43 |
| Financial Cost | 0.70 | 0.89 |
| Profit on sale of Fixed Assets | 0.87 | 51.25 |
| Income From Investment (Int earned) | (223.38) | (235.96) |
| Operating Profit before Working Capital Changes | 930.80 | 255.67 |
| Changes in Working Capital : | | |
| Inventories | 530.36 | 247.12 |
| Trade Receivables and Loans & Advances | (559.49) | (519.90) |
| Trade Payables, Other Current Liabilities and Provisions | 116.52 | 268.84 |
| Cash Generated from Operations | 87.39 | (3.94) |
| Direct Taxes paid | (195.00) | (65.00) |
| Net Cash from Operating Activities | (107.61) | (68.94) |
| B Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets | (172.46) | (289.85) |
| Interest Received | 223.38 | 235.96 |
| Net Cash Flow From Investing Activities | 50.92 | (53.89) |
| C Cash Flow from Financing Activities | | |
| Government Subsidy Received | (158.42) | (66.20) |
| Utilisation of Capital Subsidy for ancillary purpose | (130.82) | 272.97 |
| Dividend (incl DDT) | (50.53) | (38.06) |
| Finance Cost & Dividend (incl DDT) | (0.70) | (0.89) |
| Net Cash Used in Financial Activities | (340.47) | 167.82 |
| Net Increase in Cash & Cash Equivalents | 533.64 | 300.66 |
| Cash and Cash Equivalents as at the Beginning of Year | 4,805.93 | 4,505.27 |
| Cash and Cash Equivalents as at the End of the Year | 5,339.57 | 4,805.93 |
| components of Cash and Cash Equivalents: | | |
| (a) Balance in Bank | 1,125.40 | 861.28 |
| (b) Fixed Deposit With Axis | 307.82 | 505.55 |
| (c) Deposit With GSFS | 3,904.20 | 3,436.36 |
| (d) Cash-in Hand | 2.15 | 2.74 |
| Total | 5,339.57 | 4,805.93 |
| Significant Accounting Policies and accompanying Notes to the Accounts | | |
| As per our Report of even date attached | For and on behalf of the Board | |
| For Sanjay Soni & Associates | Gujarat State Forest Development Corporation Limited | |
| Chartered Accountants | | |
| FRN No. 113251W | | |
| CA SUNITA SONI | (S K Chaturvadi, IFS) | (Dr. D K Sharma) |
| Partner | Managing Director | Director |
| Membership No.044868 | (Pankaj Jimuliya) | (R B Limbachia) |
| UDIN: 21044868AAAAAO3736 | Financial Controller | Company Secretary |
| Place: Gandhinagar | Place: Gandhinagar | |
| Date : 23/03/2022 | Date : 23/03/2022 | |

**NOTES FORMING PART TO THE FINANCIAL
STATEMENT AS AT 31ST MARCH, 2021**

(₹ in Lakhs)

| PARTICULARS | At 31st March | |
|---|----------------------------|----------------------------|
| | 2020-2021 | 2019-2020 |
| NOTE NO. 2 | | |
| <u>SHARE CAPITAL</u> | | |
| AUTHORISED | | |
| 7,00,000 Equity shares of ₹ 100/- each | 700.00 | 700.00 |
| ISSUED , SUBSCRIBED AND PAID UP | | |
| 6,31,647 Equity shares of ₹ 100/- each fully paid up | 631.65 | 631.65 |
| TOTAL | 631.65 | 631.65 |
| Additional Notes : | | |
| 1) Reconciliation of Issued , Subscribed and Paid up | | |
| Share Capital | 31-03-2021 | |
| | No. of Shares | Face Value (Rs.) |
| Equity Share at the beginning of the year | 631647 | 631.65 |
| Add : Equity Shares allotted during the year | | |
| Equity Share at the end of the year | 631647 | 631.65 |
| 2) Details of Shares held by each shareholder in excess of 5% of paid up Share Capital | | |
| Name of share Holder | 31-03-2021 | |
| | No. of Shares held | %Holding Shares |
| a) President of India | 238890 | 37.82% |
| b) Governor of India | 392750 | 62.18% |
| TOTAL | 631640 | 100.00% |
| 3) The Company is having only one class of shares i.e. Equity carrying a nominal value of ₹100/- per share. | | |
| 4) Every holder of the equity share of the Company is entitled to one vote per share held. | | |
| PARTICULARS | As At 31st March 2020-2021 | |
| | As At 31st March 2020-2021 | As At 31st March 2020-2021 |
| NOTE NO. 3 | | |
| <u>RESERVES AND SURPLUS</u> | | |
| General Reserve | | |
| As per last Balance Sheet | 18.30 | 18.30 |
| Add: Transfer from Surplus in Statement of Profit & Loss | 0.00 | 18.30 |
| | | 000 |
| Subsidy from Government | | |
| Subsidy from Government on Capital as per last Balance sheet | 368.27 | 434.47 |
| Add: Received during the year | 0.00 | 0.00 |
| | 368.27 | 434.47 |
| Less: Adjusted against Depreciation & expenditure for procurement of Fixed assets | 158.42 | 209.85 |
| Subsidy/Grant received (other than Capital Assets) | 1,384.99 | 66.20 |
| Surplus in Statement of Profit and Loss | | |
| Add: Surplus for the year | 6,703.49 | 6,401.53 |
| As per last Balance Sheet | 914.73 | 340.03 |
| Less : Dividend(Incl. DDT) | (50.53) | (38.07) |
| Closing Balance | 7,567.69 | 6,703.49 |
| TOTAL | 9,180.83 | 8,605.87 |

**NOTES FORMING PART TO THE FINANCIAL
STATEMENT AS AT 31ST MARCH, 2021**

(₹ in Lakhs)

| PARTICULARS | As At 31st March | |
|--|------------------|-----------------|
| | 2020-2021 | 2019-2020 |
| NOTE NO. 4 | | |
| <u>OTHER LONG TERM LIABILITIES</u> | | |
| (a) Trade Payables : | | |
| - Dy. Conservator of Forest | 3.97 | 3.97 |
| | 3.97 | 3.97 |
| (b) Others Liabilities | | |
| - Security deposit from MFP agent | 0.30 | 0.49 |
| | 0.30 | 0.49 |
| TOTAL | 4.27 | 4.46 |
| NOTE NO. 5 | | |
| <u>CURRENT LIABILITIES</u> | | |
| TRADE PAYABLES | 266.67 | 357.43 |
| TOTAL | 266.67 | 357.43 |
| NOTE NO. 6 | | |
| <u>OTHER CURRENT LIABILITIES</u> | | |
| - Advance from Customers | 1,043.37 | 819.98 |
| | 1043.37 | 819.98 |
| - Statutory Remittances | 89.61 | 594.90 |
| - Other Current Liabilities & Provisions | 267.99 | 241.33 |
| | 357.60 | 836.23 |
| - Welfare fund for Honey collector | 204.00 | 0.00 |
| - Other Deposit Received | 35.57 | 36.61 |
| - Amount payable to Panchyat & Beneficiaries | 2353.27 | 2,093.53 |
| | 2,592.84 | 2,130.14 |
| TOTAL | 3,993.81 | 3,786.35 |

NOTES FORMING PART TO THE FINANCIAL STATEMENT AS AT 31ST MARCH, 2021.

NOTE NO. 7 - ASSETS

TANGIBLE FIXED ASSETS

(` in Lakhs)

| Sr. No. | Tangible Assets | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BLOCK | |
|---------|-------------------------|-----------------------|--------------------------|----------------------|-----------------|-----------------|--------------------------|----------------------|------------------|------------------|------------------|
| | | As at 01/04/2020 | Addition during the year | Sales Adj./ Transfer | Upto 31/03/2021 | Upto 01/04/2020 | Provided during the year | Sales Adj./ Transfer | Up to 31/03/2021 | As at 31/03/2021 | As at 31/03/2020 |
| 1 | Land & Land Development | 91.35 | 0.00 | 0.00 | 91.35 | 0.00 | 0.00 | 0.00 | 0.00 | 91.35 | 91.35 |
| 2 | Building | 1500.97 | 111.81 | 0.00 | 1612.79 | 844.93 | 79.41 | 0.00 | 924.34 | 688.45 | 656.04 |
| 3 | Roads | 0.67 | 0.00 | 0.00 | 0.67 | 0.52 | 0.00 | 0.00 | 0.52 | 0.15 | 0.15 |
| 4 | Plant & Machinery | 435.98 | 0.87 | 0.00 | 436.85 | 357.94 | 12.75 | 0.00 | 370.69 | 66.16 | 78.04 |
| 5 | Furniture & Fixture | 77.78 | 4.34 | 0.00 | 82.12 | 57.96 | 4.84 | 0.00 | 62.80 | 19.31 | 19.81 |
| 6 | Office Equipment | 43.82 | 4.31 | 0.00 | 48.13 | 41.08 | 0.50 | 0.00 | 41.58 | 6.54 | 2.73 |
| 7 | Computer | 99.09 | 0.00 | 0.00 | 99.09 | 96.41 | 0.03 | 0.00 | 96.44 | 2.65 | 2.68 |
| 8 | Electrical Installation | 26.20 | 0.81 | 0.00 | 27.01 | 24.86 | 0.61 | 0.00 | 25.47 | 1.53 | 1.33 |
| 9 | Vehicle | 144.47 | 0.00 | 0.00 | 144.47 | 118.40 | 7.03 | 0.00 | 125.43 | 19.04 | 26.07 |
| 10 | Mobile | 1.67 | 0.40 | 0.00 | 2.07 | 0.77 | 0.65 | 0.00 | 1.42 | 0.65 | 0.90 |
| 11 | CC TV Camera | 0.83 | 0.00 | 0.00 | 0.83 | 0.62 | 0.13 | 0.00 | 0.75 | 0.00 | 0.20 |
| | TOTAL | 2422.83 | 122.54 | 0.00 | 2545.37 | 1543.49 | 105.95 | 0.00 | 1649.45 | 895.92 | 879.33 |
| | | | | | | | | | | | |
| 11 | Capital WIP | 269.09 | 198.20 | 92.02 | 375.27 | 0.00 | 0.00 | 0.00 | 0.00 | 375.27 | 269.09 |
| | | | | | | | | | | | |
| | GRAND TOTAL | 2691.92 | 320.74 | 92.02 | 2920.63 | 1543.49 | 105.95 | 0.00 | 1649.45 | 1271.19 | 1148.43 |
| | | | | | | | | | | | |
| | PREVIOUS YEAR | 2410.30 | 421.11 | 139.50 | 2691.91 | 1461.32 | 105.35 | 23.17 | 1543.50 | 1148.41 | 948.98 |

**NOTES FORMING PART TO THE FINANCIAL
STATEMENT AS AT 31ST MARCH, 2021**

(₹ in Lakhs)

| PARTICULARS | As At 31st March | |
|--|------------------|--------------|
| | 2020-2021 | 2019-2020 |
| NOTE NO. 8 | | |
| <u>NON CURRENT INVESTMENT</u> | | |
| Trade Investments (Unquoted) | | |
| 20 Equity Shares of the face value of ₹ 10,000 each fully paid in the Tribal Co- Operative marketing Development Federation of India Limited. | 2.00 | 2.00 |
| 5 Equity Shares of face value of ₹ 1,00,000/- each fully paid in the Tribal Co Operative Marketing Development Federation of India Ltd. | 5.00 | 5.00 |
| Deposit Under Investment Deposit Account Scheme, 1986 (Refer Note No. 16) | 24.60 | 24.60 |
| TOTAL | 31.60 | 31.60 |
| NOTE NO. 9 | | |
| <u>LONG TERM LOANS AND ADVANCES</u> | | |
| Unsecured , Considered Good | | |
| (a) Security Deposit | | |
| - Deposit with Court | 7.17 | 07.17 |
| - Deposit with other | 11.3 | 10.46 |
| | 18.47 | 17.63 |
| (b) Advance payment of Tax | | |
| Advance Income tax & TDS | 173.52 | 66.91 |
| Tax on Regular Assessment | 0.00 | 0.00 |
| | 173.52 | 66.91 |
| (c) Other Advances | | |
| Plantation Income receivable | 0.00 | 0.00 |
| TOTAL | 191.99 | 84.54 |

**NOTES FORMING PART TO THE FINANCIAL STATEMENT
AS AT 31ST MARCH, 2021**

(₹ in Lakhs)

| PARTICULARS | As At 31st March | |
|--|------------------|-----------------|
| | 2020-2021 | 2019-2020 |
| NOTE NO. 10 | | |
| <u>OTHER NON CURRENT ASSETS :</u> | | |
| (a) Long Term Trade Receivable | | |
| - Amount recoverable from Govt of Guj (Valsad) | 1232.71 | 1271.00 |
| - Subsidy receivable from GOI (Greening Scheme) | (9.44) | (9.44) |
| Net Amount Recoverable from Govt. Guj | 1,223.27 | 1,261.56 |
| (b) Others | | |
| - Interest on Deposit with Govt. Co. Accrued and not Due | 73.55 | 93.15 |
| | 1,296.82 | 1,354.71 |
| NOTE NO. 11 | | |
| <u>INVENTORIES</u> | | |
| - Raw Material | 602.24 | 911.03 |
| - Finished Goods | 430.90 | 184.00 |
| - Packing Material | 47.99 | 45.25 |
| - Reusable Alluminum Containers | 19.39 | 22.52 |
| - Plantation Work in Progress | 2860.65 | 3328.73 |
| | 3961.17 | 4491.53 |
| NOTE NO. 12 | | |
| <u>TRADE RECEIVABLES</u> | | |
| (a) Unsecured, considered good | | |
| - Outstanding for less than 6 months | 127.99 | 269.99 |
| | 127.99 | 269.99 |
| (b) Other | | |
| - Outstanding for more than 6 months | 480.09 | 117.53 |
| | 608.08 | 387.52 |
| Less : Provision for bad debts | (12.33) | (12.33) |
| TOTAL | 595.75 | 375.19 |

**NOTES FORMING PART TO THE FINANCIAL
STATEMENT AS AT 31ST MARCH, 2021**

(₹ in Lakhs)

| PARTICULARS | As At 31st March | |
|---|------------------|-----------------|
| | 2020-2021 | 2019-2020 |
| NOTE NO. 13 | | |
| <u>CASH AND CASH EQUIVALENTS</u> | | |
| A. Balance with Banks | | |
| a) In Current accounts with | | |
| - Banks | 1,125.40 | 861.28 |
| b) In Fixed deposit accounts-Maturity within one Year | | |
| Fixed deposit Account with Bank | 307.82 | 505.55 |
| Total (a+b) | 1,433.22 | 1,366.83 |
| B. Deposit with GSFS (Maturity within 1 Year) | 3,904.20 | 3,436.36 |
| C. Cash in Hand | 2.15 | 2.74 |
| TOTAL (A+B+C) | 5,339.57 | 4,805.93 |
| NOTE NO. 14 | | |
| <u>SHORT TERM LOANS AND ADVANCES</u> | | |
| SECURED , CONSIDERED GOOD | | |
| a) Loans & Advances to employees | 5.18 | 3.18 |
| Sub Total (a) | 5.18 | 3.18 |
| b) Balance with Government Authorities | | |
| - Sales Tax/VAT Refund Receivable | 38.50 | 38.50 |
| - Vat Refund Receivable (FY 2009-10) | 241.73 | - |
| - Refund Remission on CST Receivable | - | 13.16 |
| IT Refund Receivable | 39.36 | 217.84 |
| Sub Total (b) | 319.59 | 269.50 |
| c) - Prepaid Expenses | - | - |
| c) Other Loans & Advances | | |
| Other Loans & Advances | | |
| - Advance to Suppliers | 19.27 | 18.26 |
| - Advance to others | 0.53 | 0.53 |
| - Group Insurance Claim Received | - | - |
| Sub Total (c) | 19.80 | 18.79 |
| TOTAL (a+b+c) | 344.57 | 291.47 |
| NOTE NO. 15 | | |
| <u>OTHER CURRENT ASSETS</u> | | |
| - Interest accrued | 10.68 | 48.25 |
| Amount recoverable from Panchayat | 963.48 | 689.64 |
| TOTAL | 974.16 | 737.89 |

**NOTES FORMING PART TO THE FINANCIAL STATEMENT YEAR
ENDED 31ST MARCH, 2021**

(₹ in Lakhs)

| PARTICULARS | Year Ended 31st March 2020-2021 | 2019-2020 |
|--|------------------------------------|-----------------|
| NOTE NO. 16 | | |
| <u>REVENUE FROM OPERATIONS</u> | | |
| <u>SALES</u> | | |
| - Minor Forest Produce | 245.13 | 243.11 |
| - Ayurvedic Products | 61.38 | 42.04 |
| - Sale of Scrap | 0.22 | 2.15 |
| - Income from Boating Activity | 35.27 | 46.62 |
| - Sale of Finished Goods (Cashew) | 3.29 | 1.86 |
| - Shutters | 93.62 | 269.35 |
| - Sawn Timber | 2.35 | 7.63 |
| - Furniture | 62.05 | 159.60 |
| - Plantation | 1,410.35 | 820.64 |
| - Renovation work OS | 596.86 | 386.24 |
| TOTAL | 2,510.52 | 1,979.24 |
| NOTE NO. 17 | | |
| <u>OTHER INCOME</u> | | |
| - Interest | 223.38 | 235.96 |
| - Recovery from Purchasers/ Agents | 7.43 | 2.75 |
| - Miscellaneous Income | 25.79 | 163.38 |
| - Profit / (Loss) on Sale of Assets | 0.87 | 51.25 |
| - Excess provision for Expenses Written Back | 513.60 | 2.06 |
| TOTAL | 771.07 | 455.40 |

**NOTES FORMING PART TO THE FINANCIAL STATEMENT YEAR
ENDED 31ST MARCH, 2021**

(₹ in Lakhs)

| PARTICULARS | As At 31st March | |
|--|------------------|---------------|
| | 2020-2021 | 2019-2020 |
| NOTE NO. 18 | | |
| <u>COLLECTION OF MFP AND OTHER</u> | | |
| OPERATING EXPENSES | | |
| - Collection charges paid to Adivasis | 18.70 | 13.77 |
| - Remuneration to MFP Collecting Agent | - | - |
| - Processing and Operating expenses | 1.79 | 0.05 |
| - Nursery Expenses | (0.17) | 7.39 |
| TOTAL | 20.32 | 21.21 |
| NOTE NO. 19 | | |
| <u>COST OF OTHER MATERIALS CONSUMED</u> | | |
| Raw Material Consumed | | |
| Opening Stock of Raw Materials | 911.03 | 891.54 |
| Add: Purchases | 602.88 | 447.62 |
| | 1,513.91 | 1,339.16 |
| Less : Closing Stock of Raw Materials | 602.24 | 911.03 |
| Consumption of Raw Material | 911.67 | 428.13 |
| Packing Material | | |
| Opening Stock | 45.25 | 50.20 |
| Less: Reclassification of Resuable containers | (3.13) | (3.64) |
| Add : Purchases | 31.49 | 11.04 |
| | 79.87 | 64.88 |
| Less: Closing Stock of Packing Material | 47.99 | 45.25 |
| Consumption of Packing Material | 31.88 | 19.63 |
| Stores and Spares Consumed | 16.57 | 23.85 |
| TOTAL | 960.12 | 471.61 |

**NOTES FORMING PART TO THE FINANCIAL STATEMENT YEAR
ENDED 31ST MARCH, 2021**

(₹ in Lakhs)

| PARTICULARS | As At 31st March | |
|---|------------------|---------------|
| | 2020-2021 | 2019-2020 |
| NOTE NO. 20 | | |
| <u>CHANGES IN INVENTORIES OF WORK IN PROGRESS & FINISHED GOODS</u> | | |
| Opening Stock | | |
| Stock of Finished Goods | 47.12 | 91.58 |
| Stock of Work in Progress | 136.88 | 101.32 |
| | 184.00 | 192.90 |
| Less : Closing Stock | | |
| Stock of Finished Goods | 283.73 | 47.12 |
| Stock of Work in Progress Dhan | 147.17 | 136.88 |
| | 430.90 | 184.00 |
| TOTAL | (246.90) | 8.90 |
| NOTE NO. 21 | | |
| <u>EMPLOYEE BENEFIT EXPENSES</u> | | |
| - Salaries | 276.55 | 370.60 |
| - Wages | 78.62 | 111.99 |
| - Bonus | 11.11 | 11.96 |
| - Contribution to Provident Fund & Other Fund | 42.28 | 37.59 |
| - Gratuity | 0.42 | 21.54 |
| - Staff Welfare | 11.96 | 7.33 |
| TOTAL | 420.94 | 561.01 |
| NOTE NO. 22 | | |
| <u>DEPRECIATION</u> | | |
| - Depreciation for the year | 73.52 | 75.17 |
| Less : Amount equivalent to depreciation on Subsidy Capitalised and adjusted from subsidy received from Govt. On Capital Account | 44.54 | 50.43 |
| TOTAL | 28.98 | 24.74 |

**NOTES FORMING PART TO THE FINANCIAL STATEMENT YEAR
ENDED 31ST MARCH, 2021**

(₹ in Lakhs)

| PARTICULARS | As At 31st March | |
|--|------------------|---------------|
| | 2020-2021 | 2019-2020 |
| NOTE NO. 23 | | |
| <u>OTHER EXPENSES</u> | | |
| Administrative and other Expenses | | |
| Repairs to : | | |
| - Buildings | 1.90 | 3.74 |
| - Plant & Machinery | 0.56 | 0.45 |
| - Others | 11.14 | 6.41 |
| | 13.60 | 10.60 |
| - Electricity | 15.78 | 14.86 |
| - Directors Sitting fees | 0.20 | 0.57 |
| - Travelling and conveyance | 7.99 | 12.75 |
| - Vehicle running and maintenance expenses | 39.43 | 41.89 |
| - Stationery, printing & other office exp | 15.17 | 12.77 |
| - Rent | 4.04 | 5.13 |
| - Rates & Taxes | 5.75 | 5.17 |
| - Insurance | 8.41 | 8.51 |
| - Auditors' Remuneration | 0.75 | 0.75 |
| - Miscellaneous Expenses | 70.12 | 62.48 |
| - Selling & Distribution expenses | 22.53 | 26.83 |
| - Operational Charges for Boating Activity | 20.13 | 22.81 |
| - Finance Cost | 0.70 | 0.89 |
| TOTAL | 224.60 | 226.01 |

NOTE – 1

I. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2021.**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The accompanying financial statements have been prepared on accrual basis under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles in India and to comply with accounting standards referred to in Section 133 of The Companies Act 2013 and rules framed there under except specifically stated otherwise. The accounting policies have been consistently applied by the Corporation and are consistent with those used in previous year. The Company prepares Financial Statements as per the fundamental accounting assumptions Going Concern, Consistency, and Accrual as per Accounting Standard 1 Disclosure of Accounting Policies. However, the Company is paying Interest as and when demanded by the Government on account of Grant received from the Government and booked as expense in the Financial Year in which the Interest is paid.

2. USE OF ESTIMATES:

The preparation of Financial Statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made by the management that affect the reported amounts of Assets and Liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognized in the period in which the results are known / materialize.

3. PLANTATIONS

- 3.1 Besides the cost of rising the plantation, cost of maintaining these plantation including establishment expenditure incurred by the Corporation and depreciation on assets used in plantation projects are considered as cost under the head “plantations”, and disclosed as a part of “work in progress”.
- 3.2 The cost of rising and maintenance of clear felled plantations harvested during the year is worked out by allocating the aggregate cost incurred on rising and maintenance of these plantations on the basis of area harvested vis-à-vis the area planted and is shown as a separate item of expenditure in Profit and Loss Account. The revenue realized for such sale is grouped with the other sales of the Corporation and closing stock of the finished material is valued like any other finished material of the Corporation i.e. at lower of the cost or net realizable value.
- 3.3 The aggregate cost of coppicing and the revenue realized thereon both from Project Plantation area & Forest Department’s Plantation area is shown to Profit & Loss A/c.

4. FIXED ASSETS

- i. Tangible Assets are stated at their historical cost of acquisition or construction, less accumulated depreciation. Cost includes all costs incurred to bring the assets to their

present location and condition. Expenditure on account of restoration / alteration / modification in the Plant and Machinery, Building which if it increases the future benefits from the existing asset beyond its previously assessed standard of performance /estimated useful life is capitalized, otherwise it is written off as revenue expenditure.

- ii. Intangible assets are recognized if and only if it is probable that future economic benefits that are attributable to the assets will flow to the Corporation.

5. DEPRECIATION

Depreciation on Fixed Assets is provided on “Written down value” method at the rates and in the manner prescribed in the Schedule II to the Companies Act, 2013. In respects of additions during the year, the depreciation is provided as per date on which the asset is purchased.

6. Goods and Services Tax

- a. A comprehensive Goods and Services Tax (GST) was introduced w.e.f. 01.07.2017, subsuming majority of Indirect Taxes especially Excise Duty and VAT. GST is a destination based tax and is levied at the point of supply. It is collected on sale of Goods and services on behalf of Government and is remitted by way of payment or adjustment of credit on input goods or services.
- b. Accordingly, Purchases & sales are accounted net of GST. Similarly, other items of expenditure on which credit GST is available are items or revenue on which GST is chargeable are also accounted net of GST elements.

7. INVENTORIES

Raw materials, stores, spare parts and packing materials are valued at cost but excluding Value Added Tax computed on the basis of weighted average method.

Semi finished goods are valued at cost.

Finished goods are valued at the lower of cost or net realizable value.

The total carrying amount of inventory and its classification is appropriate to the business of the Corporation.

Reusable aluminum containers are reclassified under stock of consumable stores on assets side during the year. The estimated useful life is estimated to be 15 years and the value of Rs 3.13 lacs has been written off during the year and balance will be written off over a period of balance useful life. This reclassification and written off cost of aluminum containers were pursuant to the AG audit observation.

8. INVESTMENTS

Investments are stated at cost.

9. REVENUE RECOGNITION

- i. Revenue is recognized when it is earned or otherwise stated in Note and except this no significant uncertainties exist as to its realization or collection.

- ii. Revenue on sale of products is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risk and rewards of ownership have been transferred and no effective ownership control is retained. Sales exclude excise duty and Value Added Tax.
- iii. Interest income is recognized on a time proportion basis.
- iv. Revenue in respect of Plantation Activity is recognized when it is harvested.
- v. Revenue in respect of contracting activity is recognized on completed work of the end of every year.

10. TREATMENT OF CAPITAL SUBSIDY RECEIVED

Various subsidies received from the Government / Board and actually utilized in acquisition of capital assets and margin money for afforestation project in Bulsar and in setting up of a unit in backward area are treated as capital receipts and shown as "Subsidy from Government on Capital Account" in the Balance Sheet. An amount equivalent to depreciation provided on value of assets equal to the subsidy received for acquisition of such assets has been adjusted against depreciation provided for the year.

11. CONTINGENT LIABILITIES:

Contingent liabilities as defined in Accounting Standard 29 are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as contingent liability. Disputed and/or contingent liabilities are either provided for or disclosed depending on management's judgment of the potential outcome.

- 12. Profit on short-term commercial plantation contract is recognized on annual basis of physical measurement of work actually completed at the balance sheet date.

13. RETIREMENT BENEFITS

- (a) Gratuity liabilities have been actuarially determined and incremental liability for the year has been charged to Profit & Loss Account.

The accrual value of gratuity liability is made before the end of the period, which is based on report of actuary. The retirement benefit of Provident Fund, Super Annuation / Pension is applicable as per Employees Provident Fund Scheme 1952 and Employees Pension Scheme 1995.

- (b) Leave encashment payable on retirement has been actuarially determined. The payment of premium for such accrual value of such leave encashment is made before the end of the period which is based on report of actuary.

14. TAXATION

- i. Income Tax is accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Taxes comprise both current and deferred tax.

- ii. Current tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.
- iii. The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

II. NOTES ON ACCOUNTS

- 1 The Revised Schedule II has become effective from 1st April, 2014 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figure have been regrouped /reclassified where necessary to correspond with the current year's classification/ disclosure. The adoption of Schedule II for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.
- 2 Matters Pending due to litigations at various levels and Contingent Liabilities of commitments (to the extent not provided for)

| Sr. No. | Particulars | As on 31/03/2021 (Rs. in Lakhs) | As on 31/03/2020 (Rs. in Lakhs) |
|---------|---|---------------------------------------|---------------------------------------|
| | Claims against the Corporation not acknowledged as debt. | | |
| 1 | Claims filed in the Hon. High Court & other court in respect of damages & recoveries in respect of MFP & Other Compensation claims by employees. (Contingent Liability) | 119.23 | 104.76 |
| 2 | Value Added Tax refund and remission of F.Y. 2010-11 (Contingent liability to the extent of Penalty and interest) | 0.00 | 175.67 |
| 3 | Value Added Tax refund and remission of F.Y. 2011-12 (Contingent liability to the extent of Penalty and interest) | 0.00 | 301.81 |
| 4 | Income Tax Related matters | 0.00 | 14.04 |
| 5 | Other claims by employees, traders etc. | Not Ascertainable | Not Ascertainable |

- (a) According to the information the Honorable Tribunal Ahmedabad has passed the order in favor of the Corporation and set aside the matters in favor of the Corporation regarding the KVIC-II

Certificate by this order from 2007 to 2011. On going through the Hon. Tribunal's order, the Corporation is not required to pay any amount towards the Gujarat Sales Tax Act/Value Added Tax liability as per the order dated 20-01-2015. The VAT Department has gone to the Honorable High Court of Gujarat against the order passed by Honorable Tribunal Ahmedabad. The Honorable High Court of Gujarat has passed the order once again in the favor of Corporation vide order dated 29.07.2016. The VAT Department has once again approach to the Honorable Supreme Court and filed Special Leave Petition against the order passed by the Honorable High Court of Gujarat. The Honorable Supreme Court has dismissed the SLP filed by the VAT Department vide order dated 09.10.2017. After considering the facts Deputy Commissioner (Appeal-5), Vadodara has passed the order in favour of GSFDC Ltd for FY 2010-11 and FY 2011-12 and accordingly, the Corporation has booked Rs. 471.00 lacs as income during the year. Further, for FY 2009-10 the VAT department also gave judgment in the favor of Corporation and hence Rs. 241.73 lacs also been accounted as income.

3. (a) Pursuant to Resolution No.JJN/1086/3104/V-3 dated 17-12-1986 Government of Gujarat transferred to the Corporation command area admeasuring 5,589 ha. of reserved forest of Panam Irrigation Plantation Project in Panchmahals on a lease of 30 years for the intensive management and development by the Corporation. The Corporation has taken over the charge of the project with effect from 01-04-1988. The annual lease rent of Rs. 5,589/- has been paid to the Government along with development and related expenses incurred on the said project which has been accounted under the head 'PLANTATIONS' and carried forward as cost of the plantations. GSFDC has been requesting from time to time to the Government to renew the agreement for further period of 30 years and the same is under consideration of the Government.
- (b) Proceeds realised on sales of plantation, lease rent and other Government dues payable to the Government up to 31.03.2016 have been shown below as Net amount payable to Go after adjusting Maintenance, interest, establishment and other expenses incurred by the Corporation in respect of erstwhile plantation of Panam Project. During the Financial Year 2020-21 there were no activities on behalf of Govt.
- (c) Government of Gujarat vide Agreement Dtd 30-11-1981 transferred to the Corporation entire forest of Valsad Forest Division admeasuring 1,19,080 ha. for Intensive Management & Development on a lease of 51 years period commencing from July 1980. Accordingly, the annual lease rent of Rs. 1000/- upto 31-03-2005 per annum payable by the Corporation have been provided for in accounts and along with development & other related expense incurred on the said project, the same has been accounted under head "Plantation" as a part of their cost.

Vide GR No.GVN-1098-823-K Dtd. 31-12-2004 Government decided to retransfer this area of Valsad Forest Project to the Principal Chief Conservator of Forests. Accordingly, the area is retransferred to the Principal Chief Conservator of Forests by Corporation. Therefore, the annual lease rent of Rs. 1000/- is not provided in the accounts for the period under report. However, as per Condition No.3 of the said Resolution the salary & allowances of the employees appointed by the Corporation working under Valsad Project is

to be paid by the Corporation. The amount of pay & allowances of such staff is accounted and capitalized under the head “Plantation”, as the ownership of plantation remains with the Corporation.

During the year 2012-13 Valsad Project has been closed down in the books of accounts and the amount is shown as recoverable from the GOG Rs.12,71,00,306.52 correspondences for which has already been submitted on 01.08.2013 to Principal Secretary, Forest & Environments. During the FY 2020-21 vide resolution no. FST/1120/73/M dated 07.09.2020, the State Government has released Rs. 38.29 lacs out of total receivable of Rs. 1271.00 lacs.

Amount Recoverable from Govt. of Gujarat

| | | 2020-21 (Rs. in Lakhs) | 2019-20 (Rs. in Lakhs) |
|-----------|---|---------------------------|---------------------------|
| A. | Panam Project | | |
| (i) | Establishment Expenses | 135.19 | 135.19 |
| (ii) | Maintenance Expenses | 106.55 | 106.55 |
| (iii) | Interest on Term Loan | 3.76 | 3.76 |
| (iv) | Amount paid to Govt. | 192.48 | 192.48 |
| | | 437.98 | 437.98 |
| | Less : Amount payable to the GOG | | |
| (i) | Sales Proceeds recovered | 447.42 | 447.42 |
| | Net Amount Payable to GOG (Panam) | 9.44 | 9.44 |
| B. | Amount Recoverable from GOG (Valsad) | | |
| (i) | Plantation Expenses | 1724.26 | 1724.26 |
| | Less : Payable to GOG for reimbursement of Expenses | 453.26 | 453.26 |
| | Net Recoverable from GOG (Valsad) | 1271.00 | 1271.00 |
| C. | Amount Received during FY 2020-21 | 38.29 | 0.00 |
| | Recoverable from GOG (Valsad) | 1232.71 | 1271.00 |

- In the opinion of the Board, current assets, loans and advances are approximately of the value as stated in the Balance Sheet as on 31.03.2021 if realized in the ordinary course of business.
- Confirmation from the parties for amounts due to them/amounts due from them as per accounts of the Corporation are not received in all the cases. Necessary adjustment, if any, will be made when the accounts are reconciled and/or settled.
- The royalty on collection of MFP is not provided as ownership of Minor Forest Produce now belongs to tribal. Moreover, royalty is also not provided on collection of forest produce which is collected from non-forest area.

7. Physical verification of Mahuda Flowers and Plantation stock was not undertaken as on 31/03/2021 for the following reasons.

- (a) Due to sugar contents in Mahuda Flowers, it is subject to insect attack.
- (b) Mahuda flowers are hygroscopic in nature and absorb moisture from the atmosphere. When material is stored in heaps, only outer layers of heaps are subject to absorption of moisture thereby protecting the inner layers.
- (c) In view of vastness of area planted, physical verification of unharvested plantation consisting of trees, columns and clumps is not possible and hence the same have not been physically verified.

8. Related party disclosures pursuant to Accounting Standard 19 is as under:

| | 2020-21 (Rs. in Lakhs) | 2019-20 (Rs. in Lakhs) |
|---|------------------------------|------------------------------|
| (a) Salary and allowance of the Managing Director | 33.13 | 28.13 |
| (b) Medical reimbursement | 0.00 | 0.00 |
| (C) Travelling expenses of Managing Director | 0.00 | 0.13 |
| | 33.13 | 28.26 |
| (d) Chairman Remuneration | 0.00 | 0.00 |
| (e) Director Sitting Fees | 0.20 | 0.51 |
| (f) Reimbursement of Expenses to Director | 0.13 | 0.49 |
| | 0.33 | 1.00 |

9. Payment to auditors is as under:

| | 2020-21 (Rs. in Lakhs) | 2019-20 (Rs. in Lakhs) |
|--------------------------|------------------------------|------------------------------|
| 1. Statutory Audit Fees | 0.75 | 0.75 |
| 2. Tax Audit Fees | 0.20 | 0.20 |
| 3. Internal Auditor Fees | 0.65 | 0.45 |
| | 1.60 | 1.40 |

10. Indirect expenditure accounted during the year under review under the head 'Plantations' are as under:

| | 2020-21 (Rs. in Lakhs) | 2019-20 (Rs. in Lakhs) |
|----------------------------|------------------------------|------------------------------|
| (i) Establishment expenses | 994.99 | 735.45 |
| (ii) Depreciation | 19.90 | 14.43 |
| | 1014.89 | 749.88 |

11. (a) Gratuity Liability of the Corporation as per actuarial valuation by Life Insurance Corporation of India. Amount contributed as a premium during the Year is Rs. 34.31 lacs.
- (b) Provision for leave salary and pension contribution payable in respect of employees on deputation has been made at the rates prescribed by Government as per Rule No. 45, 48, 59 & 65 of GCSR.
- (c) Liability of Leave Encashment on retirement as per actuarial valuation of Life Insurance Corporation of India. Amount contributed as a premium during the Year is Rs. 14.90 lacs.

12. The break up of net differed tax liability (Asset) for the group is as under:

| Differed Tax Asset | As at March 31st, 2021 (Rs. in Lakhs) | As at March 31st, 2020 (Rs. in Lakhs) |
|---|---|---|
| Opening Balance | (64.49) | (59.78) |
| Fixed Assets (Depreciation) | (06.00) | (4.71) |
| Due to VAT Tax Liability | 0.00 | 0.00 |
| Pay Commission | 0.00 | 0.00 |
| Net Differed Tax Liability / (Asset) | (70.49) | (64.49) |

13. The State Government has notified the Gujarat Provisions of the Panchayats (Extension to the Scheduled Areas) (PESA) Rules 2017 vide notification dated 17.01.2017. As per Rule no. 39(2) of PESA Rules 2017, The State Government has authorized Gujarat State Forest Development Corporation to sell minor forest produces collected by the collectors and in doing so, the shall ensure that after deducting the expenses the net profit shall be deposited into accounts of the collectors directly. The Corporation accounted the amount payable / recoverable to / from collectors as per the terms & conditions of PESA Rules 2017 stated above.

As per PESA Rules 2017 the allowable expenses i.e. collection cost, storing cost, auction expenses and salary & allowances of employees pertaining to related activity is to be adjusted

against the sales amount payable to the collectors. During the period under report the accounts are settled accordingly for Season 2020. In the other current liabilities “amount payable to Panchayat” amounting to Rs. 2353.27 lacs (Previous year Rs. 2093.53 lacs) represents the gross sales payable to Panchayat while in “Other Current Assets” under the head “Amount recoverable from Panchayat” amounting to Rs. 963.48 lacs (Previous year Rs. 689.64 lacs) represents gross amount of various allowable expenses for season 2020 to be adjusted against the sale proceeds of Minor Forest Produces as on 31-03-2021.

14. At present following members are in the Audit committee constituted by the Corporation.
 - (1) PCCF & HoFF, Gujarat & Director-GSFDC Ltd. (Ex-officio)
 - (2) Dy /Joint/Addl. Secretary, Forest & Env Dept, Gandhinagar & Director-GSFDC Ltd. (Ex-officio)
 - (3) Financial Advisor, Forest & Env Dept, Gandhinagar & Director-GSFDC Ltd. (Ex-officio)
 - (4) Managing Director, GSFDC Ltd. (Ex-officio)
 - (5) Joint Managing Director, GSFDC Ltd. (Ex-officio)
15. On 31-3-2007, the Corporation had a stock of 80450.50 quintals of Charcoal. Thereafter 68,837.85 quintals of Charcoal was delivered to the various parties and the Corporation had stock worth 11,612.65 quintals. The heavy rains in Banni area of Katchchh district during September, 2007 damaged the stock of Charcoal as well as Gunny Bags. Value of shortage of 11,612.65 Qtls. Charcoal drawn away due to heavy rain was reported at Rs. 97,85,085 (Sale Price) and value of damage occurred to 1,73,997 Gunny Bags is Rs. 15,65,973/-. As the stock was insured with M/s. The New India Assurance Co. Ltd. , Corporation had claimed loss of Rs. 1,13,51,058 out of which the Insurance Company agreed to pay the claim for only Rs. 11,52,497/-. Corporation did not agree with this claim and it issued legal notice to The New India Assurance Co. Ltd. through advocate. The arbitration was under process as on 31st March 2013. However we received the order on 31st July 2013 from Arbitral Tribunal in favor of the Corporation directing the New India Assurance Co. Ltd to pay Rs. 1,14,34,000/- plus Interest of Rs. 42,12,800/-. The Insurance Company challenged the order in the District Court of Vadodara vide Arbitration application num 537/2013 for setting aside the Arbitration Award dated 31.07.2013. The said matter was transferred to Commercial Court, Vadodara vide CMA No.100/2016 and the said CMA was disposed off by the Commercial Court as on dated 20th December 2016 by setting aside the Arbitration award dated 31.07.2013. The Corporation has challenged the judgment of the Commercial Court Vadodara by filing a First Appeal no. 1437/2017 before the H'ble Gujarat High Court and the matter is pending for final hearing.
16. The Corporation had invested Rs. 24,60,000/- in Investment Deposit Account Scheme 1986 with the Industrial Development Bank of India and the same is shown under the Note No. 8 Non Current Investment.
17. The Corporation has Inter Company deposits amounting to Rs. 3904.20 lacs with Gujarat State Financial Services as per Government norms and all deposits has maturity period within one year.

18. The Corporation has taken loans from various banks for Valsad and Panam Project amounting to Rs. 1262.08 lacs and 1357.92 lacs respectively and the same has been repaid in the year July 2002 and September 1999. The disposed of procedure of charge against the same in Ministry of Corporate affairs is under process and will be completed in due course.

19. Details of grant received for the year:

| Nature | Source | Balance at the beginning of the Year (Rs. in Lakhs) | Amount Received/ Adjusted (Rs. in Lakhs) | Amount Utilised/ Adjusted (Rs. in Lakhs) | Balance at Year End (Rs. in Lakhs) |
|---|--------|---|--|--|------------------------------------|
| Grant Received for ERP & Modernisation | GOI | 37.56 | 0.00 | 0.00 | 37.56 |
| Subsidy Received for Min. Support Price | GOI | 1117.65 | 293.25 | 422.04 | 988.87 |
| Subsidy Received for Capital Assets | GOG | 226.24 | 0.53 | 30.39 | 196.38 |
| Subsidy Received for NMPB | GOI | 4.51 | 1.63 | 6.14 | 0.00 |
| Grant Received form NAM | GOG | 11.17 | 0.00 | 7.90 | 3.27 |
| Grant Received for Development | GOG | 142.03 | 0.00 | 68.67 | 73.36 |
| Grant Received for Eco Tourism | GOG | 0.00 | 15.00 | 4.50 | 10.50 |
| Gir Foundation | GOG | 4.21 | 0.00 | 0.00 | 4.21 |
| 4406/96 Forestry wild Life (Tribal) | GOG | 144.70 | 194.30 | 0.00 | 339.0 |
| Grand for Herbal Garden | GOG | 1.31 | 0.00 | 0.00 | 1.31 |
| GMPB | GOG | 0.40 | 28.55 | 14.87 | 14.08 |
| Total | | 1689.78 | 541.16 | 546.61 | 1594.84 |

20. The Corporation has initiated the process of obtaining confirmation from suppliers who have registered themselves under the Micro Small and Medium Enterprises Development Act – 2006 (MSMED Act – 2006). The information from the suppliers is not received by Corporation till date. The liability, if any, will be provided as an interest under MSMED Act – 2006 on receipt of the confirmation from the suppliers.

21. The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, interruption in transportations, supply chain, travel bans, quarantines, social distancing and other emergency measures.

The Company has made detailed assessment of its liquidity position for future and of the recoverability and carrying values of its assets comprising property, plant & equipment, trade receivables and inventory as at Balance sheet date and has concluded that there is no material adjustments required in the Financial Statements. The management believes that it has considered all the possible impact of known events arising from COVID-19 pandemic in the preparation of the Financial Statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

For Sanjay Soni & Associates
Chartered Accountants
FRN No. 113251W

For and on Behalf of the Board
Gujarat State Forest Development
Corporation Limited

(CASUNITASONI)
Partner
Membership No. 044868
UDIN:21044868AAAAAO3736

(S.K. Chaturvedi, IFS) (Dr. D. K. Sharma)
Managing Director Director

(R.B. Limbachia) (Pankaj Jimuliya)
Company Secretary Financial Controller

Place: Gandhinagar
Date : 23.03.2022



GSFDC Ltd. purchases minor forest produce (MFPs) from the tribals at minimum price (MSP) at its Direct Purchase Centre (DPC) under the centrally sponsored scheme of the government.



GSFDC Ltd. caters positively, the industrial requirements of commercial woods by cultivation and harvesting of eucalyptus trees at Panam Irrigated Plantation Project.



GSFDC Ltd. runs ferry boat services-"Sardar Sarovar Nauka Vihar" in Dyke-3 & 4 of Sardar Sarovar near Statue of Unity site, Kevadiya (Narmada) as a part of eco-tourism activity.



Office renovation work including furniture and interior undertaken by GSFDC Ltd. on turnkey basis on behalf of various Government departments/agencies.



Tourists are enjoying the beauty of nature at " VANIL - ECO DEN" at Navtad Navsari, an eco-tourism project successfully run by GSFDCL Ltd.



Gujarat State Forest Development Corporation Limited

(A Govt. of Gujarat Undertaking) | CIN : U02005GJ1976SGC002927

Regd. & Head Office

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