

**48th ANNUAL REPORT
FOR THE YEAR 2009-2010**

COMPANY INFORMATION

1. BOARD OF DIRECTORS :

MANAGING DIRECTOR MRS. RADHIKA RASTOGI, IAS

DIRECTOR SHRI J. P. GUPTA, IAS
 Dr. P. ANBALAGAN, IAS
 SHRI S. G. HANUWATE

2. ASST. COMPANY SHRI KUSH KESHRI
SECRETARY

3. BANKERS STATE BANK OF INDIA

4. AUDITORS M/S. YARDI PRABHU & ASSOCIATES
 CHARTERED ACCOUNTANT

5. REGISTERED OFFICE KRUPANIDHI,
 9, WALCHAND HIRACHAND MARG,
 BALLARD ESTATE,
 MUMBAI - 400 001.

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 48th Annual Report of MSSIDC Limited with the Audited Statements of Accounts for the year ended 31st March, 2010 along with the report of Statutory Auditors thereon.

1. FINANCIAL RESULTS :

(Rs. in crores)

Sr. No.	Particulars	F.Y. 2009-10	F.Y. 2008-09
01	Sales and Services	354.01	291.73
02	Other Income	14.45	9.90
03	Profit / (Loss) before Interest, Depreciation.	3.59	3.55
04	Interest	0.11	0.06
05	Depreciation	0.21	0.16
06	Net Profit / (Loss) for the year	3.27	3.26
07	Previous years' Adjustment Income/ (Expenses)	1.44	0.03
08	Accumulated Profit	7.02	6.31

The Corporation has recorded the turnover of Rs. 354.01 Crore during the year under review as against Rs. 291.73 Crore for the previous year. The activity-wise break-up of the turnover in comparison with previous year is as follows :

(Rs. in Crores)

Activity	F.Y. 2009-10	F.Y. 2008-09
Raw Material - I&S, Coal	114.41	90.58
Marketing	204.32	175.25
Franking	33.89	24.83
Other	1.39	1.07
Total	354.01	291.73

i. MARKETING:

In respect of Marketing activity, the Corporation achieved sales of Rs. 204.32 Crore during the year 2009-10 as against sales of Rs. 175.25 Crore achieved in the year 2008-09.

During the year the Marketing Division succeeded in securing many high value contracts. The category wise details are as under :

Sr. No.	Description of item	Consignee	Rs. in Crores
1	PVC Pipe	Agricultural Development Officer, Zilla Parishad	3.47
2	RCC Pipe	EE Works - EE Irrigation, Zill Parishad	2.06
3	Poly Bags	Dy. Conservative of Forest	2.93
4	Steel Furniture	All Govt. Departments	29.29
5	Agricultural Implement	Agricultural Development Officer, Superintendent Agricultural Officer, Zill Parishad	2.35
6	Educational Toys	Integrated Child Development Commissioner, Integrated Development Project Officer	29.59
7	Diesel Engine Pump Set	Agricultural Development Officer, Zill Parishad	2.28
8	Others	All Govt. Departments	132.35
		Total	204.32

ii. RATE CONTRACT :

The Corporation has successfully operated various contracts for items like RCC Pipes, PVC Pipes, Water Storage Tanks, Air Coolers, Polythene Bags, Steel furniture, Educational Toys, Diesel Engine Pimp Set etc. and provided marketing assistance to SSI units in Maharashtra.

iii. HANDICRAFTS & EMPORIA:

The Corporation continued to provide retail exposure to handicrafts and handlooms products through its Emporia at New Delhi and Mumbai which provides a sound base of artisans.

During the year 2009-10 the Corporation achieved total sale of Rs. 0.75 Crore through Emporia as compared to Rs. 0.69 Crore for previous year.

The Paithani Centre at Paithan achieved the sales of Rs. 0.34 Crore during 2009-10 as compared to Rs. 0.38 Crore for previous year.

iv. RAW MATERIAL:

The Corporation recorded the turnover of Rs . 114.41 Crore in Raw Material activity during the year under review as compared to Rs. 90.58 Crore in the year 2008-09.

The Corporation supplied following raw materials during the year under review :

Item	Qty. in MTs.	Value (Rs. in Crores)
FERROUS - Iron & Steel	2914.41	8.71
Coal	698984.00	105.70
	TOTAL	114.41

v. COMMERCIAL WAREHOUSING:

The Corporation achieved gross earning of Rs. 1.98 Crore during the year under review as compared to Rs. 2.09 Crore in the year 2008-09.

vi. EXHIBITIONS:

The Corporation organized Maharashtra Pavilion in the India International Trade Fair at Pragati Maidan, New Delhi from 14.11.2009 to 27.11.2009 in the year under review.

2. DIVIDEND:

In view of very meager profit your Directors have not recommend any dividend for the year under review.

3. INDUSTRIAL RELATIONS:

The Industrial relation during the year under review was cordial and the morale of the employees was high.

4. DIRECTORS:

As on date following are the Directors of the Corporation :

Sr. No.	Name	Designation	Address
1	Shri Sanjay Sethi, IAS	Director	Secretary - MSME & DC (Inds.), who Ceased to be Director w.e.f. 24.09.2012
2	Shri J.P. Gupta, IAS	Director	MD - Maharashtra State Financial Corporation (MSFC).
3	Ms. Radhika Rastogi, IAS	Director	MD - Maharashtra Small Scale Industries Development Corporation (MSSIDC).
4	Dr. P. Anbalagan, IAS	Director	Jt. CEO - Maharashtra Industries Development Corporation Limited (MIDC).
5	Shri S.G. Hanuwate	Director	Dy. CEO - Maharashtra State Khadi & Village Industries Board (KVIB).

5. AUDITORS:

The Comptroller and Auditor General of India, New Delhi, appointed M/s.Yardi Prabhu & Associates, Chartered Accountants, Mumbai, as the Statutory Auditors of your Corporation for the year under review.

6. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' responsibility statement it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the year ended 31st march 2010 the applicable accounting standards had been following along with proper explanation relating to materials departures;
- (ii) the Directors 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 Corporation at the end of financial year and of the profit of the Corporation for that period;
- (iii) the Directors took proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;
- (iv) The Directors prepared the annual accounts on a going concern basis.

7. PARTICULARS REGARDING EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 :

No employee of the Corporation was paid Rs. 24 lakh per annum and in excess of Rs. 2 lakh per month for the year or a part thereof. Therefore the information is NIL.

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

As per the requirement of section 217 (1) (e) of the Companies Act, the Corporation does not undertake any production activity directly; hence the details of Conservation of Energy, Technology Absorption, is NIL. There is no Foreign Exchange Earnings as well as Outgo.

9. ACKNOWLEDGEMENT:

Your Directors would like to express their grateful appreciation for the services rendered by the Banks, Financial Institutions & co-operations received from various Government Departments, Suppliers & vendors and the members during the year under review. Your Directors also wish to place on record their deep appreciation of the services rendered by the employees of the Corporation.

For & on Behalf of the Board of Directors

Dated : 28.02.2013

Place : Mumbai

Director

Managing Director

YARDI PRABHU & ASSOCIATES**CHARTERED ACCOUNTANTS**

Head Office: 2 Samdhan, 1st Floor, Agarkar Chowk, Opp. Railway Station, Andheri (E), Mumbai - 400069

Telefax: (022) 26836946/47/48, 26832996

Email: info@yardiprabhu.com, yardiprabhu@yahoo.in, yardiprabhu@gmail.com

Branch Office : Pune

website : www.yardiprabhu.com

REVISED AUDITOR'S REPORT
IN LIEU OF AUDITOR'S REPORT DATED 21.08.2012

To
The Members,
Maharashtra Small Scale Industries Development Corporation Limited,

1. We have audited the attached Balance Sheet of **Maharashtra Small Scale Industries Development Corporation Limited (MSSIDC)** as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the **MSSIDC** for the year ended on that date, both annexed hereto. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit;
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion;
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 we enclose in the Annexure, a statement of the matters specified in paragraph of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion; proper books of account as required by law have been kept by the Corporation so far as appears from our examination of those books;
 - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with books of accounts;

d) Attention is invited to the following:

- i.* Since Corporation is following unique practice of accounting purchases only after receiving purchase bills from the supplier instead of recording at the date when the goods are delivered to the buyer. Purchase and sales for the year under audit are understated to the extent of Rs. 3,67,29,451/-. Similarly, consequent rebate on purchases and profit is understated to the extent of Rs. 12,97,471/-. These details are available only in case of Head Office Marketing but such details of other divisions and branches are not available at H.O. and effect of the same on profit of the Corporation is not quantifiable. Consequently, the Corporation has not fully complied AS-5-Prior Period Expenses / Income as well as AS - 9 - Revenue Recognition issued by ICAI.
- ii.* Although, schedule of fixed assets prepared by the Corporation is in accordance with the AS-6 and AS-10 issued by ICAI, accounts and fixed asset register maintained by the Corporation are not in accordance with AS-6 and AS-10 issued by ICAI. As such, Corporation has not complied AS-6 for accounting of depreciation and AS-10 for fixed assets issued by ICAI.
- iii.* Since physical verification of assets is not conducted in comparison with fixed asset register, identification of old, obsolete and useless assets is not possible and compliance of AS-28 issued by ICAI is not ensured.
- iv.* The Corporation has not disclosed lease accounting in accordance with AS-19 issued by ICAI.

Subject to above, in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt by this report are in compliance with the Accounting Standards referred to in section 211 (3 C) of the Companies Act, 1956;

e) As per Notification No. GSR 829(E) dated 21.10.2003, Provisions of section 274(1)(g) of the Companies Act, 1956, regarding disqualification of the Directors are not applicable to the corporation being Government Corporation;

5. Attention is invited to -

- a) The excess of expenditure over grant received for organizing International Trade fair for previous 3 years (2004, 2008 and 2009) totaling to Rs. 51,96,794/- was not debited to Profit & Loss Account in the respective years but shown as debit balances. The same is not provided in the accounts. (Refer Note No. 13)
- b) The Corporation has certain long pending other advances amounting to Rs. 1,83,79,323/-, which are doubtful of recovery and pending for adjustment for more than 3 years for which Corporation does not have any details and no provision for the same is made in the accounts. (Refer Note No. 14)
- c) The Corporation has certain long pending deposits amounting to Rs. 1,92,12,109/-, which are doubtful of recovery and pending for adjustment for more than 3 years for which Corporation does not have any details and no provision for the same is made in the accounts. (Refer Note No. 15)

- d) It is observed that some Sundry Creditors of transport at Thane Division with debit balances of Rs. 1,40,63,065/- are lying without adjustment for more than 5 years since reportedly they are disputed advance, with no chances of recovery and no provision for the same is made in the accounts. (Refer Note No. 16).
- e) The Corporation has not provided Bad & Doubtful debts outstanding for more than 3 years amounting to Rs. 36,39,07,638/-. (Refer Note No.8)

The cumulative quantifiable effect of the above non-provisions and other issues is given hereunder:

Particulars		Amount (Rs.)
Profit as per Profit & Loss Account of the Corporation		21503160.00
Less: Deferred Tax, being notional item		7228334.00
Net Profit		14,274,826.00
Add: Rebate on purchases not considered by the Corporation [Note (d) (i) above]		1297471.00
		15,572,297.00
Less: Excess of expenditure over grant pertaining to previous years (Note 5 (a) above)	5196794.00	
Less: Long pending other advances not provided (Note 5 (b) above)	18379323.00	
Less: Long pending deposits not provided (Note 5 (c) above)	19212109.00	
Less: Long pending sundry creditors pertaining to Thane division not provided. (Note 5 (d) above)	14063065.00	15,572,297.00
Less: Bad & Doubtful debts not provided (Note 5 (e) above)	363907638.00	420,758,929.00
Loss as per the above adjustments		405,186,632.00

As such, the Corporation has actual loss of Rs.405, 186, 632.00 as against the reported profit of Rs. 2,15,03,160.00.

- f) There are debit balances in sundry creditors at HO. as well as other divisions and branches outstanding for more than 3 years. In the absence of details thereof, effect of the same on the profit of the Corporation is not quantifiable.
- g) Balances under Liability for Expenses of Rs.4,37,23,659/-, Sundry Creditors of Rs.108,57,50,359/-, Dues to employees of Rs.54,64,350/-, Dues to outside parties of Rs.34,55,03,144/-, Service Tax of Rs.17,52,966/-, Deposits received of Rs.1,27,962,359/-, Advance Tax and TDS of Rs.11,48,80,187/-, CST of Rs.53,95,613/-, WCT of Rs.2,536,296/-, MST and VAT of Rs.6,257,741/-, Advances to Suppliers of Rs.242,179,521/-, Other Advances of Rs.1,37,89,873/-, Sundry Deposits paid

Rs.3,10,02,770.00, Sundry Debtors of Rs.1,22,30,23,565/- are subject to scrutiny, reconciliation and consequential adjustment, if any, effect of which on the profit of the Corporation is unquantifiable (Refer Note No.9).

- h) In the absence of details of status of pending Income Tax, Sales Tax, assessments and other legal cases, the contingent liability, if any, in respect thereto cannot be ascertained as cases of various years are under process with the concerned Appellate Authorities and the quantum of the same cannot be ascertained (Refer Note No.2).
- i) Internal Control of the Corporation is very weak and not commensurate with the size and volume of business of the Corporation and consequently the system is susceptible to frauds, manipulations, and misappropriations at various levels.

Non-compliance of provisions of Companies Act

- j) The Company does not have a whole time Company Secretary in employment as required by section 383A of the Companies Act to ensure the compliance of various provisions of the Companies Act and other statutes.
- k) The Corporation has not constituted Audit Committee in accordance with Section 292A of the Companies Act and has contravened the said provision (Refer Note No. 12).
- l) The Corporation has not maintained registers u/s. 301, 297, 299 of the Companies Act and any other mandatory statutory registers required under the Companies Act.

Basis for adverse opinion

- In our Audit Report Dated 21.08.2012, we had given a qualified opinion of "true and Fair" view on the Annual Accounts of the Company and the said report was submitted to Mumbai Office of C&AG. On the basis of our above mentioned report, C&AG submitted provisional comments addressed to us vide their letter No-AG:AUDIT-III/VLP/DIV-I/SMALL SCALE/2009-10/4676 dated 03.09.2012. We discussed the issues raised by C&AG with them. On considering the observations of C&AG with respect to our opinion, we felt it proper to revise our opinion in tune with "Guidance Note on Revision of Audit Report" issued by the Council of ICAI in view of the basis given hereunder.
- As explained in the earlier qualifications, quantifiable net effect of Rs. 41,94,61,458.00 has resulted in actual loss of Rs. 405,186,632.00 as against the reported profit of Rs. 2,15,03,160.00 and has made fundamental change in the assets and liabilities position in the Balance Sheet of the Corporation if it were recognized but without considering unquantifiable effect thereon. Moreover, the Company has weak internal control susceptible to fraud, manipulations and misappropriation at various levels and there is no scrutiny, reconciliation and consequential adjustments prevailing in the Company over a period of time. Possible effects of the above could be not only material but also pervasive and in view of the same, we are giving an adverse opinion.

Adverse Opinion

In over opinion and in view of the significance of the issues mentioned in the basis of adverse

opinion paragraph, to the best of our information and according to the explanations given to us, the said accounts subject to other notes on accounts, given the information required by the Companies Act, 1956 in the manner so required, but do not give a true and fair view in conformity with the accounting principal generally accepted in India:

- 1) in the case of the **Balance Sheet**, of the **state of affairs** of the Corporation as at **31st March, 2010** and
- 2) in the case of the **Profit and Loss Account**, of the **profit** for the year ended on that date and
- 3) in the case of the **Cash Flow Statement**, of the **cash flows** of the Corporation for the year ended on that date.

For **YARDI PRABHU & ASSOCIATES,**
CHARTERED ACCOUNTANTS
FRN : 111727 W

(S.D. YARDI)
PARTNER
M. No. 22887

PLACE : Mumbai
DATED : 27.09.2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of the Auditor's Report of even date to the members of 'Maharashtra Small Scale Industries Development Corporation Limited' on the financial statements for the year ended 31st March, 2010)

1.
 - (a) The Corporation has not maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets.
 - (b) As explained to us, the assets have not been physically verified by the Management during the year and hence, material discrepancies on such verification could not be ascertained in the absence of required details of physical verification. In our opinion, there is no regular programme of physical verification of fixed assets having regard to the size of the Corporation and nature of its business.
 - (c) There was no substantial disposal of fixed assets during the year, which would affect the going concern of the Corporation.
2.
 - (a) As explained to us, finished goods have not been physically verified during the year by the Management.
 - (b) According to the information and explanations given to us, in our opinion, the procedures of physical verification of stocks needs to be implemented at regular intervals in relation to size of the Corporation and nature of the business.
 - (c) Since the Corporation has not physically verified the finished goods during the year, our comments regarding material discrepancies noted in such verifications and its dealing in the accounts are not called for.
3.
 - a) According to the information and explanations given to us, the Corporation has not granted any loan to any party covered in the register maintained under section 301 of the Companies Act, 1956.
 - b) According to the information and explanations given to us, the Corporation has not taken any loan from any party covered in the register maintained under section 301 of the Companies Act, 1956.
 - c) In respect of Loans and Advances in the nature of loans given by the Corporation, parties including employees, are generally repaying the principal amounts and are also regular in payment of interest.
4. In our opinion and according to the information and explanations given to us, the internal control procedures are needed to be strengthened to a large extent to bring it in line with the size of the corporation and the nature of its business with regard to purchase of inventory including components, plant and machinery, equipments and other assets and for the manufacture and sale of goods.

- 5.
- a) Based on our examination of the Company's records, we are of the opinion that the register maintained under section 301 of the Companies Act, 1956 has not been properly maintained and updated. The particulars of parties and transactions required to be entered in the said register from management for the purpose of our audit are not made available.
 - b) According to the information and explanations given to us, there are no transactions exceeding the value of Rs. 5.00 lacs with the parties in the pursuance of contracts or arrangements entered in the register maintained u/s. 301 of the Companies Act, 1956 and hence our comments in relation thereto are not called for.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sec. 58A, 58AA and the Rules framed thereunder.
7. In view of the major discrepancies observed during the course of audit, the present internal audit system in vogue in the corporation is not commensurate with its size and nature of its business.
8. As explained to us, Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9. (i) According to the records of the Company, the Company is regular in depositing with appropriate authorities, undisputed Statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and other Statutory Dues applicable to it.
- (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income-tax, sales tax, wealth-tax, Service Tax, Custom duty and Excise duty and Cess which were outstanding at the year-end for a period of more than 6 months from the day became payable.
- (iii) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise duty, Cess, which have not been deposited on account of any dispute except the following-

Particulars	Amount (Rs)
Tax Liability not acknowledged as debt and Pending in Appeal with higher authority (exclusive of the effect if similar matters in respect of Assessment remaining to be completed) in respect of :	
I) Sales Tax	3,41,40,937
II) Income Tax	1,07,06,402

10. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year. The Company has no accumulated losses.

11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.
12. According to the information and explanations given to us and based on the documents and records produced by the Company, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund, nidhi / mutual benefit fund /societies.
14. As per the records of the Company and the information and explanations given to us, the Company is not dealing or trading in shares, securities and debentures and other investments and our comments regarding maintenance of records in relation thereto are not called for.
15. According to information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. On the basis of records made available to us, the Company has not obtained any term loans. Hence, our comments under this clause are not called for.
17. According to the information and explanations given to us and overall examination of the Balance Sheet of the Company, the Company has not taken any loans during the year and hence our comments regarding utilization of short term loans for long term investments and vice versa are not called for.
18. According to the records of the Company and information and explanations given to us, the Company has not made any preferential allotment of shares to any parties and companies covered in the register maintained under section 301(3) of the Companies Act, 1956.
19. According to the records of Company, the Company has not issued any debentures.
20. Since the Company has not raised money by public issue during the year, our comments under clause 4 (xx) of the order are not called for.
21. Based on the information and explanations furnished by the Management which have be relied upon by us, there were no frauds on or by the Company noticed or reported during the year.

For **YARDI PRABHU & ASSOCIATES,**
CHARTERED ACCOUNTANTS
FRN : 111727 W

(S.D. YARDI)
M. No. 22887
PARTNER

PLACE : Mumbai
DATED : 27.09.2012

**ADDENDUM TO THE REPORT OF DIRECTORS
(Reply of Directors to Comments of Auditors)**

Comments of Auditor	Comments of Management	The financial Impact and difficulties involves if auditors comments are accepted	Actions suggested
<p>4 d)</p> <p>I. Since Corporation is following unique practice of accounting purchases only after receiving purchase bills from the supplier instead of recording at the date when the goods are delivered to the buyer. Purchase and sales for the year under audit are understated to the extent of Rs. 36729451/-. Similarly, consequent rebate on purchases and profit is understated to the extent of Rs. 1297471/-. These details are available only in case of Head Office Marketing but such details of other divisions and branches are not available and effect of the same on profit of the Corporation is not quantifiable. Consequently, the Corporation has not fully complied AS-5-Prior Period Expenses / Income as well as AS-9- Revenue Recognition issued by ICAI.</p>	<p>The practice of accounting purchases only after receiving purchase bills from the supplier is prevailing since last several years. Further the Corporation buys goods on behalf of registered SSI units hence booking sales of the identical amount of the purchases to its customers is also practice followed for last several years.</p> <p>We have booked all Sales, Purchase and income for F Y 2009-10. The Order is placed by consignee before March and supply is to be completed by 31 March. Unit's complete supply by 31 March or partly next financial year i.e. April, May etc. However delivery challans are signed by the consignee putting the date of March to book their sales/ exp in that particular financial year. The units submit bills to MSSIDC only after completing the entire supply in April/May. They raise their bills for entire supply including supply effected -</p>	<p>The Auditors Stated that the profit is under stated to the extent of Rs. 1297471.00 (Total service charges for F.Y. 10-11 to be considered is Rs. 3396583/- and F.Y.08-09 is Rs. 2099112/-) The Material impact of accounting done by corporation does not affect any income, since all sale and purchase transactions are done properly. Only the delivery challans dates are mentioned in earlier financial year.</p> <p>The systems are followed since long back and the marketing sale are with government department only.</p>	<p>Not required.</p>

**ADDENDUM TO THE REPORT OF DIRECTORS
(Reply of Directors to Comments of Auditors)**

	<p>in March, April & May. The booking of the sales/purchases bills is done on the basis of bills submitted by units during 2009-10.</p> <p>The practice is followed by Corporation because most of the order are placed by the consignees in March and supply is to be completed by 31st March.</p>		
<p>ii. Although, Schedule of fixed Assets prepared by Corporation is in accordance with the AS-6 and AS-10 issued by ICAI accounts and fixed assets register maintained by the corporation are not in accordance with AS-6 and AS-10 issued by ICAI. As such, Corporation has not complied AS-6 for accounting of depreciation and AS-10 for fixed assets issued by ICAI.</p>	<p>Assets Register is maintained by the Corporation, however item wise details at present are not available because of the following reasons.</p> <ol style="list-style-type: none"> 1. Our Corporation is more in nature a facilitator. 2. The assets are scattered at various places (divisions/districts). 3. Though the general records are available at each location consolidated up-to-date, records are not available immediately. 4. We have called the information from the divisions and the separate steps will be taken to up-date the assets register. 	<p>Assets registered is not maintained as per the accounting standard.</p> <p>The assets registered was maintained up to 1998-99.</p> <p>Due to backlog of work and shortage of manpower the same is not updated.</p>	<p>We are collecting information from the concern divisions. The preparation of asset registered work is assigned to C. A .firm in June 2012.</p>
<p>iii Since physical verification of assets is not conducted in comparison with fixed asset register, identification of old, obsolete and useless assets is not possible and compliance of AS-28 issued by ICAI is not ensured.</p>	<p>The corporation is doing assets verification every year in the month of march.</p>	<p>Instruction given to the concerned to verify the fixed assets register.</p>	<p>The preparation of asset register work is assigned to C.A. firm in June 2012. Step will be</p>

**ADDENDUM TO THE REPORT OF DIRECTORS
(Reply of Directors to Comments of Auditors)**

				taken to up to date the assets register.
iv. The Corporation has not disclosed lease accounting in accordance with AS-19 issued by ICAI.	The cotton green shed - 2. Seweri godawn is taken lease from BPT. The cotton green shed - 2 premises lease period is not mentioned by BPT and Seweri Godawn lease period is upto F.Y.2013. Corporation is paying lease rent regularly.	This is part of presentations in notes to accounts and due to no cleared the lease period terms by BPT. The disclosure not mentioned.		
5 Attention is invited to -				
a. The excess of expenditure over grant received for organizing International Trade fare for previous 3 years (2004, 2008 and 2009) totaling to Rs. 51,96,794/- was not debited to Profit & Loss Account in the respective years but shown as debit balances. The same is not provided in the accounts. (Refer Note No 13)	As per the IITF 2010 audited statement net amt. recoverable from Govt. was Rs. 26.00 lac against this we have adjusted Rs. 18.76 lac which from grants received from the Government in 2010 and we have claimed RS.7.24 lac from the Government. After due reconciliation Debit balances of this account will be adjusted against Credit balances.	The Financial implication is Rs. 5196794.00.	The debit balance will be reconciled and effects will be incorporated in F.Y.2010-2011.	
b. corporation has certain long pending other advances amounting to Rs. 18379323/-, which are doubtful of recovery and pending for adjustment for more than 3 years for which Corporation does not have any details and no provision for the same is made in the accounts. (Refer Note No 14)	Annexure - A. Except Staff Advance and Marketing Advance the Accounts balances in ledger are very old one. These balances carried forward since 2000-01 onwards. Effort will be made to reconcile the balance in due course of time.	The Financial implication is Rs. 18379323.00. The Corporation has not made such provision earlier period. After reconciliation of the old accounts, the correct position will be arrived.	Effort will be made to reconcile the balance in due course of time.	

**ADDENDUM TO THE REPORT OF DIRECTORS
(Reply of Directors to Comments of Auditors)**

	<p>c. The Corporation has certain long pending deposits amounting to Rs. 19212109/-, which are doubtful of recovery and pending for adjustment for more than 3 years for which Corporation does not have any details and no provision for the same is made in the accounts. (Refer Note No. 15)</p>	<p>Annexure - B. These balances carried forward since 2000-01 onwards. Effort will be made to reconcile the balance in due course of time.</p>	<p>The Financial implication is Rs. 19212109.00. The Corporation has not made such provision for earlier period. After reconciliation of the old accounts i.e Deposit paid and deposits received, the correct position will be arrived.</p>	<p>Effort will be made to reconcile the balance in due course of time.</p>
	<p>d. It is observed that some Sundry Creditors of transport at Thane Division with debit balances of Rs. 14063065/- are lying without adjustment for more than 5 years since reportedly they are disputed advance, with no chances of recovery and no provision for the same is made in the accounts. (Refer Note No. 16)</p>	<p>Annexure - C out of this SALL amount Rs. 1.13 crore shows outstanding. These accounts are very old one and records are not traceable.</p>	<p>The Financial implication is Rs. 14063065.00. The Corporation has not made such provision for earlier period. After reconciliation of the old accounts, the correct position will be arrived</p>	<p>After reconciliation the proposal will be put-up the board for write off.</p>
	<p>e. The Corporation has not provided Bad & Doubtful debts outstanding for more than 3 years amounting to Rs.363907638/- (Refer Note No. 8)</p>		<p>The Financial implication is Rs. 363907638.00 The Statutory Auditor insisted to make 100% provisions of</p>	<p>Instruction given to all concern Regarding age wise classification of Debtors, Creditors</p>

**ADDENDUM TO THE REPORT OF DIRECTORS
(Reply of Directors to Comments of Auditors)**

<p>The cumulative quantifiable effect or the Non Provisions and other issue is given hereunder</p>	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amounts (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Profit as per Profit & Loss Account of the Corporation</td> <td>21503160.00</td> </tr> <tr> <td>Less : Deferred Tax, Being notional item</td> <td>7228334.00</td> </tr> <tr> <td>Net Profit</td> <td>14274826.00</td> </tr> <tr> <td>Add : Rebate on purchases not considered by the Corporation [Note (d) (i) above]</td> <td>1297471.00</td> </tr> <tr> <td></td> <td>15572297.00</td> </tr> </tbody> </table>	Particulars	Amounts (Rs.)	Profit as per Profit & Loss Account of the Corporation	21503160.00	Less : Deferred Tax, Being notional item	7228334.00	Net Profit	14274826.00	Add : Rebate on purchases not considered by the Corporation [Note (d) (i) above]	1297471.00		15572297.00	<p style="text-align: center;">The Debtors position</p> <table border="1"> <thead> <tr> <th>Rs. in Lac</th> <th></th> </tr> </thead> <tbody> <tr> <td>Marketing</td> <td>8371.40</td> </tr> <tr> <td>Raw Material</td> <td>2666.98</td> </tr> <tr> <td>Coal</td> <td>1108.12</td> </tr> <tr> <td>Others</td> <td>83.74</td> </tr> <tr> <td>Total Sundry debtors</td> <td>12,230.24</td> </tr> </tbody> </table> <p>out of which debtors outstanding more than 3 years are Rs 4533.78 lac.</p> <p>Bifurcations of these debtors of Rs. 4533.78 lac are as under.</p>	Rs. in Lac		Marketing	8371.40	Raw Material	2666.98	Coal	1108.12	Others	83.74	Total Sundry debtors	12,230.24	<p>the above amount.</p> <p>The Total No. of Debtors is 3900 and Total No. of Creditors is 3856. Scrutiny for the above parties is time consuming and their records are prior to 1990-91.</p> <p>The Marketing Debtors are Backed by Creditors. In view of the above the provision is not made in books of the Accounts.</p> <p>Even, if the Corporation makes the provisions pertaining to the doubtful debts, the same will be disallowed by the Income Tax Authority, while assessing Income.</p>	<p>and Advances. Further we will Reconcile the Debtors and Creditors. Further, the Corporation has appointed a CA. firm for debtors, creditors and advances scrutiny work. The report will submitted by CA. firm in 90 days.</p>
Particulars	Amounts (Rs.)																											
Profit as per Profit & Loss Account of the Corporation	21503160.00																											
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**ADDENDUM TO THE REPORT OF DIRECTORS
(Reply of Directors to Comments of Auditors)**

Less: Excess of expenditure over grant pertaining to previous years (Note 5 (a) above)	5196794.00		
Less: Long pending other advances not provided (Note 5 (b) above)	18379323.00		
Less: Long pending deposits not provided (Note 5 (c) above)	19212109.00		
Less: Long pending sundry creditors pertaining to Thane division not provided. (Note 5 (d) above)	14063065.00	15572297.00	
Less : Bad & Doubtful debts not provided (Note 5 (e) above)	363907638.00	420758929.00	
Loss as per the above adjustment		405186632.00	

Particulars'	Provision for Doubtful Debt Not Required	Provision for Doubtful Debt could be considered
Marketing (Backed by Creditors)	2106.66	0.00
Raw material (Private)*	1901.65	466.30
Others (Private)	0.00	59.17
Total	4008.31	525.47

* Includes suit filed debtors Rs. 1901.65 lacs For which provision is not felt necessary.

**ADDENDUM TO THE REPORT OF DIRECTORS
(Reply of Directors to Comments of Auditors)**

	<p>As such the Corporation has actual loss of Rs. 40,51,86,632.00 as against the reported profit of Rs. 2,15,03,160.00</p>			
<p>f. There are debit balances in sundry creditors at H.O. as well as other divisions and branches outstanding for more than 3 years. In the absence of details thereof, effect of the same on the profit of the Corporation is not quantifiable.</p>	<p>Annexure - D, balances are appearing in the ledger, same will be reconciled in due course of time.</p>	<p>The financial implication is not quantified.</p>	<p>Effort will be made to reconcile the balance in due course of time.</p>	
<p>g. Balances under Liability for Expenses of Rs. 4,37,23,659/-, Sundry Creditors of Rs. 108,57,50,359/-, Dues to employees of Rs. 54,64,350/-, Dues to outside parties of Rs. 34,55,03,144/-, Service Tax of Rs. 17,52,966/-, Deposits received of Rs. 12,79,62,359/-, Advance Tax and TDS of Rs. 11,48,80,187/-, CST of Rs. 53,95,613/-, WCT of Rs. 2536296/-, MST and VAT of Rs. 6257741/-, Advances to Suppliers of Rs. 242179521/-, Other Advances of Rs. 1,37,89,873/-, Sundry Deposits paid Rs. 3,10,02,770.00, Sundry Debtors of Rs. 1,22,30,23,565/- are subject to scrutiny, reconciliation and consequential adjustment, if any, effect of which on the profit of the Corporation is unquantifiable. (Refer Note No.9)</p>	<p>Point noted, These Transactions of accounts are you huge nature and will be reconcile the said accounts in due course of time.</p>	<p>The financial implication is not quantified.</p>	<p>These are very old accounts, records are also not traceable. Effort will be made to trace out the old records and reconcile</p>	
<p>h. In the absence of details of status of pending Income Tax, Sales Tax, assessments and other legal cases, the contingent liability, if any, in respect thereto cannot be ascertained as cases of various years are under process with the concerned Appellate Authorities and the quantum of the same cannot be ascertained. (Refer Note No. 2)</p>	<p>Cases are pending with the concerned Appellate Authorities hence effects of the same not be given in the accounts.</p>	<p>The financial implication is not quantified.</p>	<p>No.</p>	

**ADDENDUM TO THE REPORT OF DIRECTORS
(Reply of Directors to Comments of Auditors)**

<p>I. Internal Control of the Corporation is very weak and not commensurate with the size and volume of business of the Corporation and consequently the system is susceptible to frauds, manipulations, and misappropriations at various levels.</p>	<p>Efforts will make to strengthen the system.</p>	<p>Not applicable.</p>	<p>Effort will make to strengthen the system.</p>
<p><u>Non-compliance of provisions of Companies Act</u></p>			
<p>j. The Company does not have a whole time Company Secretary in employment as required by section 383A of the Companies Act to ensure the compliance of various provisions of the Companies Act and other statutes.</p>	<p>The regular Company Secretary Shri V.H. Mulwad retired on 31-07-2007. After that an advertisement was issued offering a salary of Rs. 3,50,000.00 p.a. for the Company Secretary. There was no response in the first attempt. Again a second attempt was made, but no qualified person applied.</p> <p>Finally Corporation has appointed whole time Assistant Company Secretary from 10.09.2012.</p>	<p>Not applicable.</p>	<p>No.</p>
<p>k. The Corporation has not constituted Audit Committee in accordance with Section 292A of the Companies Act and has contravened the said provision. (Refer Note No. 12)</p>	<p>Audit Committee is formed vide resolution passed in 326th Board Meeting dt. 21.08.2012 (Item No. 3).</p>	<p>Not applicable.</p>	<p>No.</p>
<p>l. The Corporation has not maintained registers u/s. 301, 297, 299 of the Companies Act and any other mandatory statutory registers required under the Companies Act.</p>	<p>Section 297 pertains to Board's sanction to be required for certain contracts in which particular directors are interested. Section 299 pertains to Disclosure of interest by director and section 301 Register of contracts, companies and firms in which directors are interested. These registers shall be maintained hence forth.</p>	<p>Not applicable.</p>	<p>No.</p>

**ADDENDUM TO THE REPORT OF DIRECTORS
(Reply of Directors to Comments of Auditors)**

<p>Basis for adverse opinion</p> <p>➤ In our Audit Report dated 21.08.2012, we have given a qualified opinion of "true and fair" view of Annual Accounts of Company and the said report was submitted to Mumbai Office of C&AG. On the basis of our above mentioned report, C&AG submitted provisional comments addressed to us vide their letter No. AG:AUDIT-III/VLP/DIV-1/SMALL SCALE/2009-10/4676 dated 03.09.2012. We discussed the issues raised by the C&AG with them. On considering the observations of C&AG with respect to our opinion, we felt it is proper to revise our opinion in tune with "Guidance Note on Revision of Audit Report" issued by Council of ICAI in view of the basis given hereunder.</p>	<p>Noted the contents.</p>	<p>Noted the contents.</p>	<p>Noted the contents.</p>
<p>➤ As explained in the earlier qualifications, quantifiable net effect of Rs. 41,94,61,458.00 has resulted in actual loss of Rs. 405,186,632.00 as against the reported profit of Rs. 2,15,03,160.00 and has made fundamental changes in the assets and liabilities position in the Balance Sheet of the Corporation if it were recognized but without considering unquantifiable effect thereon. Moreover, the Company has weak internal control susceptible to fraud, manipulations and misappropriation at various levels and there is no scrutiny, reconciliation and consequential adjustments prevailing in the Company over a period of time. Possible effects of the above could be not only material but also pervasive and in view of the same, we are giving an adverse opinion.</p>	<p>Noted the contents.</p>	<p>Noted the contents.</p>	<p>Noted the contents.</p>

**ADDENDUM TO THE REPORT OF DIRECTORS
(Reply of Directors to Comments of Auditors)**

<p>Adverse Opinion In our opinion and in view of the significance of the issues mentioned in the basis of adverse opinion paragraph, to the best of our information and according to the explanations given to us, the said accounts subject to other notes on accounts, given the information required by the Companies Act, 1956 in the manner so required, but do not give a true and fair view in conformity with the accounting principles generally accepted in India.</p>	<p>The Corporation has noted the contents. The Corporation is initiating steps for reconciliation of debtors, creditors, advance and preparation of fixed assets register, etc. through independent C.A. Firm and after analyzing the report, the report will be put up before the Management and Board for further directions of write off/write back. The effect of write off/write back will be incorporated in books of Accounts FY 2010-11 in consultation with Statutory Auditors. Also the issue of stock-taking (Paithani & Handicrafts) is in progress and it is observed that there are a lot of deficiencies found in the system and serious lapses.</p>	<p>The Corporation has noted the contents. The Corporation is initiating steps for reconciliation of debtors, creditors, advances and preparation of fixed assets register, etc. through independent C.A. Firm and after analyzing the report, the report will be put up before the Management and Board for further directions of write off/write back. The effect of write off/write back will be incorporated in books of Accounts FY 2010-11 in consultation with Statutory Auditors. Also the issue of stock-taking (Paithani & Handicrafts) is in progress and it is observed that there are a lot of deficiencies found in the system and serious lapses.</p>
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**REPLY TO THE ANNEXURE TO AUDITORS' REPORT
(Company Auditors' Report Order (CARO))**

Comments of Auditor	Comments of Management.	The financial impact and difficulties involves if auditors comments are accepted	Actions suggested
1. (a) The Corporation has not maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets.	Point noted. Updation of the fixed assets register is in progress.		The work in is Progress
(b) As explained to us, the assets have not been physically verified by the Management during the year and hence, material discrepancies on such verification could not be ascertained in the absence of required details of physical verification. In our opinion, there is no regular programme of physical verification of fixed assets having regard to the size of the Corporation and nature of its business.	Every year corporation verifies the fixed assets registered at divisional places as well as at Head Office.		No.
(c) There was no substantial disposal of fixed assets during the year, which would affect the going concern of the Corporation.	Noted.		Noted.
2. (a) As explained to us, finished goods have not been physically verified during the year by the Management.	Finished Goods at Paithani Production Center have been verified by the Divisional Manager regularly. In February 2012, a Handicrafts and Finance dept visited Paithani and verified the entire stock.		Stock of Paithani is verified Regularly
(b) According to the information and explanations given to us, in our opinion, the procedures of physical verification of stocks needs to be implemented at regular intervals in relation to size of the Corporation and nature of the business.	Point noted. The physical verification of stocks shall be done every year by Handicraft/Finance.		Stock of Paithani is verified Regularly.

**REPLY TO THE ANNEXURE TO AUDITORS' REPORT
(Company Auditors' Report Order (CARO))**

	<p>(c) Since the Corporation has not physically verified the finished goods during the year, our comments regarding material discrepancies noted in such verifications and its dealing in the accounts are not called for.</p>	<p>Finished Goods at Paithani Production Center have been verified by the Divisional Manager regularly. In Feb 2012, a Handicrafts and finance dept visited paithani and verified the entire stock.</p>		<p>Stock of Paithani is verified Regularly.</p>
<p>3.</p>	<p>a) According to the information and explanations given to us, the Corporation has not granted any loan to any party covered in the register maintained under section 301 of the Companies Act, 1956,</p>	<p>Agreed.</p>		<p>No.</p>
	<p>b) According to the information and explanations given to us, the Corporation has not taken any loan from any party covered in the register maintained under section 301 of the Companies Act, 1956,</p>	<p>Agreed.</p>		<p>No.</p>
	<p>c) In respect of Loans and Advances in the nature of loans given by the Corporation, parties including employees, are generally repaying the principal amounts and are also regular in payment of interest.</p>	<p>Agreed.</p>		<p>No.</p>
<p>4.</p>	<p>In our opinion and according to the information and explanations given to us, the internal control procedures are needed to be strengthened to a large extent to bring it in line with the size of the corporation and the nature of its business with regard to purchase of inventory, including components, plant and machinery, equipments and other assets and for the manufacture and sale of goods.</p>	<p>Point noted.</p>		<p>No.</p>

**REPLY TO THE ANNEXURE TO AUDITORS' REPORT
(Company Auditors' Report Order (CARO))**

				Point Noted
5.	<p>a) Based on our examination of the Company's records, we are of the opinion that the register maintained under section 301 of the Companies Act, 1956 has not been properly maintained and updated. The particulars of parties and transactions required to be entered in the said register from management for the purpose of our audit are not made available.</p> <p>b) According to the information and explanations given to us, there are no transactions exceeding the value of RS.5.00 lacs with the parties in the pursuance of contracts or arrangements entered in the register maintained u/s. 301 of the Companies Act, 1956 and hence our comments in relation thereto are not called for.</p>	<p>The required registers will be maintained.</p> <p>Agreed, no payment is released to the Directors.</p>		No.
6.	<p>In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sec.58A, 58AA and the Rules framed there under.</p>	Agreed.		No.
7.	<p>In view of the major discrepancies observed during the course of audit, the present internal audit system in vogue in the corporation is not commensurate with its size and nature of its business.</p>	Point noted. We will try to strengthen the system.		We will try to strengthen the system.
8.	<p>As explained to us, Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.</p>	Agreed.		No.

**REPLY TO THE ANNEXURE TO AUDITORS' REPORT
(Company Auditors' Report Order (CARO))**

9.	<p>(i) According to the records of the Company, the Company is regular in depositing with appropriate authorities, undisputed Statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth' Tax, Service Tax, Custom Duty, Excise duty, Cess and other Statutory Dues applicable to it.</p>	Agreed.	No.								
	<p>(ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income-tax, sales tax, wealth-tax, Service Tax, Custom duty and Excise duty and Cess which were outstanding at the year-end for a period of more than 6 months from the day became payable.</p>	Agreed.	No.								
	<p>(iii) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise duty, Cess, which have not been deposited on account of any dispute except the following-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Amount (Rs)</th> </tr> </thead> <tbody> <tr> <td>Tax Liability not acknowledged as debt and Pending in Appeal with higher authority (exclusive of the effect if similar matters in respect of Assessment remaining to be completed) in respect of</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">I) Sales Tax</td> <td style="text-align: right;">3,41,40,937</td> </tr> <tr> <td style="padding-left: 20px;">II) Income Tax</td> <td style="text-align: right;">1,07,06,402</td> </tr> </tbody> </table>	Particulars	Amount (Rs)	Tax Liability not acknowledged as debt and Pending in Appeal with higher authority (exclusive of the effect if similar matters in respect of Assessment remaining to be completed) in respect of		I) Sales Tax	3,41,40,937	II) Income Tax	1,07,06,402	Sales Tax and Income Tax cases are pending at various levels with the appropriate authority.	The financial implication is not quantified.
Particulars	Amount (Rs)										
Tax Liability not acknowledged as debt and Pending in Appeal with higher authority (exclusive of the effect if similar matters in respect of Assessment remaining to be completed) in respect of											
I) Sales Tax	3,41,40,937										
II) Income Tax	1,07,06,402										
			We are following the with concerned Authority.								

**REPLY TO THE ANNEXURE TO AUDITORS' REPORT
(Company Auditors' Report Order (CARO))**

10.	The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year. The Company has no accumulated losses.	Agreed.	No.
11.	Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.	Agreed.	No.
12.	According to the information and explanations given to us and based on the documents and records produced by the Company, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.	Agreed.	No.
13.	In our opinion and according to information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund, nidhi/ mutual benefit fund / societies.	Agreed.	No.
14.	As per the records of the Company and the information and explanations given to us, the Company is not dealing or trading in shares, securities and debentures and other investments and our comments regarding maintenance of records in relation thereto are not called for.	Agreed.	No.
15.	According to information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.	Agreed.	No.

**REPLY TO THE ANNEXURE TO AUDITORS' REPORT
(Company Auditors' Report Order (CARO))**

16.	On the basis of records made available to us, the Company has not obtained any term loans. Hence, our comments under this clause are not called for.	Agreed.	No.
17.	According to the information and explanations given to us and overall examination of the Balance Sheet of the Company, the Company has not taken any loans during the year and hence our comments regarding utilization of short term loans for long term investments and vice versa are not called for.	Agreed.	No.
18.	According to the records of the Company and information and explanations given to us, the Company has not made any preferential allotment of shares to any parties and companies covered in the register maintained under section 301(3) of the Companies Act, 1956.	Agreed.	No.
19.	According to the records of Company, the Company has not issued any debentures.	Agreed.	No.
20.	Since the Company has not raised money by public issue during the year, our comments under clause 4 (xx) of the order are not called for.	Agreed.	No.

Annexure -A

Other Advances (Dr) statement for more than 3 years for the year 2009-10

Sr. No	Divisions /Branches		Amount (DR)	Total (Dr)
1	Amravati Division			
	Amravati Division	Staff Advance	1100.00	
	Akola Branch	Staff Advance	2047.00	3147.00
2	Nasik Division		29912.00	29912.00
3	Latur Division			
	Latur Division	No details	9712.00	
	Osmanabad Branch	No details	23923.00	33635.00
4	Pune Division			
	Pune Division			
	Kolhapur Branch			
	Sangli Branch			
	Satara Branch			
	Solapur Branch			0
5	Thane Division			
		Adv. Agn.B.G.to MKT Units RS.329869.85, MKT	2296289.85	
	Thane Division	Bills Adv.agn.D.C.Rs. 1966420.		
	Ratnagiri Branch	Mktg.Agn.D,C.Rs.864979, IPCL Rs. 129178.75.	997157.75	
	Sindhudurg Branch	Stasff Adv. Rs. 3000.	3222.00	3296669.60
6	HO			
		Adv. Against Seed Capital	3425567.98	
		Hindustan Zinc Ltd.	72652.56	
		Indian Oil Corp. Ltd.	795821.80	
		Indian Petrochemical Corp. Ltd.	892987.90	
		Interest Accrued But Not Rcd./Due	2832439.37	
		IPCL Credit Sale to Mkt. Units Adj. Alc	190539.49	
		Kerala State Ind. Products Trading Corp. Ltd.	4667.91	
		Leather Ind. Devl. Corp. Of Mah. Ltd.	213867.57	
		Margin Money (L C) Adjustable	6383799	
		National Craft Complex New Delhi	139763.35	
		Outstanding Income	97938.77	
			15015959.70	15015959.70
	TOTAL PROVISION			18379323.30

Annexure -B

Deposits Paid (Dr) statement for more than 3 years for the year 2009-10

Sr. No	Divisions /Branches	Amount (DR)	Total (Dr)
1	Aurangabad Division		
	Security Deposit paid MKTG	1618280	
	Deposit with Court	44005	
	Telephone deposits	7500	
		1669785	1669785
2	Nanded Division		
	Nanded Division- Security Deposit Paid Mrktg	108851	
	Parbhani Branch		108851
3	Amravati Division		
	Amravati Division (Mktg)- Security Deposit Paid Mrktg	71855	71855
4	Nasik Division		
	Nasik Division - Security Deposit Paid Mrktg	725604.21	
	Jalgaon Branch- Security Deposit Paid Mrktg	31334	
	Dhule Branch - Security Deposit Paid Mrktg	124379	
	Anagar Branch - Security Deposit Paid Mrktg	87200	968517.21
5	Iatur Division		
	Osmanabad Branch- Security Deposit Paid Mrktg	207798	207798
6	Pune Division		
	Pune Division (Mktg)		
	Kolhapur Branch		
	Sangli Branch		
	Satara Branch		
	Solapur Branch		0
7	Thane Division		
	Thane Division - Deposit with Court	22000	
	Kalamboli Branch-Security Deposit Paid Mrktg	1114736	
	Ratnagiri Branch-Security Deposit Paid Mrktg	836163.91	1972899.91
	Sindhudurg Branch		
	Alibaug Branch		
8	HO		
	DEPOSIT - FRANKING MACHINE	2,530.00	
	DEPOSIT - OTHERS (CTO)	268,290.00	
	DEPOSIT PAID	5,296,427.12	
	DEPOSIT - TELEPHONE	14,500.00	
	DEPOSIT - TRANSPORT FEES FOR ALCOHOL	55,000.00	
	DEPOSIT - COURT	8,575,656.00	
		14212403.12	14212403.12
	TOTAL PROVISION		19212109.24

Annexure - C

Particulars	Amount (Rs.)
Essar Steel Ltd.	69,752/-
Indian Iron & Steel Co. Ltd.	1,29,287.01/-
K T Rolling Mills Pvt. Ltd	1,43,547.12/-
Rathi India Ltd.	95,999.84/-
Steel Authority of India Ltd.	24,87,705.28/-
Steel Authority of India Ltd.- Import	1,33,402.89/-
Steel Authority of India Ltd.- Kurla	3,82,899.00/-
Steel Authority of India Ltd.- Thane	83,19,129.50/-
Steel Trading Corp of India Ltd.	5,61,711.97/-
Tata Iron and steel	3,43,123.61/-
Tata SSL Ltd.	36,259.00/-
The Mumbai Metropolitan Iron and Steel	10,76,068/-
Usha ISPAT Ltd. REDDI	2,84,179.97/-
Total	1,40,63,065.19/-

Annexure - D

Divisions wise debit balance in Sundry Creditors

Division	Amount (Rs.)
Amravati	314,459.28
Aurangabad	1,922,688.59
Nagpur	144,052,352.28
Nashik	58,691,159.89
Thane	13,677,062.77
Pune	2,463,060.94
Latur	1,744,573.62
Wtc	3,005.00
Franking	60.00
Delhi	30,435.00
HO	19,280,663.62
TOTAL	242,179,520.99

फॅक्स नं
Fax No. : 2209 2326
दूरभाष संख्या : 2205 4022
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: 2201 4437
तार का पता : वाणिज्यिक परीक्षा
Telegraphic Address : (VANIJIYIK PARIKSHA)
e-mail : agcommaharashtra@cag.gov.in



महालेखाकार (लेखापरिक्षा)—III, महाराष्ट्र यांचे कार्यालय
महालेखाकार (लेखापरिक्षा)—III, महाराष्ट्र का कार्यालय
प्रतिष्ठा भवन, तल मंजिल,
101, महर्षि कर्वे मार्ग, मुंबई — 400020.
**OFFICE OF THE ACCOUNTANT GENERAL
(AUDIT)-III, MAHARASHTRA**
PRATISHTHA BHAVAN, GROUND FLOOR,
101, MAHARASHI KARVE ROAD, MUMBAI -400020

CONFIDENTIAL

Date : 04 OCT 2012

संख्या / No. AG/CA-III/CAW-I/SMALL SCALE /2009-10/5182

सेवा में,
प्रबंध निर्देशक,
महाराष्ट्र स्मॉल स्केल इन्डस्ट्रीज
डेव्हलपमेंट कॉर्पोरेशन लिमिटेड,
मुंबई

विषय : मार्च 31, 2010 को समाप्त हुए वर्ष के महाराष्ट्र स्मॉल स्केल
इन्डस्ट्रीज डेव्हलपमेंट कॉर्पोरेशन लिमिटेड, मुंबई के लेखों पर
कम्पनी अधिनियम, 1956 की धारा 619 (4) के अन्तर्गत भारत के
नियंत्रक — महालेखापरीक्षक की टिप्पणियाँ।

महोदया,

मार्च 31, 2010 को समाप्त हुए वर्ष के महाराष्ट्र स्मॉल स्केल इन्डस्ट्रीज डेव्हलपमेंट
कॉर्पोरेशन लिमिटेड, मुंबई के लेखों पर कम्पनी अधिनियम, 1956 की धारा 619 (4) के अन्तर्गत
भारत के नियंत्रक — महालेखापरीक्षक का निरंक (Nil Comments) टिप्पणी संलग्न है।

वार्षिक आमसभा (A.G.M.) होने के पश्चात, वार्षिक रिपोर्ट की 5 मुद्रित प्रतियाँ कृपया
इस कार्यालय को भेज दे।

भवदीय,

संलग्न : यथोपरि.

महालेखाकार
(लेखापरिक्षा)—III

sd

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MAHARASHTRA SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2010.

The preparation of financial statements of **Maharashtra Small Scale Industries Development Corporation Limited, Mumbai** for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **21 August 2012 and 27 September 2012**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of **Maharashtra Small Scale Industries Development Corporation Limited, Mumbai** for the year ended 31 March 2010. 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. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

**For and on behalf of
The Comptroller and Auditor General of India**

**ACCOUNTANT GENERAL
(AUDIT)-III**

Date:
Place:

MAHARASHTRA SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010
(All Amount in Rs.)

	Schedule No	As at 31st March, 2010	As at 31st March, 2009
A) Sources Of Funds			
Share Capital	A	145,009,900	145,009,900
Reserves & Surplus	B	161,866,961	165,730,575
		<u>306,876,861</u>	<u>310,740,475</u>
Secured Loans		-	-
Unsecured Loans	C	68,123,977	91,850,105
		<u>68,123,977</u>	<u>91,850,105</u>
		<u>375,000,838</u>	<u>402,590,580</u>
B) Application Of Funds			
Fixed Assets	D		
Gross Block		291,039,610	279,991,104
Less: Depreciation		173,424,665	164,763,768
Net Block		<u>117,614,945</u>	<u>115,227,336</u>
Capital Work In Progress		2,138,132	-
		<u>119,753,077</u>	<u>115,227,336</u>
Investments	E	208,450	146,450
Current Assets, Loans & Advances			
Current Assets	F	1,554,914,737	1,536,279,596
Loans & Advances		450,699,900	496,258,050
		<u>2,005,614,637</u>	<u>2,032,537,646</u>
Less: Current Liabilities & Provisions	G	1,757,911,128	1,745,428,320
		<u>247,703,509</u>	<u>287,109,326</u>
Miscellaneous Expenditure (To The Extent Not Written Off or Adjusted)		--	--
Deferred Tax Asset		7,335,802	107,468
		<u>375,000,838</u>	<u>402,590,580</u>

Notes on Accounts form part of Accounts N

As per our report of even date,
For **YARDI PRABHU & ASSOCIATES.**
Chartered Accountants
(Firm Reg. No. 111727W)

S.D. YARDI
(PARTNER)
M. No. 22887

PLACE : MUMBAI
DATE : 21 AUG 2012

Sanjay Sethi
(Director)

For and on Behalf of the Board of Directors
For MSSIDC LTD

Radhika Rastogi
(Managing Director)

A.D. Hemke
(Finance Controller)

MAHARASHTRA SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010
 (All Amount in Rs.)

	Schedule No	Current Year	Previous Year
Income			
Sales	H	3,540,112,027	2,917,333,538
Other Income	I	144,517,684	99,032,736
Increase / (Decrease) In Stock In Trade	J	(18,395,245)	(3,476,120)
		3,666,234,466	3,012,890,154
Expenses			
Raw Material Consumed	K	1,692,202	1,311,711
Purchases & Direct Expenses	L	3,466,950,173	2,847,158,500
Administrative & Other Expenses	M	161,676,379	129,534,668
Interest		1,073,410	636,141
Depreciation		2,085,445	1,608,618
		3,633,477,609	2,980,249,638
Profit/(Loss) Before Tax		32,756,856	32,640,516
Profit On Sale Of Assets		--	
Add : Excess Provision Written Back			
Less (Add) : Differed Tax		(7,228,334)	113,566
Less : Income Tax		18,482,030	11,333,411
Less : Dividend Distribution Tax		-	499,097
Profit / (Loss) After Tax		21,503,160	20,694,442
Less : Proposed Dividend		-	2,936,727
		21,503,160	17,757,715
Less : Prior Period Adjustment (Net)		14,402,897	280,044
		7,100,263	17,477,671
Add : Bal. B/fd. from the last yr's A/c		63,191,647	42,327,907
Balance Carried to Balance Sheet		70,291,910	63,191,647
		70,291,910	63,191,647

Notes on Accounts form part of Accounts N

As per our report of even date,
 For **YARDI PRABHU & ASSOCIATES.**
Chartered Accountants
 (Firm Reg. No. 111727W)

S.D. YARDI
 (PARTNER)
 M. No. 22887

PLACE : MUMBAI
 DATE : **21 AUG 2012**

Sanjay Sethi
 (Director)

For and on Behalf of the Board of Directors
For MSSIDC LTD

Radhika Rastogi
 (Managing Director)

A.D. Hemke
 (Finance Controller)

Cash Flow Statement for the year ended 31st March 2010

(All Amount in Rs.)

	As at 31st March, 2010	Ast at 31st March, 2009
A Cash Flow from Operating Activities		
Net Profit/(Loss) Before Taxation	32,756,856	33,343,368
Adjustment For -		
Add - Depreciation	2,085,445	1,608,618
Add - Amortisation Of Revaluation Reserve	-	-
Add - Write Off	-	-
Less - Interest & Dividend Income	(14,692,024)	(5,371,511)
Add - Interest Expenses	1,073,410	636,141
Less/Add - Profit On Sale Of Assets / Dividend Dist Tax	-	41,343
Operating Profit Before Working Capital Changes	21,223,688	30,257,959
(Increase) / Decrease In Sundry Debtors	(25,531,546)	(135,409,376)
(Increase) / Decrease In Inventories	18,555,596	3,476,121
(Increase) / Decrease In Deposits / Loans-Advances	45,558,153	(66,280,129)
Increase / (Decrease) In Sundry Creditors	(57,445,646)	78,126,046
Increase / (Decrease) In Other Liabilities	51,446,424	178,778,602
Increase / (Decrease) In Dtl		
Cash Flow From Operations	53,806,669	88,949,223
Less - Income Tax Paid	-	-
Cash Flow Before Extra Ordinary Items	53,806,669	88,949,223
Extra Ordinary Items	(14,445,235)	(313,970)
Net Cash Flow From Operating Activities	39,361,433	88,635,253
B CASH FLOW FROM INVESTING ACTIVITIES		
(Increase) / Decrease In Fixed Assets	(13,186,648)	(2,464,834)
(Increase) / Decrease In Misc. Expenses	-	-
(Increase) / Decrease In Investments	(62,000)	-
Interest & Dividend Received	14,692,024	5,371,511
Net Cash Flow From Investing Activities	1,443,376	2,906,676
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Issuance Of Shares	-	-
Increase In Reserves	42,772,918	(218,602)
Increase / (Decrease) In Term Loans	-	-
Increase / (Decrease) In Unsecured Loans	(23,726,127)	4,172,800
Increase / (Decrease) In Working Capital Finance	(47,119,000)	-
Less - Interest Paid	(1,073,410)	636,141
Less - Dividend & Dividend Tax Paid	-	-
Net Cash Flow From Investing Activities	(29,145,619)	3,318,057
Net Increase In Cash Or Cash Equivalent (A+B+C)	11,659,191	94,859,984
Cash Or Cash Equivalent At The Beginning Of Period	308,898,109	214,038,125
Cash Or Cash Equivalent At The End Of Period	320,557,300	308,898,109
Note:	-	-
Cash or Cash Equivalent comprises of (Refer Schedule G SS -2)		
Cash in Hand	155,277	179,864
Fixed Deposits	176,500,000	106,600,000
Bank Accounts	143,902,023	202,118,245
	320,557,300	308,898,109
	(0)	-

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on 'Cash Flow Statements' as prescribed by Companies (Accounting Standard) Rules, 2006.

This is the Cash Flow Statement referred to in our Report of even date.

As per our report of even date,
For **YARDI PRABHU & ASSOCIATES.**

Chartered Accountants
(Firm Reg. No. 111727W)

S.D. YARDI
(PARTNER)
M. No. 22887

PLACE : MUMBAI
DATE : **21 AUG 2012**

Sanjay Sethi
(Director)

Radhika Rastogi
(Managing Director)

A.D. Hemke
(Finance Controller)

For M S S I D C LIMITED

SCHEDULES TO THE BALANCE SHEET
(All Amount in Rs.)

PARTICULARS	As at 31st March, 2010		As at 31st March, 2009	
SCHEDULE - A				
SHARE CAPITAL				
Authorised				
20,00,000 Equity Shares Of Rs. 100 Each		200,000,000		100,000,000
Issued, Subscribed & Paid Up				
14,50,099 Equity Shares Of Rs. 100 Each Fully Paid Up		145,009,900		97,890,900
Share Application Money		-		47,119,000
		145,009,900		145,009,900
SCHEDULE - B				
RESERVES & SURPLUS				
Capital Reserve				
Export Incentive Reserve		44,785		44,785
		375,000		375,000
Grant In Aid				
Balance as per last Balance Sheet	1,192,495		1,234,833	
Less-Transfer To P & L A/c	42,338	1,150,157	42,338	1,192,495
Grant recd. from MIDC for Paithani Dev. Centre.		7,699,000		12,694,000
		9,268,942		14,306,280
Profit & Loss Account				
Balance as per last Balance Sheet	63,191,648			45,763,729
Add : Profit during the year	7,100,263	70,291,911		17,427,916
				63,191,645
Marketing Risk & Development Res.				
Balance as per last Balance Sheet	3,925,881		3,342,120	
Add-Credited during the year	648,918	4,574,799	583,761	
				3,925,881
Revaluation Reserve				
Balance as per last Balance Sheet	84,306,770			90,882,230
Less-Amortisation In The Year	6,575,460	77,731,310		6,575,460
		161,866,961		84,306,770
				165,730,575
SCHEDULE - C				
UNSECURED LOANS				
Ind.& Lab. Dept. Mah. Govt. Edu. Unempl. H.P. A/c	1,318,000			1,318,000
Interest Payable On Maha. Govt. Loan	2,774,408	4,092,408		2,774,408
				4,092,408
Ind. & Lab.- Govt. Of Maha. - Seed Capital	6,403,332			6,403,332
Interest Payable - Epp Govt. Of Maha.	9,049,299	15,452,630		9,049,299
				15,452,630
Dev. Comm. Industries, Govt. Of Maha. -Vrs	5,866,667			5,866,667
Interest Accrued But Not Due On Vrs Loan	1,760,000	7,626,667		1,760,000
				7,626,667
Short Term Loan				
Slum Rehabilitation Authority	26,080,000			52,160,000
Interest Payable to SRA	14,872,272	40,952,272		12,518,400
		68,123,977		64,678,400
				91,850,105

MAHARASHTRA SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED

SCHEDULE - D

DEPRECIATION ON FIXED ASSETS

(All Amounts Rupees)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost 1-Apr-09	Additions	Sales / Adjustments	Cost at 31-Mar-10	Accumulated Depreciation as on 31.03.09	Depreciation for the year	Adjustments	Accumulated Depreciation as on 31.03.10	WDV 31.3.10	WDV 31.3.09
Free hold land - WADA	76,426	-	-	76,426	-	-	-	-	76,426	76,426
Leasehold Land - Cost	11,300,038	-	-	11,300,038	3,941,890	178,152	-	4,120,042	7,179,997	7,358,149
Leasehold Land - Revaluation	199,216,365	-	-	199,216,365	115,276,536	6,575,460	-	121,851,996	77,364,369	83,939,824
Office Premises	5,815,139	2,860,457	(62,000)	8,613,596	2,790,012	106,649	-	2,896,661	5,716,935	3,025,126
Building on Leasehold Land	16,939,846	-	-	16,939,846	4,743,781	274,641	-	5,018,422	11,921,424	12,196,067
Residential Flats	3,508,324	595,148	-	4,103,472	1,403,920	60,520	-	1,464,440	2,639,032	2,104,403
Leasehold Right - WTC	2,540,250	-	-	2,540,250	1,347,751	42,338	-	1,390,088	1,150,162	1,192,500
Plant & Machinery	3,679,991	-	-	3,679,991	3,648,022	1,615	-	3,649,638	30,353	31,969
Furniture & Fixture	9,778,787	1,448,104	-	11,226,891	9,669,542	36,063	-	9,705,605	1,521,286	109,242
Office Equipments	6,984,556	1,422,447	-	8,407,003	4,789,198	345,172	-	5,134,371	3,272,632	2,195,357
Computers	16,485,429	3,922,916	-	20,408,345	14,502,559	719,496	-	15,222,055	5,186,290	1,982,870
Electrical Fittings	-	817,710	-	817,710	-	15,457	-	15,457	802,253	-
Vehicles	2,749,230	-	-	2,749,230	1,910,112	258,647	-	2,168,760	580,470	839,117
Assets costing less than 5000	734,497	43,724	-	778,221	734,497	43,724	-	778,221	-	-
Paiithani Dev. Centre (MVM)	182,226	-	-	182,226	5,940	2,970	-	8,910	173,316	176,286
Total	279,991,104	11,110,506	(62,000)	291,039,610	164,763,761	* 8,660,905	-	173,424,665	117,614,945	115,227,336
Previous year	277,526,268	2,483,279	18,443	279,991,104	156,579,690	8,184,078	-	164,763,768	115,227,336	120,946,579
Capital Work in Progress & Machinery in Transit									2,138,132	
									119,753,077	

Note :

- Depreciation of Rs. 65,75,460 is charged during the year on the Revalued cost of Lease Hold Land. This amount of depreciation has been directly adjusted from the Revaluation Reserve in the Balance Sheet.
- Amortisation has been provided in proportion to Lease period from the year in which possession of lands is taken, although the agreements to lease stipulate that they will come into force after the execution of lease agreements.
- The Corporation has charged depreciation on the Lease Hold Rights of the premises in World Trade Centre and amortised it over its useful life of 60 years.
- Depreciation provided in the accounts is subject to scrutiny of Individual item of certain classes of Fixed Assets where the total depreciation provided so far has exceeded the cost thereof.
- * Depreciation for the year of Rs. 8660905.00 includes Amortisation of Leasehold of Rs. 6575460.00. The figure of actual depreciation during the year is Rs. 208450.00, which can be arrived at deducting Rs. 6575460.00 from Rs. 8660905.00

SCHEDULES TO THE BALANCE SHEET

(All Amount in Rs.)

PARTICULARS	As at 31st March, 2010		As at 31st March, 2009	
SCHEDULE - E				
INVESTMENTS				
In Fully Paid Up Equity Shares				
1 'C'Class Share Of Rs, 1000 In				
All India Fabrics Mkt. Co-Op Soc. Ltd		1,000		1,000
400 Equity Shares Of Rs. 100 Each				
Mah. Ind. & Tech. Consultancy Org. Ltd		40,000		40,000
(600 no of Bonus Share issued on 28.02.08 @100/-)				
Krupanidhi Limited		62,000		-
(62 Share of Rs. 100/- each)				
5 Shares Of Rs, 1000 Each In				
Mah. Mahamandal Bhavan Sah. Soc, Ltd		5,000		5,000
1 Share Of Rs. 250 Each In				
Mah. State Handloom Co. op. Fed. Ltd		250		250
212 Shares Of Rs. 25 Each In				
Shamrao Vitthal Co. op. Bank Ltd		5,300		5,300
Unit Trust Of India				
Us 64 Bonds Nos 949 Face Value @ 100		94,900		94,900
		208,450		146,450
SCHEDULE - F				
CURRENT ASSETS				
Sundry Debtors				
Below 6 months - Good	482,560,059		523,597,458	
Above 6 months - Good	287,085,954		673,894,561	
Above 6 months - Doubtful	453,377,552	1,223,023,565	-	1,197,492,019
Cash & Bank Balances				
Cash in hand	155,277		179,864	
Fixed Deposit with Banks	176,500,000		106,600,000	
Bank accounts	143,902,023	320,557,300	202,118,245	308,898,109
Closing Stock (as valued and certified by the Management)				
Franking at cost	6,170,158		26,599,954	
Raw Materials at cost	70,882		124,216	
WIP at Prime cost	633,416		740,434	
Finished Goods at cost	3,379,806		1,436,941	
Stock n Trade - Wtc at Lower of cost or Market Value	786,197		567,793	
Stock n Trade - Tme Delhi at Lower of cost or Market Value	293,413	11,333,872	420,130	29,889,468
		1,554,914,737		1,536,279,596

SCHEDULES TO THE BALANCE SHEET
(All Amount in Rs.)

PARTICULARS	As at 31st March, 2010		As at 31st March, 2009	
Loans & Advances				
Advances recoverable in cash or in kind				
Advances to suppliers	242,179,521		303,474,819	
Market Bill Advance against accepted DC	18,980,560		2,365,214	
Margin money L/C adjustment	6,383,799		5,725,799	
Godown & Office rent receivable	8,678,225		8,745,960	
Interest accrued but not received	5,962,525		4,377,592	
Advance against Seed Capital	3,409,751		3,425,568	
other Advances	13,789,874	299,384,256	6,734,657	334,849,609
Deposits Paid				
Security deposits paid Marketing	13,406,227		9,002,856	
Deposits - Court	9,451,567		3,586,911	
other Deposits	8,144,976	31,002,770	45,405,782	57,995,549
Other Income Tax & TDS	114,880,188		97,937,563	
C.S.T.	5,395,613		5,413,255	
Suspense A/C	37,073	120,312,874	62,073	103,412,891
		450,699,900		496,258,050
SCHEDULE- G				
CURRENT LIABILITIES				
M.S.T. and VAT		6,257,741		6,627,355
W.C.T.		2,536,296		4,349,158
Service Tax		1,752,966		1,163,867
Dues to outside parties				
MHFDC	3,873,321		3,922,443	
Advances from customers	326,415,734		366,166,073	
other advances received	15,214,089	345,503,144	11,047,001	381,135,517
PF, ESI & Gratuity		29,984,713		10,200,574
Deposits Received				
Marketing	113,250,403		74,661,330	
other Deposits received	14,711,956	127,962,359	25,330,920	99,992,250
Dues To Employees		5,464,350		4,040,958
liabilities For Expenses	43,723,659		51,038,574	
Provision for Tax	42,206,411		23,724,381	
PL Encashment Payable	18,799,442		16,523,857	
Dividend Distribution Tax	499,097		499,097	
Arrears Payable - Vth Pay Commission	44,533,864			
Proposed Dividend	2,936,727	152,699,200	2,936,727	94,722,636
Sundry Creditors		1,085,750,359		1,143,196,005
		1,757,911,128		1,745,428,320

Schedules to the profit & loss account

(Rupees)

PARTICULARS	Current Year	Previous Year
SCHEDULE - H		
SALES		
Sales Alcohol	-	-
Raw Material Sales	87,135,653	203,141,698
Sales Import	-	-
Marketing Sales	1,918,654,976	1,714,543,567
W.C.T, Marketing Sales	124,610,243	37,964,273
Transport Chgs. (Recovery Marketing)	-	-
Sales At Itdc Sahar	-	-
Sales Ipcl	-	-
Sales Oms	2,708,570	-
Sales Paithani Sarees	3,493,138	3,755,390
Sales Handicraft	6,493,640	6,254,895
Sales Through Stock Transfer	1,021,928	644,486
Scrap Sales	14,600	94,110
Stock Transfer Return A/C	-	-
Stock Transfer To & From To Tpc Paithanis	-	-
Sales Coal	1,057,039,483	702,633,224
Sales Trimourti Dept. Store, Wtc	-	-
Sales Tme N.Delhi	-	-
Foreign Exchange Rate Diff.	-	-
Sales Non Ferrous	-	-
Sales R.M. Others	-	-
Sales Paper	-	-
Sales Paraffin Wax	-	-
Sales Franking	337,454,796	246,131,995
Sales Stamp Paper	1,485,000	2,169,900
Sales Rubber	-	-
Sales Polymer Other Than Ipcl	-	-
	3,540,112,027	2,917,333,538
SCHEDULE - I		
OTHER INCOME		
Direct Income		
Extra Costs (Recovery)	-	-
Handling Chgs	1,483,475	3,498,453
Addl. W. H. Chgs.Recd. Hzl.	-	-
Rebate Recd. From Supplier	64,891,830	53,213,849
Godown Rent Recd	9,746,937	4,648,424
Warehousing Chgs	-	8,190,076
Service Charges & Commission- Franking	1,926,850	2,665,874
Rebate Recd. From Supplier - Others	105,172	-
Rebate Recd. From Supplier - Coal	961,056	-
Commission On Stamp Paper Sales	15,300	-
Service Chgs - Hzl	-	-
Commission Recd On Sales Of Franking	1,585,000	1,733,560
Raw Material Dues	-	-
Service Charges Recd. On Paithani	427,414	-
	81,143,034	73,950,235

Schedules to the profit & loss account

(Rupees)

PARTICULARS	Current Year	Previous Year
Indirect Income		
Interest Recd. Mktg.	-	189,523
Interest Recd. On Deposits With Bank	14,323,319	5,052,571
Interest Recd. Raw Materials	-	3,203
Interest Recd. Other	338,705	101,214
Dividend On Investment	30,000	25,000
Godown Rent Warehouse	6,172,030	589,052
Office Rent Recd.	2,708,460	2,781,578
Commission On Credit Card	65,818	100,110
Rent Recd.	215,198	152,664
Ethiopian Airlines (Rent Received)	8,128,768	7,764,164
Registration Fees For Portal	27,000	-
Mktg. Registration Fees	522,298	527,483
Tender Fees Recd (Non Refundable)	2,323,520	1,035,350
Tender Processing Chgs Recd	67,400	89,800
Service Charge Recd From H'Craft Units	635,283	653,036
Penalty Charges Recd Coal	1,065,290	-
Reg. & Procss Fees Recd. Coal	101,750	1,464,644
Registration & Renewal Fee H'Craft	7,250	-
Misc. Receipts	4,588,767	386,824
Excess Provision Written Back A/C (Leave End)	15,453,095	-
Credit Balances Written Back	215,298	642,483
Guest House Receipt	34,760	57,500
Salary & Allow Recovered On Various Scheme	40,110	5,000
Visit Fee	-	255,520
Coal Inspection Charges	2,284,250	2,852,500
Crane Charges Recd	-	5,474
Electrical Charges Recd	1,135,000	-
Inspection Charges Recd (Mrktg)	160,340	217,853
Renewal Charges Coal	2,497,500	-
House Rent Recovery From Employees	191,103	37,862
Grant In Aid Wtc	42,338	42,338
	63,374,650	25,032,746
Total Other Income	144,517,684	98,982,981
SCHEDULE - J		
INCREASE / (DECREASE) IN STOCK IN TRADE		
Opening Stock		
Raw Material	-	167,843
Finished Good	2,004,735	1,130,050
Stock - Franking	26,599,954	30,756,849
Work In Progress	420,130	1,310,846
	29,024,819	33,365,588
Closing Stock		
Raw Material	70,881	124,216
Finished Goods	4,166,003	2,004,735
Stock-Franking	6,170,158	26,599,954
Work In Progress	222,532	1,160,564
	10,629,574	29,889,468
Decrease In Stock	(18,395,245)	(3,476,120)

Schedules to the profit & loss account

(Rupees)

PARTICULARS	Current Year	Previous Year
SCHEDULE - K		
RAW MATERIAL CONSUMED		1,311,711
Opening Stock	864,650	-
Add : Purchases	1,531,850	-
Less : Closing Stock	704,297	-
	1,692,202	1,311,711
SCHEDULE - L		
PURCHASES AND DIRECT EXPENSES		
Purchase		
Purchase - Marketing	1,920,261,084	1,710,900,166
Purchase - W.C.T. Maktg.	124,610,243	-
Purchase - From Stock Transfer	1,141,124	244,808
Purchase - Coal	1,011,082,609	-
Purchase - On Consignment	2,881,894	-
Purchase - Raw Material	86,059,103	886,235,356
Purchase - Handicrafts	2,381,064	5,599,073
Purchase - Franking	318,000,000	241,000,000
Purchase - Stamp Paper	510,000	3,145,000
	3,466,927,120	2,847,124,402
Direct Expenses		
Octroi Charges	23,053	34,098
	3,466,950,173	2,847,158,500
Schedule - M		
Administration & Other Expenses		
Admin & Marketing	32,271,346	39,506,260
Travel., Conveyance, Telephone	6,952,370	7,046,834
Property Related Exp.	4,378,676	3,109,910
Manpower Exp.	118,073,987	79,871,665
	161,676,379	129,534,668
Bank Charges & Interest	1,073,410	636,141
	1,073,410	636,141

SCHEDULE N:**ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010****I) 1) OVERVIEW**

THE MAHARASHTRA SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LTD. (MSSIDC) was incorporated in 1962 and has completed its 48 years of assisting, financing, and promoting the interest of small scale industries in Maharashtra and union territory of Goa, Daman and Diu whether run or owned by Government and providing capital, credit means, resources and technical and managerial assistance for the prosecution of their work and business.

2) BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless otherwise stated, and comply with generally accepted accounting principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provision of the Companies Act, 1956 along with the rules of allocation, classification, recognition of revenue and expenditure adopted by the Corporation as are relevant and applicable.

3) USE OF ESTIMATES

The preparation of the financial statements are in conformity with generally accepted accounting principles. The management has made some estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively.

II) SIGNIFICANT ACCOUNTING POLICIES:**(a) BASIS OF ACCOUNTING:**

The financial statement has been prepared on accrual basis under historic cost convention to comply in all material aspects with generally accepted accounting principles in India & relevant provisions of the Companies Act 1956, except following:

- In case of Marketing transactions, all sales and purchases are recorded on mercantile basis.
- In marketing, Govt. department purchases and corresponding rebate on purchases are accounted as purchases on receipt of invoice from sundry creditors and corresponding sales are accounted in books by raising bills.

- Grants in Aid under various schemes, interest on delayed refunds of Income Tax are accounted for on "receipt" basis.

(b) Fixed Assets

- a. Fixed Assets are stated at cost including all incidental expenses till date, asset is put to use.
- b. In case of lease-hold lands, original cost revalued by the valuer is considered in the accounts.

(c) Depreciation

Depreciation on fixed assets is charged on straight line method at rates prescribed under Schedule XIV of the Companies Act, 1956 subject to following deviations:

- Additions and disposals are reckoned on pro-rata basis.
- Individual items of assets costing up to Rs. 5000/- are depreciated 100%.
- Lease-hold Lands, where revalued, are amortized in the balance period of lease.

(d) Investments

Investments are stated at cost.

(e) Inventories

- Raw Material and stock in transit are valued at cost.
- Stock-in-process is valued at prime cost.
- Finished Goods are valued at cost.
- Trading goods are valued at lower of cost or market value.

(f) Employees Retirement Benefits:

- Provident Fund: Corporation's contribution to Recognized provident fund, pension fund paid/ payable during the year is debited to Profit & Loss account.
- Gratuity: Corporation has covered **gratuity liability** with LIC under Employees Group Gratuity cum Life Assurance Scheme. A liability towards the same is recognized and accounted on the basis of actuarial valuation done by LIC.

(g) Transactions pertaining to previous years:

Prior period expenses paid during the year and income received during the year which were not accounted for on accrual basis are shown as transactions pertaining to previous years.

III) NOTES FORMING PART OF ACCOUNTS:
1. CONTINGENT LIABILITIES:

Sr. No.	Particulars	Current Year (Rupees)	Previous year (Rupees)
1	Claims against the Corporation not acknowledged as debts	63,82,200	72,23,089
2	Tax Liability not acknowledged as debt and Pending in Appeal with higher authority (exclusive of the effect if similar matters in respect of Assessment remaining to be completed) in respect of : I) Sales Tax II) Income Tax	3,41,40,937 1,07,06,402	3,27,72,061 1,07,06,402
3	Probable penalty for late supply/non fulfillment of Obligation as per terms of contract.	6,74,000	6,74,000
4	Guarantees given by the Banks on behalf of Corporation for performance of the contracts against which counter guarantees have been obtained from the units	18,06,620	19,26,801
5	Penalty u/s . 271/B of the Income Tax Act for non-Filing of Tax Audit Report u/s. 44 AB of the Income Tax Act for last 5 years.	5,00,000	NIL

- In the absence of details of status of pending Income Tax, Sales Tax, assessments and other legal cases, the contingent liability, if any, in respect thereto cannot be ascertained as cases of various years are under process with the concerned Appellate Authorities and the quantum of the same can not be ascertained.
- The Corporation has increased its authorized capital from Rs. 10.00 Crores to Rs. 20.00 Crores by passing a special resolution in its Extra Ordinary General Meeting held on 08.07.2009.
- The Corporation issued and allotted 471190 Equity shares of Rs. 10/- each to the share holders by passing a Board Resolution in the Board Meeting held on 05.02.2010 and increased its paid up capital from Rs. 9,78,90,900.00 to Rs. 14,50,09,900.00. Allotment return in respect thereto is yet to be filed with the Registrar of Companies.
- The Corporation has accounted Rs. 62,000 / - towards investments of 62% in shareholding in its Subsidiary Company "M/s. Krupanidhi Ltd" for the year - under the head "Investment" in the current year by crediting Office Premises with the said amount.

6. Investments in Shamrao Vitthal Co-op. Bank Ltd. of Rs. 5,300/- and in Maharashtra Mahamandal Bhavan Sahakari Society Ltd. of Rs. 6,000/- will be written off in due course of time.
7. Investment in 1964 Unit Trust Scheme of Rs. 94,900/- is en-cashed on 31/10/2011 after consistent follow up by the Corporation during the financial year 2011-12.
8. The total Sundry debtors are Rs. 12,230.24 Lakhs (Marketing Rs 8371.40 Lakhs) out of which doubtful debtors (above 3 years) are of Rs. 4,533.78 lakhs. Doubtful debts pertaining to marketing activity of Rs. 1,499.72 Lakhs, are backed by creditors and the amounts involved in legal cases are Rs. 1901.65 lakhs pertaining to Raw Material. Thus, the provision regarding doubtful debts of Rs. 36,39,07,638.00 is not considered for non availability of complete details. The Corporation has appointed agency, a firm of Chartered Accountants to reconcile Debtors, Creditors and Advances and recommendation made by the C.A. agency will be considered by the Management for making suitable provision for doubtful debtors, advances and will also write back creditors which are no longer required.
9. Balances under Liability for Expenses Rs. 4,37,23,659/-, Sundry Creditors of Rs. 108,57,50,359/-, Dues to employees of Rs. 54,64,350/-, Dues to outside parties of Rs. 34,55,03,144/-, Service Tax of Rs. 17,52,966/-, Deposits received of Rs. 12,79,62,359/-, Advance Tax and TDS of Rs. 11,48,80,188/-, CST of Rs. 53,95,613/-, WCT of Rs. 25,36,296/-, MST and VAT of Rs. 62,57,741/-, Advances to Suppliers of Rs. 24,21,79,521/-, Other Advances of Rs. 1,37,89,874/-, Sundry Deposits paid Rs. 3,10,02,770/-, Sundry Debtors of Rs. 1,22,30,23,565/- are subject to scrutiny, reconciliation and consequential adjustment.
10. Franking department of the Corporation closed its business from 13.07.2010, which showed a stock of RS.7,74,110.00, the said amount was recoverable from the SUPDT. of Franking on surrender of Franking Machine. The Corporation is in the process of recovering the closing stock of franking department as on date and considers the same as realizable.
11. The Corporation has made provision for arrears of salary - RS.192.32 lakhs towards 5th pay commission to the Employees of the Corporation for F.Y.2009-10.
12. The forming of Audit Committee and their scope is under process for consideration of the Management.
13. The excess expenditure over grant received for organizing International Trade fair for previous 3 years (2004, 2008 and 2009) amounting to Rs. 51,96,794/- was not debited to Profit & Loss Account in the respective years but shown as debit balances. The said balances shall be reconciled and the effect will be incorporated in F. Y. 2010- 11.
14. The Corporation has certain long pending other advances amounting to Rs. 1,83,79,323/-, which are doubtful of recovery and pending for adjustment for more than 3 years for which Corporation does not have any details and no provision for the same is made in the accounts since said advance in the process of reconciliation.
15. The Corporation has made certain long pending deposits amounting to Rs. 1,92,12,109/-, which are doubtful of recovery and pending for adjustment for more than 3 years for which Corporation does not have any details and no provision for the same is made in the accounts as Corporation has certain deposits showing credit balance which can be set off and reconciliation is under process.

16. It is observed that some Sundry Creditors of transport of Thane Division with debit balances of Rs. 1,40,63,065/- are lying without adjustment for more than 5 years as reconciliation work is under process.
17. Interest amount is more than the principal amount in respect of following loans. Hence, no provision for interest payable for following unsecured loans for the year 2007-08, 2008-09 and 2009-10 is made in the accounts.

Name of the Account	Amount outstanding (Rs.)
Industries & Labour Dept., Govt. of Maharashtra, -Edu. Unempl. H.P.	4092408.00
Industries & Labour Dept., Govt. of Maharashtra - Seed Capital Scheme (3.5%)	15452630.00
Development Commissioner, Industries - Govt. of Maharashtra towards VRS payments	7626667.00

18. Suspense account with balance of Rs. 37,074/- (Rs. 62,073/-) appearing under "Loans & Advances" is not written back by the Corporation.
19. Balances under Liability for Expenses of Rs. 4,37,23,659.00, which includes old liability of BPT are subject to scrutiny, reconciliation and consequential adjustment, effect of which on the profit of the Corporation is unquantifiable.
20. Sundry Debtors include Rs. 873.05 Lakhs due from M/S. MTRM. The matter is under arbitration. Advocate of the Corporation has finally completed argument before the Arbitrator in April, 2011. The arbitrator has passed the award in favour of the Corporation directing the other party to deposit Rs. 19.00 Crores and the arbitrator has submitted the copy of the award to the High Court for necessary action.
21. Mehta group of Industries (Munish Forge, Parshwa, Holum, and Pruthvi), debtor, has defaulted in making payment of RS.563.59 Lakhs. Corporation has filed civil/criminal action u/s. 141 and 142 of the Negotiable Instruments Act. The cases are pending for argument on behalf of the Corporation. Legal proceedings are in process.
22. M/S. Khutale Steel Rolling Mills Pvt. Ltd., Satara, debtor who unauthorisedly removed raw material supplied under Warehousing Credit Scheme, has an outstanding of Rs. 47.52 Lakhs. The judgment delivered in favour of MSSIDC in civil suit filed by MSSIDC in Satara Court against M/ s Khutale for recovery and the original decree execution papers were submitted to Hon'ble High Court, Mumbai, as the immovable property of Director is situated at Mumbai. The Decree execution process is pending at Mumbai High Court. The party had filed appeal in District Court, Satara and also made an application for condonation of delay in the same Court to challenge the decree passed by lower Court.
23. Last installment of RS.76.27 Lakhs, towards Loan taken for VRS from Govt. of Maharashtra is paid on 29.3.11.

24. Advance of Rs. 25.00 lakhs was paid on 24/11/2003 to M/s. Inter National Steel Industries, Mumbai, towards raw material transaction. Since the amount was outstanding and FIR was lodged with Economic Offence Wing (EOW) on 22.12.2004, the matter is under investigation. Further, the Corporation has also filed a case u/s.138 of Negotiable Instrument Act with Small Causes Court on 24/11/2006 for cheque bouncing. Legal proceedings are under process.
25. The Corporation has amortised Rs. 65,75,460.00 from the Revaluation Reserve and corresponding amount has been credited to leasehold land to reduce the value thereon.
26. The MSSIDC had given their godowns on rental basis to Thakkar Warehousing Agency (TWA). The party has sublet the said godowns to 5 parties. There was a dispute between the Corporation and TWA and the matter was handed over to the arbitration. The arbitrator has given their award in favour of the Corporation for Rs. 2.59 Crores on 08.10.2010 on which TWA has filed petition in the court of Law. TWA has given the possession of the godown to MSSIDC on 16.10.2009. The Corporation rented the godowns to 5 tenants of TWA on 17.09.2009 on mutual understanding without any legal agreement. The matter is under litigation. This being a contingent asset is not recognized in view of AS-29.
27. **AS - 5 - PRIOR PERIOD ITEMS:**
The details of prior period debit / credit regarding items of expenditure & income are given as under:

(Rs. in lakhs)

Particulars	Debit		Credit
Purchases	27459.00	Sales	583,440.00
Interest	105,340.00	Purchase returns etc.	148,717.00
Miscellaneous Expenses	1,041,115.00	Interest I Discount	1,675,624.00
Chairman's expenses	15,547.00	Service Charges / Rebate	1,180,612.00
Service Charges / Rebate	436,536.00	Rent	344,757.00
Remuneration to MD	53,613.00	Miscellaneous Income	1,433,025.00
Office and Administrative Expenses	2,729,392.00		
Employees remuneration and benefits	882,448.00		
Salary arrears 2008-09	4,746,434.00		
Salary arrears 2007-08	8,722,951.00		
CIDCO Service Charges	635,433.00		
Bad Debts written off	372,804.00		
Total	19769072.00		5,366,175.00
Net Debit to P & L A/c. shown in Profit and Loss a/c below the line.			14,402,897.00

28. Depreciation: AS-6 and Fixed Assets :AS-10

Corporation has already initiated the steps to update the Fixed Assets Register in line with AS-6 and AS-10 issued by Institute of Chartered Accountants of India (ICAI).

29. Government Grants: AS-12

Corporation had received grant of RS.1,26,94,000.00 in the earlier years for construction of Paithani Development Center. The Corporation has purchased looms amounting to Rs. 49,95,000.00 utilising this grant and deducted the said amount of Rs. 49,95,000.00 from the grant received during the year. The balance of Rs. 76,99,000.00 is shown under the head Government Grants, in compliance of AS-12 issued by ICAI.

30. Retirement Benefits: AS-15

The Corporation has made provision of Rs. 2,59,71,839/- towards gratuity on actuarial valuation done by LIC. The disclosure of the same required by AS-15 will be carried out by the next year.

31. Segment Reporting: AS-17**a) Primary Segment:****(Rs. in lakhs)**

Particulars	Trading	Production (paithani)	CWH & others	Total
Revenue	33431.19 (29110.75)	61.17 (66.00)	3169.98 (951.65)	36662.34 (30128.40)
Segment Cost	33209.29 (28937.86)	66.81 (55.47)	3037.82 (793.07)	36313.92 (29786.40)
Result	221.90 (172.89)	-5.64 (10.53)	132.16 (158.58)	348.42 (342.00)
Less: Unallocated Expenses	----	----	---	20.85 (16.09)
Profit Before Tax	----	----	----	327.57 (325.91)
Less: Income Tax / Deferred Tax Asset Dividend Distribution Tax	----	----	----	112.54 (119.46)

Particulars	Trading	Production (paithani)	CWH & others	Total
Net Profit After Tax	----	----	----	215.03 (206.45)
Less: Proposed Dividend				---- (29.37)
Less: Prior Period Adjustments (Net)				144.03 (2.80)
Net Profit	----	----	----	71.00 (174.28)
Other Information				
Segment Assets	19357.64 (20082.76)	9.16 (4.63)	691.43 (239.46)	20058.23 (20326.85)
Unallocated Assets				1270.89 (1153.34)
Total Assets				21329.12 (21480.19)
Segment Liabilities	17538.91 (18196.40)	14.19 (21.38)	522.43 (41.68)	18075.53 (18259.46)
Unallocated Liabilities				3253.59 (3220.73)
Total Liabilities				21329.12 (21480.19)

(b) Secondary Segment:

The entire operation is being treated as a single reportable segment

32. Related Party Disclosure/Transactions: AS-18

The Corporation has considered the following as the related parties for disclosure under AS 18 issued by ICAI.

- During the Financial Year 2009-10, Mr. D. G. Philip (IAS) was deputed as Managing Director of MSSIDC Ltd by the State Government. He was paid a total remuneration of Rs. 17,34,862.00 during the year.
- During the Financial Year 2009-10, Mr. Avinash Pandey was deputed as Chairman of MSSIDC Ltd by the State Government. He was paid a total remuneration of Rs. 8,01,808.00 during the year.

- During the Financial Year 2009-10, D.R. Gutte was deputed as Joint M.D of MSSIDC Ltd by the State Government. He was paid a total remuneration of Rs.6,85,835.00 during the year.

33. Leases: AS-19

The Corporation has not complied accounting and disclosure as per AS-19 issued by ICAI.

34. Earnings per Share: AS-20

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Absolute Profit / (Loss) per Share	14.83	24.54
Diluted Profit / (Loss) per Share	14.83	24.54

35. Consolidated Financial Statements: AS-21

The compliance of AS-21 is not mandatory for Corporation since it is not listed company.

36. Accounting For Taxes on Income: AS-22

The major components of Deferred Tax Assets / Liabilities (net) arising on account of timing differences between book profit and taxable profits as at 31st March, 2010 are as follows:

(Rs. in lakhs)

Particulars	As on 31.03.2009	During 2009-10	As on 31.03.2010
DTA- Opening balance	107468.00	—	107468.00
a) Provision for leave encashment	—	5536542.00	5536542.00
b) Disallowance u/s 40 (a)	—	627004.00	627004.00
c) Disallowance u/s 43 (b)	—	1477794.00	1477794.00
Total (A)	107468.00	7641340.00	7748808.00
DTL on Account of			
a) Depreciation	—	(413006)	(413006)
Total (B)		(413006)	(413006)
Net Deferred Tax Liability (A-B)	107468.00	7228334.00	7335802.00

The application of Deferred Tax has resulted in a net credit of Rs. 7228334.00 to the Profit and Loss Account for the year ended March, 2010. The closing Deferred Tax Asset (net) of Rs. 7335802.00 has been shown separately in the Balance Sheet.

37. Additional information pursuant to provision of sub- paras 3, 4, 4-c & 4-d of para II of schedule VI to the Companies Act 1956.

I) Capacity :

Class of goods	Unit	Capacity	2008-09	2009-10
Paithani	Nos.	Licenced	N.A.	N.A.
		Installed	240	240

II) Production :

(Rs. in lakhs)

Production	2008-09		2009-10	
	Qty (Nos.)	Value	Qty (Nos.)	Value
Paithani	340	----	422	29.67

III) Turnover :

(Rs. in lakhs)

Turnover	2008-09		2009-10	
	Qty (Nos.)	Value	Qty (Nos.)	Value
Paithani	318	41.09	193	33.27

IV) Opening stock and closing stock of raw materials :

(Rs. in lakhs) (Qty. in Kg)

Product	2008-09				2009-10			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Silk And Zari	201.978	1.51	26.361	1.24	26.361	1.24	12.149	0.71
Total	201.978	1.51	26.361	1.24	26.361	1.24	12.149	0.71

V) Raw Material Consumed :

(Rs. in lakhs Qty in Kg)

Product	2008-09		2009-10	
	Qty	Value	Qty	Value
Silk and Zari	263.711	13.12	279.81	16.92
Total	263.711	13.12	279.81	16.92

VI) Opening and closing stock of finished goods :

(Rs. in lakhs) (Qty. in Kg)

Product	2008-09				2009-10			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Paithani	192	11.30	216	14.37	216	14.37	521	33.80

VII) Earnings and Expenditure in Foreign Exchange :

(Rs. in lakhs)

Particulars	2008-09	2009-10
Earnings in Foreign Exchange	0.14	0.00
Expenditure in Foreign Exchange	0.00	0.00

CIF value of imported and indigenous raw-materials consumed

(Rs. in lakhs)

Particulars	2008-09		2009-10	
	%	Value	%	Value
Imported	—	0.00	—	0.00
Indigenous	100	13.12	100	16.92
Total	100	13.12	100	16.92

VIII) Payment to Directors :

(Rs. in lakhs)

Particulars	2008-09	2009-10
Remuneration	0.00	0.00
Sitting Fees	0.05	0.16

IX) Payment to Auditors :

(Rs. in lakhs)

Particulars	2008-09	2009-10
Audit Fees	3.50	4.00
Other Services	—	—

38. Additional information pursuant to the provisions of part IV of Schedule VI to the Companies Act, 1956.

a. Company Registration Details :

Registration No.	12501
State Code No.	11
Balance Sheet Date	31.03.2010

b. Capital raised during the year :

Particulars	2008-09	2009-10
Public Issue	NIL	NIL
Right Issue	NIL	NIL
Bonus Issue	NIL	NIL
Private Placement	NIL	NIL

c. Sources of Funds :

(Amt. In Rs.)

Particulars	2009-10
Paid-up Capital	145009900
Reserves & Surplus	161866961
Secured Loans	0
Unsecured Loans	68123977
Total	375,000,838

Application of Funds :

(Amt. In Rs.)

Particulars	2009-10
Net Fixed Assets	117614945
Capital Work in Progress	2138132
Investments	208450
Net Current Assets	247703509
Deferred Tax Asset	7335802
Total	375,000,838

d. Performance of the Company :

(Amt. In Rs.)

Particulars	2009-10
Turn-over / Income	3684629711
Total Expenditure	3633477609
Profit Before Tax	32756857
Profit After Tax	21503161
Earning per share	14.83
Dividend Rate %	0.00

e. **Generic Names of three principal products of the company**
(as per monetary terms) :

Item Code No.	72	84	8452
Product Description	Iron and Steel	Coal	General Furniture

39. The previous year's figures have been regrouped and rearranged to conform to current year's requirements. All figures have been rounded off to the nearest rupee.

As per our report of even date,

For **YARDI PRABHU & ASSOCIATES.**
Chartered Accountants
(Firm Reg. No. 111727W)

S.D. YARDI
(PARTNER)
M. No. 22887

PLACE : MUMBAI
DATE : **21 AUG 2012**

Sanjay Sethi
(Director)

For and on Behalf of the Board of Directors
For M S S I D C LTD

Radhika Rastogi
(Managing Director)

A.D. Hemke
(Finance Controller)