

UDIN : 21137686A AAATWS081

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
CITY & INDUSTRIAL DEVELOPMENT CORPORATION OF MAHARASHTRA LIMITED**

Qualified Opinion

1. We have audited the Separate financial statements of **CITY & INDUSTRIAL DEVELOPMENT CORPORATION OF MAHARASHTRA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit & Loss and the cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (collectively referred to as 'Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March, 2019, and its profit (financial performance) and its cash flows for the year ended on that date.

3. Basis for Qualified Opinion

- 3.1 *The Government of Maharashtra vide its order dated 1st January, 2005 appointed Dr. D. K. Sankaran, Additional Chief Secretary, Planning Department, to conduct discrete inquiry in the affairs of the Company for the period 26th May, 2003 to 28th December, 2004, particularly to look into the allotment of lands made contrary to the establishment rules, regulations and conventions. Dr. D. K. Sankaran has submitted his report and has estimated a financial loss amounting to Rs.347.00 Crores due to irregular allotment of land/plots. The Company has not made any provision for the aforesaid liability.*
- 3.2 *The Government of Maharashtra has appointed Nandlal Committee to enquire into the allotment of plots of land to Prathmesh Co-operative Housing Society (proposed) and the committee has submitted its report and has estimated a financial loss amounting to Rs.2.38 Crores due to malafide intentions in the allotment of land to the society. The Company has not made any provision for the aforesaid liability.*
- 3.3 *In absence of proper records of properties let out and rent agreements, correctness of accounting of rent could not be ascertained in Navi Mumbai Project account.*
- 3.4 *In the absence of information and necessary supporting documents regarding accounting of Railway Surcharge, we are unable to verify and comment on correctness of the Surcharge received and receivable in respect of sale of Tickets, Coupons and Smart Card from Central Railway and Western Railway.*
- 3.5 *Sale/Revenue in Project accounts from sale of Plots/ shops/Tenements is not in accordance with AS-9. Also observed and mentioned in Point No.5 of Note 1 that the Corporation has continued the policy of accounting certain items on cash basis as against accrual basis as required by amended section 128(1) of the Companies Act, 2013.*



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- 3.6 There is no sale of Shops/Stalls in Aurangabad, Nasik and Nanded branches during the year. Further, there is no sale of completed tenements under different housing schemes during the year in Aurangabad, Nashik and Nanded branches.
- 3.7 Attention is invited to point no. 3, 4 and 5 of Note-17 regarding non-reconciliation of accounts under assets and liabilities and non-adjustment of advances under loans and advance and non-recovery of advances given in earlier years.
- 3.8 No provision has been made in respect of items mentioned in point No. 2, 6, 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 11.1, 12.2 and 13.3 of Note-17.
- 3.9 No Provision for Gratuity liability, if any, has been made for workers on contract basis. The management has informed that since no claim has been received from the contractors, no provision has been made and the amount is not ascertainable. Further, no disclosure with regards to any short-term employee benefit plans/ post-employment benefit plans/ termination benefit plans and or other Long term benefit plans are not made as required by AS 15.
- 3.10 Company has neither prepared Consolidated Financial Statement of its subsidiary nor disclosed reason for non-consolidation of financial statements of its subsidiary as required by AS 21.
- 3.11 Company has not disclosed information as required by accounting standard. In absence of information we are unable to comment upon the compliance of AS - 28.
- 3.12 In absence of full disclosures regarding contingent liabilities and assets, we are unable to comment on compliance of AS - 29.
- 3.13 a) Party and age wise details of the amounts received towards Registration charges/EMD and Buyers contribution for booking of Plots, Shops, Tenements were not provided for our verification.
- b) Receipts from Sale of Tenements, Plots and Shops have been accounted for based on the information provided by the Marketing Department of the Company. However, subsidiary books and other records of the Marketing Department are subject to reconciliation with control accounts.
- c) As per books of accounts of the company **Rs. 2,13,953.30 Lacs** (Rs. 1,99,728.96 Lacs), **Rs. 3,24,428.63 Lacs** (Rs. 3,19,810.22 Lacs), **Rs. 9,614.65 Lacs** (Rs. 9,877.04 Lacs) and **Rs. 827.93 Lacs** (Rs. 1,534.06 Lacs) are Deposits from buyers against sale of plots, Tenements, shop and others respectively up to 31st March, 2019. Most of the amounts are long outstanding. In absence of proper records showing party wise and age wise details of deposits received and accounting of sales if any, in the books of accounts, we are unable to quantify the impact/consequential effect of the same in the financial statements.
- 3.14 Confirmations have not been obtained for receivables, Loans & advances and Payables. The same may be subject to Reconciliation and consequential adjustments. Management is unable to quantify the impact of the above. In view of the above, we are unable to quantify the impact if any on the financial statements for the year ended on 31st March, 2019.
- 3.15 The Company has not maintained Fixed Assets register except for New Nashik Unit. In case of Aurangabad Unit, the fixed asset register has been maintained but it is not updated.
- 3.16 The relevant information and documentation regarding process for allotment of Plots, Shops, tenements etc. were not provided for our verification.

