

Original.

49TH ANNUAL REPORT

2010-2011



M S S I D C

**MAHARASHTRA SMALL SCALE INDUSTRIES
DEVELOPMENT CORPORATION LIMITED**

**: ADDRESS :
KRUPANIDHI, 9,
WALCHAND HIRACHAND MARG,
BALLARD ESTATE, MUMBAI- 400 001.**

49th ANNUAL REPORT
FOR THE YEAR 2010-11

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NOTICE TO THE SHAREHOLDER

Notice is hereby given that the Adjourned 49th Annual General Meeting of the members of MAHARASHTRA SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED will be held on Monday, 29th Day of December, 2014 at 3:00 p.m. in the Registered Office of the Corporation at Krupanidhi, 9, Walchand Hirachand Marg, Ballard Estates, Mumbai – 400 001, to transact the following business :

Ordinary Business :

To consider and adopt the audited Balance Sheet as at 31st March, 2011, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

By order of the Board of Directors,


Company Secretary

Date : 23rd December, 2014

Registered Office :

Krupanidhi,
9, Walchand Hirachand Marg,
Ballard Estate,
Mumbai – 400 001.

Note :

A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.

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FOR THE YEAR 2010-11**

COMPANY INFORMATION

BOARD OF DIRECTORS	SHRI ANAND B. KULKARNI, IAS SHRI SURENDRAKUMAR BAGDE, IAS SHRI RAMESH DEVKAR, IAS SHRI SHIVAJI DAUND, IAS DR. P. ANBALAGAN, IAS
MANAGING DIRECTOR	SHRI SHIVAJI DAUND, IAS
JT. MANAGING DIRECTOR	SHRI AVINASH RANKHAMB
CHIEF FINANCIAL OFFICER	SHRI RAJENDRA MADKE
COMPANY SECRETARY	SHRI KUSH KESHIRI
BANKERS	STATE BANK OF INDIA
AUDITORS FOR THE YEAR 2010-11	M/S. YARDI PRABHU & ASSOCIATES, CHARTERED ACCOUNTANTS, MUMBAI.
REGISTERED OFFICE	KRUPANIDHI, 9, WALCHAND HIRACHAND MARG, BALLARD ESTATE, MUMBAI - 400 001.

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 49th Annual Report of MSSIDC Limited with the Audited Statements of Accounts for the year ended 31st March, 2011 along with the report of Statutory Auditors thereon.

1. **FINANCIAL RESULTS:**

		(Rs. In Crores)	
Sr. No.	Particulars	FY 2010-11	FY 2009-10
1.	Sales and Services	465.63	354.01
2.	Other Income	20.31	14.45
3.	Profit / (Loss) before Interest, Depreciation	11.15	3.59
4.	Interest	0.05	0.11
5.	Depreciation	0.27	0.21
6.	Net Profit / (Loss) for the year	10.83	3.27
7.	Previous years' Adjustment Income / (Expenses)	3.41	1.44
8.	Accumulated Profit	10.20	7.02

The Corporation has recorded the turnover of Rs.465.63 Crore during the year under review as against Rs.354.01 Crore for the previous year. The activity-wise breakup of the turnover in comparison with previous year is as follows:

		(Rs. In Crores)	
Sr. No.	Activity	FY 2010-11	FY 2009-10
1.	Raw Material - I&S, Coal	103.33	114.41
2.	Marketing	355.73	204.32
3.	Franking	5.93	33.89
4.	Other	0.64	1.39
	Total	465.63	354.01

i. **MARKETING:**

In respect of Marketing Activity, the Corporation achieved sales of Rs.355.73 Crore during the year 2010-11 as against sales of Rs.204.32 Crore achieved in the year 2009-10.

ii. **RATE CONTRACT:**

The Corporation has successfully operated various contracts for items like RCC Pipes, PVC Pipes, Water Storage Tank, Air Coolers, Polythene Bags, Steel Furniture, Educational Toys, Diesel Engine Pump 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 Mumbai and New Delhi which provides a sound base of artisans.

During the year 2010-11 the Corporation achieved total sale of Rs. 0.67 Crore through Emporia as compared to Rs.0.64 Crore for previous year.

The Paithani Centre at Paithan achieved the sale of Rs.0.49 Crore during 2010-11 as compared to Rs.0.34 Crore for previous year.

iv. RAW MATERIAL:

The Corporation recorded the turnover of Rs.103.32 Crore in Raw Material activity during the year under review as compared to Rs.114.41 Crore in the year 2009-10.

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

Item	Qty. in MTs.	Rs. In Crores
Ferrous - Iron & Steel	1190	4.41
Coal	634396	98.91
Total	635586	103.32

v. COMMERCIAL WAREHOUSING:

The Corporation achieved gross earnings of Rs. 2.84 Crore during the year under review as compared to Rs.1.98 Crore in the year 2009-10.

vi. EXHIBITIONS:

The Corporation organized Maharashtra Pavilion in the India International Trade Fair at Pragati Maidan, New Delhi from 14.11.2010 to 27.11.2010 in the year under review.

2. DIVIDEND:

In view of very meager profit, your Directors have not recommended 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 ANAND B. KULKARNI, IAS	Director	MD - Maharashtra State Financial Corporation (MSFC)
2.	SHRI SURENDRAKUMAR BAGDE, IAS	Director	DC (Inds.) & Secretary (SMI)
3.	SHRI RAMESH DEVKAR, IAS	Director	CEO- Maharashtra State Khadi & Village Industries Board (KVIB)
4.	SHRI SHIVAJI DAUND, IAS	Director	MD - Maharashtra Small Scale Industries Development Corporation Limited (MSSIDC)
5.	DR. P. ANBALAGAN, IAS	Director	Jt. CEO - Maharashtra Industries Development Corporation (MIDC)

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 2011 the applicable accounting standards had been followed 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 and 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 employees of the Corporation were paid Rs.60 lakh per annum and in excess of Rs.5 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, 1956, 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 Outgo.

9. ACKNOWLEDGMENT:

Your Directors would like to express their grateful appreciation for the services rendered by the Banks, Financial Institutions and co-operations received from various Government Departments, Suppliers and 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.

Date: 23.12.2014

Place: Mumbai.


Director


Managing Director



AUDITOR'S REPORT

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

1. We have audited the attached **Balance Sheet** of **MAHARASHTRA SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED (MSSIDC)** as at **31st March, 2011**, the **Profit and Loss Account** and the **Cash Flow Statement** of the **MSSIDC** for the year ended on that date, 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 the 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.2,25,30,623.00. Similarly, consequent rebate on purchases and profit is understated to the extent of Rs.8,49,406.00. 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 the 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. (Refer Note No. 30)

- 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.*
- v. The Corporation has made an adhoc provision towards gratuity liability instead of providing the same on the basis certificate from Actuary. Further, the Corporation has not made disclosure of retirement benefits with respect to gratuity and leave encashment as required by AS-15 issued by ICAI.*
- vi. The Corporation has not made disclosure of consolidate financial statements as required by AS-21 issued by ICAI. (Refer Note No. 36)*

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(3C) 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 adjustment of excess of expenditure over grants of Rs.51,96,794.00 against excess of grants over expenditure is not in line with the standard accounting practice. The excess of expenditure over grant received for organizing exhibitions for earlier 3*



- amounting to Rs.18,20,062.00, 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. 9).
- b) The Corporation has certain long pending other advances amounting to Rs.85,25,170.74, 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. 10).
- c) The Corporation has certain long pending deposits amounting to Rs.2,52,96,427.12, 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. 11)
- d) It is observed that some Sundry Creditors of transport at Thane Division with debit balances of Rs.1,29,86,997.19 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. 12)
- e) The Corporation has not provided Bad & Doubtful debts and Debit balances in Sundry Creditors outstanding for more than 3 years amounting to Rs.42,57,34,427.57 and Rs.5,08,63,035.70 respectively. (Refer Note No.4)
- f) The Corporation has not provided Rent receivable of Rs.11,61,982 recoverable from few parties but not received for so many years. (Refer Note No. 24).
- g) The Corporation has not written off Accrued Interest of Rs.27,90,629.37 pertaining to period prior to 2002-03 for which Corporation does not have any details. (Refer Note No. 25)



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

Particulars	Amount (Rs.)
Profit after tax as per Profit & Loss Account of the Corporation	65889745.00
Add: Rebate on purchases not considered by the Corporation [Note (d) (i) above]	849406.00
Total	6,67,39,151.00
Less: Excess of expenditure over grant pertaining to previous years (Note 5 (a) above)	18,20,062.00
Less: Long pending other advances not provided (Note 5 (b) above)	85,25,170.74
Less: Long pending deposits not provided (Note 5 (c) above)	2,52,96,427.12
Less: Long pending sundry creditors pertaining to Thane division not provided. (Note 5 (d) above)	1,29,86,997.19
Less: Bad & Doubtful debts and Debit balances in Sundry Creditors not provided (Note 5 (e) above)	47,65,97,463.27
Less: Rent receivable not provided (Note 5 (f) above)	11,61,982.00
Less: Accrued Interest not adjusted (Note 5 (g) above)	27,90,629.37
Loss as per the above adjustments	46,24,39,580.69

As such, the Corporation has actual loss of Rs.46,24,39,580.69 as against the reported profit after tax of Rs. 6,58,89,745.00.

- h) Rental income Rs.3,74,30,915.00 accounted by the Corporation is without any documentary evidence in support thereof. In the absence of lease agreement for various rental income accounted by the Corporation, accuracy of the rental income cannot be confirmed.
- i) The Corporation has accounted interest on fixed deposit of Rs.1,69,40,899.00 without any supporting in the form of Bank / TDS Certificates. The income accounted by the Corporation does not



match with the 26AS. As such, the accuracy of interest on fixed deposit income accounted by the Corporation cannot be confirmed.

- j) Balances under Liability for Expenses Rs.3,99,10,641.00, Sundry Creditors of Rs.1,19,51,69,643.00, Dues to employees of Rs.8,60,912.00, Dues to outside parties of Rs.36,83,98,053.00, Service Tax of Rs.38,93,200.00, Deposits received of Rs.13,90,05,039.00, Advance Tax and TDS of Rs.9,14,15,877.00, CST of Rs. 63,741.00, WCT of Rs.51,10,030.00, MST and VAT of Rs.1,08,56,525.00, Advances to Suppliers of Rs.27,41,38,419.00, Other Advances of Rs.1,80,39,421.00, Sundry Deposits paid Rs.7,85,84,942.00, Sundry Debtors of Rs.1,23,34,08,237.00 are subject to scrutiny, reconciliation and consequential adjustment, if any, effect of which on the profit of the Corporation is unquantifiable. (Refer Note No. 5)
- k) In the absence of details of status of pending Sales Tax and WCT 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).
- l) Addition to capital work in progress of Rs.5897034.00 pertains to renovation expenses on warehouses at Wagle Estate, Thane and Chinchwad, Pune. The said expenditure is incurred by the warehousing agents and the same will be recovered by them out of future rentals.
- m) The Corporation has made an adhoc provision of Rs.2259219.00 towards gratuity without any certification by Actuary. In the absence of certification by Actuary, the exact liability towards gratuity provision and its effect on the profit of the Corporation is unquantifiable.
- n) 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

- o) 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) 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. 8).
- q) The Corporation has not maintained registers u/s. 297, 299 of the Companies Act and any other mandatory statutory registers required under the Companies Act.
- r) The Company has not convened and held mandatory number of Board meetings (4) during the year and not complied the provisions of section 285 of the Companies Act.

Basis for adverse opinion

As explained in the earlier qualifications, quantifiable net effect of Rs.52,91,78,731.69 has resulted in actual loss of Rs.46,24,39,580.69 as against the reported profit after tax of Rs.6,58,89,745.00 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. Further, 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. Furthermore, the company has not complied important Accounting Standards issued by ICAI as well as provisions of the Companies Act, 1956. 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 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 read with other notes on accounts, give 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:

- 1) in the case of the **Balance Sheet**, of the **state of affairs** of the Corporation as at **31st March, 2011** 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.

PLACE: MUMBAI
DATED: 24.06.2014



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

S. D. Yardi
**(S. D. YARDI)
PARTNER
M. NO. 22887**

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, 2011**)

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 Corporation has appointed CA Firm to conduct physical verification of items of fixed assets at Head Office and the Branches and reconcile the same with the fixed assets schedule of the Corporation. The report submitted by the CA Firm is under consideration of the Management and Management will prepare the fixed assets register on the basis of such report in compliance with AS-6 & AS-10 issued by ICAI. In our opinion, since physical verification of assets was not done by the Management due to absence of fixed assets register, material discrepancies on such verification could not be ascertained. There is no regular program of physical verification of fixed assets having regard to 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 as and when it is due as per the terms of loans.
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 company has maintained register u/s. 301 of the Companies Act, 1956 and there are no particulars of parties and transactions required to be entered in the said register.
- 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. a) According to the records of the Company and according to the information and explanations given to us, 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, Custom Duty, Excise duty, Cess and other Statutory Dues applicable to it except Service Tax.
- b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income-tax, sales tax, wealth-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 except the following:

Particulars	Amount (Rs)
Service Tax	3893200.00
Provident fund	223377.77
Gratuity contribution to LIC towards Gratuity Fund	28645521.00

- c) 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	2,03,54,077.00
II) Income Tax	1,07,06,402.00
III) VAT	40,69,37,169.00
Total	43,79,97,648.00

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 as per the reported profit & loss account but without considering effect of qualifications.
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 are relied upon by us, there were no frauds on or by the Company noticed or reported during the year.

PLACE: MUMBAI
DATED: 24.06.2014

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

S. D. Yardi
(S. D. YARDI)
PARTNER
M. NO. 22887

REPLY TO AUDITOR'S REPORT FY 2010-11

Sr.No.	Comments of Auditor	Comments of Management put up to Board/Auditor.	The financial and difficulties involves if comments auditors are accepted	Actions suggested
4. (d) (i)	<p>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.2,25,30,623.00. Similarly, consequent rebate on purchases and profit is understated to the extent of Rs.8,49,406.00. 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.</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 FY 2010-11. The Order is placed by consignee before March and supply is to be completed by 31 March. Unit complete supply by 31 March or partly in the 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</p>	<p>The Auditors Stated that the profit is under stated to the extent of Rs. 8,49,406. 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. The systems are followed since log back and the marketing sale are with government department only.</p>	Not required.

		<p>bills for entire supply including supply effected - in March, April & May. The booking of the sales/purchases bills is done on the basis of bills submitted by units during 2010-11:</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>4. (d) (ii)</p>	<p>Although the 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.</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 will call the information from Division and efforts will be made to update the same. 	<p>Assets registered are not maintained as per the accounting standard.</p> <p>The assets registered were maintained up to 1998-99. Due to backlog of work and shortage of manpower the same is not updated.</p>	<p>We are collecting information from the concern divisions.</p> <p>The preparation of asset register is assigned to C. A. firm in June 2012. CA agencies have submitted the report. However, the report is not finalized.</p>

4. (d) (iii)	<p>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 registered.</p>	<p>The preparation of asset register is assigned to C. A. firm in June 2012. CA agencies have submitted the report. However, the report is not finalized.</p>
4. (d) (iv)	<p>The Corporation has not disclosed lease accounting in accordance with AS-19 issued by ICAI.</p>	<p>The Cotton Green Shed - 2 and Sewree Godown is taken on lease from BPT. The Cotton Green Shed - 2 premises lease period is not mentioned by BPT and Sewrcc Godown lease period is upto F.Y.2013. Corporation is paying lease rent regularly.</p>	<p>This is part of presentations in notes to accounts and due to no cleared lease period terms by BPT, the disclosure not is mentioned.</p>	
4. (d) (v)	<p>The Corporation has made an adhoc provision towards gratuity liability instead of providing the same on the basis certificate from Actuary. Further, the Corporation has not made disclosure of retirement benefits with respect to gratuity and leave encashment as required by AS-15 issued by ICAI.</p>	<p>Every year Corporation makes gratuity provision as per the demand letter from LIC. Regarding leave encashment every year Corporation is making provision as per actuarial report. Both the provisions are already reflected in books of accounts.</p>		

4. (d) (vi)	The Corporation has not made disclosure of consolidate financial statements as required by AS-21 issued by ICAI.	Agreed	
5. (a)	The adjustment of excess of expenditure over grants of Rs.51,96,794.00 against excess of grants over expenditure is not in line with the standard accounting practice. The excess of expenditure over grant received for organizing exhibitions for earlier 3 years amounting to Rs.18,20,062.00, 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. 9).	Every year IITF Exhibition is conducted by the Corporation on the behalf of Govt. Whatever debit /credit balances appearing in books of accounts will be adjusted or recovered from Govt.. whatever excess expenditure appearing in books of accounts the same will be adjusted at the time of reconciliation.	
5. (b)	The Corporation has certain long pending other advances amounting to Rs.85,25,170.74, 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. 10)	At HO - other - advance - except margin money - interest accrued, all other accounts are very old one.	Efforts will be made to reconcile the same.
5. (c)	The Corporation has certain long pending deposits amounting to Rs.2,52,96,427.12, 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. 11)	In the year 2011-12 the balance of deposit - paid is Rs.5296427.12 which is reduced after reconciliation.	

5. (d)	It is observed that some Sundry Creditors of transport at Thane Division with debit balances of Rs.1,29,86,997.19 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. 12)	This amount shows at Kalmboli books of accounts which consists of various parties including Steel Authority of India. This account is very old one.	Efforts will be made to reconcile the same.
5. (c)	The Corporation has not provided Bad & Doubtful debts and Debit balances in Sundry Creditors outstanding for more than 3 years amounting to Rs.42,57,34,427.57 and Rs.5,08,63,035.70 respectively. (Refer Note No.4)	Debtors' figures above 3 years consist of marketing, raw material and others. The marketing activity debtors is backed by creditors. Further in raw material transaction is also huge outstanding appearing in books of accounts because of legal cases. The balance is not reconciled. Therefore the Management has assigned this work to independent CA agency in June 2012. However, no concrete recommendation received regarding write off/back from CA agency. Hence no action taken in this regard.	
5. (f)	The Corporation has not provided Rent receivable of Rs.11,61,982 recoverable from few parties but not received for so many years. (Refer Note No. 24)	Efforts will be taken for reconcile the same.	

5. (g) The Corporation has not written off Accrued Interest of Rs.27,90,629.37 pertaining to period prior to 2002-03 for which Corporation does not have any details. (Refer Note No. 25)
The cumulative quantifiable effect of the above non-provisions and other issues is given hereunder:

Particulars	Amount (Rs.)
Profit before tax as per Profit & Loss Account of the Corporation	10,83,84,131.00
Add: Rebate on purchases not considered by the Corporation [Note (d) (ii) above]	8,49,406.00
Less: Excess of expenditure over grant pertaining to previous years [Note 5 (a) above]	18,20,062.00
Less: Long pending other advances not provided [Note 5 (b) above]	85,25,170.74
Less: Long pending deposits not provided [Note 5 (c) above]	2,52,96,427.12
	109,233,537.00

Noted the contents and efforts will be taken for reconcile the same.

	Less: Long pending sundry creditors pertaining to Thane division not provided. (Note 5 (d) above)	1,29,86,997.19			
	Less: Bad & Doubtful debts and Debit balances in Sundry Creditors not provided (Note 5 (e) above)	47,65,97,463.27			
	Less: Rent receivable not provided (Note 5 (f) above)	11,61,982.00			
	Less: Accrued Interest not adjusted (Note 5 (g) above)	27,90,629.37	52,91,78,731.69		
	Loss as per the above adjustments	41,99,45,194.69			
	As such, the Corporation has actual loss of Rs. 41,99,45,194.69 as against the reported profit before tax of Rs. 10,83,84,131.00.				
5. (h)	Rental income Rs.3,74,30,915.00 accounted by the Corporation is without any documentary evidence in support thereof. In the absence of lease agreement for various rental income accounted by the Corporation, accuracy of the rental income cannot be confirmed.		The rented income is accounted as per the records available.		

5. (i)	<p>The Corporation has accounted interest on fixed deposit of Rs. 1,69,40,899.00 without any supporting in the form of Bank / TDS Certificates. The income accounted by the Corporation does not match with the 26AS. As such, the accuracy interest on fixed deposit income accounted by the Corporation cannot be confirmed.</p>	<p>Noted the contents. Corporation has booked TDS on the basis of physical certificate and 26AS.</p>	
5. (j)	<p>Balances under Liability for Expenses Rs.3,99,10,641.00, Sundry Creditors of Rs.1,19,51,69,643.00, Dues to employees of Rs.8,06,912.00, Dues to outside parties of Rs.36,83,98,053.00, Service Tax of Rs.38,93,200.00, Deposits received of Rs.13,90,05,039.00, Advance Tax and TDS of Rs.9,14,15,877.00, CST of Rs.63,741.00, WCT of Rs.51,10,030.00, MST and VAT of Rs.1,08,56,525.00, Advances to Suppliers of Rs.27,41,38,419.00, Other Advances of Rs.1,80,39,421.00, Sundry Deposits paid Rs.7,85,84,942.00, Sundry Debtors of Rs.1,23,34,08,237.00 are subject to scrutiny, reconciliation and consequential adjustment, if any, effect of which on the profit of the Corporation is unquantifiable. (Refer Note No. 5)</p>	<p>Noted the contents. This transactions are huge in nature and will be reconciled in due course of time</p>	
5. (k)	<p>In the absence of details of status of pending Sales Tax and WCT 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>

5. (l)	Addition to capital work in progress of Rs.5897034.00 pertains to renovation expenses on warehouses at Wagle Estate, Thane and Chinchwad, Pune. The said expenditure is incurred by the warehousing agents and the same will be recovered by them out of future rentals.	On the basis of Architect certificate and the nature of repair work the expenditure is capitalised.
5. (m)	The Corporation has made an adhoc provision of Rs.2259219.00 towards gratuity without any certification by Actuary. In the absence of certification by Actuary, the exact liability towards gratuity provision and its effect on the profit of the Corporation is unquantifiable.	Every year Corporation makes gratuity provision as per the demand letter from LIC. Therefore provisions are made.
5. (n)	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.	Efforts will make to strengthen the system.
	<u>Non-compliance of provisions of Companies Act</u>	
5. (o)	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.	Corporation has appointed whole time Asst. Company Secretary from 10.09.2012.
5. (p)	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. 8).	The Corporation constituted the Audit Committee in its 326 th Board Meeting held on 21.08.2012.

5.(q)	The Corporation has not maintained registers u/s. 297, 299 of the Companies Act and any other mandatory statutory registers required under the Companies Act.	The registers are now maintained and updated.	
5.(r)	The Company has not convened and held mandatory number of Board meetings (4) during the year and not complied with the provisions of section 285 of the Companies Act.	Agreed.	
	<p><u>Basis for adverse opinion</u></p> <p>As explained in the earlier qualifications, quantifiable net effect of Rs.52,91,78,731.69 has resulted in actual loss of Rs. 41,99,45,194.69 as against the reported profit before tax of Rs. 10,83,84,131.00 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. Further, the company has not complied important Accounting Standards issued by ICAI as well as provisions of the Companies Act, 1956. 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. Doubtful debts pertaining to marketing activity are backed by creditors and the amount involved in legal cases are subject to the decision/judgment. A firm of Chartered Accountants was appointed to reconcile Debtors, Creditors and Advances and recommendation made by the said CA Firm was to be considered by the Management for making suitable provision for doubtful debtors, advances and will also write back creditors which are no longer required. However, since no concrete recommendation about writing off of debts and writing back creditors was given the said CA Firm, no action has been taken in this regard.</p>	<p>The exact position will be ascertained after reconciliation. As regards to internal control, and not complying with important accounting standard it is to state that efforts are being made to improve the system completely.</p> <p>The Corporation has noted the contents. The Corporation is actively taking steps for reconciliation of debtors, creditors, advances and preparation of fixed assets register, etc.</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 read with other notes on accounts, give 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:

- 1) in the case of the **Balance Sheet**, of the **state of affairs** of the Corporation as at **31st March, 2011** 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.

REPLY TO ANNEXURE TO THE AUDITORS' REPORT FY 2010-11

Sr.No.	Comments of Auditor	Comments of Management put up to Board/Auditor.	The financial and difficulties involves if 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 Asscts.	Point noted. We will make effort to update the assets register.		The work in is Progress
1. b)	As explained to us, the Corporation has appointed CA Firm to conduct physical verification of items of fixed at Head Office and the Branches and reconcile the same with the fixed assets schedule of the Corporation. The report submitted by the CA Firm is under consideration of the Management and Management will prepare the fixed assets register on the basis of such report in compliance with AS-6 & AS-10 issued by ICAI. In our opinion, since physical verification of assets was not done by the Management due to absence of fixed assets register, material discrepancies on such verification could not be ascertained. There is no regular program of physical verification of fixed assets having regard to size of the Corporation and nature of its business.	Every year corporation verifies the fixed assets at Divisions as well as at Head Office. We will make effort to update the fixed assets register.		No.
1. 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 Paitham Production Center have been verified by the Divisional Manager regularly in the subsequent year.	
2. 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 is being done every year by Handicraft/Finance.	
2. 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.	Noted.	
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.	Agreed.	No.
3. 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.	Agreed.	No.
3. 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 as and when it is due as per the terms of loans.	Agreed.	No.

4.	<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>	Point noted.	No.
5.a)	<p>Based on our examination of the Company's records, we are of the opinion that the company has maintained register u/s. 301 of the Companies Act, 1956 and there are no particulars of parties and transactions required to be entered in the said register.</p>	Agreed.	Point Noted.
5.b)	<p>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>	Agreed.	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 thereunder.</p>	Agreed.	No.

	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.	Point noted. We will try to strengthen the system.	We will try to strengthen the system.
7.			No.
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.	Agreed.	No.
9.a)	According to the records of the Company and according to the information and explanations given to us, 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, Custom Duty, Excise duty, Cess and other Statutory Dues applicable to it except Service Tax.	Agreed.	

9.b)	<p>According to the information and explanations given to us, there are no undisputed amounts payable in respect of income-tax, sales tax, wealth-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 except the following:</p>	<p>Agreed.</p>		No.
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Particulars	Amount (Rs)
Service Tax	38,93,200.00
Provident fund	2,23,377.77
Gratuity contribution to LLC towards Gratuity Fund	2,86,45,521.00

9.c)	<p>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>	<p>Sales Tax and Income Tax cases are pending at various levels with the appropriate authority.</p>	<p>The financial implication is not quantified.</p>	<p>We are following with the concerned Authority.</p>									
<table border="1"> <thead> <tr> <th>Particulars</th> <th>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>I) Sales Tax</td> <td>2,03,54,077.00</td> </tr> <tr> <td>II) Income Tax</td> <td>1,07,06,402.00</td> </tr> <tr> <td>III) VAT</td> <td>40,69,37,169.00</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	2,03,54,077.00	II) Income Tax	1,07,06,402.00	III) VAT	40,69,37,169.00			
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	2,03,54,077.00												
II) Income Tax	1,07,06,402.00												
III) VAT	40,69,37,169.00												
10.	<p>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 as per the reported profit & loss account but without considering effect of qualifications.</p>	<p>Agreed.</p>		<p>No.</p>									
11.	<p>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.</p>	<p>Agreed.</p>		<p>No.</p>									

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.
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.
21.	Based on the information and explanations furnished by the Management which are relied upon by us, there were no frauds on or by the Company noticed or reported during the year.	Agreed.		No.

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सत्यमेव जयते

प्रधान महालेखाकार (लेखापरीक्षा)-III महाराष्ट्र यांचे कार्यालय
प्रधान महालेखाकार (लेखापरीक्षा)-III महाराष्ट्र का कार्यालय
प्रतिष्ठा भवन, तल मंजिल,
101, महर्षि कर्वे मार्ग, मुंबई - 400 020.
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(AUDIT) - III, MAHARASHTRA
PRATISHTHA BHAVAN, GROUND FLOOR,
101, MAHARSHI KARVE MARG, MUMBAI - 400 020.

गोपनीय
संख्या / No.

दिनांक / Date

07.11.2014

पीएजी/लेप-III/वालेप खण्ड-I/एम.एस.एस.आई.डी.सी/2010-11/ 521

सेवा में,

प्रबंध निदेशक,

महाराष्ट्र स्माल स्केल इंडस्ट्रीज डेव्हलपमेंट

कॉर्पोरेशन लिमिटेड, मुंबई.

विषय:- मार्च 31, 2011 को समाप्त हुए वर्ष के महाराष्ट्र स्माल स्केल इंडस्ट्रीज डेव्हलपमेंट
कॉर्पोरेशन लिमिटेड मुंबई के लेखों पर कम्पनी अधिनियम, 1956 की धारा 619 (4) के
अन्तर्गत भारत के नियंत्रक - महालेखापरीक्षक की टिप्पणियों।

महोदय,

मार्च 31, 2011 को समाप्त हुए वर्ष के महाराष्ट्र स्माल स्केल इंडस्ट्रीज डेव्हलपमेंट कॉर्पोरेशन
लिमिटेड मुंबई के लेखों पर कम्पनी अधिनियम, 1956 की धारा 619 (4) के अन्तर्गत भारत के नियंत्रक -
महालेखापरीक्षक का टिप्पणी (Comments) संलग्न है।

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

भवदीया,

संलग्न: यथोपरि.

प्रधान महालेखाकार

(लेखापरीक्षा) - III

CH	MD	JMD	SECY
FC	RECEIVED M.S.S.I.D.C. LTD.		LEGAL
MRI	17 NOV 2011		ADM
EDP	MUMBAI-400001 S. No. 541		RM
HCT	PRO	EPP	CWH

संलग्न: यथोपरि.
7/11/14
9052
19/11/14

**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 2011.**

The preparation of financial statements of 'Maharashtra Small Scale Industries Development Corporation Limited,' Mumbai for the year ended 31 March 2011 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 24 June 2014.

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 for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

A. Comments on Financial Position

Balance Sheet

B) Application of Funds

Fixed Assets (Schedule No. 'D')

Buildings on Leasehold Land ₹ 4.23 crore

I.

1. The above includes an amount of ₹ 3.08 crore towards cost put to tender for repairs to Sewree godown. However, the actual cost incurred was only ₹ 2.90 crore.

Thus, capitalizing the tender cost instead of actual expenditure has resulted in overstatement of Fixed Assets and Liabilities by ₹ 18.48 lakh.


**B) Profit and Loss Account
Expenses**

**Administrative and Other Expenses (Schedule No. 'M')
Admin and Marketing ₹ 5.27 crore.**

2. The above includes ₹ 17.65 lakh being paid to M/s Mohit Minerals Private Limited during 2010-11, against coal handling charges for WCL/SCCL which pertained to year 2009-10. The same should have been shown as Prior Period Items instead of current year expenditures.

This has resulted in overstatement of Administrative and Other Expenses and understatement of Prior Period Adjustment account by ₹ 17.65 lakh.

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


**PRINCIPAL ACCOUNTANT GENERAL
(AUDIT) - III**

**Place: Mumbai
Date:**

**Reply to Comments of the Comptroller and Accountant General u/s. 619(4) of the Companies Act, 1956
on the accounts of MSSIDC for the year ended 31st March 2011**

Sr. No.	Comments	Corporation's Reply
A	<p>Comments on Financial Position - Balance Sheet</p> <p>B) Application of Fund</p> <p>Fixed Asset (Schedule No. 'D')</p> <p>Buildings on leasehold land Rs.4.23 Crore</p> <p>1. The above includes an amount of Rs.3.08 Cr. towards cost put to tender for repairs to Sewree godown. However, the actual cost incurred was only Rs.2.90 crore. Thus, capitalizing the tender cost instead of actual expenditure has resulted in overstatement of fixed assets and liabilities by Rs.18.48 lakh.</p>	<p>As per the Management's approval the subject work was assigned to M/s. Laxmi Keshav Construction Pvt. Ltd., Nagpur. Accordingly Finance Dept. has accounted total 6 RA Bills which comes to Rs.3.08 Cr.</p> <p>Further the Management has decided to re-verify this work from another Architect Mr. Sanjay S. Kanse, Pune. Accordingly he has submitted re-verification report of civil work of Sewree Godown vide letter dt. 21.03.2012. As per their report they have shown cost of re-verification work Rs.2.90 Cr. While finalizing accounts of 2011-12 the overstated assets will be reversed.</p>
B	<p>Profit and Loss Account</p> <p>Administrative and Other Expenses (Schedule No. 'M')</p> <p>Admin and Marketing Rs.5.27 crore</p> <p>2. The above includes Rs.17.65 lakh paid during the year to M/s. Mohit Minerals Pvt. Ltd. during 2010-11, against coal handling charges for WCL/SECL which pertained to year 2009-10. The same should have been shown as Prior Period Items instead of current year expenditures. This has resulted in overstatement of the Administrative and Other Expenses and understatement of Prior Period Adjustment account by Rs.17.65 lakh.</p>	<p>Noted the contents. Henceforth the Prior Period Items will be accounted properly.</p>

Maharashtra Small Scale Industries Development Corporation Limited
Balance Sheet as at 31st March, 2011 (Rupees)

	Schedule No.	As at 31st March, 2011	As at 31st March, 2010
A) Sources Of Funds			
Share Capital	A	145,009,900	145,009,900
Reserves & Surplus	B	189,351,335	161,866,961
Secured Loans	C	19,545,038	68,123,977
Unsecured Loans			
		353,906,273	375,000,838
B) Applications Of Funds			
Fixed Assets			
Gross Block	D	323,526,390	291,039,610
Less : Accumulated Depreciation			
Net Block		182,682,933	173,424,665
Capital Work In Progress		140,843,457	117,614,945
		5,897,034	2,138,132
Investments	E	146,740,491	110,753,077
		198,150	208,450
Current Assets, Loans & Advances			
Current Assets	F	1,642,507,026	1,561,298,536
Loans & Advances			
		498,519,699	444,316,101
		2,141,026,725	2,005,614,637
Less : Current Liabilities & Provisions	G	1,941,861,210	1,757,911,128
Net Current Assets			
		199,165,515	247,703,509
Miscellaneous Expenditure (To the extent Not Written Off Or Adjusted)			
Deferred Tax Asset		7,802,117	7,335,802
		353,906,273	375,000,838

Notes on Accounts form part of Accounts N

As per our report of even date.
For YARDI PRABHU & ASSOCIATES.
Chartered Accountants
(FRN -111727W)

S. E. YARDI
(PARTNER)
M. NO. 22887



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

[Signature]
Director

[Signature]
Shivaji Daund
(Managing Director)

[Signature]
V.V. Khandale
(Finance Controller)

Place: Mumbai
Date: 24 JUN 2014

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(Appendix-2)

Maharashtra Small Scale Industries Development Corporation Limited
Profit & Loss Account for the year ended 31st March, 2011. (Rupees)

	Schedule No.	Current Year	Previous Year
INCOME			
Sales	H	4,656,391,554	3,540,112,027
Other Income	I	203,197,738	144,517,684
Increase/(Decrease) In stock In Trade	J	(4,578,706)	(18,395,245)
		4,855,010,586	3,666,234,466
EXPENSES			
Raw Material Consumed	K	1,437,676	1,692,202
Purchases & Direct Expenses	L	4,598,198,314	3,466,950,173
Administrative & Other Expenses	M	143,786,985	161,676,379
Interest		520,674	1,073,410
Depreciation		2,682,806	2,085,445
		4,746,626,455	3,633,477,609
Profit/(Loss) Before Tax		108,384,131	22,756,856
Profit On Sale Of Assets			
Add : Excess Provision Written Back		(466,315)	(7,228,334)
Less (Add): Deferred Tax		42,960,701	18,482,030
Less : Income Tax			
Less: Dividend Distribution Tax			
Profit/(Loss) After Tax		65,889,745	21,503,160
Less: Proposed Dividend			
		65,889,745	21,503,160
Less : Prior Period Adjustment (Net)		16,671,064	14,402,897
Less : Taxes paid for Earlier Year Written off		17,474,426	
		-31,744,255	7,100,263
Add : Bal. B/fd. from the last yr's A/c		70,291,910	63,191,647
Balance Carried to Balance Sheet		102,036,165	70,291,910
		102,036,165	70,291,910

Notes on Accounts form part of Accounts N

As per our report of even date.
 For YARDI PRABHU & ASSOCIATES.
 Chartered Accountants
 (FRN -111727W)

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



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

[Signature]
 Director

[Signature]
 Shivaji Daund
 (Managing Director)

[Signature]
 V.V.Khandale
 (Finance Controller)

Place: Mumbai
 Date : 24 JUN 2014

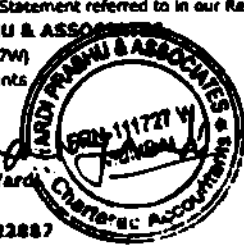
Cash Flow Statement for the year ended 31st March, 2011

	As at 31st March, 2011	As at 31st March, 2010
A Cash Flow from Operating Activities		
Net Profit/(Loss) Before Taxation	108,384,131	32,756,857
PROVISIONS		
Add - Depreciation	2,682,807	2,085,445
Add - Provision for gratuity	2,259,219	
Add - Provision for leave encashment as debited to P&L A/c	2,624,744	
Add - Provision for leave encashment as debited to P&L A/c	5,434,436	
Add: Debit balances written off	8,783,976	
Less - Reversal of Leave encashment provision as credited to P&L A/c	(2,292,644)	
Less - Interest & Dividend Income	(16,975,899)	(14,692,024)
Add - Interest Expenses	520,674	1,073,410
Less/Add - Profit On Sale Of Assets / Dividend Dist Tax		
Operating Profit Before Working Capital Changes	111,421,444	21,223,688
(Increase) / Decrease In Sundry Debtors	(15,900,937)	(25,531,546)
(Increase) / Decrease In Inventories	4,013,430	18,555,596
(Increase) / Decrease In Deposits / Loans-Advances	(57,017,472)	45,558,153
Increase / (Decrease) In Sundry Creditors	109,419,284	(57,445,646)
Increase / (Decrease) In Other Liabilities	14,095,670	51,446,423
Cash Flow From Operations	166,031,419	53,806,668
Less - Income Tax Paid		
Cash Flow Before Extra Ordinary Items	166,031,419	53,806,668
Extra Ordinary Items	(16,671,064)	(14,445,235)
Net Cash Flow From Operating Activities	149,360,355	39,361,433
B CASH FLOW FROM INVESTING ACTIVITIES		
(Increase) / Decrease In Fixed Assets	(38,383,814)	(13,186,648)
(Increase) / Decrease In Misc. Expenses		
(Increase) / Decrease In Investments	10,300	(62,000)
Interest & Dividend Received	16,975,899	14,692,024
Net Cash Flow From Investing Activities	(21,397,615)	1,443,375
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Issuance Of Shares		
Increase In Reserves	(242,084)	42,772,918
Increase / (Decrease) In Term Loans		
Increase / (Decrease) In Unsecured Loans	(48,578,938)	(23,726,127)
Increase / (Decrease) In Working Capital Finance	2,600,000	(47,119,000)
Less - Interest Paid	(520,674)	(1,073,410)
Less - Dividend & Dividend Tax Paid		
Net Cash Flow From Financing Activities	(46,741,696)	(28,145,619)
Net Increase In Cash Or Cash Equivalent (A+B+C)	81,221,045	11,659,191
Cash Or Cash Equivalent At The Beginning Of Period	320,557,300	308,898,109
Cash Or Cash Equivalent At The End Of Period	401,778,347	320,557,300
Note :		(0)
Cash or Cash Equivalent comprises of (Refer Schedule G SS -2)		
Cash in Hand	115,495	155,277
Fixed Deposits	191,739,749	176,500,000
Fixed Deposits for Margin money	43,679,365	
Bank Accounts	166,243,738	143,902,023
	401,778,347	320,557,300

There is a difference in closing balance as at 31.3.2010, as the figures have been regrouped
The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on 'Cash

This is the Cash Flow Statement referred to in our Report of even date.
For YARDI PRABHU & ASSOCIATES Chartered Accountants
(Firm Reg. No-1117274)
Chartered Accountants

For M.S.S.I.D.C LIMITED.
Sudhan D. Yardi
Partner
Membership No. 22887



[Signature]
Director

[Signature]
Shivaji Daund
(Managing Director)
[Signature]
V.V. Chandale
(Finance Controller)

Maharashtra Small Scale Industries Development Corporation Limited
Schedules to the Balance Sheet

[All Amounts Rs.]

PARTICULARS	As at 31st March, 2011		As at 31st March, 2010	
SCHEDULE- A				
SHARE CAPITAL				
Authorised 20,00,000 Equity Shares Of Rs.100 each		200,000,000		200,000,000
Issued, Subscribed & Paid Up 14,50,099 Equity Shares Of Rs.100 Each Fully Paid Up		145,009,900		145,009,900
		145,009,900		145,009,900
SCHEDULE- B				
RESERVES & SURPLUS				
Capital Reserve		44,785		44,785
Export Incentive Reserve		375,000		375,000
Grant In Aid				
Balance as per last Balance Sheet	1,150,157		1,192,495	
Less-Transfer to P & L A/c	42,338	1,107,819	42,338	1,150,157
Grant recd from MIDC for Paithani Dev.Center.	7699000		12,694,000	
Add : Grant Recd during the Year	2600000			
Less - Utilised During the year	0	10,299,000	4,995,000	7,699,000
		11,826,604		9,268,942
Profit & Loss Account				
Balance as per last Balance Sheet	70,291,911		63,191,648	
Add : Profit during The Year	31,744,255		7,100,263	
		102,036,166		70,291,911
Marketing Risk & Development Res.				
Balance as per last Balance Sheet	4,574,799		3,925,881	
Add- Credited during the Year	124,857		648,918	
		4,699,656		4,574,799
Revaluation Reserve				
Balance as per last Balance Sheet	77,731,310		84,306,770	
Less-Amortisation In The Year	6,575,460		6,575,460	
Less-Short Amortisation In earlier years	366,941			
		70,788,909		77,731,310
		189,351,335		161,866,961
SCHEDULE- C				
UNSECURED LOANS				
Ind.&Lab. Dept. Mah. Govt. Edu.Unempl.H.P.A.	1,318,000		1,318,000	
Interest Payable On Maha. Govt. Loan	2,774,408		2,774,408	
		4,092,408		4,092,408
Ind. & Lab.-Govt. Of Maha. - Seed Capital	6,403,331		6,403,331	
Interest Payable- Epp Govt. Of Maha.	9,049,299		9,049,299	
		15,452,630		15,452,630
Dev. Comm. Industries, Govt. Of Maha. -Vrs	5,866,667		5,866,667	
Interest Accured But Not Due On Vrs Loan	1,760,000		1,760,000	
Less - paid during the year	7,626,667			
				7,626,667
Short Term Loan				
Slum Rehabilitation Authority	26,080,000		26,080,000	
Interest Payable To SRA	14,872,272		14,872,272	
Less - paid during the year	40,952,272			
				40,952,272
		19,545,038		68,123,977



SCHEDULE-B

DEPRECIATION ON FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost at 1-Apr-10	Additions	Sales / Adjustments	Cost at 31-Mar-11	Accumulated Depreciation as on 31.03.10	Depreciation for the year	Adjustments	Accumulated Depreciation as on 31.03.11	WDV 31.3.11	WDV 31.3.10
Free hold land- WADA	76,426	-	-	76,426	-	-	-	-	76,426	76,426
Leasehold Land - Cost	11,300,038	-	-	11,300,038	4,130,042	178,152	-	4,298,194	7,001,845	7,179,997
Leasehold Land - Rehabilitation	196,216,266	-	-	196,216,266	121,851,096	6,575,460	-	128,427,456	78,788,809	77,361,369
Office Premises	8,013,596	-	-	8,013,596	2,896,652	337,599	-	3,034,251	5,579,346	5,716,934
Buildings on Leasehold Land	16,229,848	30,810,594	-	47,040,442	5,038,022	391,595	-	5,410,017	42,340,413	11,921,424
Residential Flats	6,109,472	-	-	6,109,472	1,084,440	62,754	-	1,147,194	2,876,278	2,639,031
Leasehold Rights - WTC	2,840,290	-	-	2,840,290	3,290,000	42,231	-	3,332,231	1,107,025	1,150,162
Plant & Machinery	2,078,992	-	-	2,078,992	3,649,638	1,615	-	3,651,253	28,738	30,353
Furniture & Fixture	11,226,891	61,835	-	11,288,726	9,708,805	101,148	-	9,809,953	1,481,953	1,521,206
Office Equipments	8,407,092	945,828	-	9,352,920	8,134,371	344,171	-	8,478,542	3,878,208	3,272,632
Computers	20,408,203	647,533	-	21,055,736	15,223,088	1,110,236	-	16,333,324	4,783,787	5,186,290
ELECTRICAL FITTINGS	817,710	-	-	817,710	18,487	51,763	-	69,244	750,467	892,253
Vehicles	3,748,120	-	-	3,748,120	2,186,260	259,647	-	2,445,907	321,823	380,470
Assets costing less than 5000	778,221	-	-	778,221	778,221	-	-	778,221	179,348	173,216
PAITHANI DEV CENTRE (MVVM)	182,228	-	-	182,228	8,910	2,970	-	11,880	340,042,457	117,814,945
Total	291,039,810	32,486,780	-	323,526,590	173,424,967	9,288,786	-	182,682,833	5,997,034	2,139,132
Capital work in Progress & Machinery in Transit	2,139,132	5,997,034	2,139,132	5,997,034	-	-	-	-	-	-
Previous Year	279,891,104	11,110,508	(82,000)	291,039,810	164,783,761	8,660,905	-	173,424,945	117,814,945	115,227,336

- Notes :
- Amortisation 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.9258266.00 includes Amortisation of Leasehold of Rs.6575460.00. The figure of actual depreciation during the year is Rs.2682806.00, which can be arrived at deducting Rs.6575460.00 from Rs.9258266.00.



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Maharashtra Small Scale Industries Development Corporation Limited
Schedules to the Balance Sheet

[All Amounts Rs.]

PARTICULARS		As at 31st March, 2011		As at 31st March, 2010
SCHEDULE- E				
INVESTMENTS				
In Fully Paid Up Equity Shares				
1'CClass Share Of Rs.1000 In		1,000		1,000
All India Fabrics Mkt. Co-Op Soc. Ltd.				
400 Equity Shares Of Rs.100 Each		40,000		40,000
Mah. Ind & Tech. Consultancy Org. Ltd.				
(600 no of Bonus Share issued on 28.02.08 @ 100/-)		62,000		62,000
Krupanidhi Limited				
(62 Shares of Rs.100/- each)				
5 Shares Of Rs.1000 Each In				5,000
Mah. Mahamandal Bhavan Sah. Soc. Ltd.				
1 Share Of Rs.250 Each In		250		250
Mah. State Handloom Coop Fed. Ltd.				
212 Shares Of Rs. 25 each In				5,300
Shamrao Vitthal Coop Bank Ltd.				
Unit Trust Of India		94,900		94,900
Us 64 Bonds Nos 949 Face Value @ 100				
		198,150		208,450
SCHEDULE- F				
CURRENT ASSETS				
Sundry Debtors				
Below 6 months - Good	517,323,426		482,560,059	
Above 6 months - Good	158,582,008		287,085,954	
Above 6 months - Doubtful	583,987,803		479,862,552	
	1,259,893,237		1,249,508,565	
Less: Provision for Doubtful Debts	26,485,000	1,233,408,237	26,485,000	1,223,023,565
Cash & Bank Balances				
Cash in hand	115,495		155,277	
Fixed Deposit for Margin Money	43,679,365		6,383,799	
Fixed Deposit with Banks	191,739,749		176,500,000	
Bank accounts	166,243,738	401,778,347	143,902,023	326,941,099
Closing Stock (as valued and certified by the Management)				
Franking at cost	857,110		6,170,158	
Raw Materials at cost	274,210		70,882	
WIP at Prime Cost	995,363		633,416	
Finished Goods at cost	4,092,474		3,379,806	
Stock In Trade - Wtc at Lower of cost or Market Value	786,197		786,197	
Stock In Trade- Tme Delhi at Lower of cost or Market Value	315,088	7,320,442	293,413	11,333,872
		1,642,507,026		1,561,298,536



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Maharashtra Small Scale Industries Development Corporation Limited
Schedules to the Balance Sheet

[All Amounts Rs.]

PARTICULARS		As at 31st March, 2011		As at 31st March, 2010
Loans & Advances				
Advances recoverable in cash or in kind				
Advances to suppliers (Dr. Bal. in Sr.Creditors)	274,138,419		242,179,521	
Market Bill Advance against accepted DC	4,596,010		18,980,560	
Godown & Office rent receivable	11,292,777		8,678,225	
Interest accrued but not received	11,806,653		5,962,525	
Advance against Seed Capital	3,409,751		3,409,751	
Other Advances	18,039,421	323,283,031	10,297,542	289,508,124
Deposits Paid				
Security deposits paid Marketing	9,718,853		13,406,227	
Deposits - Court	17,599,956		9,451,567	
Other Deposits	51,266,133	78,584,942	8,144,976	31,002,770
TDS - WCT	5,110,030		5,878,940	
TDS - INCOME TAX	91,415,877		112,493,580	
C.S.T.	63,741		5,395,613	
Suspense A/C	62,078	96,651,726	37,074	123,805,207
		498,519,699		444,316,101
SCHEDULE- G				
CURRENT LIABILITIES				
M.S.T. and VAT		10,856,525		6,257,741
W.C.T.				2,536,296
Service Tax		3,893,200		1,752,966
Dues to outside parties				
MHFDC	1,953,321		3,873,321	
Advances from customers (Credit Bal in to Sr.Debtors)	340,240,507		326,415,734	
Other advances received	26,204,225	368,398,053	17,723,060	348,012,115
PF, ESI & Gratuity		28,868,898		29,984,713
Deposits Received				
Marketing	39,305,069		113,250,403	
Other Deposits received	99,699,970	139,005,039	14,950,823	128,201,226
Dues To Employees		860,912		2,716,513
Liabilities For Expenses				
Provision for I.Tax (F Y 2009-10)	39,910,641		43,723,659	
Provision for I.Tax (F Y 2010-11)	18,482,030		42,206,411	
PL Encashment Payable	42,960,701			
Dividend Distribution Tax	21,354,259		18,799,442	
Arrears Payable - Vith Pay Commission	499,097		499,097	
Proposed Dividend	68,665,487		44,533,864.00	
	2,936,727	194,808,942	2,936,727	152,699,200
Sundry Creditors		1,195,169,643		1,085,750,359
		1,941,861,210		1,757,911,128



Maharashtra Small Scale Industries Development Corporation Limited
Schedules to the Profit and Loss Account

[RUPEES]

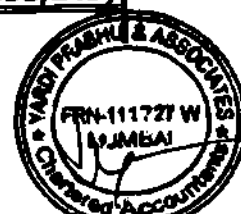
PARTICULARS	Current Year	Previous Year
SCHEDULE - H		
SALES		
Raw Material Sales	44,169,762	87,135,653
Sales Exhibition	1,145,743	-
Marketing Sales	3,487,260,870	1,918,654,976
W.C.T. Marketing Sales	17,295,135	124,610,243
Sales Others	7,672	-
Sales Oms	46,179,175	2,708,570
Sales Paithani Sarees	4,948,996	3,493,138
Sales Handicraft	6,726,349	6,493,640
Sales Through Stock Transfer	-	1,021,928
Scrap Sales	164,152	14,600
Sales Coal	989,180,652	1,057,039,483
Sales Franking	59,313,048	337,454,796
Sales Stamp Paper	-	1,485,000
	4,656,391,554	3,540,112,027
SCHEDULE - I		
OTHER INCOME		
Direct Income		
Handling Chgs	-	1,483,475
Rebate Recd. From Supplier	124,427,778	64,891,830
Godown Rent Recd	11,283,738	9,746,937
Service Charges & Commission- Franking	588,990	1,926,850
Rebate Recd. From Supplier-Others	459,920	105,172
Rebate Recd. From Supplier - Coal	442,332	961,056
Commission On Stamp Paper Sales	-	15,300
Commission Recd On Sales Of Franking	269,676	1,585,000
Service Charges Recd. On Paithani	250,722	427,414
	137,723,156	81,143,034



Maharashtra Small Scale Industries Development Corporation Limited
Schedules to the Profit and Loss Account

[RUPEES]

PARTICULARS	Current Year	Previous Year
Indirect Income		
Intrest Recd Mktg.	156,705	-
Interest Recd On Deposits With Bank	5,193,774	14,323,319
Interest Div. Recd.	2,865	-
Interest Recd Other	11,587,555	338,705
Dividend On Investment	35,000	30,000
Godown Rent Warehouse	11,254,460	6,172,030
Office Rent Recd	2,301,969	2,708,460
Commission On Credit Card	-	65,818
Rent Recd	3,853,505	215,198
Ethiopian Airlines (Rent Received)	8,737,243	8,128,768
Registration Fees For Portal	14,600	27,000
Mktg. Registration Fees	714,600	522,298
Tender Fees Recd (Non Refundable)	2,294,500	2,323,520
Tender Processing Chgs Recd	1,007,400	67,400
Service Charge Recd From H'Craft Units	-	635,283
Penalty Charges Recd Coal	2,834	1,065,290
Reg.& Process Fees Recd Coal.	762,000	101,750
Registration & Renewal Fee H'Craft	3,400	7,250
Misc.Reciepts	10,584,078	4,588,767
Excess Provision Written Back A/C (Leave End	2,292,644	15,453,095
Credit Balances Written Back	2,624,744	215,298
Guest House Receipt	20,500	34,760
Salary & Allow Recovered On Various Scheme	676,332	40,110
Repairs & Maintainance Recd	329,740	-
Coal Inspection Charges	-	2,284,250
Renewal charges Marketing	4,000	-
Electrical Charges Recd	557,500	1,135,000
Inspection Charges Recd (Mrktg)	14,000	160,340
Renewal Charegs Coal	85,000	2,497,500
House Rent Recovery From Employees	81,296	191,103
Mshfdc Admin Exp Received	240,000	-
Grant In Aid Wtc	42,338	42,338
	65,474,582	63,374,650
Total Other Income	203,197,738	144,517,684
SCHEDULE - I		
INCREASE / (DECREASE) IN STOCK IN TRADE		
Opening Stock		
Finished Goods (Paithani Sarees)	3,379,806	2,004,735
Stock at WTC	786,197	-
Stock-Franking	6,170,158	26,599,954
Stock at Delhi (TME)	293,414	420,130
	10,629,575	29,024,819
Closing Stock		
Finished Goods (Paithani Sarees)	4,092,474	3,379,806
Stock at WTC	786,197	786,197
Stock-Franking	857,110	6,170,158
Stock at Delhi (TME)	315,088	293,414
	6,050,869	10,629,575
Decrease in Stock	(4,578,706)	(18,395,245)



Maharashtra Small Scale Industries Development Corporation Limited
Schedules to the Profit and Loss Account

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[RUPEES]

PARTICULARS	Current Year	Previous Year
SCHEDULE - K		
RAW MATERIAL CONSUMED		
Opening Stock (RM)	70,882	124,216
Opening Stock (WIP)	633,415	740,434
Add: Purchases	2,002,952	1,531,850
Less : Closing Stock (RM)	274,210	70,882
Less : Closing Stock (WIP)	995,363	633,415
	1,437,676	1,692,202
SCHEDULE - L		
PURCHASES AND DIRECT EXPENSES		
Purchases		
Purchase- Marketing	3,532,668,853	1,920,261,084
Purchase- W.C.T. Maktg.	17,124,885	124,610,243
Purchase - From Stock Transfer	9,234	1,141,124
Purchase - Coal	943,130,944	1,011,082,609
Purchase - On Consignment	-	2,881,894
Purchase - Raw Material	43,573,609	86,059,103
Purchase- Handi Crafts	6,896,813	2,381,064
Purchase- Franking	54,000,000	318,000,000
Purchase- Stamp Paper	-	510,000
Purchase Exhibition	793,977	-
	4,598,198,314	3,466,927,120
Direct Expenses		
Octroi Charges	-	23,053
	4,598,198,314	3,466,950,173
SCHEDULE - M		
ADMINISTRATION & OTHER EXPENSES		
Admin & Marketing	52,733,639	32,271,346
Travel., Conveyance, Telephone	6,897,818	6,952,370
Property Related Exp.	5,851,906	4,378,676
Manpower Exp.	78,303,622	118,073,987
	143,786,985	161,676,379
Bank Charges & Interest	520,674	1,073,410
	520,674	1,073,410



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**MAHARASHTRA SMALL SCALE INDUSTRIES
DEVELOPMENT CORPORATION LIMITED**

SCHEDULE N:

**ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE
YEAR ENDED 31ST MARCH 2011.**

1) OVERVIEW

THE MAHARASHTRA SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LTD. (MSSIDC) was incorporated in 1962 and has completed its 49 years of aiding, counseling, assisting, financing, protecting and promoting the interest of small 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, in conformity with generally accepted accounting principles, requires management to make 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



financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively.

II) SIGNIFICANT ACCOUNTING POLICIES:

1) REVENUE RECOGNITION:

All incomes and expenses have been accounted on accrual basis in accordance with generally accepted accounting principles in India & relevant provision of the Companies Act 1956 except following:

- 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, Dividends on investments and interest on Income Tax refunds are accounted for on receipt basis.

2) Fixed Assets

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

3) 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. 5,000.00 are depreciated 100%.



- Lease-hold Lands, where revalued, are amortized in the balance period of lease.

4) Investments

Investments are stated at cost.

5) 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.

6) 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.
- Leave encashment is recognized and accounted on the basis of actuarial valuation.

7) Transactions pertaining to previous years:

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

8) Taxation:

- i. Tax expense comprises both deferred and current taxes. Deferred Income Tax reflect the impact of current year timing differences



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taxable income and accounting income for the year and reversal of timing differences of earlier years.

- ii. Deferred Tax is based on tax rates and the tax laws effective at the Balance Sheet date. The effect of deferred tax assets and liabilities of the change in tax rates is recognized in Profit & Loss Account at the year end and corresponding effect is given to Deferred Tax Assets / Liabilities in the Balance Sheet.
- iii. Deferred Tax Assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

9) Provisions, Contingent Liabilities And Contingent Assets:

A provision is recognized when the bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- i. A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non occurrence of one or more uncertain future events not within the control of the Bank; or
- ii. A present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually.



III) NOTES FORMING PART OF ACCOUNTS:

1. CONTINGENT LIABILITIES:

Sr. No.	Particulars	Current Year (Rs.)	Previous year (Rs.)
1	Claims against the Corporation not acknowledged as debts	4,25,00,000.00	63,82,200.00
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	2,03,54,077.00	3,41,40,937.00
	II) Income Tax	1,07,06,402.00	1,07,06,402.00
	III) value added tax	40,69,37,169.00	---
3	Probable penalty for late supply/non fulfillment of Obligation as per terms of contract.	0.00	6,74,000.00
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.	0.00	18,06,620.00
5	Penalty u/s . 271B of the Income Tax Act for non-Filing of Tax Audit Report u/s. 44 AB of the Income Tax Act for last 6 years.	6,00,000.00	5,00,000.00

2. In the absence of details of status of pending Sales Tax and WCT assessments and other legal cases, the contingent liability, if any, in respect thereto cannot be ascertained as cases of various years are



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process with the concerned Appellate Authorities and the quantum of the same can not be ascertained.

- 3. Investment in 1964 Unit Trust Scheme of Rs.94,900.00 is en-cashed on 31.10.2011 after consistent follow up by the Corporation during the financial year 2011-12.
- 4. The Corporation has Sundry debtors of Rs.42,57,34,427.00 and Debit balances in creditors of Rs.5,08,63,035.70 which are pending for adjustment for more than 3 years. The Management is of opinion that since Doubtful debts pertaining to marketing activity are backed by creditors and the amounts involved in legal cases are subject to decision thereof, the provision regarding doubtful debts of Rs. 47,65,97,463.00 is not considered. The Corporation had appointed a firm of Chartered Accountants to reconcile Debtors, Creditors and Advances and recommendation made by the said C.A. Firm was to be considered by the Management for making suitable provision for doubtful debtors, advances and will also write back creditors which are no longer required. However, since no concrete recommendation about writing off of debts and writing back of creditors was given by the said CA Firm, no action has been taken in this regard.
- 5. Balances under Liability for Expenses Rs.3,99,10,641.00, Sundry Creditors of Rs.1,19,51,69,643.00, Dues to employees of Rs.8,06,912.00, Dues to outside parties of Rs.36,83,98,053.00, Service Tax of Rs.38,93,200.00, Deposits received of Rs. 13,90,05,039.00, Advance Tax and TDS of Rs.9,14,15,877.00, CST of Rs. 63,741.00, WCT of Rs.51,10,030.00, MST and VAT of Rs.1,08,56,525.00, Advances to Suppliers of Rs.27,41,38,419.00, Other Advances of Rs. 1,80,39,421.00, Sundry Deposits paid Rs. 7,85,84,942.00, Sundry Debtors of Rs.1,23,34,08,237.00 are subject to scrutiny, reconciliation and consequential adjustment.
- 6. Franking department of the Corporation at Bandra 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 made the efforts and recovered the sum of Rs.7,74,110.00 in the year 2012-13.

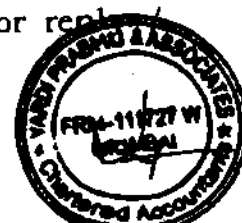
7. The Corporation has made provision for salary arrears of Rs.241.31 lakhs towards 5th pay commission to the Employees of the Corporation for F.Y.2010-11.
8. The decision regarding scope and functions of Audit Committee is under consideration of the Management. No meetings of Audit Committee were held during the year.
9. The excess of expenditure over grant received for organizing International Trade fare for the years viz. 2004, 2008 and 2009 totaling to Rs.51,96,794.00 was adjusted against the excess of grants over expenditure for the years viz. 2001, 2002, 2006, 2007. Further, excess of expenditure over grant received for organizing exhibitions amounting Rs.18,20,062.00 was not debited to Profit & Loss Account but shown as debit balances. The said balances shall be reconciled and the effect will be incorporated in F.Y. 2011-12.
10. The Corporation has certain long pending other advances amounting to Rs.85,25,170.74, 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.
11. The Corporation has certain long pending deposits at Head Office amounting to Rs.2,52,96,427.12 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.
12. It is observed that some Sundry Creditors of transport of Thane Division with debit balances of Rs. 1,29,86,997.19 are lying without adjustment for more than 5 years as reconciliation work is under process.



13. 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.)
Ind. & Lab. Dept. Mah. Govt. Edu. Unempl. H.P.	40,92,408.00
Ind. & Lab. Dept. Mah. Govt- Seed Capital (3.5%)	1,54,52,630.00

14. Suspense account with balance of Rs.62,078.00 (Rs.37,074.00) appearing under "Loans & Advances" is not written back by the Corporation.
15. Balances under Liability for Expenses of Rs.3,99,10,641.00, which includes old liability of BPT of Rs.2,76,77,667.00 are subject to scrutiny, reconciliation and consequential adjustment, effect of which on the profit of the Corporation is unquantifiable.
16. Sundry Debtors include Rs. 8,73.05 Lakhs due from M/S. Metal Tube Rolling Mills (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 on 30.06.2011 in favour of the Corporation directing the other party to deposit Rs.19.00 Crores plus interest. The MRTM has challenged the said award by way of Arbitration Petition before Hon. Bombay High Court. Hon. Bombay High Court has directed to list the petition before appropriate bench of High Court as the present bench has no pecuniary jurisdiction.
17. Corporation has filed criminal complaint before Chief Judicial Magistrate Court, Nagpur u/s. 138 of Negotiable Instrument Act against Mehta group of Industries (Munish Forge, Parshwa, Holum, and Pruthvi) for recovery of outstanding of Rs.563.59 lacs, which they have defaulted in payment and civil suits against units of Mehta Group Industries before Civil Court, Nagpur. Civil suits filed against Munish Forge and Parshwa are pending for hearing and civil suits filed against Holum Steel is pending for reply stage.



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- 18. 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 application came up before Hon. Bombay High Court hearing on 21.03.2012. The matter was dismissed in default for want of prosecution due to absence of advocate. The Corporation has filed a notice of motion to restore the matter and the matter is yet to be admitted.

- 19. Advance of Rs. 25.00 lakhs was paid on 24.11.2003 to M/s. Inter National Steel Industries (ISI), 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 2 criminal complaints against ISI and the same are pending before Metropolitan Magistrate Court (Esplanade), Mumbai. Hon. Court has issued non-bailable warrant against the accused company and its directors. The matter is pending for report on non-bailable warrant.

- 20. 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 challenging the arbitration award, which has been admitted by the court. The Corporation has filed an appeal before divisional bench to challenge the order of the single bench of admission of the petition of TWA. The appeal of the Corporation is under admission stage.

- 21. The Corporation is to receive Rs.35,44,919.00 towards rent receivable from Hindustan Zinc Ltd. The case went to Arbitration and Arbitration Award was passed in the favour of the Corporation asking Hindustan Zinc Ltd.



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pay Rs.27,40,046.00 to the Corporation against which Hindustan Zinc Ltd. has moved the High Court against the Arbitration Award.

22. The Corporation has amortised Rs.65,75,460.00 from Revaluation Reserve and corresponding amount has been credited to leasehold land to reduce the value thereon. The Corporation has also amortised Rs.3,66,941.00 from Revaluation Reserve towards short amortization in the earlier years.
23. TDS of Rs.1,53,11,924.24 and income tax of Rs.21,62,502.00 pertaining to earlier years pending for adjustment is written off to Profit & Loss Account under the head "Income tax for earlier years".
24. Rent receivable of Rs.11,61,982.00 recoverable from few parties since so many years is not provided since Corporation is confident of recovering the same in near future.
25. Accrued Interest Account includes Rs.27,90,629.37 pertaining to period prior to 2002-03, which is without any details. The Corporation is in the process of reconciling the same and hence not provided the same in the accounts.
26. Other advances include Rs.2,53,441.00 towards loss incurred due to jumping of franking machine at Amravati and Aurangabad Divisional Offices and Bandra Franking Department since last 3-4 years. The Corporation has not provided the same as it is in the process of recovering from erring employees.
27. Addition to capital work in progress of Rs.58,97,034.00 pertains to renovation expenses on warehouses at Wagle Estate, Thane and Chinchwad, Pune. The said expenditure is incurred by the warehousing agents and the same will be recovered by them out of future rentals.
28. The Corporation is crediting 0.1% of rebate earned on marketing business to Marketing Risk Reserve as per the Board resolution passed earlier.



29. AS - 5 - PRIOR PERIOD ITEMS:

The details of prior period debit / credits items of expenditure & income are given as under:

(Rs. in lakhs)

<u>Particulars</u>	<u>Debit</u>	<u>Particulars</u>	<u>Credit</u>
Miscellaneous Expenses	4,00,03,858.92	Miscellaneous income	1,99,59,072.43
Legal & Professional fees	12,72,587.00	IITF 2009	16,27,476.64
Property Tax (15.02.08 to 29.07.09)	1,32,803.00	Rent	20,160.00
Employees remuneration and benefits	70,925.00	TDS on sub contractor	86,658.00
Service charges	68,756.00	Legal and professional	31,856.00
Office rent and lease	1,23,853.00	Interest receivable	24,66,616.00
Maintenance charges	18,252.00	Unpaid envelopes salary	1,31,079.00
Contribution to funds	3,80,499.20	Liability for expenses	4,40,961.00
		Professional charges	2,83,841.00
		Paithani training 2006-07	3,51,286.37
		Small bal written off	1,463.00
Total	4,20,71,534.12	Total	2,54,00,469.44
NET DEBIT TO P&L A/C SHOWES IN PROFIT AND LOSS A/C BELOW THE LINE			1,66,71,064.68

30. Depreciation : AS 6 and Fixed Assts :AS 10

The Corporation had appointed an independent CA Firm to conduct physical verification of all the items of fixed assets at Head Office and the Branches and reconcile the same with the fixed assets schedule of the Corporation. The report submitted by the CA Firm is under consideration of the Management and Management will prepare the fixed assets register on the basis of such report in compliance with AS-6 & AS-10 issued by ICAI.

31. 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 by utilising this grant and deducted the said amount of Rs.49,95,000.00 from the grant received. The Corporation has also received subsidy of Rs.21,00,000.00 for purchase of 100 looms during the year. Since this subsidy pertains to utilisation of Rs.49,95,000.00 (deducted from Govt. grants in the year 2009-10) towards purchase of looms, the said subsidy of Rs.21,00,000.00 is added to Govt.Grants. The Corporation has also added Rs.5,00,000.00 to Govt. Grants towards unutilized grants given to Nashik Division for training of labourers on Paithani Sarees. The balance of Rs.1,02,99,000.00 is shown under the head Gov. Grants, in compliance of AS-12 issued by ICAI.

32. Retirement Benefits : AS-15

- a. The Corporation has made an adhoc provision of Rs.22,59,219.00 towards gratuity without any certification by Actuary. In the absence of certification by Actuary, the exact liability towards gratuity provision cannot be ascertained. The Corporation has invested Rs.5,98,95,534.00 towards the gratuity fund maintained by LIC against the Provision of Rs.8,85,41,055.00.
- b. The Corporation has made provision of Rs.2,13,54,259.00 towards leave encashment on the basis actuarial valuation. The disclosure of the same required by AS-15 will be carried out by the next year.

33. Segment Reporting: AS-17:



a. Primary Segment :

(Rs. in lacs)

Sr. No.	Particulars	Trading Operations	Other Business Operation	Total As on
		31.03.2011	31.03.2011	31.03.2011
A	Segment Revenue	47,993.30 (33,431.19)	556.80 (3,231.15)	48,550.10 (36,662.34)
	Less: Segment Cost	47,361.23 (33,193.22)	78.20 (3,120.71)	47,439.43 (36,313.93)
B	Result	632.07 (221.29)	478.60 (126.52)	1,110.67 (348.42)
	Less: Unallocated Expenses			26.83 (20.85)
	Net Profit before tax			1,083.84 (327.57)
	Less: Income Tax / Deferred Tax			599.69 (112.54)
	Net Profit after tax			484.15 (215.03)
	Less: Prior Period Adjustment			166.71 (144.03)
				317.44 (71.00)
C	OTHER INFORMATION			
	Segment Assets	15548.09 15,027.52	331.59 277.08	15879.68 15,304.60
	Unallocated Assets			7342.82 6024.47
	Total Assets			23222.5 21329.07
	Segment Liabilities	16079.48 15519.62	997.00 (149.51)	17076.48 (15669.13)
	Unallocated Liabilities			6146.02 5659.94
	Total Liabilities			23222.5 21329.07



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b. Secondary Segment:

The entire operation is being treated as a single reportable segment.

34. 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 2010-11, **Mr. D. G. Philip (IAS)** was deputed as **Managing Director** of MSSIDC Ltd by the State Government. He was paid Rs.8,89,421.00 towards remuneration and Rs.1,62,895.00 towards other expenses during the year.
- During the Financial Year 2010-11, **Mr. Avinash Pandey** was deputed as **Chairman** of MSSIDC Ltd by the State Government. He was paid a total remuneration of Rs.249680.00 till September 2010 in the year.
- During the Financial Year 2010-11, **Mr. D.R. Gutte** was deputed as **Joint M.D** of MSSIDC Ltd by the State Government. He was paid a total remuneration of Rs.94135.00 for part of the year.

35. Earnings per Share: AS 20

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2011
Absolute Profit / (Loss) per Share	4.90	21.89
Diluted Profit / (Loss) per Share	4.90	21.89

36. Consolidated Financial Statements: AS 21

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

**37. 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, 2011 are as follows:

(Rs. in lakhs)			
PARTICULARS	AS ON 31.3.2010	DURING 2010-11	AS ON 31.3.2011
DTA-opening bal	1,07,468.00		1,07,468.00
a) Provision for leave encashment	55,36,542.00	8,68,382.00	64,04,924.00
b) Disallowance u/s 40(a)	6,27,004.00	-	6,27,004.00
c) Disallowance u/s 43B	14,77,794.00	-	14,77,794.00
TOTAL (A)	77,48,808.00	8,68,382.00	86,17,190.00
DTL on Account of			
a) Disallowance u/s 40(a)	--	3,50,158.00	3,50,158.00
b) Depreciation	4,13,006.00	51,909.00	4,64,915.00
TOTAL(B)	4,13,006.00	402,067.00	8,15,073.00
NET DEFERRED TAX ASSET (A-B)	73,35,802.00	4,66,315.00	78,02,117.00

The application of Deferred Tax has resulted in a net credit of Rs.4,66,315.00 to the Profit and Loss Account for the year ended March, 2011. The closing Deferred Tax Asset (net) of Rs.78,02,117.00 has been shown separately in the Balance Sheet.

38. 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	2009-10	2010-11
Paithani	Nos.	Licenced	N.A.	N.A.
		Installed	240	240

ii) **Production:**

(Rs. in lakhs)

Production	2009-10		2010-11	
Class of goods	Qty (Nos.)	Value	Qty (Nos.)	Value
Paithani	422	29.67	231	28.59

iii) **Turnover:**

(Rs. in lakhs)

Turnover	2009-10		2010-11	
	Qty (Nos.)	Value	Qty (Nos.)	Value
Paithani	193	34.93	206	49.45

iv) **Opening stock and closing stock of raw materials:**

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

Product	2009-10				2010-11			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Silk and Jari	26.361	1.24	12.149	0.71	12.149	0.71	56.876	2.74
Total	26.361	1.24	12.149	0.71	12.149	0.71	56.876	2.74



v) **Raw Material Consumed:**

(Rs. in lakhs) (Qty. in Kgs)

Product	2009-10		2010-11	
	Qty	Value	Qty	Value
Silk and Jari	279.81	16.92	244.331	14.38
Total	279.81	16.92	244.331	14.38

vi) **Opening and closing stock of finished goods:**

(Rs. in lakhs) (Qty. in Kgs.)

Product	2009-10				2010-11			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Paithani	216	14.37	521	33.80	521	33.80	546	40.92

vii) **Earnings and Expenditure in Foreign Exchange**

(Rs. in lakhs)

Particulars	2009-10	2010-11
Earnings in Foreign Exchange	0.00	0.00
Expenditure in Foreign Exchange	0.00	0.00



CIF value of imported and indigenous raw-materials consumed:

(Rs. in lakhs)

Particulars	2009-10		2010-11	
	%	Value	%	Value
Imported	---	0.00	---	0.00
Indigenous	100	16.92	---	14.38
Total	100	16.92	---	14.38

viii) Payment to Directors:

(Rs. in lakhs)

Particulars	2009-10	2010-11
Remuneration	24.20	11.46
Sitting Fees	0.16	0.06

ix) Payment to Auditors:

(Rs. in lakhs)

Particulars	2009-10	2010-11
Audit Fees	4.00	4.00
Other Services	---	---

39. 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	31.03.2011

b. **Capital raised during the year:**

Particulars	2009-10	2010-11
Public Issue	NIL	NIL
Rights Issue	NIL	NIL
Bonus Issue	NIL	NIL
Private Placement	NIL	NIL

c. **Sources of Funds:**

Particulars	(Amt. In Rs.)
	2010-11
Paid-up Capital	14,50,09,900.00
Reserves & Surplus	18,93,51,335.00
Secured Loans	0.00
Unsecured Loans	1,95,45,038.00
Total	353,906,273.00



Application of Funds:

Particulars	(Amt. In Rs.)
	2010-11
Net Fixed Assets	14,08,43,457.00
Capital Work in Progress	58,97,034.00
Investments	1,98,150.00
Net Current Assets	19,91,65,515.00
Deferred Tax Asset	78,02,117.00
Total	353,906,273.00

d. Performance of the Company:

Particulars	(Amt. In Rs.)
	2010-11
Turn-over/Income	48,55,010,586.00
Total Expenditure	4,74,66,26,455.00
Profit Before Tax	10,83,84,131.00
Profit after Tax	3,17,44,255.00
Earning per share	21.89
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



40. 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

As per our report of even date.
For YARDI PRABHU & ASSOCIATES.
Chartered Accountants
(FRN -111727W)

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

S. D. Yardi
S. D. YARDI
(PARTNER)
M. NO. 22887



[Signature]
Director

[Signature]
Shivaji Daund
(Managing Director)

Place: Mumbai
Date : **24 JUN 2014**

[Signature]
V.V.Khandale
(Finance Controller)



Registered Office : Krupanidhi, 9, Walchand Hirachand Marg, Ballard Estate, Mumbai – 400 001.

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

NAME AND ADDRESS OF THE SHAREHOLDER

Master Folio No.
No. of Shares

I hereby record my presence at the **49th ADJOURNED ANNUAL GENERAL MEETING** of the Company held on Monday, 29th December, 2014 at 03:00 p.m. in the Registered Office of the Corporation situated at Krupanidhi, 9, Walchand Hirachand Marg, Ballard Estate, Mumbai – 400 001.

Signature of Shareholder / proxy

PROXY FORM

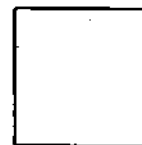


Registered Office : Krupanidhi, 9, Walchand Hirachand Marg, Ballard Estate, Mumbai – 400 001.

I/We..... ofbeing a member/ members of Maharashtra Small Scale Industries Development Corporation Limited hereby appoint..... of.....or failing him..... of.....as my/our proxy to vote for me/us and on my/our behalf at the **49th ADJOURNED ANNUAL GENERAL MEETING** of the Company to be held on Monday, 29th December, 2014 at 03:00 p.m. in the Registered Office of the Corporation situated at Krupanidhi, 9, Walchand Hirachand Marg, Ballard Estate, Mumbai – 400 001.

Signed this..... day of 2014.

Affix a Revenue Stamp



NOTE:

- (1) The proxy, to be valid, should be deposited at the Registered Office of the Company at Krupanidhi, 9, Walchand Hirachand Marg, Ballard Estate, Mumbai – 400 001, not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
- (2) A Proxy need not be a member of the Company.
- (3) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.