

**50th ANNUAL REPORT
FOR THE YEAR 2011-12**

COMPANY INFORMATION

BOARD OF DIRECTORS	SHRI ANAND B. KULKARNI, IAS SHRI SURENDRAKUMAR BAGDE , IAS SHRI RAMESH DEVKAR, IAS SHRI SHIVAJI DAUND, IAS SHRI A. L. JARHAD, IAS
MANAGING DIRECTOR	SHRI SHIVAJI DAUND, IAS
JT. MANAGING DIRECTOR/ CHIEF FINANCIAL OFFICER	SHRI RAJENDRA MADKE
COMPANY SECRETARY	SHRI KUSH KESHARI
BANKERS	STATE BANK OF INDIA
AUDITORS FOR THE YEAR 2011-12	M/S OM PRAKASH S. CHAPLOT & CO., CHARTERED ACCOUNTANTS, MUMBAI
REGISTERED OFFICE	KRUPANIDHI, 9, WALCHAND HIRANCHAN MARG, BALLARD ESTATE, MUMBAI – 400001

DIRECTOR'S REPORT

Your directors take pleasure in presenting the 50th Annual Report of MSSIDC Limited with the Audited Statements of Accounts for the year ended 31st March 2012 along with the report of Statutory Auditor's thereon.

1. FINANCIAL RESULTS:

Sr. no.	Particulars	FY 2011-12	FY 2010-11
1.	Revenue from operation	487.60	478.30
2.	Other income	10.76	7.65
3.	Total Revenue	498.37	485.95
4.	Expenses	475.88	475.12
5.	Profit before tax	21.98	7.42
6.	Profit after tax	14.04	3.17
7.	Share Capital	14.50	14.50
8.	Reserve & Surplus	32.34	18.93

The corporation has recorded the turnover of Rs.466.33 crore during the year under review as against Rs. 465.63 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 2011-12	FY 2010-11
1.	Raw material – I & S, Coal	57.67	103.33
2.	Marketing	400.7	348.72
3.	Franking	1.3	5.93
4.	Handicraft	4.77	0.68
5.	Other	1.89	6.97
Total		466.33	465.63

i. MARKETING:

In respect of Marketing Activity, the corporation achieved sales of Rs.400.70 Crore during the year 2011-12 as against sales of Rs.348.72 Crore achieved in the year 2010-11

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, 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 2011-12 the corporation achieved total sale of Rs.4.77 Crore through Emporia as compared to Rs.0.68 Crore for previous year.

The Paithani Center at Paithan achieved the sale of Rs.0.63 Crore during 2011-12 as compared to Rs.0.49 Crore for previous year

iv. RAW MATERIAL:

The corporation recorded the turnover of Rs.57.67 Crore in Raw Material activity during the year under review as compared to Rs.103.33 Crore in the year 2010-11. The corporation supplied following raw materials during the year under review:

Item	Qty in MTs.	Rs. In Crores
Ferrous – Iron & Steel	1067	4.54
Coal	341640	53.13
Total	342707	57.67

v. COMMERCIAL WAREHOUSING:

The Corporation achieved gross earnings of Rs.4.17 Crore during the year under review as compared to Rs.2.84 Crore in the year 2010-11.

vi. EXHIBITIONS:

The Corporation organized Maharashtra Pavilion in the India International Trade Fair at PragatiMaidan, New Delhi from 14.11.2011 to 27.11.2011 in the year under review.

2. DIVIDEND:

In view of adverse opinion by the Statutory Auditors because of pending adjustment of debtors, creditors, deposits etc. 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
01	SHRIANAND B. KULKARNI, IAS	Director	MD- Maharashtra State Financial Corporation (MSFC)
02	SHRI SURENDRAKUMAR BAGDE, IAS	Director	DC (Inds.) & Secretary (SMI)
03	SHRI RAMESH DEVKAR, IAS	Director	CEO – Maharashtra State Khadi & Village Industries Board (KVIB)
04	SHRI SHIVAJI DAUND, IAS	Director	MD- Maharashtra Small Scale Industries Development Corporation Limited (MSSIDC)
05	SHRI A. L. JARHAD, IAS	Director	Jt. CEO – Maharashtra Industries Development Corporation (MIDC)

5. AUDITORS:

The Controllers of Auditor General of India, New Delhi appointed M/S Om Prakash S. Chaplot & Co., 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 Director's responsibility statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts for the year ended 31st March 2012 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 the 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 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. ACKNOWLEDGEMENT:

Your directors would like to express their grateful appreciation for the services rendered by the Banks, Financial Institutions and co-operation 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.

Date 04-03-2015

For & on behalf of the Board of

Place : Mumbai

Directors. Managing Directors

OM PRAKASH CHAPLOT & Co.

Chartered Accountant

101, Vastsalya Building,
Ekta Co-op Society, Nr. RTO Office,
RTO Road, Andheri (W),
Mumbai – 400053
Tel : 91-22-26399050
Email :opc.mum@gmail.com

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

TO THE MEMBERS OF

MAHARASHTRA SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Maharashtra Small Scale Industries Development Corporation Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2012, the statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section 3(C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on the audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Basis of Adverse Opinion

1. (i) The Company has sundry debtors of Rs.49,14,73,167 and Debit balances in creditors of Rs.4,50,54,770 which are pending for adjustment for more than 3 years. Provision of Rs.2,64,85,000 has only been made against the same.

(ii) The company has certain long pending deposits at Head Office amounting of Rs.80,07,427 which are doubtful of recovery and pending for adjustment for more than 3 years for which Company does not have any details and no provision for the same is made in the accounts.

(iii) Rent receivable of Rs.83,09,491 from a few parties is overdue for more than 3 years but not provided for.

(iv) Other advances include “Accrued Interest Account” amounting to Rs.28,32,439 pertaining to period to 2002-03 which is without any details. There are certain other long pending other advances amounting to Rs.57,10,516 which are doubtful of recovery and pending for adjustment for more than 3 years for which Company does not have any details and no provision for the same is made in the accounts.

(v) Other advances include Rs.1,36,074 towards loss incurred due to jumping of franking machine at Aurangabad Divisional Offices and Bandra Franking Department since last 3-4 years. The Company has not provided the same as it is in the process of recovering from erring employees.

The cumulative effect of not providing for items (i) to (v) in point 1 mentioned above is given hereunder :

Particulars	Amt. (Rs.)	Amt. (Rs.)
Net profit/loss for the period 2011-12 as per statement of Profit and Loss		14,04,99,938
Less: Sundry debtors pending for adjustment over 3 years not provided for	464,988,167	
Less: Creditors pending for adjustment over 3 years not provided for	45,054,770	
Less: Deposits pending for adjustment for more than 3 years not provided for	8,007,427	
Less: Rent receivable overdue for more than 3 years not provided for	8,309,492	
Less: Other advances pending for adjustment for more than 3 years not provided for (Rs. 2832439+5710516)	8,542,955	
Less: Loss incurred due to jumping of Franking Machine not provided for	136,074,	(53,50,38,885)
Net profit (loss) after providing for above		(39,45,38,947)

Thus, the company would have incurred a loss of Rs.39.45 as against the reported profit of Rs.14.05 crores.

2. Suspense account with a balance of Rs.62,078.00(net) is appearing under “Loans and Advances” & is not written back by the company

3. Balances under Liability for Expenses of Rs.3,95,82,980 includes old liability of Mumbai Port Trust of Rs. 2,76,77,667.00 are subject to scrutiny, reconciliation and consequential adjustment, effect of which on the profit of the company cannot be quantified.

4. Company has not fully complied with certain Accounting Standards issued by ICAI as detailed below:

(i) Company in accounting purchases and sales only after receiving invoices from the suppliers and not when the seller has transferred the property in the goods to the buyer for a consideration. This practice of revenue recognition is not in compliance with AS 9 – Revenue Recognition. This gives an unfair view of the purchases and sales of the Company for the year. Rebate income is being booked at the time of accounting of sales. Since, booking of sales is not in compliance with AS-9, rebate income should have been adjusted to comply with AS 5 – Net Profit or Loss for the period, prior period Items and Changes in Accounting Policies. The same has not been done and the statement of Profit and Loss given an unfair view of Profit for the year. The Company has not fully complied with AS 9 and AS 5 and the effect of the same cannot be quantified.

(ii) Physical verification of fixed assets or any other procedure has not been carried out by the Company to ensure that its assets are carried at no more than their recoverable amount. Thus, the Company has not complied with AS 28 – Impairment of Assets. Since, physical verification of fixed assets has not been carried out, the Company cannot ensure that fixed assets have been eliminated from the financial statements on disposal or when no further benefit is expected from their use, or that losses arising from the retirement or gains or losses arising from disposal of fixed asset has been recognized in the profit and loss statement. Thus, the company has not complied with AS 10 for fixed Assets.

The useful lives of major depreciable assets have been reviewed periodically. Thus the company has not fully complied with AS 6 – Depreciation Accounting.

(iii) The net amount recoverable from Govt. of Maharashtra towards expenses incurred on IITF 2011 and the previous year’s IITF (2008 & 2009) as reported by IITF auditor is Rs. 80,31,840.20 out of this, Rs.40,00,000 has been received on 22.02.2012 thus the balance recoverable from Govt. of Maharashtra should have been 40,31,840.20. However the books of accounts show recoverable amt. as 6,42,590.00. The said difference cannot be reconciled. Thus, the Company has not fully complied with AS 12 – Accounting for Government Grants.

(iv) The company has not made certain disclosures as required by AS 15-Employee Benefits, AS 17 – Segment Reporting, AS 18 – Related party Disclosures & AS 19 – Leases.

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5. In the absence of details of status of pending Sales Tax and WCT (Work Contract Tax) assessments and other legal cases, the contingent liability, if any, in respect thereto cannot be ascertained as cases of various years are under process with the concerned Appellate Authorities and the quantum of the same cannot be ascertained.

6. Balances under the following heads are subject to scrutiny, reconciliation and consequential adjustment.

Head Balance	(Amt. in Rs.)
Liability for Expenses	3,95,82,980
Sundry Creditors	117,02,36,582
Due to Employees	19,26,522
Dues to outside parties	89,93,86,146
Service tax	41,05,352
Deposits received	17,30,55,836
Advance Tax and TDS	9,46,43,908
CST	63,741
MST and VAT	49,20,986
Advances to suppliers	55,20,73,370
Sundry deposits	3,80,54,396
Sundry debtors	120,96,55,378

7. No provision for interest payable on the following unsecured loans is made in the books from the year 2007-08.

Name of the Account	Amount Outstanding (Rs.)
Ind & Lab Dept. Mah. Govt. Edu.	
Umempl. H. P.	40,92,408
Ind & Lab Dept. Mah. Govt.–Seed Capital 3.5%	1,54,52,630

8. Internal control system of the company is very weak and not commensurate with the size and volume of business of the company. The system is also susceptible to fraud, manipulation and misappropriation at various levels.

9. We were unable to check original Fixed Deposit Receipts as on 31st March 2012 as by the time audit had commenced, those FDR's had already matured.

10. Provisions of the Companies Act not complied with :

i) The Company did not have a whole time company secretary in employment as required by Section 383A of the Act.

ii) The Company did not constitute Audit Committee in accordance with Section 292A of the Act.

iii) The Company did not maintain registers as required u/s 297 & 299 of the Act.

iv) The Company has not complied with certain disclosure requirements of Revised Schedule VI to the Companies Act, 1956. Refer notes 53 of Notes to Accounts.

Adverse Opinion

In our opinion and due to the significance of the matters stated in the basis of the adverse opinion paragraph, to the best of our information and according to explanations given to us, the said accounts read along with the notes of accounts, give the information as required by the Companies Act, 1956 in the manner so required, but do not give the true and fair view in conformity with the accounting principles and applicable financial reporting framework generally accepted in India.

- i) In the case of balance sheet, of the state of affairs of the Company as at 31st March 2012.
- ii) In the case of Statement of Profit and Loss, of the profit for the year ended on that date and
- iii) In the case of Cash Flow statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements.

1. As required by the Companies (Auditor's report) Order 2003 ("the order") issued by the Central Government of India in terms of Sub – Section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the order.

2. As required by Section 227(3) of the Act, 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 company so far as appears from our examination of those books.
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the book of account;
- d) Subject to the observations reported in point (4) of our "Basis of Adverse Opinion" para above in our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section 3(C) of section 211 of the Companies Act, 1956, and
- e) As per notification no G.S.R. 829(E) dated 21.10.2003 provisions of clause (g) of section 274 (1) of the Companies Act, 1956 are not applicable to the Company being a Government Company as at 31st March, 2012.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

**For Om Prakash Chaplot & Co.
Chartered Accountants
Firm's Registration no. 000127C**

**(Yash Punjawat)
(Partner)**

Place : Mumbai
Date : March 04, 2015

Membership No. 415552

Annexure to the Independent Auditor's Report

The Annexure referred to in our report of even date. We report that :

- i) In respect of its Fixed Assets:
 - a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets;
 - b) The company does not have a regular programme of physical verification of its fixed assets having regard to the size of the Company and the nature of its assets.
 - c) According to the information, explanations and representation given to us, the Company has not disposed off any substantial part of its Fixed Assets during the year.

- ii) In respect of its inventories :
 - a) The inventory of the Company has not been physically verified by the management during the year
 - b) Systematic procedures reasonable and adequate in relation to the size of the company and nature of its business need to be implemented for physical verification of inventory by the management.
 - c) Since, Physical verification of inventory was not done during the year, dealing with material discrepancy on physical verification cannot be commented on.

- iii) As explained to us, the company has neither granted any loans, secured or unsecured to companies firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 nor has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under sector 301 of the Companies Act, 1956.

- iv) In our opinion, internal control procedures with regard to purchase of inventories, fixed assets and for the sale of goods and services need to be strengthened. During the course of our audit, we have observed that there is a continuing failure to correct major weaknesses in internal control procedures.

- v) According to the information, explanations and representation given to us, we are of the opinion that there are no transactions during the year at the Company that needs to be entered in the register maintained under section 301 of the Companies Act, 1956.

- vi) The Company has not accepted deposits from the public. Hence provision of section 58A and 58AA of the Companies Act, 1956 and Rules framed there under are not applicable.

- vii) In our opinion, the Company's internal audit system is not commensurate with the size and nature of its business (a firm of Chartered accountants has been appointed for the purpose)
- viii) According to the information and explanations given to us, the Central government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for any products or services of the Company.
- ix) a) According to the records of the Company and according to the information and explanation given to us, the company is regular in depositing with appropriate authorities, undisputed statutory dues, including Provident Fund, Investors, Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other Statutory dues applicable to it except Service Tax.
According to the records of the company and according to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Cess which in arrears as at 31st March 2012 for a period of more than six months from the date they became payable except the following.
- b) According to the information and explanation given to us, there are no material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of statute	Nature of dues	Periods which the Amount relates	Amount	Forum where dispute is pending
Sales Tax	Sales tax demand interest and penalty	1989-90 1999-00 2001-02	5,52,454 32,33,608 1,12,09,845	Deputy Commissioner, Sales Tax
Income Tax	Income tax demand	1992-93	1,07,06,402	High Court, Mumbai
VAT	Tax Interest & Penalty	2005-06 2008-09 2009-10 2010-11	15,42,67,740 4,20,07,119 21,06,62,310 12,48,35,973	Deputy Commissioner, Sales Tax

- x) Without considering the effect of auditor's qualifications, the Company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year. The Company has no accumulated losses as per the reported statement of Profit & loss

xi) According to the information, explanations & representation given to us, the Company has not defaulted in repayment of its dues to banks and financial institutions. The Company does not have any borrowings by way of debentures.

xii) According to the information, explanations & representation given to us, the Company has not granted any loans and advances on the basis of Security by way of pledge of shares, debentures or other securities.

xiii) The provision of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the Company.

xiv) The Company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of clause 4(xiv) are not applicable to the Company.

xv) According to the information, explanations & representation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

xvi) The Company has not taken any term loan during the year.

xvii) The Company has not taken any loan during the year. Hence our comments regarding use of funds raised on short term basis being used for long term investment and vice versa are not required.

xviii) According to the information, explanations & representation 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 Act.

xix) The Company has not issued any debentures during the year

xx) Since the Company has not raised any money by public issue during these year, our comments under clause (xx) of the Order are not required.

xxi) On the basis of our examination and according to the information, explanations and representation given to us, no fraud on or by the Company, has been noticed or reported during the year.

**For Om Prakash Chaplot & Co.
Chartered Accountants
Firm's Registration no. 000127C**

**(Yash Punjawat)
(Partner)**

Membership No. 415552

Place : Mumbai

Date : March 04, 2015

REPLY TO AUDITOR'S REPORT FY 2011-12

Sr. No.	Comments of Auditor	Comments of Management put up to Board/Auditor
1.	<p>Basics for Adverse Opinion</p> <p>(i) The Company has sundry debtors of Rs.49,14,73,167 and Debit balances in creditors of Rs.4,50,54,770 which are pending for adjustment for more than 3 years. Provisions of Rs.2,64,85,000 has only made against the same.</p>	<p>The total debtors are Rs.120,96,55,378.00. The break of debtors Marketing – Rs.88,93,59,373.00, Raw Material – Rs 31,75,87,715.00 and others Rs.27,08,290.00. The raw material dues above 3 years is Rs.19,00,00,000.00. The Corporation assigned this reconciliation work to independent agency. However the same could not be finalized since the concrete write off/back is not ascertained. Therefore decision is not taken.</p>
	<p>(ii) The company has certain long pending deposits at Head Office amounting to Rs.80,07,427 which are doubtful of recovery and pending for adjustment for more than 3 years for which company does not have any details and no provision for the same is made in the accounts.</p>	<p>Noted the contents. Deposit paid Rs.52,96,427 and deposit with Court Rs. 27,11,000. This is very old one and we do not have details. Hence, the provision is not made in books of accounts.</p>
	<p>(iii) Rent receivable of Rs.8309491 from a few parties is overdue for more than 3 years but not provided for</p>	<p>Noted the contents. Hindustan Coper Rs.1,03,094.00, Hindustan Organic Rs.39,642.00, Hindustan Zinc Ltd. Rs. 35,44,918.00, IOC Rs.44,79,029.00, Texcom Rs.1,42,807.00, except Hindustan Zinc others are very old one and we do not have their details. The arbitration proceeding with respect to Hindustan Zinc Ltd. is in process. Hence, the provision is not made in books of accounts.</p>
	<p>(iv) Other advances include “ Accrued Interest Account” amounting to Rs.28,32,439 pertaining to period to 2002-03 which is without any details. There are certain other long pending other advances amounting to Rs.57,10,516 which are doubtful of recovery and pending for adjustment for more than 3 years for which Company does not have any details and no provision for the same is made in the accounts.</p>	<p>Noted the contents. Interest Accrued Rs. 28,32,439.00 and other advances 57,10,516.00 (IOC, IPC, IPCL credit Keral state product, Lidcom, National Craft Complex & Margin Money) This account is very old and we do not have details. Hence the provision is not made in books of accounts</p>

(v) Other advances include Rs.1,36,074 towards loss incurred due to jumping of franking machine at Aurangabad Divisional Offices and Bandra Franking Department since last 3-4 years. The Company has not provided the same as it is in the process of recovering from erring employees.

While doing transactions at Bandra and Aurangabad, due to jumping the machine affixed excess amount. Therefore, the balance appearing in books of accounts. However, this amount will be treated as expenditure and the same will be accounted in FY 2012-13.

The cumulative effect of not providing for items (i) to (v) in point 1 mentioned above is given hereunder:

Particulars	Amt. (Rs.)	Amt. (Rs.)
Net profit/loss for the period 2011-12 as per statement of Profit and Loss		14,04,99,938
Less: Sundry debtors pending for adjustment over 3 years not provided for	464,988,167	
Less: Creditors pending for adjustment over 3 years not provided for	45,054,770	
Less: Deposits pending for adjustment for more than 3 years not provided for		8,007,427
Less: Rent receivable overdue for more than 3 years not provided for	8,309,492	
Less: Other advances pending for adjustment for more than 3 years not provided for (Rs. 2832439+5710516)	8,542,955	
Less: Loss incurred due to jumping of Franking Machine not provided for	136,074	(53,50,38,885)
Net profit (loss) after providing for above		(39,12,27,720)

Thus the company would have incurred a loss of Rs.39.12 Crores as against the reported profit of Rs.14.05 Crores.

Noted the contents. The detailed reasons mentioned in Sr. No. (i) to (v) above.

<p>2. Suspense account with a balance of Rs.62,078.00 (net) is appearing under “Loans and Advances” & is not written back by the company</p>	<p>The theft cases at Gwalior Trade Fair 1992 are Rs.85728.00 and at HO the credit balance shows Rs.23650.00. This account is old one and we will write off/back in FY2012-13</p>
<p>3. Balances under Liability for Expenses of Rs.3,95,82,980 includes old liability of Mumbai Port Trust of Rs. 2,76,77,667.00 are subject to scrutiny, reconciliation and consequential adjustment, effect of which on the profit of the company cannot be quantified.</p>	<p>The major portion of liability towards MBPT which are not written back from books of accounts since MBPT has claimed arrears of demand.</p>
<p>4. Company is not fully complied with certain Accounting Standards issued by ICAI as detailed below:</p> <p>(i) Company is accounting purchases and sales only after receiving invoices from the suppliers and not when the seller has transferred the property in the goods to the buyer for a consideration. This practice of revenue recognition is not in compliance with AS 9 – Revenue Recognition. This gives an unfair view of the purchases and sales of the Company for the year. Rebate income is being booked at the time of accounting of sales. Since, booking of sales is not in compliance with AS-9, rebate income should have been adjusted to comply with AS 5 – Net Profit or Loss for the period, prior period Items and Changes in Accounting Policies. The same has not been done and the statement of Profit and Loss given an unfair view of Profit for the year. The Company has not fully complied with AS 9 and AS 5 and the effect of the same cannot be quantified.</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 2011-12. The order is placed by consignee before March and supply is to be completed by 31st 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 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 2011-12.</p> <p>The practice is followed by Corporation because most of the order are placed by the consignees in March and supply is to be completed by 31st March</p>

<p>(ii) Physical verification of fixed assets or any other procedure has not been carried out by the Company to ensure that its assets are carried at no more than their recoverable amount. Thus, the Company has not complied with AS 28 – Impairment of Assets.</p> <p>Since, physical verification of fixed assets has not been carried out, the Company cannot ensure that fixed asset have been eliminated from the financial statements on disposal or when no further benefit is expected from their use, or that losses arising from the retirement or gains or losses arising from disposal of fixed asset has been recognized in the profit and loss statement. Thus, the company has not complied with AS10 accounting for fixed Assets.</p> <p>The useful lives of major depreciable assets have been reviewed periodically. Thus the company has not fully complied with AS 6 – Depreciation Accounting.</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. Through the general records are available at each locations 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>(iii) The net amount recoverable from Govt. of Maharashtra towards expenses incurred on IITF 2011 and the previous year’s IITF (2008 & 2009) as reported by IITF auditor is Rs. 80,31,840.20 out of this, Rs.40,00,000 has been received on 22.02.2012 thus the balance recoverable from Govt. of Maharashtra should have been 40,31,840.20. However the books of accounts show recoverable amt. as 6,42,590.00. The said difference cannot be reconciled. Thus, the Company has not fully complied with AS 12 - Accounting for Government Grants.</p>	<p>Noted the contents and accounting effect will be given in 2012-13</p>
<p>(iv) The Company has not made certain disclosure as required by AS 15 – Employee Benefits, AS-17 – Segment Reporting, AS-18 - Related party Disclosures & AS 19 – Leases.</p>	<p>Noted the Contents. As per the LIC we have made actuarial provision in books of accounts. The segment reporting and related party disclosures are shown as per the prevailing practices. Leases disclosures is not done since long back because all properties are taken on lease from Govt.</p>

<p>5. In the absence of details of status of pending Sales Tax and WCT (Work Contract Tax) assessment 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.</p>	<p>Noted the contents.</p>																										
<p>6. Balances under the following heads are subject to scrutiny, reconciliation and consequential adjustments.</p> <table border="1" data-bbox="263 661 847 1171"> <thead> <tr> <th>Head</th> <th>Balance (Amt.in Rs.)</th> </tr> </thead> <tbody> <tr> <td>Liability for Expenses</td> <td>3,95,82,980</td> </tr> <tr> <td>Sundry Creditors</td> <td>117,02,36,582</td> </tr> <tr> <td>Dues to employees</td> <td>19,26,522</td> </tr> <tr> <td>Dues to outside parties</td> <td>89,93,86,146</td> </tr> <tr> <td>Service Tax</td> <td>41,05,352</td> </tr> <tr> <td>Deposits received</td> <td>17,30,55,836</td> </tr> <tr> <td>Advance Tax and TDS</td> <td>9,46,43,908</td> </tr> <tr> <td>CST</td> <td>63,741.00</td> </tr> <tr> <td>MST and VAT</td> <td>49,20,986</td> </tr> <tr> <td>Advance to Suppliers</td> <td>55,20,73,370</td> </tr> <tr> <td>Sundry Deposits</td> <td>3,80,54,396</td> </tr> <tr> <td>Sundry Debtors</td> <td>120,96,55,378</td> </tr> </tbody> </table>	Head	Balance (Amt.in Rs.)	Liability for Expenses	3,95,82,980	Sundry Creditors	117,02,36,582	Dues to employees	19,26,522	Dues to outside parties	89,93,86,146	Service Tax	41,05,352	Deposits received	17,30,55,836	Advance Tax and TDS	9,46,43,908	CST	63,741.00	MST and VAT	49,20,986	Advance to Suppliers	55,20,73,370	Sundry Deposits	3,80,54,396	Sundry Debtors	120,96,55,378	<p>Noted the contents.</p>
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<p>7. No provision for interest Payable on the following unsecured loans is made in the books from the year 2007-08.</p> <table border="1" data-bbox="263 1327 847 1621"> <thead> <tr> <th>Name of the Account</th> <th>Amount Outstanding (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Ind & Lab Dept. Mah. Govt. Edu. Umempl. H. P.</td> <td>40,92,408</td> </tr> <tr> <td>Ind & Lab Dept. Mah. Govt.– Seed Capital (3.5%)</td> <td>1,54,52,630</td> </tr> </tbody> </table>	Name of the Account	Amount Outstanding (Rs.)	Ind & Lab Dept. Mah. Govt. Edu. Umempl. H. P.	40,92,408	Ind & Lab Dept. Mah. Govt.– Seed Capital (3.5%)	1,54,52,630	<p>Noted. This matter is prior to 1983-84 and the accounts is not reconciled since last so many years and Govt. has not asked any principal amount and interest. Hence, the provision is not made in books of accounts towards interest from the year 2007-08</p>																				
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<p>8. Internal control system of the company is very weak and not commensurate with the size and volume of business of the company. The system is also susceptible to fraud, manipulation and misappropriation at various levels.</p>	<p>The accounting software of tally is not fully proof. We have to integrate separate accounting software. Due to backlog of work the internal audit is also delayed. We have also requested our internal auditor to verify</p>																										

	all accounting aspects at the time audit. Therefore, we will strengthen the accounting system after completion of pending backlog.
9. We were unable to check original Fixed Deposit Receipts as on 31 st March 2012 as by the time audit had commenced, those FDR's had already matured.	All fixed deposits invested in public sector banks are encashed. The Finance Div. has provided Xerox copies of FDR's and on that basis the audit is done.
10. Provisions of the Companies Act not complied with: i) The Company did not have a whole time company secretary in employment as required by Section 383A of the Act.	Corporation has appointed whole time Asst. Company Secretary from 10.09.2012
ii) The Company did not constitute Audit Committee in accordance with Section 292A of the Act.	The corporation constituted the Audit Committee in its 326th Board meeting held on 21.08.2012
iii) The Company did not maintain registers as required u/s 297 & 299 of the Act.	The registers are now maintained and updated.
iv) The Company has not complied with certain disclosure requirements of Revised Schedule VI to the Companies Act, 1956. Refer Notes to Accounts.	The corporation has assigned the job to independent CA for preparation of revised schedule. The schedule is revised from FY 2011-12 onwards and there are drastic changes in schedule. Based on available data we have complied with all the schedule requirements. In the year FY 2012-13 we will comply all the points as per the auditor's requirements.
<p><u>Annexure to the Independent Auditor's Report</u> <i>The Annexure referred to in our report of even date. We report that :</i></p>	
<p><u>(i) In respect of its Fixed Assets:</u> a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets;</p>	The Corporation is maintaining fixed assets register at various locations. Directions to this effect are being given to all DMs and same will be updated in detailed register.

<p>b) The company does not have a regular programme of physical verification of its fixed assets having regard to the size of the Company and the nature of its assets.</p>	<p>Noted, this will be implemented from March 2015 and directions to this effect given to all DMs and same will be updated in detailed register.</p>
<p>c) According to the information, explanations and representation given to us, the Company has not disposed off any substantial part of its Fixed Assets during the year.</p>	<p>Noted.</p>
<p>ii) In respect of its inventories : a) The inventory of the Company has not been physically verified by the management during the year</p>	<p>Noted. This will be implemented from March 2015 and directions to this effect are being given to all DMs and same will be updated in detailed register.</p>
<p>b) Systematic procedures reasonable and adequate in relation to the size of the company and nature of its business need to be implemented for physical verification of inventory by the management.</p>	<p>Noted. This will be implemented from March 2015 and directions to this effect are being given to all DMs and same will be updated in detailed register.</p>
<p>c) Since, Physical verification of inventory was not done during the year, dealing with material discrepancy on physical verification cannot be commented on.</p>	<p>Noted. This will be implemented from March 2015 and directions to this effect are being given to all DMs and same will be updated in detailed register.</p>
<p>iii) As explained to us, the company has neither granted any loans, secured or unsecured to companies firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 not has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.</p>	<p>Noted.</p>
<p>v) In our opinion, internal control procedures with regard to purchase of inventories, fixed assets and for the sale of goods and services need to be strengthened. During the course of our audit, we have observed that there is a continuing failure to correct major weaknesses in internal control procedures.</p>	<p>Noted the contents and we will comply with the same.</p>

<p>v) According to the information, explanations and representation given by us, we are of the opinion that there are no transactions during the year at the Company that needs to be entered in the register maintained under section 301 of the Companies Act, 1958.</p>	<p>Noted.</p>
<p>vi) The Company has not accepted deposits from the public. Hence provision of section 58A and 58AA of the Companies Act, 1956 and Rules framed there under are not applicable.</p>	<p>Noted.</p>
<p>vii) In our opinion, the Company's internal audit system is not commensurate with the size and nature of its business (a firm of Chartered accountants has been appointed for the purpose)</p>	<p>The corporation has appointed internal auditor and they have provided the report to management. The internal audit of 2013-14 work is in progress and we have given instructions to auditor to submit report on basis of scope of work including suggestions and strengthening of internal control.</p>
<p>viii) According to the information and explanations given to us, the Central government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for any products or services of the Company.</p>	<p>Noted.</p>
<p>ix)</p> <p>a) According to the records of the Company and according to the information and explanation given to us, the company is regular in depositing with appropriate authorities, undisputed statutory dues, including Provident Fund, Investors, Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Cess and other Statutory dues applicable to it except Service Tax.</p> <p>According to the records of the company and according to the information and explanations given to us, no undisputed amounts payable in respect of</p>	<p>Noted.</p>

<p>Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Cess which in arrears as at 31st March 2012 for a period of more than six months from the date they became payable except the following.</p>																					
<p>b) According to the information and explanation given to us, there are no material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except the following:</p>	<p>Noted. The corporation is following with matters before respective authorities and sales tax, income tax and vat cases are pending before authorities for final decision.</p>																				
<table border="1"> <thead> <tr> <th data-bbox="246 592 358 762">Name of statute</th> <th data-bbox="358 592 501 762">Nature of dues</th> <th data-bbox="501 592 631 762">Periods which the Amount relates</th> <th data-bbox="631 592 812 762">Amount</th> <th data-bbox="812 592 1010 762">Forum where dispute is pending</th> </tr> </thead> <tbody> <tr> <td data-bbox="246 762 358 919">Sales Tax</td> <td data-bbox="358 762 501 919">SalesTax demand interest & penalty</td> <td data-bbox="501 762 631 919">1989-90 1999-00 2001-02</td> <td data-bbox="631 762 812 919">5,52,454 32,33,608 1,12,09,845</td> <td data-bbox="812 762 1010 919">Deputy Commissoner Sales Tax</td> </tr> <tr> <td data-bbox="246 919 358 1003">Income Tax</td> <td data-bbox="358 919 501 1003">Income tax demand</td> <td data-bbox="501 919 631 1003">1992-93</td> <td data-bbox="631 919 812 1003">1,07,06,402</td> <td data-bbox="812 919 1010 1003">High Court, Mumbai</td> </tr> <tr> <td data-bbox="246 1003 358 1186">VAT</td> <td data-bbox="358 1003 501 1186">Tax Interest & Penalty</td> <td data-bbox="501 1003 631 1186">2005-06 2008-09 2009-10 2010-11</td> <td data-bbox="631 1003 812 1186">15,42,67,740 4,20,07,119 21,06,62,310 12,48,35,973</td> <td data-bbox="812 1003 1010 1186">Deputy Commissioner Sales Tax</td> </tr> </tbody> </table>	Name of statute	Nature of dues	Periods which the Amount relates	Amount	Forum where dispute is pending	Sales Tax	SalesTax demand interest & penalty	1989-90 1999-00 2001-02	5,52,454 32,33,608 1,12,09,845	Deputy Commissoner Sales Tax	Income Tax	Income tax demand	1992-93	1,07,06,402	High Court, Mumbai	VAT	Tax Interest & Penalty	2005-06 2008-09 2009-10 2010-11	15,42,67,740 4,20,07,119 21,06,62,310 12,48,35,973	Deputy Commissioner Sales Tax	
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<p>(x) Without considering the effect of auditor’s qualifications, the Company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year. The Company has no accumulated losses as per the reported statement of Profit & loss</p>	<p>Noted</p>																				
<p>(xi) According to the information, explanations & representation given to us, the Company has not defaulted in repayment of its dues to banks and financial institutions. The Company does not have any borrowings by way of debentures.</p>	<p>Noted</p>																				
<p>(xii) According to the information, explanations & representation given to us, the Company has not granted any loans and advances on the basis of Security by way of pledge of shares, debentures or other securities.</p>	<p>Noted</p>																				

<p>(xiii) The provision of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.</p>	<p>Noted</p>
<p>(xiv) The Company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of clause 4(xiv) are not applicable to the Company.</p>	<p>Noted</p>
<p>(xv) According to the information, explanations & representation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.</p>	<p>Noted</p>
<p>(xvi) The Company has not taken any term loan during the year.</p>	<p>Noted</p>
<p>(xvii) The Company has not taken any loan during the year. Hence our comments regarding use of funds raised on short term basis being used for long term investment and vice versa are not required.</p>	<p>Noted</p>
<p>(xviii) According to the information, explanations & representation 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 Act.</p>	<p>Noted</p>
<p>(xix) The Company has not issued any debentures during the year</p>	<p>Noted</p>
<p>(xx) Since the Company has not raised any money by public issue during these year, our comments under clause (xx) of the Order are not required.</p>	<p>Noted</p>
<p>(xxi) On the basis of our examination and according to the information, explanations and representation given to us, no fraud on or by the Company, has been noticed or reported during the year.</p>	<p>Noted</p>

फॅक्स नं. : २२०९२३२६
२२०९४४३८
दूरभाष संख्या : २२०५४०२२
२२०५७३६०
२२०९४४३७

e-mail: agcommauMaharashtra@gov.in



सत्यमेव जयते

प्रधान महालेखाकार (लेखापरिक्षा)-III महाराष्ट्र यांचे कार्यालय
प्रधान महालेखाकार (लेखापरिक्षा)-III महाराष्ट्र का कार्यालय
प्रतिष्ठा भवन, तल मंजिल,
१०१, महर्षी कर्वे मार्ग, मुंबई - ४०००२०
OFFICE OF THE PRINCIPAL ACCOUNTANT
GENERAL (AUDIT)-III, MAHARASHTRA
PRATISHTHA BHAVAN, GROUND FLOOR,
101, MAHARSHI KARVE MARG, MUMBAI 400001

गोपनीय

तारीख ५ जून २०१५

संख्या

पीएजी/लेप-III/वालेप खंड - I/ स्मॉल स्केल/2011-12/214

सेवा में,

प्रबंध निदेशक,

महाराष्ट्र स्मॉल स्केल इंडस्ट्रीज डेव्हलपमेंट कॉर्पोरेशन लिमिटेड,

मुंबई.

विषय : मार्च 31, 2012, को समाप्त हुए वर्ष के महाराष्ट्र स्मॉल स्केल इंडस्ट्रीज डेव्हलपमेंट कॉर्पोरेशन लिमिटेड, मुंबई के लेखों पर कंपनी अधिनियम, 1956 की धारा 619 (4) के अंतर्गत भारत के नियंत्रक - महालेखापरिक्षक की टिप्पणियाँ।

महोदय,

मार्च 31, 2012 को समाप्त हुए वर्ष के महाराष्ट्र स्मॉल स्केल इंडस्ट्रीज डेव्हलपमेंट कॉर्पोरेशन लिमिटेड, मुंबई के लेखों पर कंपनी अधिनियम, 1956 की धारा 619 (4) के अंतर्गत भारत के नियंत्रक - महालेखापरिक्षक की टिप्पणी (Comments) संलग्न हैं।

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

भवदीया,

-sd-

प्रधान महालेखाकार
लेखापरीक्षा - III

संलग्न : यथोपरि

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 2012.

The preparation of financial statements of Maharashtra Small Scale Industries Development Corporation Limited, Mumbai for the year ended 31 March 2012 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 4 March 2015.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Maharashtra Small Scale Industries Development Corporation Limited, Mumbai for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956. 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 :

COMMENTS ON FINANCIAL POSITION

A. Balance Sheet

I. Equity and Liabilities

4. Current Liabilities

b) Other Current Liabilities (Note no. 6) : Rs.113.11 crore.

1. This does not include Rs.2.63 crore towards additional lease premium payable to CIDCO for non-fulfillment of condition of minimum construction at Kalamboli godown. This has resulted in understatement of Current liabilities and prior expenses by Rs. 2.63 crore.

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

-Sd-

**ACCOUNTANT GENERAL
(AUDIT)-III**

Date:

Place:

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 2012.

Sr. No.	Comments	Corporation's Reply
A	<p>Comments of Financial Position Balance Sheet I. Equity and Liabilities 4.Current Liabilities b)Other Current Liabilities (Note no. 6) : Rs.113.11 crore.</p> <p>1. This does not include Rs.2.63 crore towards additional lease premium payable to CIDCO for non-fulfillment of condition of minimum construction at Kalamboli godown. This has resulted in understatement of Current liabilities and prior expenses by Rs. 2.63 crore.</p>	<p>The Corporation has provided liability in the F.Y. 2012-13 in books of accounts.</p>

MAHARASHTRAS SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED

Balance Sheet as at 31st March 2012

Particulars	Note no.	As at 31st March 2012	As at 31st March 2011
I. EQUITY AND LIABILITIES			
1. Shareholders funds			
(a) Share Capital	2	145,009,900	145,009,900
(b) Reserves and surplus	3	323,434,308	189,351,335
A		468,444,208	334,361,235
3. Non-current liabilities			
(a) Long-term borrowings	4	19,545,038	19,545,038
4. Current Liabilities			
(a) Trade Payable	5	1,170,236,582	1,211,735,483
(b) other current liabilities	6	1,131,125,295	646,714,103
(c) Short-term provisions	7	150,853,217	82,796,990
C		2,452,215,094	1,941,246,577
A+B+C		2,940,204,340	2,295,152,850
II) ASSETS			
1. Non Current assets			
a) Fixed assets			
i) Tangible assets	15	138,703,729	140,843,457
ii) Capital work in progress		0	5,897,034
D		138,703,729	146,740,491
b) Non-current investments	8	103,250	198,150
c) Deferred tax assets (net)		757,2693	780,2117
d) Long-term loans and advances	9	590,189,840	375,322,138
E		597,865,783	383,322,405
2) Current assets			
a) Inventories	10	8,030,904	7,320,442
b) Trade receivable	11	1,209,655,378	1,233,408,237
c) Cash & Cash equivalents	12	825,372,359	401,778,347
d) Short-term loans and advances	13	63,127,223	26,607,914
e) Other Current Assets	14	97,448,964	95,975,014
F		2,203,634,828	1,765,089,954
D+E+F		2,940,204,340	2,295,152,850
Significant accounting policies 1			

See accompanying notes forming part of financial statements

As per our report of even date
For Om Prakash S. Chaplot & Co.
Chartered Accountants
FRN 000127C

(Yash Panjawat)
Partner
M. No. 415552

Place : Mumbai
Date : 4 March 2015

For and on behalf of the Board of Directors

Director

Managing Director

Chief Financial Officer Company Secretary

MAHARASHTRA SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED
Statement of Profit and Loss for the year ended 31st March 2012

	Particulars	Note no.	For the year ended on 31st March 2012	For the year ended on 31st March 2011
I.	Revenue from operations	16	4,876,028,048	4,783,001,677
II.	Other income	17	107,684,836	76,587,615
III.	Total income (I+II)		4,983,712,884	4,859,589,291
IV.	Expenses			
	a) Cost of material consumed	18(a)	1,274,531	1,437,676
	b) Purchases of stock - in - trade	18(b)	4,635,669,739	4,598,198,314
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18(c)	(103,911)	4,578,706
	d) Employee benefits expense	18(d)	67,005,843	78,303,622
	e) Finance costs	18(e)	1,197,055	520,674
	f) Depreciation and amortisation expenses	15	3,323,928	2,682,806
	g) Other expenses	18(f)	50,506,937	65,483,363
	Total Expenses		74,758,874,123	4,751,205,161
V.	Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		224,838,762	108,384,130
VI.	Exceptional items	45	(5,009,652)	(34,145,489)
VII.	Profit/(Loss) before extraordinary items and tax (V-VI)		219,829,110	74,238,641
VIII.	Extraordinary items		0	0
IX.	Profit/(Loss) before tax (VII-VIII)		219,829,110	74,238,641
X.	Tax Expenses			
	a) Current tax expense for current year		74,328,672	42,960,701
	b) Deferred tax	51	229,424	(466,315)
	c) Earlier year tax		4,771,076	0
			79,329,172	42,494,386
XI.	Profit/(Loss) from Continuing operations (IX-X)		140,499,938	31,744,255
XII.	Profit/(Loss) for the Period		140,499,938	31,744,255
XIII.	Earning per share(of 100/- each)		97	22
	Singificant accounting policies	1		

See accompanying notes forming part of financial statements

As per our report of even date
As per our report of even date
For Om Prakash S. Chaplot & Co.
Chartered Accountants
FRN 000127C

(Yash Panjawat)
Partner
M. No. 415552

Place : Mumbai
Date : 4 March 2015

For and on behalf of the Board of Directors

Director

Managing Director

Chief Financial Officer Company Secretary

MAHARASHTRA SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED

Cash Flow Statement for the year ended on 31st March 2012

	Particulars	As at 31st March 2012	As at 31st March 2011
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net : Profit (loss) before exceptional and exceptional items and tax	2248,38,762	1083,84,131
	Add - Depreciatin	33,23,926	26,82,807
	Add - Provision for gratuity		22,59,219
	Add - Provision for leave encashment as debited to P & L A/c		26,24,744
	Add - Provision for leave encashment as debited to P & L A/c		54,34,436
	Add (less) non cash expense (income)	1,51,479	87,83,976
	Less - Reversal of Leave encashment provision as credited to P & L A/c		(22,92,644)
	Less - interest and dividend income	(426,55,642)	169,75,899)
	Add - Interest expenses	11,97,055	5,20,674
	Operting profit before working capital changes	1868,55,581	1114,21,444
	(Increase)/Decrease in Sundry Debtors	237,52,589	(159,00,937)
	(Increase)/Decrease in inventories	(7,10,462)	40,13,430
	(Increase)/Decrease in Deposits/loans-advances	(2528,60,962)	(570,17,472)
	(Increase)/Decrease in Sundry Creditors	(414,98,901)	1094,19,284
	(Increase)/Decrease in other liabilites	4836,86,068	140,95,670
	Cash flow from Operations	3992,24,184	1660,31,419
	Exceptional items	(50,09,652)	(166,71,064)
	Cash flow before tax	3942,14,532	1492,60,355
	Tax Paid	(103,18,398)	0
	Net Cash flow from Operating Activities A	3838,96,134	1493,60,355
B	CASH FLOW FROM INVESTING ACTIVITIES		
	(Increase)/Decrease in Fxied assets	(18,55,609)	(383,83,814)
	(Increase)/Decrease in investments	94,900	10,300
	Interest and Divident Received	426,55,642	169,75,899
	Net Cash Flow from Investing Activites B	408,94,933	(213,97,616)
C	CASH FLOW FROM FINACING ACTIVITIES		
	Increase in Reserves	0	(2,42,084)
	(Increase)/Decrease in Unsecured loans	(0)	(485,78,938)
	(Increase)/Decrease in working capital finance		26,00,000
	Interest paid	(11,97,055)	(5,20,674)
	Net Cash flow from investing activites C	(11,97,055)	(467,41,696)
	A+B+C	4235,94,012	812,21,045

Particulars	As at 31st March 2012	As at 31st March 2011
Cash or Cash equivalent At the Beginning of period	4017,78,347	3205,57,300
Cash or Cash equivalent At the End of period	8253,72,359	4017,78,347
Cash or cash Equivalent comprises of (refer note no. 12)		
Cash in Hand	1,15,213	1,15,495
Fixed Deposits	5188,30,311	1917,39,749
Fixed Deposits for Margin Money	72,94,515	436,79,365
Bank Accounts	2991,32,320	1662,43,738
	8253,72,359	4017,78,347

Significant accounting policies - Note 1

See accompanying notes forming part of financial statements

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

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

As per our report of even date
For Om Prakash S. Chaplot & Co.
Chartered Accountants
FRN 000127C

(Yash Punjawat)
Partner
M. No. 415552

Place : Mumbai
Date : 4 March 2015

For and on behalf of the Board of Directors

Director

Managing Director

Chief Financial Officer Company Secretary

**THE MAHARASHTRA SMALL SCALE INDUSTRIES
DEVELOPMENT CORPORATION LTD.**

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH 2012**

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES**A) 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.

B) USE OF ESTIMATES

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

C) 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.

(D) 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:

- Individual items of assets costing up to Rs. 5000/- are depreciated 100%.
- Lease-hold Lands, where revalued, are amortized in the balance period of lease.

(E) Investments

Investments are stated at cost.

(F) Inventory

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

(G) Revenue Recognition

All income 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.

(H) 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.

(I) Transactions pertaining to previous years:

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

(J) Taxation

- i. Tax expense comprises both deferred and current taxes. Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

ii. Deferred Tax is based on tax rate 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 Amount at the year end and the 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.

K) Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognized when the bank has a present obligations 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 adjusted to reflect the current best estimates.

A disclosure 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 obligations 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 obligations or a reliable estimate of the amount of the obligation cannot be made.

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

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

Particulars	As at 31st March 2012	As at 31st March 2011
Note 2 : 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
Total	145,009,900	145,009,900
Note 3 : RESERVE & SURPLUS		
Capital Reserve	44,785	44,785
Expost Incentive Reserve	375,000	375,000
Grant in Aid	1,107,819	1,150,157
LESS TRANSFER to P & L in YEAR	(42,338)	(42,338)
Grant recd from MIDC for Paithani Dev. Center	10,299,000	10,299,000
	11,784,266	11,826,604
Profit and Loss Account		
Opening Balance	102,036,166	70,291,911
Add: During the year	140,499,938	31,744,255
	242,536,104	102,036,166
Marketing Risk and Development Res.	4,699,656	4,574,799
Add.- Transfer from P & L in Year	200,833	124,857
	4,900,489	4,699,656
Revaluation Reserve	70,788,909	77,731,310
Less :Short Amortization	0	(366,941)
Less : Amortization in the Year	(6,575,460)	(6,575,460)
	64,213,449	70,788,909
Total	323,434,308	189,351,335
Note 4 : LONG TERMBORROWINGS		
Other Loans and Advances – Unsecured		
Ind. & Lab. Mah.Govt.Edu.Umemp H. P. A/C	1,318,000	1,318,000
Interest Payable on Mah. Lab. Govt. Loan	2,774,408	2,774,408
	4,092,408	4,092,408
Ind. & Lab. – Govt. of Maha – Seed Capital	6,403,332	6,403,331
Interest Payable – Epp Govt. of Maha.	9,049,299	9,049,299
	15,452,630	15,452,630
Total	19,545,038	19,545,038

Particulars	As at 31st March 2012	As at 31st March 2011
Note 5 : TRADE PAYABLE		
Sundry Creditors	1,170,236,582	1,211,735,483
Total	1,170,236,582	1,211,735,483
Note 6 : OTHER CURRENT LIABILITIES		
Dues from Employees	52,750	59,292
Dues from outside parties	899,386,146	353,394,025
M.S.T.	4,920,987	10,856,525
SERVICE TAX	4,105,352	3,893,200
Deposit received	173,055,837	138,766,172
Liabilities for Expenses	39,582,980	109,729,209
Employees Cont. To Pf 87-88 onwards	1,005,597	223,377
Provision for Gratuity	91,306,085	88,541,055
MSSIDC Employees Grat. fund Trust	(83,505,178)	(59,895,534)
Prof. Tax On Salary 87-88 onwards	1,400	0
Nand Construction Retn. Money, Delhi	238,867	238,867
Jute Service Center	106,298	106,298
Salary Payable	868,175	801,620
Total	1,131,125,295	646,714,104
Note 7 : SHORT TERM PROVISIONS		
Provision for Employees benefits	20,629,136	21,354,259
	20,629,136	21,354,259
Others		
Provision for Taxation F. Y. 2010-11	37,413,379	42,960,701
Provision for Taxation F. Y. 2009-10	18,482,030	18,482,030
Provision for Taxation F. Y. 2011-12	74,328,672	0
	130,224,081	61,442,371
Total	150,853,217	82,796,990
Note 8 : NON CURRENT INVESTMENTS		
In Fully Paid Up Equity Shares		
1 'C' Class share of Rs.1000 in All India		
Fabrics Mkt. Co-op Soc. Ltd.	1,000	1,000
400 Equity Shares of Rs.100 Each in Mah.		
Ind. & Tech. Consultancy Org. Ltd.	40,000	40,000
Krupanidhi Ltd. (62 shares of Rs.100/- each)	62,000	62,000
1 Share of Rs.250 Each in Mah. State		
Handloom Co-op Fed. Ltd.	250	250
Unit Trust of India, US 64 Bonds		
Nos. 949 Face Value @ 100	0	94,900
Total	103,250	198,150

Particulars	As at 31st March 2012	As at 31st March 2011
Note 9 : LONG TERM LOANS AND ADVANCES		
Security Deposit		
Deposits Paid	38,054,396	78,584,942
Other Loans and Advances		
Advances & other assets	552,073,370	296,675,117
Suspense A/C	62,073	62,078
Total	590,189,840	375,322,138
Note 10 : INVENTORIES		
Stock – Franking	775,439	857,110
Raw Materials	571,073	274,210
Wip	1,305,051	995,363
Finished Goods	736,259	4,092,474
Stock in Trade – Wtc	3,966,288	786,197
Stock in Trade – Tme Delhi	676,794	315,088
Total	8,030,904	7,320,442
Note 11 : TRADE RECEIVABLE		
Below 6 months – Good	411,480,362	517,323,426
Above 6 months – Good	333,186,850	158,582,008
Above 6 months – Doubtful	491,473,167	583,987,803
Less – Provision for Doubtful Debt	(26,485,000)	(26,485,000)
Total	1,209,655,378	1,233,408,237
Note 12 : CASH AND CASH EQUIVALENTS		
Cash in Hand	115,213	115,495
Fixed Deposits	518,830,311	191,739,749
Bank Accounts	299,132,320	166,243,738
Margin Money	7,294,515	43,679,366
Total	825,372,359	401,778,347
Note 13 : SHORT TERM LOANS AND ADVANCES		
Godown & office rent recoverable	22,971,677	11,292,777
Interest Accrued but not Received	38,313,342	11,806,653
Adv. against Salary	597,701	2,697,955
Adv. against Ltc	31,462	68,765
Adv. for Exp. to Staff	705,667	154,699
House bldg.. Loan to Employees	117,347	206,561
Int. Recd. on H. B. Loan to Employees	335,828	377,504
I.Tax on Salary 87-88 onwards	54,200	
Total	63,127,223	26,607,914

Particulars	As at 31st March 2012	As at 31st March 2011
The Above is also classified as :		
Secured, considered good, Unsecured,	0	0
Considered good, Doubtful	63,127,223	26,607,914
	0	0
	63,127,223	26,607,914
Note 14 : OTHER CURRENT ASSETS		
Exhibition Accounts	2,741,314	(614,634)
Other Income Tax & TDS	94,643,908	96,525,907
C.S. T.	63,742	63,741
Total	97,448,964	95,975,014
Note 16 : REVENUE FROM OPERATIONS		
Sales Services		
Raw Material Sales	45416868	44169762
Sales Exhibition	0	1145743
Sales Others	0	7672
Marketing Sales	4007051850	3487260870
W.C.T. Marketing Sales	8681881	17295135
Sales Oms	0	46179175
Sales Coal	531368103	989180652
Rebate Recd. From Supplier	200509056	124427778
Service charges & commission Franking	174430	588990
Rebate recd. from Supplier – others	254258	459921
Rebate recd. from Supplier – Coal	0	442332
Service Charges Recd. from H'craft Units	9892139	0
A	4803348584	4711158029
Other Operation Revenues		
Sales Handicraft	47516738	6726349
Scrap Sales	3920	164152
Sales Franking	13081671	59313048
Commission Recd. on Sales of franking	65000	269676
Interest recd. Mktg.	184874	156705
Inspection charges Recd. (Mrktg.)	1116969	14000
B	61969172	66643930
Sales of Product		
Sales Paithani Sareees	6306160	4948996
Sales through Stock transfer	3934555	
Service Charges Recd. on Paithani	469577	250722
C	10710292	5199718
A+B+C	4876028048	4783001677

Note 15 : Fixed Assets										
Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost 1.4.11	Additions	Sales adjustments	Balance as at 31.3.12	Accumulated Depreciation	Depreciation for the year	Adjustments	Total Depr. 31.3.12	WDC 31.3.12	WDC 31.3.11
Free hold land - Wada	76,426	-	-	76,426	-	-	-	-	76,426	76,426
Lease hold land -Cost	11,300,038	-	-	11,300,038	4,298,194	178,152	-	4,476,346	6,823,693	7,001,845
Leasehold land-Revaluation	199,216,368	-	-	199,216,368	128,427,456	6,575,460	-	135,002,916	64,213,452	70,788,912
Office premises	8,613,596	-	-	8,613,596	3,034,261	132,876	-	3,167,138	5,446,458	5,579,334
Building on leasehold land	47,750,430	9,445,550	(1,848,000)	55,347,980	5,410,017	891,776	(7,015)	6,294,777	49,053,203	42,340,413
Residential flats	4,103,472	-	-	4,103,472	1,527,193	62,753	-	1,589,946	2,513,526	2,576,278
Leasehold rights WTC	2,540,250	-	-	2,540,250	1,432,426	42,338	-	1,474,763	1,065,487	1,107,825
Plant & Machinery	3,679,991	-	-	3,679,991	3,651,253	1,615	-	3,652,868	27,122	28,738
Furniture & Fixture	11,288,726	61,562	-	11,350,288	9,806,775	105,184	-	9,911,959	1,438,329	1,481,953
Office Equipments	9,353,831	65,205	-	9,419,036	5,478,542	449,504	-	5,928,046	3,490,990	3,875,289
Computers	21,075,878	42,445	(25,000)	21,093,323	16,332,091	1,148,391	-	17,480,482	3,612,841	4,743,787
Electrical fittings	817,710	-	-	817,710	67,218	38,841	-	106,059	711,651	750,492
Vehicles	2,749,230	-	-	2,749,230	2,427,407	258,647	-	2,686,054	63,176	321,823
Assets Costing less than 5000	778,221	10,881	-	789,102	778,221	10,881	-	789,102	-	-
Paithani Dev. Center (MVVM)	182,226	-	-	182,226	11,880	2,970	-	14,850	167,376	170,346
Total	323,526,393	9,625,643	(1,873,000)	331,279,036	182,682,933	9,899,389	(7,015)	192,575,307	138,703,729	140,843,461
Capital work in progress & Machinery in Transit pune, Thana	5,897,034	-	5,897,034	-	-	-	-	-	-	5,897,034
Previous Year (31-03-2011)	291,039,610	32,486,780	-	323,526,390	173,424,667	9,258,266	(14,030)	182,682,933	140,843,457	117,614,945

Notes : a) Depreciation of Rs.65,75,460 is charged during the year on the revaluated cost of Lease Hold Land. This amount of depreciation has been directly adjusted from the Revaluation Reserve in the Balance Sheet.
 b) Amortisation has been provided in proportion to Lease Period from the year in which possession of lands is taken, although the agreements to lease suitable that they will come into force after the execution of lease agreements.
 c) The Corporation has charged depreciation on the Lease Hold Rights of the premises in World Trade Center and amortised it over its useful life of 60 years.
 d) 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.
 e) Depreciation for the year of Rs. 9908257.00 includes Amortisation of Leasehold of Rs.6575460.00. The figure of actual depreciation during the year is Rs.3323929.00 which can be arrived at deducting Rs.6575460.00 from 9899389.00.
 f) Capital work in progress put to use during the year Rs.:5897034.

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Particulars	As at 31st March 2012	As at 1st March 2011
Note 17 : OTHER INCOME		
Interest recd. on deposits with Bank	40113723	5193774
Interest recd. Raw materials	454429	0
Interest recd. other	2037490	11587555
Interest Div. Recd.	0	2865
Dividend on Investment	50000	35000
Godown rent Warehouse	20858655	11254460
Office rent recd.	6621799	2301969
Rent recd.	9141402	3853505
Ethiopian Airlines (Rent received)	0	8737243
Security Deposit Coal Forfitted	11640000	
Godown Rent Recd.	12012154	11283738
Excess provision written back A/C (leave encashment)	1	2292644
Repairs and Maintenance Recd.	212064	329740
Credit balances written back	172549	2624744
Guest house receipt	9075	20500
Salary & allow. Recovered on Various schemes	0	676332
Electrical charges recd.	0	557500
House rent recovery from Employees	115284	81296
Grant in Aid Wtc	42338	42338
Registration fees for Portal	0	14600
Mktg. Registration Fees	643142	714600
Tender fees Mktg.	0	112200
Tender fees Recd. (Non-Refundable)	463900	2182300
Tender processing chrgs. Recd.	36900	1007400
Penalty Charges recd. coal	1149243	2834
Renewal charges Coal		85000
Renewal charges Marketing		4000
Misc. Receipts	1916187	10584078
MSHFDC Admin Exp. Recd.	0	240000
Reg. & Process fees Recd. Coal	-7500	762000
Registration & Renewal Fee H'craft	2000	3400
Total	107684836	76587615
Note 18 : EXPENSES		
a) RAW MATERIAL CONSUMED		
Opening Stock (Rm)	274210	70882
Opening Stock (WIP)	995363	633415
Add: Purchases	1881082	2002952
Less : closing stock (WIP)	1305051	995363
Less : closing stock (Rm)	571073	274210
A	1274531	1437676

Particulars	As at 31st March 2012	As at 1st March 2011
b) PURCHASE OF STOCK IN TRADE		
Purchase: Marketing	4006951842	3532668853
Purchase: Exhibition	0	793977
Purchase: W. C. T. Maktg.	8681881	17124885
Purchase: From Stock Transfer	1093908	9234
Purchase: Coal	509308041	943130943
Purchase: Raw material	45078910	43573609
Purchase: Handi Crafts	51555157	6896813
Purchase: Franking	13000000	54000000
	B	4635669739
		4598198314
c) Changes in inventories of finished goods inventory etc. (Increase/decrease) in stock in Trade		
Opening stock		
Raw Material		
Finished goods	4092474	3379806
Stock in WTC	786197	786197
Stock – Franking	857110	6170158
Work in progress	315088	293414
	A	6050869
		10629575
Closing Stock		
Finished goods (paithani sarees)	736259	409474
Stock in Wtc	3966288	786197
Stock – Franking	775439	857110
Stock at Delhi TME	676794	315088
Work in progress	0	
Increase in Stock	B	6154780
	A-B	103911
		4578706
d) Employees Benefits Expenses		
Rem. to Chairman	0	53906
Rem. to MD & Jt. M.D.	2593230	1120051
Salary Gross	604026	0
Dearness allowance	24723249	28337286
Basic Salary	20637142	7965897
Bonus Paid	0	27708
Charge Allowance	137600	92948
Food allowance	106020	39645
Fix Comp allowance	428540	679434
House rent allowance	3401419	1572151

Particulars	As at 31st March 2012	As at 1st March 2011
Children Education Allowance	277725	307040
Compensatory Local allowance	353599	288918
Interim relief	0	983564
Salary & allow. Recovered on various scheme	1092666	172400
Other allowances	479239	335862
Peon allowances	0	26400
Overtime	1451339	2723104
Arrears payable	0	15586807
PL encashment	3640894	5434436
Gratuity Account	2765030	2259219
Leave Travel Concession	356270	453592
Medical Exps.	431432	806683
Staff welfare	728030	824222
Admin charges on Dep. Linked Insurance Fund	0	1600
Admin charges on Pf	0	450265
Employees Deposit linked Insurance Fund	0	81195
Employees Cont. Bombay Lab Welfare Fund	0	10080
Employees Cont. Pension Scheme	0	1296827
Employees Cont. to Pf	2791393	6366382
Directors Fees on Board Meetings	7000	6000
	67005843	78303622
e) Finance Cost		
Bank Charges	1064496	385596
Interest	132559	135078
	1197055	520674
f) Other Expenses		
Advertisement	1636274	1082142
Tax Audit fees	125000	137875
Internal Audit fees	121349	132360
Statutory Audit fees	275000	366830
Mvat Audit fees	74395	0
Annual Day Exps.	0	427346
Audit Rem. in other Cap for travelling	123861	77307
Books and Periodicals	123844	118820
Mktg. risk and Dev. Res.	200833	124857
Godown rent (except Excise warehouse)	1834911	3908612
Electricity Charges	1687297	1978821
Guest and Entertainment charges	133463	410702
Office rent paid	838784	1072690
Legal Expenses	2789070	2753334
License fees/Excise administrative	36850	121524
Interest paid – others	285695	1105165
Marketing tenders fees paid/Mrktg exp.	944196	3020027
Rebate paid	0	5163514
Membership fees paid	40000	40000
Office expenses	2964332	3955827
Printing and stationary	1288381	2263163

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Particulars	As at 31st March 2012	As at 1st March 2011
Professional fees	98733	3090
Sales Tax under Wtc Mrktg.	0	5331871
Share on Exp on Udyog Mitra	0	2806667
Water charges	142502	220252
Other Admin Expenses	1226402	65375
Exhibition Expenses	243283	0
Previous year debit	0	63094
Works Contract Tax	292741	576645
Debit Balance Write off	47173	645437
Computer expenses	273426	0
Computer Data Entry Expenses	1231873	1899875
Guarantee charges	1891	105852
Godown exp.	4888824	96858
Handling charges	0	4200
Discount Paid	374096	3528025
License fees	2553904	27369
Design and Demonstration	13773	4400
Process and Dying charges	0	793
Labor charges	1194053	1374178
Crane Charges	0	1058
Security Charges	208255	53980
Security Exp. on Godowns	1260975	2271062
Security Arrangement	134073	130304
M.V.I.R.D.C. (Outgoing charges)	4151294	5049368
Incentive for production	158971	163689
Employees training exp.	395886	38093
Expenses on Stamp paper Activity	82029	11187
Conveyance	438643	462153
Travelling Allowance to Chairman	0	195774
Directors Travelling Exp.	178179	236300
Employees Travelling Exp.	1310119	1720600
Insurance charges – Motor Car	0	32445
Local conveyance allowance to staff	135837	260177
Motor car Exps.	1273898	1576510
Postage	248408	284996
Telephone exp.	1272013	1320904
Car Hire Charges	1277140	807960
Exp. on Andheri flat	12300	427213
Exp. on Mulund flat	414887	0
Exp. on Kalamboli flat.	0	2480
Exp. on Nagpur flat.	0	17100
Insurance Charges on fixed assets	264942	222329
Repairs and Maintenance	8213429	3753773
Rates and Taxes	969450	1429011
	50506937	65483363

NOTE 19 : CONTINGENT LIABILITIES:

Sr. No.	Particulars	Current year (Rs.)	Previous year (Rs.)
1.	Claims against the corporation not acknowledged as debts a) Sandeep Structural Pvt. Ltd. (Rs. 5,12,43,730.00) b) Mumbai Port Trust (Rs. 16,03,51,088.00)	21,15,94,818	4,25,000
2.	Tax liability not acknowledges as debt and opening in Appeal with higher Authority(exclusive of the effect if similar matters in respect as Assessment remaining to becomleted) in respect of i) sales Tax ii) Income Tax iii) Value added tax	1,49,95,907 1,07,06,402 53,17,73,142	2,03,54,077 1,07,06,402 40,69,37,169
3.	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 7 years	7,50,000	6,00,000

Mumbai Port Trust vide letter dt. 17.12.2012 raised demand towards pending regulation/rectification of breaches and liquidation of Port Trust Arrears of Rs. 160351088 in respect of TW-2 Shed at Cotton Green. In this regard vide our letter dt. 27.12.2012, the corporation has requested to provide details of outstanding / arrears amount to BPT. However, the details are yet to be received.

NOTE 20: In the absence of details of status of pending Income Tax, Sales Tax, assessments and other legal cases, the contingent liability, if any, in respect thereto cannot be ascertained as cases of various years are under process with the concerned Appellate Authorities and the quantum of the same can not be ascertained.

NOTE 21: The corporation has Sundry debtors of Rs 49,14,73,167.00 and Debit balances in creditors of Rs. 4,50,54,770 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. 51,00,43,237 is not considered. (The Corporation has 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 to 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)

NOTE 22: Balances under the following heads are subject to scrutiny, reconciliation and consequential adjustment.

Head	Balance (Amt. in Rs.)
Liability for Expenses	3,95,82,980
Sundry Creditors	117,02,36,582
Due to Employees	19,26,522
Dues to outside parties	89,93,86,146
Service tax	41,05,532
Deposits received	17,30,55,836
Advance Tax and TDS	9,46,43,908
CST	63,741.00
MST and	49,20,986
Advances to suppliers	55,20,73,370
Sundry deposits	3,80,54,396
Sundry debtors	120,96,55,378

NOTE 23: Creditors of Rs. 117,02,36,582/-, Dues to employees of Rs. 19,26,522/-, Dues to outside parties of Rs. 89,93,86,146/-, Service Tax of Rs. 41,05,352.00 Deposits received of Rs. 17,30,55,837, Advance Tax and TDS of Rs. 9,46,43,908/-, CST of Rs. 63,742/-, VAT of Rs. 49,20,987/- Advances & other Assets of Rs. 55,20,73,370/-, Sundry Deposits paid Rs. 3,08,54,396/-, Sundry Debtors of Rs. 1,20,96,55,378/- are subject to scrutiny, reconciliation and consequential adjustment.

NOTE 24: Franking department of the Corporation closed its business from 13.07.2010, which showed a stock of Rs.7,74,110.00, the said amount was recoverable from the SUPDT. of Franking on surrender of Franking Machine. The Corporation made the efforts and recovered the sum of Rs. 7,74,110.00 in the year 2012-13

NOTE 25: 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.

NOTE 26 : The Corporation has certain long pending other advances amounting to Rs. 85,43,955/-, 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

NOTE 27 : The Corporation has certain long pending deposits at Head Office amounting to Rs. 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.

NOTE 28 : The net amount recoverable from Govt. of Maharashtra towards expenses incurred on IITF 2011 and for previous year's IITF (2008 & 2009) as reported by IITF auditroe is Rs.8031840. Out of this, Rs.4000000 has been received on 22.02.12. Thus the balance recoverable from Govt. of Maharashtra should have been 4031840. However the books of accounts show recoverable amt. as 642590. The said difference cannot be reconciled.

NOTE 29 : It is observed that some Sundry Creditors of transport of Thane (Kalamboli) Division with debit balances of Rs. 1,29,86,997/- are lying without adjustment for more than 5 years as reconciliation work is under process.

NOTE 30 : 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 is made in the accounts.

Name of the Account	Amount outstanding (Rs.)
Industries & Labour Dept., Govt. of Maharashtra, -Edu. Unempl. H.P.	40,92,408.00
Industries & Labour Dept., Govt. of Maharashtra - Seed Capital Scheme (3.5%)	1,54,52,630.00

The unsecured loan – Ind & Lab. Dept. Mah. Govt. Edu. Unemployment HPA and Ind. & Lab. Gov. of Mah. Loan. Both the loan amount shown in B/S is Rs.131 8000.00 and 6403331.00 and their interest is also accounted upto 2006-07. The scheme amount reflected in books of

accounts is very old and is not reconciled since long back and which is not payable to Govt. It is prior to 1980-81 and Govt. has not also claimed from MSSIDC. Hence, corporation has not provided interest also.

NOTE 31 : Suspense account with balance of Rs. 62,078/- (net) appearing under “Loans & Advances” is not written back by the Corporation.

NOTE 32 : Balances under Liability for Expenses of Rs. 3,95,82,980.00, which includes old liability of Mumbai Port Trust of Rs. 2,76,77,667 are subject to scrutiny, reconciliation and consequential adjustment, effect of which on the profit of the Corporation is unquantifiable.

NOTE 33 : Building of leasehold Land Included an amount of Rs. 3.08 crore towards cost as per tender for repairs to sewree godown. However, the actual cost incurred was only Rs. 2.90 crores. Capitalizing the tender cost instead of actual expenditure has resulted in overstatement of Fixed Assets and Liabilities by 18.48 lakhs in FY 2010-11. Required entries to rectify the same have been passed during the current year.

NOTE 34 : Rent receivable of Rs.83,09,492/- from a few parties is long overdue but not provided for since the Corporation is confident of recovering the same in the near future.

NOTE 35 : Sundry Debtors include Rs. 873.05 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 favor 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.

NOTE 36 : 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 Purthvi) for recovery of outstanding of Rs. 563.53 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. For all relevant cases and their application hearing has been done from Corporation’s side. The matter is pending for order for application. The party has not deposited Rs.50.00 lakhs as per the order of high court.

NOTE 37: 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 yet to be admitted.

NOTE 38: 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 a 2 criminal complaints against ISI and the same are pending before Metropolitan Magistrate Court (Esplanade), Mumbai. We have submitted fresh addresses of accused to the Hon'ble Court. Hon'ble court issued non-bailable warrant on fresh addresses. The next dates is 07.04.2015, Hon' court awaiting report of non-bailable warrant.

NOTE 39: 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 favor 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 admitted and pending for final hearing.

NOTE 40: The Corporation is to receive Rs.35,44,919 towards rent receivable from Hindustan Zinc Ltd. The case went to Arbitration and Arbitration Award was passed in favor of the Corporation asking Hindustan Zinc Ltd. to pay Rs.27,40,046.00 to the Corporation against which Hindustan Zinc Ltd. has moved the High Court against the Arbitration Award. The case no. CMM/3/14 is pending before Udaipur court. The corporation has filed written statement and next due date is 26-03-2015 for framing of issues. hearing.

NOTE 41: 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.

NOTE 42 : Accrued Interest Account includes Rs. 28,32,439 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.

NOTE 43 : Other advances include Rs. 1,36,074 towards loss incurred due to jumping of franking machine at 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.

NOTE 44 : The corporation is crediting 0.1% of rebate earned on marketing business to Marketing Risk Reserve as per the Board resolution passed earlier.

NOTE 45 : EXCEPTIONAL ITEMS – PRIOR PERIOD ITEMS:

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

Amount in Rs.			
Particulars	Debit	Particulars	Credit
Miscellaneous Expenses	62,75,865	Miscellaneous income	6,11,411
Employees Remuneration and Benefits	14,723	Rent	2,11,446
Service Charges	1,13,216	Interest receivable	5,72,795
Office rent and lease	1,500		
Total	64,05,304	Total	13,95,652
NET DEBIT TO P & L A/C SHOWS IN PROFIT AND LOSS A/C BELOW THE LINE	50,09,652		

NOTE 46 : Depreciation : AS 6 and Fixed Assets : AS 10

The corporation had appointed an independent CA firm to conduct physical verification of all 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 not finalized.

NOTE 47 : Government Grants: As 12

Corporation had received grant of RS.1,26,94,000.00 in the earlier years for construction of Paithani Development Center. The Corporation has purchased looms amounting to Rs.49,95,000.00 utilising this grant and deducted the said amount of Rs. 49,95,000.00 from the grant received during the year. The Corporation has also received subsidy of Rs. 21,00,000.00 for purchase of 100 looms during the year. Since this subsidy pertains to utilization 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 labors 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.

Corporation has purchased leasehold rights of premises “World Trade Center” for 60 years for Rs. 25,40,250 The same is being written off over a period of 60 years (Rs. 42,338 every year). Against this, Grant has been received for Rs. 25,40,250 The same is shown under “Reserves and Surplus – Grant in Aid” & Rs.42,338 is being transferred to the statement of Profit & Loss every year.

NOTE 48 : Retirement Benefits : AS 15

- a. The Corporation has made a provision of Rs. 27,65,030 towards gratuity on the basis of LIC demand (Projected unit Credit Method has been used for valuation by LIC.) The Corporation has invested Rs.8,35,05,178 towards the gratuity fund maintained by LIC against the Provision of Rs.9,13,06,085.
- b. The Corporation has made provision of Rs.2,06,29,136 towards leave encashment on the basis actuarial valuation.

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

Particulars	Trading	Production	CWH/Oth.	Total
Revenue	48,075	681	1,081	49,837
Segment Cost	46,465	559	518	47,589
Result	1610	122	516	2,248
Less- Unallocated Expenses				33
Profit Before Tax				2,202
Less : Income Tax/ Deffered Tax				746
Net Profit After Tax				1,456
Less : Proposed Dividend				-
Less : Prior Period Adjusment (Net)				51
Net Profit				1,405
Other confirmation				
Segment Assets	20,157	2	5,012	25,171
Unallocated Assets				4,231
Total Assets				29,402
Segment Liabilities	19,526	3	4,741	24,720
Unallocated Liabilities				5,132
Total Liabilities				29,402

b. Secondary Segment:

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

NOTE 49 : 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 2011-12 Mrs. Radhika Rastogi (IAS) was deputed as Managing Director of MSSIDC ltd. by the State Government. She was paid Rs. 16,25,318 towards remuneration and Rs. 2,97,977 towards other expenses during the year.
- During the financial year 2011-12 Mr. D. R. Gutte and Mr. S. B. Zaware were deputed as Joint M.D. of MSSIDC ltd. by the State Government. She were paid a total remuneration of Rs. 9,67,912 and Rs. 1,78,179 towards other expenses during the year.

NOTE 50 : Consolidated Financial Statements : AS 21

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

NOTE 51 : 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, 2012 are as follows:

(Rs. in lakhs)

Particulars	Amount	Amount	Tax Effect	Amount	Ref.
Deferred Tax Asset as on 01.04.2011				7802117	A
Deferred Tax Liability on account of					
a) Depreciation					
Depreciation as per the income Tax Act	4352171				
Less : Depreciation as per Companies Act	-	1028243	333613		B
b) PL Encashment					
PL encashment paid during the year	3794122				
Less : PL Encashment debited to P & L Account	-	725123	235266		C
Deferred Tax Asset on account of Disallowance U/S 40(a)	1046250	1046250	339456		D
				(229424)	E=D-C-B
Deferred Tax Asset as on 31/03/2012				7572693	A+E

The application of Deferred Tax has resulted in a net credit of Rs.229,424.00 to the Profit and Loss Account for the year ended March, 2012. The closing Deferred Tax Asset (net) of Rs. 75,72,693 has been shown separately in the Balance Sheet.

NOTE 52: 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) Earnings and Expenditure in Foreign Exchange. (Rs. in Lakhs)

Particulars	2011-12	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-material consumed.

(Rs. in lakhs)

Particulars	2011-12		2010-11	
	%	Value	%	Value
Imported	-	0.00	-	0.00
Indigenous	100%	12.74	100%	14.38
Total	100%	12.74	100%	14.38

ii) Payment of Auditors:

(Rs. in lakhs)

Particulars	2011-12	2010-11
Audit fee	4.00	4.00
Other Services	0.00	0.00

NOTE 53 : Note 53. Pursuant of the Notification No. F. No. 2/6/2008-C.L-V dated 30th March, 2011 issued by Ministry of Corporate Affairs, Government of India, the Company has prepared the financial statements as per Revised Schedule VI to the Companies Act, 1956. This has significantly impacted the disclosure and presentation made in the financial statements. The previous year's figures have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosure. All figures have been rounded off to the nearest rupee. The company has not complied with certain disclosure requirements of revised schedule VI to the Companies Act, 1956.

As per our report of even date
For Om Prakash S. Chaplot & Co.
 Chartered Accountants
 FRN 000127C

(Yash Punjawat)
 Partner
 M. No. 415552

Place : Mumbai
 Date : 4 March 2015

For and on behalf of the Board of Directors

Director

Managing Director

Chief Financial Officer

Company Secretary