

Maharashtra State Textile Corporation Limited

MUMBAI

(A Government of Maharashtra Undertaking)



56th Annual Accounts
Year 2021 - 2022

MAHARASHTRA STATE TEXTILE CORPORATION LIMITED

BOARD OF DIRECTORS

SHRI. VISHAL MADANE

Managing Director (Upto 5/5/2021)

SHRI. PARRAG JAIIN NAINUTIA

Managing Director (From 5/5/2021)

SMT. GAURI RAHUL MHASKE

Director (From 26/3/2018)

SMT. SHITAL TELI-UGALE

Director (From 16/2/2021)

BANKERS

**STATE BANK OF INDIA
BANK OF INDIA
CANARA BANK**

STATUTORY AUDITORS

S. V. SHETTY & ASSOCIATES

Chartered Accountants

**D - 217, Neelkanth Business Park,
Vidyavihar (West),
Mumbai - 400 086.**

**Tel.: 022 - 25133704, 022 - 67983647,
022 - 79625699**

E-Mail : casvshetty@gmail.com

REGISTERED OFFICE

REVA CHAMBER

**Kushesh Mansion, 2nd Floor,
22, Cawasjee Patel Street,
48/54 Ghoga Street (Janmabhoomi Marg),
Fort, Mumbai City 400 001.**

e-mail : mstcmumbai@gmail.com

DIRECTOR'S REPORT TO THE SHAREHOLDERS

Your Directors present herewith the 56th Annual Report and the audited Financial Statements of the **Maharashtra State Textile Corporation Ltd. (MSTC)**, for the Accounting Year ended on **31st March, 2022** together with Report of Auditors thereon. As required under section 129 (3) of the Companies Act, 2013, the Consolidated Financial Statements done with subsidiary of MSTC viz The Pratap Spinning Weaving & Manufacturing Co. Ltd. (PMA) for the **Accounting Year ended on 31st March, 2022** together with Report of Auditors thereon are also annexed.

01. FINANCIAL RESULT :

The Corporation's financial performances for the year under review along with previous year's figures are given hereunder :

FINANCIAL PERFORMANCE AND STATE OF CORPORATIONS AFFAIRS

(₹ in 000)

Sr. No.	Particulars	MSTC Stand Alone		Consolidated With PMA	
		2021-2022	2020-2021	2021-2022	2020-2021
01	Sales and Services	—	—	—	—
02	Other Income	63,227.03	50,507.35	63,238.32	50,520.49
03	Profit / (Loss) before Interest, Depreciation & Other provisions	62,483.00	38,520.18	49,309.99	38,413.24
04	Interest	418,787.78	413,570.56	418,787.78	413,570.56
05	Depreciation	323.41	240.95	323.407	240.95
06	Provision for Doubtful Debt/Advances	66.86	75.79	66.86	75.79
07	Bad Debts / Advances	—	301.52	—	301.52
08	Net Profit / (Loss) for the Year	(369,793.97)	(375,668.64)	(369,868.05)	(375,775.58)
09	Previous Years Adjustment Income / (Exp.)	(15.32)	(1,409.94)	(15.32)	(1,409.94)
10	Net Profit / (Loss) for the Year transferred to the Balance Sheet	(369,809.29)	(377,078.57)	(369,883.37)	(377,185.51)

The Corporation during the year, on stand alone basis, suffered a net loss of ₹ 369809.29 thousand as compared to net loss of ₹ 377,078.57 thousand for the Previous Year. The consolidated net loss during relevant period was ₹ 369,883.37 thousand (PY ₹ 377,185.51 thousand). As there were no production / sales activities during the year, the net loss represents the interest cost on Government Loans and expenditure incurred by the Corporation towards its closure activities. At present, there is no employee on the muster of corporation. The post closure activities of your Corporation are being carried out by appointing consultants on fixed term basis. Your Corporation is making constant efforts for reduction of administrative and other expenses. During the year, the other expenses were at ₹ 13,232.64 thousand as compared to ₹ 12,197.67 thousand previous year. The Provisions for doubtful debts and advances made during the year have were ₹ 66.86 thousand as compared to ₹ 75.79 thousand made in the previous year.

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The other income during the year ₹ 63,227.03 thousand (PY ₹ 50,507.35 thousand) includes interest income ₹ 46,222.86 thousand (PY ₹ 50,002.96 thousand) received by the Corporation on Fixed Deposits which is only regular income to the Corporation. During the year your Corporation earned profit on Sale of Asset Rs. Nil thousand (PY ₹ NIL thousand).

As on 31/03/2022 the principal amounts of Fixed Deposits kept with various banks were ₹ 907,960.25 thousand (PY ₹ 836,634.78 thousand). The deposits increased due to Part payment received for sale of 3 plots of land at Nagpur and interest earned on Fixed Deposit.

SUBSIDIARY AND CORPORATION CONSOLIDATED FINANCIAL STATEMENT :

The Working Results of the Subsidiary of your Corporation viz. The Pratap Spg. Wvg. And Mfg. Co. Limited (PMA) CINU17100MH1906SGC000241 for the year ended on 31st March, 2022 are summarized below :

(₹ in '000)	
Particulars	PMA
Net Profit / (Loss)	(74.08)
Accumulated Profit / (Loss)	(639,249.21)
Corporation Share in Loss since the financial year in which it became subsidiary of MSTC	(638,993.55)
Corporation's Loan & Advances to Subsidiary during the year.	65.15

Your Corporation, during the year, has increased its financial stake in its subsidiary by ₹ 65.15 thousand as compared to increase of stake by ₹ 74.13 thousand previous years.

As advised by the Government vide letter dated 05/07/2018 to initiate fresh tender process for sale 92,62,910. Equity shares of PMA held, the MSTC has initiated fresh e-tender process for sale of the shares in July 2020. The said e-tender is in process.

02. DIVIDEND :

In view accumulated losses and loss suffered during the year under report, your directors do not recommend any dividend nor any transfer of amount to General reserve for the period ended on 31st March, 2022.

03. STATE OF THE COMPANY'S AFFAIRS INCLUDING PROGRESS MADE DISPOSAL OF LANDS OF CLOSED MILLS :

- a. As reported earlier MSTC had terminated / cancelled letters of acceptance issued M/s Sunil Mantri Reality Ltd (SMRL) for establishment of Garment Parks on the Mills' land at Nagpur, Kolhapur and Solapur for non compliance of tender conditions for payment. Now SMRL has filed first appeals against the orders of Civil Judge, Sr. Division Kolhapur and Solapur. The appeals are pending before Hon'ble Bombay High Court, Mumbai. However, there are no restrictive orders of the Hon'ble High Court or any other courts operating against MSTC for establishment of Garment Park or for disposal of Land. However no such appeal is filed by the SMRL against order passed by Civil Judge, Sr. Division Nagpur.

It is learnt that M/s Sunil Mantri Reality Ltd. (Now Mantri Reality Limited) is under liquidation. Therefore liquidator has been replaced as the appellent.

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- b. Govt. of Maharashtra in its textile policy 2018-23 has decided that Garment parks will be established at Nagpur and Solapur through funds generated by sale of Narsingh Giriji Spinning Mill at Solapur and Empress Mill at Nagpur. Remaining funds will be transferred to the "Textile Development Fund". As advised by the Government steps have been initiated in March 2019 to invite e-tenders for sale of plot 1, 2 and 8 out of the layout approved by Nagpur Municipal Corporation. After approval of Board the, Offer received for sale of these plots were send to High Power Committee (H P C) for approval. H P C in its meeting held on 20.06.2019 approved.
- c. The acceptance letter issued to successful bidder after receipt of 10% of the amount as security deposits and additional security deposit. The successful bidders are not paid 1st and 2nd installments as per schedule. The total amount received and balance amount shown as under.

(₹ in '000)

Plot No.	Name Successful Bidder	Amount received up to 31/03/2022 (including EMD, Additional Security deposit, 1st & 2nd installment)
Plot No. 1	Royal Sandesh Business Park LLP	255,240.00
Plot No. 2	Orange City Garment Park	370,000.00
Plot No. 8	Acharya Vidhyasagar Garment Vapari Welfare Society	181,891.00

- d. In the H.P.C. meeting held on 29th June 2021 under the chairmanship of the Chief Secretary to the Govt. of Maharashtra considered various requests made by successful Tendereres the following decisions are taken.
1. As per Tender Condition No. 1.3 and 23 of the tender, it shall be the Responsibility of successful tenderers to pay the charges and fees to Nagpur Municipal Corporation for cutting trees standing on Land.
 2. As per condition No. 23 of the Tender, it is the responsibility of successful bidders to construct Road / Approach road as per Layout plan for their Plot. MSTC shall be help for getting Permission only.
 3. As regard request made by the tenderers for fresh Measurement of plots it was decided that the measurement done by MSTC is through appropriate Govt. Department. The Drawings / Sketch / Maps are made available to bidder. As per terms and condition No. 24. It is advice to tenderers to satisfy themselves about the area, Location user of land and other details before submitting the tender. Hence MSTC is not responsible to any difference.
 4. As per the terms and condition of tender the successful bidder fail to pay I and II installment before 30th Sept. 2019 and 30th Nov. 2019. HPC decides to put up a fresh proposal by considering the Covid 19 pandemic and guidelines issued by RBI.

The fresh proposal has been put up before HPC in meeting held on 09/11/2021 and minutes are awaited.

- e. Earlier in accordance with decision taken by the Government to establish Garment Park / Apparel Park and use of land for allied commercial purpose at the land of Nagpur and Solapur had appointed of project management consultant for preparation of Detailed Project Report (DPR). However due to delay in submission of DPR by the Consultant the Corporation has terminated the appointment of both the consultants.
- f. Process of handing over of the land to appropriate Government Department for construction of Memorial of Rajashree Shahu Maharaj in accordance with decision taken by the Govt. of Maharashtra on 18/12/2012 during Legislative Winter Session at Nagpur is pending.

04. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE CORPORATION :

No material changes and commitments have occurred between the end of the financial year of the Corporation to which the financial statements relate and the date of the report; which shall be affecting the financial position of the Corporation.

05. CHANGE IN NATURE OF BUSINESS, IF ANY :

There is no change in the nature of the business of the company during the financial year 2021-22.

06. RISK MANAGEMENT POLICY VIGIL MECHANISM AND ANNUAL EVALUATION OF ITS PERFORMANCE BY THE BOARD :

The Corporation is under control of the policy decision taken by the Government of Maharashtra from time to time. The Corporation does not have separate risk management policy and / or Vigil Mechanism. The members of the Board are appointed by the Governor, who are officers of the Government. There is no separate procedure for evaluation of its performance by the board.

07. SHARE CAPITAL :

During the year under report there is no change in the paid up capital of shareholding pattern of the Corporation. The Corporation has not bought back any of its securities during the year under review. The Corporation has not issued any Sweat Equity Shares during the year under review. No Bonus Shares were issued during the year under review. The Corporation has not provided any Stock Option Scheme to the employees.

08. DEPOSIT :

During the year your Corporation has not taken deposit under Companies (Acceptance of Deposits) Rules, 2014.

09. DIRECTORS AND BOARD MEETINGS :

Your Directors, as per the articles association are appointed by the Governor of Maharashtra. As on 31st March, 2022 following was Board of Directors of your Corporation.

Name of the Director	DIN	Deisgnation
Parrag Jaiin Nainutia	00295846	Managing Director
Smt. Gauri Rahul Mhaske	08015751	Director
Smt. Sheetal Basavaraj Teli-Ugale	08352169	Director

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During the Year under report the following Directors ceased to be the Directors of Your Company.

Name of the Director	Designation	Date of Cessation	Reasons
Shri. Vishal Madane	Managing Director	05/05/2021	Due to Transfer

During the Year under report the following Directors ceased to be the Directors of Your Company.

Name of the Director	DIN	Designation	Date of Appointment
Shri. Parrag Jain Nainutia	00295846	Managing	05/05/2021

Government had withdrawn the appointments of Shri. Vishal Madane Under Secretary Textile, charge of MD handed over to Shri. Parrag Jain Nainutia, IAS, Secretary (Textiles). Your Board places on record it's deep appreciation of services rendered by outgoing Directors.

During the year your Corporation held 5 (Five) Board meetings on 23/04/2021, 30/06/2021, 10/08/2021, 29/11/2021 and 12/01/2022. Further 2 (Two) Audit Committee Meetings were held.

As per the articles of association of the Corporation, the Directors of your Corporation are appointed by the Governor of Maharashtra. The Government has been requested to appoint Independent Directors on the Board of the Corporation. The orders from Government are awaited.

The Corporation as reported earlier, is a non going concern. The Board therefore has not appointed Nomination and Remuneration Committee and Stakeholders Relationship Committee. Since the appointment of Director on the Board is exclusive prerogative of the Governor Maharashtra the Corporation has no separate policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178.

10. CORPORATE SOCIAL RESPONSIBILITY (CSR) :

Your Corporation is a non going concern having huge accumulated losses. Since your Corporation has incurred losses in previous five or more financial years, the Corporation has not formulated any CSR Policy.

11. AUDITORS :

The office of Comptroller and Auditor General of India, New Delhi, has appointed M/s. S. V. Shetty & Associates, Chartered Accountants, Mumbai as the Statutory Auditors of your Corporation for the year under report.

12. EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITOR IN HIS REPORT :

The Statutory auditor has qualified or made adverse remarks in the Auditor's Report, the clarification or explanation on the same is appended as Annexure - D to the Board Report.

13. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT :

During the year no frauds reported by Auditors of the Company.

14. MAINTENANCE OF COST RECORDS :

Your Company is non-going concern. There are no production activities. The turnover of the Company is Nil. Your Company is not maintaining any Cost Records as required under Companies Act, 2013.

15. EXTRACT OF THE ANNUAL RETURN :

The Extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure - A and is attached to this Report.

16. SECRETARIAL AUDIT REPORT :

Pursuant to the provisions of section 204 of the Companies Act, 2013 and rules made there under, the Corporation has appointed M/s. Jaiprakash R. Singh and Associates, Practicing Company Secretary (M. No. FCS 7391 and C. P. No. 4412), to undertake the Secretarial Audit of the Corporation for the financial year 2021-22. The Secretarial Audit Report annexed as per sub-section (3) of section 134 under the Companies Act, 2013.

The explanations or comments by the Board on qualification, reservation or adverse remark or disclaimer is appeared as "Annexure E" to the Board Report.

17. APPOINTMENT OF THE AUDIT COMMITTEE AND OTHER COMMITTEES OF THE BOARD :

As required under Section 177 of the Companies Act, 2013, your Board has reconstituted Audit Committee during the year at the time of appointment of Mr. Parrag Jain Nainutia as a Managing Director. The Committee holds meetings regularly.

18. PARTICULARS OF LOANS GUARANTEE AND INVESTMENT BY CORPORATION :

Your Corporation during the year has not given any Guarantee or has not made any investment in any Corporation or other entity. However, the Corporation has given Loan of Rs. 65.15 thousand (PY Rs. 74.13 thousand) by way of loan to its subsidiary for running its closure activity.

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES :

Your Corporation during the year has not entered into any contract or arrangement with related parties as per section 188 of the Companies Act, 2013.

20. DIRECTOR'S RESPONSIBILITY STATEMENT :

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(C) of the Companies Act, 2013 :

- (a) that in the preparation of the annual accounts for the year ended on March 31, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

- (b) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation as at March 31st, 2022 and of the profit and loss of the Corporation for the year ended on that date;
- (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions for the Companies Act, 2013 for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a Non Going Concern basis.
- (e) that the directors, had laid down internal financial controls to be followed by the Corporation and that such internal financial controls are adequate and were operating effectively; and
- (f) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

21. INSURANCE :

All the unsold properties of the Corporation and insurable Interests including Buildings, office equipments & vehicles have been adequately insured.

22. PARTICULARS OF EMPLOYEES :

The Company has no employee in respect of whom the statement under Section 197 of the Act is required to be furnished. The Company is 100% state Government of Maharashtra Company and has Managing Director and other Directors whose remuneration comes directly from Government of Maharashtra, Department of Textiles. Therefore Section 197 of the Companies Act, 2013 does not apply.

Note : The Company has appointed consultants on contract basis. Their remuneration does not come under the limit prescribed under Section 197 (12) of the Companies Act, 2013 read with rule 5 of the Companies (Appointment & Remuneration to Managerial Personnel) Rules 2014.

Further the Company has not received any complaints under “The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2011 during the financial year under review.

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

No production activity is carried out by your Corporation. The information as required by the Section 134 of the Act read with Rule 8 of The Companies (Accounts) Rules 2014 the information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is NIL (PY NIL).

24. DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES :

The Pratap Spg. Wvg. and Mfg. Co. Limited (PMA) is subsidiary of your company Pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of the Company's subsidiary in Form AOC-1 is appended as "Annexure B" to the Board's report.

25. TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND :

Company does not have any funds lying unpaid or unclaimed for a period of Seven Years during Financial Year 2021-22. Therefore, there were no funds which are required to be transferred to Investor Education and Protection Fund (IFPF).

26. ACKNOWLEDGEMENTS :

Your Directors take this opportunity to thank the Government of Maharashtra for the help, financial support and guidance from time to time.

For and on behalf of the Board of Directors

Parrag Jaiin Nainutia
Managing Director
(DIN - 00295846)

Gauri Mhaske
Director
(DIN - 08859837)

Place : Mumbai

Date : 23rd March, 2023

EXTRACT OF ANNUAL RETURN

Form No. MGT. 9

As on the financial year ended on 31st March 2022

**(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies
(Management and Administration) Rules, 2014)**

I. REGISTRATION AND OTHER DETAILS :

i.	CIN	U17120MH1966SGC013568
ii.	Registration Date	06/09/1966
iii.	Name of the Company	Maharashtra State Textile Corporation Limited
iv.	Category/Sub-Category of the Company	Company Limited By Shares / State Government Company
v.	Address of the Registered office and contact details	Kushesh Mansion, 2nd Floor, 22, Cawasjee Patel Street, 48/54 Ghoga Street (Janmabhoomi Marg), Fort, Mumbai City 400 001. e-mail : mstcmumbai@gmail.com
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Register and Transfer Agent, if any.	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

The Revenue from Operations of the Company during the year was NIL. Income of the Company represents "Other Income".

Sr. No.	Name and Description of Main products / services	NIC Code of the product / service	% to total turnover of the company
1	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and Address of The Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	The Pratap Spinning Weaving & Manufacturing Company Limited Pratap Nagar, P.B. No. 36, Amalner, Dist. Jalgaon, Maharashtra - 425401.	U17100MH1906SGC000241	Subsidiary	99.96%	87(ii)

IV. **SHARE HOLDINGS PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i. **Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			% change during the year	
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual / HUF	0	0	0	0	NIL	0	0	0	NIL
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s)	NIL	23615745	23615745	100%	NIL	23615745	23615745	100%	NIL
d) Bodies Corp	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-Total(A)(1)	NIL	23615745	23615745	100%	NIL	23615745	23615745	100%	NIL
2) Foreign									
g) NRIs Individuals	0	0	0	0	0	0	0	0	0
h) Other Individuals	0	0	0	0	0	0	0	0	0
i) Bodies Corp	0	0	0	0	0	0	0	0	0
j) Banks / FI	0	0	0	0	0	0	0	0	0
k) Any Other	0	0	0	0	0	0	0	0	0
Sub-total(A)(2)	0	0	0	0	0	0	0	0	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0

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f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
Sub-total(B)(1)									
2. Non Institutions									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
(i) Indian									
(ii) Overseas									
b) Individuals	0	0	0	0	0	0	0	0	0
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (Specify)	0	0	0	0	0	0	0	0	0
Sub-total(B)(2)	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0
C Share held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)	NIL	23615745	23615745	100%	NIL	23615745	23615745	100%	NIL

II. Share holding of Promoters

Sr. No.	Shareholder's Name		Shareholding at the beginning of the year		Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1.	Maharashtra State Textile Corporation Limited	23615745	100%	0%	23615745	100%	0%	NIL
Total		23615745	100%	0%	23615745	100%	0%	NIL

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Change in Promoters Shareholding (Please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	23615745	100%	23615745	100%
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat euqity etc) :	No Change in the Shareholdings During the year		No Change in the Shareholdings During the Year	
	At the End of the year	23615745	100%	23615745	100%

iii. Shareholding pattern of the 10 share holders other than Directors, Promoter and holders of GDRs and ADRs

Entire Paid up Share Capital is held by the Governor of Maharashtra and his 9 Nominees

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat euqity etc) :	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

IV. INDEBTEDNESS :

Indebtedness of the Company including interest outstanding / accrued but not due for payment

₹ in 000

	Secured Loans excluding deposits ₹	Unsecured Loans ₹	Deposits ₹	Total Indebtedness ₹
Indebtedness at the beginning of the financial year		From Government of Maharashtra		
i) Principal Amount	NIL	17,40,656.09	NIL	17,40,656.09
ii) Interest due but not paid	NIL	79,50,245.81	NIL	79,50,245.81
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i + ii + iii)	NIL	96,90,901.89	NIL	96,90,901.89
Change in Indebtedness during the financial year	NIL		NIL	
– Addition	NIL	4,18,787.78	NIL	4,18,787.78
– Reduction	NIL	(NIL)	NIL	(NIL)
Net Change	NIL	4,18,787.78	NIL	4,18,787.78
Indebtedness at the end of the financial year		From Government of Maharashtra		
i) Principal Amount	NIL	17,40,656.09		17,40,656.09
ii) Interest due but not paid	NIL	83,69,033.59		83,69,033.59
iii) Interest accrued but not paid	NIL	NIL		NIL
Total (i + ii + iii)	NIL	1,01,09,689.68	NIL	1,01,09,689.68

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V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL : NIL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount	
		₹	₹	₹	₹	₹
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act 1961	0	0	0	0	0
2.	Stock Option	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0
4.	Commission – as % of profit – others specify	0	0	0	0	0
5.	Others, please specify	0	0	0	0	0
6.	Total (A)	0	0	0	0	0
	Ceiling as per the Act	Not Applicable as No Managerial Remuneration is paid				

B. Remuneration to other directors :

₹ in 000

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount	
		₹	₹	₹	₹	₹
	<u>Independent Directors</u> – Fee for attending board committee meetings – Commission – Others, please specify	0	0	0	0	0
	Total (1)					
	<u>Other Non-Executive Directors</u> – Fee for attending board committee meetings – Commission – Others, please specify	0	0	0	0	0
	Total (2)	0	0	0	0	0
	Total (B) = (1 + 2)	0	0	0	0	0
	Total Managerial Remuneration	0	0	0	0	0
	Overall Ceiling as per the Act	Not Applicable as No Managerial Remuneration is Paid				

C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD

₹ in 000

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
		₹	₹	₹	₹
1	Gross Salary : (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
1.	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission – as % of profit – others, specify	0	0	0	0
5.	Others, please specify	0	0	0	0
6.	Total	0	0	0	0

MAHARASHTRA STATE TEXTILE CORPORATION LTD.

VI. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL

₹ in 000

Type	Section of the companies Act	Brief description	Details of Penalty Punishment / Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made. If any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers In Default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors**Parrag Jain Nainutia**Managing Director
(DIN - 00295846)**Gauri Mhaske**Director
(DIN - 08859837)

Place : Mumbai

Date : 23rd March, 2023

FORM No. AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures.

Part “A” : Subsidiaries**(Amount in Rs.)**

1.	Sl. No.	1.
2.	Name of the subsidiary	The Pratap Spinning Weaving and Manufacturing Company Limited.
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	April 01.2021 to March 31, 2022
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign	Indian Rupees (INR)
5.	Share Capital	231,672.63
6.	Reserves & Surplus	(639,249.21)
7.	Total Assets	80.15
8.	Total Liabilities	407,656.73
9.	Investments	0.10
10.	Turnover	—
11.	Profit before taxation	(74.08)
12.	Provision for taxation	—
13.	Profit after taxation	(74.08)
14.	Proposed Dividend	Not Applicable
15.	% of shareholding	99.96%

Part “B” : Associates and Joint Ventures : Not Applicable

FORM NO. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules 2014.

Form for Disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Sr. No.	Particulars	Details
	Name (s) of the related party & nature of relationship	NIL
	Nature of contracts / arrangements / transaction	NIL
	Duration of the contracts / arrangements / transaction	NIL
	Salient terms of the contracts or arrangement or transaction including the value, if any	NIL
	Justification for entering into such contracts or arrangements or transactions	NIL
	Date of approval by the Board	NIL
	Amount paid as advances, if any	NIL
	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NIL

2. Details of contracts or arrangements or transaction at Arm's length basis.

Sr. No.	Particulars	Details
	Name (s) of the related party & nature of relationship	NIL
	Nature of Contracts / arrangements / transaction	NIL
	Duration of the contracts / arrangements / transaction	NIL
	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
	Date of approval by the Board	NIL
	Amount paid as advances, if any	NIL

For and on behalf of the Board of Directors

Parrag Jaiin Nainutia
Managing Director
(DIN - 00295846)

Gauri Mhaske
Director
(DIN - 08859837)

Place : Mumbai

Date : 23rd March, 2023

COMMENTS BY BOARD OF DIRECTORS ON QUALIFICATION BY THE STATUTORY AUDITOR IN THE AUDIT REPORT

Sr. No.	Qualification by Statutory Auditor	Comments by Board
a.	The Company has prepared its standalone financial statements on the basis of "Non-Going Concern" (refer point of significant accounting policy Note 1(A2). Notwithstanding this, the Company continues to maintain its accounts following historical cost convention on accrual basis (refer point of significant accounting policy 1.2 (b) as would have been done for Goging Concern basis instead of on liquidation basis. However, due to huge pending litigation on the majority of the assets of the Company (refer Note 18), the realizable value of the assets cannot be ascertained.	As the company is not going concern and there are pending litigation in the company and the board is confident of result of litigation in favour of Company.
b.	Interest accrued and due, normal interest and penal interest on government loans are calculated on the basis of old due dates and rate. Interest (though the stipulated repayment period is over) shown in the balance sheet and profit and loss account accordingly. The principal amount of Government Loan and interest and equity capital is stated as per books of accounts is subject to reconciliation and confirmation with Government of Maharashtra refer note 4 other current liabilities.	The Accounts are prepared on the basis of historical basis and figure are carried forward accordingly as per company's existing policy.
c.	With reference to note 4 of other current liabilities, the amount received from Government of Maharashtra for payment of retrenchment compensation and gratuity as stated as per books of accounts is subject to reconciliation and confirmation with Government of Maharashtra.	The company has inform to CAG by its letter dt. 06/03/2013 regarding reconciliation of Government Loan as per record maintenance by MSTC as on 31/03/2012. However the company not received any loan since 2004 from Government of Maharashtra.
d.	As stated in Note 4.2 of the standalone financial statement, the company has handed over possession of certain land pertaining to Narsingggirjee Mills (NGM), Solapur to Solapur Municipal Corporation (SMC). The Company is yet to receive compensation for this by way of TDR / FSI from SMC. The effect of as how much TDR will be granted is not known.	i) TDR certificate received from Solapur Municipal Corporation (SMC) for land handed over for Road winding. ii) There is pending TDR certificate to be received from Solapur Municipal Corporation for land given for construction of houses for affected residents on the land which has been acquired by SMC to develop Dr. Dwarkanath Kotnis Smarak.

MAHARASHTRA STATE TEXTILE CORPORATION LTD.

Sr. No.	Qualification by Statutory Auditor	Comments by Board
e.	As specified in Note 4.2 of the standalone financial statement, as per the accounting policy followed by the company, the sale of landed properties / building structure is reckoned on receipt of full price and handing over the physical possession of the said property. However in respect of Narsinggirjee Mill (NGM) though the possession of land is handed over to a society after receiving full price, the sale is not reckoned as conveyance.	Conveyance is pending for want of Government permission and subject to payment of unearned income to Government.
f.	As specified in Note 4.3 of the standalone financials statement. in Vijay Mills, Badnera. the entire land along with the worker's chawls have been handing over to the Collector, Amravati as per the directions of the Government of Maharashtra. However, the deposit received from the workers towards cost of chawls of Rs. 406.52 thousand is yet be transferred / settled. The effects of the above cannot be ascertained in view of difficulty in bifurcation of amount received in for building & received in for land embedded therein.	Noted
g.	As specified in Note 5.1 of the standalone financial statement, certain portion of land of Shri Shahu Chhatrapati Mills, Kolhapur is in possession by third parties.	Noted
h.	As specified in Note 5.7, certain portion of land situated at Haryali Village Vikhroli of Western India Mills (WIM) Mumbai, closed unit of the company is not in possession of the Company as the said land was encroached by unauthorized person prior to nationalization of said unit. The physical possession of the land was not given to the Company by the official liquidator at the time of handing over the assets. Further the value of said land was not accounted in the books of accounts of the Company as the title deeds was not in the name of WIM. The Company has the necessary property card in the name of the Company.	The property card in the name of the Company. The encroachment by unauthorized person prior to nationalization, the said unit. The matter is pending before High Court, Mumbai.
i.	As specified in Note 4.5 of the standalone financial statement, the Company has received advances aggregating Rs. 807,131.81 thousands towards sale of various plots at Nagpur. However, pending final receipt from all customers and government decisions, the sale is pending	Noted, this matter is ending for taking decision by High Power Committee appointed by Government of Maharashtra.

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Sr. No.	Qualification by Statutory Auditor	Comments by Board
j.	In respect of the Company owned land, grant of additional Floor Space Index (FSI) or Transferable Development Rights (TDR), wherever applicable, cannot be ascertained currently and necessary adjustment and recognition in the books will be carried out as and when additional FSI/ TDR is granted to the Company.	Noted TDR Certificate has been received but valuation of said TDR/ FSI is under process.
k.	As per the Government resolution No. MVM 3104/C-5/5/ Tex-4 the stamp duty, on transfer of mill-chawls to the residents, to be incurred by the Company. According to the Company stamp duty paid it to be adjusted against the Government Loan payable by the Company. However, pending final transfer of the balances chawls, the expenditure incurred on stamp duty up to 31st March, 2022 of Rs. 3672.17 thousands is shown as receivables from Government.	This is pending for to be handed over remaining mills chawls and adjustment of amount against government loan, the permission is required from Government of Maharashtra.
l.	Government loan whose payment period is over has been shown under current liabilities. The Company continues to accrue interest rate of 15% per annum and penal interest @2% per annum in the books, for the period after maturity of loan till date.	Noted. The accounts are prepared on the basis of historical basis.
m.	The original fixed deposit receipts were not provided during the course of audit however the management has provided indirect balance confirmation which have been relied by the auditors.	Noted. The Fixed Deposit Receipts are renewed at the time maturity hence original receipt not produced for verification at the date of Audit.
n.	We are not able to carry on physical verification of cash as on 31st March, 2022 as the appointment letter was produced only later.	Noted.
o.	In the absence of adequate information related to contingent liabilities and litigations the amount is not quantifiable.	Noted.
p.	We are unable to comment upon the financial impact, if any, on the net loss for the year ended 31st March, 2022 in respect of above matters specified in paragraphs (a) to (1) above.	Noted.

COMMENTS BY BOARD OF DIRECTORS ON QUALIFICATION BY THE SECRETARIAL AUDITOR IN THE SECRETARIAL AUDIT REPORT

Sr. No.	Qualification by Statutory Auditor	Comments by Board
a.	The constitution of the Audit Committee does not includes independent Directors, and therefore the Audit Committee is not as per provisions of the Act.	Government has not appointed independent Directors to the Coompany.
b.	Company has not appointed whole time company secretary or chief financial officer under section 203 of the Companies Act, 2013.	Government has not yet appointed company secretary and CFO.
c.	The Company has not adjourned Annual General Meeting for Financial Year 2021-22 for wants of Accouts and there by delay in placing annual accounts including Auditors Report and CAG Report and thereon for the adoption shareholders in the AGM.	The meeting was adjourned due to non completion of Accounts.
d.	The Company has declared that there are no secured loans in the company accept a Government of Maharashtra Loan in the Company. However, on the portal of Ministry of Corporate Affairs thereare nine charges are appearing for the period 1970-71 to 1993-94 pertaining to State Bank of India (5 charges), Central Bank of India (1 charge), Bank of India (2 Charges) and Dena Bank (1 charge). The Company is required to undertake adequate steps to vacate the charges maintained by the Registrar of Companies, Mumbai, Maharasthra.	The charges are very old and loans have been already repaid to the banks whose names are appearing on MCA site. The Company is following up with the Banks for issuing No due certificate.
e.	As per Audited Financial Statements of the Company for Financial Year 2021-22 the Company has outstanding balance of loan given to Pratap Spinning Weaving & Manufacturing Company Limited, Subsidiary of the Company approx. Rs. 65.16 thousand. However, no Board Resolution for giving of such loan was passed by the Company during the year under review.	The same has been ratified in the next financial year's Board meeting.

For and on behalf of the Board of Directors of

Managing Director
(DIN - 10125973)

Director
(DIN - 08015751)

Place : MUMBAI

Date :

FORM NO MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022
(Pursuant to Section 204(1) of the Companies Act 2013 and rule No. 9 of Companies
(Appointment and Remuneration of Personnel) Rules, 2014)

To,
The Members,
MAHARASHTRA STATE TEXTILE CORPORATION LIMITED,
Kushesh Mansion, 2nd Floor,
22, Cawasjee Patel Street, 48/54,
Ghoga Street (Janmabhoomi Marg),
Fort, Mumbai - 400 001.

Dear Sirs,

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHARASHTRA STATE TEXTILE CORPORATION LIMITED (CIN: U17120MH1966SGCO13568)** 100% State Government Company (hereinafter called the "Company"). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on **31st March, 2022** complied with the statutory provisions listed hereunder and also that the Company has maintain proper Board-process and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

1. I have examined the books, papers, minute books, forms and returns filed, and other records maintained by Maharashtra State Textile Corporation Limited ("the Company") for the Financial Year ended on **March 31, 2022** according to the provisions of :
 - i. The Companies Act. 2013 ("the Act") and the rules made thereunder.
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not Applicable).
 - iii. The Depoistories Act, 1956 and the Regulations and Bye-laws framed thereunder; - (Not Applicable).
 - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable).
 - v. The following Regulations, Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') as amended till date are **Not Applicable** to the Company :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange and Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange and Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018;
 - (d) The Securities and Exchange and Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange and Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange and Board of India (Registrars to an issue and Share Transfer Agents) Regulation, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange and Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange and Board of India (Buyback of Securities) Regulations, 1998;
 - (i) The Securities and Exchange and Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015.
- vi. Other applicable laws and acts to the Company are stated in Annexure III to the Report.

I have also examined compliance with the applicable clauses of the Following :

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India wherever applicable.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange (not applicable).

I have relied on the representation made by the Company and its heads for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

2. I further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 2013 and the Rules made under that Act and the provisions as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company with regard to :
- a. Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
 - b. Adequate notices is given to all directors for the Board and Committee Meetings were sent at least seven days in advance except detailed notes on agenda sometimes distributed at the time of Board Meeting and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - c. Majority decision is carried through are captured and recorded as part of the minutes and no dissenting views expressed by members during the year in any Meeting;

- d. During the year, the Annual General Meeting for financial year 2020-21 was held on 28th September, 2021 and the same was adjourned for wants of accounts till accounts would be ready;
- e. Minutes of proceedings of General Meetings and of the Board meetings, approvals of the Members, the Board of Directors and the government authorities, wherever required.f. Constitution of the Board of Directors is as per Establishment GR which includes the appointment of Managing Director and other directors on the direction Governor of Maharashtra, however the Independent Directors have yet to be appointed in the Board and Audit Committee;
- g. The constitution of the Audit committee does not includes Independent Directors, and therefore the Audit Committee is not as per provisions of the Act;
- h. Provisions relating to payment of remuneration to the Managing Director exempted to the government companies and the same is governed by Ministry of Finance, Government of Maharashtra;
- i. Appointment and remuneration of Auditors as per the Comptroller & Auditor General of India and notified by the Board;
- j. Company has not appointed whole time Company Secretary or Chief Financial Officer under Section 203 of the Companies Act, 2013;
- k. Disqualifications for appointment of Director under Section 164(2) of the Companies Act, 2013, is exempted to government companies as per notification GSR No. 483 dated 15.06.2015.
- l. Compliance of dematerialisation of shares to unlisted Government public company is exempt by notification dated 22nd January, 2019;
- m. The Board of Directors has not constituted the Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013; because it does not apply to Government Company except with regard to appointment of senior management and other employees. The Company is not going concern and there are no employees and Senior management in the Company. Therefore Section 178 does not apply to this Government Company to the extent to Section 178 (2), (3) and (4) of The Companies Act, 2013.
- n. The Company has declared that there are no secured loans in the company except a Government of Maharashtra Loan in the Company. However, on the portal of Ministry of Corporate Affairs there are nine charges are appearing for the period 1970-71 to 1993-94 pertaining to State Bank of India (5 Charges), Central Bank of India (1 Charge), Bank of India (2 Charges) and Dena Bank (1 Charge). The Company is required to undertake adequate steps to vacate the charges maintained by the Registrar of Companies, Mumbai, Maharashtra;
- o. The Company has litigations pending in different Courts and under various Acts for which obtained management representation. The matter being sub-judice, I do not comment on the same;
- p. As per Companies Act, 2013 the gap between two Board meetings of Company should not exceed 120 days. However, MCA by its Notification No. General Circular No. 08/2021 dated 03.05. 2021 extended the period if Gap from 120 days to 180 days. During the year, the company has conducted only 5 Board meeting instead of mandatory 4 Board meeting.

- q. The company was required to file e-Form MGT-14 for various matters under Companies Act, 2013 however the Company has not yet filed the same.
- r. Master Data of the Company on the portal of Ministry of Corporate Affairs reflects “Number of Members (Applicable in case of company without Share Capital) is 10”. Since the Company has Share Capital, the said category should be NIL;
- s. As per Audited Financial Statements of the company for FY 2021-22 the company has outstanding balance of loan given to Pratap Spinning Weaving & Manufacturing Company Limited, Subsidiary of the Company approx. Rs. 65.16 thousand. However, no Board Resolution for giving of such loan was passed by the Company during the year under review.
- t. The company has not adjourned Annual General Meeting for financial year 2021-22 for wants of accounts and thereby delay in placing Annual accounts including Auditors Report and CAG Report and thereon for the adoption of shareholders in the AGM.

During the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, ect. except as mentioned above.

The Company is 100% owned by State Government of Maharashtra where Minutes are written in Marathi Language and appointments of Key Managerial Personnel, Chairman, Vice Chairman are appointed directly by Government of Maharashtra by issuing GR (Government Resolution). The Tenure of appointments of all the above including Managing Director is decided from the Office of Governor. Consent from Directors and Managing Director are exempted alongwith various other exemption as per notification dated 5th June, 2015.

- 3. I further report that this is a Government Company as per certificate of incorporation issued by the Registrar of Companies, Mumbai.
- 4. I further report that : Based on the information received and records maintained there are adequate systems and processed in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Note : The Company writes Minutes in Marathi a regional language.

Disclaimer : The qualification, reservation or adverse remarks, if any, are explicitly stated at the relevant paragraphs above to the audit report.

Jaiprakash Ramcharitra Singh

Practicing Company Secretaries
Jaiprakash R. Singh & Associates

FCS No.: 7391

C. P. No.: 4412

UDIN : F007391D003312044

Place : Mumbai

Date : 23rd March, 2023.

Annexure I – Notes on the Secretarial Audit Report of Maharashtra State Textile Corporation Limited

My report of even date is to be read alongwith the following Notes :

- a. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
- b. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- c. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- d. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- e. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- f. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Jaiprakash Ramcharitra Singh

Practicing Company Secretaries
Jaiprakash R. Singh & Associates

FCS No.: 7391

C. P. No.: 4412

UDIN : F007391D003312044

Place : Mumbai

Date : 23rd March, 2023.

Annexure II – A : List of Statutory Registers maintained by the Company during the period of Audit.

The following list of statutory registers and records were maintained by the Company in due compliance of the provisions of the Companies Act, 2013.

Sr. No.	Relevant Section	Details of registers maintained	Whether register duly updated (Yes / No)
1.	85 (1)	Register of Charges	No
2.	88 (1) (a)	Register of Members	Not updated
3.	56	Register of Share Transfer	No
4.	170	Register of Directors, Managing Directors and Secretary	No
5.	189	Register containing contracts in which Directors are interested	N.A.
6.	170	Register of Directors Shareholdings	Yes
7.	118	Minutes Book of General Meeting and Board Meeting	Yes

Annexure II – B : List of Forms filed with the Ministry of Corporate Affairs for the period of Audit

Sr. No.	e-Form	Particulars	Date of Filing
1.	DIR - 12	Appointment of Mr. Parrag Jaiin Nainutia and Cessation of Mr. Vishal Madane as Managing Director.	05/06/2021
2.	DIR - 12	Appointment of Ms. Sheetal Basavaraj Teli-Ugale and Ms. Madhavi Suresh Chaware as Director.	30/07/2021
3.	CFSS -2020	Application for issue of immunity certificate under the Companies Fresh Start Scheme (CFSS), 2020.	25/06/2021

Annexure III – List of other Acts applicable to the Company and its branches other Acts applicable to the Company (other than those stated above)

1. Minimum Wages Act, 1948.
2. Payment of Wages Act, 1936.
3. Payment of Gratuity Act, 1972.
4. Environmental Protection Act, 1986.
5. Income Tax Act, 1961.
6. Workmen's Compensation Act, 1923.
7. The Payment of Bonus Act, 1965.
8. The Maternity Benefit Act, 1961.
9. Equal Remuneration Act, 1976.
10. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1976.
11. Companies Act, 2013.
12. Industrial Dispute Act, 1947.
13. The Industrial Employment (Standing Orders) Act, 1946.
14. The Apprentices Act, 1976.
15. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
16. Prevention of Money Laundering Act, 2002.
17. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.
18. Acts as prescribed under the Direct Taxes and Indirect Taxes.
19. Right to Information Act, 2005.

S. V. SHETTY & ASSOCIATES
CHARTERED ACCOUNTANTS

D-217, Neelkanth Business Park, Vidyavihar (W.), Mumbai - 400 086. Tel.: 022-25133704, 022-67983647, 022-79625699 • Fax : 022 - 25133802 • E-Mail : casvshetty@gmail.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHARASHTRA STATE TEXTILE CORPORATION LIMITED

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying Standalone Financial Statements of **Maharashtra State textile Corporation Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss and Cash Flow Statements for the year then ended, and notes to the Financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements")

QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone Financial Statements give the information required by the Companies Act 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, its loss, and its cash flows for the year ended on that date.

BASIS FOR QUALIFIED OPINION :

- a. The Company has prepared its standalone financial statements on the basis of "Non-Going Concern" (refer point of significant accounting policy Note 1 (A2). Notwithstanding this, the Company continues to maintain its accounts following historical cost convention on accrual basis (refer point of significant accounting policy Note 1.2(b) as would have been done for Goging Concern basis instead of on liquidation basis. However, due to huge pending litigation on the majority of the assets of the Company (refer Note 18), the realizable value of the assets cannot be ascertained.
- b. Interest accrued and due, normal interest and penal interest on government loans are calculated on the basis of old due dates and rate. Interest (though the stipulated repayment period is over) shown in the balance sheet and profit and loss account accordingly. The principal amount of Government Loan and interest and equity capital is stated as per books of accounts and subject to reconciliation and confirmation with Government of Maharashtra refer Note 4 other current liabilities.
- c. With reference to Note 4 of other current liabilities, the amount received from Government of Maharashtra for payment of retrenchment compensation and gratuity as stated as per books of accounts are subject to reconciliation and confirmation with Government of Maharashtra.
- d. As stated in Note 4.2 of the standalone financial statement, the Company has handed over possession of certain land pertaining to Narsinggirjee Mill (NGM), Solapur Municipal Corporation (SMC). The Company is yet to receive compensation for this by way of TDR / FSI fro SMC. The effect of this cannot be reasonably ascertained or quantified as how much TDR will be granted is not known.

- e. As specified in Note 4.2 of the standalone financials statement, as per the accounting policy followed by the company, the sale of landed properties / building structure is reckoned on receipt of full price and handing over the physical possession of the said property. However in respect of Narsinggirjee Mill (NGM) though the possession of land is handed over to a society after receiving full price, the sale is not reckoned as conveyance is pending for want of Government permission.
- f. As specified in Note 4.3 of the standalone financial statement, in Vijay Mills, Badnera the entire land along with the worker's chawls have been handed over to the Collector, Amravati as per the directions of the Government of Maharashtra. However, the deposit received from the workers towards cost of chawls of Rs. 406.52 thousand is yet to be transferred / settled. The effects of above cannot be ascertained in view of difficulty in bifurcation of amount received in 'received in for Building' & 'received in for land embedded therein'.
- g. As specified in Note 5.1 of the standalone financial statement, certain portion of land of Shri Shahu Chatrapati Mills, Kolhapur is in possession by third parties.
- h. As specified in Note 5.7, certain portion of land situated a Haryali Village, Vikhroli of Western India Mills (WIM) Mumbai, closed unit of the Company is not in possession of the Company as the said land was encroached by unauthorized person prior to nationalization of said unit. The physical possession of the land was not given to the Company by the official liquidator at the time of handing over the assets. Further the value of said land was not accounted in the books of account of the Company as the title deeds with not in the name of WIM. The Company has the necessary property card in the name of Company.
- i. As specified in Note 4.5 if the standalone financial statement, the Company has received advances aggregating Rs. 807,731.81 thousand towards sale of various plots at Nagpur. However, pending final receipt from all customer and government decision, the sale is pending.
- j. In respect of the Company owned land, grant of additional Floor Space Index (FSI) or Transferable Development Rights (TDR), wherever applicable, cannot be ascertained currently and necessary adjustment and recognition in the books will be carried out as and when additional FSI/TDR is granted to the Company.
- k. As per the Government resolution No. MVM 3104/C-5/5/Tex-4 the stamp duty, on transfer of mill-chawls to the residents, to be incurred by the Company. According to the Company stamp duty paid is to be adjusted against the Government Loan payable by the Company. However, pending final transfer of the balance chawls, the expenditure incurred on stamp duty up to 31st March, 2022 of Rs. 3672.17 thousand is shown as receivable from Government.
- l. Government loan whose repayment period is over has been shown under other current liabilities. The Company continues to accrue interest rate of 15% per annum and penal interest @ 2% per annum in the books, for the period after maturity of loan till date.
- m. The original fixed deposit receipts were not provided during the course of audit, however the management has provided indirect balance confirmation which have been relied by the auditors.
- n. We were not able to carry on physical verification of cash as on 31st March, 2022 as the appointment letter was produced only later.
- o. In the absence of adequate information related to contingent liabilities the amount is not quantifiable.
- p. We are unable to comment upon the financial impact, if any, on the net loss for the year ended March 31, 2022 in respect of above matters stated in paragraphs (a) to (l) above.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN :

We draw attention to the accompanying standalone financial statements which describes that the Company has incurred a net loss of Rs. 3,69,809.29 thousand for the year ended March 31, 2022 and, as of that date, the Company's accumulated losses amounts to Rs. 12,36,05,204.38 thousand which have resulted in complete erosion of its net worth of the Company and the current liabilities have exceeded its current assets by 100,26,249.85 thousands as at March 31, 2022. These conditons and other matters set forth in the aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

We draw attention to the following matters in the notes to the standalone financial statements :

- a. The Company has no secured loans. However, on the MCA 21 Portal relating to the ROC fillings under the Companies Act, 2013 and erstwhile Companies Act, 1956 displays a total of 9 charges aggregating to Rs. 1,00,800 thousands (PY Rs. 1,00,800 thousands) relating to the Assets of the Company. The Company is required to undertake adequate step to rectify the Registers of Charges maintained by the Registrar of Companies, Maharashtra, Mumbai on the MCA-21 Portal in this regard.
- b. In terms of the requirements of the provisions of section 203 of the Companies Act, 2013, the Company has not appointed the Company Secretary or Chief Financial Officer of the Company.
- c. Pending balance confirmation from long term and short-term loans and advances Rs. 8123.12 thousands and Rs. 4214.17 thousands respectively.
- d. Pending balance confirmations from banks in respect of balance in current account aggregating Rs. 21.51 thousands.

Our opinion is not qualified in respect to these matters.

MANAGEMENT'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS :

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the (financial position), Profit and Loss (financial performance) and Cash flows of the Company in accordance with the accounting principles generally accepted in India and as prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the Assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS :

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

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also :

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

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS :

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of section 143 of the Act, we give in the "Annexure-A", a statement on the matters specified in the paragraph 3 and 4 of the order to the extent applicable.
 2. (A) As required by Section 143(3) of the Act, we report that :
 - a) We have sought and except for the matters described in the Basis of Qualified Opinion paragraph, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, except for the effect of matters described in the Basis of Qualified opinion paragraph, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and cash flow statement dealt with by this Report are in agreement with the books of account. We have not visited any other units of the Company as we are informed that all units / branches are closed and no activities are carried out from these units / branches.
 - d) In our opinion, the aforesaid Financial Statements comply, except for the effect of matter described in the Basis of Qualified Opinion paragraph, with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The going concern matter described under "Material uncertainty in relation to Going concern" paragraph above, in our opinion, may have an adverse effect in the functioning of the Company.
 - f) As per the notification no G.S.R. 463 (E) dated 5th June , 2015 issued by Ministry of Corporate Affairs section 164(2) of the Company Act, 2013 is not applicable to the Government Company.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "**Annexure - C**". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over reporting.
 - h) The Company does not have ideal constitutional of Board of Directors with respect to the absence of Independent directors. Accordingly, the constitution of the Audit Committee is not as per the provision of the Act; and
 - B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The Company has not been able to disclose the financial impact of all pending litigations, refer note No. 18, which would impact its financial position in its financial statement to the extent determinable / ascertainable.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
-

- iv. (a) the Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - v. The Company has neither proposed dividend nor paid dividend in the previous year hence the provisions of Section 123 of the Act, is not applicable, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
- 3. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on matter specified in paragraph 3 and 4 of the Order, to the extent applicable.
 - 4. We are enclosed our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, in the "**Annexure C**" on the directions and sub-directions issued by Comptroller and Auditor General of India.
 - 5. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanation given to us, the Company has not paid any remuneration to the directors during the year. Hence section 197(16) is not applicable to the company.

FOR S. V. SHETTY & ASSOCIATES
CHARTERED ACCOUNTANTS
(FRN : 1101110W)

SRINIVAS V. SHETTY
PARTNER
M. NO. 042550
UDIN : 23042550BGZAWU4865

Place : Mumbai

Date : 08th February, 2023.

ANNEXURE - 'A' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 1 of Report on other Legal and Regulatory Requirements of the Independent Auditors' Report of even date to the members of Maharashtra State Textile Corporation Limited on the Financial Statements for the year ended 31st March, 2022.

We report that :-

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets :
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property. Plant and Equipment and relevant details of right-to-use assets. However, the fixed assets records maintained are not updated and reconciled with the financial records.
 - (B) The Company does not have any intangible assets.
 - (b) The Company has a program of physical verification of Property, Plant and Equipment at reasonable intervals and in accordance with that the Property, Plant and Equipment have been physically verified during the year. In our opinion this procedure is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed during such verification except the below :
 - A. Certain portion of land of Shri Shahu Chhatrapati Mills, Kolhapur as referred in Note 5.1 not in the possession of the Company.
 - B. In case of the Narsinggirji Mills Solapur certain portion of the land referred to Note 5.2 Fixed assets are not in the possession of the Company.
 - C. Certain portion of land situated at Haryali Village, Vikhroli is not in the possession of Company as referred to Note 5.7 as the Tahsildar has rejected the application of transferring the name in 7 x 12 extract / property card.
 - D. Certain portion of plot at Nagpur is not in the possession of Company.
 - E. Entire portion of land at Vijay Mills, Badnera have been handed over to the Collector, Amravati as per the directions of the Government of Maharashtra. However, the sale is yet to be recognized pending deposits from workers towards cost of chawls.
 - (c) The original title deeds of immoveable properties were not provided during the course of audit. Based on our examination of copies of property card made available to us from government records, the title deeds of immovable properties are held in the name of Company except physical possession and control of the land as that described in the clause i(b) above.

Description	Gross Carrying value (Rs. in thousands)	Held in the name of	Whether promoter, director or their relative or employee	Period held	Audit observations
Shri Shahu Chhatrapati Mills Kolhapur, Maharashtra.	445.03	Maharashtra State Textile Corporation Limited.	No		Refer Independent Audit Report-Basis for Qualified Opinion point (g)
Narsinggirji Mills Solapur, Maharashtra.	475.00	Maharashtra State Textile Corporation Limited.	No	Since 1965	Refer Independent Audit Report-Basis for Qualified Opinion point (d) and (e)
Vijay Mills, Amravati, Maharashtra.	Not ascertainable	Maharashtra State Textile Corporation Limited.	No		Refer Independent Audit Report-Basis for Qualified Opinion point (f)
Land at Hariyali Village, Vikhroli, Maharashtra.	Not ascertainable	Maharashtra State Textile Corporation Limited.	No		Refer Independent Audit Report-Basis for Qualified Opinion point (f)
Plot at Nagpur, Maharashtra.	61.76	Maharashtra State Textile Corporation Limited.	No	Since 03 / 10 / 1986	Refer Independent Audit Report-Basis for Qualified Opinion point (i)

- (d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company's at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made there under.
- ii. As explained to us, there is no stock of raw material, work-in-process and finished goods due to suspension of the business activity. Accordingly this clause not applicable to the Company.
- iii. The Company had granted unsecured loan to subsidiary in earlier years. The balance outstanding as at the year end was Rs. 405,016.55 thousands. The loan given to subsidiary is considered as doubtful and provision for the same has also been made. No interest is being charged on the loan as the same has been considered as doubtful. The subsidiary Company has disposed off all its productive assets and is also defunct Company.
- iv. The Company being a Government Company is not required to comply with provisions of section 185 and 186 of the Company Act 2013.

- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under 148(1) of the Act for any of the activities carried out by the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues as applicable, with the appropriate authorities, except Property Tax of Rs. 1585.08 (in thousands).
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, cess and other Material statutory dues in arrears as at 31st March, 2022 for a period of more than six months from date they became payable.
- (c) According to the information and explanation given to us, the details of dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax outstanding on account of any dispute are given below.

Name of Statute	Nature of Dues	Forum where dispute is pending	Period which it relates	Amount involved in Thousand
Central Excise Act	87,797/-	Excise Duty on Yarn and Cotton	1999	High Court
Maharashtra Value Added Tax / Central Sales Tax	2,44,000/-	Sales Tax / Vat / Turnover	Prior to 1976	High Court
Total	3,31,797/-			

- viii. There was no transaction relating to the previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the income tax Act, 1961 (43 of 1961).
- ix. (a) The Company does not have any loan or borrowings from any financial institution or bank. However, the Company has defaulted in repayment of the following dues to Government.

Particular	Period	Principal (Rs. in thousands)	Interest (Rs. in thousands)
Government of Maharashtra	As the loan amount is subject to reconciliation and confirmation which is pending since 2010, period of the default is not known to the Company.	17,39,101.15	83,69,033.59

- (b) The Company has not been declared will ful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan from financial institution or Bank.
- (d) On an overall examination of the financial statements of the Company, the Company has taken funds from Government of Maharashtra to meet the obligations of its wholly owned subsidiary as per table below :

Nature of Fund taken	Nature of Lender	Amount involved (Rs. in Thousands)	Name of the subsidiary, joint venture, associate	Relation	Nature of transaction for which funds utilized
Unsecured Loan	Government of Maharashtra	Rs. 65.15 during the year and Rs. 405,016.56 outstanding as the year end	Pratap Spinning, Weaving and Manufacturing Private Limited.	Subsidiary	To Meet obligation of subsidiary

- (e) According to the Information and explanatio given to us, and on the basis of the examinations of the records of the Company. The Company has not been sanctioned working capital of Rs. 50,000 (in Thousands), in aggregate from banks or financial institutions on the basis of security of current assets.
- x. The Company has not raised any money by way of initial public offer or further public offer (including debt instrument) during the year.

According to the information and explanations given to us and based on our exmaination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.

- xi. (a) During the course of examination of books and records of the Company carried out in accordance with generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit nor have we been informed of any such case by management.

- (b) Not report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
 - (c) The Company does not have a formal whistle-blower policy and mechanism for addressing the whistle-blower complaints. Consequently, we are unable to comment on the same.
- xii.** In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii.** In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Accounting Standard (AS) 18, Related Party Disclosures, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv.** The Company appointed internal auditor as per the provision of Section 138 of Companies act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014. However, the Company did not have effective internal audit system so as to cover all major areas with extensive scope. This could potentially result into weak checks and balances and unreported financial irregularities ultimately resulting into distorted financial reporting.
- xv.** In our opinion during the year Company has not entered into any non cash transaction with its directors or the person connected with its directors. And hence provision of section 192 of the Company act 2013 are not applicable to the Company.
- xvi.** According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.
- xvii.** (a) The Company has incurred cash losses of Rs. 370,195.55 Thousands during the financial year covered by our audit and incurred cash loss of amounting Rs. 377,696.82 Thousands immediately preceding financial year.
- (b) In our opinion, there is no core investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xviii.** There has been resignation of the statutory auditors during the year and we have taken into considerations the issues, objections and concerns raised by the outgoing auditors.

- xix.** As referred to in 'Material uncertainty related to Going Concern' paragraph in our main audit report and as disclosed in financial statements which also includes the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, there exists a material uncertainty that the Company may not be capable of meeting its liabilities, existing at the date of balance sheet, as and when they fall the within a period of one year from the balance sheet date.

We, further state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx.** Corporate social responsibility (CSR) is not applicable to the Company and hence reporting under clause (xx) of the Order is not applicable.

FOR S. V. SHETTY & ASSOCIATES

CHARTERED ACCOUNTANTS

(FRN : 1101110W)

SRINIVAS V. SHETTY

PARTNER

M. NO. 042550

UDIN : 23042550BGZAWU4865

Place : Mumbai

Date : 08th February, 2023.

**ANNEXURE - 'B' TO THE INDEPENDENT AUDITORS' REPORT OF
EVEN DATE ON THE FINANCIAL STATEMENT OF MAHARASHTRA
STATE TEXTILE CORPORATION**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Maharashtra State Textile Corporation Limited** (the "Company") as of **March 31, 2022** in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls :

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

Auditor's Responsibility :

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting :

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting :

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

Qualified Opinion :

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2022.

- a) The Company has huge area of land at multiple locations, some of which are under litigations, and dependency on Government of Maharashtra for its disposal or development, the maintenance and updation of its records, title deeds and settlement of dues is not visible in near future.
- b) Lack of effective scrutiny of accounting ledgers as far as other current liabilities (other payables, deposits and advances received). Balances with government authorities and others, periodic confirmations for balances with banks and no follows ups with them can be seen.
- c) Ineffective implementation of accounting policy in balance confirmations of trade receivables, vendors and employees, is noticed.

- d) As there are no full time working employees and Senior Management employees in the Company, all decision and matters requiring immediate attention are delayed or kept on hold and there is ineffective management control in the Company.
- e) The Company did not have effective internal audit system so as to cover all major areas with extensive scope. This could potentially result into weak checks and balances and unreported financial irregularities ultimately resulting into distorted financial reporting.

Qualified Opinion :

In our opinion, except for effects of the material weakness described above on achievement objectives of control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR S. V. SHETTY & ASSOCIATES

CHARTERED ACCOUNTANTS
(FRN : 1101110W)

SRINIVAS V. SHETTY
PARTNER

M. NO. 042550

UDIN : 23042550BGZAWU4865

Place : Mumbai

Date : 08th February, 2023.

ANNEXURE “C” TO THE INDEPENDENT AUDITOR’S REPORT

The Annexure referred to in Paragraph 2 under “Report on other Legal and Regulatory Requirements” of our report to the members of Maharashtra State Textile Corporation Limited for the year ended March 31st, 2022, we report that :

The Above direction does not have any impact on the financial statements.

Sr. No.	Directions / Sub-Directions	Reply from Auditor
1.	Whether the company has system in place to process all the accounting transactions through IT Systems? If yes, the implication of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has Tally Accounting System to process all the accounting transaction. Further based on the information and explanation provided to us the implication of processing of accounting transactions outside. IT system on the integrity of the accounts is intact.
2.	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by lender of the company due to company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender Company).	During the year there is neither restructuring of any existing loans nor waiver / write off of debts / loans / interest etc. made by lender of company due to company's inability to repay the loan.
3.	Whether Funds (grants / subsidy etc.) received / receivable for the specific schemes from Central / State Government or its agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.	Since, the company has suspended its commercial activities since 2003 and based on the information and explanation given to us no funds (grants / subsidy etc.) received / receivable for the specific schemes from Central / State Government or its agencies.
	Sub-Directions	Repay from Auditor
1.	Whether Profit / Loss mentioned in Audit Report is as per Profit & Loss Statement of the Company?	Yes
2.	Whether the Company has effective system for physical verification, valuation of stock, treatment of non-moving item and accounting the effect of shortage / excess noticed during physical verification?	Since the company does not have stock hence this sub-direction is not applicable.

MAHARASHTRA STATE TEXTILE CORPORATION LTD.

3.	Whether the effect of deteriorated stores and spares of closed mills have been properly accounted for in the Books.	Company has no deteriorated stores and spares hence the same is not applicable.
4.	What is the system of valuation of by-products? List out the cases of deviation from its declared policy.	Company has no By-Product hence the same is not applicable.
5.	Whether the Company has fixed norms for normal losses a system for evaluation of abnormal losses for remedial action is in existence?	In view of closure of all mills of the company, the company has suspended its commercial activities since 2003 and hence no fixed norms for normal losses & evaluation of abnormal losses for remedial action is in existence.
6.	Examine whether the provisions of the Companies act were followed w.r.t. reporting and disclosure of C.S.R. activities?	The provisions of section 135 of the Companies Act w.r.t. reporting and disclosure of CSR activities are not applicable to the Company.

The above directions does not have any impact on the financial statements.

FOR S. V. SHETTY & ASSOCIATES**CHARTERED ACCOUNTANTS****(FRN : 1101110W)****SRINIVAS V. SHETTY****PARTNER****M. NO. 042550****UDIN : 23042550BGZAWU4865**

Place : Mumbai

Date : 08th February, 2023.

MAHARASHTRA STATE TEXTILE CORPORATION LIMITED.
BALANCE SHEET AS AT 31ST MARCH 2022

(₹ in thousand)

PARTICULARS		Note No.	As at 31 st March 2022	As at 31 st March 2021
			₹	₹
I. EQUITY AND LIABILITIES				
1. Shareholder's Funds				
(a) Share Capital	2		2,361,574.50	2,361,574.50
(b) Reserves and Surplus	3		(12,360,204.38)	(11,990,395.09)
2. Non-Current Liabilities			NIL	NIL
3. Current Liabilities		4		
a) Short Term Borrowings			NIL	NIL
b) Trade Payable			NIL	NIL
c) Other Current Liabilities			10,956,083.99	10,535,733.98
TOTAL			957,454.11	906,913.39
II. ASSETS				
1. Non-Current Assets				
(a) Property Plant and Equipment	5		2,596.85	2,620.68
(b) Non-Current Investments	6		16,900.00	16,900.00
(c) Long-term loans and advances	7		8,123.12	8,135.82
2. Current Assets				
(a) Cash and Cash equivalents	8		922,055.86	870,278.38
(b) Trade Receivable	9		NIL	NIL
(c) Short-term loans and advances	10		4,214.18	5,710.28
(d) Other Current Assets	11		3,564.10	3,268.23
TOTAL			957,454.11	906,913.39
Notes 1 to 21 are intergal part of the financial statements				

As per our report of even date attached

For S. V. SHETTY & ASSOCIATES
CHARTERD ACCOUNTANTS

Firm Reg. No. 110110W

For and on behalf of the Board of Directors of

MAHARASHTRA STATE TEXTILE CORPORATION LIMITED
CIN : U17120MH1966SGC013568

CA - SRINIVAS V. SHETTY
Partner
M. No.: 042550

(GAURI MHASKE)
Director
(DIN-08015751)

(VIRENDRA SINGH)
Managing Director
(DIN-08158247)

Date : 8th February, 2023
Place : MUMBAI

Date : 2nd February, 2023
Place : MUMBAI

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 22

(₹ in thousand)

PARTICULARS		Note No.	2021-22 ₹	2020-21 ₹
INCOME				
I.	Revenue from Operations		NIL	NIL
II.	Other Income	12	63,227.03	50,507.35
III.	Total Revenue (I + II)		63,227.03	50,507.35
IV.	Expenses :			
	Employee benefits expenses	13	677.17	166.81
	Finance costs	14	418,787.78	413,570.56
	Depreciation and Amortization expenses	5	323.41	240.95
	Other expenses	15	13,232.64	12,197.67
	Total Expenses		433,021.00	426,175.99
V.	Profit / (Loss) before exceptional items and tax (III – IV)		(369,793.97)	(375,668.64)
VI.	Prior Period Items	16	(15.32)	(1,409.94)
VII.	Profit / (Loss) before tax (V - VI)		(369,809.29)	(377,078.58)
VIII.	Tax Expenses :			
	(1) Current tax		NIL	NIL
	(2) Deferred tax		NIL	NIL
IX.	Profit / (Loss) for the Year (VII - VIII)		(369,809.29)	(377,078.58)
	Earnings per equity share face value of Rs. 100/- each			
	Basic		(15.66)	(15.97)
	Diluted		(15.66)	(15.97)

Notes 1 to 21 are integral part of the financial statements.

As per our report of even date attached

For S. V. SHETTY & ASSOCIATES
CHARTERD ACCOUNTANTS

Firm Reg. No. 110110W

For and on behalf of the Board of Directors of
MAHARASHTRA STATE TEXTILE CORPORATION LIMITED
CIN : U17120MH1966SGC013568**CA - SRINIVAS V. SHETTY**

Partner

M. No.: 042550

(GAURI MHASKE)

Director

(DIN-08015751)

(VIRENDRA SINGH)

Managing Director

(DIN-08158247)

Date : 8th February, 2023

Place : MUMBAI

Date : 2nd February, 2023

Place : MUMBAI

MAHARASHTRA STATE TEXTILE CORPORATION LIMITED.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022

(₹ in thousand)

	PARTICULARS	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
		₹	₹
A.	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit / (Loss) Before Tax	(369,809.29)	(377,078.58)
	ADJUSTMENTS FOR :		
	ADD :		
	Finance Cost	418,787.78	413,570.56
	Depreciation	323.41	240.96
	Provision for Doubtful Debts / Advances	66.86	75.79
		49,368.76	36,808.73
	LESS :		
	Profit on Sale of Assets	16,923.51	—
	Interest Income	46,222.86	50,002.96
	OPERATING PROFIT / (LOSS) BEFORE ADJUSTMENT IN WORKING CAPITAL	(13,777.61)	(13,194.23)
	ADJUSTMENTS FOR :		
	ADD / (LESS) :		
	(Increase) / Decrease in Short Term Loans & Advances	1,477.78	(735.22)
	(Increase) / Decrease in other Current Assets	(295.87)	8,075.07
	Increase / (Decrease) in other Liabilities / Provisions	1,562.23	2,021.13
	(Increase) / Decrease in Long Term Loans & Advances	11.00	0.40
	CASH GENERATED FROM OPERATIONS	(11,022.47)	(3,832.85)
	LESS :		
	Direct Taxes (Paid) / Refund received	18.32	1,476.62
	NET CASH FROM OPERATING ACTIVITIES	(11,004.15)	(2,356.23)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Addition to Fixed Assets	(476.07)	—
	Loans given to Subsidiaries	(65.16)	(74.13)
	Sale of Fixed Assets	17,100.00	—
	Increase / (Decrease) in other Bank Balance Having Maturity of more than 3 months	(71,200.00)	(119,242.78)
	Interest Income	46,222.86	50,002.96
	NET CASH FROM INVESTING ACTIVITIES	(8,418.37)	(69,313.95)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Finance Cost	—	—
		—	—
	Net Increase / (Decrease) in Cash and Equivalents (A + B + C)	(19,422.52)	(71,670.18)
	Cash and Cash Equivalents (Opening Balance)	45,235.60	116,905.78
	Cash and Cash Equivalents (Closing Balance)	25,813.08	45,235.60
	Reconciliation of Cash and Cash equivalents with the Balance Sheets		
	Cash and Cash equivalents as per Balance Sheet (Refer Note-8)	922,055.86	870,278.38
	Less : Bank balances not considered as Cash and cash equivalents as defined in As 3 Cash Flow Statements	896,242.78	825,042.78
	Cash and Cash equivalents at the end of the year	25,813.08	45,235.60

As per our report of even date attached
For S. V. SHETTY & ASSOCIATES
CHARTERD ACCOUNTANTS
 Firm Reg. No. 110110W

For and on behalf of the Board of Directors of
MAHARASHTRA STATE TEXTILE CORPORATION LIMITED
 CIN : U17120MH1966SGC013568

CA - SRINIVAS V. SHETTY
 Partner
 M. No.: 042550

(GAURI MHASKE)
 Director
 (DIN-08015751)

(VIRENDRA SINGH)
 Managing Director
 (DIN-08158247)

Date : 8th February, 2023
 Place : MUMBAI

Date : 2nd February, 2023
 Place : MUMBAI

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(All amounts are in Rs. Thousands, unless otherwise stated)

1. Corporate Information :

A. GENERAL

1. Maharashtra State Textile Corporation Limited (MSTC) is a wholly owned Government of Maharashtra Company incorporated on 06/09/1966. The entire paid up share capital of the Company is held by the Governor of Maharashtra and its 9 nominees.
2. Due to non-viable nature of the Unit Mills and subsidiaries of MSTC, the Government of Maharashtra in its Cabinet meeting held on 10/01/2001 decided to close all the Units and subsidiaries of MSTC by paying VRS as per Gujarat Pattern to its employees and workers and then wind up the MSTC. Accordingly, all 9 mills of the Corporation have been closed by following the due process of law and relieved all employees and workers, by paying VRS as per Gujarat Pattern. Further, the Company has also disposed off its all Plant and Machinery. As a result, the company has become a defunct company having no manufacturing activities. The process of the winding up was also initiated by disposal of its land and other assets. The Company is pursuing all pending legal cases, where huge contingent liabilities are involved, before initiating formal steps for winding up.

The company, therefore has changed its accounting policy from "Going Concern" to "Non-going Concern" basis in the year 2006-07. Accordingly, the Company revalued all its remaining landed properties, building structures and other petty assets from the approved valuer in 2007. As per the Valuation Report submitted by the Valuer, as at 31/3/2007 the valuation of land, building structures and other petty assets were as detailed below.

(₹ in thousands)

Nature of the Assets	Net Book value as at 31st March, 2007	Estimated realizable value assessed by Valuer
a) Land	987	*10,72,121
b) Building Structures	4,488	69,141

*Land of EMN Nagpur, NGM Solapur and SSCM Kolhapur are considered as free hold by the Valuers. However, as per the Govt. land records, the land at Nagpur is free hold, where as, land at Kolhapur and Solapur is Class-II tenure.

The value of the landed property and building structure is much higher than the book value of the property as on 31/03/2007 and value of some of the petty assets were lower than book value. Following the conservative approach of accounting, foreseen losses due to lower valuation of petty assets are provided for. Accordingly, an amount of ₹ 1036 thousands has been provided in the Books as impairment of loss in value of assets during the year 2006-07. The impairment of loss in value as at 31st March 2022 is of ₹ 132.93 thousand. (PY ₹ 132.93 thousand).

Garment Park (Integrated Textile Project) :

The Finance Minister Government of Maharashtra in his budget speech for 2005-06 had announced establishment of Garment Park (Integrated Textile Project) through MIDC on the land of four closed Mills of the Company at Nagpur, Kolhapur, Solapur and Badnera (Amravati Dist.). Further developments in this regard are narrated in subsequent paras under the head Integrated Textile Project.

The Govt. of Maharashtra, in the Year 2012 has earmarked the land of Kolhapur Mills for construction of "Shree Shahu Maharaj Smarak" (refer Note No. 5.6 of Fixed Assets). Hence the said land is excluded from construction of Garment Park.

The Estimated realizable value remaining landed properties, building structures as per ready reckoner valuation / PWD valuation as on 31.03.2022 are as detailed below.

(₹ in thousands)

Nature of the Assets	Net Book value as at		Estimated realizable value	
	31 st March 2022	31 st March 2021	31 st March 2022	31 st March 2021
a) Land	981.81	981.81	35,36,839.51	32,41,227.61
b) Building Structures	686.19	884.47	215,451.90	2,32,551.90

In view of Government decision dated 10th January, 2001 to wind up the Company, and in view of huge accumulated losses, there will be no taxable profits and hence no accounting for taxes on Income or deferred tax asset is made in the books.

Under the circumstances the surplus on account of the higher realizable value of the land is not accounted for in the accounts. The surplus, if any, will be accounted in the year of actual realization.

- As per the Government directions, the Company has closed all its manufacturing activities and at present there are no segments of business activity and therefore, the requirement of Relating to Segment Reporting AS-17 is not required.
- The Company ceased to be an Industrial Undertaking in terms of Section 3 (1) (0) read with section 3 (1) (e) and 3(1) (f) of the SICA, as it had no employees and productive assets.
- The Managing Director of the Company is appointed by the Government of Maharashtra on deputation or such Managing Director holds additional charge. As per the policy decision taken by the Company all the full time employees have been relieved under VRS by 13/04/2006. As a result, there is no full time Key Managerial Persons (KMP) in the employment as a required u/s. 203 of the Companies Act, 2013.

B. Integrated Textile Project

- As already stated the Government, in the budget speech for 2005-06, had announced establishment of Garment Park (Integrated Textile Project) through MIDC on the lands of four closed Mills of the Company.

- 2 Subsequently as per the directions of the Government of Maharashtra, the Company has initiated the process for establishment of Integrated Textile Project (Garment Park) at Nagpur, Kolhapur and Solapur. Since the land of Vijay Mills, Badnera was handed over to the Collector Amravati request was made to the office of Collector Amravati for returning the possession of the Land to the Company.
- 3 On approval of High Powered Committee appointed by Government, the Company had considered and accepted the Highest Offer of M/S Sunil Mantri Realty Pvt. Ltd. (SMRL) and issued three letters dated 15/05/2009 separately to the Party for each project, for acceptance of offers, for Rs. 412,500 thousand, Rs. 162,500 thousands and Rs. 105,000 thousands in respect of projects at Nagpur, Kolhapur and Solapur respectively. The said party failed to comply the condition for payment of 1st installment on or before the extended due date. The company has therefore cancelled the acceptance letters and forfeited the total EMD of Rs. 20,000.00 thousand. This forfeited amount was taken as extra-ordinary income of the company in the year 2009-10.
- 4 Being aggrieved to the decision of the Company for cancellation of the acceptance letters, SMRL filed 3 separate Civil Suits against the Company before the Civil Judge, Sr. Division at Nagpur, Kolhapur and Solapur bearing Special Suit Nos. 856/2009, 339/2009 & 220/2009 respectively.
- 5 In case of Kolhapur (Suit No. 339 of 2009) and Solapur (Suit No. 220/2009), after hearing, all the parties the Hon'ble Civil Courts at Kolhapur and Solapur vide Orders dated 21/01/2013 and 30/07/2013 have dismissed the Special Civil Suits. However the Court in both the suits have directed the Company to refund Rs. 500 thousand each earlier deposited by the party towards part payment of 1st Installment of the tender amount along with 12% interest from the date of payment. Rest of the claims of the party in both suits have been dismissed. The Party has preferred appeals No. 6240/2013 (for Kolhapur) No. 17/2014 (for Solapur) before the Hon'ble Bombay High Court, at Mumbai against these orders. The Company has also challenged the orders passed by both the Civil Courts in the High Court, for directing the Company to pay interest'. After hearing, the Hon'ble High Court has admitted the both the 1st appeals but there is no orders in both the appeals against the Company for disposal of the Lands.
- 6 Further after hearing, the Hon. Civil Judge Sr. Division vide order dt. 15/07/2016 has dismissed the civil Suit No. 856/2009 at Nagpur. So far there is no appeal filed by SMRL against the said order. It is learnt also that company named as M/s. Sunil Mantri Realty Pvt. Ltd. has gone under liquidation. Therefore liquidator has been replaced as the applicant.
7. Subsequent to cancellation acceptance letter issued to SMRL, fresh offers were invited through e-tendering process in the year 2011. In case of Garment Park Project at Nagpur. Only two parties purchased / downloaded the bid documents on payment of Rs. 25 thousand each. Due to various factors beyond control, the Company did not get adequate response and therefore the e-tender process could not be completed. The matter was referred to the Government. In the meeting of High Power Committee of Secretaries under the Chairmanship of Hon. Chief Secretary to the Government (HPC) held on 26/03/2014 it was decided not to proceed with Garment Park Project in PPP mode.

- 8 Later on at the meeting held on 30/03/2016 under the Chairmanship of Hon. Chief Minister, it was decided to appoint a developer for composite use (establishment of Garment Park / Apparel Park Commercial use) of Land at Solapur and Nagpur. In the HPC meeting held on 22/11/2016 it was decided to appoint a Project Management Consultant to prepare Detailed Project Report (DPR) and to prepare separate suitable bid documents for two locations at Nagpur and Solapur and also assist to the MSTC in successful implementation of project as per DPR and Development agreement, till that time association of the Consultant with the MSTC Ltd. shall be required. The Company after initiating the tender process and approval of HPC, M/s Jones Lang La Sale Property Consultants (India) Pvt. Ltd. (JLL) for Nagpur and by M/s ILFS Cluster Development Initiatives Ltd. (IL & FS) for Solapur. Till the time of termination, the Company had paid Rs. 2065.00 thousand to JLL and Rs. 1588.75 thousand to IL & FS Cluster, towards first two stages of the agreement which has been debited to Legal & Professional fees Later on the Company has return EMD of Rs. 100.00 thousand to IL & FS Cluster.
- 9 Due to considerable delay in submission of Draft Project Report by the both PMC, the agreement dated 22/08/2017 in case of JLL and agreement dated 18/09/2017 in case of IL & FS have been terminated.
- 10 The Company has incurred the expenditures up to the year 2015 of Rs. 18,671 thousand towards the Garment Park which has been charged to Profit & Loss Account as per the policy decision taken by the management to treat these expenditure as revenue expenditure. Expenditure incurred during the year 2017-18 is of Rs. 3653.75 thousand consist of Legal / Professional fees only.
- 11 IL & FS has invoked clause 23 of the agreement and has sought for mediation before the Managing Director of MSTC in the matter of termination of agreement by MSTC. The mediation is in progress.
- 12 Government of Maharashtra in the Textile Policy for 2018-23 has decided to create "Textile Development Fund" for government equity, State subsidies as well as for branding and marketing. The policy also states that Garment Park will be established at Nagpur and Solapur through funds generated by sale of Narsing Giriji Mill at Solapur and Empress Mill at Nagpur. Remaining funds will be transferred to the "Textile Development Fund". In accordance with the Textile Policy of the Government, E-Tender Cum E-Auction for Sale of three saleable plots of land of closed Empress Mill out of the land bearing City Survey No. 178/2 Sheet No. 196 was issued in Feb. 2019. All the bids received after e-acution were below the "Reserve Price". Hence, after cancellation of the tender process, fresh three E-Tender Cum E-Auction for sale of each of the three plots were issued in March 2019. After E-Auction for each of the plots the Company received following highest offers which were above the reserved price.

Plot No.	Plot Area as per Layout Plan	Reserved Price (Rs. in thousand)	Highest Offer Received (Rs. in thousand)
1	14,439.00	636,800.00	638,102.00
2	17,910.00	789,800.00	790,000.00
3	4,795.00	211,400.00	242,727.00

The HPC, in its meeting held on 20/06/2019 has accepted the offers for all the three plots. After receipt of 10% of the amount as security deposit and additional security deposit the, Company has issued letter of acceptance in respect of all the plot on 28/07/2019.

In the H.P.C. meeting held on 29th June 2021 under the chairmanship of the Chief Secretary to the Govt. of Maharashtra considered various requests made by successful Tenderers the following decisions are taken.

1. As per Tender Condition No. 1.3 and 23 of the tender, it shall be the Responsibility of successful tenderers to pay the charges and fees to Nagpur Municipal Corporation for cutting trees standing on Land.
2. As per condition No. 23 of the Tender, it is the responsibility of successful bidders to construct Road / Approach road as per Layout plan for their plot. MSTC shall be help for getting permission only.
3. As regard request made by the tenderers for fresh Measurement of plots it was decided that the measurement done by MSTC is through appropriate Govt. Department. The Drawings/sketch/ Maps are made available to bidder. As per terms and condition No. 24. It is advice to tenderers to satisfy themselves about the area, Location user of land and other details before submitting the tender. Hence MSTC is not responsible to any difference.
4. As per the terms and condition of tender the successful bidder fail to pay I & II installment before 30th Sept. 2019 and 30th Nov. 2019. HPC decides to put up a fresh proposal by considering the Covid 19 pandemic and guidelines issued by RBI.

The fresh proposal put to HPC in meeting held on 09/11/2021 and minutes are not finalized yet.

1.2 Basis of Preparation of Financial Statement :

- i) These financial statements are prepared in accordance with the generally accepted accounting principles in Indian (GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013.
- ii) The Company maintains its accounts following historical cost convention on accrual basis except as stated elsewhere in these policies.
- iii) **Going concern assumption :**

The Company has incurred a net loss of Rs. 369,809.29 thousands for the year ended March 31, 2022 and, as of that date, the Company's accumulated losses amounts to Rs. 12,428,971.06 thousands which have resulted in complete erosion of its net worth of the Company and the current liabilities have exceeded its current assets by Rs. 10,026,249.86 thousands as at March 31st, 2022. Further, the Company is a defunct Company with no operations. These conditions indicate thde existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

iv) **Critical Accounting Estimates and Judgements :**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

v) **Operating cycle and classification of Current and Non-Current :**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is :

- Expected to be realised or consumed in normal operating cycle;
 - Held primarily for the purpose of trading;
 - Expected to be realised within twelve months after the reporting period;
- or
- Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle;
 - It is held primarily for the purpose of trading;
 - It is due to be settled within twelve months after the reporting period;
- or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as noncurrent.
 - Deferred tax assets and liabilities are classified as non-current assets and liabilities.

vi) **Functional Currency :**

These financial statements are presented in Indian Rupees Thousands (INR), which is also the Company's functional as well as presentation currency and all values are in nearest Thousands (upto two decimal) unless otherwise stated.

1.3 Significant Accounting Policies :

a) **Borrowing Costs :**

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

b) **Outstanding Expenses / Income :**

Income / Expenses of the accounting year coming to the notice before finalization of accounts or 15th April of the following year whichever is earlier are accounted for.

c) Retirement Benefits :

- i) The demand if any, received in respect of statutory dues pertaining to earlier years will be accounted in the year of its payment.
- ii) Claims made by the Ex-employees in respect of terminal dues will be accounted only on settlement of Court cases.
- iii) The Contribution to Pension & leave salary to IAS Officers appointed by Govt. as MD is provided for the period of their services with Corporaiton as per Government Resolution.

d) Property, Plant and Equipment :

- i. The book value of the assets taken over in respect of Narsinggirjee Mills, Solapur and Shri Shahu Chhatrapati Mills, Kolhapur, on 1/4/76, Western India Spg. & Mfg. Mills, Mumbai and Vijay Mills, Badnera, on 24/8/82 and Empress Mills, Nagpur on 3/10/86 have been considered as original cost.
- ii. Depreciation on fixed assets is provided as per straight line method in accordance with the provisions of and as per the useful life prescribed schedule II to the Companies Act, 2013 and accumulated depreciation is restricted to 95% of original cost. The date of acquisition of assets is considered for calculating useful life of the assets. Depreciation on additions to assets or on sale / disposal of assets is calculated from the date of installation / purchases and in case of sale upto the date of sale / scrap as the case may be.
- iii. The depreciation on all assets of the company excluding freehold land has been charged to write off the cost less residual value using straight line basis over the expected / estimated useful life in the manner as specified in Schedule II of the Companies Act, 2013. Residual value have been reviewed and considered by the management. The normal expected / estimated useful lives of major categories of Fixed Assets as follows.

Assets	Revised useful life
Buildings	
Factory Building	30 Years
Office Building	60 Years
Development of Property (Road)	5 Years
Tube Wells	5 Years
Plant and Equipment	15 to 19 Years
Furniture and Fixtures	10 Years
Office Equipments	5 Years
Vehicles - Car	8 Years
Computers	3 Years

- iv) The Fixed assets are reckoned at its taken over cost / installation cost. In respect of certain Assets where its expected realizable value is less than the book value, the adequate provision is made in the books.
- v) Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

e. Investments :

- i) Investment in subsidiary company is valued at cost. However, the provision is made in respect of diminution in value of their shares.
- ii) Other trade investments are valued at cost. However, where there is a permanent diminution in the value there of, adequate provision is made.

f. Provision for doubtful debts & advances.

- i) Sundry debtors & advances other than recoverable from subsidiary companies which are more than 3 years old from the date of transaction are considered as doubtful and adequately provided for.
- ii) Loans and advances and other receivables deployed to subsidiary companies, irrespective of its period of outstanding are considered doubtful and adequately provided for.

g. Cash and Cash Equivalents :

Cash and Cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

h. Prepaid Expenses :

Expenses are considered under prepaid expenses only where the amounts relating to unexpired period exceeds Rs. 25 thousand in each case.

i. Impairment of Losses :

The carrying amounts are measured at each Balance Sheet date when required to assess. When they are recorded in excess of their recoverable amounts and when carrying value exceeds its estimated recoverable amounts, assets are written down to their recoverable values.

j. Revenue Recognition :

- i) The sale of Sundry Articles / Surplus items of fixed Assets etc. are accounted for net of GST and other incidental charges. The sales are reckoned on the date of invoices / date of issue of gate-pass.
- ii) The sale of landed properties / building structure is reckoned on receipt of full price and on handing over of the physical possession of the said property.
- iii) The sale proceeds received for sale of Nazul Land / Government Land is considered as Net of un-earned income paid / payable to Government Authorities.

- iv) Sale of investment in shares of subsidiary companies is reckoned on the date of execution of Agreement for transfer of shares with the Buyer.
- v) Interest income is recognized on accrual basis.

k. Claims :

Claims by the Company against Insurance Companies, Railway Authorities, etc. are accounted for on acceptance of the claims by the concerned parties.

l) Interest on claims and advances :

- i) No interest Income is reckoned on claims / advances for which legal cases are pending. The interest income on such dues would be reckoned on actual recovery.
- ii) No interest payment is reckoned on claims made by the Parties for which legal cases are pending. The interest payment on such claims would be reckoned on its payment or on settlement of cases.

m) Prior Period Adjustments :

Items of earlier years coming to the notice subsequently of an amount less than Rs.10 thousand in each case are charged as current year's income / expenses, while those exceeding Rs. 10 thousand in each case are charged to prior period adjustment account.

n) Earnings per Share :

Basic Earnings per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included.

o) Contingent Liabilities :

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision is made.

NOTE 2 : SHARE CAPITAL

(₹ in thousand)

Particulars		As at 31 st March 2022	As at 31 st March 2021
Authorised Share Capital			
Equity Shares of ₹	100 Each	2,400,000.00	24,000,000.00
Current Year	24,000,000 Equity Shares		
Previous Year	24,000,000 Equity Shares		
Issued, Subscribed & fully Paid up			
Equity Shares of ₹	100 Each	2,361,574.50	2,361,574.50
Current Year	23,615,745 Equity Shares		
	23,615,745 Equity Shares		
TOTAL		2,361,574.50	2,361,574.50

NOTE 2 (A) : Reconciliation of shares outstanding at the beginning and the end of the reporting year.

Particulars	As at 31 st March 2022	As at 31 st March 2021
	Number	Number
Number of Equity Shares at the Beginning	23,615,745	23,615,745
Add : Issued during the Year	—	—
Less : Buy Back during the Year	—	—
Number of Equity Shares at the End	23,615,745	23,615,745

NOTE 2 (B) : Details of Shareholders holding shares more than 5%

Particulars	As at 31 st March 2022	As at 31 st March 2021
Governor of Maharashtra and its nominees		
Nos of Equity Shares at the year end	23,615,745	2,361,574.50
Percentage Holding	100%	100%

NOTE 2 (C) : Terms / Rights attached to Equity Shares : The Company has only one class of equity shares having a par value of ₹ 100 per share. All shares are held by Governor of Maharashtra and its nominees.

NOTE 2 (D) : Details of shareholders holding more than 5% shares in the Company : 100% shares are held by Governor of Maharashtra and his 9 nominees who are holding 1 share each.

NOTE 3 : RESERVES & SURPLUS

(₹ in thousand)

Particulars	As at 31 st March 2022	As at 31 st March 2021
3.1 Capital Reserves		
Opening Balance	68,766.68	68,766.68
Add : Addition during the year	—	—
Closing Balance	68,766.68	68,766.68
3.2 Surplus/(Deficit) in the Statement of Profit & Loss A/c.		
Opening Balance (Deficit)	(12,059,161.77)	(11,682,083.19)
(+) Net Loss of the year	(369,809.29)	(377,078.58)
Closing Balance	(12,428,971.06)	(12,059,161.77)
Total	(12,360,204.38)	(11,990,395.09)

3.3 Receipts and recoveries if any relating to the current assets for which no value was assigned at the time of take over in respect of Unit Mills, are credited to Capital Reserve.

MAHARASHTRA STATE TEXTILE CORPORATION LTD.

NOTE 4 : OTHER CURRENT LIABILITIES

(₹ in thousand)

Other Current Liabilities	As at 31 st March 2022 ₹	As at 31 st March 2021 ₹
A) Short Term Borrowings	—	—
B) Trade Payable	—	—
C) <u>Other Current Liabilities</u>		
(a) Current maturities of Govt. Loans	17,39,101.16	17,39,101.16
(b) Interest accrued and due on borrowings	83,69,033.58	79,50,245.80
(c) Government of Maharashtra for RC & Gratuity Loan (Net)	1,554.93	1,554.93
(d) <u>Other payables (specify nature)</u>		
<u>Advance Received for</u>		
For Sale of Land at Nagpur	807,131.80	807,131.80
For Sale of Equity Shares of Subsidiary Co.	2,940.00	2,940.00
For Santra Market Chawl - Nagpur	191.68	191.68
Statutory Remittances	151.17	122.65
Stale / unreliaed cheque	4,431.63	4,431.63
Dues of ex. employees	1,807.83	1,807.83
Other Liabilities (Misc. Liabilities)	4,639.13	4,367.38
Current Liabilities (Liabilities for Expenses)	2,183.40	971.44
Deposit from others	22,917.68	22,867.68
TOTAL (A + B + C)	10,956,083.99	10,535,733.98

4.1 The company has received loan of ₹ 28,01,922.00 thousands from Government of Maharashtra (GOM) from time to time towards reimbursement of Cash loss and payment of VRS, of which outstanding balance as on 31-3-2022 is of ₹ 17,39,101.16 thousand (PY ₹ 17,39,101.16 thousand) repayment period of which is over. The entire outstanding loan is overdue. In case of loans where repayment period is over, in absence of fresh directions of GOM, interest accrued and due, interest accrued but not due @ of 15% p.a. and penal interest @ of 2% p.a. is calculated on the basis of old due dates. The principal amount of Govt. loan equity and interest is subject to reconciliation and confirmation of Govt. of Maharashtra. The difference in equity is of ₹ 13,700 thousand and in loan ₹ 1,50,100 thousand in the figures reported in Government Account i.e. Finance Accounts Report and that appearing in the books of the Company for which reconciliation is in process since 2010.

4.2 Government of Maharashtra has decided to transfer the ownership of Mill Chawls of six MSTC managed mills including that of four unit mills to the existing residents. The Government has also decided that tenements area up to 225 Sq.ft. are to be transferred at free of cost and the cost, as decided by MSTC, for the area in excess of 225 Sq.ft. occupied, is to be recovered from the residents of the tenements. The said facility of 225 Sq.ft. free transfer is not available to MSTC grade officers. Accordingly, the unit Mill's Chawl have been handed over to the Residents / Co.Op. Society formed by them except 2 Residents of EMN, 311 Residents of NGM (Where, the possession of land have already been handed over to the Society) but the conveyance is pending for want of Govt. permission. Pending execution of Conveyance / handing over of the possession in some of the cases, the deposit collected from the residents of ₹ 22,731.93 thousand (PY Rs. 22,731.93 thousand) is shown as deposit from others.

4.3 In respect of Vijay Mills, Badnera, the entire land along with the workers' chawls have been handed over to the Collector, Amravati as per the directions of the Government of Maharashtra. However, the deposit received from the workers towards cost of chawls of Rs. 406.52 thousand (PY Rs. 406.52 thousand) is yet to be transferred / settled.

4.4 Outstanding loan from Government of Maharashtra for RC & Gratuity of (Rs. 1,554.93 thousand (Previous year Rs. 1,554.93 nthousands) represents the difference between amount of the Rs. 53,345.50 thousand (PY Rs. 53,345.50 thousand) received from the Government of Maharashtra and payment made Rs. 51,790.57 thousand (PY Rs. 51,790.57 thousand) for discharging the Government liability relating to the payment of retrenchment compensation and gratuity. In terms of Clause 12 (4) of the Maharashtra Act. XLVI of 1986, pertaining to EMN.

4.5 The Company has received Earnest Money Deposit of Rs. 80,71,31.81 thousand for sale of plot in Nagpur as follows. For Plot No. 1 Rs. 255,240.80 Thousand, for Plot No. 2 Rs. 370,000 Thousand and for Plot No. 8 Rs. 181,891.01 Thousand further, is was also decided as per tender to receive first and second instalment. However nothing has been received further.

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NOTE 5 : FIXED ASSETS

(₹ in thousand)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		IMPAIRMENT LOSS		NET BLOCK After Impairment Loss	
	As at 01-04-21	Additions during the year	Deductions during the year	As at 31-3-2022	Upto 31-3-2021	For the year	Deductions during the year	Upto 31-3-2022	As at 31-3-2022	As at 31-3-2021	As at 31-3-2022	As at 31-3-2021
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(A) FIXED ASSETS												
(i) Tangible Assets												
(a) Land (Refer Note Below)	981.81	-	-	981.81	-	-	-	-	-	-	981.81	981.81
(b) Buildings												
i) Factory Buildings	12,549.45	-	1,126.34	11,423.11	11,864.32	8.31	1,070.02	10,802.61	-	-	620.50	685.13
ii) Non-Factory Building & Mills Chawls	1,644.02	-	330.93	1,313.09	1,458.16	-	210.76	1,247.40	-	-	65.69	185.86
iii) Development of Property (Roads)	117.92	-	-	117.92	72.62	-	-	72.62	45.30	45.30	-	-
iv) Tube Wells	153.57	-	-	153.57	125.43	-	-	125.43	22.36	22.36	5.77	5.77
(c) Plant & Equipments	-	-	-	-	-	-	-	-	-	-	-	-
(d) Furniture & Fixtures	116.37	9.50	-	125.87	94.05	3.96	-	97.91	-	-	27.96	22.32
(e) Vehicles	2,690.50	-	-	2,690.50	1,999.90	221.13	-	2,221.03	469.47	690.60	469.47	690.60
(f) Office Equipments	952.43	466.57	-	1,419.00	837.97	90.11	-	928.08	65.27	65.27	425.65	49.19
(g) Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Tangible Assets	19,206.06	476.07	1,457.27	18,224.86	16,452.45	323.41	1,280.78	15,495.80	132.93	132.93	2,596.85	2,620.68
Previous Year	19,244.84	4.60	43.38	19,206.06	15,973.64	264.07	26.22	16,211.49	132.93	132.64	3,136.55	-

- 5.1** Certain portion of land, admeasuring 1032.99 Sq.Mtrs. of Shri Shahu Chhatrapati Mills, Kolhapur is in possession of MSEB which is claimed to be used for public purpose without permission of the Mill. The matter is being followed up with M.S.E.B.
- 5.2** With the approval of High Powered Committee appointed by Govt. of Maharashtra and subject to the conditions mentioned below, the Company has given advance possession of certain portion of land admeasuring 3100 Sq.Mtrs. of Narsingirji Mills Solapur (NGM) a unit of the Company to Solapur Municipal Corporation (SMC) for construction of houses for affected residents on the land which is acquired by SMC to develop Dr. Dwarkanath Kotnis Smarak a. SMC has to grant additional TDR to the Company b. SMC will be responsible for payment of unearned income to Govt.
- 5.3** The SMC has also acquired certain portion of land admeasuring 1394.76 Sq.Mtrs. out of land of NGM, Solapur for road widening for which additional FSI is to be granted by SMC to the Company. In the mean time the Company is in process of developing Garment Park on a land of NGM, Solapur. The additional TDR and FSI has an impact on Garment Park Proposal. The SMC has not yet granted TDR/FSI to the Company. Necessary adjustments will be carried out in the books as and when additional TDR/FSI is granted by SMC and Garment Park Proposal is finalized.
- 5.4** Certain portion of land, admeasuring 23735.7 Sq.Mtrs. of Shri Shahu Chhatrapati Mills, Kolhapur is given on lease to Chatrapati Kamgar Industrial Co.Op. Housing Society for an annual rent of Rs. 4 thousand w.e.f. 7-11-1967 for 99 years by the Collector Kolhapur during the period when the ownership of the Mill was with the Government of Maharashtra.
- 5.5** **Impairment of Losses :** (Fixed Assets) as per the assessment of Management there is no material change in the value of fixed assets during the current year, therefore, no valuation report have been obtained from the Valuer and no further provision is made
- 5.6** In the Winter Session of Maharashtra State Assembly 2012, the Hon'ble Chief Minister has made an announcement for construction of "Shahu Maharaj Smarak" on the land of Shree Shahu Chhatrapati Mills (SSCM) Kolhapur. The Government Vide Resolution No smarak-3112/CR444/2012/29 dated 12/03/2013 has also decided to consider payment of compensation to the Company against the land. Also Refer Note 1 - Corporate Information. The Kolhapur Municipal Corporation in the year 2005 has declared entire property of Shri Shahu Chhatrapati Mills as 'Grade - I Heritage' property.
- 5.7** Certain portion of land situated at Harvadi Village Vikhroli admeasuring area 20,338.96 sq.mtrs (approx) of WIM Mumbai, closed unit of the Company is not in possession of the Company as the said land was encroached by unauthorised person prior to nationalization of said unit. The physical possession of the land was not given to the company by the official liquidator at the time of handing over the assets. Further the value of said land was not accounted in the books of account of the Company as the title deeds were not in the name of WIM. The original owner of the land had entered in to an arrangement with WIM there by the ownership of the land should have been transferred to WIM, which was not completed till nationalization. The Company has also issued letter dated 21/11/2012 to the Collector, Mumbai requesting him to enter the name of Company on the property card of the concerned land. Recently the Name of Maharashtra State Textile Corporation has been incorporated on property card and the process of transferring the name in 7 x 12 extract is in progress. Tahasildar reject the application as there is no survey wise area in registration. The R R Valuation of Land as on 31/03/2021 is Rs. 1591933.50 Thousand.

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NOTE 5 : FIXED ASSETS (Continued)

Previous Year Figure

(₹ in thousand)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		IMPAIRMENT LOSS		NET BLOCK After Impairment Loss	
	As at 1-4-20	Additions during the year	Deduction during the year	As at 31-3-2021	Upto 31-3-2020	For the year	Deductions during the year	Upto 31-3-2021	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(A) FIXED ASSETS												
(i) Tangible Assets												
(a) Land (Refer Note Below)	981.81	-	-	981.81	-	-	-	-	981.81	-	981.81	981.81
(b) Buildings												
i) Factory Buildings	12,549.45	-	-	12,549.45	11,856.01	8.31	-	11,864.32	685.13	-	685.13	693.44
ii) Non-Factory Building & Mills Chawls	1,644.02	-	-	1,644.02	1,452.99	5.17	-	1,458.16	185.86	-	185.86	191.03
iii) Development of Property	117.92	-	-	117.92	72.62	-	-	72.62	45.30	45.30	-	-
iv) Tube Wells	153.57	-	-	153.57	125.43	-	-	125.43	28.14	22.36	5.77	5.77
(c) Plant & Equipments	-	-	-	-	-	-	-	-	-	-	-	-
(d) Furniture & Fixtures	116.37	-	-	116.37	90.09	3.96	-	94.05	22.32	-	22.32	26.28
(e) Vehicles	2,690.50	-	-	2,690.50	1,778.77	221.13	-	1,999.90	690.60	-	690.60	911.73
(f) Office Equipments	952.43	-	-	952.43	835.58	2.39	-	837.97	114.46	65.27	49.19	51.58
(g) Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Tangible Assets	19,206.06	-	-	19,206.06	16,211.49	240.96	-	16,452.45	2,753.61	132.93	2,620.68	2,861.64
Previous Year	19,244.84	4.60	43.38	19,206.06	15,973.64	264.07	26.22	16,211.49	2,994.57	132.93	3,136.55	-

5.1 Certain portion of land, admeasuring 1032.99 Sq.Mtrs. of Shri Shahu Chhatrapati Mills, Kolhapur is in possession of MSEB which is claimed to be used for public purpose without permission of the Milli. The matter is being followed up with M.S.E.B.

5.2 With the approval of High Powered Committee appointed by Govt. of Maharashtra and subject to the conditions mentioned below, the Company has given advance possession of certain portion of land admeasuring 3100 Sq.Mtrs. of Narsinggirji Mills Solapur (NGM) a unit of the Company to Solapur Municipal Corporation (SMC) for construction of houses for affected residents on the land which is acquired by SMC to develop Dr. Dwarkanath Kotnis Smarak a. SMC has to grant additional TDR to the Company b. SMC will be responsible for payment of unearned income to Govt.

5.3 The SMC has also acquired certain portion of land admeasuring 1394.76 Sq.Mtrs. out of land of NGM. Solapur for road widening for which additional FSI is to be granted by SMC to the Company. In the mean time the Company is in process of developing Garment Park on a land of NGM. Solapur. The additional TDR and FSI has an impact on Garment Park Proposal. The SMC has not yet granted TDR/FSI to the Company. Necessary adjustments will be carried out in the books as and when additional TDR/FSI is granted by SMC and Garment Park Proposal is finalized.

5.4 Certain portion of land, admeasuring 23735.7 Sq.Mtrs. of Shri Shahu Chhatrapati Mills, Kolhapur is given on lease to Chatrapati Kamgar Industrial Co.Op. Housing Society for an annual rent of Rs. 4 thousand w.e.f. 7-11-1967 for 99 years by the Collector Kolhapur during the period when the ownership of the Milli was with the Government of Maharashtra.

5.5 Impairment of Losses : (Fixed Assets) as per the assessment of Management there is no material change in the value of fixed assets during the current year, therefore, no valuation report have been obtained from the Valuer and no further provision is made

5.6 In the Winter Session of Maharashtra State Assembly 2012, the Hon'ble Chief Minister has made an announcement for construction of "Shahu Maharaj Smarak" on the land of Shree Shahu Chhatrapati Mills (SSCM) Kolhapur. The Government Vide Resolution No smarak-3112/CR444/2012/29 dated 12/03/2013 has also decided to consider payment of compensation to the Company against the land. Also Refer Note 1 - Corporate Information. The Kolhapur Municipal Corporation in the year 2005 has declared entire property of Shri Shahu Chhatrapati Mills as 'Grade - I Heritage' property.

5.7 Certain portion of land situated at Haryali Village Vikhroli admeasuring area 20,338.96 sq.mtrs (approx) of WIM Mumbai, closed unit of the Company is not in possession of the Company as the said land was encroached by unauthorised person prior to nationalization of said unit. The physical possession of the land was not given to the company by the official liquidator at the time of handing over the assets. Further the value of said land was not accounted in the books of account of the Company as the title deeds were not in the name of WIM. The original owner of the land had entered in to an arrangement with WIM there by the ownership of the land should have been transferred to WIM, which was not completed till nationalization. The Company has also issued letter dated 21/11/2012 to the Collector, Mumbai requesting him to enter the name of Company on the property card of the concerned land. Recently the Name of Maharashtra State Textile Corporation has been incorporated on property card and the process of transferring the name in 7 x 12 extract is in progress. Tahasildar reject the application as there is no survey wise area in registration. The R. R. Valuation of Land as on 31/03/2021 is Rs. 1591933.50 Thousand.

MAHARASHTRA STATE TEXTILE CORPORATION LTD.

NOTE 6 : NON CURRENT INVESTMENTS (AT COST)

(₹ in thousand)

Particulars	No of Shares	As at 31 st March 2022 ₹	No of Shares	As at 31 st March 2021 ₹
Investments (Unquoted - Trade) (At Cost or Market Value whichever is Lower)				
A) In Subsidiary Company				
Fully paid Equity Shares of ₹ 25/- each of The Pratap Spg. Wvg & Mfg Co. Ltd.	9,262,910	231,582.58	9,262,910	231,582.58
B) Other Investment				
Fully paid Equity Shares of ₹ 100/- each of Mafatlal Engineering Industries Ltd. (In Liquidation)	660	16.00	660	16.00
Fully paid Equity Shares of Rs. 1,000/- each of Maharashtra Mahamandal Sahakari Bhavan Ltd. (In Liquidation)	5	5.00	5	5.00
TOTAL		231,603.58		231,603.58
Less : Provision for diminution in the value of Investments		214,703.58		214,703.58
TOTAL		16,900.00		16,900.00

- a) Aggregate amount of quoted investments ₹ Nil thousands (Previous year ₹ Nil thousands).
- b) Aggregate amount of unquoted investments ₹ 231,603.58 thousands (Previous year ₹ 231,603.58 thousands).
- c) Aggregate provision for diminution in value of investments ₹ 214,703.58 thousands (Previous year ₹ 214,703.58 thousands).
- 6.1 The Company in the year 2005 had invited offer for sale of entire equity holding of MSTC in The Pratap Spg. Wvg. & Mfg. Co. Ltd. (PMA). The highest offer received was of ₹ 7,200 thousands, which was forwarded to the Government for its approval. The said offer was withdrawn by the party after around 2 years as no approval was received from Govt. On the basis of offer received, the provision for reduction in value of investment has been made in the earlier year's accounts, which had been continued till 31/03/2012. During year 2012-13 the Company carried out valuation of its investment in PMA through a firm of Chartered Accountants. The valuer has valued the shares of PMA at ₹ 0.75 per share. The total valuation of the investment of the Company, as per the Valuation Report, comes out to ₹ 6,947 thousand. The market value of the shares as per valuation report, was considered at ₹ 6,947 thousand and additional provision of ₹ 253 thousand is made in Provision for diminution in the value of Investments as on 31/03/2013.
- 6.2 Company, in the month of March, 2014 invited offers by-way-of tender for offer for sale of entire equity holding of MSTC in PMA. The Company, after negotiations received highest offer of ₹ 15100 thousand for 92,62,910 Equity Shares which was forwarded to the Govt. of Maharashtra for it's approval. The tenderer was required to keep his offer open for a period of 240 days from opening of the tender. Since no approval was received from the Government with the time limit of 240 days the tender process was closed and EMD received was refunded. On the basis of offer received the "Provision for diminution in the value of Investment" was revised appropriately as on 31.03.2015.
- 6.3 Company, in the month of March, 2016 again invited, through e-auction, offers for sale of entire equity holding of MSTC in PMA. The Company, received highest offer of ₹ 16900.00 thousand for 92,62,910 Equity Shares which is forwarded to the Govt. of Maharashtra for it's approval. Company has received EMD of ₹ 1500 thousand from the highest tenderer. Approval of the Government is awaited on the basis of offer received the "Provision for diminution in the value of Investments' is revised appropriately as on 31.03.2016. Further during the July 2019, again invited offers through e-auction. The company received highest offer of Rs. 9,26,29.00 (Thousand) which is very High and Director Board of MSTC ask for 10% additional deposit from Party. The additional deposit not paid by the Offer for hence e-auction Process cancelled by Board of Director and EMD received Rs. 500.00 thousand forfeited during the year 2019-20.
- 6.4 Company, in the month of March, 2020 again invited, through e-auction, offer for sale of entire equity holding of MSTC in PMA. The Company, received highest offer of Rs. 29,400.00 thousand for 92,92,910 Equity Shares which is forwarded to the Govt. of Maharashtra for it's approval.
- 6.5 The investments made in the Subsidiary Company (which is not wholly owned) are within the limit as specified in section 186 of the Companies Act. 2013.

NOTE 7 : LONG TERM LOANS AND ADVANCES

(₹ in thousand)

Particulars	As at 31 st March 2022		As at 31 st March 2021	
	₹	₹	₹	₹
(Unsecured)				
A. Loans to Related Parties (Subsidiary Company Viz The Pratap Spg. Wvg & Mfg Co. Ltd. Closed)				
Unsecured considered doubtful	233,464.80		233,464.80	
Less : Provisions for Doubtful Loans	(233,464.80)	—	(233,464.80)	—
B. Advances to Related Parties (Subsidiary Company Viz. The Pratap Spg. Wvg & Mfg Co. Ltd. Closed)				
Unsecured considered good	7.95		9.65	
Unsecured considered doubtful	171,543.82		171,476.96	
Less : Provisions for Doubtful Advances	(171,543.82)	7.95	(171,476.96)	9.65
C. Other Loans & Advances				
1) Advances Receivable in Cash or kind for value to be received				
Unsecured considered good	330.08		330.08	
Unsecured considered doubtful	554.93		554.93	
Less : Provisions for Doubtful Advances	(554.93)	330.08	(554.93)	330.08
2) Receivable from Govt. / Govt. Authorities (Unsecured considered good)				
i) Stamp Duty paid for Chawl registration	3,672.17		3,672.17	
ii) Maharashtra Value Added Tax	—		—	
iii) Central Sale Tax	46.05	3,718.22	46.05	3,718.22
3) Balance with Central Excise				
Unsecured considered good	—		—	
Unsecured considered doubtful	26.61		26.61	
Less : Provisions for Doubtful Advances	(26.61)	—	(26.61)	—
4) Sundry Deposits				
Unsecured considered good	4,066.87		4,077.87	
Unsecured considered doubtful	—		—	
Less : Provisions for Doubtful Advances	—	4,066.87	—	4,077.87
TOTAL		8,123.12		8,135.82
Good	8,123.12		8,135.82	
Doubtful	405,590.16		405,523.30	
Total	413,713.28		413,659.12	

MAHARASHTRA STATE TEXTILE CORPORATION LTD.

7.1 Company is Government Company, Section 186 of the Companies Act, 2013 Loan to Subsidiary is not applicable.

7.2 As per the Accounting Standard (AS-18) on related party disclosures as notified by the Companies (Accounting Standards) Rules 2006, the related parties of the company are as follows :

- 1) Subsidiary Company The Pratap Spinning Weaving & Mfg. Co. Ltd., Amalner.

	Particulars of Transactions :	31/3/2022	31/3/2021
a)	Funds deployed to the Company	65.15 Thousands	74.13 Thousands
b)	Funds received from the Company	NIL	NIL

7.3 Letters for confirmation of balances have been sent to various parties. In absence of the confirmation of the balances due to poor response from various parties, the debit and credit balances on various accounts included under the head “Long Term Loans & Advances” are as per the books of Accounts only and subject to confirmation from the respective parties.

7.4 As per the Government Resolution No. MVM 3104/C-5/5/Tex-4 dated 23/08/2004, the Stamp Duty on transfer of Mill Chawls to the residents to be incurred by the Company is to be adjusted against the Government Loan payable by the Company. Pending final transfer of the balance Chawls, the expenditure incurred on Stamp Duty upto 31st March 2016 of ₹ 3,672 thousands is shown as “Receivable from Government”.

NOTE 8 : CASH & CASH EQUIVALENTS

(₹ in thousand)

Particulars	As at 31 st March 2022 ₹	As at 31 st March 2021 ₹
<u>CASH & CASH EQUIVALENTS</u>		
a) Cash on hand	20.29	25.07
<u>CASH WITH SCHEDULED BANK</u>		
b) Balances with Bank in Current Accounts	14,075.32	33,618.53
c) Fixed Deposits (Less than 3 Months Maturity)	11,717.47	11,592.00
TOTAL	25,813.08	45,235.60
<u>Other Bank Balance with Scheduled Bank</u>		
c) Fixed Deposits (More than 3 Months but less than 12 Months Maturity)	896,242.78	825,042.78
TOTAL	922,055.86	870,278.38

NOTE 9 : TRADE RECEIVABLES

(₹ in thousand)

Particulars	As at 31 st March 2022 ₹	As at 31 st March 2021 ₹
Trade receivables outstanding for a period exceeding six months		
Secured, considered good	—	—
Unsecured, considered good	—	—
Unsecured, considered doubtful	229.61	229.61
	229.61	229.61
Less : Provision for doubtful debts	229.61	229.61
TOTAL	—	—

NOTE 10 : SHORT TERM LOAN & ADVANCES

(₹ in thousand)

Particulars	As at 31 st March 2022 ₹	As at 31 st March 2021 ₹
Balance with Government Authorities (Income Tax Refund)	460.97	479.29
Prepaid Expenses - Unsecured, considered good	60.71	39.70
Balances with Government Authorities - (ITC under GST)	1,829.09	3,370.90
Balances with Government Authorities Unsecured, Considered good.	1,808.39	1,808.39
Other advances receivable in cash or in kind unsecured, considered good.	55.02	12.00
TOTAL	4,214.18	5,710.28

MAHARASHTRA STATE TEXTILE CORPORATION LTD.

NOTE 11 : OTHER CURRENT ASSETS

(₹ in thousand)

Particulars	As at 31 st March 2022 ₹	As at 31 st March 2021 ₹
Interest accrued on Fixed deposits with Banks	3,564.10	3,268.23
TOTAL	3,564.10	3,268.23

NOTE 12 : OTHER INCOME

(₹ in thousand)

Particulars	As at 31 st March 2022 ₹	As at 31 st March 2021 ₹
1) Interest Income on Fixed Deposit with Banks	46,222.86	50,002.96
2) Rent	4.02	4.02
3) Misc. Receipt	55.82	84.99
4) Profit on sale of Assets	16,923.51	—
5) Interest on Income Tax Refund	17.38	110.76
6) Provision no longer required written back	3.44	304.62
TOTAL	63,227.03	50,507.35

NOTE 13 : EMPLOYEE BENEFIT EXPENSES

(₹ in thousand)

Particulars	As at 31 st March 2022 ₹	As at 31 st March 2021 ₹
Staff Expenses	677.17	—
Gratuity to Ex-Employees	—	166.81
TOTAL	677.17	166.81

NOTE 14 : FINANCE COSTS

(₹ in thousand)

Particulars	As at 31 st March 2022 ₹	As at 31 st March 2021 ₹
<u>Interest on Government Loan</u>		
Normal Interest	260,861.85	260,861.85
Penal Interest	157,925.93	152,708.71
TOTAL	418,787.78	413,570.56

NOTE 15 : OTHER EXPENSES

(₹ in thousand)

Particulars	As at 31 st March 2022 ₹	As at 31 st March 2021 ₹
Rent Paid	1,962.48	1,896.00
Insurance	57.55	60.88
Rates and Taxes	1,585.08	2,805.74
Electricity Charges	169.98	89.18
Post closure expenses		
Professional Charges to Consultants	3,866.10	3,887.81
Security Charges	2,666.32	1,838.04
Motor Car Expenses	1,302.53	368.39
Miscellaneous Expenses	253.84	100.92
Entertainment Expenses	77.55	—
Bank Charges	9.50	5.69
Conveyance Expenses	33.46	11.29
Travelling Expenses	524.94	24.86
Telephone and Fax Expenses	88.79	44.74
Postage Expenses	6.80	6.24
Printing and Stationery	38.45	28.93
Legal & Professional Expenses	289.67	436.35
Directors sitting fees	—	—
Subscription	55.88	—
Computer Expenses	80.79	67.68
Other Repairs & Maintenance	2.70	1.93
Advertisement Expenses	23.37	75.69
Payment to Auditors*	70.00	70.00
Bad debts written off	—	301.52
Provision for Doubtful Debt / Advances	66.86	75.59
TOTAL	13,232.64	12,197.67
*Payment to Auditors includes		
Statutory Audit Fees	60.00	60.00
Out of Pocket Expenses	10.00	10.00
TOTAL	70.00	70.00

MAHARASHTRA STATE TEXTILE CORPORATION LTD.**NOTE 16 : PRIOR PERIOD ITEMS****(₹ in thousand)**

Particulars	As at 31st March 2022 ₹	As at 31st March 2021 ₹
A) INCOME		
(Figures in Bracket Indicate Debit Balance) (Net)		
Miscellaneous Receipts	—	—
TOTAL 'A'	—	—
B) EXPENSES		
(Figures in Bracket Indicate provisions debited in earlier years now written back being excess) (Net)		
i) Employees Cost (net)	15.32	—
iii) Rates and Taxes	—	1,409.94
TOTAL 'B'	15.32	1,409.94
Net Income / (Expenses) (A-B)	(15.32)	(1,409.94)

As per our report of even date attached

For S. V. SHETTY & ASSOCIATES**CHARTERD ACCOUNTANTS**

Firm Reg. No. 110110W

For and on behalf of the Board of Directors of
MAHARASHTRA STATE TEXTILE CORPORATION LIMITED
CIN : U17120MH1966SGC013568**CA - SRINIVAS V. SHETTY****Partner**

M. No.: 042550

(GAURI MHASKE)

Director

(DIN-08015751)

(VIRENDRA SINGH)

Managing Director

(DIN-08158247)

Date : 8th February, 2023

Place : MUMBAI

Date : 2nd February, 2023

NOTE 17 : Provisions, Contingent Liabilities and Commitments :

- 17.1 Pursuant to Accounting Standard (AS 28 and 29) provisions, contingent liabilities and contingent assets, the disclosure relating to provisions made in the accounts for the year ended 31-3-2022 are as under :-

(₹ in thousand)

Provisions	Opening Balance	Additions during the year	Reduction/write back during the year	Closing Balance
a) Provisions for Reduction in the Value of Investments	214,703.58 (214,703.58)	— (—)	— (—)	214,703.58 (214,703.58)
b) Provision for Doubtful Debtors	229.61 (229.61)	— (—)	— (—)	229.61 (229.61)
c) Provision for Doubtful Loans & Advances	405,523.30 (405,748.63)	66.86 (75.79)	— (301.12)	405,590.16 (405,523.30)
d) Provisions for Impairment of losses on Assets	132.93 (132.93)	— (—)	— (—)	132.93 (132.93)

- 17.2 Contingent liabilities not provided for in respect of :

(₹ in thousand)

Sr. No.	Particulars	31.03.2022	31.03.2021
A	Claims against the Company not acknowledged as Debts (excluding interest)	304,273.35	301,573.00
B	Labour matters subjudice (including matters under adjudication). (Estimated) (excluding interest)	59,578.96	70,070.00
C	Other claims against the Company	89,885.00	89,885.00

- 17.3 Estimated amounts (net of advance) of contracts remaining to be executed on capital accounts and not provided for NIL (Previous Year : NIL)

- 17.4 The letter received from the Government of Maharashtra No. MVM-2018/Meeting/CR-42/Tex-4 dt. 20/09/2021 for depositing amount 7.46 crore as un-earned Income for Solapur Mills Chawl to be transfer to worker as per the decision taken by Govt. of Maharashtra.

- 17.5 (a) The Maharashtra State Electricity Board is raising power bills pertaining prior to nationalisation of unit Empress Mills Nagpur. The amount including interest up to March 2005 is of Rs. 29,212.00 thousand. The same is not considered as company's liability, as in terms of the Nationalisation Act, this liability is to be born by the erstwhile owner of the Central India Spg. Wvg. & Mfg. Co. Ltd. (Consequent upon sale of Land of Mill No. 4 the electricity Bills in this regard are not received by the Company).

- (b) The MSEB has also raised electricity bills of Rs. 13,452.00 thousands (excluding interest) on Paper Unit of Empress Mills, Nagpur for the period, when the said Unit was given on lease to employees' society. The Company has not accepted this liability as the consumption of electricity is not used by the Company. The liability in respect of Paper Division is considered as "Claims against the Company not acknowledged as debts".

NOTE 18: Major Litigation Pending :

- 18.1 In respect of erstwhile rented premises of the Company (HO) at Mumbai, the Landlord had filed Eviction Suit against the company before the Court of Small Causes at Mumbai for vacating the premises and vide court Order dated 1/09/2006, the suit was decided against the Company. Company filed the appeal before small causes Appellate Court. The appeal filed against the said order by the company, the Appellate Court passed Interim Order dated 11/01/2010 directing the company to deposit monthly compensation of Rs. 400 thousand w.e.f. September, 2006.
- 18.2 The company had filed a Writ Petition with the Hon'ble High Court, Mumbai and vide Order dated 3/3/2010 the court decided the compensation @ Rs. 175 thousand p.m. w.e.f. September, 2006. Accordingly, the compensation had been deposited with the Trial Court. The Small Causes Court Appellate side vide order dated 15/07/2010 dismissed the appeal and directed the company to vacate the premises and handover the vacant possession to the Landlord within a period of 3 months. The company had filed a Civil Revision Application with Hon'ble Bombay High Court, Mumbai. The Hon'ble High Court subject to the final results of the proceedings for determination of mesne profit, vide order dated 20/12/2010 allowed company (a) to retain area of 2,500 sq.fts. for the period of four years i.e. upto 31/12/2014 and directed b) to handover the vacant possession of the balance area of the Landlord on or before 31/12/2010 c) to deposit arrears of compensation with the Trial Court upto the period December, 2010 and (d) to pay monthly compensation on area to be retained in proportionate of compensation decided by the Hon'ble High Court which works out to Rs. 51 Thousand p.m. The possession of the balance area was handed over to the landlord on 31/12/2010 and retained area had also been handed over to the landlord on 31/07/2014. Accordingly compensation up to the date of handing over of the possession has been deposited with the Trial Court in respect of the area retained by the Company.
- 18.3 The Landlord had not encashed the rent cheques for the period from November 2001 to August 2006 amounting to Rs. 867.43 thousand, net of T.D.S. (P.Y. Rs. 867.43 thousand). The Landlord had returned the cheques of Rs. 867. thousand and TDS certificate of Rs. 228.00 thousand to the Company. The amount of returned cheque for the period from November, 2001 to August, 2006 shown as 'Returned Cheques' amounting to Rs. 867 thousands under other Current Liabilities.
- 18.4 The Landlord has initiated inquiry proceedings for claiming mesne profit @ Rs. 0.170 thousand per Sq.Ft. per month as per market rate from November, 2001 is pending before the small causes court at Mumbai in Suit No. 380/401/2001. The differential amount of Rs. 167,062.00 thousand (P.Y. Rs. 167,062.00 thousand) (Rent claimed less agreement rate / Compensation decided by the Hon. High Court) is treated as contingent liability.

- 18.5 As per the provisions of Finance Act, 1994 amended from time to time, the Service Tax on renting of immovable property is made applicable w.e.f. 16th May, 2008. In respect of office premises which was occupied by the Company on rental basis, the Appellate Small Causes Court has yet to decide the monthly compensation. The Service Tax / GST is not claimed by the landlord and there is no provision in original agreement for renting premises therefore no provision for Service Tax / GST on monthly compensation of Rs. 175 thousand ordered by Hon. High Court has been made for the period from May, 2008 to December, 2010 and of Rs. 51.00 thousand for the period January, 2010 to July, 2014 amounting to Rs. 30,071.00 thousand (P.Y. 30,071.00). However the same has been treated as contingent liability.
- 18.6 For the Assessment Year 2009-10, the Asst. Commissioner of Income Tax, (ACIT), after scrutinizing the return, passed order disallowing expenditure of Rs. 4229.00 thousand incurred by the Company on Garment Park which was being debited to the Profit & Loss Account of the Company. The ACIT has also issued a Show-Cause-Notice seeking clarification of the Company as to why penalty for wrong disclosure of income should not be levied on the Company. The Company had preferred an appeal against the order of the ACIT before the Appellate Authority which is disallowed by CIT (Appeals) Mumbai - 20 vide order dated 21/08/2013. Against the said order of CIT (Appeals) the Company has filed Income Tax Appeal before Income Tax Appellate Tribunal (ITAT). The Company has withdrawn the said appeal.

Similarly, the Deputy Commissioner of Income Tax, after scrutiny of Income Tax Returns filed by the Company for the A.Y. 2011-12, by Order dated 27/01/2014 has disallowed expenditure of Rs. 3,533.00 thousand incurred by the Company in respect of Garment Park. The Company has preferred an appeal before CIT (Appeal) against the said order which was dismissed by CIT(A) vide order 27/12/2017. The JCIT has also issued a show cause notice seeking clarification of the Company as to why penalty for wrong disclosure of income should not be levied on the Company.

Since the Company has sufficient carried forward accumulated losses, there is no financial liability involved at present except penalty.

The company had filed writ petition No. 1897 of 2022 with Hon'ble High Court at Mumbai, against reopening of assessment proceedings for the A.Y. 2013-14. The said appeal heard on 28/03/2022 and given stay upto 30/04/2022. Next hearing fixed on 18/10/2022 and Ad-interim relief earlier given shall remain in force still 09/11/2022.

- 18.7 On Smt. Renukadevi, the Legal heirs of erstwhile owner of Narsinggirji Mills, Solapur claiming her ownership right on the property of the Company at Solapur Viz. Narsinggirji Manufacturing Company Limited, which had gone in to liquidation and the undertaking of that Company called Narsinggirji Mills was transferred by the official Liquidator to the Government of Maharashtra vide Sale Deed dated 12/8/1966. Initially the Hon. Court had granted status quo against the MSTC. Later on the same has been vacated by the court. Hearing of the case is in process.
- 18.8. In the mean time Smt. Renukadevi vide another application dated 22/4/2016 has prayed to the court permitting her to make amendment in the prayer clause of the original civil suit No. 243 of 2009 to the effect that the Sale Deed dated 12/8/1966 for transfer of property Narsinggirji Mills, Solapur executed between the Official Liquidator and State of Maharashtra is fraudulent and therefore, same should be cancelled. Hon'ble Civil Judge, Sr. Dn., Solapur Vide order dated 25/8/2016 has allowed the said amendment.

- 18.9 MSTC has challenged order dated 25/08/2016 passed by Hon'ble Civil Judge, Sr. Dn., Solapur by filing Writ Petition No. 14319 of 2016 before the High Court of Judicature at Mumbai. Hearing in the Writ Petition is in process. The respondent (Plaintiff before Civil Court) has made a statement before the High Court that they will not carry out the amendments in the plaint, before the civil court at Solapur, during the pending hearing of appeal filed by MSTC before the High Court. Further MSTC has also filed another application before the Company Court at Mumbai praying to hold the Sale Deed dated 12/8/1966 executed between the Official Liquidator and State of Maharashtra is legal and proper. After hearing Company application No. 486 of 2017 has been dismissed by Order dt. 4/6/2018. Against the said order company has filed an appeal with the Hon'ble High Court Mumbai.
- 18.10 The Industrial Undertaking known as Western India Mills (WIM) was earlier owned by the Western India Spinning & Manufacturing Co. Ltd. (WISML). The said WISML Company went into liquidation sometime in July, 1976. Thereafter, the Central Government under Industries (Development and Regulation) Act, 1951 took over the Industrial Undertaking of Western India Mills and MSTC was appointed as "Authorized Person" w.e.f. 4/3/1977. The undertaking of WIM was nationalized w.e.f. 24/08/1982. Thus between 1977 to 1982 MSTC was neither owner of the Mill nor the Mill has been vested in MSTC. WISML owned a piece of land measuring 20039 sq. mtrs in village Hariyali, Taluka: Kurla, District : Mumbai. (herein after called "Hariyali Village Land").
- 18.11 After nationalization of WIM w.e.f. 24/08/1982, as per order dated 16/07/1987, passed by the Hon High Court, the official Liquidator handed over the possession of the other properties of the said WISML to MSTC. The Liquidator handed over the affairs of the Company including the other properties on "as is where is basis".
- 18.12 Thus MSTC received only the Notional possession of Hariyali Village Land, which was found to be encroached fully by the slum dwellers. Since then, from time to time, several attempts have been made by the MSTC to enter the name in the property card of the Hariyali Village Land. In spite of repeated follow-up with Govt. Authorities, the Company could not get its Name in the Property Card.

In the Meantime as per G.R. No. TPB 4307/2346/CR-106/2008/UD-11 dated 2nd March, 2009 issued by the Urban Development Department, Mantralaya, it was announced that any land belonging to the Govt. / Semi-Govt. / MCGM, MHADA which falls with the proposed Urban Renewal Scheme shall be made available for the project subject to payment of premium @25% of the Ready Reckoner of that year. To avail the benefits of the said GR MSTC, after following tender process, appointed M/s. Sharpmind Developers as its agent to undertake the job of recording name of MSTC on the property card of Hariyali Village Land. M/s. Sharpmind Developers were given Power of Attorney on 01/10/2009.

However, even after lapse of 18 months, the said agency could not do the satisfactory job of updating of records in favour of the MSTC. Therefore, the Board of MSTC in its meeting held on 24/06/2011 decided to withdraw the Special Power of Attorney issued in favour of partners of M/s. Sharpmind Developers forthwith and terminate the agency. Aggrieved to this Agency has filed suit No. 85/2014 before Bombay High Court claiming damages of 6 crores. MSTCL is defending matter. There are no restraining orders operating against the Company.

It was decided to follow-up the matter for entering the name of the Company on the property card of the said land through the consultants of the Company. The Company has also issued letter No. DO/Pers/718 dated 21/11/2012 signed by the Managing Director of the Company to the Collector, Mumbai requesting to enter the name of MSTC on the property card of the concerned land. Relevant documents were also annexed to the said letter. Since then, Company has obtained following documents.

- (a) Certified copy of original Conveyance Deed dated 30/09/1972 under first Appeal in Right to Information Act on 6/01/2014.
- (b) Received Kami Jasti copy dated 26/02/2013 in respect of Hariyali Land of WIM. (this document contains history as to how the land was divided / subdivided).
- (c) Certified copy of Index II in respect of Conveyance Deeds dated 30/09/1972 on 30/04/2014.
- (d) Current property card of Hariyali Land having name of Pratapsing Soorji Vallabhdas and others.
- (e) Certified copy of Confirmation deed (supplementary) dated 28/04/1973 registered No. S/ 860/1973 received from the office of Joint Registrar (records).

MSTC has already made an application on 06/03/2014 to Talathi, Hariyali Village for incorporation the name of MSTC in the Property Card.

In the meantime, Slum Rehabilitation Authority, Bandra published a Public Notice dated 05/07/2013, informing that Ambewadi, SRA CHS alongwith its application has submitted certain documents in respect of property mentioned in the Notice i.e. CTS 14A & 17B inviting written objections from parties affected by the proposed development by right, title, interest if any, in respect of these properties. Accordingly, MSTC raised its objection. The objection raised were heard on 3/08/2013 before the Chief Executive Officer, SRA. The Slum Rehabilitation Authority vide its Order dated 26/11/2013 rejected the objection raised by MSTC mainly on the ground that MSTC (objector) has not submitted original title deeds. Against the said order, MSTC has filed a Review application which is pending before SRA. Further DO letter dated 18/12/2013 issued under signature of M.D., MSTC to the Principal Secretary (Housing), Govt. of Maharashtra, Mumbai MSTC has requested to grant stay in respect of Order 26/11/2013 and DO letter No. Pers/662 dated 3/02/2014 to C.E.O. Slum Rehabilitation Authority, Bandra (E.), Mumbai - 400 051 for staying order dated 26/11/2013. It is also stated in the said letter that MSTC will submit its scheme for Slum Rehabilitation once the name of MSTC is incorporated in the property card of Hariyali Village Land. On taking the objection by MSTC on the scheme submitted by M/s. Hariyali Village Estate Pvt. Ltd. on basis of power of Attorney given by the erstwhile owner of the land in question, the SRA had rejected the said development scheme under SRA. However later in the month of June 2017 again the SRA has issued LOA to the said Developer.

The C.E.O. SRA vide his letter dated 06/01/2014 has informed that the MSTC, should submit the property card of the property in question, containing the name of MSTC. This is in process and actively followed up by MSTC.

MAHARASHTRA STATE TEXTILE CORPORATION LTD.

For entering the name of Maharashtra State Textile Corporation in the Property Card of the land in question and staying the said development scheme submitted by Hariyali Estate Pvt. Ltd. MSTC has filed Writ Petition No. 1453 of 2017 before the High Court of Judicature at Mumbai wherein the concern Government officials have been impleaded as Respondents. After preliminary hearing Hon. High Court has passed order, staying the S.R.A. Scheme Submitted by M/s. Hariyali Estate. MSTCL is defending the case. During the pendency of writ petition, the concerned City Survey office has already entered name of the company in the property card for consolidated area. The Matter regarding entering name of the company in 7 x 12 extracts the matter is being pursued with Tahasildar. Tahasildar reject the application as there is No Survey wise area in registration. The Land cost of Rs. 1591933.50 thousand as per R R Valuation as on 31/03/2021 has not been recorded in to books of Accounts.

NOTE 19 : Earnings per share :**(₹ in thousand)**

Sr. No.	Particulars	31.03.2022	31.03.2021
i)	Net loss after tax (Rs. '000)	369,809.29	377,078.58
ii)	Nominal value per share (Rs.)	100	100
iii)	Weighted average No. of ordinary share for Basic EPS	236,15,745.00	263,15,745.00
iv)	Basic earning per ordinary share (Rs.)	(-) 15.66	(-) 15.97
v)	Diluted earning per ordinary share (Rs.)	(-) 15.66	(-) 15.97

NOTE 20 : Related Party Disclosure :

A	Related Party disclosures in accordance with Accounting Standard 18 'Related Party Disclosures'.			
	1	Subsidiary Company :		
		Pratap Spinning, Weaving & Manufacturing Comp. Limited, Amalner (PMA)		
		Key Management Personnel (Government Officers Holding Additional Charge)		
	2.			
	i)	Mr. Vishal Madane		Managing Director (Upto 05/05/2021)
	ii)	Parrag Jaain Nainutia		Managing Director (From 15/05/2021)
	iii)	Shital Teli-Ugale		Director (From 16/02/2021)
	iv)	Gauri Rahul Mhaske		Woman Director (From 26/03/2018)
		Since Key managerial personnel are also directors of the Company's subsidiary, they can have significant influence over the subsidiary.		
	3.	Companies / Enterprises over which KMP can exercise significant influence.		
		These are all state-controlled enterprises. No disclosures is required as per clause 9 of AS 18.		

B	Details of Transactions during the year with Related Parties.				(Rs. in '000)
	Sr. No.	Related Parties	Nature of Transaction	2021-22	2020-21
	1	Vishal Madane		—	—
		Parrag Jaiin Nainutia		—	—
	2	Pratap Spinning Weaving & Manufacturing Company Limited Amalner. (PMA)	Loan received back	—	—
			Loan given	65.16	74.13
			Provision for doubtful loans and advances	66.86	75.79
			Closing Balance		
			Long Term Advance	405,106.57	404,951.41
			Provision for doubtful loans and advances	405,008.62	404,941.76
			Investment in Shares	231,582.58	231,582.58
			Provision for diminution in the value of Investment	214,682.58	214,682.58

NOTE 21 : General Information :

- 21.1 The Company, as required under 129(3) of the Companies Act, 2013, has prepared a consolidated financial statement.
- 21.2 As required by Accounting Standard 15 "Employees Benefit" (Revised 2005), as notified by the Companies, (Accounting Standard) Rules 2005, this has changed further. It is stated that the Company does not have any permanent employees, except Managing Director (Holding additional charge who is on deputation from GOM) considered as employee. The required information is as under :-

(₹ in thousand)

	As at 31st March 2022	As at 31st March 2021
Leave Salary contribution	0.00	0.00
Pension contribution	0.00	0.00

- 21.3 The information relating to Value of imports calculated on CIF basis, Expenditure in foreign currency, Earnings in foreign exchange & Amounts remitted in foreign currency during the year on account of dividend; is Nil (Previous Year Rs. Nil).
- 21.4 Details of consumption of imported and indigenous items are Nil (Previous Year Rs. Nil) for the company as the company is not doing any business.
- 21.5 No amounts are due to Micro Small and Medium Enterprises. Hence details required in terms of Section 22 of The Micro Small and Medium Enterprises Act, 2006 are Nil. The disclosure has been determined on the basis of parties identified by the Company.

21.6 The post closure activities are carried out by the Consultants. The professional charges are considered as “Administrative Cost” and shown under the head “Post Closure Expenses”. During the year company has incurred post closure expenses of Rs. 3,866.10 thousand (Previous Year Rs. 3,887.81 thousand).

NOTE 21.7 : Accounting Ratios :
a) Trade Payable ageing schedule
(₹ in thousand)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
i) MSME	NIL	NIL	NIL	NIL	0
ii) Others	NIL	NIL	NIL	NIL	0
iii) Disputed dues - MSME	NIL	NIL	NIL	NIL	0
iv) Disputed dues - Others	NIL	NIL	NIL	NIL	0

b) Trade Receivables ageing schedule
(₹ in thousand)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade receivables - considered good	—	—	—	—	—	—
ii) Undisputed Trade receivables - considered doubtful	—	—	—	—	—	—
iii) Disputed Trade receivables - considered good	—	—	—	—	—	—
iv) Disputed Trade receivables - considered doubtful	—	—	—	—	229.61	229.61
Less : Provisions for Doubtful					229.61	229.61
Net Balance					NIL	NIL

MAHARASHTRA STATE TEXTILE CORPORATION LTD.

c) Other Current Liabilities Ageing

(₹ in thousand)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
a) Current Maturities of Govt. Loans						
1) Government Loans	–	–	–	–	1,739,101.16	1,739,101.16
2) Interest accrued and due on Govt. Loan	567,149.01	413,570.56	408,353.31	403,136.07	6,576,824.63	8,369,033.58
3) Loan for R C & Gratuity	–	–	–	–	1,554.93	1,554.93
4) Advance Received	–	–	2,940.00	807,131.80	191.68	810,263.48
5) Statutory Remittances	151.17	–	–	–	–	151.17
6) State / Unrealised Cheque	–	–	–	–	4,431.63	4,431.63
7) Dues of Ex-employees	–	–	–	–	1,807.83	1,807.83
8) Other Liabilities (Misce.)	–	327.20	272.97	208.97	3,829.99	4,639.13
9) Current Liabilities (for Expenses)	2,183.40	–	–	–	–	2,183.40
Deposits form others	–	–	–	–	22,917.68	22,917.68
Total	569,483.58	413,897.76	411,566.28	1,210,476.84	8,350,659.53	10,956,083.99

d) Long Term Loans and Advances

(₹ in thousand)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Loans to Subsidiary Company	–	–	–	–	233,464.80	233,464.80
Pratap Mills Current A/c (subsidiary)	23.49	41.66	74.13	39.32	8,147.55	8,326.15
Pratap Mills Interest receivable A/c (subsidiary)	–	–	–	–	163,225.62	163,225.62
Advance receivable in cash or Kind	–	–	–	5.00	880.21	885.01
Receivable from Govt. Authority	–	–	–	–	3,718.22	3,718.22
Balance with Central Excise	–	–	–	–	26.61	26.61
Sundry Deposits	25.00	–	–	703.50	3,338.37	4,066.87
Total	48.49	41.66	74.13	747.13	412,801.18	413,713.28
Less Provision for doubtful						405,590.16
					Net	8,123.12

e) Short Term Loans and Advances

(₹ in thousand)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Tax deducted at source receivable	0.72	374.71	—	—	85.54	460.97
Prepaid Expenses	60.71	—	—	—	—	60.71
Balance with Govt. Authorities (GST)	513.39	519.08	759.96	36.67	—	1,829.10
Balance with Govt. Authorities	—	—	—	—	1,808.39	1,808.39
Other Advances receivable in Cash or Kind	37.01	12.00	—	—	6.00	55.01
Total	611.83	905.79	759.96	36.67	1,899.93	4,214.18

f) Ratios

(₹ in thousand)

Sr. No.	Particulars	As at March 31st, 2022	As at March 31st, 2021
a)	Current Ratio	0.08	0.08
b)	Debt-Equity Ratio	N.A.	N.A.
c)	Debt Service Coverage Ratio	0.00	0.00
d)	Return on Equity Ratio	(0.16)	(0.16)
e)	Inventory Turnover Ratio	N.A.	N.A.
f)	Trade Receivables Turnover Ratio	N.A.	N.A.
g)	Trade Payables Turnover Ratio	N.A.	N.A.
h)	Net Capital Turnover Ratio	N.A.	N.A.
i)	Net Profit Ratio	N.A.	N.A.
j)	Return on Capital Employed	N.A.	N.A.
k)	Return on Investment	N.A.	N.A.

MAHARASHTRA STATE TEXTILE CORPORATION LTD.

21.8 The figures of the last year have been regrouped and rearranged wherever necessary to confirm to the current year's groupings. The figures of current year as well as previous year are stated up to two decimal in thousand.

As per our report of even date attached

For S. V. SHETTY & ASSOCIATES
CHARTERD ACCOUNTANTS
Firm Reg. No. 110110W

For and on behalf of the Board of Directors of
MAHARASHTRA STATE TEXTILE CORPORATION LIMITED
CIN : U17120MH1966SGC013568

CA - SRINIVAS V. SHETTY
Partner
M. No.: 042550

(GAURI MHASKE)
Director
(DIN-08015751)

(VIRENDRA SINGH)
Managing Director
(DIN-08158247)

Date : 8th February, 2023
Place : MUMBAI

Date : 2nd February, 2023



महालेखाकार का कार्यालय (लेखापरीक्षा)-II महाराष्ट्र-मुंबई शाखा कार्यालय

प्रतिष्ठा भवन, १०१, महर्षि कर्वे मार्ग, मुंबई - ४०० ०२०.

OFFICE OF THE ACCOUNTANT GENERAL (AUDIT)-II, MAHARASHTRA BRANCH OFFICE MUMBAI

Pratishtha Bhavan, Gr. Floor, 101, M. K. Road, Mumbai - 400 020.

दुरभाष नं./Tel. No.: 022-2205 4022 / 022-2205 7360 • फैक्स नं./Fax No.: 022-2209 2326

ई-मेल/E-mail : agcommamauMaharashtra@cag.gov.in

मले/लेप-II / मुंबई शाखा / टेक्निकल सेल / MSTC(standalone)/2021-22/34

Dated : 28 / 07 / 2023

सेवा में,

प्रबंध निदेशक

महाराष्ट्र स्टेट टेक्सटाईल कॉर्पोरेशन लिमिटेड,
मुंबई.

विषय : 31 मार्च 2022 को समाप्त हुए वर्ष के महाराष्ट्र स्टेट टेक्सटाईल कॉर्पोरेशन लिमिटेड, मुंबई के स्टैंडअलोन लेखों कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की निरंक टिप्पणीयाँ।

महोदय,

31 मार्च, 2022 को समाप्त हुए वर्ष के महाराष्ट्र स्टेट टेक्सटाईल कॉर्पोरेशन लिमिटेड, मुंबई के स्टैंडअलोन लेखों पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणीयाँ (Comments) संलग्न हैं।

वार्षिक आमसभा (A.G.M.) होने के पश्चात, वार्षिक रिपोर्ट की तीन मुद्रित प्रतियाँ कृपया इस कार्यालय को भेज दें। साथ ही उपरोक्त लेखों के वार्षिक प्रतिवेदन को विधानसभा में प्रस्तुत करने की तिथि को भी इस कार्यालय को सूचित करें।

भवदीय,

सही/-

(मधुसूदनन के. नायर)

व. उपमहालेखाकार/ए.एम.जी-V

संलग्न - यथोपरि -

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE TEXTILE CORPORATION LIMITED, MUMBAI FOR THE YEAR ENDED 31ST MARCH 2022.

The preparation of Financial Statements of **Maharashtra State Textile Corporation Limited, Mumbai** for the year ended **31st March, 2022** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the Financial Statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their **Audit Report dated 8th February, 2023**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Financial Statements of **Maharashtra State Textile Corporation Limited, Mumbai** for the year ended **31st March, 2022** under section 143(6)(a) of the Act. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

(A) COMMENTS ON FINANCIAL POSITION :

Equity and Liabilities

Current Liabilities

Other Current Liabilities : Rs. 1095.61 crore

1. The above includes an amount of Rs. 39.00 crore towards unwarranted provision of interest (Rs. 29.99 crore) and penal interest (Rs. 9.01 crore) at the end of the year 2021-22. The Government of Maharashtra (GoM) had provided (31st December, 2002) a bridge loan of Rs. 50 crore to the Company for implementation of Voluntary Retirement Scheme. There was no provision for payment of interest in terms and conditions mentioned in the Government Resolution (GR) (December, 2002). The GR had provided that the amount of Rs. 50 crore was to be returned by the Company to GoM after selling their properties within a period of two months. The Company had, however, repaid the amount to GoM during the period January, 2006 to October, 2008 and continued to provide for liability towards interest and penal interest.

A reference is invited to the comment on the accounts of the Company (2014-15), wherein, unwarranted provision of interest and penal interest of Rs. 32.34 crore was commented. The Company has, however, continued to maintain provision of both interest and penal interest. Further, there was no demand from the Government of Maharashtra (GoM) for any interest or penal interest so far.

This has resulted in overstatement of Current Liabilities with corresponding overstatement of negative balance of Reserves and Surplus by Rs. 39.00 crore.

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

(R. Thiruppathi Venkatasamy)
Accountant General (Audit) - II, Maharashtra

Place : Nagpur

Date : 26th July, 2023.