



Sailing the waves of  
**success**

**2015-16**

**Annual Report**

**THE STATE TRADING CORPORATION OF INDIA LIMITED**  
**(A Government of India Enterprise)**



## **Vision**

To be a leading world class trading organization, continuously diversifying and delivering excellence in all areas of its operations thereby enhancing stakeholders' value.



**Annual Report  
2015-16**





# THE STATE TRADING CORPORATION OF INDIA LIMITED

## REGISTERED & CORPORATE OFFICE

(CIN :L74899DL1956GOI002674)

Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001

Tel # 011-23313177, Fax # 011-23701123, 23701191

Email: co@stclimited.co.in Website: www.stclimited.co.in

## BOARD OF DIRECTORS

### CHAIRMAN & MANAGING DIRECTOR

Shri Khaleel Rahim

### FUNCTIONAL DIRECTORS

Shri Rajiv Chopra

Shri Sanjeev Kumar Sharma

Shri Prasanta Kumar Das

Shri Sanjeev Kumar Gupta

### PART-TIME OFFICIAL DIRECTORS

#### (GOVERNMENT NOMINEES)

Shri Ajay Kumar Bhalla

Shri Jitender Kumar Dadoo

### PART-TIME NON-OFFICIAL DIRECTORS

#### (INDEPENDENT DIRECTORS)

Dr. N. Sundaradevan

Shri Sunil Trivedi

Dr. K. Rangarajan

Shri Arvind Gupta

### COMPANY SECRETARY

Ms. Ritu Arora

### REGISTRAR & SHARE TRANSFER AGENT

MCS Share Transfer Agent Limited

F-65, 1st Floor,

Okhla Industrial Area, Phase – I

New Delhi – 110020

Tel# 011-41406150

E-mail: admin@mcsregistrars.com

### STATUTORY AUDITORS

M/s P Jain & Company

Chartered Accountants

210, Arunachal Bhawan,

19, Barakhamba Road,

New Delhi 110 001

### BANKERS

State Bank of India

Bank of Baroda

Canara Bank

Indian Bank

State Bank of Patiala

UCO Bank

Vijaya Bank

HDFC

Indusind Bank

Allahabad Bank

Bank of India

IDBI

Indian Overseas Bank

Syndicate Bank

Union Bank of India

Axis Bank

ICICI

### SECRETARIAL AUDITORS

M/s Chandrasekaran Associates

Company Secretaries

11-F, Pocket –IV,

Mayur Vihar Phase –I,

Delhi 110 091



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## DIRECTORS' REPORT

The Board of Directors presents the 60<sup>th</sup> Annual Report on the business and operations of the Company and its Audited Statement of Accounts for the year ended March 31, 2016 together with the Auditors' Report and Comments on the Accounts by the Comptroller and Auditor General (CAG) of India.

### FINANCIAL RESULTS

The performance of the Company during the year 2015-16 vis-à-vis the previous year is summarized in the table below:

(₹ Crore)

	2015-16	2014-15
<b>TURNOVER</b>		
Exports	1111	1884
Imports	8735	12042
Domestic	633	471
<b>GRAND TOTAL</b>	<b>10479</b>	<b>14397</b>
<b>FINANCIALS</b>		
Profit Before Tax	23	31
Profit After Tax	18	26
Net Worth (Including revaluation reserve)	1057	1039

### OPERATIONS AND BUSINESS PERFORMANCE

During the year 2015-16, the Company achieved a total turnover of ₹ 10,479 crore as against ₹ 14,397 crore achieved in the previous year. The decline in turnover was mainly due to reduction of ₹ 3882 crore in bullion imports because of lower demand attributable to large imports of dore bars into the Country. The domestic sales turnover of the Company, however, increased to ₹ 633 crore during the year 2015-16 and was the best in past six years.

The Profit Before Tax (PBT) during the year amounted to ₹ 23 crore.

### DIVIDEND

The Board of Directors have not recommended any dividend for the year 2015-16 as the Company needs to conserve cash for its business operations due to rising borrowing costs and low profitability.

### RESERVES

An amount of ₹ 978.92 crore was available in the Reserves and Surplus of the Company as on 1<sup>st</sup> April 2015. The Profit After Tax of ₹ 17.86 crore made during the year is being retained as surplus in the Balance Sheet. Accordingly, as on 31st March 2016, the Reserves and Surplus stood at ₹ 996.79 crore.

### FOREIGN EXCHANGE EARNINGS/OUTGO

The total foreign exchange earnings of the Company by way of exports, trade margins, etc. during the year amounted to ₹ 51.13 crore while the foreign exchange outgo by way of imports and other expenses amounted to ₹ 8254.75 crore.

### HUMAN RESOURCE

#### Manpower

STC had 692 employees on its rolls as on 31.03.2016, which included 468 managers and 224 staff.

#### Recruitments

During the year, the Company recruited fifteen Assistant Managers with professional qualifications in various disciplines. In addition, lateral recruitments were made to fill two positions in the managerial cadre. The Company also appointed two persons on compassionate grounds in the staff cadre.

#### Industrial Relations

The Company continued to maintain harmonious industrial relations during the year. No man days were lost. As per changing dynamics, new personal policies were framed and aligned with the overall business interests of the Company.

#### Reservation in recruitments/promotions

The Company has been implementing the directives and guidelines issued by the Government of India from time to time with regard to recruitment/promotion of SC/ST/OBC, differently abled candidates and those from minorities.

#### Human Resource Development

During the year, the Company continued to lay emphasis on training and learning opportunities of its employees at various levels and dedicated 857 mandays for the purpose.

Professional training programmes were especially formulated and approved in June 2015 for enhancing knowledge on matters like international trade, trade finance and risk management through one of the reputed institutes, namely, National Institute of Banking Studies and Corporate Management (NIBSCOM). A total of 62 managers participated in these programmes which had an in-built programme evaluation system. The Company also conducted intensive training programmes especially designed for 69 non-professional managers to bridge the skill gap in areas like computer usage, office management, etc. through NTPC's Power Management Institute, Noida.

Besides above, six executives at the level of Directors/CGMs/ GMs attended seminars/ conferences/programmes on Strategic Management and Corporate Governance during the year.

In all, the Company conducted 9 in-house dedicated training programmes covering 232 employees.

The Company also nominated 80 employees for management development programmes organised by external agencies.

#### **OFFICIAL LANGUAGE**

In compliance with the Government's Policy on Official Language, continuous efforts were made for promoting the use of Hindi in day to day official work. Hindi Diwas and Rajbhasha Week/Fortnight were organised in the Corporate Office as well as Branch Offices of the Company. During these events, employees who had done most of their work in Hindi were felicitated.

The Company was awarded the Rajbhasha Shield (First prize) by the Ministry of Commerce & Industry in view of progressive and notable use of Hindi in official work. The employees of the Company won prizes in various Hindi competitions organised by Town Official Language Implementation Committee (TOLIC).

The Committee of Parliament on Official Language inspected the work related to official language of the Company and found the same to be satisfactory. The Committee praised the efforts being made by STC.

#### **VIGILANCE ACTIVITIES**

With a view to create awareness among the employees on the ill-effects of corruption and the need for eradication of the same, Vigilance Division of the Company took a number of steps during the year. As part of Vigilance Awareness Week, it organised a talk on '**Preventive Vigilance as a tool of Good Governance**', by a senior IPS officer.

A training programme was also organised for the officials of the Company on "**Preventive Vigilance as a tool of Good Governance**".

In addition to investigation of complaints and handling departmental inquiries having vigilance angle, the Vigilance Division also maintained constant liaison with various agencies viz. CVC, CBI & MOC&I etc. for ensuring preventive vigilance and providing details/inputs to regulatory agencies as per statutory requirements.

Vigilance Division also conducted inspection of Branch Offices of the Company thereby bringing out areas for corrective/preventive action.

#### **PERFORMANCE OF SUBSIDIARY COMPANY**

##### **STCL Ltd. (Formerly, Spices Trading Corporation Limited)**

In view of extraordinary losses suffered by STCL leading to erosion of its net worth and remote possibility of its

turnaround, the Union Cabinet had, in August 2013, decided to wind up STCL. Accordingly, a winding up petition was filed by STCL before the Hon'ble High Court of Karnataka in November 2013 and the same continues to be pending due to objections by Banks.

At present, STCL has 13 employees including the Managing Director.

As a result of the above developments, no business operations were undertaken by STCL during the year.

The subsidiary company incurred a loss of ₹ 480 crore during 2015-16 mainly on account of the interest accrued on outstanding loans and had a negative net worth of ₹ 3342 crore as on 31.03.2016.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As per the requirement of Regulation 34(2) of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed Management Discussion and Analysis Report forming part of the Annual Report of the Company is placed at Annexure-I.

#### **EXTRACT OF THE ANNUAL RETURN**

As required under Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return pursuant to Section 92(3) of the Act is annexed to this Report at Annexure-II.

#### **ANTI SEXUAL HARASSMENT POLICY**

The Company has laid down an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received in this regard. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

No sexual harassment complaints were received during the year 2015-16.

#### **RIGHT TO INFORMATION**

In order to promote transparency and accountability, an appropriate mechanism has been put in place in the Company to provide information to citizens under the provisions of Right to Information (RTI) Act, 2005. For this purpose, the Company has, in line with the RTI Act, nominated Central Public Information Officers at all its Divisions at New Delhi and at Branch Offices across the country. For the convenience of public, a coordinating CPIO has also been nominated. First Appellate Authority has also been nominated for considering the appeals of information seekers against the orders of Public Information Officers.

#### **DEPOSITS**

The Company has not accepted any deposits from Public. Therefore, the requirement of Chapter V of the Companies Act, 2013 is not applicable to it.



## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

During the year, the Company has not provided/given any loans, guarantees or made any investment as specified under section 186 of the Companies Act, 2013.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 IN THE PRESCRIBED FORM**

The Company has not entered into any contracts or arrangements with related parties as referred to in sub-section (1) of section 188 of the Companies Act, 2013.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY**

In line with the Corporate Social Responsibility (CSR) Policy of the Company and the provisions of the Companies Act 2013, STC executed CSR projects during the year 2015-16 in the areas of health and sanitation, special education for differently-abled people and promotion of art/culture/heritage. The projects were taken up after due deliberations by the Board level CSR Committee. All the three projects were commenced in the year 2014-15 and continued in the year 2015-16. The project on promotion of art/culture/heritage is still continuing. An annual report on Company's CSR activities in prescribed format as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 is placed at Annexure III.

## **PUBLIC PROCUREMENT POLICY**

In pursuance of the Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012 (dated 23<sup>rd</sup> March 2012) notified by Ministry of Micro, Small and Medium Enterprises, the Company had set an annual target of making a minimum 20 percent of its annual procurement of goods and services from MSEs, including 4 percent from MSEs owned by SC or ST entrepreneurs.

During the year 2015-16, the Company made procurements worth ₹ 2.06 crore from MSEs, which accounted for 11.6 percent of total value of annual procurement made by STC of goods produced and services rendered by MSEs. Efforts are on to increase procurement from MSEs in the current year.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.**

The information required to be disclosed in accordance with the Companies (Accounts) Rules, 2015 is 'nil' as the Company is mainly engaged in trading activities.

## **FINANCIAL ACCOUNTING**

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and in compliance with all applicable Accounting Standards issued by The Institute of Chartered

Accountants of India (ICAI) and provisions of the Companies Act, 2013.

## **INTERNAL FINANCIAL CONTROLS**

The Company has in place well-established internal financial controls. The Company has a well-defined Delegation of Powers (DOP), which lays down the financial powers available to various levels of Company's executives. The DOP helps facilitate faster and prudent commercial decision-making by executives at various levels.

The Company has an Internal Audit Division, supported by an outside professional Chartered Accountant firm, which conducts internal audit of Company's corporate office as well as branches and suggests various preventive and corrective steps. The audit observations are periodically reviewed by the Management Audit Committee and the Audit Committee of the Board of Directors and necessary directions are issued wherever required.

## **NUMBER OF MEETINGS OF THE BOARD**

During the financial year 2015-16, six meetings of the Board of Directors were held and the interval between any two Board meetings did not exceed 120 days.

## **DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS**

There were no Part-time Non-official Directors (Independent Directors) on the Board of the Company on the date of the first Board meeting held during the financial year 2015-16. The term of the two Independent Directors, who were on the Board as on 01.04.2015, expired on 17.04.2015 and no Independent Director was nominated on the Board by the Government thereafter till the end of the financial year 2015-16.

## **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION ETC.**

STC being a Government company, the terms and conditions of appointment and remuneration of its whole-time functional Directors are determined by the Government through the Ministry of Commerce and Industry, the administrative ministry of the company. The non-executive part-time official Directors (Government nominees) do not draw any remuneration or sitting fee. The non-executive part-time non-official (Independent) Directors are paid a sitting fee for each Board/ Committee meeting attended by them at the rate approved by the Board from time to time.

The eligibility criterion for appointment of Independent Directors is laid down by the Department of Public Enterprises of the Govt of India. The positive attributes expected to be exhibited by the Independent Directors are conveyed to them on their appointment and a declaration in the appropriate performa is obtained from them every year to confirm that they continue to qualify as Independent Director.

## **ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Company, being a Government Company, is exempted from the requirements in this regard in terms of notification dated 05.06.2015 issued by the Ministry of Corporate Affairs, Government of India.

### **RISK MANAGEMENT POLICY**

A Risk Management Framework has been put in place to add objectivity to the process of risk assessment while taking a decision on accepting or rejecting a trade proposal. The Risk Management Framework measures the risk involved in a business proposal in the form of a total risk score which is weighed vis-à-vis available risk mitigation measures.

Further, the Company has implemented an Anti-Fraud Policy in order to enforce controls and to aid in prevention and detection of frauds in the Company. The Policy intends to promote consistent legal and ethical organizational behaviour by assigning responsibility for the development of controls, and providing guidelines for reporting and conduct of investigations of suspected fraudulent behaviour.

### **HEDGING**

The Company does not take exposure in volatile commodities. Generally, it makes purchases only against confirmed orders backed by appropriate margin money.

Guidelines are in place requiring forward foreign exchange cover to be taken in respect of transactions involving STC funds.

### **CORPORATE GOVERNANCE**

The Company believes that Corporate Governance is at the root of the shareholders' value creation.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises (DPE), Govt of India, a Report on Corporate Governance for the year 2015-16 forming part of this report is placed at Annexure-IV. The Company has complied with the conditions of Corporate Governance as stated in the above referred Regulations and DPE guidelines on Corporate Governance for CPSEs with a few exceptions regarding appointment of woman director and number of independent directors, which are mentioned in the Report. Compliance certificate from the practicing Company Secretary in this regard and Management replies thereto, forming part of this Report, are placed at Annexure -V.

The Company has got its Secretarial Audit for the financial year ended 31<sup>st</sup> March, 2016 conducted by practicing Company Secretaries M/s Chandrasekaran Associates and their report alongwith Management replies to the observations made by Secretarial Auditors, forming part of

this Annual Report, is placed at Annexure -VI.

In line with the best practices, your Company has made available all information of interest to its investors on the Company's corporate website, namely, **www.stclimited.co.in**.

The Company has also put in place various policies such as:

- Whistle Blower Policy
- Web Archival Policy
- Policy on Preservation of Documents
- Policy on Materiality of Related Party Transactions and dealings with Related Party Transactions
- Policy for determination of materiality of events and information and their disclosures.
- Policy for determining material subsidiaries.

All the policies are also available on STC's website.

The independent meeting of Independent Directors of the company could not be held during 2015-16 because of there being no Independent Director on the Board of the Company from 18.04.2015 to 31.03.2016.

### **STATUTORY AUDITORS**

M/s P. Jain & Company, Chartered Accountants were appointed as Statutory Auditors of the company for the financial year 2015-16 by the Comptroller & Auditor General of India (C&AG). Their report, along with replies of the Management, is attached and forms part of this report.

### **COMMENTS OF C&AG**

The comments of C&AG under Section 143(6) of the Companies Act, 2013 on the accounts of the Corporation for the year 2015-16 and replies of the management thereto are attached and form part of this Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, in relation to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the year under review;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records

in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) the directors have prepared the annual accounts on a going concern basis for the year ended 31<sup>st</sup> March, 2016;
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively;
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **BOARD OF DIRECTORS**

Since the last Annual General Meeting, Shri Ravichandran Gurusamy (DIN 07449503), Shri Prasanta Kumar Das (DIN 03145622) and Shri Sanjeev Kumar Gupta (DIN 01127710) have been appointed on the STC Board as Director (Finance), Director (Marketing) and Director (Marketing) respectively w.e.f. 27.01.2016, 19.02.2016 and 27.04.2016. Pursuant to the order dated 15.06.16 of the Govt. of India, through Ministry of Commerce & Industry, the President of India has appointed Dr. K. Rangarajan (DIN 07579562), Sh. Sunil Trivedi (DIN 01670280), Sh. N. Sundaradevan (DIN 00223399) and Sh. Arvind Gupta (DIN 00090360) as Independent Directors on STC's Board on 03.08.2016. Except Shri Ravichandran, Director Finance, who has tendered his resignation from the post of Director Finance and was relieved from the Company on 24.08.2016, other Directors shall hold office upto the date of ensuing AGM and offer themselves for re-appointment at the AGM. The Board welcomes all the new Directors and hopes that the Company shall immensely benefit from their rich and varied experience.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Rajiv Chopra, Director (Marketing) and Shri S.K. Sharma, Director (Personnel) would retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

As per Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief resumes of all Directors seeking appointment/re-appointment are given in the notice convening the 60<sup>th</sup> Annual General Meeting of the Company.

#### **KEY MANAGEMENT PERSONNEL**

The Company has nominated its CMD, all functional Directors and Company Secretary as Key Management

Personnel pursuant to Section 203 of the Companies Act, 2013.

#### **COMMITTEES OF DIRECTORS**

Pursuant to the provisions of various sections of the Companies Act, 2013, and SEBI (LODR) Regulations, 2015, the Board of Directors of the Company have constituted various Committees of the Directors like Audit Committee, Stakeholders' Relationship Committee, CSR Committee, Nomination & Remuneration Committee. The Composition of these committees & other details are mentioned in the Corporate Governance Report forming part of and Annexed to the Directors' Report.

#### **CODE OF CONDUCT**

Pursuant to the requirements of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE guidelines on Corporate Governance for CPSEs, the Board Members and Senior Management Personnel have affirmed compliance to the Code of Conduct for the financial year ending 31<sup>st</sup> March 2016.

#### **ACKNOWLEDGEMENT**

The Board of Directors places on record its appreciation of the continued patronage and the confidence posed by business associates and customers during the year.

The Board expresses its gratitude for the continued co-operation and support provided by the Ministry of Commerce and Industry, other Ministries and Departments of the Government of India, various state governments, financial institutions, banks, railways, ports, regulatory and statutory authorities, shareholders, legal advisers and consultants from time to time.

The Board also acknowledges the constructive suggestions received from Comptroller & Auditor General of India, Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company.

Last but not the least, the Board places on records its appreciation for the hard work and dedication of all the employees.

For and on behalf of the Board of Directors

**Sd/-**  
**(Khaleel Rahim)**  
**Chairman & Managing Director**  
DIN 02455606

New Delhi  
August 26, 2016

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### WORLD ECONOMIC OVERVIEW

In 2015, global growth continued at an ever slowing and increasingly fragile pace, estimated at 3.1 percent. Modest recovery continued in advanced economies, growing at 1.9 percent during 2015 as against 1.8 percent in 2014. Growth in emerging market and developing economies was recorded at 4 percent in 2015, the lowest since the financial crisis of 2008–09. In spite of this, it still accounted for more than 70 percent of global growth.

Although United States continued to grow at 2.4 percent during 2015, as in the previous year, domestic demand was weak, with a decline in non-residential investment. However, labour market indicators continued to improve and employment growth was very strong, as a result, the unemployment rate continued its downward trend. With strengthening domestic demand, euro area witnessed a recovery during 2015 at 1.6 percent, up from 0.9 percent in the previous year. Growth was strongest in France and Spain, which grew at 1.1 percent and 3.2 percent respectively. Japan, which grew at 0.5 percent, witnessed a sharp drop in private consumption during 2015.

China is currently undergoing a gradual slowdown and rebalancing of its economic activity, with focus shifting away from investment and manufacturing toward consumption and services. The weakening in investment reflects a correction after an extended period of very rapid growth. Growth in China was recorded at 6.9 percent in 2015, the slowest in last 25 years. The Chinese stock market, largest next only to New York Stock exchange, plunged 30 percent in three weeks in mid-2015, wiping away \$5 trillion dollars from market capitalization.

The weakest performers in 2015 were Russia and Brazil, which grew at a negative 3.7 percent and 3.8 percent respectively. Russia is experiencing its longest slump in two decades mostly because of lower oil prices. Brazil has been dogged by the commodities slump, political turmoil, corruption scandal and a widening budget gap. Conditions in most other CIS economies also worsened, affected by spillover from Russia as well as the adverse impact of lower oil prices on net oil-exporting countries.

After more than a decade of growth averaging more than 6 percent, low-income developing countries saw their economic activity slow sharply in 2015. The slowdown reflects, in part, a less favorable external environment, sharply lower commodity prices, lower growth in trading partners, and tighter financing conditions. Oil-exporting low-income developing countries were hit hardest, followed by other commodity dependent countries.

Subdued global demand and investment, along with dramatic decline in imports in a number of emerging markets and developing economies in economic distress, weighed heavily on global trade. As a result, growth in world trade fell to 2.8 percent in 2015 from 3.5 percent in 2014.

Weakening of global commodity prices continued in 2015-16. Prices of crude oil, metals and even cereals declined across the globe notwithstanding a few short spells of rebound. Expectations of sustained increases in production by The Organization of the Petroleum Exporting Countries (OPEC) members amid continued global oil production in excess of oil consumption led to sharp fall in oil prices. Non-fuel commodity prices weakened as well, with metal and agricultural commodities prices declining by 9 percent and 4 percent, respectively. China, being a major importer across a range of commodities, especially metals, accounted for about 40 percent of total global demand in 2014. During 2015, investment slowdown in China has had a significant impact on the demand for and prices of those commodities closely related to investment activities.

Currencies of advanced economies tended to strengthen during second half of 2015, and those of commodity exporters with floating exchange rates, especially oil-exporting countries, tended to weaken further. Across advanced economies, the Japanese Yen's appreciation (about 10 percent in real effective terms) was particularly sharp, while the U.S. dollar and the Euro strengthened by about 3 percent and 2 percent, respectively. In contrast, the British Pound depreciated by 7 percent, driven by expectations of a later normalization of monetary policy in the United Kingdom and concerns about a potential exit from the European Union. Among emerging market economies, depreciations were particularly sharp in South Africa, Mexico, Russia, and Colombia. The Chinese currency depreciated by about 2 percent, while the Indian rupee remained broadly stable.

### OVERVIEW OF INDIAN ECONOMY

India emerged as the fastest growing major economy in the world, registering 7.6 per cent growth in the GDP at constant market prices in 2015-16. It is noteworthy that this growth is estimated to be achieved despite subdued global demand that dampened India's exports significantly, and two consecutive below-normal monsoons that impacted farm output and productivity. Similarly, the growth rate of Gross Value Added for 2015-16 is estimated at 7.2 per cent vis-à-vis 7.1 per cent in 2014-15.

The growth in agriculture, industry and services is estimated at 1.2 per cent, 7.4 per cent and 8.9 per cent in 2015-16 as compared to (-) 0.2 per cent, 5.9 per cent and 10.3 per cent respectively in 2014-15.

Although agriculture registered low growth for the second year in a row on account of weak monsoons, it performed better than last year. An extended and strong El Niño resulted in a deficient south-monsoon and a long spell of dry weather in India. The prolonged moisture stress from it, in turn, impacted both kharif as well as the rabi crop.

A pick-up in industrial growth was mainly driven by acceleration in manufacturing sector which is estimated to grow at 9.3 per cent in 2015-16, as compared to 5.5 per cent in 2014-15.

Although services sector grew marginally lower in 2015-16 at 9.2 percent than in 2014-15, it remained the key driver of India's economic growth, contributing almost 66.1 per cent of its gross value added growth in 2015-16 and was important net foreign exchange earner and the most attractive sector for foreign direct investment inflows. The slight slowing down was mainly due to the deceleration in growth of the combined category of public administration, defence and other services to 6.9 per cent from 10.7 per cent in 2014-15.

India has emerged as one of the strongest performers with respect to deals across the world in terms of Mergers and Acquisitions (M&A). The total transaction value of M&A involving Indian companies stood at US\$ 26.3 billion with 930 deals in 2015 as against US\$ 29.4 billion involving 870 deals in 2014.

From the demand angle, the growth in private final consumption expenditure at 7.6 per cent in 2015-16 has been the major driver of growth. The growth of fixed investment improved from 4.9 per cent in 2014-15 to 5.3 per cent in 2015-16.

India's exports have been declining since December 2014. In 2015-16, the growth of exports declined by 15.85 per cent (US\$ 261.14 billion vis-à-vis US\$ 310.34 billion in the previous year) mainly on account of subdued global demand. Imports for 2015-16 were valued at US\$ 379.59 billion, 15.28 per cent lower as compared to US\$ 448.03 billion in the previous year largely reflecting the decline in international petroleum prices. Imports of petroleum, oil and lubricants declined by 40 per cent in 2015-16 to US\$ 82.7 billion, as compared to US\$ 138.3 billion in the previous year, mainly due to the decline in international crude oil prices. Non-POL imports for 2015-16 declined by 4.12 per cent to US\$ 296.93 billion, as compared to US\$ 309.70 billion in the previous year.

Buoyant remittances supplemented the lower crude oil prices in reducing the current account deficit, and lower but the significant capital flows resulted in a sizeable capital account surplus. This resulted in increase in the stock of foreign exchange reserves, which stood at US\$ 359.8 billion as on 1<sup>st</sup> April 2016.

The significant decline in the price of the Indian basket of crude oil, through direct and second round effects, contributed partly to the decline in general inflation for the second successive year. Headline inflation, based on the All India Consumer Price Index, dipped to 4.9 per cent during April-January 2015-16 as against 5.9 per cent in 2014-15.

Cereal inflation declined significantly from 5.2 per cent in 2014-15 to 1.7 per cent in 2015-16. The decline in food articles inflation during 2015-16 so far was mainly on account of a fall in the prices of cereals, vegetables, fruits, milk, egg, fish and meat. However, a spike in the prices of pulses on account of low domestic production kept foodgrain prices high.

#### **OPPORTUNITIES AND THREATS**

As per IMF, Global growth is projected to remain modest in 2016, as emerging market and developing economies will increase only modestly relative to 2015, remaining 2 percentage points below the average of the past decade. This growth projection reflects a combination of factors viz weakness in oil-exporting countries; a moderate slowdown

in China, where growth continues to shift away from manufacturing and investment; and a still-weak outlook for exporters of non-oil commodities, including in Latin America, following further price declines.

In the near term, the main risks to the outlook revolve around (i) the threat of a disorderly pullback of capital flows and growing risks to financial stability in emerging market economies, (ii) the international ramifications of the economic transition in China, (iii) growing strains in countries that are heavily reliant on oil exports, (iv) the possible impact of tighter financial conditions and bouts of financial market volatility on confidence and growth if they persist, (v) more protracted recessions in emerging market economies that are currently experiencing distress, (vi) geopolitical risks, and (vii) the United Kingdom's exit from the European Union.

The global impact of the unwinding of prior excesses in China's economy is a major threat in the coming year. A sharper slowdown in China than currently projected could have strong international spillovers through trade, commodity prices, and confidence, and lead to a more generalized slowdown in the global economy, especially if it further curtailed expectations of future income.

Also, several oil-exporting countries face a difficult macroeconomic environment with sharply weaker terms of trade and tighter external financial conditions due to steep fall in oil prices. A protracted period of low oil prices could further destabilize the outlook for oil-exporting countries. While some countries still have sizable buffers, these are eroding, and some countries already face the need for sharp expenditure cuts.

The decline in investment growth across emerging market economies, which not only reflects rebalancing in China but also the sharp scaling down of investment in commodity exporters, has affected the trade and the slowdown is expected to continue in the coming year.

Shocks of non-economic nature related to geopolitical conflicts, political discord, terrorism, refugee flows, or global epidemics loom over many countries and regions, could have significant spillovers on global economic activity.

However, on the upside, the recent decline in oil prices may boost demand in oil-importing countries more strongly than currently envisaged, including through consumers' possible perception that prices will remain lower for longer.

In India, growth is projected to notch up to 7.5 percent in 2016-17, as forecast in October 2015. Growth is expected to continue to be driven by private consumption, which has benefited from lower energy prices and higher real incomes. With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth.

Although the World Trade Organisation (WTO) reached an agreement in November 2015 on trade facilitation (reducing red tape at borders and setting binding standards for customs and the movement of goods internationally), progress under the Doha Round of WTO trade talks has been modest. Governments are accordingly switching their attention to regional agreements.

STC shall endeavour to make good use of every business opportunity coming its way to contribute to the projected growth in India's exports and larger share in world trade.

### **STC's PERFORMANCE**

During the year 2015-16, the Company undertook many new initiatives such as exports of rice (under WFP to Nepal) & red sanders and domestic sale of pulses and gold coins to Government of Tamil Nadu, silver medallions to public sector enterprises, etc. However, the total turnover of the Company declined from ₹ 14,397 crore in 2014-15 to ₹ 10,479 crore in 2015-16. The decline in turnover was mainly due to reduction of ₹ 3,882 crore in bullion imports because of lower demand attributable to large imports of dore bars into the country. The domestic sales turnover of the Company, however, increased to ₹ 633 crore during the year 2015-16 and was best in past six years.

The Company handled increased volume of business amounting to over ₹ 300 crore with state governments during the year 2015-16. The items handled include red sanders, equipment/instruments, fertilizers, pulses and gold/silver coins & medallions.

The performance of the Company during the year 2015-16 vis-a-vis the previous year is summarized below:

(₹ Crore)

	2015-16	2014-15
<b>TURNOVER</b>		
Exports	1111	1884
Imports	8735	12042
Domestic	633	471
<b>Grand Total</b>	10479	14397
<b>FINANCIALS</b>		
Profit Before Tax	23	31
Profit After Tax	18	26
Net Worth (including revaluation reserves)	1057	1039

### **SEGMENT-WISE PERFORMANCE & OUTLOOK**

#### **Exports**

During the year, the Company's exports fell from ₹ 1,884 crore in 2014-15 to ₹ 1,111 crore. The decline was partly attributable to general decline in country's exports, which was in tandem with decline in exports of all major world economies.

The Company continued to supply steel plates/coils to Iran against long-term contract entered into with an Iranian Government Company and effected exports worth ₹ 1,040 crore during the year.

For the first time, the Company undertook exports of 96.5 MT of red sanders confiscated by Directorate of Revenue Intelligence (DRI) and the same yielded a turnover of ₹ 29.5 crore.

The Company undertook export of around 9200 MT of rice valuing ₹ 20 crore to Nepal under World Food Programme (WFP).

Besides above, the Company exported agro-chemicals amounting to ₹ 18 crore to Iran.

During the year, the Company also signed an MOU with M/s

KIOCL for import of iron ore from Iran and export of iron pellets to Iran.

The Company expects to soon start exports of steel rails to Iranian Railways against an MOU entered into with them. The Company shall also continue to undertake rice exports to Nepal under WFP and to various African Nations.

#### **Imports**

The Company achieved an import turnover of ₹ 8735 crore during the year 2015-16 as against ₹ 12,042 crore in the year 2014-15. The decline in import turnover was mainly due to market conditions adversely hampering STC's trade, particularly bullion. Major highlights of performance on import front are as under:

#### **Bullion**

In the recent years, bullion imports of the Company have been continuously on decline due to frequent changes in Government policies relating to import of gold, surge in import of gold dore bars into the country and international price parity issues. Though bullion continued to be the single largest item of import, its turnover decreased from ₹ 8,592 crore in 2014-15 to ₹ 4,711 crore in 2015-16.

#### **Urea**

During the year, the Company was authorised by the Govt. of India to import larger quantities of urea than in the previous year. Accordingly, the Company imported about 20 lakh MT of urea valuing ₹ 3,795 crore during 2015-16 as against 15 lakh MT of urea amounting to ₹ 2,901 crore in the previous year.

The Company also imported technical grade urea (TGU) worth ₹ 19 crore during 2015-16 as against only ₹ 2 crore in 2014-15.

#### **Edible Oils**

The Company imported and sold edible oils worth ₹ 173 crore to small processing/packaging units. This included import sale of coconut oil worth ₹ 15 crore undertaken as a canalizing agency of GOI. During the year, the Company organised a meet of edible oil buyers at Hyderabad aimed at increasing its edible oil business by providing customised services to suit to the individual customers.

Besides above, the Company also imported and sold manufactured goods worth ₹ 22 crore and equipment/instruments worth ₹ 11 crore.

The Company plans to enter into long term tie up with KSCDC, a Kerala State Govt. Undertaking for import and processing of raw cashew nuts on their behalf in the coming year.

#### **Domestic sales**

The domestic sales turnover of ₹ 633 crore achieved by the Company during 2015-16 was the best in past six years.

#### **Coal**

The Company continued to undertake supplies of imported coal to Bharat Oman Refineries Ltd. (BORL) and sold coal worth ₹ 215 crore during the year 2015-16 as against supplies worth ₹ 195 crore made in 2014-15.

#### **Pulses**

The Company contracted for supply of 12,150 MT of pulses valuing approx. ₹ 145 crore to Tamil Nadu State Civil Supplies

Corporation Ltd. (TNSCSC) against which supplies worth ₹ 108 crore (9274 MT) were made during the year.

### **Fertilizers**

Under an arrangement with Tobacco Board, the Company undertook distribution of fertilizers to tobacco growers in the states of Karnataka and Andhra Pradesh and supplied 44,436 MT of fertilizers to various tobacco growers/farmers and the same resulted in a turnover of ₹ 99 crore.

### **Cardamom Auctions**

During the year, the Company continued to conduct cardamom auctions under licence from Spices Board. The operations involve collection of cardamom directly from planters and auctioning the pooled cardamom to the traders on e-auction platform at Bodinayakanur, Tamil Nadu. During 2015-16, the Company conducted 46 auctions and sold 1655 MT of cardamom yielding a turnover of ₹ 104 crore.

### **Gold/Silver Coins & Medallions**

The Company successfully supplied 247 Kg of gold coins valuing ₹ 61 crore to Govt. of Tamil Nadu (Social Welfare and Nutritious Meal Programme Department) for distribution under various schemes. The Company also supplied silver medallions to PSUs namely RINL and Power Finance Corporation (PFC). Overall sales of gold/silver coins and medallion resulted in a turnover of ₹ 63 crore.

### **PROFITABILITY**

The Company earned a Profit Before Tax (PBT) of ₹ 23 crore during the year 2015-16.

### **INTERNAL CONTROLS AND PROCEDURES**

STC has a sound system of internal controls which ensures compliance with statutory requirements, regulations and various policies and guidelines of the Company. Besides Statutory Audit and Audit by the C&AG, regular and exhaustive internal audits are conducted through a professional agency in close coordination with STC's Internal Audit Division to ensure that a proper system of checks and balances is in place in the Company to take care that all assets are safeguarded and protected against any possible loss and all the transactions are authorized, recorded and reported properly.

During the year, Internal Audit Function of the Company was suitably strengthened. The Company decided to get the internal audit carried out four times in a year as against the earlier practice of carrying out such audits three times in a year. Internal Audit is conducted as per the Accounting Standards and Rules/policies formulated by the Company from time to time. Annual Audit Programme is approved by the Audit Committee of Directors. The observations/recommendations made by the auditing agencies are reported to Management Audit Committee and the Audit Committee of Directors along with a report on compliance of directions issued in the past. The quarterly financial statements as also reports of statutory and Government audit are reviewed by the Audit Committee of Directors before these are submitted to the Board of Directors.

The Company has a well-defined Delegation of Powers (DoP) in place, which lays down the powers for different managerial levels and Committees to facilitate faster decision making. The systems and procedures laid down by the

Company ensure maximum transparency in all commercial deals. The various policies, procedures and guidelines are continuously reviewed and modified from time to time based on experience gained in the past transactions so as to improve the effectiveness of the systems of due diligence of associates and risk mitigation. A risk management framework has been put in place with the approval of Board of Directors to assess the risk involved in a trade proposal before it is approved.

The Company has a full-fledged Vigilance Division to oversee that the guidelines of the Government and the rules/procedures of the Company are strictly adhered to/implemented in all matters. The Vigilance Division conducts inspection of Branch Offices of the Company and makes suggestions for taking preventive / corrective action.

### **WAY FORWARD**

During the year 2016-17, the Company proposes to take various new initiatives to significantly increase its turnover and profitability and plans to venture into many new areas of trade for this purpose.

STC has signed an MOU with KIOCL for import of iron ore and conversion of the same into iron ore pellets for exports. The Company has also signed an MOU with Godfrey Philips India Ltd. for export of tobacco products to Iran and other countries. Efforts are being made to undertake exports of cardamom. The Company is also making efforts to commence exports of steel rails to Iran against a contract entered into by it with Iranian Railways. The Company shall also explore possibility of export of bitumen and modified bitumen to small island countries like Mauritius, French Reunion island etc.

On domestic front, the Company plans to undertake sale of pulses through retail chains in consumer packs under STC's own brand.

The Company is also planning to venture into E-commerce so as to make best use of the new business opportunity coming up. Modalities for the same are presently being worked out.

Besides above, the Company shall continue to make efforts to enhance business of existing areas of trade such as exports of steel plates/coils and rice under World Food Programme, imports of bullion, fertilizers, coal, edible oils, metals, minerals & ores, cashew and domestic sales of coal, fertilizers, pulses, cardamom and gold/silver coins & medallions.

### **CAUTIONARY STATEMENT**

Certain statements contained in this Annual Report may constitute forward-looking statements within the meaning of applicable laws and regulations. These statements are based on management's views and assumptions at the time information was prepared and involve known and unknown risks and uncertainties that could cause actual results or performance to differ materially from those expressed or implied in such statements made in this Annual Report. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

## FORM NO. MGT - 9

## EXTRACT OF ANNUAL RETURN

as on the Financial Year ended 31st March, 2016

(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 : L74899DL1956GOI002674
- (ii) Registration Date : 18.05.1956
- (iii) Name of the Company : The State Trading Corporation of India Limited
- (iv) Category/Sub-category of the Company : Government Company
- (v) Address of the Registered Office and Contact Details : Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001  
Tel.: 011-23313177 / 011-23701006 Fax- 01123701098  
Email: cs@stclimited.co.in
- (vi) Whether Listed Company : Yes
- (vii) Name , address, and contact details of Registrar and Share Transfer Agents : MCS Share Transfer Agents Ltd.  
F-65, 1<sup>st</sup> Floor,  
Okhla Industrial Area, Phase-I,  
New Delhi-110020  
Tel. No. 91-11-41406149/50/51/52  
Fax: 91-41709881  
Website: www.mcsregistrars.com  
e-mail: admin@mcsregistrars.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY****All the business activities contributing 10% or more of the total turnover of the company shall be stated:-**

Sr. No.	Name and description of the main products/ services	NIC code of the Product/service	% of total turnover of the Company
1.	Basic Precious metals like Gold and Silver	99611926	60
2.	Fertilizers	99611720	20
3.	Steel Products	99611925	12

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	STCL Limited	U85110KA1982GOI005013	Subsidiary	100%	Section 2(87)



#### IV. SHARE HOLDING 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
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individual/ HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government	53999986	14	54000000	90.00	53999986	14	54000000	90.00	0.00
(c)	State Governments	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(e)	Banks/ FI	-	-	-	-	-	-	-	-	-
(f)	Any other	-	-	-	-	-	-	-	-	-
<b>(2)</b>	<b>Foreign</b>	-	-	-	-	-	-	-	-	-
(a)	Individual (NRI / Foreign Individual)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	<b>Total shareholding of Promoter (A)</b>	<b>53999986</b>	<b>14</b>	<b>54000000</b>	<b>90.00</b>	<b>53999986</b>	<b>14</b>	<b>54000000</b>	<b>90.00</b>	<b>0.00</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
(a)	Mutual Funds	11408	700	12108	0.02	16412	700	17112	0.03	0.01
(b)	Banks / FI	5805	0	5805	0.01	1372	0	1372	0.00	-0.01
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	1149320	0	1149320	1.92	1149320	0	1149320	1.92	0.00
(g)	FIs	93110	0	93110	0.16	26249	0	26249	0.04	-0.11
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B)(1):-</b>	<b>1259643</b>	<b>700</b>	<b>1260343</b>	<b>2.10</b>	<b>1193353</b>	<b>700</b>	<b>1194053</b>	<b>1.99</b>	<b>-0.11</b>
<b>2.</b>	<b>Non-Institutions</b>									
(a)	Bodies Corp.	1534842	0	1534842	2.56	1141199	0	1141199	1.90	-0.66
(i)	Indian	-	-	-	-	-	-	-	-	-
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh	3038117	22101	3060218	5.10	3430392	20802	3451194	5.75	0.65
(ii)	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	74393	0	74393	0.12	141865	0	141865	0.24	0.11

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
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c)	Others									
	Non Resident Indians	69204	0	69204	0.12	70089	0	70089	0.12	0.00
	Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
	Foreign Nationals	-	-	-	-	-	-	-	-	-
	Clearing Members	-	-	-	-	-	-	-	-	-
	Trusts	1000	0	1000	0.00	1600	0	1600	0.00	0.00
	Cooperative Society	-	-	-	-	-	-	-	-	-
	Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B)(2):-</b>	<b>4717556</b>	<b>22101</b>	<b>4739657</b>	<b>7.90</b>	<b>4785145</b>	<b>20802</b>	<b>4805947</b>	<b>8.01</b>	<b>0.11</b>
	<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>5977199</b>	<b>22801</b>	<b>6000000</b>	<b>10.00</b>	<b>5978498</b>	<b>21502</b>	<b>6000000</b>	<b>10.00</b>	<b>0.00</b>
C.	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>59977185</b>	<b>22815</b>	<b>60000000</b>	<b>100.00</b>	<b>59978484</b>	<b>21516</b>	<b>60000000</b>	<b>100.00</b>	<b>0.00</b>

### (ii) Shareholding of Promoters

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during 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	
1.	President of India	5,39,99,986	90	0	5,39,99,986	90	0	0
2.	Shri Khaleel Rahim	2*	-	0	2	-	0	0
3.	Shri Manoj Mishra	2*	-	0	2	-	0	0
4.	Shri J. S. Deepak	2*	-	0	2	-	0	0
5.	Shri Ajay Kumar Bhalla	2*	-	0	2	-	0	0
6.	Shri J. K. Dadoo	2*	-	0	2	-	0	0
7.	Shri Rajiv Chopra	2*	-	0	2	-	0	0
8.	Shri S. K. Sharma	2*	-	0	2	-	0	0
	<b>Total</b>	<b>5,40,00,000</b>	<b>90</b>	<b>0</b>	<b>5,40,00,000</b>	<b>90</b>	<b>0</b>	<b>0</b>

\* These shares are held by Directors in their official capacity. They have no beneficial interest in these shares, beneficial interest lies with the President of India.

### (iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.	President of India	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	5,40,00,000	90	5,40,00,000	90
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase	NA	NA	NA	NA
	Decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	NA	NA	NA	NA
	At the end of the year (or on the date of separation, if separated during the year)	5,40,00,000	90	5,40,00,000	90

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	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
<b>1.</b>	<b>LIFE INSURANCE CORPORATION OF INDIA</b>				
	At the beginning of the year	544790	0.91	544790	0.91
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ Decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)	NA	NA	NA	NA
	At the end of the year (or on the date of separation,if separated during the year)	544790	0.91	544790	0.91
<b>2.</b>	<b>THE NEW INDIA ASSURANCE COMPANY LIMITED</b>				
	At the beginning of the year	535000	0.89	535000	0.89
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ Decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)	NA	NA	NA	NA
	At the end of the year(or on the date of separation, if separated during the year)	535000	0.89	535000	0.89
<b>3.</b>	<b>JM FINANCIAL SERVICES LIMITED</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)				
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reasons for Change</b>		
	01/05/2015	1989	Purchase of shares	1989	0
	19/06/2015	13011	Purchase of shares	15000	0.03
	31/07/2015	-14376	Sale of shares	624	0
	14/08/2015	249376	Purchase of shares	250000	0.42
	11/09/2015	-200000	Sale of shares	50000	0.08
	18/09/2015	16358	Purchase of shares	66358	0.11
	25/09/2015	181014	Purchase of shares	247372	0.41
	23/10/2015	-240977	Sale of shares	6395	0.01
	30/10/2015	-5895	Sale of shares	500	0
	27/11/2015	3217	Purchase of shares	3717	0.01
	04/12/2015	281358	Purchase of shares	285075	0.48
	11/12/2015	-284455	Sale of shares	620	0
	15/01/2016	245255	Purchase of shares	245875	0.41
	22/01/2016	-82820	Sale of shares	163055	0.27
	29/01/2016	-162435	Sale of shares	620	0
19/02/2016	539690	Purchase of shares	540310	0.9	

Sl. No.	For Each of the Top 10 Shareholders			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
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	04/03/2016	-235646	Sale of shares			304664	0.51
	31/03/2016	-1000	Sale of shares				
	At the end of the year (or on the date of separation, if separated during the year)			303664	0.51		
<b>4.</b>	<b>THE ORIENTAL INSURANCE COMPANY LIMITED</b>						
	At the beginning of the year			40936	0.07	40936	0.07
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)			NA	NA	NA	NA
	At the end of the year(or on the date of separation, if separated during the year)			40936	0.07	40936	0.07
<b>5.</b>	<b>RAVIRAJ DEVELOPERS LTD</b>						
	At the beginning of the year			19688	0.03		
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)						
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	10/04/2015	-18514	Sale of shares			1174	0
	24/04/2015	-861	Sale of shares			313	0
	01/05/2015	3508	Purchase of shares			3821	0.01
	15/05/2015	-3076	Sale of shares			745	0
	22/05/2015	16939	Purchase of shares			17684	0.03
	29/05/2015	1594	Purchase of shares			19278	0.03
	05/06/2015	-26	Sale of shares			19252	0.03
	30/06/2015	-11142	Sale of shares			8110	0.01
	03/07/2015	1276	Purchase of shares			9386	0.02
	10/07/2015	-4000	Sale of shares			5386	0.01
	17/07/2015	2566	Purchase of shares			7952	0.01
	31/07/2015	10000	Purchase of shares			17952	0.03
	07/08/2015	-15911	Sale of shares			2041	0
	14/08/2015	-41	Sale of shares			2000	0
	04/09/2015	-998	Sale of shares			1002	0
	18/09/2015	1998	Purchase of shares			3000	0.01
	25/09/2015	-272	Sale of shares			2728	0
	30/09/2015	772	Purchase of shares			3500	0.01
	13/11/2015	-1000	Sale of shares			2500	0

Sl. No.	For Each of the Top 10 Shareholders			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
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	18/12/2015	-2345	Sale of shares			155	0
	25/12/2015	1506	Purchase of shares			1661	0
	31/12/2015	1016	Purchase of shares			2677	0
	22/01/2016	10000	Purchase of shares			12677	0.02
	04/03/2016	39996	Purchase of shares			52673	0.09
	11/03/2016	-11713	Sale of shares			40960	0.07
	25/03/2016	-2000	Sale of shares			38960	0.06
	At the end of the year (or on the date of separation, if separated during the year)			38960	0.06		
<b>6.</b>	<b>PRAVEENCHAND NAHAR</b>						
	At the beginning of the year			33100	0.06	33100	0.06
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)			NA	NA	NA	NA
	At the end of the year(or on the date of separation, if separated during the year)			33100	0.06	33100	0.06
<b>7.</b>	<b>NATIONAL INSURANCE COMPANY LTD</b>						
	At the beginning of the year			28594	0.05	28594	0.05
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)			NA	NA	NA	NA
	At the end of the year(or on the date of separation, if separated during the year)			28594	0.05	28594	0.05
<b>8.</b>	<b>HEM SECURITIES LIMITED</b>						
	At the beginning of the year			16968	0.03		
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)						
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	10/04/2015	6800	Purchase of shares			23768	0.04
	17/04/2015	-6300	Sale of shares			17468	0.03
	24/04/2015	120	Purchase of shares			17588	0.03

Sl. No.	For Each of the Top 10 Shareholders			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
	Date	Increase/Decrease	Reasons for Change				
	01/05/2015	95	Purchase of shares			17683	0.03
	15/05/2015	75	Purchase of shares			17758	0.03
	22/05/2015	-225	Sale of shares			17533	0.03
	29/05/2015	50	Purchase of shares			17583	0.03
	05/06/2015	400	Purchase of shares			17983	0.03
	12/06/2015	-580	Sale of shares			17403	0.03
	19/06/2015	110	Purchase of shares			17513	0.03
	26/06/2015	-7170	Sale of shares			10343	0.02
	30/06/2015	100	Purchase of shares			10443	0.02
	03/07/2015	-15	Sale of shares			10428	0.02
	10/07/2015	1165	Purchase of shares			11593	0.02
	17/07/2015	-340	Sale of shares			11253	0.02
	24/07/2015	1210	Purchase of shares			12463	0.02
	07/08/2015	-2997	Sale of shares			9466	0.02
	14/08/2015	9200	Purchase of shares			18666	0.03
	21/08/2015	-793	Sale of shares			17873	0.03
	28/08/2015	720	Purchase of shares			18593	0.03
	04/09/2015	-760	Sale of shares			17833	0.03
	11/09/2015	277	Purchase of shares			18110	0.03
	18/09/2015	-977	Sale of shares			17133	0.03
	25/09/2015	-6509	Sale of shares			10624	0.02
	30/09/2015	-2339	Sale of shares			8285	0.01
	09/10/2015	1300	Purchase of shares			9585	0.02
	16/10/2015	-349	Sale of shares			9236	0.02
	23/10/2015	1450	Purchase of shares			10686	0.02
	30/10/2015	-300	Sale of shares			10386	0.02
	06/11/2015	349	Purchase of shares			10735	0.02
	13/11/2015	1275	Purchase of shares			12010	0.02
	20/11/2015	851	Purchase of shares			12861	0.02
	27/11/2015	-750	Sale of shares			12111	0.02
	04/12/2015	-911	Sale of shares			11200	0.02
	11/12/2015	700	Purchase of shares			11900	0.02
	18/12/2015	1185	Purchase of shares			13085	0.02
	25/12/2015	-1250	Sale of shares			11835	0.02
	31/12/2015	-1884	Sale of shares			9951	0.02
	08/01/2016	1300	Purchase of shares			11251	0.02

Sl. No.	For Each of the Top 10 Shareholders			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
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	15/01/2016	345	Purchase of shares			11596	0.02
	22/01/2016	1607	Purchase of shares			13203	0.02
	29/01/2016	70	Purchase of shares			13273	0.02
	05/02/2016	24	Purchase of shares			13297	0.02
	12/02/2016	230	Purchase of shares			13527	0.02
	19/02/2016	1250	Purchase of shares			14777	0.02
	26/02/2016	1580	Purchase of shares			16357	0.03
	04/03/2016	9485	Purchase of shares			25842	0.04
	11/03/2016	-6420	Sale of shares			19422	0.03
	18/03/2016	4853	Purchase of shares			24275	0.04
	25/03/2016	-2892	Sale of shares			21383	0.04
	31/03/2016	3699	Purchase of shares				
	At the end of the year(or on the date of separation, if separated during the year)			25082	0.04		
<b>9.</b>	<b>KARVY STOCK BROKING LTD(BSE)</b>						
	At the beginning of the year			21000	0.04		
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)						
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	07/08/2015	-2000	Sale of shares			19000	0.03
	27/11/2015	17000	Purchase of shares			36000	0.06
	04/12/2015	-12000	Sale of shares			24000	0.04
	At the end of the year(or on the date of separation, if separated during the year)			24000	0.04		
<b>10.</b>	<b>SHRI PARASRAM HOLDINGS PVT.LTD.</b>						
	At the beginning of the year			9472	0.02		
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)						
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	03/04/2015	-51	Sale of shares			9421	0.02
	10/04/2015	-163	Sale of shares			9258	0.02
	17/04/2015	209	Purchase of shares			9467	0.02
	24/04/2015	660	Purchase of shares			10127	0.02
	01/05/2015	-227	Sale of shares			9900	0.02

Sl. No.	For Each of the Top 10 Shareholders			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
	Date	Increase/Decrease	Reasons for Change				
	08/05/2015	-279	Sale of shares			9621	0.02
	15/05/2015	-622	Sale of shares			8999	0.02
	22/05/2015	5	Purchase of shares			9004	0.02
	29/05/2015	1870	Purchase of shares			10874	0.02
	05/06/2015	1122	Purchase of shares			11996	0.02
	12/06/2015	254	Purchase of shares			12250	0.02
	19/06/2015	95	Purchase of shares			12345	0.02
	26/06/2015	-444	Sale of shares			11901	0.02
	30/06/2015	-430	Sale of shares			11471	0.02
	03/07/2015	102	Purchase of shares			11573	0.02
	10/07/2015	106	Purchase of shares			11679	0.02
	17/07/2015	72	Purchase of shares			11751	0.02
	24/07/2015	462	Purchase of shares			12213	0.02
	31/07/2015	23	Purchase of shares			12236	0.02
	07/08/2015	-1223	Sale of shares			11013	0.02
	14/08/2015	3674	Purchase of shares			14687	0.02
	21/08/2015	-293	Sale of shares			14394	0.02
	28/08/2015	251	Purchase of shares			14645	0.02
	04/09/2015	-684	Sale of shares			13961	0.02
	11/09/2015	-13	Sale of shares			13948	0.02
	18/09/2015	-278	Sale of shares			13670	0.02
	25/09/2015	1375	Purchase of shares			15045	0.03
	30/09/2015	5	Purchase of shares			15050	0.03
	02/10/2015	10	Purchase of shares			15060	0.03
	09/10/2015	1106	Purchase of shares			16166	0.03
	16/10/2015	-2577	Sale of shares			13589	0.02
	23/10/2015	4115	Purchase of shares			17704	0.03
	30/10/2015	-2225	Sale of shares			15479	0.03
	06/11/2015	1480	Purchase of shares			16959	0.03
	13/11/2015	-1770	Sale of shares			15189	0.03
	20/11/2015	1482	Purchase of shares			16671	0.03
	27/11/2015	2123	Purchase of shares			18794	0.03
	04/12/2015	-222	Sale of shares			18572	0.03
	11/12/2015	-326	Sale of shares			18246	0.03
	18/12/2015	676	Purchase of shares			18922	0.03
	25/12/2015	-862	Sale of shares			18060	0.03



Sl. No.	For Each of the Top 10 Shareholders			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
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	31/12/2015	505	Purchase of shares			18565	0.03
	08/01/2016	-1477	Sale of shares			17088	0.03
	15/01/2016	-565	Sale of shares			16523	0.03
	22/01/2016	616	Purchase of shares			17139	0.03
	29/01/2016	-884	Sale of shares			16255	0.03
	05/02/2016	-475	Sale of shares			15780	0.03
	12/02/2016	620	Purchase of shares			16400	0.03
	19/02/2016	747	Purchase of shares			17147	0.03
	26/02/2016	4674	Purchase of shares			21821	0.04
	04/03/2016	545	Purchase of shares			22366	0.04
	11/03/2016	611	Purchase of shares			22977	0.04
	18/03/2016	-643	Sale of shares			22334	0.04
	25/03/2016	1703	Purchase of shares			24037	0.04
	31/03/2016	-753	Sale of shares				
	At the end of the year(or on the date of separation, if separated during the year)			23284	0.04		
<b>11.</b>	<b>SANWARIA AGRO OILS LIMITED</b>						
	At the beginning of the year			272677	0.45		
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)						
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	10/04/2015	200000	Purchase of shares			472677	0.79
	31/07/2015	-350000	Sale of shares			122677	0.2
	07/08/2015	39009	Purchase of shares			161686	0.27
	14/08/2015	29024	Purchase of shares			190710	0.32
	21/08/2015	7467	Purchase of shares			198177	0.33
	28/08/2015	5000	Purchase of shares			203177	0.34
	11/09/2015	10000	Purchase of shares			213177	0.36
	09/10/2015	-2892	Sale of shares			210285	0.35
	16/10/2015	-9131	Sale of shares			201154	0.34
	23/10/2015	-14578	Sale of shares			186576	0.31
	06/11/2015	-4006	Sale of shares			182570	0.3
	04/12/2015	-5000	Sale of shares			177570	0.3
	25/12/2015	-135	Sale of shares			177435	0.3
	31/12/2015	-15000	Sale of shares			162435	0.27
	22/01/2016	-162435	Sale of shares			0	0.27
	At the end of the year(or on the date of separation, if separated during the year)			0	0		

Sl. No.	For Each of the Top 10 Shareholders		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
<b>12.</b>	<b>UWR REALTY PRIVATE LIMITED</b>					
	At the beginning of the year		200239	0.33		
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)					
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reasons for Change</b>			
	10/04/2015	5000	Purchase of shares			
	07/08/2015	51657	Purchase of shares		205239	0.34
	14/08/2015	3762	Purchase of shares		256896	0.43
	21/08/2015	18823	Purchase of shares		260658	0.43
	30/09/2015	50000	Purchase of shares		279481	0.47
	09/10/2015	-10000	Sale of shares		329481	0.55
	16/10/2015	-15000	Sale of shares		319481	0.53
	23/10/2015	-17215	Sale of shares		304481	0.51
	06/11/2015	-5000	Sale of shares		287266	0.48
	04/12/2015	-97	Sale of shares		282266	0.47
	25/12/2015	-282169	Sale of shares		282169	0.47
					0	0.47
	At the end of the year(or on the date of separation, if separated during the year)		0	0		
<b>13.</b>	<b>SANWARIA AGRO OILS LTD</b>					
	At the beginning of the year		200000	0.33		
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)					
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reasons for Change</b>			
	31/07/2015	-150000	Sale of shares		50000	0.08
	14/08/2015	-50000	Sale of shares		0	0.08
	At the end of the year(or on the date of separation, if separated during the year)		0	0		
<b>14.</b>	<b>UAC COMMODITIES PRIVATE LIMITED</b>					
	At the beginning of the year		174553	0.29		
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)					
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reasons for Change</b>			
	10/04/2015	14404	Purchase of shares		188957	0.31
	17/04/2015	5000	Purchase of shares		193957	0.32

Sl. No.	For Each of the Top 10 Shareholders			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
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	17/07/2015	6111	Purchase of shares			200068	0.33
	07/08/2015	5729	Purchase of shares			205797	0.34
	14/08/2015	22840	Purchase of shares			228637	0.38
	21/08/2015	-10000	Sale of shares			218637	0.36
	16/10/2015	-6000	Sale of shares			212637	0.35
	04/12/2015	-5000	Sale of shares			207637	0.35
	25/12/2015	-5000	Sale of shares			202637	0.34
	31/12/2015	-18740	Sale of shares			183897	0.31
	15/01/2016	-183897	Sale of shares			0	0.31
	At the end of the year (or on the date of separation, if separated during the year)			0	0		
<b>15.</b>	<b>MV SCIF MAURITIUS</b>						
	At the beginning of the year			81856	0.14		
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)						
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	12/06/2015	-4767	Sale of shares			77089	0.13
	26/06/2015	-1802	Sale of shares			75287	0.13
	30/06/2015	-1354	Sale of shares			73933	0.12
	03/07/2015	-1860	Sale of shares			72073	0.12
	10/07/2015	-1356	Sale of shares			70717	0.12
	31/07/2015	-2037	Sale of shares			68680	0.11
	07/08/2015	-459	Sale of shares			68221	0.11
	14/08/2015	-4753	Sale of shares			63468	0.11
	21/08/2015	-679	Sale of shares			62789	0.1
	28/08/2015	-2716	Sale of shares			60073	0.1
	18/09/2015	677	Purchase of shares			60750	0.1
	25/09/2015	-80	Sale of shares			60670	0.1
	30/09/2015	2037	Purchase of shares			62707	0.1
	09/10/2015	679	Purchase of shares			63386	0.11
	30/10/2015	1358	Purchase of shares			64744	0.11
	20/11/2015	-1358	Sale of shares			63386	0.11
	04/12/2015	-2716	Sale of shares			60670	0.1

Sl. No.	For Each of the Top 10 Shareholders			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
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	11/12/2015	-6770	Sale of shares			53900	0.09
	25/12/2015	-1928	Sale of shares			51972	0.09
	31/12/2015	-655	Sale of shares			51317	0.09
	05/02/2016	583	Purchase of shares			51900	0.09
	25/03/2016	-51900	Sale of shares			0	0.09
	At the end of the year(or on the date of separation, if separated during the year)			0	0		
<b>16.</b>	<b>BAALAKH HOLDINGS PRIVATE LIMITED</b>						
	At the beginning of the year			31278	0.05		
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)						
	<b>Date</b>	<b>Increase/Decrease</b>	<b>Reasons for Change</b>				
	03/07/2015	-2000	Sale of shares			29278	0.05
	10/07/2015	-5397	Sale of shares			23881	0.04
	17/07/2015	-10000	Sale of shares			13881	0.02
	24/07/2015	-10000	Sale of shares			3881	0.01
	31/07/2015	-3000	Sale of shares			881	0
	07/08/2015	-881	Sale of shares			0	0
	At the end of the year(or on the date of separation, if separated during the year)			0	0		

**(V) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	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
<b>1.</b>	<b>Shri Khaleel Rahim, Chairman and Managing Director</b>				
	At the beginning of the year	2	0	2	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	2	0	2	0

Sl. No.	For Each of the Directors and KMP	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
2.	<b>Shri Ajay Kumar Bhalla, Director</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc.) 27/5/2015. Transfer	2	0	2	0
	At the end of the year	2	0	2	0
3.	<b>Shri J K Dadoo, Director</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc.) 09/09/2015. Transfer	2	0	2	0
	At the end of the year	2	0	2	0
4.	<b>Shri Rajiv Chopra, Director (Marketing)</b>				
	At the beginning of the year	2	0	2	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	2	0	2	0
5.	<b>Shri S.K. Sharma, Director (Personnel)</b>				
	At the beginning of the year	2	0	2	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	2	0	2	0
6.	<b>Shri J S Deepak, Director</b>				
	At the beginning of the year	2	0	2	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc.)	Nil	Nil	Nil	Nil
	At the beginning of the year	2	0	2	0

Sl. No.	For Each of the Directors and KMP	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
7.	<b>Shri Manoj Mishra, Director (Finance)</b>				
	At the beginning of the year	2	0	2	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	2	0	2	0
8.	<b>Shri Rajani Ranjan Rashmi, Director</b>				
	At the beginning of the year	2	0	2	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc.) 27/05/2015 - Transfer	-2	0	0	0
	At the end of the year	0	0	0	0
9.	<b>Shri Bhagwati Prasad Pandey, Director</b>				
	At the beginning of the year	2	0	2	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc.) 09/09/2015 – Transfer	-2	0	0	0
	At the end of the year	0	0	0	0
10.	<b>Shri R.K. Gogia, Company Secretary</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc.) (upto 30.11.2015)	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
11.	<b>Ms. Kanchan Tripathi, Company Secretary</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

## V. INDEBTEDNESS

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

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	13,04,05,87,659	7,46,817	–	13,04,13,34,476
ii) Interest due but not paid	46,04,50,147	–	–	46,04,50,147
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>13,50,10,37,806</b>	<b>7,46,817</b>	<b>–</b>	<b>13,50,17,84,623</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	1,35,56,91,887	–	–	1,35,56,91,887
• Reduction	–	(7,23,199)	–	(7,23,199)
<b>Net Change(+)</b>	<b>1,35,56,91,887</b>	<b>(7,23,199)</b>	<b>–</b>	<b>1,35,49,68,688</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	14,39,43,53,262	23,618	–	14,39,43,76,880
ii) Interest due but not paid	44,62,07,358	–	–	44,62,07,358
iii) Interest accrued but not due	1,61,69,073	–	–	1,61,69,073
<b>Total (i+ii+iii)</b>	<b>14,85,67,29,263</b>	<b>23,618</b>	<b>–</b>	<b>14,85,67,53,311</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager						Total Amount
		Shri Khaleel Rahim	Shri Manoj Mishra	Shri Rajiv Chopra	Shri S. K. Sharma	Shri G. Ravichandran	Shri P. K. Das	
<b>1.</b>	<b>Gross salary</b>							
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27,81,240	4,65,366	39,02,037	26,09,434	4,49,543	3,01,516	1,05,09,136
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	7,12,995	3,99,743	3,55,198	4,03,933	70,293	4,352	19,46,514
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-	-
2.	Stock Option	NA	NA	NA	NA	NA	NA	NA
3.	Sweat Equity	NA	NA	NA	NA	NA	NA	NA
4.	Commission - as % of profit - others, specify...	NA	NA	NA	NA	NA	NA	NA
5.	Others, please specify	4,73,643	70,356	4,17,066	3,97,420	41,276	46,142	14,45,903
	Total (A)	39,67,878	9,35,465	46,74,301	34,10,787	5,61,112	3,52,010	1,39,01,553
	Ceiling as per the Act	NA	NA	NA	NA	NA	NA	NA

**B. Remuneration to other directors:**

Sl. no.	Particulars of Remuneration	Total Amount
1.	Independent Directors	
	• Fee for attending board committee meetings	Nil
	• Commission	Nil
	• Others, please specify	
	Total (1)	Nil
2.	Other Non-Executive Directors	Nil
	• Fee for attending board committee meetings	
	• Commission	
	• Others, please specify	
	Total (2)	Nil
	Total (B)=(1+2)	Nil
3.	Total Managerial Remuneration	NA
	Overall Ceiling as per the Act	NA

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Shri R.K. Gogia Company Secretary	Ms. Kanchan Tripathi Company Secretary	Total
1.	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,04,563	2,46,077	15,50,640
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	26,351	65,944	92, 295
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify	1,82,030	42,110	2,24,140
	Total	15,12,944	3,54,131	18,67,075

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding of offenses	Authority (RD/NCLT/ Court)	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>B. Directors</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>C. Other Officers in default</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA



## Annual Report on CSR Activities

### 1. Brief outline of CSR policy

- The Company shall endeavour to contribute to inclusive growth and equitable development in society by taking up CSR projects for empowerment of marginalised and underprivileged sections/communities, within the broad geographical area in which STC has business activities.
- A senior officer of the level of Chief General Manager/General Manager will be nominated as "The Nodal Officer for CSR & Sustainability" to oversee planning, implementation, monitoring and execution of CSR and sustainability activities of the Company.
- There will be two tier structures for monitoring of CSR activities/projects, namely, Board Level Committee on CSR and Below Board Level Committee on CSR.
- CSR Cell of STC will sensitize the staff from time to time regarding CSR and Sustainability policies of the Company.

### Overview of projects/programs proposed to be undertaken during the FY 2016-17.

The Company had incurred a net loss of ₹ 492 crore during the year 2013-14. The net profit of the Company during 2014-15 and 2015-16 was ₹ 31 crore and ₹ 23 crore. Since there is an average net loss of ₹ 146 crore for the last three years, CSR budget for the financial year 2016-17 is Nil. Thus, the Company has not proposed any new CSR projects for the year 2016-17.

For the same reason as cited above, the Company did not set any CSR budget for the year 2015-16 also. However, STC executed CSR projects during the year 2015-16 in the areas of health and sanitation, special education for differently-abled people and promotion of art/culture/heritage. All the three projects were commenced in the year 2014-15 and continued in the year 2015-16. The project on promotion of art/culture/heritage is still continuing.

Reference to the weblink to the Corporation's CSR & Sustainability Policy

The CSR & Sustainability Policy of the Company can be accessed at the following web link:

[http://www.stclimited.co.in/WriteReadData/CSRPOLICY\\_24042014.pdf](http://www.stclimited.co.in/WriteReadData/CSRPOLICY_24042014.pdf)

### 2. The composition of the CSR Committee:

As per Section 135 of Companies Act, 2013, at least one Director of the CSR Committee has to be an Independent Director. Since there were no Independent Directors on the Board of STC for almost entire year 2015-16, the CSR committee of Board of Directors could not be reconstituted.

With four new Independent Directors having been appointed recently on the Company's Board by the Govt. of India, the CSR Committee has been reconstituted comprising Shri Sunil Trivedi as Chairman, Shri Sanjeev K Sharma, Shri G. Ravichandran, Dr. N. Sundaradevan, Dr. K. Rangarajan and Shri Arvind Gupta as Members.

### 3. Average net profit of the Company for the last three financial years

The net profit of the Company for the financial years 2012-13, 2013-14 and 2014-15 was ₹ 14 crore, (-) ₹ 492 crore and ₹ 31 crore respectively. Thus, there was an average net loss of ₹ 149 crore for the last three financial years.

### 4. Prescribed CSR expenditure

Since there was an average net loss of ₹ 149 crore for the last three financial years, no CSR budget was prescribed for the financial year 2015-16.

### 5. Details of CSR spent during the financial year

#### (a) Total amount to be spent for the financial year

In view of 4 above, the Company was not mandated to allocate CSR funds for the financial year 2015-16. However, an amount of ₹ 73.26 Lakh was carried forward from previous year, out of which an amount of ₹ 50.79 lakh was spent towards the on-going projects during the financial year 2015-16.

#### (b) Amount unspent, if any

As on 31.03.2016, an amount of ₹ 22.47 Lakh has remained unspent which includes an amount of ₹ 4.88 Lakh remained unspent for more than three years. An amount of ₹ 7.55 lakh already committed will be spent towards the on-going projects during the financial year 2016-17.

(c) Details of the amount spent :

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects and Location	Amount Outlay (₹ In Lakh)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on project or programs (2) Overheads (₹ In Lakh)	Cumulative expenditure upto the reporting period (₹ In Lakh)	Amount Spent: Direct or through implementing agency
1*	Construction of Toilet Complex	Health & Sanitation	Prembari Pul near Wazirpur, New Delhi	29.25	Direct: 22.97 Overheads: Nil	22.42	Through M/s Sulabh International (NGO)
2**	Recreational and informative books in Braille for visually challenged children	Special Education for differently abled.	Vishakhapatnam	5.00	Direct: 5 Overheads: 0.10	5.10	Through LV Prasad Eye Institute, Hyderabad (NGO)
3**	Preservation of monument /heritage - Conservation of Jai PrakshYantra at Jantar Mantar, New Delhi	Promotion of art/ culture/ heritage	Jantar Mantar, New Delhi	32.00	Direct: 25 Overheads: Nil	25.00	Through Archaeological Survey of India, New Delhi

\* Ongoing project from FY 2014-15

\*\* Ongoing projects from FY 2013-14

**6. Reasons for not spending the CSR fund for the financial year 2015-16**

The Company was not mandated to allocate CSR funds for the financial year 2015-16 in view of an average net loss of ₹ 149 crore for the last three years.

**7. Responsibility Statement of CSR Committee**

It is hereby confirmed that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Sd/-  
(Sanjeev K Sharma)  
Director  
DIN : 06942536

Sd/-  
(Sunil H Trivedi)  
Chairman (CSR Committee)  
DIN : 01670280

Sd/-  
(Khaleel Rahim)  
Chairman cum Managing Director  
DIN : 02455606

Date: 11.08.2016  
Place: New Delhi

## REPORT ON CORPORATE GOVERNANCE

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### CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is essentially an ethos which guides and directs the management of a company in handling its affairs in the best interest of all the stakeholders and promotes fairness, transparency and integrity.

SEBI Listing Regulations deals with Corporate Governance requirements. Also the Department of Public Enterprises (DPE) of the Government of India has issued Guidelines on Corporate Governance which are applicable to all Central Public Sector Enterprises (CPSEs) so as to achieve the highest standards of fairness, transparency, trust, integrity, responsibility and accountability with a strong emphasis on ethical and professional conduct.

STC believes that Corporate Governance is not a mere legal compliance but rather a prerequisite to maximize value for all stakeholders. It strives to adopt such corporate practices that are based on transparency and proper disclosures and ensure accountability of the persons in key positions thereby benefiting investors, customers, creditors, employees and the society at large.

As a first step towards Corporate Governance, the Company has laid down desirable codes and policies such as Code of Conduct for Board Members and Senior Management Personnel, Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy, Anti-Fraud Policy, Web Archival Policy, Policy on preservation of documents, policy on Materiality of Related Party Transactions and dealings with Related Party Transactions, Policy for determination of materiality of events & Information and their disclosure and policy for determining Material Subsidiaries etc. The policies are displayed on the website of the Company [www.stclimited.co.in](http://www.stclimited.co.in) under Investor desk.

The internal control systems and their adequacy is overseen by the Audit Committee so as to bring transparency in decision making. A consolidated compliance report on all laws applicable to the Company is periodically put up to the Board.

The Company adheres to good corporate practices and constantly strives to improve the same.

### 1. BOARD OF DIRECTORS

**1.1** The Company is managed by the Board of Directors, which formulates strategies and policies, oversees their implementation and also reviews Company performance periodically. Board of Directors is at core of the Company's corporate governance practices and oversees how the management serves and protects the long term interest of the stakeholders.

#### 1.2 Composition

STC being a Government Company, all its Directors are appointed by the President of India, through the Ministry of Commerce & Industry. Articles of Association of the Company stipulate that the number of Directors shall not be less than four and more than sixteen. As on 31<sup>st</sup> March, 2016, there were seven Directors on the Board comprising Chairman & Managing Director, four whole time Functional Directors, two part-time official Directors, who are the Government nominees. The Government of India vide its order dated June 15, 2016 appointed four part time non-official directors (Independent Director) of the Company. The Company is presently having twelve Directors comprising Chairman & Managing Director and five whole time functional directors, two part-time official Directors nominated by the Government of India and four part-time non-official Directors (Independent Directors). All the Directors except CMD and Independent Directors are liable to retire by rotation. At least one third of the Directors retire every year and if eligible, qualify for reappointment.

Apart from CMD and Functional Directors, who receive directors' remuneration, other Directors of the Board do not have any material pecuniary relationship or transactions with the Company, its promoters or its subsidiary, which in judgment of the Board may affect independence of Directors.

#### 1.3 Board Meetings

The meetings of the Board are generally held at the registered office of the Company and are convened by giving appropriate advance notice after approval of the Chairman of the Board. The Board of STC meets regularly at least once in a quarter. The meetings of the Board are conducted as per a structured agenda and members of the Board have complete access to all information of the Company and are also free to recommend inclusion of any subject matter in the agenda for discussion. Detailed agenda containing the management reports and other explanatory statements are circulated in advance amongst the members of the

Board for facilitating meaningful, informed and focussed decisions at the meetings. Where it is not practicable to circulate any document or the agenda note for a particular item of business, the same is tabled with the approval of Chairman of the Board. Senior officials are called to provide additional inputs to the items being discussed by the Board, as and when necessary.

### 1.3.1 Attendance:

The details of the Directors with regard to their category, directorship in other companies, membership / chairmanship in committees of the boards of other companies as well as attendance at Board Meetings/ Annual General Meeting during 2015-16 are as follows:

Name & Designation	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Whether attended last AGM held on 28.09.2015	As on 31.03.2016	
				No. of Directorships in other Public Limited Companies	Memberships/ Chairmanship in Committees of the Boards of other companies
<b>Functional Directors</b>					
Shri Khaleel Rahim Chairman and Managing Director	6	6	Yes	2	Nil
Shri Manoj Mishra Director (Finance) (upto 03.06.2015)	2	2	NA	NA	NA
Shri Rajiv Chopra Director (Marketing)	6	5	Yes	Nil	Nil
Shri S.K. Sharma Director (Personnel)	6	6	Yes	Nil	Nil
Shri G. Ravichandran Director (Finance) (w.e.f. 27.01.2016)	1	1	NA	Nil	Nil
Shri P. K. Das Director (Marketing) (w.e.f. 19.02.2016)	0	0	NA	Nil	Nil
<b>Part-time official Directors - Government Nominee</b>					
Shri Bhagwati Prasad Pandey, Additional Secretary and Financial Advisor, DoC (upto 06.08.2015)	2	2	NA	NA	NA
Shri A.K. Bhalla Additional Secretary, DoC (w.e.f. 29.04.2015)	6	6	No	1	Nil
Shri J. K. Dadoo Additional Secretary and Financial Advisor, DoC (w.e.f. 06.08.2015)	4	4	No	1	Nil

#### Notes:

- (i) The Company being a Government Company, all Directors are appointed by the President of India.
- (ii) Directors are not per se related to each other.
- (iii) Directors do not have any pecuniary relationships or transactions with the Company except receipt of remuneration by CMD and functional directors from the Company.
- (iv) The Directorships/ Committee Membership are based on the latest disclosures received.
- (v) Only Chairmanship/ Membership of the Audit Committee and Shareholders' and Investors' Grievance Committee of public limited companies are taken into account.
- (vi) None of the Directors is a member of more than 10 Committees or Chairman of more than 5 Committees, across all the Companies in which he/ she is a Director.

### 1.3.2 Details of Board Meetings

During the financial year 2015-16, 6 (Six) meetings of the Board were held, the details of which are as below:

Sr. No.	Meeting No.	Date of Board Meeting
1.	599	06.05.2015
2.	600	28.05.2015
3.	601	13.08.2015
4.	602	18.09.2015
5.	603	09.11.2015
6.	604	09.02.2016

The maximum interval between any two Board meetings did not exceed 120 days.

### 1.4 Changes in the Board of Directors

Shri Ajay Kumar Bhalla, Additional Secretary, Department of Commerce, Ministry of Commerce and Industry was appointed as Part-time Official Director on the Board of STC vice Shri Rajani Ranjan Rashmi w.e.f. 29.04.2015. Shri Jitendra Kumar Dadoo, Additional Secretary & Financial Advisor, Department of Commerce, Ministry of Commerce and Industry was appointed as Part-time Official Director on the Board of STC vice Shri Bhagwati Prasad Pandey w.e.f. 06.08.2015.

Shri Manoj Mishra, relinquished the post of Director (Finance) on 03.06.2015. The Board places on record its deep appreciation for the valuable contributions made by Shri Rajani Ranjan Rashmi, Shri Bhagwati Prasad Pandey as Directors and Shri Manoj Mishra as Director (Finance) on the Board of the Corporation.

There were two independent directors on the Board of STC in the beginning of the financial year 2015-16. However, their tenure expired on 17.04.2015. STC being the Government Company, its Directors are appointed by the President of India (through the Ministry of Commerce). No Independent Directors were appointed by the Government during the year 2015-16.

Shri Ravichandran Gurusamy (DIN 07449503), Shri Prasanta Kumar Das (DIN 03145622) and Shri Sanjeev Kumar Gupta (DIN 01127710) have been appointed on the STC Board as Director (Finance), Director (Marketing) and Director (Marketing) w.e.f. 27.01.2016, 19.02.2016 and 27.04.2016 respectively. Except Shri Ravichandran, Director (Finance) who tendered his resignation from the post of Director and was relieved from the Company on 24.08.16, other Directors will hold office upto the date of ensuing Annual General Meeting and offer themselves for re-appointment.

The Government of India through Ministry of Commerce & Industry, Department of Commerce vide its order dated June 15, 2016 appointed four part time non-official directors (Independent Director) of the Company viz. Dr. N. Sundaradevan, Dr. K. Rangarajan, Shri Sunil Trivedi and Shri Arvind Gupta, who are appointed as additional directors on the Board of the Company with effect from August 03, 2016. These four Independent Directors, Shri Ajay Kumar Bhalla and Shri Jitendra Kumar Dadoo, will hold office upto the ensuing Annual General Meeting and their appointment as Director will be regularized at the Annual General Meeting.

## 2. RESUME OF DIRECTORS PROPOSED TO BE APPOINTED/ RE-APPOINTED

The brief resume of Directors retiring by rotation and seeking appointment / re-appointment indicating nature of their experience in specific functional areas, names of Companies in which they hold directorship and membership/ chairmanship of Boards/ Committees are appended to the notice calling the Annual General Meeting.

## 3. BOARD COMMITTEES

The Company has the following Committees of the Board:

### 3.1 Audit Committee

The terms of reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Guidelines on Corporate Governance for CPSEs issued by DPE in May, 2010. The Audit Committee is responsible for the effective supervision of the financial reporting processes to ensure proper disclosure of financial statements, their credibility, compliance with the accounting standards, stock exchanges and other

legal requirements, reviewing internal control systems, reviewing findings of internal audit and ensuring follow up action on significant findings, and reviewing quarterly, half yearly and yearly accounts.

As the tenure of Independent Directors expired in the beginning of the year and no appointment was made by Government of India on the Board of STC, the Board of Directors reconstituted Audit Committee in its meeting held on 6<sup>th</sup> May, 2015 comprising two Part-time Official Directors (Govt. Nominees) and one functional Director, namely, Shri J.K. Dadoo, AS&FA, DoC, as Chairman, Shri Ajay Kumar Bhalla, AS, DoC, and Shri Rajiv Chopra, Director (Marketing) as members. The Board, after appointment of four Independent Directors by order of the Government of India, has reconstituted the Audit Committee on August 03, 2016 with three Independent Director and one part time official Director. The existing Audit Committee comprising Dr. N. Sundaradevan as Chairman, Shri J.K. Dadoo, Dr. K. Rangarajan and Shri Sunil Trivedi as members. Company Secretary is the Secretary of the Committee. All the members of the Committee have requisite financial and management experience.

Besides the above, Director (Finance) and Head of Internal Audit are permanent invitees to the meetings. Representatives of Internal Auditors and Statutory Auditors are invited to attend and participate in the meetings. Functional Directors, Executives of Finance and other departments are invited on need basis.

Details of Attendance & Meeting held during FY 2015-16 are as follows :-

### 3.1.1 Attendance:

Member	No. of Meetings held during the tenure	No. of Meetings Attended
Shri Bhagwati Prasad Pandey, AS & FA, DoC	1	1
Shri Ajay Kumar Bhalla, AS, DoC	5	4
Shri Jitendra Kumar Dadoo, , AS & FA, DoC	4	4
Shri Rajiv Chopra	5	4

### Details of Audit Committee Meetings:

During the financial year 2015-16, 5 (Five) meetings of Audit Committee were held. The details of Audit Committee meetings held during the year are as follows:

Sr. No.	Meeting No.	Date of the Audit Committee Meeting
1.	72	28.05.2015
2.	73	13.08.2015
3.	74	18.09.2015
4.	75	09.11.2015
5	76	09.02.2016

### 3.2 Nomination and Remuneration Committee

The term of reference of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Ministry of Corporate Affairs, through notification dated 05.06.2015, has exempted the Government Companies from applicability of Section 178 of the Companies Act, 2013 except with regard to appointment of senior management employees.

STC being a Government company, terms and conditions of appointment and remuneration of whole-time Functional Directors including CMD are determined by the Government through administrative ministry, the Ministry of Commerce and Industry. Non-Executive part-time official Directors (Government nominees) do not draw any remuneration or sitting fee. Non-executive part-time non-official Directors (Independent Directors) are paid sitting fees of Rs.20,000/- for each Board/ Committee meeting attended by them.

At the beginning of the year, Nomination and Remuneration Committee of the Board comprised two Independent Directors viz. Dr. (Mrs.) B. Kinnera Murthy, Chairperson and Shri Jayendra N. Shah, members. The terms both

of the independent directors expired on 17.04.2015. Thereafter, in year 2015-16, no Independent Director was appointed on the Board of STC by the President of India. Consequently, no meeting of Nomination and Remuneration Committee was held during the year. The Board, after appointment of four Independent Directors by order of the Government of India, has reconstituted the Nomination & Remuneration Committee on August 03, 2016 with three Independent Director comprising Shri Arvind Gupta as Chairman, Dr. N. Sunderadevan and Dr. K Rangarajan as members.

### 3.2.1 Directors' Remuneration:

**Remuneration of Directors' for the year ended 31.03.2016 was as follows:**

(a) **Functional Directors:** (Rs. lakh)

Sr. No.	Names	Salary incl. DA	Other benefits & perks	Performance Related Pay	Contribution to PF and other funds	Total
1.	Shri Khaleel Rahim	27.81	7.13	---	4.74	<b>39.68</b>
2.	Shri Manoj Mishra	4.65	4.00	-	.70	<b>9.35</b>
3.	Shri Rajiv Chopra	39.02	3.55	-	4.17	<b>46.74</b>
4.	Shri S.K. Sharma	26.09	4.04	---	3.97	<b>34.10</b>
5.	Shri G. Ravichandran	4.50	.70	---	.41	<b>5.61</b>
6.	Shri P. K. Das	3.02	.04	-	.46	<b>3.52</b>

(c) **Part-time Non-Official Directors/ Independent Directors**

Non-Executive non-official Directors are paid sitting fees at the rate of Rs.20,000/- for attending each meeting of the Board/ Committee thereof. During year 2015-16, there were no Independent Directors on the Board of STC and no payment towards sitting fee has been made to the Independent Directors.

### 3.2.2 Stock Options

The Company has not issued any Stock Options to its Directors/ Employees.

### 3.2.3 Equity Shares held by Directors

Except as stated hereunder, none of the Directors hold any equity shares in the Company as per the declarations made by them:

Sr. No.	Name of the Directors	No. of shares held
1.	Shri Khaleel Rahim	2
2.	Shri Manoj Mishra	2
3.	Shri J S Deepak	2
4.	Shri Ajay Kumar Bhalla	2
5.	Shri J. K. Dadoo	2
6.	Shri Rajiv Chopra	2
7.	Shri S.K. Sharma	2

The above shares are held by the Directors in their official capacity and they do not have any beneficial interest in these shares; the beneficial interests vest with the President of India.

### 3.2.4 Service contracts, notice period, severance fee.

The Chairman & Managing Director and other whole-time Directors are generally appointed for a period of five years from the date of taking over the charge or until the date of superannuation of the incumbent, or until further orders from the President of India, whichever event occurs earliest. Based on the performance, the tenure of the whole-time director can be extended further till the date of superannuation or until further order from the Government of India, whichever event occurs earlier. The age limit for the Chairman & Managing Director and other whole-time Directors is 60 years.

Independent Directors are appointed by the President of India for tenure of three years.

The terms and conditions of the services of the Functional Directors including that of the Chairman & Managing Director is decided by the Government of India.

### 3.3 Stakeholders Relationship Committee:

The Company has a “Stakeholders Relationship Committee” at the Board level to deal with various matters relating to redressal of grievances of the shareholders’ including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends. The Committee is headed by Shri Ajay Kumar Bhalla, Additional Secretary, MOC, Part-time Official Director/ Government Nominee. Shri Rajiv Chopra, Director (Marketing) and Shri S.K. Sharma, Director (Personnel) are the members of the Committee.

There were no major complaints/ grievance during the year and no investor complaints were pending as on 31.03.2016. The Company Secretary is also the Secretary to the Shareholders’/Investors’ Grievance Committee.

During the year 2015-16, two meetings of the Committee were held on 27<sup>th</sup> November, 2015 and 23<sup>rd</sup> March, 2016. The attendance details are as under:

Name of Member	No. of Meetings held during the tenure	No. of Meetings Attended
Shri Ajay Kumar Bhalla, Additional Secretary, DoC - Chairman	2	2
Shri Rajiv Chopra, Director (Marketing)	2	2
Shri S.K. Sharma, Director (Personnel)	2	2

#### 3.3.1 Compliance Officer

Ms. Ritu Arora is appointed as Compliance Officer of the Company w.e.f August 11, 2016, prior to this Ms. Kanchan Tripathi was the Compliance Officer of the Company. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and the regulatory authorities for governance matters.

#### 3.3.2 Redressal of Investors’ Grievances

The Company addresses all complaints, suggestions and grievances of the investors expeditiously and usually resolves the issues within 7-10 days except in case of dispute over facts or other legal constraints.

No request for share transfer is pending beyond 30 days except those that are disputed or sub-judice. All requests for de-materialization of shares are likewise processed and confirmation communicated to investors and Depository Participants within 10 working days.

During the year, a total of 46 complaints/ queries/ correspondence were received and replied/ attended to the satisfaction of the shareholders. There was no complaint pending as on 31<sup>st</sup> March, 2016.

#### 3.3.3 Settlement of Grievances

Investors may register their grievances in the manner stated below:

Sl. No.	Nature of Complaint	Contact Office	Action to be taken
1.	<b>For Shares in Physical form</b> – Change of address, status, Bank account, Mandate, ECS mandate, transfer/ transmission of shares, bonus shares etc.	MCS Share Transfer Agents Ltd. F-65, 1 <sup>st</sup> Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 Tel. No. 91-11- 41406149/50/51/52 Fax: 91-41709881. Website: <a href="http://www.mcsregistrars.com">www.mcsregistrars.com</a> e-mail: admin@mcsregistrars.com	Letter on plain paper stating the nature of complaint, Folio No., lodging of original shares and other documents/ instruments as the case may be.
2.	<b>For Shares in Demat form</b> - Change of address, status, Bank account, Mandate, ECS mandate etc.	Concerned Depository Participant (DP) where shareholder is maintaining his/her account.	As per procedure prescribed by the DP.



Sl. No.	Nature of Complaint	Contact Office	Action to be taken
3.	Dividend from Financial year 2008-09 (Final) to 2012-13 (Final) and renewal of individual dividend warrants	Company Secretary, The State Trading Corporation of India Limited, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001 Phone: 23703177 e-mail :cs@stclimited.co.in	Letter on plain paper stating the nature of complaint, Folio No./ DPIID, client ID, and other documents/ instruments as the case may be. Members are requested to apply for renewal of individual dividend warrants or issue of duplicate warrants for the dividend 2008-09 (Final) before 30.10.2016 and 2009-10 (Interim) before 25.03.2017. The unpaid/unclaimed dividend amount for the year 2008-09 (final) and 2009-10(Interim) will be transferred on or before 29.11.2016 and 24.04.2017 respectively by the Company to the Investor Education & Protection Fund (IEPF) set up by Govt. of India and no claim will lie neither against IEPF nor against the Company.

### 3.4 CSR Committee of Directors

The terms of reference of the Committee include formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on such activities and monitoring the implementation of Corporate Social Responsibility Policy of the Company from time to time.

At the beginning of the financial year, CSR Committee of the Board comprised of three Directors viz. Dr. (Smt.) B. Kinnera Murthy, Independent Director as Chairperson, Shri Manoj Mishra, Director (Finance) and Shri S.K. Sharma, Director (Personnel) as members. However, term of Director Dr. (Smt.) B. Kinnera Murthy, Independent Director expired on 17.04.2015. Further no appointment was made by President of India in respect of Independent Directors during the year. Also, Shri Manoj Mishra relinquished the post of Director (Finance), STC on 03.06.2015. During the year, no meeting of the CSR Committee was held.

The Board, after appointment of four Independent Directors by order of the Government of India, has reconstituted the CSR Committee on August 11, 2016 comprising four independent directors and two executive directors viz. Shri Sunil Trivedi as Chairman, Shri Sanjeev K Sharma, Shri G. Ravichandran, Dr. N. Sunderadevan, Dr. K Rangarajan and Shri Arvind Gupta, as members.

### 3.5 Separate Meeting of Independent Directors

Pursuant to the Provisions of Section 149(6) read with Schedule IV to the Companies Act, 2013, a separate meeting of the Independent directors is required to be held during the year to inter-alia review the performance of non-independent directors and the Board as a whole, review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors and to assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In the absence of Independent Directors on the Board of STC, no such meeting was held during financial year 2015-16.

### 3.6 The details of the familiarization programme of the independent Directors are available on the website of the company:

The position of the independent directors were vacant since April 17, 2015 as the independent directors are nominated by Government of India, hence, no familiarization programme, of the independent directors was conducted during the year under review.

## 4 CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT.

The Company is committed to conducting its business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A code of conduct was adopted by the Board for Board Members and Senior Executives in line with the model code of conduct for Board Members and Senior Management stipulated in the Guidelines on Corporate Governance for CPSEs issued by DPE. A copy of the Code has been placed on the Company's website: [www.stclimited.co.in](http://www.stclimited.co.in).

All the Members of the Board and other Key Executives have confirmed compliance with the Code of Conduct for the year under review. A declaration by Chairman & Managing Director is Annexed:

#### 4.1 CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Board has approved the Code of Conduct for Prevention of Insider Trading in dealing with securities of STC. The objective of the Code is to prevent purchase and/ or sale of shares of the Company on the basis of unpublished price sensitive information. Under this Code, all Directors and employees as defined in the Policy are prohibited to deal in the Company's shares during the closing of Trading Window and other specified period(s). To deal in securities beyond specified limit, permission of Compliance Officer is required. All Directors and employees are required to disclose related information periodically as stipulated in the Code. The Code has been circulated to all Directors and Employees and has been hosted on the Company website.

#### 4.2 CEO/ CFO CERTIFICATION

In terms of Regulation 17(8) specified in Part B of schedule II Corporate Governance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certification by the CEO/CFO on the financial statements and internal controls relating to financial reporting for the year 2015-16 was submitted to the Board on 19.05.2015 and is annexed to this report.

### 5 SUBSIDIARY COMPANY:

The Company has one wholly owned unlisted subsidiary Company, STCL Limited. The said subsidiary is a Board managed company with its Board having the rights and obligations to manage the Company in the best interest of its stakeholders. The Directors on the Board are appointed by the President of India through Administrative Ministry, Ministry of Commerce and Industry. The composition of the Board as on 31.03.2016 is as follows:

- (i) Chairman STC - Part-time Chairman of the Board
- (ii) Director - FT(ST) , Department of Commerce, Ministry of Commerce and Industry, Government of India – Part-time Official Director/ Government Director
- (iii) Managing Director – STCL (Whole-time)

The performance of the subsidiary is reported to the Board regularly.

### 6 GENERAL BODY MEETINGS

The Annual General Meetings of the Company are held at the Registered Office of the Company i.e. Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001. The details of such meetings held during the last three years are as under:

Nature of Meeting	Financial Year	Date and Time
Annual General Meeting	2014-15	28.09.2015 - 3.00 P.M.
Annual General Meeting	2013-14	25.09.2014 - 3.00 P.M.
Annual General Meeting	2012-13	25.09.2013 - 3.00 P.M.

All resolutions moved at the last Annual General Meeting were passed by requisite majority of members through e-voting and through Ballot Papers.

No Special Resolution had been passed at last three year's annual General Meeting.

No special resolution was passed through Postal Ballot during the financial year and no special resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.

### 7 DISCLOSURES

- Under Regulation 23 of SEBI Regulation, all related party transactions require approval of the Audit Committee. Further, all material Related Party Transactions shall require approval of the shareholders through special resolution. As per section 188 of the Companies Act, 2013, certain contract/ arrangement with related party requires approval of the Board of Directors. Further, if these transactions cross the limit prescribed under the Rules, the approval of Shareholder through special resolution is required. The Company has formulated a Policy on Materiality of Related Party Transactions and also on Dealing with Related Party Transactions.
- The RPT Policy is available at the weblink: <http://www.stclimited.co.in/corporate-commitments/related-party-transactions-policy.aspx>

- During the year, there were no transactions of material nature with the Directors or the Management or the subsidiary or relatives that had potential conflict of interest with the company.
- The details of “Related Party Disclosures” have been disclosed at serial no. 52 in the Notes Forming Part of Accounts in the Annual Report.
- The applicable accounting standards have been followed in the preparation of financial statements along with proper explanation relating to material departures.
- No items of expenditure have been debited in the books of accounts, which are not for the purpose of business. No expenses, which are personal in nature, have been incurred for the Board of Directors and top management.
- There has been no instance of non-compliance by the Company on any matter related to capital markets, during the last three years. No penalties or strictures have been imposed by SEBI, the Stock Exchange or any Statutory Authority on the Company.
- The Company has complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except non compliance on the part of composition of Board of Directors and its committees, as no independent Directors/Woman Director had been appointed by Government of India on the Board of the company during the financial year.
- Directors are nominated on training programmes organized by DPE & SCOPE from time to time.
- The Company does not have any shares in the demat suspense account or unclaimed suspense account.

## 8 MEANS OF COMMUNICATION

- **Quarterly/Annual Results:** The Company regularly intimates un-audited as well as audited financial results to the stock exchanges immediately after these are approved by the Board. These financial results are normally published in the leading English and vernacular dailies having wide circulation across the country. The results are also displayed on the web site of the Company [www.stclimited.co.in](http://www.stclimited.co.in). The results are not sent individually to the shareholders.
- **Limited Review Reports:** “Limited Review” reports of the unaudited financial results for the respective quarter(s) obtained from statutory auditors of the Company are filed with the Stock Exchange(s) from time to time.
- **News release:** The official news releases are displayed on the Company’s website [www.stclimited.co.in](http://www.stclimited.co.in)
- **Website:** The Company’s website [www.stclimited.co.in](http://www.stclimited.co.in) contains a separate section where the shareholders information is available. Full Annual Report, Shareholding Pattern and Corporate Governance Report etc. are also available on the website in a user friendly manner.
- **Annual Report:** Annual Report containing inter-alia, Audited Accounts, Directors’ report, Management Discussion and Analysis (MD&A) Report, Auditors’ Report, Corporate Governance Report including information for the Shareholders and other important information is circulated to the members and others entitled thereto.

## 9 SHAREHOLDERS’ INFORMATION

### 9.1 Forthcoming AGM – Date, Time and Venue

The Annual General Meeting for the Financial Year ending 31<sup>st</sup> March, 2016 is scheduled to be held on Thursday, 29<sup>th</sup> September, 2016 at 3.00 p.m. at, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001.

### 9.2 Financial Year & Calendar:

The company adopts the financial year from 1<sup>st</sup> April to 31<sup>st</sup> March. Quarterly accounts are adopted by the Board by dates indicated below:

Adoption of Quarterly results for the quarter ending	Last date for adoption of Financial Results
June 30, 2016	15 <sup>th</sup> August, 2016
September 30, 2016	15 <sup>th</sup> November, 2016
December 31, 2016	15 <sup>th</sup> February, 2017
March 31, 2017 (Audited)	30 <sup>th</sup> May, 2017

### 9.3 Book Closure Period:

The Register of Members shall remain closed from Thursday, 22<sup>nd</sup> September, 2016 to Thursday, 29<sup>th</sup> September, 2016 (both days inclusive) for the purpose of Annual General Meeting and Dividend, if any.

### 9.4 Listing on Stock Exchanges

The equity shares of the Company are listed on the following Stock Exchanges:

Name, address and contact details	Security Code	Type of Security
The Bombay Stock Exchange Limited (BSE) P.J. Towers, Dalal Street, Mumbai - 400 001 Telephone: 022-22721233/4 Fax: 022-22723121/3719/2037/2039 E-mail: info@bseindia.com Website: www.bseindia.com	512531	Equity
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. 1, G- Block, Bandra- Kurla Complex, Bandra (East), Mumbai - 400 051. Telephone: 022-26598100-8114 Fax: 022-26598237/38 E-mail: cc_nse@nse.co.in Website: www.nseindia.com	STCINDIA-EQ	Equity

### 9.5 Listing Fee

The Annual Listing Fee for the listed equity shares pertaining to the year 2016-17 has been paid to the concerned Stock Exchanges.

### 9.6 Payment of Annual Custody Fee to NSDL and CDSL

**Stock code:** INE655A01013

The Company has paid Annual Custody Fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year 2016-17 based on the Folio/ISIN positions as on 31.03.2016.

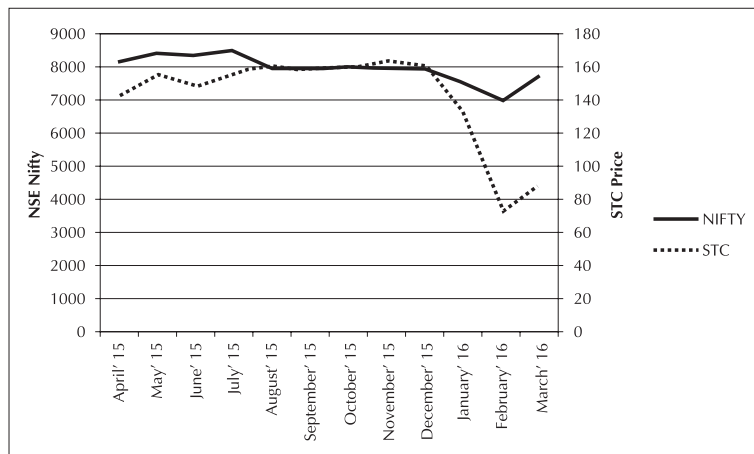
### 9.7 Stock Market Data : High / Low during each month in last financial year and with comparison with BSE Sensex and NSE Nifty

Month	National Stock Exchange				Bombay Stock Exchange				Nifty	Sensex
	High (Rs.)	Low (Rs.)	Close Price (Rs.)	Volume (in no. of Shares)	High (Rs.)	Low (Rs.)	Close Price (Rs.)	Volume (in no. of Shares)		
Apr'15	166.10	141.40	142.85	1348486	166.40	141.20	142.40	398001	8181.50	27011.31
May' 15	164.70	139.80	155.60	2150379	164.25	139.00	156.00	586823	8433.65	27828.44
Jun' 15	164.50	131.40	148.70	3580941	164.30	131.50	148.90	875790	8368.50	27780.83
Jul'15	162.70	145.90	156.85	2397988	162.40	145.60	157.20	681579	8532.85	28114.56
Aug'15	220.85	142.30	162.35	5730292	220.40	145.10	162.10	1806594	7971.30	26283.09
Sep'15	167.00	146.25	158.50	1253441	167.40	146.20	158.60	395406	7948.90	26154.83
Oct'15	188.50	157.20	159.65	3277512	188.40	157.30	160.00	919987	8065.80	26656.83
Nov'15	168.90	146.95	163.50	1953818	168.60	148.00	163.50	545538	7935.25	26145.67
Decr'15	173.70	149.00	161.25	3378564	173.70	149.50	160.80	1253808	7946.35	26117.54
Jan'16	167.30	126.40	133.85	1630930	167.30	127.00	133.60	447679	7563.55	24870.69
Feb'16	136.00	70.10	73.30	1745309	136.30	71.20	73.50	445077	6987.05	23002.00
Mar'16	95.60	72.60	89.75	3162507	95.50	73.25	89.85	995783	7738.40	25341.86

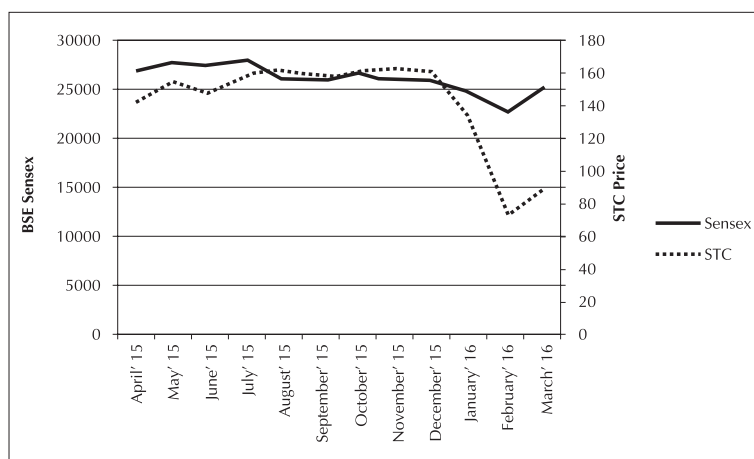
Source: Web-sites of BSE and NSE

## Performance of the share price of the Company in comparison to the NSE Nifty and BSE Sensex:

### (i) NSE NIFTY and STC Share Price



### (ii) BSE Sensex and STC Share Price



## 9.8 Share Transfer System

MCS Share Transfer Agents Limited is the Registrar and Share Transfer Agent (RTA) for the physical shares. MCS Share Transfer Agents Limited is also the depository interface of the Company with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The shares of the company are traded compulsorily in dematerialized form. Shares received for transfer in physical form are normally processed within a period of 30 days from the date of lodgment of valid share transfer deed along with share certificate. A Share Transfer Committee comprising of two whole time Directors and the Company Secretary is empowered to approve the transfers. No transfer was pending as on 31.03.2016.

Pursuant to the Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates from practicing Company Secretary confirming due compliance of share transfer formalities by the Company, certificates for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 are sent to Stock Exchanges on quarterly basis.

In addition, as part of the Capital Integrity audit, a Secretarial Audit Report for reconciliation of the share capital confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Audit Report is also submitted to the Stock Exchanges.

### Shareholding Pattern as on 31<sup>st</sup> March, 2016

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
President of India (Government of India)	8	5,40,00,000	90.0000
Mutual Funds/ UTI	4	17,112	.0285
Financial Institutions/ Banks	1	1372	.0023
Insurance Companies	4	11,49,320	1.9155
Foreign Institutional Investors	3	26249	.0437
Bodies Corporate	616	1141199	1.9020
Indian Public	27137	3593059	5.9885
Non Resident Indians	184	70089	.1168
Trust	2	1600	.0027
<b>Total</b>	<b>27,959</b>	<b>6,00,00,000</b>	<b>100.0000</b>

#### 9.9 Top 10 Shareholders as on 31<sup>st</sup> March, 2016

Sr. No.	Name	No. of Shares held	% of total shares
1.	President of India (Government of India)	5,40,00,000	90.0000
2.	Life Insurance Corporation of India Limited	5,44,790	0.9080
3.	The New India Assurance Company Limited	5,35,000	0.8917
4.	JM Financial Services Limited	303664	.5061
5.	The Oriental Insurance Company Limited	40936	.0682
6.	Raviraj Developers Ltd.	38960	.0649
7.	Praveenchand Nahar	33100	.0552
8.	National Insurance Company Ltd.	28594	.0477
9.	HEM Securities Limited	25082	.0418
10.	Karvy Stock Broking Limited	24000	.0400

#### 9.10 Distribution of Shareholding by Size as on 31<sup>st</sup> March, 2016

Category (No. of Shares)	Number of shares	% of Shareholding	Total number of Shareholders	% of Shareholders
1-500	1984567	3.3076	26510	94.8174
501-1000	647954	1.0799	828	2.9615
1001-2000	555428	.9257	367	1.3126
2001-3000	256350	.4273	100	.3577
3001-4000	131345	.2189	37	.1323
4001-5000	173959	.2899	38	.1359
5001-10000	291403	.4857	42	.1502
10001-50000	575554	.9593	33	.1180
50001-100000	303664	.5061	1	.0036
100001 and above.	55079776	91.7996	3	.0107
<b>Total</b>	<b>6,00,00,000</b>	<b>100.0000</b>	<b>27959</b>	<b>100.0000</b>

### 9.11 Geographical Distribution of Shareholders as on 31<sup>st</sup> March, 2016

Sr. No.	City	No. of Shareholders	% to Total Shareholders	No. of Shares	% to Total Shareholding
1.	Ahmedabad	1734	6.2019	377970	.6300
2.	Bengaluru	678	2.4250	113938	0.1899
3.	Chennai	973	3.4801	218068	0.3634
4.	Delhi	5560	19.8863	54557668	90.9294
5.	Hyderabad	432	1.5451	123687	0.2061
6.	Jaipur	491	1.7561	107035	0.1784
7.	Kanpur	181	0.6474	29807	0.0497
8.	Kochi	70	0.2504	16374	0.0273
9.	Kolkata	1168	4.1775	244886	0.4081
10.	Mumbai	3728	13.3338	2416964	4.0283
11.	NCR other than Delhi	797	2.8506	104002	0.1733
12.	Patna	75	0.2682	15217	0.0254
13.	Others	12072	43.1775	1674384	2.7906
	<b>Total</b>	<b>27,959</b>	<b>100.000</b>	<b>6,00,00,000</b>	<b>100.000</b>

### 9.12 Corporate Benefits

#### Dividend History:

Year	Interim/ Final	Rate (%)	Per Share (Rs.)	Amount (Rs. in lakh)
2008-09	Interim	25	2.50	1500.00
	Final	22.50	2.25	1350.00
2009-10	Interim	25	2.50	1500.00
	Final	22.50	2.25	1350.00
2010-11	Final	30	3.00	1800.00
2011-12	Final	20	2.00	1200.00
2012-13	Final	20	2.00	1200.00
2013-14		Nil		
2014-15		Nil		

### 9.13 Transfer of Unpaid/ Unclaimed Dividend to Investor Education and

#### Protection Fund (IEPF)

During the year, amount of Rs. 3,39,810/- pertaining to unpaid/unclaimed final dividend for the year 2007-08 and Rs. 2,54,588 pertaining to unpaid/ unclaimed interim dividend for the year 2008-09 were transferred to the Investor Education and Protection Fund (IEPF) set up by the Central Government. This is in accordance with the Section 205C of the Companies Act, 1956 requiring transfer of dividend remaining unclaimed and unpaid for a period of 7 years from the due date to the IEPF.

The unpaid/unclaimed final dividend for the FY 2008-09 and interim dividend for FY 2009-10 which is due for transfer to IEPF, should be claimed by the members before 30.10.2016 and 25.03.2017 respectively after which no claim shall lie against the Fund/ Company in respect of said amount. The due dates of transfer of unpaid/ unclaimed dividend to IEPF for the different financial years are as under:

Sr. No.	Year	Type of Dividend	Dividend Rate (%)	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
1.	2008-09	Final	22.50	30.10.2016	29.11.2016
2.	2009-10	Interim	25	25.03.2017	24.04.2017
		Final	22.50	01.11.2017	01.12.2017
3.	2010-11	Final	30	03.11.2018	03.12.2018
4.	2011-12	Final	20	02.11.2019	02.12.2019
5.	2012-13	Final	20	31.10.2020	30.11.2020

Members, who have not yet encashed their dividend warrant may approach the Registrars and Share Transfer Agents/ Company for issuance of demand draft upon completion of necessary formalities in this behalf in lieu of such warrant.

#### 9.14 Dematerialization of Shares and Liquidity

Description	No. of Shareholders	Shares	% of Equity
CDSL	10318	55609182	92.68
NSDL	16724	4369302	7.28
PHYSICAL	917	21516	.04
Total	27959	6,00,00,000	100.00

The shares of the company are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. As on 31<sup>st</sup> March, 2016, 5,99,78,484 equity shares forming 99.96 % of the shareholding, stood dematerialized.

#### 10. OUTSTANDING GDRs/ADRs/ WARRANTS OR CONVERTIBLE INSTRUMENTS

No GDRs/ADRs/ Warrants or Convertible Instruments have been issued by the Company.

#### 11. ADDRESSES FOR SHAREHOLDERS' CORRESPONDENCE

These have been given at 3.3.3 above.

#### 12. RISK MANAGEMENT

A Risk Management Framework has been instituted to add further objectivity to the process of risk assessment while considering trade proposals. The Risk Management Framework measures the risk involved in a business proposal in the form of a total risk score which is weighed vis-à-vis available risk mitigation measures. An Enterprise level Risk Assessment system has also been put in place.

#### 13. HEDGING

The Company does not take exposure in volatile commodities. Generally, it makes purchases only against confirmed orders backed by appropriate margin money.

Guidelines are in place requiring forward foreign exchange cover to be taken in respect of transactions involving STC funds.

#### 14. WHISTLE BLOWER POLICY

SEBI Listing Regulations provides that a listed company shall establish a vigil mechanism for directors and employees to report concern about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Also, in terms of Clause 8 of the DPE Guidelines on Corporate Governance for CPSEs issued in 2010, Company may establish a mechanism for employees to report to the management concerns of unethical behavior etc. Accordingly, the Company has framed a Whistle Blower Policy with the approval of the Board and the same has been implemented w. e. f. 10<sup>th</sup> May, 2012.

A suitable mechanism has been put in place to protect the whistle blowers from any kind of harm or harassment.



## 15. COMPLIANCE CERTIFICATE FROM AUDITORS

A Certificate from the Statutory Auditors of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to the Directors' Report forming part of the Annual Report. The Certificate has also been forwarded to the Stock exchanges where the securities of the Company are listed.

## 16. Adoption of discretionary requirements as specified in Part E of Schedule II

The company is examining the implementation of discretionary requirements as specified in Part E of Schedule II, wherever possible.

## 17. GUIDELINES ON CORPORATE GOVERNANCE BY DPE

The Board of Directors of STC has adopted Guidelines on Corporate Governance, 2010 for CPSEs issued by Department of Public Enterprises (DPE) on mandatory basis as the Board approved policy on Corporate Governance.

## 18. SECRETARIAL AUDIT REPORT

Secretarial Audit was got conducted from M/s Chandrasekran Associates, Company Secretaries confirming compliance to the applicable provisions of the Companies Act, 2013, SEBI Listing Regulations, SEBI guidelines, DPE guidelines and all other related rules and regulations relating to Capital Market. The Certificate issued by the Secretarial Auditors as noted by the Board and management Replies to the observations made by the Secretarial Auditors as approved by the Board, forms part of the Directors' Report and annexed hereto.

# CODE OF CONDUCT

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To the Board of Directors of  
The State Trading Corporation of India Limited

**Sub.: Code of Conduct – Declaration under Regulation 34(3) specified in Para D of Schedule V Annual Report of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sirs,

This is to certify that:

1. In pursuance of the Regulation 17(5) and Regulation 34(3) specified in Para D of Schedule V Annual Report of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Code of Conduct has been laid down by the Company for all the Board Members and the Senior Management Personnel of the Company.
2. The said Code of Conduct is also uploaded on the website of the Company at [www.stc.gov.in](http://www.stc.gov.in).
3. All Board Members and Senior Management Personnel have affirmed having complied with the said Code of Conduct of board of directors and senior management, during the year ended 31<sup>st</sup> March, 2016.

Sd/-  
(Khaleel Rahim)  
Chairman & Managing Director

Place: New Delhi  
Date: 19.05.2016

## COMPLIANCE CERTIFICATE

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### Compliance Certificate by the CEO and CFO under Regulation 17(8) specified in Part B of schedule II Corporate Governance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### To the Board of Directors of The State Trading Corporation of India Ltd.

We, Khaleel Rahim, Chief Executive Officer & Chairman & Managing Director, and G.Ravichandran, Chief Financial Officer & Director (Finance), certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2016 and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee that :
1. There has not been any significant change in internal control over financial reporting during the year under reference.
  2. There has not been significant changes in accounting policies during the year except those disclosed in the notes to the financial statements; and
  3. There has not been any instances during the year of significant fraud except to the extent disclosed in notes to the accounts, of which we had become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Sd/-  
**(Khaleel Rahim)**  
Chief Executive Officer and  
Chairman & Managing Director

Sd/-  
**(G.Ravichandran)**  
Chief Financial Officer and  
Director (Finance)

Place: New Delhi

Date: 19.05.2016

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of  
The State Trading Corporation of India Limited

We have examined the compliance of the conditions of Corporate Governance by The State Trading Corporation of India Limited for the year ended 31<sup>st</sup> March, 2016 as stipulated in Regulation of the Listing Agreement, 2015 of the said Company with the Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedure and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by DPE except the following:

- (i) Provisions of Companies Act, 2013 and Regulation 17, 18, 19 & 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to appointment of Independent Directors on the Board and Various Board sub-Committees of STC. Regulation 31 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which specifies listed entity to ensure hundred percent of shareholding of promoter(s) and promoter group in dematerialized form.
- (ii) Where tax demands are disputed, the same are under appeal.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 03.06.2016  
Place: New Delhi

For Parveen Rastogi & Co.  
Company Secretary

Sd/-  
Parveen Rastogi  
Proprietor  
COP No. 2883  
Membership No. 4764

### Management's Reply on Comments of Practicing Company Secretary on Corporate Governance

Practicing Company Secretary's Comments	Management's Reply
<p>We certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by DPE except the following:</p> <p>(i) Provisions of Companies Act, 2013 and Regulation 17, 18, 19 &amp; 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to appointment of Independent Directors on the Board and Various Board sub-Committees of STC. Regulation 31 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which specifies listed entity to ensure hundred percent of shareholding of promoter(s) and promoter group in dematerialized form.</p> <p>(ii) Where tax demands are disputed, the same are under appeal.</p>	<p>(i) STC is a Government Company. As per Article 79(4)(a) of the Articles of Association of the Company, the President of India have the right to nominate any person for appointment as a Director of the company.</p> <p>With regard to appointment of Independent Directors as per the Provisions of Section 149 of the Companies Act, 2013, Regulation 17, 18, 19 &amp; 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, DPE Guidelines on Corporate Governance, on the Board and various Board sub-Committees of STC, the Company has already taken up the matter with the Department of Commerce, Ministry of Commerce and Industry, Government of India.</p> <p>(ii) Noted.</p>

Sd/-  
**(Kanchan Tripathi)**  
Company Secretary  
ACS-32249  
Date : 03.06.2016

Sd/-  
**(Khaleel Rahim)**  
Chairman & Managing  
DIN 02455606

**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

The Members,  
**The State Trading Corporation of India Limited**  
Jawahar Vyapar Bhawan,  
Tolstoy Marg, New Delhi-110001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The State Trading Corporation of India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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 secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 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;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; Not Applicable
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable
- (vi) As confirmed and certified by the management, following laws specifically applicable to the Company based on the Sectors / Businesses:
  - 1) The Custom Act, 1962
  - 2) Reserve Bank of India Guidelines of Import of Gold by Nominated Banks
  - 3) Policy and Guidelines prescribed by Directorate General of Foreign Trade.

We have also examined compliance with the applicable clauses/Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India effective from 01.07.2015.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited, BSE Limited / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 01.12.2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

1. The Company has not complied with provision of section 149, of the Companies Act, read with clause 49 of the Listing Agreement and SEBI (Listing Obligation Disclosure Requirements) Regulation 2015 in respect to the appointment of Independent Directors and woman director; hence, also not complied with the provisions of i) 177 & 178 of the Companies Act, 2013 read with clause 49 of the Listing Agreement and SEBI (Listing Obligation Disclosure Requirements) Regulation 2015 with respect to constitution of Audit Committee and Nomination and remuneration Committees of the Directors; ii) constitution of Corporate Social Responsibility Committee as per provisions of Section 135 of the Companies, 2013; and iii) Schedule IV(VII)(3) of the Companies Act 2013 regarding meeting of Independent Directors.
2. The Company has not sent Consolidated Financial Statement and Management Reply to CAG Comments, 21 days prior to shareholders in terms of section 136 of the Companies Act 2013.
3. The Company has not complied with the regulation 30 (2) of SEBI ((Listing Obligation Disclosure Requirements) Regulation 2015 in pursuant to hundred percent of shareholding of promoter(s) and promoter group shall be kept in dematerialized form.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors subject to above mentioned observation. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has no specific events / actions took place having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Sd/-  
Rupesh Agarwal

For Chandrasekaran Associates  
Company Secretaries  
Membership No. A16302  
Certificate of Practice No. 5673

Date: 11.08.2013

Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

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***Annexure-A***

The Members

**The State Trading Corporation of India Limited**

Jawahar Vyapar Bhawan,  
Tolstoy Marg, New Delhi-110001

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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 the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-  
Rupesh Agarwal  
Partner  
Membership No. A16302  
Certificate of Practice No. 5673

For Chandrasekaran Associates  
Company Secretaries

Date: 11.08.2016

Place: New Delhi

## Management's Reply to Secretarial Auditors' Comments

S. No.	Secretarial Auditor's Comments	Management's Reply
1.	The Company has not complied with provision of section 149, of the Companies Act, read with clause 49 of the Listing Agreement and SEBI (Listing Obligation Disclosure Requirements) Regulation 2015 in respect to the appointment of Independent Directors and woman director; hence, also not complied with the provisions of i) 177 & 178 of the Companies Act, 2013 read with clause 49 of the Listing Agreement and SEBI (Listing Obligation Disclosure Requirements) Regulation 2015 with respect to constitution of Audit Committee and Nomination and remuneration Committees of the Directors; ii) constitution of Corporate Social Responsibility Committee as per provisions of Section 135 of the Companies, 2013; and iii) Schedule IV(VII)(3) of the Companies Act 2013 regarding meeting of Independent Directors.	<p>The position of Independent Directors was vacant since 17-04-2015.</p> <p>STC being a Government Company, as per provisions of Article 79 (40 (a) of the Articles of Association of the Company, the President of India have the right to nominate any person for appointment as a Director of the Company.</p> <p>In order to fulfill the requirement of the number of Independent Director as per provisions of Section 149 of the Companies Act, 2013 and clause 49 of the Listing Agreement and SEBI (LODR) Regulations, 2015 the matter was taken up with the Department of Commerce (DoC), Ministry of Commerce and Industry, Government of India for appointment of requisite number of Independent / Women Directors on the Board of the Company. However, no Independent Director / Woman Director was appointed by DoC during FY 2015-16</p> <p>The DoC vide its order dated June 15, 2016 has appointed four independent directors on the Board of the Company; consequently, Audit Committee, Nomination &amp; Remuneration Committee and CSR Committee of the Board are also reconstituted during FY 2016-17 as per the requirement.</p>
2.	The Company has not sent Consolidated Financial Statement and Management Reply to CAG Comments, 21 days prior to shareholders in terms of section 136 of the Companies Act 2013.	<p>The Union Cabinet in its meeting held on 13-08-2016 had approved the winding up of Company's wholly owned subsidiary STCL Ltd. Since, the financial statements of STCL Ltd. for yf 2014-15 were not prepared on going concern basis, the Board of STC at its meeting held on 13.08.2015 decided to apply to the Ministry of Corporate Affairs seeking exemption from central government for complying with the requirement of section 129 (3) of the Companies Act, 2013 related with preparation of consolidated financial statement of STCL Limited. However, as advised by officials of Ministry of Corporate Affairs, Consolidated Accounts were prepared and approved by the Board at its meeting held on 18-09-2015.</p> <p>Similarly, the Comments of CAG dated 09-09-2016 was received for less than 21 days from the date of AGM; hence, replies were approved subsequently.</p> <p>Consequently, the Consolidated Financial Statement and Management Reply to CAG comments were sent to the shareholders at shorter notice.</p>
3.	The Company has not complied with the regulation 30 (2) of SEBI ((Listing Obligation Disclosure Requirements) Regulation 2015 in pursuant to hundred percent of shareholding of promoter(s) and promoter group shall be kept in dematerialized form.	<p>Out of 5,40,00,000 equity shares held by the Government of India in the name of the President of India, 5,39,99,986 equity shares (99.9999%) shares are held in dematerialized form. Balance 14 equity shares (0.00001%) are held in the name of existing 7 Directors (2 equity shares each).</p> <p>The Company is in process of transfer and dematerialization of these 14 equity shares in the name of the President of India.</p>

Sd/-  
**(Ritu Arora)**  
 Company Secretary  
 FCS 5270

Date: 11.08.2016  
 Place : New Delhi

Sd/-  
**(Khaleel Rahim)**  
 Chairman & Managing Director  
 DIN 02455606

## Highlights: Ten Years at a Glance

PARTICULARS	(₹ in Crore)									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Operating Results</b>										
<b>Sales</b>										
Exports	1110.47	1884.27	1,781.02	1,563.49	344.32	491.93	1,503.79	2,131.88	4,002.06	2,927.17
Imports	8735.29	12041.81	13,545.80	17,015.28	29,961.20	18,938.22	19,049.10	16,315.54	10,773.24	10,692.46
Domestic	633.40	471.13	47.16	119.73	138.78	554.69	955.76	1,338.42	998.82	715.64
<b>Total</b>	<b>10479.16</b>	<b>14397.21</b>	<b>15,373.98</b>	<b>18,698.50</b>	<b>30,444.30</b>	<b>19,984.84</b>	<b>21,508.65</b>	<b>19,785.84</b>	<b>15,774.12</b>	<b>14,335.27</b>
<b>Profits</b>										
Trading	33.11	101.64	182.84	118.53	89.73	177.87	144.55	113.06	194.25	167.42
Before tax	22.70	31.40	(492.38)	14.42	17.80	79.63	170.93	144.87	176.51	122.72
After tax	17.86	26.19	(492.20)	17.95	16.47	56.43	106.95	78.51	124.45	88.28
Overheads ( Note 1)	134.61	131.76	159.87	134.04	126.29	145.52	131.73	149.31	100.21	98.08
Interest Outgo (Net)	(75.31)	(55.74)	(30.04)	(69.88)	(69.57)	18.43	(137.70)	(184.30)	(73.13)	(67.40)
Dividend	-	-	-	12.00	12.00	18.00	28.50	28.50	28.50	18.00
<b>Net Worth</b>										
Share Capital	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	30.00
Reserves	996.79	978.92	37.73	529.93	621.98	619.46	583.94	510.29	464.89	403.77
Less : Revaluation Reserve	884.62	897.51								
<b>Total</b>	<b>172.17</b>	<b>141.41</b>	<b>97.73</b>	<b>589.93</b>	<b>681.98</b>	<b>679.46</b>	<b>643.94</b>	<b>570.29</b>	<b>524.89</b>	<b>433.77</b>
Bank Borrowings	1439.44	1304.14	1,287.80	1,505.39	2,030.32	1,549.09	2,467.85	2,377.32	1,098.66	894.83
<b>Working Capital ( Note 2)</b>										
Inventories	0.42	5.50	0.97	43.50	543.71	1,313.75	567.01	1,463.74	647.62	561.18
Trade Receivables	2640.98	2425.25	1,968.44	2,289.11	3,454.85	4,507.94	6,610.96	5,558.53	5,783.80	2,521.23
Other (Net)	(2,477.75)	(2,108.23)	(1,841.76)	(2,111.53)	(3,826.51)	(3,718.43)	(4,197.57)	(4,176.51)	(4,983.23)	(1,920.49)
<b>Total</b>	<b>163.65</b>	<b>322.52</b>	<b>127.65</b>	<b>221.08</b>	<b>172.05</b>	<b>2,103.26</b>	<b>2,980.40</b>	<b>2,845.76</b>	<b>1,448.19</b>	<b>1,161.92</b>
Capital Employed	1056.78	1038.71	97.42	589.62	681.67	676.43	640.91	567.25	434.17	343.05
<b>Significant Ratios</b>										
Trading Profit : Sales (%)	0.32	0.71	1.19	0.63	0.29	0.89	0.67	0.57	1.23	1.17
Profit Before Tax : Sales (%)	0.22	0.22	(3.20)	0.08	0.06	0.40	0.79	0.73	1.12	0.86
Profit Before Tax : Networth (%)	13.18	22.20	(503.82)	2.44	2.61	11.72	26.54	25.40	33.63	28.29
Sales : Capital Employed (Times)	9.92	13.86	157.81	31.71	44.66	29.54	33.56	34.88	36.33	41.79
Inventories : Sales (%)	0.00	0.04	0.01	0.23	1.79	6.57	2.64	7.40	4.11	3.91
Trade Receivables : Sales (%)	25.20	16.85	12.80	12.24	11.35	22.56	30.74	28.09	36.67	17.59
Overheads : Sales (%)	1.28	0.92	1.04	0.72	0.41	0.73	0.61	0.75	0.64	0.68

Note 1 : Overheads excludes Rent related expenditure from 2011-12 onwards

Note 2 : Excludes Non Current Items from 2011-12 onwards

# INDEPENDENT AUDITORS' REPORT

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**To the Members of  
The State Trading Corporation of India Limited**

## **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **THE STATE TRADING CORPORATION OF INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of Company's eight branches at Ahmedabad, Bangalore, Bhopal, Chennai, Cochin, Hyderabad, Kolkata and Mumbai.

## **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is 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, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by 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 of the Company as at 31<sup>st</sup> March, 2016 and its profit and its cash flows for the year ended on that date.

## **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

- a) Reference is invited to Note no.18.1 relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts. Pending outcome of legal steps initiated for recovery, full provision of ₹ 87.39 crore was made in earlier year. However, the company was successful in getting arbitration award of ₹ 110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till



realization of award which has been objected by the party and hearing is pending in this case before Hon'ble High Court, New Delhi.

- b) Reference is invited to Note no. 19.1, regarding long term trade receivable ₹ 568.44 crore on account of export of pharma products to foreign buyers on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone into liquidation, litigation process have been initiated by the Company as well as by Indian Associates and their bankers. A claim of ₹ 527.86 crore has been admitted by the liquidator and decree for ₹ 63 crore by Mumbai High Court. There is however corresponding credit balance of ₹ 568.44 crore under trade payables. Management does not anticipate any liability on this account.
- c) Reference is invited to note no. 22.1, regarding trade receivable of ₹ 122.77 Crore due from Jhagadia Copper Limited. The Business Associate is under liquidation. The entire amount is secured by pledge of stocks to the company (procured under advance license with export obligation) and the company has also solely staked claim on an industrial (mortgaged) land of about 90 acres at Alibagh, Maharashtra before Hon'able Gujarat High Court. Management does not anticipate any liability on this account.
- d) Reference is invited to Note no 22.2 & 27.1, regarding trade receivable of ₹ 1740.42 crore and recognition of income of ₹ 228.33 crore during the year from one of the business associates who have stopped operation of their plant due to extreme volatility of prices. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of ₹ 144.90 crore on the directions of Hon'ble Supreme Court. The decree was noted to be final and legal case for enforcement of decree is under consideration of Hon'ble Supreme Court. The management is hopeful of full recovery.
- e) Reference is invited to Note no. 25.1, regarding claims recoverable include ₹ 2.72 crore towards carrying costs for delayed lifting of pulses by State Governments. Claim for the same was lodged during the year 2011-12 and the same is being followed up with the State Governments. Since, there is credit balance available with the Company, no provision is considered necessary.
- f) Reference is invited to Note no. 45(b), regarding contingent liability of ₹ 82.57 crore payable to foreign supplier as per arbitral award, for which the Company has filed appeal in the Hon'ble Delhi High Court and simultaneously lodged the claim with Ministry of Consumer Affairs as transaction was undertaken on their behalf. In view of the above no provision is considered necessary.
- g) Reference is invited to Note no.19.2, regarding long term trade receivable of ₹ 787.65 crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹ 342.18 crore are available, leaving net receivable of ₹ 445.47 crore. Actions against the Business Associate have been initiated. The matter is being pursued legally and company is hopeful of recovery. As a measure of abundant caution full provision of ₹ 445.47 Crore being net receivable, has been made.
- h) Reference is invited to Note no. 22.3, regarding trade receivable of ₹ 20.56 crore recoverable from one of the Business Associates for goods sold in earlier years. The entire overdue is secured by pledge of stocks of ₹ 4.17 crore and ₹ 39 crore stock of family concern of the Associate in favour of the Company. The Company's receivables are being monitored by court and Company has received ₹ 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. Hence, no provision is considered necessary.
- i) Reference is invited to Note no. 19.6, regarding long term trade receivable of ₹ 58.55 crore due from one of the Business Associates for goods sold in earlier years. The entire balance overdue is secured by pledge of stocks in favour of the Company. The Company has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has also filed winding up petition and criminal complaints i.e. case u/s 138 of Negotiable Instruments Act and contempt application for misleading the court against the business associate. The management is hopeful of the full recovery.
- j) Reference is invited to Note no. 19.8, regarding long term trade receivable of ₹ 10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by the Company except the outstanding balance of ₹ 10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. The management is hopeful of the full recovery.
- k) Reference is invited to Note no. 19.4, regarding long term trade receivables of ₹ 12.05 crore recoverable from one of the Business Associate for goods sold in the earlier years. The entire overdue is secured by duly insured pledged

stocks in favour of the Company valuing ₹ 10.19 crore under CWC custody. Further, cases u/s 138 of Negotiable Instruments Act for ₹ 8.62 crore have been filed against the Associate. Provision of ₹ 1.86 crore has been created during the current financial year for the unsecured portion.

- l) Reference is invited to Note no. 22.4, regarding trade receivables of ₹ 10.28 crore recoverable from one of the Business Associates for sale of coal. The Business Associate has paid an amount of ₹ 0.10 crore during the year. The entire dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. Company has filed legal and criminal case against Business Associate. In view of this, no provision is considered necessary.
- m) Reference is invited to Note no. 12.5, regarding non adjustment in financial books of fixed assets having net book value of ₹ 0.64 crore destroyed due to flood during the year at Chennai Branch against which an adhoc claim of ₹ 0.26 crore has been received from insurance company.
- n) Reference is invited to Note no. 55(b), the reconciliation of physical verification of fixed assets at Corporate office with books is under process, impact thereof could not be ascertained.
- o) Reference is invited to Note no. 47 & 48 relating to pending reconciliation/ confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.

Our opinion is not modified in respect of these matters.

#### **Other Matter**

We did not audit the financial statements/information of eight branches included in the standalone financial statements of the Company whose financial statements/financial information reflect total assets of ₹ 1414.30 crore as at 31<sup>st</sup> March, 2016 and total revenues of ₹ 4461.99 crore for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors and management replies to the observations of the branch auditors.

Our opinion is not modified in respect of these matters.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our observations, reports received from branch auditors in respect of branches not visited by us, and explanations received from management, we give in the Annexure 'A' statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except certain records/information at Mumbai branch, legal case details at Ahmedabad branch and balance confirmation of parties as mentioned in para no. (o) above under Emphasis of Matters.
  - (b) In our opinion 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us, however the system of maintaining stock records by branch with respect to goods kept with third party need to be ensured.
  - (c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by the branch auditors have been sent to us alongwith management replies to the observations of the branch auditors and have been properly dealt with by us in preparing this report.
  - (d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
  - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (f) Being a Government Company, section 164(2) of Companies Act, 2013 regarding whether any director is disqualified from being appointed as a director is not applicable to the Company in view of notification no. G.S.R.463 (E) dt. 05.06.2015.

- (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 'B', and
- (h) 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 disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note No. 18.1, 19.1 to 19.06, 22.1 to 22.4, 45 & 46 to the financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except a sum of ₹ 0.03 crore towards interim dividend for financial year 2008-09 declared on 23.01.2009 and deposited in April, 2016.
3. Company has not complied with the provisions of section 149 of the Companies Act, 2013 read with regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations 2015 with regard to appointment of Independent Directors and Women Director.
4. As required by C&AG of India through directions issued under Section 143(5) of the Act, we give a report in the attached Annexure 'C'.

For P. Jain & Company  
Chartered Accountants  
Firm Regn. No.000711C

Sd/-  
(Pankaj Jain)  
Partner  
M. No. 097279

Place : New Delhi  
Date : 28<sup>th</sup> May, 2016

**ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT**

**(Re: The State Trading Corporation of India Limited  
Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory  
Requirements" of our report of even date**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except that absence of proper tagging at Mumbai Branch and updation of fixed asset register at Corporate Office.
- (b) The fixed assets were physically verified by the management during the year except physical verification of fixed assets at Corporate Office, which is under process. We have been informed that no material discrepancies were noticed on such physical verification wherever done.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for immovable properties referred to in Annexure- E.
2. As explained to us, verification of inventories undertaken by the Company through surveyor from time to time. In respect of the goods in the custody of third parties, certificate is obtained from the Clearing & Handling Agents or the warehousing corporation or from the concerned parties. During the year goods stored under the custody of Central Warehousing Corporation amounting to ₹ 24.22 crore were found theft in case of M/s Akshata Mercantile Private Limited and goods amounting to ₹ 13.6 crore were found theft in case of M/s Dankuni Steels Pvt. Ltd.
3. As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses (iii)(a), (b) & (c) of paragraph 3 of the Order are not applicable to the Company.
4. According to the information and explanations given to us, the Company has not given any loans, or made any investments or provided any guarantees or security to the parties covered under sections 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
5. The Company has not accepted any deposits from the public during the year and consequently, the directives issued by Reserve Bank of India, the provisions of sections 73 to 76 of the Act and rules framed there under are not applicable to the Company. However certain old amount are outstanding in advances from customers/credit balance in customer account which as explained to us is immaterial and is subject to reconciliation and adjustment, if any.
6. As informed by the management, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act for the Company.
7. (a) According to the records of the Company, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have been generally regularly deposited with the appropriate authorities. There were no undisputed amounts payables in respect of the aforesaid dues which were outstanding as at 31st March, 2016 for a period of over six months from the date they became payable.
- (b) According to the information and explanations given to us, there are following disputed statutory dues aggregating ₹ 69.00 crore on account of Income tax, ₹ 2327.35 crore on account of Sales tax/VAT and ₹ 33.37 crore on account of Service tax.

Name of the statute	Nature of dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
<b>Income Tax</b>				
Income Tax Act	Income Tax	3.26	2009-10	DCIT, Delhi
Income Tax Act	Penalty	2.13	2009-10	ITAT, Delhi
Income Tax Act	Income Tax	50.22	2010-11	CIT(A), Delhi
Income Tax Act	Income Tax	6.19	2011-12	CIT(A), Delhi
Income Tax Act	Income Tax	5.47	2012-13	CIT(A), Delhi
Income Tax Act	Income Tax	1.73	2008-09	DCIT, Delhi

Name of the statute	Nature of dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
<b>Sales Tax</b>				
TNGST/AST/CST (Chennai Branch)	Sales Tax (incl. penalty)	0.84	1974-75, 1975-76, 1986-87, 1989-90 & 1991-92	Hon'ble Madras High Court
Central Sales Tax Act (Chennai Branch)	Central Sales Tax	0.01	1987-88	Appellate Tribunal
Bihar Sales Tax Act (Kolkata Branch)	Sales Tax	0.01	1989-90	Sales Tax Appellate Tribunal
Central Sales Tax Act (Kolkata Branch)	Central Sales Tax	0.07	1981-82	Assessing Officer
Orrisa Sales Tax Act (Kolkata Branch)	Sales Tax	0.01	1988-89	Commissioner (Appeals), Orissa
Central Sales Tax Act (Kolkata Branch)	Central Sales Tax	0.02	1993-94 to 1995-96	Hon'ble Assam High Court
Central Sales Tax Act (Kolkata Branch)	Central Sales Tax	0.23	2003-04	Joint Commissioner, Sales Tax
Delhi VAT Act	Sales Tax	1017.43	2006-07	Special Commissioner VAT
Delhi VAT Act	Sales Tax	0.34	2007-08	DVAT, Appellate Tribunal
Delhi VAT Act	Sales Tax	0.02	2010-11	VAT Officer
Delhi VAT Act	Sales Tax	2.33	2008-09	VAT Officer
Maharashtra Sales Tax Act (Mumbai Branch)	BST (Sales Tax)	13.85	1992-93, 1993-94, 1996-97 & 2000-01	Maharashtra Sales Tax Tribunal
Maharashtra Sales Tax Act (Mumbai Branch)	BST /CST/ MVAT	*462.22	2003-04, 2004-05, 2006-07 & 2009-10 to 2011-12	Joint Commissioner, Sales Tax
Maharashtra Sales Tax Act (Mumbai Branch)	CST/ MVAT	*539.66	2005-06	Deputy Commissioner, Sales Tax
Maharashtra Sales Tax Act (Mumbai Branch)	CST	#290.31	2008-09	Deputy Commissioner, Sales Tax

\* including ₹ 579.91 crore against which stay order has been received

# under process of filing an appeal

Name of the statute	Nature of dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
<b>Service Tax</b>				
Finance Act, 1994 (Kolkata Branch)	Service Tax	7.29	2005-06 & 2006-07	CESTAT*
Finance Act, 1994	Service Tax	7.96	2007-08 to 2013-14	Commissioner Service Tax
Finance Act, 1994 (Mumbai Branch)	Service Tax	16.67	01.10.2004 to 31.03.2012	Service Tax Appellate Tribunal Mumbai
Finance Act, 1994 (Mumbai Branch)	Service Tax	**1.45	01.04.2012 to 31.03.2014	Service Tax Assessing Authority Mumbai

\* Appeal to be filed

\*\* Show cause notice received

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks except default of 3 days at Mumbai branch as mentioned below. The Company does not have any loans or borrowing from any financial institution or government or dues to debenture holders during the year.

<b>Name of the bank/financial institution</b>	<b>Amount of installment due</b>	<b>Due date</b>	<b>Date of payment</b>	<b>Delay (days)</b>
Exim Bank	10 Crore	01.01.2016	04.01.2016	3 days

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
10. According to the information and explanations given to us, no 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.
11. In our opinion and according to the information and explanations given to us, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. However certain reimbursements made are subject to confirmation by Board of Directors.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are generally in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination 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.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934

For P. Jain & Company  
Chartered Accountants  
Firm Regn. No.000711C

Sd/-  
(Pankaj Jain)  
Partner  
M. No. 097279

Place : New Delhi  
Date : 28<sup>th</sup> May, 2016

## **Annexure-‘B’ to the Independent Auditors’ Report**

### **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 **The State Trading Corporation of India Limited** (“the Company”) as on 31<sup>st</sup> March, 2016 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 Company’s management is 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 (‘ICAI’). 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, including adherence to company’s policies, 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.

#### **Auditors’ 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 auditor’s judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

- (i) With respect to Mumbai branch of the Company, the branch auditor has reported certain material weaknesses in Internal financial control over financial reporting such as inadequate- IT & general controls, internal control system with regards to pledged inventory, customer acceptance & credit evaluation, internal audit coverage, large financial exposure in litigated matters & pending statutory litigation involving tax demands.
- (ii) Reference is invited to Note no. 47 & 48 relating to pending reconciliation/ confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the subsidiary Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, except for effects of the material weaknesses described above on achievement of the objectives of the control criteria, 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 31st March, 2016, 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.

## Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to eight branches at Ahmedabad, Bangalore, Bhopal, Chennai, Cochin, Hyderabad, Kolkata and Mumbai is based on the corresponding reports of the auditors of such branches and management replies to the observations of the branch auditors.

For P. Jain & Company  
Chartered Accountants  
(Firm Regn. No. 000711C)

Sd/-  
(Pankaj Jain)  
Partner

Place : New Delhi  
Date : 28<sup>th</sup> May, 2016

M. No. 097279

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## Annexure-'C' to the Independent Auditors' Report

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of The State Trading Corporation of India Limited (Standalone) for the year 2015-16 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

Sl. No.	Area Examined	Observation/Finding
1	Whether the company has clear title/lease deeds for freehold and leasehold land for which title/lease deeds are not available.	Refer Annexure 'D' below.
2	Whether here are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and amount involved.	₹ 1.40 crore written off as these were old cases, remote possibility of recovery, necessary approval have been taken from the competent authority.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant from the Government or other authorities.	As reported by Mumbai branch auditor, no stock records are maintained by the branch for stock lying with third party. Records are maintained at the godown by the custodian.



**Annexure 'D'**

S. No.	Location of Property	Property Description	Document Found	Area
1	New Delhi	Land & Building at Jawahar Vyapar Bhawan, Tolstoy Marg (Office Building)	Agreement for lease	2.559 Acre
2	New Delhi	STC /MMTC Housing Colony, Aurbindo Marg	Agreement (true copy)	Not yet bifurcated between STC,MMTC & HHEC
3	Mumbai	6 no. flats at Sai Darshan Apartment, Santacruz (W)	Confirmation Deed	3984 Sq. ft.
4	New Delhi	8 no. flats at AGVC Complex	Execution of Lease Deed pending	14424 Sq. ft.

**ANNEXURE 'E' TO INDEPENDENT AUDITOR'S REPORT**

**Re: The State Trading Corporation of India Limited**

**Referred to in Paragraph 1(c) of our report on Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act,**

S. No.	Location of Property	Property Description	Audit observation	Area	Gross Block after revaluation (₹ in crore)
1	New Delhi	(i) Land & Building at Jawahar Vyapar Bhawan, Tolstoy Marg (Office Building) (ii) STC /MMTC Housing Colony, Aurbindo Marg	Process of issuance of sub divided lease deeds in the name of company and its co-owners is pending.	2.559 Acre	548.33 (land) 185.91 (Building)
2	New Delhi	8 no. flats at AGVC Complex	Execution of Lease Deed pending.	14424 Sq. ft.	28.42
3	Mumbai	6 no. flats at Sai Darshan Apartment, Santacruz (W)	Registration of conveyance deeds is pending.	3984 Sq. ft.	33.19

**Compliance Certificate**

We have conducted the audit of Standalone financial statements of The State Trading Corporation of India Ltd. for the year ended March 31, 2016 in accordance with the directions/sub-directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013 and on the basis of compliance certificates received from eight branch auditors, we certify that to the best of knowledge and belief we have complied with all the directions/sub-directions issued to us.

For P. Jain & Company  
Chartered Accountants  
Firm Regn. No. 000711C

Place : New Delhi  
Date : 28.05.2016

Sd/-  
(Pankaj Jain)  
Partner  
M. No. 097279

## BALANCE SHEET AS AT 31ST MARCH, 2016

(Amount in ₹ Crore)

PARTICULARS	Note No.	As at 31st March, 2016	As at 31st March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share capital	1	60.00	60.00
(b) Reserve & Surplus	2	996.79	978.92
(c) Money received against share warrants	3	-	-
<b>(2) Share application money pending allotment</b>	4	-	-
<b>TOTAL (1+2)</b>		<b>1,056.79</b>	<b>1,038.92</b>
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	-	176.28
(b) Other long term liabilities	6	1,137.69	1,167.06
(c) Long-term provisions	7	103.71	101.47
<b>TOTAL (3)</b>		<b>1,241.40</b>	<b>1,444.81</b>
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	8	1,439.44	1,127.86
(b) Trade Payables	9	646.77	726.46
(c) Other current liabilities	10	447.91	305.02
(d) Short-term provisions	11	15.95	15.86
<b>TOTAL (4)</b>		<b>2,550.07</b>	<b>2,175.20</b>
<b>Total</b>		<b>4,848.26</b>	<b>4,658.93</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets	12	945.27	959.55
(ii) Intangible Assets	13	0.03	-
(iii) Capital Work In Progress	14	0.48	0.39
(iv) Intangible Assets under development	15	-	-
<b>Total (a)</b>		<b>945.78</b>	<b>959.94</b>
(b) Non-Current investments	16	0.01	0.21
(c) Deferred tax assets (net)	17	73.01	73.01
(d) Long-term loans and advances	18	21.60	16.38
(e) Other non-current assets	19	1,094.14	1,111.67
<b>TOTAL (1)</b>		<b>2,134.54</b>	<b>2,161.21</b>
<b>(2) Current Assets</b>			
(a) Current investments	20	-	-
(b) Inventories	21	0.42	5.50
(c) Trade receivables	22	2,640.98	2,425.25
(d) Cash and cash equivalents	23	9.60	6.51
(e) Short-term loans and advances	24	41.25	38.98
(f) Other current assets	25	21.47	21.48
<b>TOTAL (2)</b>		<b>2,713.72</b>	<b>2,497.72</b>
<b>Total</b>		<b>4,848.26</b>	<b>4,658.93</b>

Significant Accounting Policies

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Other Notes

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Notes referred to above form an integral part of accounts.

As per our report of even date attached

**FOR P. JAIN & COMPANY**

Chartered Accountants  
Firm Reg. No. 000711C

Sd/-  
**(PANKAJ JAIN)**

Partner  
M. No. 097279

Place : New Delhi  
Dated : 28.05.2016

Sd/-  
**(KHALEEL RAHIM)**  
Chairman & Managing Director  
DIN - 02455606

Sd/-  
**(B R DHAWAN)**  
Chief General Manager - Finance

Sd/-  
**(G RAVICHANDRAN)**  
Director - Finance  
DIN - 07449503

Sd/-  
**(KANCHAN TRIPATHI)**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in ₹ Crore)

PARTICULARS	Note No.	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>I.</b> Revenue from operations	26	10,601.05	14,494.01
<b>II.</b> Other income	27	254.70	241.53
<b>III. Total Revenue (I+II)</b>		<b>10,855.75</b>	<b>14,735.54</b>
<b>Expenses-</b>			
a) Cost of Materials consumed	28	0.09	0.05
b) Purchases of stock-in -Trade	29	10,560.40	14,388.61
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	4.89	(4.42)
d) Employee benefits expense	31	101.02	100.41
e) Finance costs	32	152.11	157.78
f) Depreciation and amortisation expense	33	15.88	20.02
g) Other expenses	34	36.15	39.49
<b>IV. Total expenses (a+b+c+d+e+f+g)</b>		<b>10,870.54</b>	<b>14,701.94</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		(14.79)	33.60
<b>VI. Exceptional items - Debit/(Credit)</b>	35	(23.78)	3.31
<b>VII. Profit before extraordinary items and tax (V-VI)</b>		8.99	30.29
<b>VIII. Extraordinary items</b>	36	-	-
<b>IX. Prior Period Adjustment Net - (Debit)/Credit</b>	37	13.71	1.11
<b>X. Profit before tax (VII-VIII+IX)</b>		<b>22.70</b>	<b>31.40</b>
<b>XI. Tax expense:</b>			
(1) Current tax (MAT)	38	5.15	9.81
(2) Tax relating to earlier years		(0.31)	(0.79)
(3) MAT credit entitlement		-	(3.81)
(4) Deferred tax	39	-	-
<b>Total Tax Expense (XI)</b>		<b>4.84</b>	<b>5.21</b>
<b>XII. Profit(Loss) for the period from continuing operations (X-XI)</b>		17.86	26.19
<b>XIII. Profit (loss) from discontinuing operations</b>	40	-	-
<b>XIV. Tax expense of discontinuing operations</b>	41	-	-
<b>XV. Profit (loss) from discontinuing operations after tax (XIII-XIV)</b>		-	-
<b>XVI. Profit (Loss) for the period (XII +XV)</b>		<b>17.86</b>	<b>26.19</b>
<b>XVII. Earning per equity share</b>			
(1) Basic (in ₹)	42	2.98	4.36
(2) Diluted (in ₹)	43	2.98	4.36
<b>Significant Accounting Policies</b>	44		
<b>Other Notes</b>	45-57		

Notes referred to above form an integral part of accounts.  
As per our report of even date attached

**FOR P. JAIN & COMPANY**  
Chartered Accountants  
Firm Reg. No. 000711C

Sd/-  
**(PANKAJ JAIN)**  
Partner  
M. No. 097279

Place : New Delhi  
Dated : 28.05.2016

Sd/-  
**(KHALEEL RAHIM)**  
Chairman & Managing Director  
DIN - 02455606

Sd/-  
**(B R DHAWAN)**  
Chief General Manager - Finance

Sd/-  
**(G RAVICHANDRAN)**  
Director - Finance  
DIN - 07449503

Sd/-  
**(KANCHAN TRIPATHI)**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in ₹ Crore)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>NET PROFIT BEFORE TAX &amp; EXTRAORDINARY ITEMS</b>	8.99	30.29
<b>ADJUSTMENT FOR:</b>		
-Interest on working capital loans	150.84	139.30
-Depreciation	15.88	20.02
-Net write back of Advances	(11.82)	10.97
-Income/Expenditure relating to let out property	(26.06)	(17.82)
-Loss on sale of asset	0.02	0.01
-Liabilities written back	(12.15)	(7.77)
-Profit on sale of assets	(0.03)	(0.00)
-Net Write off Assets	0.01	0.01
-Provision for Investment	0.20	0.10
	116.89	144.82
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>125.88</b>	<b>175.11</b>
<b>ADJUSTMENT FOR:</b>		
-Amount paid towards CSR activities	(0.23)	(0.30)
-Trade and other receivables	(189.62)	(505.60)
-Inventories	5.07	(4.53)
-Trade and other payables	(97.93)	366.75
<b>CHANGES IN WORKING CAPITAL</b>	<b>(156.83)</b>	<b>31.43</b>
Income Tax Paid	(9.08)	(7.76)
<b>CASH FLOW BEFORE PRIOR PERIOD ITEMS</b>	<b>(165.91)</b>	<b>23.67</b>
Prior Period Adjustment	13.71	0.69
<b>NET CASH GENERATED/USED IN OPERATING ACTIVITIES (A)</b>	<b>(152.20)</b>	<b>24.37</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
-Purchase of Fixed Assets	(1.77)	(1.28)
-Sale of Fixed Assets	0.06	0.02
-Proceeds recd. On maturity of fixed deposits	3.76	8.49
-Interest received on Fixed Deposits	0.18	0.44
-Let out properties (net)	26.06	17.82
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>28.29</b>	<b>25.50</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in ₹ Crore)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
-Decrease in Working Capital Loan(net)	281.78	46.75
-Interest Paid	(150.84)	(139.30)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>130.94</b>	<b>(92.55)</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>7.03</b>	<b>(42.69)</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Closing Cash & Bank Balances as per Balance Sheet	8.41	1.38
Opening Cash & Bank Balances as per Balance Sheet	1.38	44.07
<b>Cash &amp; Bank balances as per Cash Flow Statement</b>	<b>7.03</b>	<b>(42.69)</b>
Cash & cash equivalents as per Balance Sheet	<b>9.60</b>	<b>6.51</b>
Less : Non readily convertible Bank Deposits	<b>1.19</b>	<b>5.13</b>
Cash & cash equivalents as per cash flow statement	<b>8.41</b>	<b>1.38</b>

**Significant accounting policies** 44

**Other Notes** 45-57

Notes referred to above form an integral part of accounts.  
As per our report of even date attached

**FOR P. JAIN & COMPANY**  
Chartered Accountants  
Firm Reg. No. 000711C

Sd/-  
**(PANKAJ JAIN)**  
Partner  
M. No. 097279

Place : New Delhi  
Dated : 28.05.2016

Sd/-  
**(KHALEEL RAHIM)**  
Chairman & Managing Director  
DIN - 02455606

Sd/-  
**(B R DHAWAN)**  
Chief General Manager - Finance

Sd/-  
**(G RAVICHANDRAN)**  
Director - Finance  
DIN - 07449503

Sd/-  
**(KANCHAN TRIPATHI)**  
Company Secretary

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Crore)

### NOTE NO. 1 SHARE CAPITAL

	As at 31st March 2016	As at 31st March 2015
<b>I) Authorized Share Capital</b>		
200,000,000 Equity Shares having face value of ₹ 10/- each	200.00	200.00
<b>II) Issued, Subscribed &amp; Fully Paid up</b>		
60,000,000 Equity shares having face value of ₹ 10/- each	<b>60.00</b>	<b>60.00</b>

### III) Details of Bonus Issue during the preceding five years :

-----NIL-----

IV) Equity shares issued and subscribed do not enjoy any differential rights

### V) Reconciliation of no. of shares :

Class of share capital	Opening as at 01.04.2015	issued during the year	Shares bought back during the year	Closing as at 31.03.2016
Equity share of ₹10/- each	6,00,00,000	-	-	6,00,00,000
Previous Year	6,00,00,000	-	-	6,00,00,000

### VI) Details of Share holders holding more than 5% shares

S. No.	Name	31.03.2016	31.03.2015	31.03.2016	31.03.2015
		No. of shares held		% of shares held	
1	Govt. of India	5,40,00,000	5,40,00,000	90.00	90.00

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 2 RESERVE & SURPLUS

Particulars	Balance as at 01.04.2015	Additions	Deductions/ Appropriation	Balance as at 31.03.2016
Capital Reserve	1.00	-	-	1.00
Bonus Reserve*	-	-	-	-
Exchange Fluctuation Reserve	6.50	-	-	6.50
Revaluation Reserve (Refer Note no. 12.3)	897.51	-	12.89	884.62
General Reserve	46.97	12.89	-	59.86
Surplus	26.94	17.87	-	44.81
<b>Total</b>	<b>978.92</b>	<b>30.76</b>	<b>12.89</b>	<b>996.79</b>
Previous Year	37.73	957.93	16.74	978.92

	2015-16	2014-15		
<b>2.1 Details of Addition to Surplus</b>				
Current Year Profit After Tax	17.86	26.19		
Transfer from Export/Import Contingency Reserve	-	-		
Transfer from General Reserve	-	-		
Transfer to Retained Earnings on account of depreciation as per Co's Act 2013	0.01	0.75		
Transfer from Bonus Reserve*	-	-		
	<b>17.87</b>	<b>26.94</b>		
<b>2.2 Details of Deduction/Appropriation from Surplus</b>				
Proposed Dividend	-	-		
Tax on Dividend	-	-		
Transfer to General Reserve	-	-		
Transfer to Export/Import Contingency Reserve	-	-		
Transfer to Bonus Reserve*	-	-		
	-	-		
<b>2.3 Details of Negligible Value</b>	<b>Balance as at 01.04.2015</b>	<b>Additions</b>	<b>Deductions/ Appropriation</b>	<b>Balance as at 31.3.2016</b>
*Bonus Reserve (₹)	22,870	18,531	11,031	30,370

2.4 Bonus reserve represents "Set On" available under the Payment of Bonus Act, 1965.

2.5 Deductions from Bonus Reserve represents amount transferred to Statement of Profit & Loss being "Set Off" as per the Payment of Bonus Act, 1965.

	2015-16	2014-15
<b>2.6 Details of Addition to General Reserve</b>		
Transfer from Revaluation Reserve on account of additional depreciation due to revaluation	12.89	16.74
	12.89	16.74

### NOTE NO. 3 MONEY RECEIVED AGAINST SHARE WARRANTS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Money received against share warrants	-	-

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 4

#### SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at 31st March, 2016	As at 31st March, 2015
Share application money pending allotment	-	-

### NON-CURRENT LIABILITIES

### NOTE NO. 5

#### LONG TERM BORROWINGS

Particulars	As at 31st March, 2016	As at 31st March, 2015
I. Term Loans		
- From banks - Secured	-	176.28
<b>Total</b>	<b>-</b>	<b>176.28</b>

5.1 Term Loan from Bank is secured against current assets of the company on pari-passu basis.

5.2 Maturity and interest profile of loans

Rate of Interest	Non Current 2017-18	Current 2016-17
10.80%	-	<b>176.28</b>

### NOTE NO. 6

#### OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade payables		
a. Bill acceptances	12.64	11.94
b. Sundry creditors		
- Micro, small & medium enterprises	-	-
- Others	1,000.52	1,008.63
<b>Total Trade Payables (a+b)</b>	<b>1,013.16</b>	<b>1,020.57</b>
Others		
a. Customers at credit	15.95	19.46
b. Advance from customers	1.81	3.09
c. Other liabilities		
- Outstanding liabilities for goods & services received	75.71	93.63
- Stale Cheques	0.04	0.04
- Deposits	8.83	7.81
- Security deposits	3.33	3.42
- Earnest money deposits	4.82	5.12
<b>Total Others (a+b+c)</b>	<b>110.49</b>	<b>132.57</b>
d. Employees' dues:-		
Pay & Allowances	0.06	-
Dues to employees on accrual basis	-	-
Encashment of earned leaves (Refer Note no. 53)	13.98	13.92
<b>Total Employees Cost Payable</b>	<b>14.04</b>	<b>13.92</b>
e. Remittances:-		
STC's Employees Union	-	-
Thrift Society	-	-
<b>Total Remittances</b>	<b>-</b>	<b>-</b>
<b>Total (Others)</b>	<b>124.53</b>	<b>146.49</b>
<b>Total of Note No. 6</b>	<b>1,137.69</b>	<b>1,167.06</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 6

#### OTHER LONG TERM LIABILITIES (Contd.)

6.1 Details in respect of dues to micro, small & medium enterprises based on information available with the Company.	As at 31st March, 2016	As at 31st March, 2015
a. Principal Amount due & remaining unpaid	-	-
b. Interest due on above and the unpaid interest	-	-
c. Interest paid by the buyer beyond appointed day during the accounting year	-	-
d. Amount of interest accrued & remain unpaid at the end of the accounting year	-	-
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises	-	-

### NOTE NO. 7

#### LONG TERM PROVISIONS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for employees' benefits (Refer Note no. 53)		
Encashment of Half pay leave	11.80	11.79
Post retirement medical benefits	90.51	88.23
Long service award	1.40	1.45
<b>Total</b>	<b>103.71</b>	<b>101.47</b>

### CURRENT LIABILITIES

#### NOTE NO. 8

#### SHORT TERM BORROWINGS:-

Particulars	As at 31st March, 2016	As at 31st March, 2015
II. Working Capital Loans		
a. From banks		
- Cash Credit	1,435.23	1,025.59
- Working Capital Demand Loan	-	100.00
- Buyers Credit	4.21	2.20
II. Other loans & advances - Unsecured	-	0.07
<b>Total</b>	<b>1,439.44</b>	<b>1,127.86</b>

#### 8.1 Break Up of Term Loan From Bank

- Secured	1,439.44	1,127.79
- Unsecured	-	-
<b>Total</b>	<b>1,439.44</b>	<b>1,127.79</b>

8.2 Working Capital Loans from banks are secured by pari-passu charge over current assets of the company.

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 9 TRADE PAYABLES

Particulars	As at 31st March, 2016	As at 31st March, 2015
a. Bill acceptances	2.64	11.68
b. Sundry creditors		
- Micro, small & medium enterprises	0.01	0.06
- Others	644.12	714.72
<b>Total Trade Payable</b>	<b>646.77</b>	<b>726.46</b>

#### 9.1 Details in respect of dues to micro, small & medium enterprises based on information available with the Company.

a. Principal Amount due & remaining unpaid	0.01	0.06
b. Interest due on above and the unpaid interest	-	-
c. Interest paid by the buyer beyond appointed day during the accounting year	-	-
d. Amount of interest accrued & remain unpaid at the end of the accounting year	-	-
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises	-	-

### NOTE NO. 10 OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
a. Customers at credit	33.37	72.53
b. Advance from customers	43.41	30.42
c. Unclaimed dividend	0.17	0.23
d. Investor Education & Protection Fund	0.03	0.01
e. Current Maturities of Long Term Borrowings (also refer note no. 5.1 & 5.2)	176.28	30.00
f. Other liabilities		-
- Outstanding liabilities for goods & services received	65.99	67.40
- Stale Cheques	-	0.01
- Deposits	6.26	5.97
- Security deposits	4.74	6.50
- Earnest money deposits	64.13	33.04
- Premium payable on Forward cover	0.16	-
- Liability for CSR	0.22	0.73
- Book Overdraft	-	0.08
<b>Total (a+b+c+d+e+f)</b>	<b>394.76</b>	<b>246.92</b>
g. <b>Employees' cost:-</b>		
Pay & Allowances	0.13	0.17
Other expenses	0.12	0.15
Dues to employees on accrual basis	0.94	0.81
Encashment of earned leaves (Refer note no. 53)	1.59	1.75
Undisbursed salary	0.01	0.02
<b>Total (g)</b>	<b>2.79</b>	<b>2.90</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 10

#### OTHER CURRENT LIABILITIES (Contd.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>h. Remittances:-</b>		
Professional Tax	0.01	0.01
Sale Tax /Value Added Tax (VAT)	0.49	5.92
Service Tax	0.19	0.11
Income tax deducted at source	1.17	0.97
STC's Employees Union	-	-
STC's Officers' Association	-	-
STC's SC/ST Employees Welfare Association	-	-
Contribution to Provident Fund	1.60	1.53
Contribution to Employees Pension Scheme-95	0.06	0.06
Contribution to Employees Pension Fund	0.34	0.29
Salary saving scheme	0.01	0.01
Thrift Society	0.06	0.07
Others	0.19	0.18
<b>Total (h)</b>	<b>4.12</b>	<b>9.15</b>
i. Interest accrued but not due on borrowings	1.62	-
ii. Interest accrued & due on borrowings	44.62	46.05
<b>Total (i)</b>	<b>46.24</b>	<b>46.05</b>
<b>Total of Note No. 10</b>	<b>447.91</b>	<b>305.02</b>

10.1 Interest accrued and due on borrowings includes ₹ 43.80 crore (₹ 44.70 crore) against which bank guarantee of ₹ 56.00 crore (₹ 44.70 crore) have been issued to Bank.

10.2 Deposit includes ₹ 4.19 Crore (₹ 4.24 Crore) from wholly owned subsidiary company.

10.3 The liability for CSR outstanding as on 31.03.2016 for the earlier years budgeted amount is ₹ 0.22 crore (₹ 0.41 crore), out of which unspent fund of ₹ 0.05 crore is outstanding for more than 3 years.

10.4 Gross amount required to be spent by the company during the year ₹ NIL (0.40 crore)

S. No.	Nature of Expenditure	Cash Paid	Yet to be paid	Total
1	Construction / Acquisition of Asset	0.20 (0.02)	0.01 (0.27)	0.21 (0.29)
2	On purpose other than (1) above	0.03 (0.05)	0.07 (0.01)	0.10 (0.06)

10.5 Other liabilities include an amount of ₹ 0.03 crore (negligible) appearing as unclaimed dividend for the year 2008-09 (Interim) which could not be transferred to Investor Education & Protection Fund (IEPF) as on 31.03.2016. The said amount has been deposited in April 2016.

### NOTE NO. 11

#### SHORT TERM PROVISIONS

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(a) Provision for employees' benefits (refer Note no. 53)</b>		
Encashment of Half pay leave	2.28	1.97
Post retirement medical benefits	6.44	6.35
Long service award	0.15	0.12
Gratuity	0.04	0.84
Performance Related Pay	0.01	0.02
Others	1.28	1.26
<b>Total (a)</b>	<b>10.20</b>	<b>10.56</b>
<b>(b) Other Provisions</b>		
Contingencies	5.67	5.25
Exchange difference on Forward contract	0.08	-
Others	-	0.05
<b>Total (b)</b>	<b>5.75</b>	<b>5.30</b>
<b>Total (a+b)</b>	<b>15.95</b>	<b>15.86</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)**

(Amount in ₹ Crore)

S. No. Description		GROSS					NET				
		As on 01.04.2015	Additions	Deductions/ Adjustments	As on 31.03.2016	Upto 31.03.2015	Deductions/ Adjustments 2015-16	Upto 31.03.2016	31.03.2016	31.03.2015	
		(1)	(2)	(3)	(4)= (1)+(2)-(3)	(5)	(6)	(7)	(8)= (5)+/- (6)+(7)	(9) = (4)-(8)	(10) = (1)-(5)
1	Land	26.04	-	-	26.04	-	-	-	-	26.04	26.04
2	Buildings	123.73	0.01	-	123.74	6.04	-	5.46	11.50	112.24	117.69
3	Plant & Machinery	26.55	-	5.31	21.24	13.23	0.94	0.61	12.90	8.34	13.32
4	Furniture & fittings	4.15	0.15	0.02	4.28	3.11	0.02	0.17	3.26	1.02	1.04
5	Motor Vehicles	1.57	0.44	0.51	1.50	1.23	0.48	0.03	0.78	0.72	0.34
6	Office equipment	2.02	0.20	0.03	2.19	1.67	0.02	0.11	1.76	0.43	0.35
7	Computers, data processing units & communication equipment	2.83	0.27	0.16	2.94	2.39	0.15	0.22	2.46	0.48	0.44
8	Electrical Installations & Equipment	5.52	0.15	0.02	5.65	3.25	0.01	0.30	3.54	2.11	2.27
	<b>Total</b>	<b>192.41</b>	<b>1.22</b>	<b>6.05</b>	<b>187.58</b>	<b>30.92</b>	<b>1.62</b>	<b>6.90</b>	<b>36.20</b>	<b>151.38</b>	<b>161.49</b>
<b>B. LEASEHOLD ASSETS</b>											
1	Land	594.79	-	-	594.79	1.14	-	0.85	1.99	592.80	593.65
2	Buildings	234.44	0.26	-	234.70	30.04	-	7.76	37.80	196.90	204.40
3	Roads, culverts & sewerage etc	0.03	0.17	-	0.20	0.02	-	-	0.02	0.18	0.01
4	Plant & Machinery	-	-	(5.30)	5.30	-	(0.92)	0.37	1.29	4.01	-
	<b>Total</b>	<b>829.26</b>	<b>0.43</b>	<b>(5.30)</b>	<b>834.99</b>	<b>31.20</b>	<b>(0.92)</b>	<b>8.98</b>	<b>41.10</b>	<b>793.89</b>	<b>798.06</b>
	<b>Grand Total</b>	<b>1,021.67</b>	<b>1.65</b>	<b>0.75</b>	<b>1,022.57</b>	<b>62.12</b>	<b>0.70</b>	<b>15.88</b>	<b>77.30</b>	<b>945.27</b>	<b>959.55</b>
	Previous Year	105.96	916.00	0.29	1,021.67	43.57	1.43	19.98	62.12	959.55	

12.1 The process of issuance of sub divided lease deeds in respect of STC's Office Complex at New Delhi, residential land and flats at Mehrauli Road, Delhi separately in the name of company and its co owners is pending. Original cost of land is ₹ 1.04 crore (₹ 1.04 crore) and of Building for housing colony and office complex is ₹ 18.66 crore (₹ 18.66 crore). Gross Block after revaluation of such land is ₹ 548.33 crore (₹ 548.33 crore) and of such Building is ₹ 185.91 crore (₹ 185.65 crore).

Execution of lease deed in respect of flats at AGVC complex is pending. The original cost of such flats is ₹ 1.25 crore (₹ 1.25 crore) and the Gross Block after revaluation is ₹ 28.42 crore (₹ 28.42 crore).

12.2 Formal lease deed in respect of Lease hold plot where company has tank farm installation at Mumbai Port Trust is yet to be executed though lease has been extended

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

by way of allotment letter. Registration of deed of conveyance in respect of 7 flats at Mumbai is pending. Total original cost of such flats is ₹ 0.41 crore (₹ 0.41 crore) and revalued amount is ₹ 33.19 crore (₹ 33.19 crore).

12.3 The company has revalued its immovable properties during 2014-15 consequently an amount of ₹ 914.25 crore was credited to revaluation reserve. As a result of revaluation additional depreciation amounting ₹ 12.89 crore (₹ 16.74 crore) is transferred from revaluation reserve to general reserve during the year.

12.4 Cost of flats include cost of land also where flats are purchased or constructed on land. Depreciation has been charged on total value of flats in absence of breakup of value between land and building.

12.5 Gross fixed assets and accumulated depreciation includes ₹ 1.06 crore and ₹ 0.42 crore respectively in respect of electric installation & vehicle of Chennai branch destroyed due to flood during the year against which an adhoc claim of ₹ 0.26 crore has been received from insurance company and the same is kept as sundry deposit till the final settlement of claim.

### NOTE NO. 13

#### INTANGIBLE ASSETS

S. No.	Description	GROSS				GROSS		NET		
		As on 01.04.2015	Additions	Deductions/ Adjustments	As on 31.03.2016	Upto 31.03.2015	Deductions/ Adjustments For the year 2015-16	Upto 31.03.2016	31.03.2016	31.03.2015
		(1)	(2)	(3)	(4)= (1)+(2)-(3)	(5)	(6)	(8)= (5)+/- (6)+(7)	(9) = (4)-(8)	(10) = (1)- (5)
1	Computer software	0.37	0.03	0.03	0.37	0.37	0.03	-	0.34	0.03
	<b>Total</b>	<b>0.37</b>	<b>0.03</b>	<b>0.03</b>	<b>0.37</b>	<b>0.37</b>	<b>0.03</b>	<b>-</b>	<b>0.34</b>	<b>0.03</b>
	<b>Previous Year</b>	<b>0.38</b>	<b>-</b>	<b>0.01</b>	<b>0.37</b>	<b>0.34</b>	<b>0.01</b>	<b>0.04</b>	<b>0.37</b>	<b>-</b>

13.1 Intangible assets are amortized @ of 40% p.a. on Straight line basis. The useful life of the assets is considered to be two and half years.

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 14 CAPITAL WORK IN PROGRESS

S. No.	Description	GROSS			As on 31.03.2016
		As on 01.04.2015	Additions	Deductions	
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1	Office Building	0.27	0.06	-	0.33
2	Plant & Equipment	-	-	-	-
3	Office Equipment	0.12	0.03	-	0.15
	<b>Total</b>	<b>0.39</b>	<b>0.09</b>	<b>-</b>	<b>0.48</b>
	Previous Year	0.86	-	0.47	0.39

### NOTE NO. 15 INTANGIBLE ASSETS UNDER DEVELOPMENT

S. No.	Description	GROSS			As on 31.03.2016
		As on 01.04.2015	Additions	Deductions	
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1	Intangible Assets under Development	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Previous Year	-	-	-	-

### NOTE NO. 16 NON CURRENT INVESTMENTS TRADE INVESTMENT (UNQUOTED)

Equity instruments - Fully paid up ****							
S. No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2016	Net Value as on 31.03.2015
	Joint Ventures						
1	NSS Agro Development Co Ltd.*	1,00,000	10	0.10	0.10	-	-
2	Sea Lac Agro Ventures Limited	1,00,000	10	0.10	0.10	-	0.10
	<b>Total</b>			<b>0.20</b>	<b>0.20</b>	<b>-</b>	<b>0.10</b>

### OTHER INVESTMENT (UNQUOTED)

Equity instruments - Fully paid up ***							
S. No.	Name of Company	No. Of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2016	Net Value as on 31.03.2015
(a)	Subsidiary Company						
1	STCL Limited *	1,50,000	100	2.82	2.82	-	-
(b)	Others						
1	Maharashtra Small Scale Industries Development	10,000	100	0.10	0.10	-	0.10
2	Andhra Pradesh State Trading Corporation	100	1,000	0.01	-	0.01	0.01
3	Sindhu Resettlement**	4	1,000	-	-	-	-
	<b>Total</b>			<b>2.93</b>	<b>2.92</b>	<b>0.01</b>	<b>0.11</b>
	<b>Grand Total (Unquoted)</b>			<b>3.13</b>	<b>3.12</b>	<b>0.01</b>	<b>0.21</b>
	Previous Year			3.13	2.92	0.21	

\* Investment book value is ₹ 1 (₹ 1)

\*\* Investment book value is ₹ 4000 (₹ 4000)

\*\*\* valued at cost other than temporary diminution in value, if any.

16.1 Other investment includes ₹ 2.82 crore (₹ 2.82 crore) in its 100% subsidiary company namely STCL. The subsidiary company was having negative net worth as on 31st March 2016 (Audited). Full provision for diminution in the value of investment has been made in the earlier years.

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### II. ASSETS

#### (1) NON CURRENT ASSETS

##### NOTE NO. 17

##### DEFERRED TAX ASSETS (NET)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Deferred tax Assets</b>		
Disallowance under Income Tax Act 1961	76.88	76.88
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	3.87	3.87
<b>Total</b>	<b>73.01</b>	<b>73.01</b>

17.1 In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income", the company has Deferred Tax Assets (Net) of ₹ 73.01 crore (₹ 73.01 crore). As a matter of prudence & conservative principle of accounting, Deferred Tax Asset (Net) relating to losses and other temporary differences amounting to ₹ 183.41 crore (₹ 188.75 crore) has not been recognized.

##### NOTE NO. 18

##### LONG TERM LOANS AND ADVANCES

S. No. Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>1 Capital Advances</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
<b>2 Security Deposits</b>		
- Secured, Considered Good	0.28	0.28
- Unsecured, Considered Good	10.10	2.58
- Doubtful	4.61	4.57
Less : Allowance for Bad & Doubtful	4.61	4.57
<b>Net</b>	<b>10.38</b>	<b>2.86</b>
<b>3 Loans and Advances to related parties</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
<b>4 Advances to employees</b>		
- Secured, Considered Good	3.62	4.81
- Unsecured, Considered Good	0.69	0.69
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>4.31</b>	<b>5.50</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 18

#### LONG TERM LOANS AND ADVANCES (Contd.)

S. No.	Particulars	As at 31st March, 2016	As at 31st March, 2015
5	<b>Interest accrued on advances to employees</b>		
	- Secured, Considered Good	6.40	6.17
	- Unsecured, Considered Good	0.35	1.04
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	<b>Net</b>	<b>6.75</b>	<b>7.21</b>
6	<b>Trade advances</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	-	0.74
	- Doubtful	93.62	92.89
	Less : Allowance for Bad & Doubtful	93.62	92.89
	<b>Net</b>	<b>-</b>	<b>0.74</b>
7	<b>Advance tax (net of provision)</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	-	-
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	<b>Net</b>	<b>-</b>	<b>-</b>
8	<b>Other Misc. advances</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	0.16	0.07
	- Doubtful	0.66	0.66
	Less : Allowance for Bad & Doubtful	0.66	0.66
	<b>Net</b>	<b>0.16</b>	<b>0.07</b>
	<b>Total</b>	<b>21.60</b>	<b>16.38</b>
	<b>PARTICULARS OF LONG TERM LOANS AND ADVANCES</b>		
	- Secured, Considered Good	10.30	11.26
	- Unsecured, Considered Good	11.30	5.12
	- Doubtful	98.89	98.12
	<b>Total</b>	<b>120.49</b>	<b>114.50</b>
	Less : Allowance for Bad & Doubtful	98.89	98.12
	<b>Net</b>	<b>21.60</b>	<b>16.38</b>

18.1 Trade advances include a sum of ₹ 87.39 crore (₹ 87.39 crore) recoverable from one of the parties, against which the company has initiated legal actions including criminal proceedings. In this regard, full provision has been made in earlier years. The Company was successful in getting arbitration award for ₹ 110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award. In order to secure above award amount, the company sought the detail of assets from party through court which have been submitted by the party. The company is in process of verifying the status and valuation of the properties. Next date of hearing is 19.07.2016.

18.2 Details of dues from Directors/ Officers :-

- Directors :	NIL	NIL
- Officers :	₹ 6.76 crore	₹ 6.70 crore



## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 19

#### OTHER NON CURRENT ASSETS

S. No.	Description	As at 31st March, 2016	As at 31st March, 2015
1	<b>Long term trade receivable</b>		
	- Secured, Considered Good	97.75	128.61
	- Unsecured, Considered Good	969.21	957.38
	- Doubtful	464.64	465.45
	Less : Allowance for Bad & Doubtful	464.64	465.45
	<b>Net</b>	<b>1,066.96</b>	<b>1,085.99</b>
2	<b>Claims recoverable</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	17.74	16.34
	- Doubtful	117.45	130.89
	Less : Allowance for Bad & Doubtful	117.45	130.89
	<b>Net</b>	<b>17.74</b>	<b>16.34</b>
3	<b>Cash &amp; cash equivalents :</b>		
	Other Bank Balances	-	-
	Term Deposit with banks :	-	-
	- Deposit pledged / Under Lien as margin Money	8.81	8.11
	- Other Deposits	-	-
	Interest accrued on Term Deposits :	-	-
	- Deposit pledged / Under Lien as margin Money	0.33	0.36
	- Other Deposits	-	-
	<b>Net</b>	<b>9.14</b>	<b>8.47</b>
4	<b>Others</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	0.30	0.87
	- Doubtful	0.30	-
	Less : Allowance for Bad & Doubtful	0.30	-
	<b>Net</b>	<b>0.30</b>	<b>0.87</b>
	<b>Total</b>	<b>1,094.14</b>	<b>1,111.67</b>
	<b>PARTICULARS OF OTHER NON CURRENT ASSETS</b>		
	- Secured, Considered Good	106.89	137.08
	- Unsecured, Considered Good	987.25	974.59
	- Doubtful	582.39	596.34
	<b>Total</b>	<b>1,676.53</b>	<b>1,708.01</b>
	Less : Allowance for Bad & Doubtful	582.39	596.34
	<b>Net</b>	<b>1,094.14</b>	<b>1,111.67</b>

19.1 Long term unsecured trade receivables include ₹ 568.44 crore (₹ 568.44 crore) on account of export of pharma products to foreign buyers through Indian business associates against which credit balance of ₹ 568.44 crore (₹ 568.44 crore) is available under trade payables. As corresponding credit of ₹ 568.44 crore (₹ 568.44 crore) is available under back to back arrangement, no provision is considered necessary. The local business associates drew bills of exchange which were accepted by the company on back to back basis. The foreign buyer defaulted in making payment against the export bills and one of the business associates having outstanding of ₹ 536.86 crore (₹ 536.86 crore) has gone into liquidation and litigation proceedings have been initiated by the company as well as by Indian business associates and their bankers. A claim of ₹ 527.86 crore (₹ 527.86 crore) has been admitted by the liquidator. Regarding other business associates, decree have been awarded for ₹ 63.00 crore by Hon'ble Mumbai High Court in favour of the company. Indian business associates also discounted the bills of exchange conditionally accepted by the company from their bankers by utilizing their own credit limits. Banks & Financial Institutions have filed legal suit against business associate before Hon'ble High Court Mumbai and DRT making company also a party to the case claiming ₹ 476.47

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 19

#### OTHER NON CURRENT ASSETS (Contd.)

Crore. However the company contended that under the Agreement amount to Indian business associates is payable only after receipt from foreign buyer. “

- 19.2 Long term unsecured trade receivables include ₹ 787.65 crore (₹ 788.47 crore) under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. to foreign buyers through Indian business associates against which corresponding credit balances of ₹ 342.18 crore (₹ 342.18 crore) are available under back to back arrangement, leaving net receivable of ₹ 445.47 crore (₹ 446.29 crore). The foreign buyer defaulted in making payment and accordingly action against the business associates has been initiated u/s 138 of Negotiable Instruments Act, 1881 and civil hearings are in progress. The matter is being pursued legally. However, as a matter of prudence and measure of abundant caution, full provision of ₹ 445.47 crore (₹ 446.29 crore) has been made in the earlier years to the extent of net trade receivables.
- 19.3 Long term unsecured trade receivables include ₹ 41.92 crore (₹ 41.92 crore) on account of export of agro commodities to foreign buyers through Indian business associates against which credit balance amounting ₹ 41.92 crore (₹ 41.92 crore) is available under trade payable. The foreign buyer defaulted in making payment and upon non-receipt of the dues from the business associate, the company has initiated necessary legal steps for its recovery. As corresponding credit of ₹ 41.92 crore (₹ 41.92 crore) is available under back to back arrangement, no provision is considered necessary.
- 19.4 Long term trade receivables include ₹ 12.05 crore (₹ 11.85 crore) recoverable from one of the business associate for goods sold in the earlier years. The entire overdue is secured by duly insured pledged stocks in favour of the company valuing ₹ 10.19 crore under CWC custody. Further, cases u/s 138 of Negotiable Instrument ACT, 1881 for ₹ 8.62 crore have been filed against the associate. Provision for ₹ 1.86 crore has been created during the current financial year.
- 19.5 Long term trade receivable includes ₹ 3.22 crore (₹ 3.21 crore) recoverable from one of the associates towards import of pet bottle material, which are pledged with the company. Steps have been taken to recover the dues. A provision of ₹ 1.75 crore (₹ 1.28 crore) has been made to the extent dues not covered by pledged stock.
- 19.6 Long term trade receivables include ₹ 58.55 Crore (₹ 58.55 crore) recoverable from one of the business associates for goods sold in earlier years. The entire balance overdue is secured by pledge of stocks in favour of the company. The company has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The company has also filed winding up petition and criminal complaints i.e. cases u/s 138 of Negotiable Instruments Act, 1881 and contempt application for misleading the court against the business associate. The company has also filed transfer application before the Hon'ble Supreme Court of India for transfer of all the pending cases since there is an admitted liability by business associate as per the arbitration clause of the MOA dated 17.07.2006, which describes the jurisdiction as Delhi.
- 19.7 Claims recoverable (Govt. of India) include ₹ 100.70 crore (₹ 114.95 crore) towards import of pulses under Govt. A/c during the year 2006-07 to 2010-11 which was fully provided during the year 2013-14. As approved by Ministry of Consumer Affairs, reimbursement limit has been enhanced from 15% to 20% of the landed cost, resulting in admissible claims to the tune of ₹ 60.47 crore against which ₹ 14.25 crore has already been received during F.Y. 2015-16. Balance of ₹ 46.22 crore is expected to be received during F.Y. 2016-17. In addition, claim of ₹ 18.80 crore on account of interest deducted by Ministry is also being taken up vigorously. Further, the reimbursement of remaining claims beyond 20% is being taken up with the Ministry of Consumer Affairs by the company.
- 19.8 Long Term unsecured trade receivables include ₹ 10.21 crore (₹ 10.21 crore) recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by company except the outstanding balance of ₹ 10.21 crore (₹ 10.21 crore) pending for final reconciliation at their end. Matter is being constantly taken up with GOM and MARKFED for recovery. The company is confident of recovering the dues in due course of time and hence no provision is considered necessary.
- 19.9 Claim recoverable includes ₹ 2.13 crore due from CCIC and HHEC which are Govt. of India undertakings on account of common maintenance charges. The company has received ₹ 1.18 Crore from CCIC and ₹ 0.55 crore from HHEC during the year 2015-16. Further, the matter has been taken up at higher level and the company is hopeful of receiving its entire dues from above organization. Hence, no provision in respect of above is considered necessary.

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### CURRENT ASSETS

#### NOTE NO. 20

#### CURRENT INVESTMENTS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Current Investment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### NOTE NO. 21

#### INVENTORIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Stock in trade including with handling agents/local agent	0.21	5.10
(b) Stores and spares	0.05	0.22
(c) Packing materials	0.05	0.05
(d) Stationery	0.07	0.08
(e) Others	0.04	0.05
<b>Total</b>	<b>0.42</b>	<b>5.50</b>

21.1 For Mode of Valuation, please refer para 10 of Note 44 to the financial statements

21.2 Stock-in-Trade includes Goods-in-Transit:-

Goods-in-Transit	₹ 0.16 crore	₹ 4.99 crore
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#### NOTE NO. 22

#### TRADE RECEIVABLES

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(a) Trade Receivables over Six Months</b>		
- Secured, Considerable Good	669.73	219.21
- Unsecured, Considerable Good	1,757.66	1,539.26
- Doubtful	1.55	1.55
<b>Gross Receivable</b>	<b>2,428.94</b>	<b>1,760.02</b>
Less : Allowance for bad & doubtful receivable	1.55	1.55
<b>Net Receivable</b>	<b>2,427.39</b>	<b>1,758.47</b>
<b>(b) Other Trade Receivables</b>		
- Secured, Considerable Good	43.28	551.84
- Unsecured, Considerable Good	170.31	114.94
- Doubtful	-	-
<b>Gross Receivable</b>	<b>213.59</b>	<b>666.78</b>
Less : Allowance for bad & doubtful receivable	-	-
<b>Net Receivable</b>	<b>213.59</b>	<b>666.78</b>
<b>Grand Total (a+b)</b>	<b>2,640.98</b>	<b>2,425.25</b>

22.1 Trade receivables include ₹ 122.77 crore (₹ 122.46 crore) recoverable from one of the business associate for goods sold in the earlier years which are overdue. The entire amount is secured by duly insured pledged stocks to the company procured under advance license (with export obligation) for a value of ₹ 264.47 crore under custody of CWC. Negotiation with a PSU for selling of the stocks, which has acquired the plant and machinery, is under progress. The business associate is under liquidation. The company is a secured creditor and where company has also solely staked claim on an industrial (mortgaged) land of about 90 acres at Alibagh, Maharashtra before Hon'able Gujarat High Court. In view of above, no provision is considered necessary.

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 22

#### TRADE RECEIVABLES (Contd.)

- 22.2 Trade receivables include ₹ 1740.42 crore (₹ 1640.53 Crore) for goods sold during previous years to one of the business associates. Dues are secured by EMD of ₹ 29.73 crore, corporate guarantee of its holding company and the personal guarantee of Chairman of its holding company. The business associate and its holding company (Guarantor) had signed a Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 with the company for payment of entire dues by 10.11.2012 under Indian Arbitration and Conciliation Act and is legally enforceable as decree. The business associate has confirmed on various occasions its commitment to repay the entire dues along with interest. The case for enforcement of decree is continuing with Hon'ble Supreme Court. During the year, the business associate remitted an amount of ₹ 144.90 crore on the direction of Hon'ble Supreme Court. Considering the financial strength of guarantors and status of case in the Hon'ble Supreme Court, the debt has been considered good and fully recoverable.
- 22.3 Trade receivable includes ₹ 20.56 crore (₹ 59.23 crore) recoverable from one of the business associate for goods sold in the earlier years. The amount is secured by pledge of stocks of ₹ 4.17 crore. Additionally, company is also holding duly insured stock of coal valuing approx. ₹ 39 crore under CWC custody of a family concern of the associate. On dishonour of cheques, legal action u/s 138 of Negotiable Instrument Act, 1881 has been initiated for an amount of ₹ 85 crore wherein the summons have been issued. The company's receivables are being monitored by court and the company has received ₹ 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. In view of above, no provision is considered necessary.
- 22.4 Trade receivables include an amount of ₹ 10.28 crore (₹ 12.95 crore) recoverable from one of the business associates for sale of coal. The business associate has paid an amount of ₹ 0.10 crore during the year. The entire dues are secured by mortgage of free hold land. The business associate has undertaken to repay all dues along with interest on receipt of CDR package. The company has filed legal and criminal case against party which are being followed up vigorously. In view of this, no provision is considered necessary.
- 22.5 Trade receivable includes ₹ 96.99 Crore (Nil) being 3.5% of invoice value retained by one of the business associates as Performance Bank Guarantee (PBG) which is secured by corresponding credit balance available in sundry creditors.

### NOTE NO. 23

#### CASH & CASH EQUIVALENTS

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Cash in hand	-	-
(b) Stamps & Stamp Papers	-	0.01
(c) <b>Cheques / Drafts on hand</b>	0.01	-
(d) Balances with banks		
- Cash Credit account - Debit Balance	2.30	0.03
- Current Accounts	5.40	1.10
(e) Short Term Deposit with banks :		
- Other Deposit with 3 months or less maturity	0.50	-
- Other Deposits	1.18	4.94
(f) Interest accrued on Term Deposits :		
- Other Deposits	0.01	0.19
(g) Unpaid Dividend Bank Account	0.20	0.24
<b>Total</b>	<b>9.60</b>	<b>6.51</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 24

#### SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>1 Capital Advances</b>		
- Secured, Considered Good	0.06	-
- Unsecured, Considered Good	0.07	0.08
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>0.13</b>	<b>0.08</b>
<b>2 Security Deposits</b>		
- Secured, Considered Good	-	0.16
- Unsecured, Considered Good	0.96	0.01
- Doubtful	-	0.06
Less : Allowance for Bad & Doubtful	-	0.06
<b>Net</b>	<b>0.96</b>	<b>0.17</b>
<b>3 Loans and advances to related parties</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
<b>4 Advances to employees</b>		
- Secured, Considered Good	1.17	1.13
- Unsecured, Considered Good	0.79	0.65
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>1.96</b>	<b>1.78</b>
<b>5 Interest accrued on advances to employees</b>		
- Secured, Considered Good	0.89	0.70
- Unsecured, Considered Good	0.09	0.16
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>0.98</b>	<b>0.86</b>
<b>6 Trade advances</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	2.51	4.94
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>2.51</b>	<b>4.94</b>
<b>7 Advance tax (net of provision)</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	34.56	30.32
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>34.56</b>	<b>30.32</b>
<b>8 Other Misc. advances</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	0.15	0.83
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>0.15</b>	<b>0.83</b>
<b>Total</b>	<b>41.25</b>	<b>38.98</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 24

#### SHORT TERM LOANS AND ADVANCES (Contd.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>PARTICULARS OF SHORT TERM LOANS AND ADVANCES</b>		
- Secured, Considered Good	2.12	1.99
- Unsecured, Considered Good	39.13	36.99
- Doubtful	-	0.06
<b>Total</b>	<b>41.25</b>	<b>39.04</b>
Less : Allowance for Bad & Doubtful	-	0.06
<b>Net</b>	<b>41.25</b>	<b>38.98</b>

#### 24.1 Details of dues from Directors/ Officers :-

- Directors	: NIL	NIL
- Officers	: ₹ 1.95 crore	₹ 1.42 crore

### NOTE NO. 25

#### OTHER CURRENT ASSETS

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Prepaid Expenses	3.53	0.86
(b) TA advance	0.01	0.01
(c) Advance for expenses	0.27	0.11
(d) VAT receivable-input	0.47	0.31
(e) Deposits	0.59	4.27
(f) Tax deducted at source	0.36	-
(g) Claims Recoverable :		
i. From Govt. of India	11.00	8.01
ii From PSU Banks	-	1.12
iii From PSU	1.88	1.82
iv. From Govt. Dept.	-	1.93
v. From Business Associates	-	1.47
vi. Others	3.36	1.40
(h) Others	-	0.17
<b>Total</b>	<b>21.47</b>	<b>21.48</b>

25.1 Claims recoverable include ₹ 2.72 crore (₹ 8.01 crore) towards import of pulses on behalf of different State Governments for sale under PDS scheme. This is towards carrying costs for delayed lifting of pulses by State Govts. (UP Govt. ₹ 2.61 crore, Punjab Govt. ₹ 0.06 crore, HP Govt. ₹ 0.04 crore). Claim for the same was lodged during the year 2011-12 and the same is being followed up with the State Govt. Since, there is credit balance available from UP Govt. ₹ 8.64 crore, Punjab Govt. ₹ 0.20 crore, HP Govt. ₹ 0.06 crore, no provision is considered necessary.

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO 26 REVENUE FROM OPERATIONS

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Sales</b>		
Export	1,110.47	1,884.27
Imported Goods	8,735.29	12,041.81
Domestic	633.40	471.13
<b>Total(a)</b>	<b>10,479.16</b>	<b>14,397.21</b>
<b>(b) Other operating revenue</b>		
Discount on Forward Contract	0.42	0.60
Claims:		
From Govt. of India	0.03	-
From Insurance agencies	-	0.31
Others	121.44	95.89
<b>Total(b)</b>	<b>121.89</b>	<b>96.80</b>
<b>Revenue from Operations (a+b)</b>	<b>10,601.05</b>	<b>14,494.01</b>

### NOTE NO 27 OTHER INCOME

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Interest income:-</b>		
Advance to Employees	0.81	0.96
Term Deposits With Banks & its subsidiaries :		-
- Deposits pledged / under Lien as margin money	0.14	0.15
- Other Deposits	0.03	0.75
Income Tax Refunds	1.61	1.87
Interest on Trade Finance/Associates :		-
- Other than PCFC / EPC	224.46	207.97
Other Miscellaneous interest	0.37	1.82
<b>Total (a)</b>	<b>227.42</b>	<b>213.52</b>
<b>(b) Miscellaneous income:-</b>		
Security Deposits forfeited	0.36	0.12
Rent received from Employees	0.14	0.15
<b>Total (b)</b>	<b>0.50</b>	<b>0.27</b>
<b>(c) Rental income:-</b>		
Rent Received from let-out property	34.97	32.29
Recoveries for common services from tenants	5.87	5.78
<b>Total</b>	<b>40.84</b>	<b>38.07</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO 27 OTHER INCOME (Contd.)

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>Less: Expenses related to let out property</b>		
Land & development office charges@25%	7.78	7.25
Property tax	4.86	7.21
Municipal tax	-	0.07
Insurance premium	0.07	0.05
Maintenance charges	1.11	0.86
Administrative expenses	0.96	0.52
<b>Total</b>	<b>14.78</b>	<b>15.96</b>
<b>Net rental income - Total (c)</b>	<b>26.06</b>	<b>22.11</b>
<b>(d) Other Receipts:-</b>		
- Difference in exchange other than commodity items	0.19	0.22
- Misc. non Trade receipts	0.53	5.41
<b>Total(d)</b>	<b>0.72</b>	<b>5.63</b>
<b>Gross Total (a+b+c+d)</b>	<b>254.70</b>	<b>241.53</b>

27.1 Other income include interest of ₹ 224.33 crore (₹ 203.61 crore) and prior period interest income includes ₹ 4.00 crore (Nil) recoverable from one of the business associates with whom conciliation agreement has been signed which has been held as final by Hon'ble Supreme Court. Dues are secured by corporate guarantee of its holding company and the personal guarantee of Chairman of its holding company. The business associate has confirmed on various occasions its commitment to repay the entire dues along with interest. The case for enforcement of decree is continuing with Hon'ble Supreme Court. During the year, the business associate remitted an amount of ₹ 144.90 crore on the direction of Hon'ble Supreme Court. Considering the financial strength of guarantors and status of case in the Hon'ble Supreme Court, the debt has been considered good and interest accrued thereon is recognised as income.

### EXPENSES:

### NOTE NO 28 COST OF MATERIAL CONSUMED

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
Opening balance of packing material	0.05	0.04
Add: Purchases made during the year	0.09	0.06
<b>Total</b>	<b>0.14</b>	<b>0.10</b>
Less: Closing balance of packing material	0.05	0.05
<b>Cost of materials consumed during the year</b>	<b>0.09</b>	<b>0.05</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO 29

#### PURCHASE OF STOCK IN TRADE

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
Export Purchase	1,076.69	1,823.63
Import Purchase	8,253.89	11,189.04
Domestic Purchase	626.44	463.87
Freight - Road	0.06	0.94
- Marine	23.35	41.86
Freight Reimbursement	106.94	87.32
Exchange fluctuation -loss (Net)	28.20	26.20
Premium on forward contract	0.16	2.78
Insurance - General	0.06	0.15
- Marine	0.59	0.42
Customs Duty	442.11	746.74
Clearing, Handling, Survey fee, port & Other Charges	1.70	5.45
Sales Tax/ Sur Charge on Sales Tax/VAT	0.21	0.15
Octroi/Purchase Tax Reimbursement	-	0.06
<b>Total</b>	<b>10,560.40</b>	<b>14,388.61</b>

29.1 Exchange fluctuation-loss (net) of ₹ 28.20 crore (loss ₹ 26.20 crore) includes loss ₹ 27.14 crore (loss ₹ 25.98 crore) on account of business associates for which necessary adjustment has been made in Purchases/ Sales Account and to that extent there is no impact on the profit for the year.

29.2 Details of exchange fluctuation (net) on account of business associates adjusted in Purchase/Sales are as follows:

(A) Export -Exchange Gain /(Loss) (Adjusted in Purchase)	(0.86)	0.93
(B) Import- Exchange Gain /(Loss) (Adjusted in Sales)	(26.28)	(26.91)
Exchange Fluctuation-net Gain/(Loss) (A+B)	(27.14)	(25.98)

29.3 Itemwise of Purchases:

HR Carbon Steel plates	1,061.58	1,676.52
Gold	3,500.82	6,670.20
Silver	1,271.40	1,867.14
Urea	3,904.60	2,994.86
Others	822.00	1,179.89
<b>Total</b>	<b>10,560.40</b>	<b>14,388.61</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO 30

#### CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Inventories of finished goods</b>		
Opening balance	0.08	0.67
Less: Closing balance	0.02	0.08
<b>Changes in inventories of finished goods</b>	<b>0.06</b>	<b>0.59</b>
<b>(b) Inventories of work-in-progress</b>		
Opening balance	-	-
Less: Closing balance	-	-
<b>Changes in inventories of work-in-progress</b>	<b>-</b>	<b>-</b>
<b>(c) Inventories of stock-in-trade</b>		
Opening balance	5.02	0.01
Less: Closing balance	0.19	5.02
<b>Changes in inventories of stock-in-trade</b>	<b>4.83</b>	<b>(5.01)</b>
<b>Total (a+b+c)</b>	<b>4.89</b>	<b>(4.42)</b>

### NOTE NO 31

#### EMPLOYEES BENEFITS EXPENSE

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Remuneration to Staff &amp; Managers</b>		
Salaries and Allowances	71.63	72.83
Provident fund	4.82	5.04
Employees pension scheme 95 (EPS 95)	0.91	0.74
Performance Related Pay	0.02	0.01
Welfare Expenses:		-
- Medical Expenses on regular employees	4.42	4.52
-Medical Expenses on retired employees	9.81	8.50
-Medical Expenses on Actuarial Liability	2.37	0.61
-Long Service Award	0.07	0.20
- Others	1.23	1.37
Gratuity	(0.07)	0.82
Pension	4.25	4.29
<b>Total(a)</b>	<b>99.46</b>	<b>98.93</b>
<b>(a) Remuneration to Directors</b>		
Salaries and Allowances (including sitting fees)	1.17	1.10
Provident fund	0.08	0.09
Employees pension scheme 95 (EPS 95)	0.01	-
Welfare Expenses		-
- Medical Expenses on regular Directors	0.03	0.03
-Medical Expenses on retired Directors	0.10	0.17
Gratuity	0.11	0.02
Pension	0.06	0.07
<b>Total(b)</b>	<b>1.56</b>	<b>1.48</b>
<b>Grand Total (a+b)</b>	<b>101.02</b>	<b>100.41</b>

31.1 As per Accounting Standard-15(Revised) "Employee Benefits", the disclosure as defined in the Accounting Standard are given in Note No. 53.

31.2 Value of Bonus paid ₹ 18,531 (₹ 5,306).

31.3 Whole time directors are allowed use of company car for non-duty journey up to 1000 km per month on payment of ₹ 2000 per month as per DPE OM dated 21st January, 2013.

31.4 Actual medical expenses incurred towards retired employees including retired directors is ₹ 9.91 crore (₹ 8.67 crore) and provision for post-retirement medical benefits on actuarial basis is ₹ 2.37 crore (₹ 0.61 crore).

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO 32 FINANCE COST

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
(a) Interest Expense		
- to Banks	150.84	139.31
- Business associates	0.22	2.32
Income Tax	0.52	-
(b) Others	0.53	16.15
<b>Total</b>	<b>152.11</b>	<b>157.78</b>

### NOTE NO 33 DEPRECIATION AND AMORTIZATION COST (Refer Note no. 12.3)

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>Tangible Assets</b>		
<b>Free hold assets:</b>		
(a) Buildings	5.46	4.11
(b) Plant & Machinery	0.61	1.01
(c) Furniture & fittings	0.17	0.15
(d) Motor Vehicles	0.03	0.03
(e) Office equipment	0.11	0.13
(f) Computers and data processing units	0.22	0.20
(g) Electrical Insatallations & equipment	0.30	0.30
<b>Sub Total</b>	<b>6.90</b>	<b>5.93</b>
<b>Lease hold assets:</b>		
(a) Land	0.85	0.65
(b) Buildings	7.77	13.40
(c) Plant & Machinery	0.36	-
(d) Roads, culverts & sewerage etc.	-	-
(e) Other	-	-
<b>Sub Total</b>	<b>8.98</b>	<b>14.05</b>
<b>Intangible Assets</b>		
(a) Amortization of Computer software	-	0.04
<b>Grand Total</b>	<b>15.88</b>	<b>20.02</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO 34

#### OTHER EXPENSES

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Other Operating Expenses</b>		
L/C Negotiation & Bank Charges	0.51	0.52
Godown, Plot, Tank Rent	1.51	1.93
Claims Paid	-	5.13
Commission on Sales	0.02	0.02
Surplus payable to Govt.	-	-
Delivery charges	0.35	0.26
Cost of Tender	0.15	0.16
Others	0.02	0.12
<b>Total (a)</b>	<b>2.56</b>	<b>8.14</b>
<b>(b) Administration expenses</b>		
Office Rent	2.98	2.79
Rates and Taxes:		
- Property Tax to Municipal Corporation	4.15	1.36
- Wealth Tax	-	0.06
- Others	0.04	0.02
Electricity and Water Charges	2.77	2.48
Printing and Stationery	0.33	0.32
Postage, Telegram, Teleprinter & Telex	0.12	0.17
Telephones	1.15	1.13
Books and Periodicals	0.04	0.04
Repairs :		
- Building	0.07	0.06
- Others	0.24	0.32
Travelling Expenses	1.84	2.14
Housing Colony Expenses	2.78	2.66
Service Vehicle Expenses	0.88	0.96
Insurance Premium	0.10	0.15
Auditors' Remuneration		-
- Statutory Audit Fees	0.15	0.15
- Tax Audit Fees	0.07	0.07
- Certification fees	0.04	0.03
- Other charges - TA/DA etc.	-	0.01
HRD Expenses	0.50	0.67
Information Technology Expenses	0.32	0.17
Conveyance Expenses	0.06	0.06
Maintenance of office building	1.29	1.09
Misc. Office expenses	3.34	3.73
<b>Total (b)</b>	<b>23.26</b>	<b>20.64</b>
<b>(c) Trade Expenses</b>		
Legal & Professional Expenses	6.82	6.16
Advertisement & Publicity	0.87	0.86
Exchange Fluctuations other than commodity items	0.73	1.02
Bank Charges	0.85	0.66
Entertainment expenses	0.29	0.36
Hospitality and Public Relations	0.03	0.04
Corporate Social Responsibility & Sustainable Development	-	0.40
Other Trade Expenses	0.74	1.21
<b>Total (c)</b>	<b>10.33</b>	<b>10.71</b>
<b>Total (a+b+c)</b>	<b>36.15</b>	<b>39.49</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO 35 EXCEPTIONAL ITEMS

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Expenses</b>		
Loss on sale of fixed assets	0.02	0.01
<b>Total (a)</b>	<b>0.02</b>	<b>0.01</b>
<b>(b) Write Offs</b>		
Trade Receivables	1.15	14.16
Claims	0.18	0.02
Deposits	0.06	0.04
Assets	0.01	0.01
<b>Total (b)</b>	<b>1.40</b>	<b>14.23</b>
<b>(c) Provision for Doubtful debts, Loans and advances &amp; Investment</b>		
Trade Receivables	2.54	7.34
Claims	0.09	0.81
Loans and Advances	0.73	0.03
Deposits	0.11	3.30
Investment - Long Term Investments	0.20	0.10
<b>Total (c)</b>	<b>3.67</b>	<b>11.58</b>
<b>(d) Income</b>		
Profit on Sale of Fixed Assets	0.03	-
Liabilities Created in previous years written back :		
- Statutory	0.08	0.09
- Others	7.27	3.85
Provision Written back for doubtful amounts realized :		
-Trade Receivables	1.04	0.01
-Claims	14.25	-
-Loans and Advances	-	0.51
Provision Written back for doubtful amounts written off :		
-Trade Receivables	1.16	14.16
-Claims	0.18	0.02
-Loans and Advances	-	-
-Deposits	0.06	0.04
-Assets	-	0.01
Write back of unclaimed credit balances	4.80	3.82
<b>Total (d)</b>	<b>28.87</b>	<b>22.51</b>
<b>Total (a+b+c-d)</b>	<b>(23.78)</b>	<b>3.31</b>

### NOTE NO 36 Extraordinary items

Particulars	For The Year Ended 31st March, 2015	For The Year Ended 31st March, 2014
Loss due to Earthquake/Cyclone/flood	-	-
Loss due to Fire	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO 37

#### PRIOR PERIOD ADJUSTMENT NET (DEBIT/CREDIT)

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Income</b>		
Other Income	0.16	-
Interest Income	13.95	0.05
Misc. Income	(0.42)	1.21
<b>Total (a)</b>	<b>13.69</b>	<b>1.26</b>
<b>(b) Expenditure</b>		
Cost of Sales	(0.01)	-
Overheads		-
- Administration	0.07	0.11
- Trade	(0.19)	0.03
Interest	0.10	-
Depreciation	0.01	0.01
<b>Total (b)</b>	<b>(0.02)</b>	<b>0.15</b>
<b>Net Adjustment (a-b)</b>	<b>13.71</b>	<b>1.11</b>

(Minus (-) shows expenses and Plus (+) shows income)

### NOTE NO 38

#### CURRENT TAX

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>Current Tax</b>		
Current Tax has been computed on profit of the year as per the prevailing tax laws	5.15	9.81
<b>Total</b>	<b>5.15</b>	<b>9.81</b>

### NOTE NO 39

#### DEFERRED TAX ASSETS (NET)

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
Deferred Tax (net) is computed as per the prevailing tax laws		
Deferred Tax Assets	-	-
<b>Deferred Tax Assets (Net)</b>	<b>-</b>	<b>-</b>

39.1 For details refer Note No. 17.1

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO 40

#### PROFIT (LOSS) FROM DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
(a) Income from discontinuing operation	–	–
(b) Expenses of discontinuing operation	–	–
<b>Profit (Loss) (a-b)</b>	–	–

### NOTE NO 41

#### TAX EXPENSE OF DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
Tax expense of discontinuing operations	–	–
Tax has been computed on discontinuing operation as per the prevailing tax laws	–	–
<b>TOTAL</b>	–	–

### NOTE NO 42

#### EARNING PER EQUITY SHARE -BASIC

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
A. Profit after Tax (PAT)	17.86	26.19
B. Weighted average no. of equity shares (in crore)	6.00	6.00
EPS - Basic in ₹ (A/B)	2.98	4.36
Face Value in ₹	10.00	10.00

### NOTE NO 43

#### EARNING PER EQUITY SHARE -DILUTED

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
A. Profit after Tax (PAT)	17.86	26.19
B. Weighted average no. of equity shares (in crore)	6.00	6.00
EPS - Basic in ₹ (A/B)	2.98	4.36
Face value in ₹	10.00	10.00

**SIGNIFICANT ACCOUNTING POLICIES - 2015-16**

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**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**2. REVENUE RECOGNITION - INCOME/EXPENSES**

Income and expenses are accounted for on accrual basis except the following which are recognised on cash basis:

- a) Claims for refund of excess insurance premium on open policies.
- b) Interest on loans to subsidiaries and on delayed payments of sales/ trade finance where realization is doubtful.
- c) Export benefits.
- d) Interest realisable from the items handled on Government account.
- e) Dividend on investments.
- f) Liquidated damages.
- g) Claims lodged with Insurance Companies.

**3. USE OF ESTIMATES**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

**4. TRANSACTIONS IN FOREIGN CURRENCIES**

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.
- b) All monetary items denominated in foreign currencies at the year-end are translated at year-end rates. In case of monetary items where the closing rate is unrealistic, translation rate is estimated based on past trend and expected realization/ disbursement.
- c) Non-monetary items other than fixed assets denominated in foreign currencies are reported on exchange rate at the transaction date. Fixed Assets are reported on exchange rate as at the transaction date as increased/reduced by the exchange difference arising on the corresponding foreign currency liability.
- d) Income or expense on account of exchange difference on settlement or translation is recognized in the Statement of Profit & Loss. Premium or Discount on forward exchange contracts is recognized on pro-rata basis with reference to the life of the forward contract except for forward covers taken at the behest of Business Associates, in which case the premium or discount is recognized at the inception of the forward exchange contract on matching principles since the corresponding transactions with the Associate are carried out based on the forward rate.

**5. FIXED ASSETS - TANGIBLE**

Fixed Assets other than land & building are stated at historical cost less accumulated depreciation and impairment. Land & building are stated at revalued amount less amortization/depreciation.

**6. INTANGIBLE ASSETS**

Cost incurred on Intangible assets (computer software), resulting in future economic benefits are capitalized as Intangible Assets and amortized on straight-line method over a period of two and a half year beginning from the date of capitalization.

**7. DEPRECIATION AND AMORTISATION**

- a. Depreciation on tangible fixed assets other than land is provided in accordance with useful life of assets specified in Schedule II of Companies Act, 2013 on straight-line method.
- b. Leasehold land is amortised over the lease period. Land on perpetual lease is not amortised.
- c. Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the date the asset is available for use/disposed.

**8. IMPAIRMENT OF ASSETS**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value and impairment loss is charged to Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.



## 9. INVESTMENTS

- a) Long term investments are carried at cost. When there is a decline (other than temporary) in the value of long term investments, the carrying amount is reduced to recognise the decline.
- b) Current investments are carried at the lower of cost and fair value.

## 10. INVENTORIES

Inventories are carried at lower of cost and net realizable value. Cost is determined as (a) on weighted average method in respect of inventories pertaining to own business and items handled on Govt. account under PDS or otherwise, (b) on actual cost as per specific identification method in respect of items handled on back to back arrangement with business associates, (c) Goods-in-transit valued at CIF cost. Cost includes cost of procurement (excluding element of self-insurance, if any), duties, taxes and cess and all direct and indirect costs incurred to bring the stocks to the condition as at the time of valuation. Net realizable value is the estimated price realizable in the ordinary course of business less further costs to be incurred for completing the sale. Estimates of net realisable value are based on the most reliable evidence available at the time of estimation as to the amount the inventories are expected to realize and also take into consideration fluctuations of price or other factors affecting the realizable value including events occurring after the balance sheet date to the extent that such events confirm the conditions existing at the balance sheet date.

## 11. COST OF SALE AND SALES

- a) Purchases and sales are recognised on the performance of contracts.
- b) In cases where contracts provide for crystallization of price or for price adjustment on a subsequent date, corresponding purchases and sales are booked on the basis of expected settlement price and any differential determined subsequently is accounted for at the time of final settlement. Cost of Sale and Sales are accounted for considering all costs and elements including usance interest on supplier's credit as provided for in the contract and incurred till the date of recognition including expenses incurred by and surplus accruing to Business Associates as per contract terms.
- c) In respect of back-to-back / tripartite / joint-execution / third party arrangements, purchases and sales are booked on the basis of documents furnished by the Business Associate as adjusted for the fixed trade margin accruing to the Company.
- d) Sales include transactions under third party arrangements and counter-trade obligations met by exports through the Company.
- e) In case of dealings on behalf of the Government (including consignments under Government's Gift / Grant Scheme), purchases and sales and incidental expenses or income thereof are accounted for under the respective head of accounts. Surplus or deficit to Government Account, after adjusting service margin accruing to the Company, is adjusted in Cost of Sales or Trade Income respectively.

## 12. CLAIMS

Claims are recognized in the Statement of Profit & Loss if there is no uncertainty relating to its ultimate realization. Claims recognized in the Statement of Profit & Loss but subsequently becoming doubtful are provided for through the Statement of Profit & Loss.

## 13. SELF INSURANCE

The Company covers certain commodities handled by it on selective basis under its self-insurance scheme. The surplus of premia realised to cover the risk of commodities over the related claims and reinsurance premia paid to outside agencies to cover the risk of claims is included under the head 'Other Income (Trade)'. No provision is made in respect of unexpired risks and claims are accounted as expenditure when reported.

## 14. EMPLOYEE BENEFITS

- a) Short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
- b) Employees' benefit, under defined contribution plan comprising provident fund and pension fund are recognized based on the undiscounted obligation of the company to contribute to the plan. The same is paid to funds administered through separate Trust.
- c) Retirement Benefits:
  - i) Company's contributions to Gratuity Trust Fund and liability towards Leave Encashment and Half Pay Leave are provided on accrual basis. Gratuity, Leave Encashment and Half Pay Leave are determined on the basis of Actuarial Valuation undertaken as at the year end.
  - ii) Liability towards Post-retirement Medical Benefits is provided based on Actuarial Valuation as at the year end.
- d) Other Long Term Benefits:

Other long term benefits i.e. Long Service Award are determined on the basis of Actuarial Valuation undertaken at the year end.
- e) Termination Benefits:

Retirement benefits under voluntary retirement scheme is written off in the year in which opted.

## 15. PROVISION FOR DOUBTFUL DEBTS/ADVANCES/CLAIMS

Provision for doubtful debts / advances /claims is made where there is uncertainty of realization irrespective of the period of its dues. For outstanding over three years (except government dues), provision is made unless the amount is considered realizable as per management estimate.

## 16. RESERVES

- a) Exchange Fluctuation Reserve represents exchange fluctuation gains on treasury operations set aside to meet future losses, if any.
- b) Export/Import Contingency Reserve is appropriated out of profits to meet unforeseen losses in respect of export/import operations.

## 17. EXHIBITIONS AND FAIRS

The cost of samples and other items acquired for various exhibitions and fairs in India and abroad are charged to revenue in the year in which incurred.

## 18. EXPENSES ON COMMON SERVICES

Recovery of expenses in respect of certain common services between the Company and its erstwhile subsidiaries is based on turnover/contract concluded/occupancy/ utilisation of manpower as is considered appropriate to the nature of expense recovered.

## 19. BORROWING COSTS

Borrowing costs attributable to acquisition or construction of qualifying assets upto the date the assets are ready for their intended use are capitalized as part of cost of such asset. All other borrowing costs are recognized as expense of the year in which incurred.

## 20. TAXES ON INCOME

- a) Current tax is provided on the basis of taxable income determined under the Income Tax Act, 1961.
- b) Minimum Alternative Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward.
- c) Deferred tax is recognized, subject to the consideration of prudence, on timing difference. Deferred Tax Assets and Liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

## 21. CASH FLOW STATEMENT

- a) Cash Flows relating to trade finance provided by Business Associates or the Company for execution of trading contracts including utilization of the finance towards fixed deposits with banks for opening letters of credit in favour of suppliers and refund/payment/recovery of interest thereon as per the terms of Contract are treated as part of Operating Activities.
- b) Cash Flow Statement is prepared in accordance with the on Indirect Method prescribed in Accounting Standard – 3 on Cash Flow Statement issued by ICAI.

## 22. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if the following conditions are satisfied:

- i) The company has a present obligation as a result of past event,
- ii) A probable outflow of resources is expected to settle the obligation, and
- iii) The amount of the obligation can be reliably estimated.

Contingent liability is disclosed, if

- i) The company has a possible obligation as a result of past event,
- ii) The Probability of out flow of resources is not remote and,
- iii) No reliable estimation of such obligation is possible.

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

For P.JAIN & CO  
Chartered Accountants  
FRN: 000711C

Sd/-  
(Pankaj Jain)  
Partner  
M. No. 097279  
Place: New Delhi  
Date: 28.05.2016

Sd/-  
(KHALEEL RAHIM)  
Chairman & Managing Director  
DIN – 02455606

Sd/-  
(B.R. DHAWAN)  
Chief General Manager-Finance

Sd/-  
(G. RAVICHANDRAN)  
Director (Finance)  
DIN - 07449503

Sd/-  
(KANCHAN TRIPATHI)  
Company Secretary

## Notes forming part of Financial Statements

### 45. CONTINGENT LIABILITIES & COMMITMENT

		(₹ in Crore)	
<b>I Contingent Liabilities not provided for</b>		<b>31.3.2016</b>	<b>31.3.2015</b>
A	Claims against the company /disputed liabilities not acknowledged as debt (incl. interest wherever determined)	2976.50	3054.97
B	Guarantees	76.31	59.39
C	Other money for which company is contingently liable	22.54	26.24
<b>II Commitment</b>			
A	Estimated amount of contracts remaining to be executed on capital account and not provided for	14.99	9.25
B	Uncalled liability on shares and other investments partly paid	-	-
C	Other commitments	-	-

Notes: (a) The above claims/demands are at various stages of appeal and in the opinion of the company are not tenable. Further, in some of the cases amounts included under contingent liabilities relate to commodities handled on Government of India account and liability, if any, would be recoverable from Government of India.

(b) Contingent liabilities include an amount of ₹ 82.57 crore (₹ 82.57 crore) along with interest payable to a foreign supplier on account of import of pulses in earlier years as per award of arbitral tribunal passed in favour of foreign supplier. The company has filed an appeal against the Tribunal award in the Hon'ble Delhi High Court. This transaction was undertaken on behalf of Ministry of Consumer Affairs (MOCA), hence the corresponding claim is made with MOCA, which is under consideration.

(c) Contingent liability is not updated by determining and including of interest by Mumbai Branch. Certain supporting documents of contingent liability were not available at Ahmedabad & Mumbai Branch.

46. (a) Trade receivables, loans & advances and other current & non-current assets include ₹ 31.09 crore (₹ 18.85 crore) which are under dispute/litigation. In some cases, there are corresponding payments withheld or receivables relating to commodities handled on account of Government of India. Hence no provision is considered necessary.

(b) In the opinion of the Management of the company, the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and provision has been made wherever considered necessary.

47. Balances in parties' accounts, claim recoverable and advances are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.

48. Current and other liabilities include balances that are subject to reconciliation/confirmation and consequential adjustments.

49. Purchases and Sales mainly represent procurement and/or supply undertaken for and on behalf of Business Associates by the Company on a fixed trade margin where the ultimate beneficiary is the Business Associate who is also liable to indemnify the losses, if any. The recognition is based on the legal and contractual obligations assumed by the Company and the transfer of title to the goods passing through it under the contract.

### 50. ADDITIONAL INFORMATION PURSUANT TO PART II OF SCHEDULE-III OF THE COMPANIES ACT, 2013

(₹ in Crore)

	2015-16	2014-15
<b>a) Value of Imports on CIF basis</b>		
Import of Trading Goods including freight etc.*	8254.47	11186.03
<b>b) Expenditure in Foreign Currency (on accrual basis)</b>		
i) Interest	-	0.68
ii) Training	0.05	0.01
iii) Travelling	0.18	0.11
iv) Others	0.05	4.20
<b>Total</b>	<b>8254.75</b>	<b>11191.17</b>
<b>c) Earning in Foreign Exchange (on accrual basis)</b>		
i) Export of goods on FOB basis*	50.24	126.38
ii) Others	0.89	-
<b>Total</b>	<b>51.13</b>	<b>126.38</b>

\* include third party transactions.

51. INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2016

(Amount in Crore)

S. No.	PARTICULARS	EXPORT		IMPORT		DOMESTIC		UNALLOCATED		CONSOLIDATED	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>1</b>	<b>Revenue</b>										
a.	External sales	1,117.16	1,884.47	8,742.50	12,050.27	741.39	559.27	-	-	10,601.05	14,494.01
b.	Inter-segment sales	-	-	-	-	-	-	-	-	-	-
	<b>Total Revenue (1a+1b)</b>	<b>1,117.16</b>	<b>1,884.47</b>	<b>8,742.50</b>	<b>12,050.27</b>	<b>741.39</b>	<b>559.27</b>	<b>-</b>	<b>-</b>	<b>10,601.05</b>	<b>14,494.01</b>
<b>2</b>	<b>Result</b>										
a.	Segment result	15.86	15.51	11.32	80.66	5.93	5.47	-	-	33.11	101.64
b.	Unallocated corporate expenses	2.28	5.62	(19.72)	(3.32)	1.16	0.39	115.71	124.40	99.43	127.09
<b>3</b>	<b>Operating Profit (2a-2b)</b>	<b>13.58</b>	<b>9.89</b>	<b>31.04</b>	<b>83.98</b>	<b>4.77</b>	<b>5.08</b>	<b>(115.71)</b>	<b>(124.40)</b>	<b>(66.32)</b>	<b>(25.45)</b>
4	Interest expenses	21.17	41.19	0.37	2.88	-	0.06	130.57	113.65	152.11	157.78
5	Interest Income	224.34	203.60	0.08	4.43	0.10	0.02	2.90	5.47	227.42	213.52
6	Income tax	-	-	-	-	-	-	4.84	5.21	4.84	5.21
<b>7</b>	<b>Profit from ordinary activities (3-4+5-6)</b>	<b>216.75</b>	<b>172.30</b>	<b>30.75</b>	<b>85.53</b>	<b>4.87</b>	<b>5.04</b>	<b>(248.22)</b>	<b>(237.79)</b>	<b>4.15</b>	<b>25.08</b>
8 a	Extraordinary loss/Expenses	-	-	-	-	-	-	-	-	-	-
8 b	Prior period adjustment (Debit) / Credit	3.79	(0.02)	0.05	0.61	-	0.05	9.87	0.47	13.71	1.11
	Total (8a-8b)	(3.79)	0.02	(0.05)	(0.61)	-	(0.05)	(9.87)	(0.47)	(13.71)	(1.11)
<b>9</b>	<b>Net Profit (7-8)</b>	<b>220.54</b>	<b>172.28</b>	<b>30.80</b>	<b>86.14</b>	<b>4.87</b>	<b>5.09</b>	<b>(238.35)</b>	<b>(237.32)</b>	<b>17.86</b>	<b>26.19</b>
<b>10</b>	<b>Other Information</b>										
a.	Segment assets	3,215.53	3,157.46	336.27	251.90	155.36	136.75	1,141.10	1,112.82	4,848.26	4,658.93
b.	Segment liabilities	1,801.16	1,858.21	206.99	300.37	75.15	90.87	1,708.17	1,370.56	3,791.47	3,620.01
c.	Capital Expenditure	-	-	-	-	-	-	1.77	1.28	1.77	1.28
d.	Depreciation	-	-	-	-	0.09	-	15.79	20.02	15.88	20.02
e.	Non -cash expenses other than depreciation	1.01	-	1.00	6.25	0.01	0.20	3.06	19.36	5.08	25.81

## 52. RELATED PARTY TRANSACTION

### 1. Key Management Personnel

#### i. Directors

- |                         |  |
|-------------------------|--|
| a. Shri Khaleel Rahim   | Chairman & Managing Director           |
| b. Shri Manoj Mishra    | Director (Finance) (up to 03.06.2015)  |
| c. Shri Rajiv Chopra    | Director (Marketing)                   |
| d. Shri Sanjeev Sharma  | Director (Personnel)                   |
| e. Shri G. Ravichandran | Director (Finance) (from 27.01.2016)   |
| f. Shri P.K. Das        | Director (Marketing) (from 19.02.2016) |

#### ii. Relatives of Directors

None

Remuneration paid to Key Management Personnel ₹ 1.51 crore (₹ 1.59 crore).

### 2. Subsidiary

- STCL Ltd. (Wholly Owned Subsidiary)

#### Transactions

- Amount charged during the year for Rent & other common services ₹ Negligible (₹ Negligible)

Amount Received during the year: ₹ Negligible (₹ Negligible)

Balance at the year end – ₹ 4.19 crore (₹ 4.24 crore) under Current Liabilities

The following officials of STC held Key Management position in the above company:

#### Name of the Officials

#### Designation

Shri Khaleel Rahim

Chairman

Shri Manoj Mishra

Director (Finance) (up to 03.06.2015)

### 3. Joint Ventures - NSS Satpura Agro Development Company Limited

#### Note No: 53- Disclosure as per AS-15 (Employee Benefits)

General description of various defined employee benefit schemes are as under:

#### A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expenses and is charged to the Statement of Profit & Loss. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by the Government. Overall interest earnings and cumulative surplus is more than the statutory interest payment requirement.

#### B. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employee and his/her spouse are eligible for medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company. Post-retirement medical benefits are recognised in the books as per the actuarial valuation. Total actuarial liability of ₹ 96.95 crore (94.58 crore) is estimated as per actuarial valuation as on 31.03.2016 for on roll and retired employees.

#### C. Leave

The Company provides for Earned Leave (EL) and Half Pay Leave (HPL) benefit to the employees of the Company which accrue annually at 30 days and 20 days respectively. The maximum ceiling for encashment of leave at time of superannuation/cessation from service other than on disciplinary ground shall be limited to 300 days (EL & HPL combined). 50% of EL subject to a maximum 150 days is en-cashable on resignation. EL is en-cashable while in service leaving a minimum balance of 15 days twice in a year. Total actuarial liability of ₹ 15.57 crore (₹ 15.66 crore) for EL and ₹ 14.08 crore (₹ 13.77 crore) for HPL is estimated as per actuarial valuation as on 31.03.2016.

#### D. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 x last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹ 10 lakhs on superannuation, resignation, termination, disablement or death. Total actuarial liability of ₹ 52.34 crore (₹ 53.54 crore) is estimated as per actuarial valuation as on 31.03.2016 for on roll employees.

## E. Other Benefits

Service awards are given to regular employees for rendering continuous service in the Company for long service rendered by them on completion of 15/25/30/35/38 years of service. Besides this, service award @ ₹ 1,000/- per year for each completed year of service is also given at the time of retirement subject to a maximum of ₹ 30,000/-. Total actuarial liability of ₹ 1.55 crore (₹ 1.57 crore) is estimated as per actuarial valuation as on 31.03.2016 for on roll employees.

## F. Pension

Company has defined contribution pension plan for its existing employees in pursuance to the guidelines issued by the Department of Public Enterprises. In this regard STC Employees Defined Contribution Superannuation Pension Trust has been formed. Under the scheme the employer's contribution is 9% of basic pay plus VDA of eligible employees and the funds of the trust are managed by LIC.

The summarised position of various defined benefits recognised in the Statement of Profit & Loss and Balance Sheet as under.

### i. Expenses recognized in Statement of Profit & Loss

(₹ in Crore)

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Current Service Cost	2.09	2.13	0.87	1.09	0.60	0.84
Past Service Cost	-	-	-	-	-	-
Interest Cost	4.28	4.36	1.25	1.38	1.10	1.16
Expected return on plan assets	(4.74)	(4.15)	-	-	-	-
Net actuarial (gain)/loss recognized in the year	(1.67)	(1.59)	3.37	2.35	(0.20)	(0.77)
Expenses recognized in the Statement of Profit & Loss	(0.04)	0.75	5.49	4.82	1.50	1.23

### ii. The amount recognised in the Balance Sheet

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present value of obligation as on 31.3.2016	52.34	53.54	15.57	15.66	14.08	13.77
Fair value of plan assets as on 31.3.2016	52.30	52.70	-	-	-	-
Funded Status	(0.04)	(0.84)	(15.57)	(15.66)	(14.08)	(13.77)
Excess of actual over estimated	(0.57)	-	-	-	-	-
Net Asset/(Liability) recognized in the Balance Sheet	(0.04)	(0.84)	(15.57)	(15.66)	(14.08)	(13.77)

### iii. Changes in the present value of defined benefit obligations:

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present value of obligation as on 1.4.2015	53.54	53.15	15.66	16.19	13.77	13.72
Liability Transfer from other organization	0.03	-	-	-	-	-
Interest cost	4.28	4.36	1.25	1.38	1.10	1.16
Current Service Cost	2.09	2.13	0.87	1.09	0.60	0.84
Past Service Cost	-	-	-	-	-	-
Benefits paid	(5.36)	(4.56)	(5.58)	(5.35)	(1.18)	(1.18)
Actuarial (gain)/loss on obligation	(2.24)	(1.54)	3.37	2.35	(0.21)	(0.77)
Present value of the defined obligation as on 31.03.2016	52.34	53.54	15.57	15.66	14.08	13.77

### iv. Changes in the fair value of plan assets:

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Fair value of plan assets as on 1.4.2015	52.70	46.12	-	-	-	-
Expected return on plan assets	4.74	4.15	-	-	-	-
Contributions by employer	0.79	6.95	-	-	-	-
Benefit paid	(5.36)	(4.56)	-	-	-	-
Actuarial gain / (loss)	(0.57)	0.05	-	-	-	-
Fair value of plan assets as on 31.3.2016	52.30	52.70	-	-	-	-

v. Actuarial Assumptions

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Discount rate	7.75%	8.00%	7.75%	8.00%	7.75%	8.00%
Expected return on plan asset	9.00%	9.00%	-	-	-	-
Future Salary Increase	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

The discount rate is generally based upon the market yields available on Government Bonds at the accounting date with a term that of the liabilities and the salary growth rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

54. Foreign Exchange Exposure as on 31.03.2016

(a) On STC's Account

(Foreign Currency in crore)

Particulars	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	-(-)	0.19(-)	0.07 (0.07)	19.10(0.50)

Note: The above excludes an amount of USD 37.86 crore (USD 35.54 crore) recoverable at average rate of 1 USD=₹ 46.18 (1 USD=₹ 46.18) frozen as per conciliation agreement with the business associate.

(b) On Business Associate Accounts

Particulars	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	-(-)	0.48(-)	31.38(31.38)	19.08(2.17)
EURO	-(-)	-(-)	0.09(0.09)	0.02(0.02)

55. (a) The company has a system of physical verification of inventories and fixed assets in phased manner at regular interval and verified with books of accounts and records. Differences observed, if any, are dealt with accordingly in the books.

(b) Physical Verification (PV) of fixed assets of corporate office was conducted on 31.03.2015. However, Management decided to get it re-verified and consequently PV was again conducted on 28.01.2016, reconciliation of which is under process. Identification of redundant & obsolete or unserviceable assets will be undertaken during 2016-17 by a committee formed for this purpose.

56. As required by the Accounting Standard-28 on "Impairment of Assets", the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

57. Accounting policies, Schedules and Notes on accounts attached form an integral part of the accounts. Values in brackets indicate corresponding previous year figure. Wherever necessary, previous year figures have been rearranged/regrouped to make them comparable with those of current year.

For P.JAIN & COMPANY

Chartered Accountants  
FRN: 000711C

Sd/-  
(PANKAJ JAIN)

Partner  
M. No. 097279

Place: New Delhi  
Date: 28.05.2016

Sd/-

(KHALEEL RAHIM)

Chairman & Managing Director  
DIN - 02455606

Sd/-

(B.R. DHAWAN)

Chief General Manager-Finance

Sd/-

(G. RAVICHANDRAN)

Director-Finance  
DIN - 07449503

Sd/-

(KANCHAN TRIPATHI)

Company Secretary

## MANAGEMENT REPLIES TO THE COMMENTS OF STATUTORY AUDITORS ON THE STANDALONE ACCOUNTS FOR THE YEAR 2015-16

Comments of the Statutory Auditors	Management Replies
<p>1. Reference is invited to Note no.18.1 relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts. Pending outcome of legal steps initiated for recovery, full provision of ₹ 87.39 crore was made in earlier year. However, the company was successful in getting arbitration award of ₹ 110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the party and hearing is pending in this case before Hon'ble High Court, New Delhi.</p>	<p>STC had financed ₹ 125 crore to an associate for purchase of old fertilizer plant from a public sector company. During the transaction, a sum of ₹ 38 crore was only recovered leaving a balance amount of ₹ 87.39 crore for recovery. STC filed various court cases including arbitration proceedings against the party. Arbitration award of ₹ 110 crore plus interest was pronounced in favour of STC. The party filed objections u/s 34 of Arbitration and Conciliation Act, 1996 before the Hon'ble High Court, New Delhi. Meanwhile, STC sought the detail of assets of the party through court which have since been received from the party. STC is in process of verifying the status and valuation of the properties.</p>
<p>2. Reference is invited to Note no. 19.1, regarding long term trade receivable ₹ 568.44 crore on account of export of pharma products to foreign buyers on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone into liquidation, litigation process have been initiated by the Company as well as by Indian Associates and their bankers. A claim of ₹ 527.86 crore has been admitted by the liquidator and decree for ₹ 63 crore by Mumbai High Court. There is however corresponding credit balance of ₹ 568.44 crore under trade payables. Management does not anticipate any liability on this account.</p>	<p>The contract was signed on back to back basis and payment to the supplier was to be made upon realization of export proceeds from the foreign buyer. These payments could not be realized. Though STC had conditionally accepted the bills of exchange (subject to realization of export proceeds), the Associate got these conditionally accepted bills of exchange discounted from the banks against his limits. Banks have made STC also as a party in the DRT proceedings initiated by them. The matter is under litigation and is subjudice. In one case STC has been able to secure decree for ₹ 63 crore and further actions are in process.</p> <p>There is no outflow of STC funds and no liability is anticipated.</p>
<p>3. Reference is invited to note no. 22.1, regarding trade receivable of ₹ 122.77 Crore due from Jhagadia Copper Limited. The Business Associate is under liquidation. The entire amount is secured by pledge of stocks to the company (procured under advance license with export obligation) and the company has also solely staked claim on an industrial (mortgaged) land of about 90 acres at Alibagh, Maharashtra before Hon'ble Gujarat High Court. Financial impact of the same cannot be ascertained at this stage. Management does not anticipate any liability on this account.</p>	<p>The business associate is under liquidation. Negotiations with the Public Sector Enterprise, who has acquired the plant, for selling the pledged stocks are under process. The value of pledged stocks as on 31.03.2015 was approx. ₹ 264.47 crore based on latest PV &amp; valuation report. Further, the company has also solely staked claim on an industrial (mortgaged) land of about 90 acres at Alibagh, Maharashtra before Hon'ble Gujarat High Court.</p>
<p>4. Reference is invited to Note no 22.2 &amp; 27.1, regarding trade receivable of ₹ 1740.42 crore and recognition of income of ₹ 228.33 crore during the year from one of the business associates who have stopped operation of their plant due to extreme volatility of prices. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of ₹ 144.90 crore on the directions of Hon'ble Supreme Court. The decree was noted to be final and legal case for enforcement of decree is under consideration of Hon'ble Supreme Court. The management is hopeful of full recovery.</p>	<p>The associate has paid ₹ 731 crore since signing of conciliation agreement. The Corporation has filed criminal case u/s 138 of Negotiable Instrument Act. STC has also filed criminal cases under IPC 420 of IPC for dilution of securities in violation of the conciliation agreement. The party on 19.08.2015 committed before the Hon'ble Supreme Court to pay back the amount. Further, the party has paid ₹ 144.90 crore during FY 2015-16 on the directions of Hon'ble Supreme Court. The party has also submitted schedule of payment to the court on 15.02.2016.</p> <p>All legal steps are being taken for recovery.</p>



Comments of the Statutory Auditors	Management Replies
<p>5. Reference is invited to Note no. 25.1, regarding claims recoverable include ₹ 2.72 crore towards carrying costs for delayed lifting of pulses by State Governments. Claim for the same was lodged during the year 2011-12 and the same is being followed up with the State Governments. Since, there is credit balance available with the Company, no provision is considered necessary.</p>	<p>The claim of ₹ 2.72 crore refers to the charges recoverable from various State Governments towards carrying costs for delayed lifting of pulses supplied during 2011-12 under the erstwhile subsidy scheme.</p> <p>Against the claim of ₹ 2.72 crore recoverable from the State Governments, sufficient credit balance is available with STC. The matter is being taken up with State Governments on regular basis for settlement of accounts.</p>
<p>6. Reference is invited to Note no. 45(b), regarding contingent liability of ₹ 82.57 crore payable to foreign supplier as per arbitral award, for which the Company has filed appeal in the Hon'ble Delhi High Court and simultaneously lodged the claim with Ministry of Consumer Affairs as transaction was under taken on their behalf. In view of the above no provision is considered necessary.</p>	<p>STC during July 2008, had contracted to import Canadian Yellow Peas under the 15% subsidy scheme out of which some quantity was abrogated as per the advice of Ministry of Consumer Affairs and CVC. The supplier did not agree for the same and invoked the Arbitration clause.</p> <p>The dispute was referred to ICA, New Delhi where the tribunal passed the award against STC.</p> <p>STC has filed appeal in Hon'ble High Court, Delhi and is pursuing the same. STC has in turn informed MOCA that In case the Court verdict comes against STC, the liability arising shall have to be made good by MOCA.</p>
<p>7. Reference is invited to Note no.19.2, regarding long term trade receivable of ₹ 787.65 crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹ 342.18 crore are available, leaving net receivable of ₹ 445.47 crore. Actions against the Business Associate have been initiated. The matter is being pursued legally and company is hopeful of recovery. As a measure of abundant caution full provision of ₹ 445.47 Crore being net receivable, has been made.</p>	<p>Under the Scheme, post shipment finance was taken from EXIM Bank to finance the export transactions.</p> <p>As per the agreement, the repatriation of export proceeds was the responsibility of associates. In some cases, the overseas buyers defaulted in payments and the export proceeds were not realized. Actions have been initiated against the associates. The matter is also under investigation by the concerned agencies.</p>
<p>8. Reference is invited to Note no. 22.3, regarding trade receivable of ₹ 20.56 crore recoverable from one of the Business Associates for goods sold in earlier years. The entire overdue is secured by pledge of stocks of ₹ 4.17 crore and ₹ 39 crore stock of family concern of the Associate in favour of the Company. The Company's receivables are being monitored by court and Company has received ₹ 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. Hence, no provision is considered necessary.</p>	<p>Against an outstanding of ₹ 20.56 crore STC is secured by pledge of stocks worth ₹ 4.17 crore of the associate and ₹ 39 crore worth of duly insured stocks of the family concern of the associate. Legal action u/s 138 of NI Act 1881 has been initiated for an amount of ₹ 85 crore wherein the summons has been issued. STC's receivables are being monitored by court and STC has received ₹ 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. The same is under process.</p>
<p>9. Reference is invited to Note no. 19.6, regarding long term trade receivable of ₹ 58.55 crore due from one of the Business Associates for goods sold in earlier years. The entire balance overdue is secured by pledge of stocks in favour of the Company. The Company has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has also filed winding up petition and criminal complaints i.e. case u/s 138 of Negotiable Instruments Act and contempt application for misleading the court against the business associate. The management is hopeful of the full recovery.</p>	<p>The entire balance overdue is secured by pledge of stocks for ₹ 179.71 crore in favour of STC. STC has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has filed criminal complaint u/s 138 of NI Act and also winding up petition against the associate which are in progress.</p>

Comments of the Statutory Auditors	Management Replies
<p>10. Reference is invited to Note no. 19.8, regarding long term trade receivable of ₹ 10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by the Company except the outstanding balance of ₹ 10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. The management is hopeful of the full recovery.</p>	<p>An amount of ₹ 2.32 crore on account of supply of RBD Palmolien during the year 2010-11 and an amount of ₹ 7.89 crore towards supplies made during the year 2011-12 under the erstwhile PDS scheme is recoverable from MARKFED (Govt. of Maharashtra).</p> <p>The total amount of ₹ 10.21 crore is pending due to final reconciliation at their end.</p> <p>Matter is being taken with the Govt. of Maharashtra for reconciliation of the amount and for recovery of the dues.</p>
<p>11. Reference is invited to Note no. 47 &amp; 48 relating to pending reconciliation/ confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.</p>	<p>Balances of debtors/ creditors and liabilities are being reconciled after completion of each transaction and the accounts are settled with the associates. However, confirmation of balances in respect of debtors/creditors involving legal cases are not obtained as it may affect the legal proceedings.</p>
<p>12. Reference is invited to Note no. 19.4, regarding long term trade receivables of 12.05 crore recoverable from one of the Business Associate for goods sold in the earlier years. The entire overdue is secured by duly insured pledged stocks in favour of the Company valuing ₹ 10.19 crore under CWC custody. Further, cases u/s 138 of Negotiable Instruments Act for ₹ 8.62 crore has been filed against the Associate. Provision of ₹ 1.86 crore has been created during the current financial year for the unsecured portion.</p>	<p>The overdue is secured by pledge of duly insured stocks in favour of STC to the extent of ₹ 10.19 crore. The company has filed criminal complaint u/s 138 of NIA for ₹ 8.62 crore and the proceedings are in process.</p>
<p>13. Reference is invited to Note no. 12.5, regarding non adjustment in financial books of fixed assets net book value of ₹ 0.64 crore destroyed due to flood during the year Chennai Branch against which an adhoc claim of ₹ 0.26 crore has been received from insurance company.</p>	<p>Due to sudden flood, the loss of fixed assets was estimated by CPWD for the purpose of lodging Insurance claim. The Insurance company has made provisional payment of ₹ 26 lakh. The adjustment of assets in books of accounts will be made on realization of final claim from the Insurance company during the current year.</p>
<p>14. Reference is invited to Note no. 22.4, regarding trade receivables of ₹ 10.28 crore recoverable from one of the Business Associates for sale of coal. The Business Associate has paid an amount of ₹ 0.10 crore during the year. The entire dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. Company has filed legal and criminal case against Business Associate. In view of this, no provision is considered necessary.</p>	<p>The dues are secured by mortgage of free hold land. The mortgage deed duly signed by the owner of the property and the representative of STC has been registered with Registrar of assurances at Kolkata. The associate has committed to clear all dues towards STC along with interest and other charges.</p>
<p>15. Reference is invited to Note no. 55(b), the reconciliation of physical verification of fixed assets at Corporate office with books is under process, impact thereof could not be ascertained.</p>	<p>The Physical verification of fixed assets was conducted on 31.03.2015. The same was again re-verified on 28.01.2016. Reconciliation of PV with book balances is in process and impact of variation if any will be accounted for during the current year.</p>

Sd/-  
(Khaleel Rahim)  
Chairman & Managing Director

Sd/-  
(G. Ravichandran)  
Director-Finance



संख्या / No. PDCA-I/ND/CHQ/29-05/2016-17/STC/460

**भारतीय लेखा तथा लेखापरीक्षा विभाग,**  
कार्यालय प्रधान निदेशक वाणिज्यक लेखापरीक्षा  
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-1  
**INDIAN AUDIT & ACCOUNTS DEPARTMENT,**  
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-1

दिनांक/DATED - 17.08.2016

सेवा में,

अध्यक्ष एवं प्रबन्ध निदेशक,  
स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड  
जवाहर व्यापार भवन, टॉलस्टॉय मार्ग  
नई दिल्ली - 110 001

विषय:— 31 मार्च 2016 को समाप्त वर्ष हेतु स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड के वार्षिक लेखों पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) एवं 129(4) के अन्तर्गत भारत के नियंत्रक महालेखा परीक्षक की टिप्पणियां।

महोदय,

मैं इस पत्र के साथ 31 मार्च 2016 को समाप्त वर्ष के लिए स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड के वार्षिक लेखों पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) एवं 129(4) के अन्तर्गत टिप्पणियाँ अग्रेषित करता हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए और कम्पनी की वार्षिक आम सभा में उसी प्रकार रखा जाए जिस प्रकार सांविधिक लेखा परीक्षकों की लेखा परीक्षा रिपोर्ट रखी जाती है।

संलग्न: टिप्पणियाँ

भवदीय,  
ह.  
(नीलेश कुमार साह)  
प्रधान निदेशक

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तृतीय तल, ए-स्कन्ध, इन्द्रप्रस्थ भवन, इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110002  
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**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2016.**

The preparation of financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is 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 28 May 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the stator auditor and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlights 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 profitability**

**I. Statement of Profit and Loss Account**

**Other Income ₹ 254.70 crore (Note no. 27)**

The above includes ₹ 228.33 crore (Previous year amount ₹ 203.61 crore) as interest income booked during the year 2015-16 from M/s. Global Steel Philippines Inc./Global Steel Holdings Ltd. (GSPI/GSHL) for export of steel slabs during the period 2008-2010. The recovery of principal amount from GSPI/GSHL is uncertain due to non-adherence to the payment terms as agreed in the conciliation agreement dated 15 November 2011 and further settlement dated 17 May 2012 and since out of ₹ 955.13 crore booked as interest during the period from 2011-12 to 2015-16, an amount of ₹ 143.63 crore only has been recovered. The recognition of interest income on the outstanding dues is neither prudent nor in consonance with the provision of Accounting Standard 9 'Revenue Recognition'.

Consequently, 'Profit for the year' is overstated by ₹ 228.33 crore. On non-recognition of the interest income of the Company has incurred a loss of ₹ 210.47 crore during the year.

This issue was also raised during the accounts audit of the company for the year 2013-14 and 2014-15. However, no corrective action has been taken by management.

**B. Comments on Financial Position**

**I. Balance Sheet**

**Current Assets**

**Trade Receivable: ₹ 2640.98 core. (Note No. 22)**

(i) The above includes ₹ 1740.42 crore (Previous year ₹ 1640.53 crore) being receivable from M/s GSPI/GSHL on account of steel slabs supplied during the period 2008-2010. As per note no. 22.2, the dues are stated to be secured by EMD of ₹ 29.73 crore, corporate guarantee of holding company and personal guarantee of Chairman of holding company. The associate paid only ₹ 144.90 crore during 2015-16 on the directions of the court even after conciliation agreement dated 15 November 2011 and further settlement agreement dated 17 May 2012 for payment of entire dues. Considering the rate of recovery, lack of adequate security and age of outstanding dues. Audit does not agree with Management's classification of outstanding dues of ₹ 1740.42 crore as considered good.

This point was raised during accounts audit of the company for the year 2013-14 and 2014-15; however, no corrective action has been taken by management.

(ii) Above includes an amount of ₹ 122.77 crore recoverable since 2010 from M/s Jhagadia Copper Limited (JCL) on account of import/procurement of Copper bearing material. Management has treated the said dues as secured and good due to pledged stock and STC's claim on land of JCL at Alibagh. However, the Official liquidator of (of JCL) has stated (September 2015) in his report filed before the Hon'ble High Court of Gujarat that the existing stock is not the raw material that was purchased from STC and it has been processed and therefore, STC does not have a claim on converted material. Further, there is no mortgage deed/pledge deed of land at Alibagh in favor of the Company.

Considering the above, Audit does not agree with Management's classification of outstanding dues of ₹ 122.77 crore as considered good.

Place: New Delhi  
Dated: 17 August 2016

Sd/-  
(Neelesh Kumar Sah)  
Principal Director of Commercial Audit  
& ex-officio Member, Audit Board-I,  
New Delhi

**MANAGEMENT'S REPLIES TO THE COMMENTS OF COMPTROLLER &  
AUDITOR GENERAL OF INDIA**

C&AG COMMENTS	MANAGEMENT REPLIES
<p><b>A. Comments on profitability</b></p> <p>1. Statement of Profit and Loss Account Other income ₹ 254.70 crore (Note no. 27)</p> <p>The above includes ₹ 228.33 crore (Previous year amount ₹ 203.61 crore) as interest income booked during the year 2015-16 from M/s Global Steel Philippines Inc./Global Steel Holdings Ltd. (GSPI/GSHL) for export of steel slabs during the period 2008-2010. The recovery of principal amount from GSPI/GSHL is uncertain due to non-adherence to the payment terms as agreed in the conciliation agreement dated 15 November 2011 and further settlement dated 17 May 2012 and since out of ₹ 955.13 crore booked as interest during the period from 2011-12 to 2015-16, an amount of ₹ 143.63 crore only has been recovered. The recognition of interest income on the outstanding dues is neither prudent nor in consonance with the provisions of Accounting Standard 9 'Revenue Recognition'.</p> <p>Consequently, 'Profit for the year' is overstated by ₹ 228.33 crore. On non-recognition of the interest income of the Company has incurred a loss of ₹ 210.47 crore during the year.</p> <p>This issue was also raised during the accounts audit of the company for the year 2013-14 and 2014-15. However, no corrective action has been taken by management.</p>	<p>By virtue of conciliation agreement dated 15.11.2011 and further settlement agreement dated 17.5.2012, the associate has acknowledged, accepted and admitted its full liability including interest.</p> <p>In terms of clause 12 (iii) of the further settlement agreement dated 17.05.2012, interest @ 13.50% p.a. is payable by the associate till the date of payment. The conciliation agreement is in the nature of legally enforceable decree under Indian Arbitration Conciliation Act and has been held as final by Hon'ble Supreme Court.</p> <p>Accordingly, the company is fully confident of recovery of interest amount from the associate, and as such the recognition of accrued interest as income is in consonance with Accounting Standard (AS)-9.</p> <p>The Associate has so far paid an amount of ₹ 731.22 crore after signing of the conciliation agreement including ₹ 144.90 crore paid during the financial year 2015-16 on the direction of Hon'ble Supreme Court. All these receipts are being adjusted invoice-wise covering the principal, interest and other expenses.</p> <p>The Associate has further paid ₹ 10 crore recently on 12.07.2016 and has sought adjustment of ₹ 29.73 crore of EMD amount lying with STC and has also undertaken before Hon'ble Supreme Court to pay ₹ 50 crore by 31.10.2016.</p> <p>On 22<sup>nd</sup> August 2016, the Associate has given the proposed schedule of payment duly attested by the appropriate authorities, which includes the principal, interest and other charges. STC is seeking opinion of ASG in this regard and the matter is under consideration by the Board.</p> <p>Since the recovery is being monitored by Hon'ble Supreme Court and the party has reaffirmed its commitment to repay the entire outstanding including interest, management is confident of recovery of entire dues and there does not seem to be any uncertainty. Therefore, the interest accrued has been considered as income. Thus, there is no overstatement of profit.</p>

<p><b>B. Comments on Financial Position</b></p> <p>1. Balance Sheet</p> <p>Current Assets</p> <p>Trade Receivable: ₹ 2640.98 crore (Note no. 22)</p> <p>The above includes ₹ 1740.42 crore (Previous year ₹ 1640.53 crore) being receivables from M/s GSPI/GSHL on account of steel slabs supplied during the period 2008-2010. As per note no. 22.2 the dues are stated to be secured by EMD of ₹ 29.73 crore, corporate guarantee of holding company and personal guarantee of Chairman of holding company. The associate paid only ₹ 144.90 crore during 2015-16 on the directions of the court even after conciliation agreement dated 15 November 2011 and further settlement agreement dated 17 May 2012 for payment of entire dues. Considering the rate of recovery, lack of adequate security and age of outstanding dues, Audit does not agree with Management's classification of outstanding dues of ₹ 1740.42 crore as considered good.</p> <p>This point was raised during accounts audit of the company for the year 2013-14 and 2014-15; however, no corrective action has been taken by management.</p>	<p>The principal amount including interest is covered under the conciliation agreement signed with the party. The conciliation agreement is in the nature of legally enforceable decree under Indian Arbitration Conciliation Act and has been held as final by Hon'ble Supreme Court.</p> <p>The Associate has so far paid an amount of ₹ 731.22 crore after signing of the conciliation agreement including ₹144.90 crore paid during the financial year 2015-16 on the direction of Hon'ble Supreme Court. The associate has further paid ₹ 10 crore recently on 12.07.2016. The associate has undertaken before Hon'ble Supreme Court to pay ₹ 50 crore by 31.10.2016.</p> <p>On 22<sup>nd</sup> August 2016, the Associate has given the proposed schedule of payment duly attested by the appropriate authorities, which includes the principal, interest and other charges. STC is seeking opinion of ASG in this regard and the matter is under consideration by the Board.</p> <p>Since the recovery is being monitored by Hon'ble Supreme Court and the party has also reaffirmed its commitment to repay the entire outstanding including interest, management is confident of recovery of entire dues and there does not seem to be any uncertainty. Accordingly the amount of ₹ 1740.42 crore has been considered as good and recoverable.</p>
<p>ii) Above includes an amount of ₹ 122.77 crore recoverable since 2010 from M/s Jhagadia Copper Limited (JCL) on account of import/procurement of Copper bearing material. Management has treated the said dues as secured and good due to pledged stock and STC's claim on land of JCL at Alibagh. However, the Official liquidator (of JCL) has stated (September 2015) in his report filed before the Hon'ble High Court of Gujarat that the existing stock is not the raw material that was purchased from STC and it has been processed and therefore, STC does not have a claim on converted material. Further, there is no mortgage deed/pledge deed of land at Alibagh in favour of the Company.</p> <p>Considering the above, Audit does not agree with management's classification of outstanding dues of ₹ 122.77 crore as considered good.</p>	<p>The amount of ₹122.77 crore recoverable from M/s Jhagadia Copper Limited (JCL) is secured by way of pledge of stocks kept under the custody of CWC and valuing ₹ 264.47 crore as on 31.3.2016.</p> <p>Regarding contention of the Official Liquidator that the existing stock, being the converted material, STC did not have a claim on the same, it is clarified that as per clause 4.1.2 of the Agreement with JCL, STC would supply material to JCL in lots for processing purposes after pledging of proportionate value of finished goods under the custody of CWC/CMA. As such STC has full claim over the converted material as per the Agreement, and as per Contract Act, STC has a special property right in the goods pledged to STC and is a secured creditor.</p> <p>STC has also filed its claim for an amount of ₹ 389.96 crore before the official liquidator (OL) and STC's name is appearing in the list of secured creditors compiled by the official liquidator.</p> <p>It is true that there is no mortgage or pledge deed of Alibagh land in favour of STC. However, STC has filed its claim on the land before the OL of the Gujarat High Court and as per the report of the OL, there was no charge of any other secured creditors on this piece of land prior to STC's claim on this land. The dues are already fully secured by stocks; the claim on land is to create additional security.</p> <p>In view of above, the amount of ₹ 122.77 crore recoverable from JCL has been considered as fully secured and good for recovery.</p>

Sd/-  
(B.R. DHAWAN)  
CGM-Finance

Sd/-  
(KHALEEL RAHIM)  
Chairman & Managing Director

**Form AOC-1**

(Pursuant to first proviso to sub section (3) of Section 129 of the Companies Act, 2013 read with rule 5 of Companies (Account) Rules, 2014

**Statement containing salient features of the financial Statement of Subsidiaries/Associate Companies/Joint Ventures**

**Part "A": Subsidiaries**

As at March 31, 2016

(₹ in Crore)

Sr. No.	Particulars	Amount
1	Name of Subsidiary	STCL Limited
2	Reporting period for the subsidiary company concerned, if different from the holding company's reporting period	Same as holding company
3	Reporting currency and exchange rates as on the last date of the Relevant Financial year in case of foreign subsidiaries.	Indian Rupees
4	Share Capital	1.50
5	Reserve & surplus	(3,343.18)
6	Total Assets	13.79
7	Total Liabilities	3,355.47
8	Investments	0.02
9	Turnover	-
10	Profit before taxation	(480.07)
11	Provision for taxation	-
12	Profit after taxation	(480.07)
13	Proposed Dividend	-
14	% of Shareholding	100%

- Note: 1. Name of the subsidiaries which are yet to commence operations - Nil  
2. Name of the subsidiaries which have been liquidated or sold during the year - Nil

**Part "B": Associates and Joint Ventures**

**Statement pursuant to section 129(3) of the Companies Act, 2013 Related to Associate Companies and Joint Ventures**

As at March 31, 2016

(₹)

Sr. No.	Name of the Associates/Joint Ventures	NSS Satpura Development Company Limited
1	Latest Audited Balance Sheet Date	Not Available
2	Share of Associate/Joint Ventures held by the Company including Subsidiary company on the year end- No. of equity shares	200000
3	Amount of Investment in Associate/Joint Ventures - Equity Shares	2000000
4	Extent of holding (%)	50
5	Description of how there is significant influence	Not Available
6	Networth of the Company	Not Available
7	Reason why the Associate/Joint Venture in not consolidated	Audited Accounts not available
8	Networth attributable to share holding as per latest Audited Balance Sheet (Equity Only)	Not Available
9	Profit/Loss for the year	
	(i) Considered in consolidation	Not Available
	(ii) Not Considered in consolidation	Not Available

Note: The requisite information in respect of associate companies namely Richfield Aquatech Ltd., Blue Maritech Ltd., National Tannery Company Ltd. & Indopirin Gloves Limited is not readily available. As these companies are dormant/under liquidation.

**FOR P. JAIN & CO.**  
Chartered Accountant  
FRN: 000711C

**Sd/-**  
**(KHALEEL RAHIM)**  
Chairman & Managing Director  
DIN- 02455606

**Sd/-**  
**(G RAVICHANDRAN)**  
Director - Finance  
DIN- 07449503

**Sd/-**  
**(Pankaj Jain)**  
Partner  
M. No. 097279

**Sd/-**  
**(B.R. DHAWAN)**  
Chief General Manager - Finance

**Sd/-**  
**(KANCHAN TRIPATHI)**  
Company Secretary

Place : New Delhi  
Dated : 28th May, 2016



# **Consolidated Accounts 2015-16**



# INDEPENDENT AUDITORS' REPORT

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**To the Members of  
The State Trading Corporation of India Limited**

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **THE STATE TRADING CORPORATION OF INDIA LIMITED** ("the Holding Company") and its subsidiary (collectively referred as "the Group"), which comprise the consolidated Balance Sheet as at 31st March, 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## **Management's Responsibility for the Financial Statements**

The Holding Company's Board of Directors is responsible for preparation of these consolidated financial statements in terms of requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company as aforesaid.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **4. Basis for Qualified Opinion**

- a) With respect to Subsidiary company, provision for liability towards earned leave and half pay leave encashment of ₹ 0.76 crore, Gratuity provision of ₹ 0.15 crore as on 31 March 2016 and post retirement medical benefits is not made on the basis of Actuarial valuation as required under 'AS-15 Revised'. In the absence of Actuarial reports, we are unable to quantify the impact if any on the consolidated financial statements.
- b) With respect to Subsidiary company audited PF trust accounts for the year ended 31.3.2016 were not provided, in the absence of audited PF trust account, we are unable to comment thereon.
- c) The audited financial statements of the joint venture company i.e.M/s NSS Satpura Agro Development Co. Ltd is not available after 31st March 2013, hence further diminution in the value of ₹ 0.02 crore is not considered in consolidated accounts as result investments are overstated by ₹ 0.02 crore and accumulated loss is understated by ₹ 0.02 crore.

- d) An amount towards the deferential tax between refund due of ₹ AY 2009-10 and tax payable for AY 2010-11 amounting to ₹ 0.70 crore deposited with the Income Tax Department is shown under Loans and Advances. The amount of refund granted (after adjustment with liability upto AY 2010-11 is more than refund receivable shown in books for the related assessment years. The difference has been considered as the Interest Income and accounted accordingly by the subsidiary company without adjusting towards aforementioned tax deposited. Since the Subsidiary company has not received assessment order and no other documentary evidences were available, we are not able to comment whether the amount refunded is inclusive of the payment made by the company to the income tax department amounting to ₹ 0.70 crore.

Our opinion is qualified in respect of these matters

## 5. Emphasis of Matters

- a) Reference is invited to Note no.18.1 relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts. Pending outcome of legal steps initiated for recovery, full provision of ₹ 87.39 crore was made in earlier year. However, the company was successful in getting arbitration award of ₹ 110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the party and hearing is pending in this case before Hon'ble High Court, New Delhi.
- b) Reference is invited to Note no. 19.1, regarding long term trade receivable ₹ 568.44 crore on account of export of pharma products to foreign buyers on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone into liquidation, litigation process have been initiated by the Company as well as by Indian Associates and their bankers. A claim of ₹ 527.86 crore has been admitted by the liquidator and decree for ₹ 63 crore by Mumbai High Court. There is however corresponding credit balance of ₹ 568.44 crore under trade payables. Management does not anticipate any liability on this account.
- c) Reference is invited to note no. 22.1, regarding trade receivable of ₹ 122.77 Crore due from Jhagadia Copper Limited. The Business Associate is under liquidation. The entire amount is secured by pledge of stocks to the company (procured under advance license with export obligation) and the company has also solely staked claim on an industrial (mortgaged) land of about 90 acres at Alibagh, Maharashtra before Hon'able Gujarat High Court. Management does not anticipate any liability on this account.
- d) Reference is invited to Note no 22.2 & 27.1, regarding trade receivable of ₹ 1740.42 crore and recognition of income of ₹ 228.33 crore during the year from one of the business associates who have stopped operation of their plant due to extreme volatility of prices. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of ₹ 144.90 crore on the directions of Hon'ble Supreme Court. The decree was noted to be final and legal case for enforcement of decree is under consideration of Hon'ble Supreme Court. The management is hopeful of full recovery.
- e) Reference is invited to Note no. 25.1, regarding claims recoverable include ₹ 2.72 crore towards carrying costs for delayed lifting of pulses by State Governments. Claim for the same was lodged during the year 2011-12 and the same is being followed up with the State Governments. Since, there is credit balance available with the Company, no provision is considered necessary.
- f) Reference is invited to Note no. 45(b), regarding contingent liability of ₹ 82.57 crore payable to foreign supplier as per arbitral award, for which the Company has filed appeal in the Hon'ble Delhi High Court and simultaneously lodged the claim with Ministry of Consumer Affairs as transaction was under taken on their behalf. In view of the above no provision is considered necessary.
- g) Reference is invited to Note no.19.2, regarding long term trade receivable of ₹ 787.65 crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹ 342.18 crore are available, leaving net receivable of ₹ 445.47 crore. Actions against the Business Associate have been initiated. The matter is being pursued legally and company is hopeful of recovery. As a measure of abundant caution full provision of ₹ 445.47 Crore being net receivable, has been made.
- h) Reference is invited to Note no. 22.3, regarding trade receivable of ₹ 20.56 crore recoverable from one of the Business Associates for goods sold in earlier years. The entire overdue is secured by pledge of stocks of ₹ 4.17 crore and ₹ 39 crore stock of family concern of the Associate in favour of the Company. The Company's receivables are being monitored by court and Company has received ₹ 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. Hence, no provision is considered necessary.
- i) Reference is invited to Note no. 19.6, regarding long term trade receivable of ₹ 58.55 crore due from one of the Business Associates for goods sold in earlier years. The entire balance overdue is secured by pledge of

stocks in favour of the Company. The Company has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has also filed winding up petition and criminal case u/s 138 of Negotiable Instruments Act and contempt application for misleading the court against the business associate. The management is hopeful of the full recovery.

- j) Reference is invited to Note no. 19.8, regarding long term trade receivable of ₹ 10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by the Company except the outstanding balance of ₹ 10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. The management is hopeful of the full recovery.
- k) Reference is invited to Note no. 19.4, regarding long term trade receivables of ₹ 12.05 crore recoverable from one of the Business Associate for goods sold in the earlier years. The entire overdue is secured by duly insured pledged stocks in favour of the Company valuing ₹ 10.19 crore under CWC custody. Further, cases u/s 138 of Negotiable Instruments Act for ₹ 8.62 crore have been filed against the Associate. Provision of ₹ 1.86 crore has been created during the current financial year for the unsecured portion.
- l) Reference is invited to Note no. 22.4, regarding trade receivables of ₹ 10.28 crore recoverable from one of the Business Associates for sale of coal. The Business Associate has paid an amount of ₹ 0.10 crore during the year. The entire dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. Company has filed legal and criminal case against Business Associate. In view of this, no provision is considered necessary.
- m) Reference is invited to Note no. 12.5, regarding non adjustment in financial books of fixed assets having net book value of ₹ 0.64 crore destroyed due to flood during the year at Chennai Branch against which an adhoc claim of ₹ 0.26 crore has been received from insurance company.
- n) Reference is invited to Note no. 55(b), the reconciliation of physical verification of fixed assets at Corporate office with books is under process, impact thereof could not be ascertained.
- o) Reference is invited to Note no. 47 & 48 relating to pending reconciliation/ confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.
- p) Reference is invited to Note no. 63(iii)(a), the Shareholders of the Subsidiary Company in their Extraordinary General Meeting held on 12.09.2013, and Department of Commerce, Ministry of Commerce and Industries vide its letter dated 26.08.2013 had approved winding up of the Subsidiary Company under section 433(a) of the Companies Act, 1956 and accordingly winding up petition had been filed before the Hon'ble High Court of Karnataka on 26.11.2013. Accordingly, the Subsidiary Company has drawn the accounts on liquidation basis i.e. assets have been revalued on realizable basis, whereas the liabilities towards the bank have been stated at book value, in view of legal cases initiated by the banks against the Holding and Subsidiary Companies for recovery of their dues and all other liabilities at their settlement value, Holding Company has not given any guarantee for the credit facility availed by the Subsidiary Company.
- q) Reference is invited to note No. 8.3 regarding total liabilities of subsidiary company to banks along with interest amounting to ₹ 3349.27 crore payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. No other banks except UCO bank which has confirmed only the principal and the SBI which has confirmed principal along with interest amount due. However, subsidiary company has not considered the interest claim by SBI since subsidiary company has considered interest payable as claim at the rates disclosed in their DRT application filed by UCO bank and consortium of banks. Cash credit/ short term loan is as per the claims in the DRT (Debt Recovery Tribunal) application filed by consortium by seven banks and UCO bank on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO bank. The subsidiary company has created pari-passu charges on the current assets in favour of the banks and also surrendered the documents of immovable properties situated at Chindwara (3.239 hectares), Byadgi (5 acres), Siddapura (2.20 acres) and Madikeri (0.50 acre) in favour of the bankers. In view of the immovable properties of subsidiary company given as security, an estimated amount of ₹ 1.83 crore out of the total advances can be considered as secured. The consortium of banks and UCO bank have filed cases separately against the subsidiary company with the Debt Recovery Tribunal, wherein with regards to UCO bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of ₹ 148.18 crore. However the subsidiary company has challenged DRT order at DRAT, Chennai. The bankers have also issue notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Further, based on the above, bankers have issued two possession notices one dt 26.10.2011 on the Factory land & Building located at Byadagi and another dt. 17.11.2011 on factory land & building located at Chhindwara, Madhya Pradesh.

- r) The subsidiary company has filed an appeal against the arbitration award made in favour of M/s Shiva Shankar Minerals Pvt. Ltd. for ₹ 8.01 crore before the City Civil Court, Bangalore.
- s) Reference is invited to note No. 10.7 regarding interest payable by subsidiary company of ₹ 2164.00 crore on the principal amount due to banks is arrived on the basis of the interest rates disclosed in the Debt Recovery Tribunal application filed by banks. Interest provision of ₹ 479.65 crore have been made by the subsidiary company for the current financial year. However no confirmation is received from banks for interest payable.
- t) The subsidiary company has made provision for payment of interest as per the claims made by the consortium banks in DRT upto 20.07.2011 and further interest are provided at the rates mentioned in DRT application by the banks. Excess interest/penal interest/liquidated damages claimed by the banks as shown in their balance confirmation certificate amounting to ₹ 165.84 crore has been shown under contingent liability. However the contingent liability as shown in notes consists only of those banks who have given their balance confirmation certificate.
- u) The subsidiary company has considered interest rates for computation of interest on short term borrowings related to devolved LCs are based on the claims of the consortium banks with Debt Recovery Tribunal.

Our opinion is not modified in respect of these matters.

## 6. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements subject to our observations in Paragraph 4 and read together with Significant Accounting Policies and Notes to the Consolidated Financial Statements and Other Notes, give the information required by 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 consolidated state of affairs of the Group as at 31st March, 2016, its consolidated Loss and their consolidated cash flows for the year ended on that date.

## 7. Other Matters

We did not audit the financial statements of one subsidiary included in the consolidated financial results, whose financial statements reflect total assets of ₹ 13.79 crore as at March 31, 2016, total revenues of ₹ 2.16 crore for the year ended March 31, 2016, cash flows amounting to (-) ₹ 0.22 Crore, and total loss after tax of ₹ 480.07 for the year ended March 31, 2016, as considered in the consolidated financial results. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of other auditor on such audited financial statements of the subsidiary.

Our opinion on the consolidated financial statements and our report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by the Management.

Attention is drawn to note no. 64 regarding non consolidation of financial statements of Joint Ventures namely NSS Satpura Agro Development Co. Limited, and associates Richfield Aquatech Ltd, Blue Maritech Ltd, National Tannery Company Ltd, Indopirin Gloves Ltd due to non-availability of financial statements for the year 2015-2016. However, as regards M/s Sealac Agro Ventures Limited no details were provided and disclosed in consolidated financial statements.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report to the extent applicable that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements except
    - (i) certain records/information at Mumbai branch and legal case details at Ahmedabad branch of Holding Company and
    - (ii) balance confirmation of parties as mentioned in para no. (o) above under Emphasis of Matters.
  - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of other auditor, however the system of maintaining stock records by branch with respect to goods kept with third party need to be ensured.
  - (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for matters mentioned in Basis for Qualified Opinion above.
- (e) Being a Government Company, section 164(2) of Companies Act, 2013 regarding whether any director is disqualified from being appointed as a director is not applicable to the Company in view of notification no. G.S.R.463 (E) dt. 05.06.2015.
- (f) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group refer Note No. 8.3,18.1 to 18.5, 19.1 to 19.06, 22.1 to 22.4, 22.6 ,24.2, 45, 46, 60 to the financial statements.
  - ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. (a) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company except a sum of ₹ 0.03 crore towards interim dividend for financial year 2008-09 declared on 23.01.2009 and deposited in April, 2016.  
(b) There were no amounts which were required to be transferred to investor education and protection fund by its subsidiary company incorporated in India.
- (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 'A', and
3. The Holding Company has not complied with the provisions of section 149 of the Companies Act, 2013 read with regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 with regard to appointment of Independent Directors and Women Director.

For P. Jain & Company  
Chartered Accountants  
Firm Regn. No.000711C

Place : New Delhi  
Date : 28.05.2016

Sd/-  
(Pankaj Jain)  
Partner  
M. No. 097279

# ANNEXURE-“A” TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 201, we have audited the internal financial controls over financial reporting of **The State Trading Corporation of India Limited** (hereinafter referred to as “the Holding Company”) as of that date. We did not audit the financial statements of one Subsidiary, which have been audited by the other Auditor.

### Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary company which are companies incorporated in India, are 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 (ICAI). 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, including adherence to respective company’s policies, 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.

### Auditors’ 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”) issued by ICAI 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 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 and 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 auditor’s judgement, 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 and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

- A. With respect to holding company following material weakness have been identified as at 31<sup>st</sup> March 2016
- (i) With respect to Mumbai branch of the Company, the branch auditor has reported certain material weaknesses in Internal financial control over financial reporting such as inadequate- IT & general controls, internal control system with regards to pledged inventory, customer acceptance & credit evaluation, internal audit coverage, large financial exposure in litigated matters & pending statutory litigation involving tax demands.
  - (ii) Reference is invited to Note no. 47 & 48 relating to pending reconciliation/ confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.
- B. With respect to subsidiary Company following material weakness have been identified as at 31<sup>st</sup> March 2016
- (i) The subsidiary Company did not have appropriate internal control with respect to reconciliation of Trade Receivables, trade payables, other Creditors and Business Associates, which could result in material misstatement in books of accounts.
  - (ii) The lease rent of steam sterilization unit located in Chhindwara, Madhya Pradesh was not collected during the period of lease i.e. 1<sup>st</sup> November, 2013 till the lease was terminated as on 31<sup>st</sup> January, 2015. The subsidiary Company has not exercised its right to terminate the lease despite rent remaining unpaid throughout the lease period. The subsidiary company has not filed any suit against the lessee for recovery of its dues.
  - (iii) Attention is drawn to note no. 18.3, where it is mentioned that the subsidiary Company is in process of liquidating the stocks through tender process since the past one year, the same has not been liquidated till date.
  - (iv) The subsidiary Company has shifted the office to new premises belonging to Company. However, the subsidiary Company has not entered into any agreement with Holding Company and the subsidiary Company has not taken any decision with respect to rental advance of Rs. 4.18 crore given towards occupation of earlier premises taken from Company which has been terminated.
  - (v) The Board of Directors of subsidiary Company has delegated certain powers to the MD vide 107<sup>th</sup> Board Resolution dated 27<sup>th</sup> January, 2006, however, no review or revision of the same has been made subsequently till date.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the subsidiary Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Holding Company and its one subsidiary Company which are entities incorporated in India, have, except for effects of the material weaknesses described above on achievement of the objectives of the control criteria, the Holding Company and its one subsidiary Company has maintained 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 31<sup>st</sup> March, 2016, 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.

## Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is the company incorporated in India, is based on the corresponding reports of the auditor of subsidiary company incorporated in India.

For P. Jain & Company  
Chartered Accountants  
(Firm Regn. No. 000711C)

Place : New Delhi  
Date : 28<sup>th</sup> May, 2016

Sd/-  
(Pankaj Jain)  
Partner  
M. No. 097279

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

		(₹ in Crore)	
PARTICULARS	Note No.	As at 31st March, 2016	As at 31st March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share capital	1	60.00	60.00
(b) Reserves & Surplus	2	(2,344.90)	(1,882.67)
(c) Money received against share warrants	3	-	-
<b>(2) Share application money pending allotment</b>	4	-	-
<b>TOTAL (1+2)</b>		<b>(2,284.90)</b>	<b>(1,822.67)</b>
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	-	176.28
(b) Other long term liabilities	6	1,137.69	1,167.07
(c) Long-term provisions	7	103.71	101.46
<b>TOTAL (3)</b>		<b>1,241.40</b>	<b>1,444.81</b>
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	8	2,624.70	2,313.12
(b) Trade Payables	9	646.97	726.65
(c) Other current liabilities	10	2,610.54	1,994.69
(d) Short-term provisions	11	19.16	18.91
<b>TOTAL (4)</b>		<b>5,901.37</b>	<b>5,053.37</b>
<b>Total</b>		<b>4,857.87</b>	<b>4,675.51</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	949.85	964.46
(ii) Intangible Assets	13	0.03	0.00
(iii) Capital Work In Progress	14	0.48	0.39
(iv) Intangible Assets under development	15	-	-
<b>Total (a)</b>		<b>950.36</b>	<b>964.85</b>
(b) Non-Current investments	16	0.04	0.24
(c) Deferred tax assets (net)	17	73.01	73.01
(d) Long-term loans and advances	18	22.83	23.59
(e) Other non-current assets	19	1,094.14	1,111.66
<b>TOTAL (1)</b>		<b>2,140.38</b>	<b>2,173.35</b>
<b>(2) Current Assets</b>			
(a) Current investments	20	-	-
(b) Inventories	21	0.42	5.52
(c) Trade receivables	22	2,641.09	2,425.35
(d) Cash and cash equivalents	23	12.97	10.55
(e) Short-term loans and advances	24	41.32	39.05
(f) Other current assets	25	21.69	21.69
<b>TOTAL (2)</b>		<b>2,717.49</b>	<b>2,502.16</b>
<b>Total</b>		<b>4,857.87</b>	<b>4,675.51</b>
<b>Significant Accounting Policies</b>	44		
<b>Other Notes</b>	45-66		

Notes referred to above form an integral part of accounts.  
As per our report of even date attached

**FOR P. JAIN & COMPANY**  
Chartered Accountants  
Firm Reg. No. 000711C

**Sd/-**  
**(PANKAJ JAIN)**  
Partner  
M. No. 097279

Place : New Delhi  
Dated : 28.05.2016

**Sd/-**  
**(KHALEEL RAHIM)**  
Chairman & Managing Director  
DIN - 02455606

**Sd/-**  
**(B R DHAWAN)**  
Chief General Manager - Finance

**Sd/-**  
**(G RAVICHANDRAN)**  
Director - Finance  
DIN - 07449503

**Sd/-**  
**(KANCHAN TRIPATHI)**  
Company Secretary



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

		(₹ in Crore)		
PARTICULARS	Note No.	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015	
<b>I.</b>	Revenue from operations	26	10,601.05	14,494.01
<b>II.</b>	Other income	27	256.85	242.46
<b>III.</b>	<b>Total Revenue (I+II)</b>		<b>10,857.90</b>	<b>14,736.47</b>
	<b>Expenses-</b>			
	a) Cost of materials consumed	28	0.09	0.05
	b) Purchases of stock-in -Trade	29	10,560.40	14,388.61
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	4.92	(4.37)
	d) Employee benefits expense	31	102.39	101.98
	e) Finance costs	32	631.81	566.87
	f) Depreciation and amortisation expense	33	16.25	20.61
	g) Other expenses	34	36.73	40.05
<b>IV.</b>	<b>Total expenses (a+b+c+d+e+f+g)</b>		<b>11,352.59</b>	<b>15,113.80</b>
<b>V.</b>	<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>(494.69)</b>	<b>(377.33)</b>
<b>VI.</b>	Exceptional items - Debit/(Credit)	35	(23.53)	4.96
<b>VII.</b>	<b>Profit before extraordinary items and tax (V-VI)</b>		<b>(471.16)</b>	<b>(382.29)</b>
<b>VIII.</b>	Extraordinary items	36	-	-
<b>IX.</b>	Prior Period Adjustment Net - (Debit)/Credit	37	13.71	1.11
<b>X.</b>	<b>Profit before tax (VII-VIII+IX)</b>		<b>(457.45)</b>	<b>(381.18)</b>
<b>XI.</b>	<b>Tax expense:</b>			
	(1) Current tax (MAT)	38	5.15	9.81
	(2) Tax relating to earlier years		(0.38)	(0.79)
	(3) MAT Credit Entitlement		-	(3.81)
	(4) Deferred tax	39	-	-
	<b>Total Tax Expense (XI)</b>		<b>4.77</b>	<b>5.21</b>
<b>XII.</b>	<b>Profit(Loss) for the period from continuing operations (X-XI)</b>		<b>(462.22)</b>	<b>(386.39)</b>
<b>XIII.</b>	Profit (loss) from discontinuing operations	40	-	-
<b>XIV.</b>	Tax expense of discontinuing operations	41	-	-
<b>XV.</b>	<b>Profit (loss) from discontinuing operations after tax (XIII-XIV)</b>		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>Profit (Loss) for the period (XII +XV)</b>		<b>(462.22)</b>	<b>(386.39)</b>
<b>XVII.</b>	<b>Earnings per equity share</b>			
	(1) Basic (in ₹)	42	(77.04)	(64.40)
	(2) Diluted (in ₹)	43	(77.04)	(64.40)
	<b>Significant Accounting Policies</b>	44		
	<b>Other Notes</b>	45-66		

Notes referred to above form an integral part of accounts.  
As per our report of even date attached

**FOR P. JAIN & COMPANY**  
Chartered Accountants  
Firm Reg. No. 000711C

**Sd/-**  
**(PANKAJ JAIN)**  
Partner  
M. No. 097279

Place : New Delhi  
Dated : 28.05.2016

**Sd/-**  
**(KHALEEL RAHIM)**  
Chairman & Managing Director  
DIN - 02455606

**Sd/-**  
**(B R DHAWAN)**  
Chief General Manager - Finance

**Sd/-**  
**(G RAVICHANDRAN)**  
Director - Finance  
DIN - 07449503

**Sd/-**  
**(KANCHAN TRIPATHI)**  
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in Crore)

PARTICULARS	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit Before Tax &amp; Extraordinary Items</b>	(471.08)	(382.29)
<b>Adjustment for:</b>		
-Interest on working capital loans	630.54	548.38
-Depreciation	16.25	20.61
-Net write back of Advances	(11.82)	10.97
-Income/Expenditure relating to let out property	(26.06)	(17.82)
- Interest Income	(0.22)	(0.36)
- Loss on Revaluation of Fixed assets	0.11	2.20
-Loss on sale of asset	0.02	0.01
-Amortization of Grant under ASIDE Scheme	(0.17)	(0.30)
-Liabilities written back	(12.15)	(7.77)
-Profit on sale of assets	(0.04)	(0.02)
-Net Write off Assets	0.01	0.01
-Provision for Investment	0.20	596.67
	0.10	556.01
<b>Operating Profit Before Working Capital Changes</b>	125.59	173.72
<b>Adjustment for:</b>		
-Amount paid towards CSR activities	(0.23)	(0.30)
-Trade and other receivables	(183.60)	(504.20)
-Inventories	5.09	(4.47)
-Trade and other payables	(104.56)	366.07
<b>Changes In Working Capital</b>	(157.71)	30.82
Income tax paid	(9.08)	(7.76)
<b>Cash Flow Before Prior Period Items</b>	(166.79)	23.06
Prior period adjustment	13.71	0.69
<b>Net Cash Generated/Used In Operating Activities (A)</b>	<b>(153.08)</b>	<b>23.75</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	(₹ in Crore)	
PARTICULARS	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
-Purchase of Fixed Assets	(1.78)	(1.28)
-Sale of Fixed Assets	0.07	0.06
-Proceeds recd. On maturity of fixed deposits	4.51	8.49
-Interest received on Fixed Deposits	0.40	0.79
-Let out properties (net)	26.06	17.82
<b>Net Cash From Investing Activities (B)</b>	<b>29.26</b>	<b>25.88</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
-Decrease in Working Capital Loan(net)	281.78	46.75
-Interest Paid	(150.84)	(139.30)
<b>Net Cash From Financing Activities (C)</b>	<b>130.94</b>	<b>(92.55)</b>
<b>Net Increase/Decrease In Cash And Cash Equivalents (A+B+C)</b>	<b>7.12</b>	<b>(42.92)</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Closing Cash & Bank Balances as per Balance Sheet	8.72	1.60
Opening Cash & Bank Balances as per Balance Sheet	1.60	44.52
<b>Cash &amp; Bank Balances as per Cash Flow Statement</b>	<b>7.12</b>	<b>(42.92)</b>
<b>Cash &amp; Cash equivalents as per Balance Sheet</b>	<b>12.97</b>	<b>10.55</b>
<b>Less: Non readily convertible Bank Deposits</b>	<b>4.25</b>	<b>8.95</b>
<b>Cash &amp; Cash equivalents as per cash flow statements</b>	<b>8.72</b>	<b>1.60</b>
<b>Significant Accounting Policies</b>	44	
<b>Other Notes</b>	45-66	

Notes referred to above form an integral part of accounts.  
As per our report of even date attached

**FOR P. JAIN & COMPANY**  
Chartered Accountants  
Firm Reg. No. 000711C

Sd/-  
**(PANKAJ JAIN)**  
Partner  
M. No. 097279

Place : New Delhi  
Dated : 28.05.2016

Sd/-  
**(KHALEEL RAHIM)**  
Chairman & Managing Director  
DIN - 02455606

Sd/-  
**(B R DHAWAN)**  
Chief General Manager - Finance

Sd/-  
**(G RAVICHANDRAN)**  
Director - Finance  
DIN - 07449503

Sd/-  
**(KANCHAN TRIPATHI)**  
Company Secretary

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crore)

**NOTE NO. 1  
SHARE CAPITAL**

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>I) Authorized Share Capital</b>		
200,000,000 Equity Shares having face value of ₹ 10/- each	200.00	200.00
<b>II) Issued, Subscribed &amp; Fully Paid up</b>		
60,000,000 Equity shares having face value of ₹ 10/- each	<b>60.00</b>	<b>60.00</b>

**III) Details of Bonus Issue during the preceding five years :**

-----NIL-----

IV) Equity shares issued and subscribed do not enjoy any differential rights

**V) Reconciliation of no. of shares :**

Class of share capital	Opening as at 01.04.2015	issued during the year	Shares bought back during the year	Closing as at 31.03.2016
Equity share of ₹ 10/- each	6,00,00,000	-	-	6,00,00,000
Previous Year	6,00,00,000	-	-	6,00,00,000

**VI) Details of Share holders holding more than 5% shares**

S. No.	Name	31.03.2016	31.03.2015	31.03.2016	31.03.2015
		No. of shares held		% of shares held	
1	Govt. of India	5,40,00,000	5,40,00,000	90.00	90.00

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

## NOTE NO. 2 RESERVES & SURPLUS

Particulars	Balance as at 01.04.2015	Additions	Deductions/ Appropriation	Balance as at 31.3.2016
Capital Reserve	3.70	-	-	3.70
Exchange Fluctuation Reserve	6.50	-	-	6.50
Export/Import Contingency Reserve	4.35	-	-	4.35
Revaluation Reserve (Refer Note no. 12.3)	898.72	0.15	12.89	885.98
General Reserve	52.63	12.89	-	65.52
Surplus	(2,851.83)	(462.21)	-	(3,314.04)
Grant in Aid	3.26	-	0.18	3.08
<b>Total</b>	<b>(1,882.67)</b>	<b>(449.16)</b>	<b>13.07</b>	<b>(2,344.90)</b>
<b>Previous Year</b>	<b>(2,412.17)</b>	<b>546.55</b>	<b>17.06</b>	<b>(1,882.67)</b>

	2015-16	2014-15
<b>2.1 Details of Addition to Surplus</b>		
Current Year Profit After Tax	(462.22)	(386.39)
Transfer to Retained Earnings on account of depreciation as per Co's Act 2013	0.01	0.74
Transfer from Bonus Reserve*	-	-
	(462.21)	(385.65)
<b>2.2 Details of Deduction/Appropriation from Surplus</b>		
Proposed Dividend	-	-
Tax on Dividend	-	-
Transfer to General Reserve	-	-
Transfer to Export/Import Contingency Reserve	-	-
Transfer to Bonus Reserve*	-	-
	-	-

### 2.3 Details of Negligible Value

Particulars	Balance as at 01.04.2015	Additions	Deductions/ Appropriation	Balance as at 31.3.2016
*Transfer to Bonus Reserve (₹)	22,870.00	18,531.00	11,031.00	30,370.00

2.4 Bonus reserve represents "Set On" available under the Payment of Bonus Act, 1965.

2.5 Deductions from Bonus Reserve represents amount transferred to Statement of Profit & Loss being "Set Off" as per the Payment of Bonus Act, 1965.

	2015-16	2014-15
<b>2.6 (a) Details of Addition to General Reserve</b>		
Transfer from Revaluation Reserve on account of additional depreciation due to revaluation	12.89	16.74
	12.89	16.74

(b) Increase in value of assets of subsidiary company as per valuation report & chartered engineers vide their report dated 15.04.2016 are shown as revaluation reserve.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 2

#### RESERVES & SURPLUS (Contd.)

- 2.7 The capital reserve of subsidiary company includes ₹ 1.20 crore received as 'Equity' from M/s. Visvesvaraiya Industrial Trade Centre (Govt. of Karnataka Centre for Export Promotion) (VITC) under ASIDE scheme during the year 2006-07 towards Chilli Processing Plant, Byadgi which has been accounted as Promoters' contribution.
- 2.8 The Grant in aid of subsidiary company includes ₹ 6.29 crore received as Grant from Government of India under ASIDE scheme establishment of steam sterilization unit and Grinding & Packing unit at Spice Park, Chhindwara. The subsidiary company has availed a concessional custom duty of 3% under EPCG scheme thereby saving of ₹ 1.21 crore while importing the steam sterilization machineries under export obligation to eight times of the value of duty saved with in eight years and if the company failed to meet the export obligation it is liable to pay custom duty along with interest. In this regard the company has furnished a EPCG bond of RS. 3.77 crore to custom authorities. The concessional customs duty availed under EPCG scheme of ₹ 1.21 crore and interest payable thereon ₹ 1.09 crore total of ₹ 2.29 crore shown under short term provisions.

### NOTE NO. 3

#### MONEY RECEIVED AGAINST SHARE WARRANTS

Particulars	As at	
	31st March, 2016	31st March, 2015
Money received against share warrants	-	-

### NOTE NO. 4

#### SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at	
	31st March, 2016	31st March, 2015
Share application money pending allotment	-	-

### NON-CURRENT LIABILITIES

#### NOTE NO. 5

Particulars	As at	
	31st March, 2016	31st March, 2015
<b>Long term borrowings</b>		
Term Loans		
- From banks - Secured	-	176.28
<b>TOTAL</b>	<b>-</b>	<b>176.28</b>

5.1 Term Loan from Bank is secured against current assets of the company on pari-passu basis.

5.2 Maturity and interest profile of loans

Rate of Interest	Non Current	Current
10.80%	2016-17	2015-16
	-	176.28

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 6

#### OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade payables		
a. Bill acceptances	12.64	11.94
b. Sundry creditors		
Micro, small & medium enterprises	-	-
Others	1,000.52	1,008.63
<b>Total Trade Payables (a+b)</b>	<b>1,013.16</b>	<b>1,020.57</b>
Others		
a. Customers at credit	15.95	19.48
b. Advance from customers	1.81	3.09
c. Other liabilities		
- Outstanding liabilities for goods & services received	75.71	93.63
- Stale Cheques	0.04	0.04
- Deposits	8.83	7.81
- Security deposits	3.33	3.42
- Earnest money deposits	4.82	5.12
<b>Total Others (a+b+c)</b>	<b>110.49</b>	<b>132.59</b>
d. Employees' dues:-		
Pay & Allowances	0.06	-
Encashment of earned leaves (Refer Note no. 53)	13.98	13.91
<b>Total Employee's Cost Payable</b>	<b>14.04</b>	<b>13.91</b>
e. Remittances:-		
STC's Employees Union	-	-
Thrift Society	-	-
<b>Total Remittances</b>	<b>-</b>	<b>-</b>
<b>Total (Others)</b>	<b>124.53</b>	<b>146.50</b>
<b>Total of Note No. 6</b>	<b>1,137.69</b>	<b>1,167.07</b>
<b>6.1 Details in respect of dues to micro, small &amp; medium enterprises based on information available with the Company.</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
a. Principal Amount due & remaining unpaid		
b. Interest due on above and the unpaid interest		
c. Interest paid by the buyer beyond appointed day during the accounting year		
d. Amount of interest accrued & remain unpaid at the end of the accounting year		
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises		

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 7

#### LONG TERM PROVISIONS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for employees' benefits (Refer Note no. 53)		
Encashment of Half pay leave	11.80	11.79
Post retirement medical benefits	90.51	88.23
Long service award	1.40	1.44
<b>Total</b>	<b>103.71</b>	<b>101.46</b>

### CURRENT LIABILITIES

#### NOTE NO. 8

#### Short Term Borrowings:-

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>I. Working Capital Loans</b>		
- From banks		
- Cash Credit & Packing Credit	1,482.08	1,072.43
- Working Capital Demand Loan	1,138.41	1,238.42
- Buyers Credit	4.21	2.20
<b>II. Other loans &amp; advances - Unsecured</b>	-	0.07
<b>TOTAL</b>	<b>2,624.70</b>	<b>2,313.12</b>
<b>8.1 Break Up of Working Capital Loan</b>		
- Secured	1,441.27	1,129.57
- Unsecured	-	1,183.55
<b>TOTAL</b>	<b>1,441.27</b>	<b>2,313.12</b>

8.2 Working Capital Loans from banks are secured by pari-passu charge over current assets of the company.

8.3 The total liabilities to banks along with interest amounting to ₹ 3349.27 crore is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. No other banks except UCO bank which has confirmed only the principal and the SBI which has confirmed principal along with interest amount due. However, subsidiary company has not considered the interest claim by SBI since subsidiary company has considered interest payable as claim at the rates disclosed in their DRT application filed by UCO bank and consortium of banks. Cash credit/ short term loan is as per the claims in the DRT (Debt Recovery Tribunal) application filed by consortium by seven banks and UCO bank on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO bank. The subsidiary company has created pari-passu charges on the current assets in favour of the banks and also surrendered the documents of immovable properties situated at Chindwara (3.239 hectares), Byadgi (5 acres), Siddapura (2.25 acres) and Madikeri (0.50 acre) in favour of the bankers. In view of the immovable properties of subsidiary company given as security, an estimated amount of ₹ 1.83 crore out of the total advances can be considered as secured. The consortium of banks and UCO bank have filed cases separately against the company with the Debt Recovery Tribunal, wherein with regards to UCO bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of ₹ 148.18 crore. However the subsidiary company has challenged DRT order at DRAT, Chennai. The bankers have also issue notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Further, based on the above, bankers have issued two possession notices one dt 26.10.2011 on the Factory land & Building located at Byadagi and another dt. 17.11.2011 on factory land & building located at Chhindwara, Madhya Pradesh.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 9 TRADE PAYABLES

Particulars	As at 31st March, 2016	As at 31st March, 2015
a. Bill acceptances	2.64	11.68
b. Sundry creditors		
- Micro, small & medium enterprises	0.01	0.06
- Others	644.32	714.91
<b>Total Trade Payable</b>	<b>646.97</b>	<b>726.65</b>

#### 9.1 Details in respect of dues to micro, small & medium enterprises based on information available with the Company.

a. Principal Amount due & remaining unpaid	0.01	0.06
b. Interest due on above and the unpaid interest	-	-
c. Interest paid by the buyer beyond appointed day during the accounting year	-	-
d. Amount of interest accrued & remain unpaid at the end of the accounting year	-	-
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises	-	-

### NOTE NO. 10 OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
a. Customers at credit	33.37	72.53
b. Advance from customers	43.42	30.44
c. Unclaimed dividend	0.17	0.23
d. Investor Education & Protection Fund	0.03	0.01
e. Current Maturities of Long Term Borrowings (also refer note no. 5.1 & 5.2)	176.28	30.00
f. Other liabilities		
- Outstanding liabilities for goods & services received	67.13	68.66
- Stale Cheques	-	0.01
- Deposits	2.07	1.72
- Security deposits	4.74	6.50
- Earnest money deposits	64.90	33.81
- Premium payable on Forward cover	0.16	-
- Liability for CSR	0.22	0.73
- Book Overdraft	-	0.08
- Others	0.84	0.79
<b>Total (a+b+c+d+e+f)</b>	<b>393.33</b>	<b>245.51</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 10

#### OTHER CURRENT LIABILITIES (Contd.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>g. Employees' cost:-</b>		
Pay & Allowances	0.13	0.17
Other expenses	0.12	0.16
Dues to employees on accrual basis	0.94	0.81
Encashment of earned leaves (Refer note no. 53)	1.60	1.75
Undisbursed salary	0.01	0.02
<b>Total (g)</b>	<b>2.80</b>	<b>2.91</b>
<b>h. Remittances:-</b>		
Professional Tax	0.01	0.01
Sale Tax /Value Added Tax (VAT)	0.52	5.94
Service Tax	0.19	0.11
Income tax deducted at source	1.17	0.97
STC's Employees Union	-	-
STC's Officers' Association	-	-
STC's SC/ST Employees Welfare Association	-	-
Contribution to Provident Fund	1.61	1.54
Contribution to Employees Pension Scheme-95	0.06	0.06
Contribution to Employees Pension Fund	0.34	0.29
Salary saving scheme	0.01	0.01
Thrift Society	0.06	0.07
Others	0.19	6.86
<b>Total (h)</b>	<b>4.16</b>	<b>15.86</b>
<b>i. Interest accrued but not due on borrowings</b>	<b>1.62</b>	<b>-</b>
<b>j. Interest accrued &amp; due on borrowings</b>	<b>2,208.63</b>	<b>1,730.40</b>
<b>Total (i)</b>	<b>2,210.25</b>	<b>1,730.40</b>
<b>TOTAL OF NOTE NO. 10</b>	<b>2,610.54</b>	<b>1,994.68</b>

10.1 Interest accrued and due on borrowings includes ₹ 43.80 crore (₹ 44.70 crore) against which bank guarantee of ₹ 56.00 crore (₹ 44.70 crore) have been issued to Bank.

10.2 Deposit includes ₹ 4.19 Crore (₹ 4.24 Crore) from wholly owned subsidiary company.

10.3 The liability for CSR outstanding as on 31.03.2016 for the earlier years budgeted amount is ₹ 0.22 crore (₹ 0.41 crore), out of which unspent fund of ₹ 0.05 crore is outstanding for more than 3 years.

10.4 Gross amount required to be spent by the company during the year ₹ NIL (0.40 crore)

S. No.	Nature of Expenditure	Cash Paid	Yet to be paid	Total
1	Construction / Acquisition of Asset	0.20 (0.02)	0.01 (0.27)	0.21 (0.29)
2	On purpose other than (1) above	0.03 (0.05)	0.07 (0.01)	0.10 (0.06)

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 10

#### OTHER CURRENT LIABILITIES (Contd.)

10.5 Other liabilities include an amount of ₹ 0.03 crore (negligible) appearing as unclaimed dividend for the year 2008-09 (Interim) which could not be transferred to Investor Education & Protection Fund (IEPF) as on 31.03.2016. The said amount has been deposited in April 2016.

10.6 An amount of ₹ 0.50 crore (less ₹ 0.005 crore service charges of VITC - Net ₹ 0.495 crore) received by subsidiary company in the year 2009-10 as funding under ASIDE scheme from Visvesvaraya Industrial Trade Centre, Bangalore and the same has been accounted as Grants towards Pepper processing unit at Siddapura. However due to financial constraints the project was put on hold and the WIP of ₹ 0.26 crore was written off towards Impairment as on 31.03.2012. As per the terms of the grant, if the project is not completed, the grant has to be refunded along with interest @10%. Accordingly, the grant received along with interest of ₹ 0.84 crore has been shown as payable under current liabilities.

10.7 Interest payable of ₹ 2164.00 crore on the principal amount due to banks is arrived on the basis of the interest rates disclosed in the Debt Recovery Tribunal application filed by banks. Interest provision of ₹ 479.65 crore have been made by the subsidiary company for the current financial year. However no confirmation is received from banks for interest payable.

### NOTE NO. 11

#### SHORT TERM PROVISIONS

Particulars	As at	As at
	31st March, 2016	31st March, 2015
(a) Provision for employees' benefits (refer Note no. 53)		
Encashment of Half pay leave	3.05	2.73
Post retirement medical benefits	6.44	6.35
Long service award	0.15	0.12
Gratuity	0.19	0.98
Performance Related Pay	0.01	0.02
Others	3.57	3.41
<b>Total (a)</b>	<b>13.41</b>	<b>13.61</b>
(b) Other Provisions		
Contingencies	5.67	5.25
Exchange difference on Forward contract	0.08	-
Others	-	0.05
<b>Total (b)</b>	<b>5.75</b>	<b>5.30</b>
<b>Total (a+b)</b>	<b>19.16</b>	<b>18.91</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

(Amount in ₹ Crore)

II Assets Non Current Assets Fixed Assets		GROSS						NET			
		As on 01.04.2015	Additions	Deductions/ Adjustments	As on 31.03.2016	Upto 31.03.2015	Deductions/ Adjustments	For the year 2015-16	Upto 31.03.2016	31.03.2016	31.03.2015
S. No.	Description	(1)	(2)	(3)	(4)= (1)+(2)-(3)	(5)	(6)	(7)	(8)= (5)+/- (6)+(7)	(9) = (4)-(8)	(10) = (1)- (5)
<b>A. OWNED ASSETS</b>											
1	Land	27.84	-	(0.03)	27.87	-	-	-	-	27.87	27.85
2	Buildings	125.41	0.01	(0.21)	125.63	6.60	-	5.58	12.18	113.45	118.82
3	Plant & Machinery	33.07	0.01	5.48	27.60	17.85	0.92	0.83	17.76	9.84	15.22
4	Furniture & fittings	4.34	0.15	0.10	4.39	3.26	0.10	0.18	3.34	1.05	1.08
5	Motor Vehicles	1.66	0.45	0.52	1.59	1.32	0.49	0.03	0.86	0.73	0.34
6	Office equipment	2.23	0.21	0.15	2.29	1.88	0.13	0.12	1.87	0.42	0.35
7	Computers, data processing units & communication equipment	3.22	0.26	0.33	3.15	2.75	0.32	0.22	2.65	0.50	0.47
8	Electrical Installations & Equipment	5.53	0.15	0.03	5.65	3.26	0.02	0.31	3.55	2.10	2.27
9	Assets not in Active use and held for disposal	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>203.30</b>	<b>1.24</b>	<b>6.37</b>	<b>198.17</b>	<b>36.92</b>	<b>1.98</b>	<b>7.27</b>	<b>42.21</b>	<b>155.96</b>	<b>166.40</b>
<b>B. LEASEHOLD ASSETS</b>											
1	Land	594.79	-	-	594.79	1.15	-	0.85	2.00	592.79	593.64
2	Buildings	234.44	0.26	-	234.70	30.02	-	7.77	37.79	196.91	204.42
3	Roads, culverts & sewerage etc	0.03	0.17	-	0.20	0.03	-	-	0.03	0.17	-
4	Plant & Machinery	-	-	(5.30)	5.30	-	(0.92)	0.36	1.28	4.02	-
<b>Total</b>		<b>829.26</b>	<b>0.43</b>	<b>(5.30)</b>	<b>834.99</b>	<b>31.20</b>	<b>(0.92)</b>	<b>8.98</b>	<b>41.10</b>	<b>793.89</b>	<b>798.06</b>
<b>Grand Total</b>		<b>1,032.56</b>	<b>1.67</b>	<b>1.07</b>	<b>1,033.16</b>	<b>68.12</b>	<b>1.06</b>	<b>16.25</b>	<b>83.31</b>	<b>949.85</b>	<b>964.46</b>
	Previous Year	118.05	916.01	1.49	1,032.56	49.34	1.77	20.57	68.12	964.46	

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

12.1 The process of issuance of sub divided lease deeds in respect of STC's Office Complex at New Delhi, residential land and flats at Mehrauli Road, Delhi separately in the name of company and its co owners is pending. Original cost of land is ₹ 1.04 crore (₹ 1.04 crore) and of Building for housing colony and office complex is ₹ 18.66 crore (₹ 18.66 crore). Gross Block after revaluation of such land is ₹ 548.33 crore (₹ 548.33 crore) and of such Building is ₹ 185.91 crore (₹ 185.65 crore). Execution of lease deed in respect of flats at AGVC complex is pending. The original cost of such flats is ₹ 1.25 crore (₹ 1.25 crore) and the Gross Block after revaluation is ₹ 28.42 crore (₹ 28.42 crore).

12.2 Formal lease deed in respect of Lease hold plot where company has tank farm installation at Mumbai Port Trust is yet to be executed though lease has been extended by way of allotment letter. Registration of deed of conveyance in respect of 7 flats at Mumbai is pending. Total original cost of such flats is ₹ 0.41 crore (₹ 0.41 crore) and revalued amount is ₹ 33.19 crore (₹ 33.19 crore).

12.3 The company has revalued its immovable properties during 2014-15 consequently an amount of ₹ 914.25 crore was credited to revaluation reserve. As a result of revaluation additional depreciation amounting ₹ 12.89 crore (₹ 16.74 crore) is transferred from revaluation reserve to general reserve during the year.

12.4 Cost of flats include cost of land also where flats are purchased or constructed on land. Depreciation has been charged on total value of flats in absence of breakup of value between land and building.

12.5 Gross fixed assets and accumulated depreciation includes ₹ 1.06 crore and ₹ 0.42 crore respectively in respect of electric installation & vehicle of Chennai branch destroyed due to flood during the year against which an adhoc claim of ₹ 0.26 crore has been received from insurance company and the same is kept as sundry deposit till the final settlement of claim.

### NOTE NO. 13 INTANGIBLE ASSETS

S. No.	Description	GROSS				GROSS		NET			
		As on 01.04.2015	Additions	Deductions/ Adjustments	As on 31.03.2016	Upto 31.03.2015 Adjustments	For the year 2015-16	Upto 31.03.2016	31.03.2016	31.03.2015	
		(1)	(2)	(3)	(4)= (1)+(2)-(3)	(5)	(6)	(7)	(8)= (5)+/- (6)+(7)	(9) = (4)-(8)	(10) = (1)- (5)
1	Computer software	0.37	0.03	0.03	0.37	0.37	0.03	-	0.34	0.03	-
	<b>Total</b>	<b>0.37</b>	<b>0.03</b>	<b>0.03</b>	<b>0.37</b>	<b>0.37</b>	<b>0.03</b>	<b>-</b>	<b>0.34</b>	<b>0.03</b>	<b>-</b>
	<b>Previous Year</b>	<b>0.38</b>	<b>-</b>	<b>0.01</b>	<b>0.37</b>	<b>0.34</b>	<b>0.01</b>	<b>0.04</b>	<b>0.37</b>	<b>-</b>	<b>-</b>

13.1 Intangible assets are amortized @ of 40% p.a. on Straight line basis. The useful life of the assets is considered to be two and half years.

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

## NOTE NO. 14 CAPITAL WORK IN PROGRESS

S. No.	Description	GROSS			As on 31.03.2016 (4)= (1)+(2)-(3)
		As on 01.04.2015 (1)	Additions (2)	Deductions (3)	
1	Office Building	0.27	0.06	-	0.33
2	Plant & Equipment	-	-	-	-
3	Office Equipment	0.12	0.03	-	0.15
	<b>Total</b>	<b>0.39</b>	<b>0.09</b>	<b>-</b>	<b>0.48</b>
	Previous Year	0.86	-	0.47	0.39

## NOTE NO. 15 INTANGIBLE ASSETS UNDER DEVELOPMENT

S. No.	Description	GROSS			As on 31.03.2016 (4)= (1)+(2)-(3)
		As on 01.04.2015 (1)	Additions (2)	Deductions (3)	
1	Intangible Assets under Development	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Previous Year	-	-	-	-

## NOTE NO. 16 NON CURRENT INVESTMENTS Trade Investment (Unquoted)

### Equity instruments - Fully paid up \*\*\*\*

S. No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2016	Net Value as on 31.03.2015
	Joint Ventures						
1	NSS Satpura Agro Development Co.Ltd.*	2,00,000	10	0.20	0.17	0.03	0.03
2	Sea Lac Agro Ventures Limited	1,00,000	10	0.10	0.10	-	0.10
	<b>Total</b>			<b>0.30</b>	<b>0.27</b>	<b>0.03</b>	<b>0.13</b>

### Other Investment (Unquoted)

### Equity instruments - Fully paid up \*\*\*

S. No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2016	Net Value as on 31.03.2015
1	Maharashtra Small scale Industries development	10,000	100	0.10	0.10	-	0.10
2	Andhra Pradesh state trading Corporation	100	1,000	0.01	-	0.01	0.01
3	Sindhu Resettlement**	4	1,000	-	-	-	-
4	Govt. Securities- NSS Certificates-VIII issue	-	-	-	-	-	-
	<b>TOTAL</b>			<b>0.11</b>	<b>0.10</b>	<b>0.01</b>	<b>0.11</b>
	<b>Grand Total (Unquoted)</b>			<b>0.41</b>	<b>0.37</b>	<b>0.04</b>	<b>0.24</b>
	Previous Year			0.41	0.17	0.24	

\* Investment book value is ₹ 1 (₹ 1)

\*\* Investment book value is ₹ 4000 (₹ 4000)

\*\*\* valued at cost other than temporary diminution in value, if any.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 16

#### NON CURRENT INVESTMENTS (Contd.)

16.1 As per the directions of the Administrative Ministry, during 2008-09, a Joint Venture Company has been formed by NAFED, STC & STCL Ltd. i.e., 'NSS SATPURA AGRO DEVELOPMENT CO. LTD..' Interest in Joint Ventures are as follows:

- % of company ownership interest 25% 50%
- Capital Invested ₹ 0.20 crore (2,00,000 equity shares of ₹ 10 each - fully paid up)
- Since the Joint venture company is incurring losses and its cumulative losses is ₹ 0.30 crore up to 31.03.2013 against the total Share capital of ₹ 0.40 crore, the company provided ₹ 0.17 crore towards permanent diminution in its investment value (cost ₹ 0.20 crore). Since the audited financial statements of NSS satpura is not available for the year ended 31.03.2014, further permanent diminution if any has not been recognised in the books.

### NOTE NO. 17

#### DEFERRED TAX ASSETS (NET)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Deferred tax Assets		
Disallowance under Income Tax Act 1961	76.88	76.88
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	3.87	3.87
<b>Total</b>	<b>73.01</b>	<b>73.01</b>

17.1 In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income", the company has Deferred Tax Assets (Net) of ₹ 73.01 crore (₹ 73.01 crore). As a matter of prudence & conservative principle of accounting, Deferred Tax Asset (Net) relating to losses and other temporary differences amounting to ₹ 183.41 crore (₹ 188.75 crore) has not been recognized.

17.2 As a matter of prudence, No Deferred Tax Assets has been recognized for subsidiary company as losses incurred & winding up petition has also been filed dated 26.11.2013 before Hon'ble High court of Karnataka.

### NOTE NO. 18

#### LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>1 Capital Advances</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
<b>2 Security Deposits</b>		
- Secured, Considered Good	0.28	0.28
- Unsecured, Considered Good	10.10	2.58
- Doubtful	4.61	4.57
Less : Allowance for Bad & Doubtful	4.61	4.57
<b>Net</b>	<b>10.38</b>	<b>2.86</b>
<b>3 Loans and Advances to related parties</b>		

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 18

#### LONG TERM LOANS AND ADVANCES (Contd.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
<b>4 Advances to employees</b>		
- Secured, Considered Good	3.62	4.81
- Unsecured, Considered Good	0.69	0.69
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>4.31</b>	<b>5.50</b>
<b>5 Interest accrued on advances to employees</b>		
- Secured, Considered Good	6.40	6.17
- Unsecured, Considered Good	0.34	1.04
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>6.74</b>	<b>7.21</b>
<b>6 Trade advances</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	0.74
- Doubtful	130.01	129.27
Less : Allowance for Bad & Doubtful	130.01	129.27
<b>Net</b>	<b>-</b>	<b>0.74</b>
<b>7 Advance tax (net of provision)</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	1.11	7.07
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>1.11</b>	<b>7.07</b>
<b>8 Other Misc. advances</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	0.29	0.21
- Doubtful	0.66	0.66
Less : Allowance for Bad & Doubtful	0.66	0.66
<b>Net</b>	<b>0.29</b>	<b>0.21</b>
<b>Total</b>	<b>22.83</b>	<b>23.59</b>
<b>PARTICULARS OF LONG TERM LOANS AND ADVANCES</b>		



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 18

#### LONG TERM LOANS AND ADVANCES (Contd.)

Particulars	As at	As at
	31st March, 2016	31st March, 2015
- Secured, Considered Good	10.30	11.26
- Unsecured, Considered Good	12.53	12.33
- Doubtful	135.28	134.50
<b>Total</b>	<b>158.11</b>	<b>158.09</b>
Less : Allowance for Bad & Doubtful	135.28	134.50
<b>Net</b>	<b>22.83</b>	<b>23.59</b>

18.1 Trade advances include a sum of ₹ 87.39 crore (₹ 87.39 crore) recoverable from one of the parties, against which the company has initiated legal actions including criminal proceedings. In this regard, full provision has been made in earlier years. The Company was successful in getting arbitration award for ₹ 110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award. In order to secure above award amount, the company sought the detail of assets from party through court which have been submitted by the party. The company is in process of verifying the status and valuation of the properties. Next date of hearing is 19.07.2016.

18.2 Details of dues from Directors/ Officers :-

- Directors :	NIL	NIL
- Officers :	₹ 6.76 crore	₹ 6.70 crore

18.3 The Loans and Advances of subsidiary company includes the advance made to associate shippers for procurement of Iron Ore Fines and export thereof, for which full provision has been made in earlier years -

- i] ₹ 12.64 crores [excluding interest] due from Business Associate M/s.Future Resources Pvt. Ltd., A stock of around 29400 MTS of Iron ore fines [subject to handling and storing loss an account of long storage period] approximately valuing ₹ 4.50 crores as per the present market value is under the custody of C&F agent SVK Shipping at Vizag. The subsidiary company is in the process of liquidating the stocks through tender process and to further proceed legally for recovery of short-fall if any.
- ii] ₹ 6.86 crores [excluding interest] due from M/s.S.S.Exports, the matter was referred to arbitration. The arbitration award was declared in subsidiary company's favour for recovery of claim along with legal cost. Further, S.S. Exports has challenged the arbitration award and filed the petition before the court and the matter is pending.
- iii] ₹ 12.68 crores [excluding interest] due from M/s. Devi Mineral Resources [I] Pvt. Ltd., a stock of 6,005 MTs of Iron ore fines at Vizag and 503 MTS of Iron ore fines at Kakinada approximately valuing ₹ 0.98 crores as per the present market value. The stocks are in the custody of M/s.Prathyusha Associates Shipping Private Ltd., [C&F Agents] and there is claim of custodian charges amounting to ₹ 0.44 crore. The subsidiary company is in the process of liquidating the stocks through tender process by the subsidiary company. The subsidiary company has also filed case u/s 138 of NI Act, the legal proceedings are in progress.

The Company has issued charge sheet to 7 officials in respect of (i), (ii) & (iii) above and also in respect of quality claims of USD 2.88 Million (₹ 15.66 crores) by overseas buyer M/s.Devi Trading Co. Ltd., Hong Kong against Company. The CVC has appointed the inquiry officer and the inquiry is in progress.

18.4 ₹ 4.21 crores due from Sri Kumar Trading (Group). The subsidiary company has filed a private complaint for diverting and misappropriation of 371 MTS of Pulses. Since the 'B' report has been filed by the Police after investigation, the subsidiary company has challenged the 'B' report filed by police requesting re-investigation. The subsidiary company has also filed case under section 138 of NI Act, the legal proceedings are in progress. The subsidiary company has made full provision for the amount due of ₹ 4.21 crores in the earlier years.

18.5 In respect of Assessment year 2009-10(previous year 2008-09) the subsidiary company had filed a return claiming of refund of ₹ 5.99 crore. The assessing officer has passed an order for further payment of ₹ 5.81 crore on account of adding value of stocks of ₹ 29.50 crore. The subsidiary company had filed an appeal against the assessment order. The effect of stock valuation of ₹ 29.50 crore was given effect by the subsidiary company in the next financial year i.e. Assessment Year 2010-11 and had filed a return with a tax payable of ₹ 6.11 crore

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 18

#### LONG TERM LOANS AND ADVANCES (Contd.)

which was payable to the Department. The subsidiary company has paid an amount of ₹ 0.70 crore being the difference (approximately) between refund claim of ₹ 5.99 crore and amount payable of ₹ 6.67 crore (amount demanded for A.Y. 2010-11 including interest by the Income Tax Department) in June 2013 and has appealed against the demand with respect to increase stock valuation. The Tribunal order has since been passed in favour of the subsidiary company. Based on the notice dated 26.02.2016 from Tax recovery officer (TRO), amount of ₹ 7.73 crore is determined as refund amount for A.Y. 2009-10. However, the break up considered for arriving at the figure were not provided. The amount of refund granted (after adjustment with liability up to A.Y. 2010-11) is more than refund receivable showing in the books for the same Assessment years. The difference has been considered as interest income and accounted accordingly. In the absence of assessment order, we are not able to determine whether the amount determined as refund is inclusive of the payment of ₹ 0.70 crore. Hence, ₹ 0.70 crore continues to be shown under loans and advances.

### NOTE NO. 19

#### OTHER NON CURRENT ASSETS

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>1 Long term trade receivable</b>		
- Secured, Considered Good	97.75	128.61
- Unsecured, Considered Good	969.21	957.38
- Doubtful	464.64	465.45
Less : Allowance for Bad & Doubtful	464.64	465.45
<b>Net</b>	<b>1,066.96</b>	<b>1,085.99</b>
<b>2 Claims recoverable</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	17.74	16.33
- Doubtful	117.45	130.89
Less : Allowance for Bad & Doubtful	117.45	130.89
<b>Net</b>	<b>17.74</b>	<b>16.33</b>
<b>3 Bank Deposits :</b>		
Term Deposit with banks :		
- Deposit pledged / Under Lien as margin Money	8.81	8.11
Interest accrued on Term Deposits :		
- Deposit pledged / Under Lien as margin Money	0.33	0.36
<b>Net</b>	<b>9.14</b>	<b>8.47</b>
<b>4 Others</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	0.30	0.87
- Doubtful	0.30	-
Less : Allowance for Bad & Doubtful	0.30	-
Net	0.30	0.87
<b>Total</b>	<b>1,094.14</b>	<b>1,111.66</b>
<b>PARTICULARS OF OTHER NON CURRENT ASSETS</b>		

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 19

#### OTHER NON CURRENT ASSETS (Contd.)

Particulars	As at	
	31st March, 2016	31st March, 2015
- Secured, Considered Good	106.89	137.08
- Unsecured, Considered Good	987.25	974.58
- Doubtful	582.39	596.34
<b>Total</b>	<b>1,676.53</b>	<b>1,708.00</b>
Less : Allowance for Bad & Doubtful	582.39	596.34
Net	1,094.14	1,111.66

19.1 Long term unsecured trade receivables include ₹ 568.44 crore (₹ 568.44 crore) on account of export of pharma products to foreign buyers through Indian business associates against which credit balance of ₹ 568.44 crore (₹ 568.44 crore) is available under trade payables. As corresponding credit of ₹ 568.44 crore (₹ 568.44 crore) is available under back to back arrangement, no provision is considered necessary. The local business associates drew bills of exchange which were accepted by the company on back to back basis. The foreign buyer defaulted in making payment against the export bills and one of the business associates having outstanding of ₹ 536.86 crore (₹ 536.86 crore) has gone into liquidation and litigation proceedings have been initiated by the company as well as by Indian business associates and their bankers. A claim of ₹ 527.86 crore (₹ 527.86 crore) has been admitted by the liquidator. Regarding other business associates, decree have been awarded for ₹ 63.00 crore by Hon'ble Mumbai High Court in favour of the company. Indian business associates also discounted the bills of exchange conditionally accepted by the company from their bankers by utilizing their own credit limits. Banks & Financial Institutions have filed legal suit against business associate before Hon'ble High Court Mumbai and DRT making company also a party to the case claiming ₹ 476.47 Crore. However the company contended that under the Agreement amount to Indian business associates is payable only after receipt from foreign buyer.

19.2 Long term unsecured trade receivables include ₹ 787.65 crore (₹ 788.47 crore) under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. to foreign buyers through Indian business associates against which corresponding credit balances of ₹ 342.18 crore (₹ 342.18 crore) are available under back to back arrangement, leaving net receivable of ₹ 445.47 crore (₹ 446.29 crore). The foreign buyer defaulted in making payment and accordingly action against the business associates has been initiated u/s 138 of Negotiable Instruments Act, 1881 and civil hearings are in progress. The matter is being pursued legally. However, as a matter of prudence and measure of abundant caution, full provision of ₹ 445.47 crore (₹ 446.29 crore) has been made in the earlier years to the extent of net trade receivables.

19.3 Long term unsecured trade receivables include ₹ 41.92 crore (₹ 41.92 crore) on account of export of agro commodities to foreign buyers through Indian business associates against which credit balance amounting ₹ 41.92 crore (₹ 41.92 crore) is available under trade payable. The foreign buyer defaulted in making payment and upon non-receipt of the dues from the business associate, the company has initiated necessary legal steps for its recovery. As corresponding credit of ₹ 41.92 crore (₹ 41.92 crore) is available under back to back arrangement, no provision is considered necessary.

19.4 Long term trade receivables include ₹ 12.05 crore (₹ 11.85 crore) recoverable from one of the business associate for goods sold in the earlier years. The entire overdue is secured by duly insured pledged stocks in favour of the company valuing ₹ 10.19 crore under CWC custody. Further, cases u/s 138 of Negotiable Instrument Act, 1881 for ₹ 8.62 crore have been filed against the associate. Provision for ₹ 1.86 crore has been created during the current financial year.

19.5 Long term trade receivable includes ₹ 3.22 crore (₹ 3.21 crore) recoverable from one of the associates towards import of pet bottle material, which are pledged with the company. Steps have been taken to recover the dues. A provision of ₹ 1.75 crore (₹ 1.28 crore) has been made to the extent dues not covered by pledged stock.

19.6 Long term trade receivables include ₹ 58.55 Crore (₹ 58.55 crore) recoverable from one of the business associates for goods sold in earlier years. The entire balance overdue is secured by pledge of stocks in favour of the company. The company has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The company has also filed winding up

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 19

#### OTHER NON CURRENT ASSETS (Contd.)

petition and criminal complaints i.e. cases u/s 138 of Negotiable Instruments Act, 1881 and contempt application for misleading the court against the business associate. The company has also filed transfer application before the Hon'ble Supreme Court of India for transfer of all the pending cases since there is an admitted liability by business associate as per the arbitration clause of the MOA dated 17.07.2006, which describes the jurisdiction as Delhi.

19.7 Claims recoverable (Govt. of India) include ₹ 100.70 crore (₹ 114.95 crore) towards import of pulses under Govt. A/c during the year 2006-07 to 2010-11 which was fully provided during the year 2013-14. As approved by Ministry of Consumer Affairs, reimbursement limit has been enhanced from 15% to 20% of the landed cost, resulting in admissible claims to the tune of ₹ 60.47 crore against which ₹ 14.25 crore has already been received during F.Y. 2015-16. Balance of ₹ 46.22 crore is expected to be received during F.Y. 2016-17. In addition, claim of ₹ 18.80 crore on account of interest deducted by Ministry is also being taken up vigorously. Further, the reimbursement of remaining claims beyond 20% is being taken up with the Ministry of Consumer Affairs by the company.

19.8 Long Term unsecured trade receivables include ₹ 10.21 crore (₹ 10.21 crore) recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by company except the outstanding balance of ₹ 10.21 crore (₹ 10.21 crore) pending for final reconciliation at their end. Matter is being constantly taken up with GOM and MARKFED for recovery. The company is confident of recovering the dues in due course of time and hence no provision is considered necessary.

19.9 Claim recoverable includes ₹ 2.13 crore due from CCIC and HHEC which are Govt. of India undertakings on account of common maintenance charges. The company has received ₹ 1.18 Crore from CCIC and ₹ 0.55 crore from HHEC during the year 2015-16. Further, the matter has been taken up at higher level and the company is hopeful of receiving its entire dues from above organization. Hence, no provision in respect of above is considered necessary.

### CURRENT ASSETS

#### NOTE NO. 20

#### CURRENT INVESTMENTS

Particulars	As at	As at
	31st March, 2016	31st March, 2015
Current Investment	–	–
<b>Total</b>	<b>–</b>	<b>–</b>

### NOTE NO. 21

#### INVENTORIES

Particulars	As at	As at
	31st March, 2016	31st March, 2015
(As taken, Valued & Certified by Management)		
(a) Stock in trade including with handling agents/local agent	0.21	5.13
(b) Stores and spares	0.05	0.22
(c) Packing materials	0.05	0.05
(d) Stationery	0.07	0.08
(e) Others	0.04	0.04
<b>Total</b>	<b>0.42</b>	<b>5.52</b>

21.1 For Mode of Valuation, please refer para 10 of Note 44 to the financial statements

21.2 Stock-in-Trade includes Goods-in-Transit: ₹ 0.16 crore ₹ 4.99 crore

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### NOTE NO. 22 TRADE RECEIVABLES

(₹ in Crore)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(a) Trade Receivables over Six Months</b>		
- Secured, Considerable Good	669.73	219.20
- Unsecured, Considerable Good	1,757.77	1,539.37
- Doubtful	30.05	30.05
Gross Receivable	2,457.55	1,788.62
Less : Allowance for bad & doubtful receivable	30.05	30.05
<b>Net Receivable</b>	<b>2,427.50</b>	<b>1,758.57</b>
<b>(b) Other Trade Receivables</b>		
- Secured, Considerable Good	43.28	551.84
- Unsecured, Considerable Good	170.31	114.94
- Doubtful	-	-
<b>Gross Receivable</b>	<b>213.59</b>	<b>666.78</b>
Less : Allowance for bad & doubtful receivable	-	-
<b>Net Receivable</b>	<b>213.59</b>	<b>666.78</b>
<b>Grand Total (a+b)</b>	<b>2,641.09</b>	<b>2,425.35</b>

22.1 Trade receivables include ₹ 122.77 crore (₹ 122.46 crore) recoverable from one of the business associate for goods sold in the earlier years which are overdue. The entire amount is secured by duly insured pledged stocks to the company procured under advance license (with export obligation) for a value of ₹ 264.47 crore under custody of CWC. Negotiation with a PSU for selling of the stocks, which has acquired the plant and machinery, is under progress. The business associate is under liquidation. The company is a secured creditor and where company has also solely staked claim on an industrial (mortgaged) land of about 90 acres at Alibagh, Maharashtra before Hon'able Gujarat High Court. In view of above, no provision is considered necessary.

22.2 Trade receivables include ₹ 1740.42 crore (₹ 1640.53 Crore) for goods sold during previous years to one of the business associates. Dues are secured by EMD of ₹ 29.73 crore, corporate guarantee of its holding company and the personal guarantee of Chairman of its holding company. The business associate and its holding company (Guarantor) had signed a Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 with the company for payment of entire dues by 10.11.2012 under Indian Arbitration and Conciliation Act and is legally enforceable as decree. The business associate has confirmed on various occasions its commitment to repay the entire dues along with interest. The case for enforcement of decree is continuing with Hon'ble Supreme Court. During the year, the business associate remitted an amount of ₹ 144.90 crore on the direction of Hon'ble Supreme Court. Considering the financial strength of guarantors and status of case in the Hon'ble Supreme Court, the debt has been considered good and fully recoverable.

22.3 Trade receivable includes ₹ 20.56 crore (₹ 59.23 crore) recoverable from one of the business associate for goods sold in the earlier years. The amount is secured by pledge of stocks of ₹ 4.17 crore. Additionally, company is also holding duly insured stock of coal valuing approx. ₹ 39 crore under CWC custody of a family concern of the associate. On dishonour of cheques, legal action u/s 138 of Negotiable Instrument Act, 1881 has been initiated for an amount of ₹ 85 crore wherein the summons have been issued. The company's receivables are being monitored by court and the company has received ₹ 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. In view of above, no provision is considered necessary.

22.4 Trade receivables include an amount of ₹ 10.28 crore (₹ 12.95 crore) recoverable from one of the business associates for sale of coal. The business associate has paid an amount of ₹ 0.10 crore during the year. The entire dues are secured by mortgage of free hold land. The business associate has undertaken to repay all dues along with interest on receipt of CDR package. The company has filed legal and criminal case against party which are being followed up vigorously. In view of this, no provision is considered necessary.

22.5 Trade receivable includes ₹ 96.99 Crore (Nil) being 3.5% of invoice value retained by one of the business associates

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 22

#### TRADE RECEIVABLES (Contd.)

as Performance Bank Guarantee (PBG) which is secured by corresponding credit balance available in sundry creditors.

22.6 Trade Receivables of subsidiary company includes the following which has been fully provided :

- (i) ₹ 2.26 crore [excluding interest and trade margin] due from M/s. Meta Copper and Alloys Ltd. Goa against High Seas Sale and pledge of stocks in their premises which was under CWC management. As the payments were not received, the subsidiary company invoked the Personal / Corporate Guarantee executed by M/s. Meta Copper & Alloys Limited in favour of the subsidiary company and filed cases under Section 138 of N.I. Act. Meta Copper and Alloys Ltd. has unauthorisedly lifted the stock of 188 MTs of brass strips approximately valuing ₹ 4.00 crores for which the subsidiary company has also filed a police complaint against Meta Copper. The subsidiary company has made full provision for ₹ 2.26 crore in the earlier years. Arbitral award dated 30.09.2013 came in favour of the subsidiary company for recovery of claims. M/s. Meta Copper has challenged the arbitral award in the court and the subsidiary company has filed its objection.
- (ii) ₹ 17.10 crore due from R. Piyarelall Foods Pvt Ltd, Kolkata (RPFPL). The subsidiary company has filed a private complaint in the magistrate court against RPFPL, its sister concern R. Piyarelall Import & Export Ltd. (RPIEL) , and C&F agent for unauthorised lifting of stocks, which has been referred to the jurisdiction police station at Bangalore. Since 'B' report was filed by the police, subsidiary company has challenged on the B report in the court requesting for re-investigation. The subsidiary Company has initiated action u/s 138 of Negotiable Instrument Act for the return of the cheque unpaid. In addition, the subsidiary Company has invoked the personal guarantee issued by the director of RPFPL and against the non payment, the subsidiary company has filed a recovery suit in the Kolkata High Court. The arbitral award dated 23.03.2016 came in favour of the subsidiary company. The subsidiary company has made full provision for ₹ 17.10 crore in the earlier years.
- (iii) ₹ 8.96 crore due from Shree Ganesh Steels and Alloys Ltd, Chennai, [for which provision was made in the earlier years] against High seas sale and Pledge of stocks held in the premises of Container Corporation of India at Chennai. As the payments were not received, the subsidiary company invoked the Personal / Corporate Guarantee executed by M/s Shree Ganesh steels and Alloys Ltd u/s 138 of NI Act. The subsidiary company is in the process of exploring possibilities with custom authorities for liquidation of the available stock for recovery of the dues.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 23

#### CASH & CASH EQUIVALENTS

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Cash in hand	0.01	-
(b) Stamps & Stamp Papers	-	0.01
(c) Cheques / Drafts on hand	0.01	-
<b>(d) Balances with banks</b>		
- Cash Credit account - Debit Balance	2.30	0.03
- Current Accounts	5.69	1.31
- Current Account in Foreign currency - EEFC	0.01	0.01
<b>(e) Short Term Deposit with banks :</b>		
- Deposit pledged / Under Lien as margin Money	3.06	3.64
- Other Deposit with 3 months or less maturity	0.50	-
<b>(f) - Other Deposits</b>	<b>1.18</b>	<b>5.12</b>
Interest accrued on Term Deposits :		
- Other Deposits	0.01	0.19
<b>(g) Unpaid Dividend Bank Account</b>	<b>0.20</b>	<b>0.24</b>
<b>Total</b>	<b>12.97</b>	<b>10.55</b>

23.1 The cash and bank balances of subsidiary company include ₹ 90749/- (₹ 85245/-) equivalent to USD 1368.10 (USD 1368.10) which was held in EEFC account at the banks, for which USD 1000 confirmation was received from the banks.

23.2 The cash equivalents of Subsidiary company includes deposits with maturity more than 3 months but less than 12 months of ₹ 3.06 crore (₹ 3.82 crore).

### NOTE NO. 24

#### SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>1 Capital Advances</b>		
- Secured, Considered Good	0.06	-
- Unsecured, Considered Good	0.07	0.09
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>0.13</b>	<b>0.09</b>
<b>2 Security Deposits</b>		
- Secured, Considered Good	-	0.16
- Unsecured, Considered Good	0.96	0.01
- Doubtful	-	0.06
Less : Allowance for Bad & Doubtful	-	0.06
<b>Net</b>	<b>0.96</b>	<b>0.17</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 24

#### SHORT TERM LOANS AND ADVANCES (Contd.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>3 Loans and advances to related parties</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
<b>4 Advances to employees</b>		
- Secured, Considered Good	1.17	1.13
- Unsecured, Considered Good	0.79	0.65
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>1.96</b>	<b>1.78</b>
<b>5 Interest accrued on advances to employees</b>		
- Secured, Considered Good	0.89	0.70
- Unsecured, Considered Good	0.09	0.16
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>0.98</b>	<b>0.86</b>
<b>6 Trade advances</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	2.53	4.95
- Doubtful	1,155.25	1,155.25
Less : Allowance for Bad & Doubtful	1,155.25	1,155.25
<b>Net</b>	<b>2.53</b>	<b>4.95</b>
<b>7 Advance tax (net of provision)</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	34.56	30.32
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>34.56</b>	<b>30.32</b>
<b>8 Other Misc. advances</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	0.20	0.88
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
<b>Net</b>	<b>0.20</b>	<b>0.88</b>
<b>Total</b>	<b>41.32</b>	<b>39.05</b>
<b>PARTICULARS OF SHORT TERM LOANS AND ADVANCES</b>		
- Secured, Considered Good	2.11	1.98
- Unsecured, Considered Good	39.21	37.07
- Doubtful	1,155.25	1,155.31
<b>Total</b>	<b>1,196.57</b>	<b>1,194.36</b>
Less : Allowance for Bad & Doubtful	1,155.25	1,155.31
<b>Net</b>	<b>41.32</b>	<b>39.05</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 24

#### SHORT TERM LOANS AND ADVANCES (Contd.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
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#### 24.1 Details of dues from Directors/ Officers :-

- Directors :	NIL	NIL
- Officers :	₹ 1.95 crore	₹ 1.42 crore

24.2 Loans and Advances of subsidiary company includes ₹ 1,155.25 crore [net of security deposit/margin money] shown as Claims Receivable from Business Associates M/s.Future Exim (India) Pvt. Ltd. & M/s.Future Metals Pvt. Ltd. . The subsidiary company opened usance letters of credit on overseas suppliers for import of Metal Scraps-[Nickel/Copper Scrap] for merchanting trade at the cost and risk of the Business associates. The Business Associates/ buyers failed to meet the commitment of making the payment before the due dates of the Letters of Credit and this resulted in devolvement of LC's on subsidiary company. The net amount due from above business associate is ₹ 1,155.25 crore towards the cost of cargoes stuffed in 885 containers supposed to contain Nickel and Copper scrap which were lying at South Korean and Vietnam ports. As the payments were not received, few containers were got opened by the subsidiary company which were found to contain Iron scrap instead of Nickel and Copper scrap. The containers were auctioned by the port authorities. In view of the cargo being assessed as Iron/Steel scrap and the auction sales price ranging from USD 206-250 per MT, the subsidiary company has filed compliant against overseas seller M/s. Asia Metals & Commodities Pte Ltd. , Singapore, business associates as well as international inspection agency , M/s. Worldwide Logistic Survey Inspection, New Delhi, all the criminal compliant filed in India have been transferred to CBI, New Delhi. CBI is investigating the case. The Enforcement Directorate, has issued a show cause notice to subsidiary company and its four officials. Future Metals (P) Ltd. and Future Exim (India) Pvt. Ltd. and 8 bankers of subsidiary company in December 2011. The subsidiary company has replied to the show cause notice. Further, The Special Director, Enforcement Directorate, Chennai summoned the subsidiary company on 25.03.2014 and the subsidiary company appeared and presented the details in the adjudication process.

The Subsidiary Company has initiated civil and criminal proceedings for recovery of the amount from the business associates and in this connection the subsidiary company has obtained injunction on the properties owned by the business associates which includes 154 acres of land belonging to them and group companies for which the business associates have submitted original title deeds to the SBI, lead bank of consortium of banks for creation of charge.

The subsidiary company has filed criminal complaints against business associated u/s 138 of The Negotiable Instrument Act for returning of the cheque unpaid. The High Court of Karnataka has appointed the Hon'ble Mr. Justice Shivaraj V. Patil (ret'd.) former Judge of Supreme Court as the sole arbitrator to adjudicate the disputes, which was challenged by FMPL and FEIPL by filling a special leave petition in the Supreme court of India. In view of Justice Shivaraj V. Patil being appointed as Lokayukta, offered resignations as arbitrator. An application was moved in the High Court of Karnataka u/s 15 of Arbitration and Conciliation Act for re-appointment of Arbitrator. The matter was heard during August 2013 and Court decided to keep the matter pending for disposal after the SLP is heard in the Supreme Court on 08.02.2016. the pending SLP was heard in the Supreme Court and dismissed the SLP filed by FMPL/FEIPL in favour of the company. Based on the Supreme court order, steps have been taken in the High Court of Karnatka for re-appointment of Arbitrator for continuation of Arbitration.

As the Sale is not concluded in these transactions due to non-receipt of payment from the buyers / associates as per the contract, amount paid towards devolved LC's [Purchase-Metal Scrap (Imports)] were transferred to the Business Associates account and treated as 'Claims Receivable from Business Associates' in accordance with the terms of contract.

In this connection, the subsidiary company has obtained the court injunction on the properties of the business associate. The subsidiary company had engaged the services of Government and Banks Registered Valuer to assess the value of land located at Punjab and Maharashtra which was assessed during 2013-14.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO. 24

#### SHORT TERM LOANS AND ADVANCES (Contd.)

Particulars of Properties	Average Value (in crores)
Immovable Properties of Business associates	
Land located at Punjab (578 acres)	548.45
Office Building located at New Delhi (9000 sqft)	29.69
Land located at Chennai (9 acres)	40.25
Land located at Maharashtra (29.951 acres)	25.63
Land located at Gujarat (202.618 acres)	20.00
Movable Properties of Business associates	
Shares (45000) of Universal Pavers (P) Ltd., Tuticorin	16.98
<b>Total</b>	<b>681.00</b>

In view of the pending establishment of clear title and creating charge on the properties of FMPL / FEIPL and its group companies in favour of Subsidiary company / banks, full provision has been made as a measure of abundant precaution.

Based on the inquiry report, on the disciplinary proceedings in the matter of irregularities in the above transaction, Disciplinary Authority vide his order dated 07.05.2014 had imposed punishment of dismissal to three official, compulsory retirement to five officials and reduction in the increment by two levels to one official. On the appeal made by two dismissed officials, the appellate authority, the board of subsidiary company set aside the dismissal order and imposed penalty of compulsory retirement.

### NOTE NO. 25

#### OTHER CURRENT ASSETS

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Prepaid Expenses	3.53	0.86
(b) TA advance	0.01	0.01
(c) Advance for expenses	0.27	0.11
(d) VAT receivable-input	0.55	0.39
(e) Deposits	0.59	4.27
(f) Tax deducted at source	0.36	-
(g) Service Tax	0.14	0.13
(h) Claims Recoverable :		
i. From Govt. of India	11.00	8.01
ii From PSU Banks	-	1.12
iii From PSU	1.88	1.82
iv. From Govt. Dept.	-	1.93
v. From Business Associates	-	1.47
vi. Others	3.36	1.40
(i) Others	-	0.17
<b>Total</b>	<b>21.69</b>	<b>21.69</b>

25.1 Claims recoverable include ₹ 2.72 crore (₹ 8.01 crore) towards import of pulses on behalf of different State Governments for sale under PDS scheme. This is towards carrying costs for delayed lifting of pulses by State Govts. (UP Govt. ₹ 2.61 crore, Punjab Govt. ₹ 0.06 crore, HP Govt. ₹ 0.04 crore). Claim for the same was lodged during the year 2011-12 and the same is being followed up with the State Govt. Since, there is credit balance available from UP Govt. ₹ 8.64 crore, Punjab Govt. ₹ 0.20 crore, HP Govt. ₹ 0.06 crore, no provision is considered necessary.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO 26 REVENUE FROM OPERATIONS

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Sales</b>		
Export	1,110.47	1,884.27
Imported Goods	8,735.29	12,041.81
Domestic	633.40	471.13
<b>Total(a)</b>	<b>10,479.16</b>	<b>14,397.21</b>
<b>(b) Other operating revenue</b>		
Discount on Forward Contract	0.42	0.60
Claims:		
From Govt. of India	0.03	-
From Insurance agencies	-	0.31
Others	121.44	95.89
<b>Total(b)</b>	<b>121.89</b>	<b>96.80</b>
<b>Revenue from Operations (a+b)</b>	<b>10,601.05</b>	<b>14,494.01</b>

### NOTE NO 27 OTHER INCOME

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Interest income:-</b>		
Advance to Employees	0.81	0.96
Term Deposits With Banks & its subsidiaries :	0.39	1.25
Income Tax Refunds	3.36	1.87
- Other than PCFC / EPC	224.46	207.98
Other Miscellaneous interest	0.37	1.82
<b>Total (a)</b>	<b>229.39</b>	<b>213.88</b>
<b>(b) Miscellaneous income:-</b>		
Security Deposits forfeited	0.36	0.13
Rent received from Employees	0.14	0.15
Amortisation of ASIDE GRANT- Chhindwara	0.17	0.30
<b>Total(b)</b>	<b>0.67</b>	<b>0.58</b>
<b>(c) Rental income:-</b>		
Rent Received from let-out property	34.97	32.52
Recoveries for common services from tenants	5.87	5.78
<b>Total</b>	<b>40.84</b>	<b>38.30</b>
<b>Less: Expenses related to let out property</b>		
Land & development office charges@25%	7.78	7.25
Property tax	4.86	7.21
Municipal Tax	-	0.07
Insurance premium	0.07	0.05
Maintenance charges	1.10	0.86
Administrative expenses	0.96	0.52
<b>Total</b>	<b>14.77</b>	<b>15.96</b>
<b>Net rental income - Total (c)</b>	<b>26.07</b>	<b>22.34</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO 27

#### OTHER INCOME (Contd.)

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(d) Other Receipts:-</b>		
- Difference in exchange other than commodity items	0.19	0.21
- Misc. non Trade receipts	0.53	5.45
<b>Total(d)</b>	<b>0.72</b>	<b>5.66</b>
<b>Gross Total (a+b+c+d)</b>	<b>256.85</b>	<b>242.46</b>

27.1 Other income include interest of ₹ 224.33 crore (₹ 203.61 crore) and prior period interest income includes ₹ 4.00 crore (Nil) recoverable from one of the business associates with whom conciliation agreement has been signed which has been held as final by Hon'ble Supreme Court. Dues are secured by corporate guarantee of its holding company and the personal guarantee of Chairman of its holding company. The business associate has confirmed on various occasions its commitment to repay the entire dues along with interest. The case for enforcement of decree is continuing with Hon'ble Supreme Court. During the year, the business associate remitted an amount of ₹ 144.90 crore on the direction of Hon'ble Supreme Court. Considering the financial strength of guarantors and status of case in the Hon'ble Supreme Court, the debt has been considered good and interest accrued thereon is recognised as income.

#### EXPENSES:

### NOTE NO 28

#### COST OF MATERIALS CONSUMED

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
Opening balance of packing material	0.05	0.04
Add: Purchases made during the year	0.09	0.06
<b>Total</b>	<b>0.14</b>	<b>0.10</b>
Less: Closing balance of packing material	0.05	0.05
<b>Cost of materials consumed during the year</b>	<b>0.09</b>	<b>0.05</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO 29

#### PURCHASES OF STOCK IN TRADE

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
Export Purchase	1,076.69	1,823.63
Import Purchase	8,253.89	11,189.04
Domestic Purchase	626.44	463.87
Freight -Road	0.06	0.94
-Marine	23.35	41.86
Freight Reimbursement	106.94	87.32
Exchange fluctuation -loss (Net)	28.20	26.20
Premium on forward contract	0.16	2.78
Insurance - General	0.06	0.15
- Marine	0.59	0.42
Customs Duty	442.11	746.74
Clearing, Handling, Survey fee, Port & Other Charges	1.70	5.45
Sales Tax/ Sur Charge on Sales Tax/VAT	0.21	0.15
Octroi/Purchase Tax Reimbursement	-	0.06
<b>Total</b>	<b>10,560.40</b>	<b>14,388.61</b>

29.1 Exchange fluctuation-loss (net) of ₹ 28.20 crore (loss ₹ 26.20 crore) includes loss ₹ 27.14 crore (loss ₹ 25.98 crore) on account of business associates for which necessary adjustment has been made in Purchases/ Sales Account and to that extent there is no impact on the profit for the year.

29.2 Details of exchange fluctuation (net) on account of business associates adjusted in Purchase/Sales are as follows:

(A) Export -Exchange Gain /(Loss) (Adjusted in Purchase)	(0.86)	0.93
(B) Import- Exchange Gain /(Loss) (Adjusted in Sales)	(26.28)	(26.91)
Exchange Fluctuation-net Gain/(Loss) (A+B)	(27.14)	(25.98)

29.3 Itemwise of Purchase

HR Carbon Steel plates	1,061.58	1,676.52
Gold	3,500.82	6,670.20
Silver	1,271.40	1,867.14
Urea	3,904.60	2,994.86
Others	822.00	1,179.89
<b>Total</b>	<b>10,560.40</b>	<b>14,388.61</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO 30

#### CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Inventories of finished goods</b>		
Opening balance	0.08	0.67
Less: Closing balance	0.02	0.08
<b>Changes in inventories of finished goods</b>	<b>0.06</b>	<b>0.59</b>
<b>(b) Inventories of work-in-progress</b>		
Opening balance	-	-
Less: Closing balance	-	-
<b>Changes in inventories of work-in-progress</b>	<b>-</b>	<b>-</b>
<b>(c) Inventories of stock-in-trade</b>		
Opening balance	5.05	0.08
Less: Closing balance	0.19	5.04
<b>Changes in inventories of stock-in-trade</b>	<b>4.86</b>	<b>(4.96)</b>
<b>Total (a+b+c)</b>	<b>4.92</b>	<b>(4.37)</b>

### NOTE NO 31

#### EMPLOYEE BENEFITS EXPENSE

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Remuneration to Staff &amp; Managers</b>		
Salaries and Allowances	72.47	73.85
Provident fund	4.90	5.13
Employees pension scheme 95 (EPS 95)	0.93	0.75
Performance Related Pay	0.02	0.01
Welfare Expenses:		
- Medical Expenses on regular employees	4.49	4.62
-Medical Expenses on retired employees	9.81	8.50
-Medical Expenses on Actuarial Liability	2.38	0.62
-Long Service Award	0.07	0.20
- Others	1.23	1.37
Gratuity	0.08	0.96
Pension	4.25	4.29
<b>Total(a)</b>	<b>100.63</b>	<b>100.30</b>
<b>(b) Remuneration to Directors</b>		
Salaries and Allowances (including sitting fees)	1.36	1.30
Provident fund	0.08	0.09
Employees pension scheme 95 (EPS 95)	0.01	-
Welfare Expenses		
- Medical Expenses on regular Directors	0.03	0.03
-Medical Expenses on retired Directors	0.10	0.17
Gratuity	0.11	0.02
Pension	0.06	0.07
<b>Total(b)</b>	<b>1.76</b>	<b>1.68</b>
<b>Grand Total (a+b)</b>	<b>102.39</b>	<b>101.98</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO 31

#### EMPLOYEE BENEFITS EXPENSE (Contd.)

31.1 As per Accounting Standard-15(Revised) "Employee Benefits", the disclosure as defined in the Accounting Standard are given in Note No. 53.

31.2 Value of Bonus paid ₹ 18,531 (₹ 5,306).

31.3 Whole time directors are allowed use of company car for non-duty journey up to 1000 km per month on payment of ₹ 2000 per month as per DPE OM dated 21st January, 2013.

31.4 Actual medical expenses incurred towards retired employees including retired directors is ₹ 9.91 crore (₹ 8.67 crore) and provision for post-retirement medical benefits on actuarial basis is ₹ 2.37 crore (₹ 0.61 crore).

### NOTE NO 32

#### FINANCE COSTS

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
(a) Interest Expense		
- to Banks	630.49	548.34
- Business associates	0.22	2.33
(b) Others	1.10	16.20
<b>Total</b>	<b>631.81</b>	<b>566.87</b>

32.1 For Interest expenses related to subsidiary company, refer note no. 10.7.

### NOTE NO 33

#### DEPRECIATION AND AMORTIZATION EXPENSE

(Refer Note no. 12.3)

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>Tangible Assets</b>		
<b>Free hold assets:</b>		
(a) Buildings	5.58	4.27
(b) Plant & Machinery	0.83	1.41
(c) Furniture & fittings	0.18	0.16
(d) Motor Vehicles	0.03	0.03
(e) Office equipment	0.12	0.14
(f) Computers and data processing units	0.22	0.20
(g) Electrical Insatallations & equipment	0.31	0.30
<b>Sub Total</b>	<b>7.27</b>	<b>6.51</b>
<b>Lease hold assets:</b>		
(a) Land	0.85	0.66
(b) Buildings	7.77	13.40
(c) Plant & Machinery	0.36	-
<b>Sub Total</b>	<b>8.98</b>	<b>14.06</b>
<b>Intangible Assets</b>		
(a) Amortization of Computer software	-	0.04
<b>Grand Total</b>	<b>16.25</b>	<b>20.61</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO 34 OTHER EXPENSES

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Other Operating Expenses</b>		
L/C Negotiation & Bank Charges	0.51	0.52
Godown, Plot, Tank Rent	1.52	1.93
Claims Paid	-	5.14
Commission on Sales	0.02	0.01
Delivery charges	0.37	0.27
Cost of Tender	0.15	0.16
Others	0.05	0.17
<b>Total (a)</b>	<b>2.62</b>	<b>8.20</b>
<b>(b) Administration expenses</b>		
Office Rent	2.98	2.83
Rates and Taxes:	-	0.01
- Property Tax to Municipal Corporation	4.15	1.36
- Wealth Tax	-	0.07
- Others	0.04	0.03
Electricity and Water Charges	2.82	2.55
Printing and Stationery	0.34	0.33
Postage	0.13	0.19
Telephones	1.15	1.13
Books and Periodicals	0.04	0.04
Repairs :		
- Building	0.07	0.06
- Others	0.24	0.33
Travelling Expenses	1.98	2.27
Housing Colony Expenses	2.78	2.66
Service Vehicle Expenses	0.89	0.98
Insurance Premium	0.10	0.15
Auditors' Remuneration		
- Statutory Audit Fees	0.16	0.15
- Tax Audit Fees	0.08	0.08
- Certification fees	0.04	0.03
- Other charges - TA/DA etc.	-	0.01
HRD Expenses	0.50	0.67
Information Technology Expenses	0.32	0.17
Conveyance Expenses	0.07	0.07
Maintenance of office building	1.32	1.11
Misc. Office expenses	3.35	3.73
<b>Total (b)</b>	<b>23.55</b>	<b>21.01</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO 34 OTHER EXPENSES (Contd.)

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(c) Trade Expenses</b>		
Legal & Professional Expenses	7.04	6.28
Advertisement & Publicity	0.87	0.87
Exchange Fluctuations other than commodity items	0.73	1.02
Bank Charges	0.85	0.66
Entertainment expenses	0.29	0.36
Hospitality and Public Relations	0.03	0.04
Corporate Social Responsibility	-	0.40
Other Trade Expenses	0.75	1.21
<b>Total (c)</b>	<b>10.56</b>	<b>10.84</b>
<b>Total (a+b+c)</b>	<b>36.73</b>	<b>40.05</b>

### NOTE NO 35 EXCEPTIONAL ITEMS

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Expenses</b>		
Loss on sale of fixed assets	0.02	0.01
Voluntary retirement benefit	-	0.01
Loss on revaluation of assets	0.11	2.20
<b>Total (a)</b>	<b>0.13</b>	<b>2.22</b>
<b>(b) Write Offs</b>		
Trade Receivables	1.15	14.17
Claims	0.18	0.02
Deposits	0.06	0.04
Assets	0.01	0.01
<b>Total (b)</b>	<b>1.40</b>	<b>14.24</b>
<b>(c) Provision for Doubtful debts, Loans and advances &amp; Investment</b>		
Trade Receivables	2.54	7.52
Claims	0.25	0.96
Loans and Advances	0.73	0.03
Deposits	0.11	3.31
Investment - Long Term Investments	0.20	0.10
<b>Total (c)</b>	<b>3.83</b>	<b>11.92</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO 35 EXCEPTIONAL ITEMS (Contd.)

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(d) Income</b>		
Profit on Sale of Fixed Assets	0.04	0.04
Liabilities Created in previous years written back :		
- Statutory	0.08	0.09
- Others	7.28	4.71
Provision Written back for doubtful amounts realized :		
-Trade Receivables	1.04	0.03
-Claims	14.25	-
-Loans and Advances	-	0.51
Provision Written back for doubtful amounts written off :		
-Trade Receivables	1.16	14.15
-Claims	0.18	0.02
-Deposits	0.06	0.04
-Assets	-	0.01
Write back of unclaimed credit balances	4.80	3.82
<b>Total (d)</b>	<b>28.89</b>	<b>23.42</b>
<b>Total (a+b+c-d)</b>	<b>(23.53)</b>	<b>4.96</b>

### NOTE NO 36 Extraordinary items

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
Loss due to Earthquake/Cyclone/flood	-	-
Loss due to Fire	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO 37

#### Prior Period Adjustment Net (debit/credit)

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>(a) Income</b>		
Other Income	0.16	-
Interest Income	13.95	0.05
Misc. Income	(0.42)	1.21
<b>Total (a)</b>	<b>13.69</b>	<b>1.26</b>
<b>(b) Expenditure</b>		
Cost of Sales	(0.01)	-
Overheads		
- Administration	0.07	0.11
- Trade	(0.19)	0.03
Interest	0.10	-
Depreciation	0.01	0.01
<b>Total (b)</b>	<b>(0.02)</b>	<b>0.15</b>
<b>Net Adjustment (a-b)</b>	<b>13.71</b>	<b>1.11</b>
(Minus (-) shows expenses and Plus (+) shows income)		

### NOTE NO 38

#### CURRENT TAX

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
<b>Current Tax</b>		
Current Tax has been computed on profit of the year as per the prevailing tax laws	5.15	9.81
<b>Total</b>	<b>5.15</b>	<b>9.81</b>

### NOTE NO 39

#### DEFERRED TAX ASSETS (NET)

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
Deferred Tax (net) is computed as per the prevailing tax laws		
Deferred Tax Assets	-	-
<b>Deferred Tax Assets (Net)</b>	<b>-</b>	<b>-</b>

39.1 For details refer Note No. 17.1

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Crore)

### NOTE NO 40 PROFIT (LOSS) FROM DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
(a) Income from discontinuing operation	–	–
(b) Expenses of discontinuing operation	–	–
<b>Profit (Loss) (a-b)</b>	<b>–</b>	<b>–</b>

### NOTE NO 41 TAX EXPENSE OF DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
Tax expense of discontinuing operations	–	–
Tax has been computed on discontinuing operation as per the prevailing tax laws		
<b>TOTAL</b>	<b>–</b>	<b>–</b>

### NOTE NO 42 EARNINGS PER EQUITY SHARE -BASIC

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
A. Profit After Tax (PAT)	(462.22)	(386.39)
B. Weighted average No. of equity shares (in crore)	6.00	6.00
EPS - Basic in ₹ (A/B)	(77.04)	(64.40)
Face Value in ₹	10.00	10.00

### NOTE NO 43 EARNINGS PER EQUITY SHARE -DILUTED

Particulars	For The Year Ended 31st March, 2016	For The Year Ended 31st March, 2015
A. Profit After Tax (PAT)	(462.22)	(386.39)
B. Weighted average No. of equity shares (in crore)	6.00	6.00
EPS - Diluted in ₹ (A/B)	(77.04)	(64.40)
Face Value in ₹	10.00	10.00

## **SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. Basis of Consolidation :**

The Consolidated Financial Statements relate to The State Trading Corporation of India Limited and its 100% subsidiary STCL Limited.

- a) The financial statements of the company and its subsidiary company have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The effect of intra group transactions is eliminated in the consolidation.
  - b) The difference between the cost of investments in the subsidiary/associate, over the net assets at the time of acquisition of share in the subsidiary/associate is recognized in the Financial Statements as Goodwill or Capital Reserve as the case may be.
  - c) The Financial Statements of Joint Venture entities are combined by applying proportionate consolidation method on a line by line item of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS-27) "Financial Reporting of Interest in Joint Ventures".
  - d) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for the transactions and other events in similar circumstances and are presented in the same manner as the Company's separate Financial Statements except as otherwise stated in other notes to the accounts.
2. Investments other than in Subsidiaries, Associates and Joint Ventures have been accounted for as per Accounting Standard (As-13)"Accounting for Investments".

### **3. Other Significant Policies :**

These are set out under 'Significant Accounting Policies' as given in separate Financial Statements of The State Trading Corporation of India Limited and its Subsidiary STCL Limited.

#### **For P.JAIN & COMPANY**

Chartered Accountants  
FRN: 000711C

Sd/-  
**(PANKAJ JAIN)**  
Partner  
M. No. 097279

Place: New Delhi  
Date: 28.05.2016

Sd/-  
**(KHALEEL RAHIM)**  
Chairman & Managing Director  
DIN – 02455606

Sd/-  
**(B.R. DHAWAN)**  
Chief General Manager-Finance

Sd/-  
**(G. RAVICHANDRAN)**  
Director-Finance  
DIN - 07449503

Sd/-  
**(KANCHAN TRIPATHI)**  
Company Secretary

## Notes forming part of Consolidated Financial Statements

### 45. CONTINGENT LIABILITIES & COMMITMENT

(₹ in Crore)

	31.3.2016	31.3.2015
<b>I Contingent Liabilities not provided for</b>		
A Claims against the company /disputed liabilities not acknowledged as debt (incl. interest wherever determined)	4294.87	4197.76
B Guarantees	76.41	59.49
C Other money for which company is contingently liable	22.54	26.24
<b>II Commitment</b>		
A Estimated amount of contracts remaining to be executed on capital account and not provided for	14.99	9.25
B Uncalled liability on shares and other investments partly paid	-	-
C Other commitments	-	-

Notes: (a) The above claims/demands are at various stages of appeal and in the opinion of the company are not tenable. Further, in some of the cases amounts included under contingent liabilities relate to commodities handled on Government of India account and liability, if any, would be recoverable from Government of India.

(b) Contingent liabilities include an amount of ₹ 82.57 crore (₹ 82.57 crore) along with interest payable to a foreign supplier on account of import of pulses in earlier years as per award of arbitral tribunal passed in favour of foreign supplier. The company has filed an appeal against the Tribunal award in the Hon'ble Delhi High Court. This transaction was undertaken on behalf of Ministry of Consumer Affairs (MOCA), hence the corresponding claim is made with MOCA, which is under consideration.

(c) Contingent liability is not updated by determining and including of interest by Mumbai Branch. Certain supporting documents of contingent liability were not available at Ahmedabad & Mumbai Branch.

46. Trade receivables, loans & advances and other current & non-current assets include ₹ 31.09 crore (₹ 18.85 crore) which are under dispute/litigation. In some cases, there are corresponding payments withheld or receivables relating to commodities handled on account of Government of India. Hence no provision is considered necessary.

47. Balances in parties' accounts, claim recoverable and advances are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.

48. Current and other liabilities include balances that are subject to reconciliation/confirmation and consequential adjustments.

49. Purchases and Sales mainly represent procurement and/or supply undertaken for and on behalf of Business Associates by the Company on a fixed trade margin where the ultimate beneficiary is the Business Associate who is also liable to indemnify the losses, if any. The recognition is based on the legal and contractual obligations assumed by the Company and the transfer of title to the goods passing through it under the contract.

### 50. ADDITIONAL INFORMATION PURSUANT TO PART II OF SCHEDULE-III OF THE COMPANIES ACT, 2013

(₹ In Crore)

	2015-16	2014-15
<b>a) Value of Imports on CIF basis</b>		
Import of Trading Goods including freight etc.*	8254.47	11186.03
<b>b) Expenditure in Foreign Currency (on accrual basis)</b>		
i) Interest	-	0.68
ii) Training	0.05	0.01
iii) Travelling	0.18	0.25
iv) Others	0.05	4.20
<b>Total</b>	<b>8254.75</b>	<b>11191.17</b>
<b>c) Earning in Foreign Exchange (on accrual basis)</b>		
i) Export of goods on FOB basis*	50.24	126.38
ii) Others	0.89	-
<b>Total</b>	<b>51.13</b>	<b>126.38</b>

\* include third party transactions.

51. INFORMATION ABOUT CONSOLIDATED BUSINESS SEGMENT AS ON 31.03.2016

(Amount in Crore)

S. No.	PARTICULARS	EXPORT		IMPORT		DOMESTIC		UNALLOCATED		CONSOLIDATED	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>1</b>	<b>Revenue</b>										
a.	External sales	1,117.16	1,884.47	8,742.50	12,050.27	741.39	559.27	-	-	10,601.05	14,494.01
b.	Inter-segment sales	-	-	-	-	-	-	-	-	-	-
	<b>Total Revenue (1a+1b)</b>	<b>1,117.16</b>	<b>1,884.47</b>	<b>8,742.50</b>	<b>12,050.27</b>	<b>741.39</b>	<b>559.27</b>	-	-	<b>0,601.05</b>	<b>14,494.01</b>
<b>2</b>	<b>Result</b>										
a.	Segment result	15.86	15.51	11.32	80.66	5.93	5.47	-	-	33.11	101.64
b.	Unallocated corporate expenses	2.28	5.62	(19.72)	(3.32)	1.52	0.92	117.68	127.72	101.76	130.94
<b>3</b>	<b>Operating Profit (2a-2b)</b>	<b>13.58</b>	<b>9.89</b>	<b>31.04</b>	<b>83.98</b>	<b>4.41</b>	<b>4.55</b>	<b>(117.68)</b>	<b>(127.72)</b>	<b>(68.65)</b>	<b>(29.30)</b>
4	Interest expenses	21.17	41.19	0.37	2.88	-	0.06	610.27	522.74	631.81	566.87
5	Interest Income	224.34	203.60	0.08	4.43	0.10	0.02	4.87	5.83	229.39	213.88
6	Income tax	-	-	-	-	-	-	4.84	5.21	4.84	5.21
<b>7</b>	<b>Profit from ordinary activities (3-4+5-6)</b>	<b>216.75</b>	<b>172.30</b>	<b>30.75</b>	<b>85.53</b>	<b>4.51</b>	<b>4.52</b>	<b>(727.93)</b>	<b>(649.84)</b>	<b>(475.92)</b>	<b>(387.50)</b>
8 a	Extraordinary loss/Expenses	-	-	-	-	-	-	-	-	-	-
8 b	Prior period adjustment (Debit) / Credit	3.79	(0.02)	0.05	0.61	-	0.05	9.87	0.47	13.71	1.11
	Total (8a-8b)	(3.79)	0.02	(0.05)	(0.61)	-	(0.05)	(9.87)	(0.47)	(13.71)	(1.11)
9	Profit/(Loss) from Discontinue operations										
<b>9</b>	<b>Net Profit (7-8)</b>	<b>220.54</b>	<b>172.28</b>	<b>30.80</b>	<b>86.14</b>	<b>4.51</b>	<b>4.57</b>	<b>(718.06)</b>	<b>(649.38)</b>	<b>(462.21)</b>	<b>(386.39)</b>
<b>10</b>	<b>Other Information</b>										
a.	Segment assets	3,215.53	3,157.46	336.27	251.90	159.69	139.94	1,146.39	1,126.21	4,857.87	4,675.51
b.	Segment liabilities	1,801.16	1,858.21	206.99	300.37	77.44	93.01	5,057.17	4,246.59	7,142.77	6,498.18
c.	Capital Expenditure	-	-	-	-	-	-	1.77	1.28	1.77	1.28
d.	Depreciation	-	-	-	-	0.09	-	16.16	20.61	16.25	20.61
e.	Non -cash expenses other than depreciation	1.01	-	1.00	6.25	0.01	0.20	3.21	21.76	5.23	28.21

## 52. RELATED PARTY TRANSACTION

### 1. Key Management Personnel

#### i. Directors

- |                         |  |
|-------------------------|--|
| a. Shri Khaleel Rahim   | Chairman & Managing Director           |
| b. Shri Manoj Mishra    | Director (Finance) (up to 03.06.2015)  |
| c. Shri Rajiv Chopra    | Director (Marketing)                   |
| d. Shri Sanjeev Sharma  | Director (Personnel)                   |
| e. Shri G. Ravichandran | Director (Finance) (from 27.01.2016)   |
| f. Shri P.K. Das        | Director (Marketing) (from 19.02.2016) |
| g. Shri H.P. Girish     | Managing Director (STCL Limited)       |

#### ii. Relatives of Directors

None

Remuneration paid to Key Management Personnel ₹ 1.71 crore (₹ 1.79 crore).

### Note No: 53- Disclosure as per AS-15 (Employee Benefits)

General description of various defined employee benefit schemes are as under:

#### A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expenses and is charged to the Statement of Profit & Loss. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by the Government. Overall interest earnings and cumulative surplus is more than the statutory interest payment requirement.

#### B. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employee and his/her spouse are eligible for medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company. Post-retirement medical benefits are recognised in the books as per the actuarial valuation. Total actuarial liability of ₹ 96.95 crore (94.58 crore) is estimated as per actuarial valuation as on 31.03.2016 for on roll and retired employees.

#### C. Leave

The Company provides for Earned Leave (EL) and Half Pay Leave (HPL) benefit to the employees of the Company which accrue annually at 30 days and 20 days respectively. The maximum ceiling for encashment of leave at time of superannuation/cessation from service other than on disciplinary ground shall be limited to 300 days (EL & HPL combined). 50% of EL subject to a maximum 150 days is en-cashable on resignation. EL is en-cashable while in service leaving a minimum balance of 15 days twice in a year. Total actuarial liability of ₹ 15.57 crore (₹ 15.66 crore) for EL and ₹ 14.08 crore (₹ 13.77 crore) for HPL is estimated as per actuarial valuation as on 31.03.2016.

#### D. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 x last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹ 10 lakhs on superannuation, resignation, termination, disablement or death. Total actuarial liability of ₹ 52.34 crore (₹ 53.54 crore) is estimated as per actuarial valuation as on 31.03.2016 for on roll employees.

#### E. Other Benefits

Service awards are given to regular employees for rendering continuous service in the Company for long service rendered by them on completion of 15/25/30/35/38 years of service. Besides this, service award @ ₹ 1,000/- per year for each completed year of service is also given at the time of retirement subject to a maximum of ₹ 30,000/-. Total actuarial liability of ₹ 1.55 crore (₹ 1.57 crore) is estimated as per actuarial valuation as on 31.03.2016 for on roll employees.

#### F. Pension

Company has defined contribution pension plan for its existing employees in pursuance to the guidelines issued by the Department of Public Enterprises. In this regard STC Employees Defined Contribution Superannuation Pension Trust has been formed. Under the scheme the employer's contribution is 9% of basic pay plus VDA of eligible employees and the funds of the trust are managed by LIC.



The summarised position of various defined benefits recognised in the Statement of Profit & Loss and Balance Sheet as under.

**i. Expenses recognized in Statement of Profit & Loss**

(₹ in Crore)

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Current Service Cost	2.09	2.13	0.87	1.09	0.60	0.84
Past Service Cost	-	-	-	-	-	-
Interest Cost	4.28	4.36	1.25	1.38	1.10	1.16
Expected return on plan assets	(4.74)	(4.15)	-	-	-	-
Net actuarial (gain)/loss recognized in the year	(1.67)	(1.59)	3.37	2.35	(0.20)	(0.77)
Expenses recognized in the Statement of Profit & Loss	(0.04)	0.75	5.49	4.82	1.50	1.23

**ii. The amount recognized in the Balance Sheet**

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present value of obligation (closing balance)	52.34	53.54	15.57	15.66	14.08	13.77
Fair value of plan assets (closing balance)	52.30	52.70	-	-	-	-
Funded Status	(0.04)	(0.84)	(15.57)	(15.66)	(14.08)	(13.77)
Excess of actual over estimated	(0.57)	-	-	-	-	-
Net Asset/(Liability) recognized in the Balance Sheet	(0.04)	(0.84)	(15.57)	(15.66)	(14.08)	(13.77)

**iii. Changes in the present value of defined benefit obligations:**

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present value of obligation (opening balance)	53.54	53.15	15.66	16.19	13.77	13.72
Liability Transfer from other organization	0.03	-	-	-	-	-
Interest cost	4.28	4.36	1.25	1.38	1.10	1.16
Current Service Cost	2.09	2.13	0.87	1.09	0.60	0.84
Past Service Cost	-	-	-	-	-	-
Benefits paid	(5.36)	(4.56)	(5.58)	(5.35)	(1.18)	(1.18)
Actuarial (gain)/loss on obligation	(2.24)	(1.54)	3.37	2.35	(0.21)	(0.77)
Present value of the defined obligation (closing balance)	52.34	53.54	15.57	15.66	14.08	13.77

**iv. Changes in the fair value of plan assets:**

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Fair value of plan assets (opening balance)	52.70	46.12	-	-	-	-
Expected return on plan assets	4.74	4.15	-	-	-	-
Contributions by employer	0.79	6.95	-	-	-	-
Benefit paid	(5.36)	(4.56)	-	-	-	-
Actuarial gain / (loss)	(0.57)	0.05	-	-	-	-
Fair value of plan assets (closing balance)	52.30	52.70	-	-	-	-

**v. Actuarial Assumptions**

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Discount rate	7.75%	8.00%	7.75%	8.00%	7.75%	8.00%
Expected return on plan asset	9.00%	9.00%	-	-	-	-
Future Salary Increase	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

The discount rate is generally based upon the market yields available on Government Bonds at the accounting date with a term that of the liabilities and the salary growth rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

#### 54. Foreign Exchange Exposure as on 31.03.2016

(a) On STC's Account

(Foreign Currency in crore)

Particulars	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	-(-)	0.19(-)	0.07 (0.07)	19.10(0.50)

Note: The above excludes an amount of USD 37.86 crore (USD 35.54 crore) recoverable at average rate of 1 USD=₹ 46.18 (1 USD=₹ 46.18) frozen as per conciliation agreement with the business associate.

(b) On Business Associate Accounts

Particulars	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	-(-)	0.48(-)	31.38(31.38)	19.08(2.17)
EURO	-(-)	-(-)	0.09(0.09)	0.02(0.02)

55. (a) The company has a system of physical verification of inventories and fixed assets in phased manner at regular interval and verified with books of accounts and records. Differences observed, if any, are dealt with accordingly in the books.
- (b) Physical Verification (PV) of fixed assets of corporate office was conducted on 31.03.2015. However, Management decided to get it re-verified and consequently PV was again conducted on 28.01.2016, reconciliation of which is under process. Identification of redundant & obsolete or unserviceable assets will be undertaken during 2016-17 by a committee formed for this purpose
56. As required by the Accounting Standard-28 on "Impairment of Assets", the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.
57. (a) The subsidiary namely, STCL Limited had appointed M/s.ICRA Management Consultant Services, to prepare a Turn-around Plan for the Company in view of its weak financial position. Based on the Report submitted by the Consultant, the Board of Directors of the subsidiary company has passed a Resolution on 18.04.2013 to take necessary steps for winding-up of the subsidiary company and to introduce a voluntary separation scheme (VSS) to employees. The union cabinet has approved in its meeting held on 13.08.2013 for winding up of STCL Limited. Accordingly the subsidiary company has filed winding up petition dated 26.11.2013 before Hon'ble High Court of Karnataka which is pending for disposal. The Subsidiary company has offered VSS to the regular employees during September 2013 out of total strength of 51 employees, 32 employees have opted for VSS.
- (b) Holding company (The State Trading Corporation of India Limited) has not given any guarantee for the credit facility availed by the subsidiary company STCL.
58. In the opinion of the Management of company, the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and provision has been made wherever considered necessary.
59. In the case of subsidiary company, as full provision for doubtful debts has already been made in the previous years, no further interest income is recognised. The amounts will be recognised as income in the year of actual recovery on cash basis. The interest payable to consortium of banks and UCO Bank is ₹ 479.65 crore (₹ 409.03 crore) calculated on accrual basis is to be recovered from the business associates to whom the credit facilities were provided.
60. The Subsidiary company has filed a civil suit in 1994 against M/s.Rajesh Spices for breach of contract on supply of chillies to M/s.Kerala State Civil Supplies Corporation under back to back supply contract terms. The City Civil Court has passed a decree in favour of the subsidiary company directing M/s.Rajesh Spices to pay ₹ 0.34 crore (₹ 0.34crore) with interest @ 9% p.a. [from the date of suit i.e., June 1994 to till realisation] to subsidiary company during August 2011. The decree passed in favour of the subsidiary company has been transferred to City Civil Court, Nagpur, Maharashtra for recovery.
61. In cases, where the subsidiary company has made provision for Doubtful Debts, no further interest/additional margin of profit are recognized after they have been classified as doubtful debts. Any amount received from these parties after being classified as doubtful debts is being credited to their accounts and necessary entry for withdrawal of provisions are made. Only after the full receipts of the balance outstanding as per the books, the interest/additional margin of profit will be recognised on cash basis.

## 62. Disclosure as per AS 19 – LEASE (Subsidiary company)

- (a) The Steam Sterilization unit at Chhindwara which was leased out to M/s. A-Tech Engineering & Management on 30.09.2013 on OMT basis (Operate Maintain and Transfer) for a period of 5 years jointly by Spices Board and subsidiary company on a lease rent of ₹ 0.02 crore p.m. w.e.f. 01.11.2013 with an annual increase of 10%. A security deposit of ₹ 0.25 crore in the form of bank guarantee and non-refundable pre-operative deposit of ₹ 0.05 crore was payable to the lessor(s) as per the terms of the Lease. Due to non-performance as per the contract, the contract has been terminated vide letter dated 03.02.2015. The amount of bank guarantee of ₹ 0.25 crore has been forfeited by the Spices Board. The subsidiary company share in the bank guarantee of ₹ 0.25 crore and non-refundable pre-operative deposit of ₹ 0.05 crore has been adjusted towards lease rent. Further for recovery of the shortfall, necessary legal steps shall be initiated.
- (b) The details of fixed assets at Steam Sterilization unit at Chhindwara as below:

Class of Assets	As on 31.03.2016		For the year 2015-16 recognised in P&L	
	Gross carrying amount	Accumulated depreciation/ Impairment	Depreciation	Impairment Loss/ (Impairment reversal)
Land	0.32	-	-	-
Factory Building	0.66	0.24	0.02	-
Plant & Machinery	4.01	2.97	0.15	0.22
Total	4.99	3.21	0.17	0.22

## 63. (i) Accounting treatment of Government Grants by subsidiary company :

- a) Government grants relating to depreciable fixed assets (capital) are treated as deferred income and the same shall be recognized in the profit & loss account on a systematic basis over the useful life of the asset.
- b) Government grants relating to revenue are recognized as income in the profit and loss account over the period necessary to match with the related costs/cause which they are intended to compensate.
- c) Government grants of the nature of promoters contribution is credited to capital reserve and any refunds against the contribution shall be reduced from the capital reserve.
- (ii) The value of cardamom auctions sales are considered as part of the turnover and accounted as purchases and sales accordingly by subsidiary company.
- (iii) The accounting policies followed by the Subsidiary are different from the accounting policies of the company as given below:
- a) The accounts of the subsidiary company are prepared based on the assumption that the subsidiary company is not a going concern due to following reasons.
- (i) The shareholder of the company in their extraordinary general meeting held on 12.09.2013 has approved winding up of the company under section 433(a) of the Companies Act, 1956.
- (ii) Department of Commerce, Ministry of Commerce and Industry vide its letter dated 26.08.2013 has conveyed approval of the Union Cabinet for winding up of the company and to offer voluntary separation scheme (VSS) to the employees.
- (iii) Accordingly the company had filed winding up petition before the Hon'ble High court of Karnataka on 26.11.2013.

Accordingly the subsidiary company has drawn the accounts on liquidation basis i.e. assets have been revalued on realizable basis, whereas the liabilities towards the bank have been stated at book value, in view of legal cases initiated against the subsidiary company for recovery of their dues and all other liabilities at their settlement value.

- b) Liability towards Post-retirement Medical benefits has not been provided by Subsidiary company and in case of gratuity, Leave encashment and Half Pay Leave are not determined on the basis of actuarial valuation. The provision for earned leave and HPL encashment of ₹ 0.03 crore (₹ 0.04 crore) is made based on salaries on the balance sheet date. In case of gratuity, Premium payable to LIC of India towards the Group Gratuity Policy under defined contribution plan is charged to expenditure every year by Subsidiary Company.
- c) Interest receivables from Sundry Debtors has been recognised on cash basis by Subsidiary company.
- d) The income /expense relating to prior period in the nature of errors or omissions, which does not exceed ₹ 15000/- in each case, is treated as Income/Expense of the current year.

- e) Estimated life of Roads, Culverts, Sewerage and Water Supply System is taken as 10 years by the subsidiary company whereas the holding company is taking estimated life as 30 years.
- f) The subsidiary company is maintaining residual value of relevant fixed assets at estimated realizable value whereas the same is being maintained at 5% of the original cost by the holding company.
- g) Subsidiary Company depreciated tangible assets on pro-rata basis with reference to the month of acquisition/disposal whereas the same is being charged from actual date by the holding company.

The impact of above policies is negligible hence not adjusted in consolidated financial statements.

**64. Accounting for Investment in Associates & Joint Ventures :-**

(₹ in Crores)

S. No.	Name of Associates and Joint Venture	Net Assets i.e. total assets minus total liabilities		Share in Profit & loss	
		As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Associates					
1.	Richfield Aquatech Ltd.	Under Liquidation			
2.	Blue Maritech Ltd.	Dormant Company			
3.	National Tannery Company Limited	Under Liquidation			
4.	Indopirin Gloves Limited	Dormant Company			
Joint Ventures					
1.	NSS Satpura Agro Development Co. Ltd.	Not Available			

(Refer note 16 & 16.1)

- 65.** Accounting policies, Schedules and Notes on accounts attached form an integral part of the accounts. Values in brackets indicate corresponding previous year figure. Where ever considered necessary, previous year figures have been rearranged/regrouped to make them comparable with those of current year.
- 66.** The figures pertaining to subsidiary company have been reclassified, where necessary, to bring them in line with the parent company's Financial Statements.

**For P.JAIN & COMPANY**  
Chartered Accountants  
FRN: 000711C

Sd/-  
**(KHALEEL RAHIM)**  
Chairman & Managing Director  
DIN – 02455606

Sd/-  
**(G. RAVICHANDRAN)**  
Director-Finance  
DIN - 07449503

Sd/-  
**(PANKAJ JAIN)**  
Partner  
M. No. 097279

Sd/-  
**(B.R. DHAWAN)**  
Chief General Manager-Finance

Sd/-  
**(KANCHAN TRIPATHI)**  
Company Secretary

Place: New Delhi  
Date: 28.05.2016

**MANAGEMENT REPLIES TO THE COMMENTS OF STATUTORY AUDITORS ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR 2015-16**

COMMENTS OF THE STATUTORY AUDITORS	MANAGEMENT REPLIES
<p>1. Reference is invited to Note no.18.1 relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts. Pending outcome of legal steps initiated for recovery, full provision of ₹ 87.39 crore was made in earlier year. However, the company was successful in getting arbitration award of ₹ 110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the party and hearing is pending in this case before Hon'ble High Court, New Delhi.</p>	<p>STC had financed ₹ 125 crore to an associate for purchase of old fertilizer plant from a public sector company. During the transaction, a sum of ₹ 38 crore was only recovered leaving a balance amount of ₹ 87.39 crore for recovery. STC filed various court cases including arbitration proceedings against the party. Arbitration award of ₹ 110 crore plus interest was pronounced in favour of STC. The party filed objections u/s 34 of Arbitration and Conciliation Act, 1996 before the Hon'ble High Court, New Delhi. Meanwhile, STC sought the detail of assets of the party through court which have since been received from the party. STC is in process of verifying the status and valuation of the properties.</p>
<p>2. Reference is invited to Note no. 19.1, regarding long term trade receivable ₹ 568.44 crore on account of export of pharma products to foreign buyers on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone into liquidation, litigation process have been initiated by the Company as well as by Indian Associates and their bankers. A claim of ₹ 527.86 crore has been admitted by the liquidator and decree for ₹ 63 crore by Mumbai High Court. There is however corresponding credit balance of ₹ 568.44 crore under trade payables. Management does not anticipate any liability on this account.</p>	<p>The contract was signed on back to back basis and payment to the supplier was to be made upon realization of export proceeds from the foreign buyer. These payments could not be realized. Though STC had conditionally accepted the bills of exchange (subject to realization of export proceeds), the Associate got these conditionally accepted bills of exchange discounted from the banks against his limits. Banks have made STC also as a party in the DRT proceedings initiated by them. The matter is under litigation and is subjudice. In one case STC has been able to secure decree for ₹ 63 crore and further actions are in process.</p> <p>There is no outflow of STC funds and no liability is anticipated.</p>
<p>3. Reference is invited to note no. 22.1, regarding trade receivable of ₹ 122.77 Crore due from Jhagadia Copper Limited. The Business Associate is under liquidation. The entire amount is secured by pledge of stocks to the company (procured under advance license with export obligation) and the company has also solely staked claim on an industrial (mortgaged) land of about 90 acres at Alibagh, Maharashtra before Hon'ble Gujarat High Court. Financial impact of the same cannot be ascertained at this stage. Management does not anticipate any liability on this account.</p>	<p>The business associate is under liquidation. Negotiations with the Public Sector Enterprise, who has acquired the plant, for selling the pledged stocks are under process. The value of pledged stocks as on 31.03.2015 was approx. ₹ 264.47 crore based on latest PV &amp; valuation report. Further, the company has also solely staked claim on an industrial (mortgaged) land of about 90 acres at Alibagh, Maharashtra before Hon'ble Gujarat High Court.</p>
<p>4. Reference is invited to Note no 22.2 &amp; 27.1, regarding trade receivable of ₹ 1740.42 crore and recognition of income of ₹ 228.33 crore during the year from one of the business associates who have stopped operation of their plant due to extreme volatility of prices. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of ₹ 144.90 crore on the directions of Hon'ble Supreme Court. The decree was noted to be final and legal case for enforcement of decree is under consideration of Hon'ble Supreme Court. The management is hopeful of full recovery.</p>	<p>The associate has paid ₹ 731 crore since signing of conciliation agreement. The Corporation has filed criminal case u/s 138 of Negotiable Instrument Act. STC has also filed criminal cases under IPC 420 of IPC for dilution of securities in violation of the conciliation agreement. The party on 19.08.2015 committed before the Hon'ble Supreme Court to pay back the amount. Further, the party has paid ₹ 144.90 crore during FY 2015-16 on the directions of Hon'ble Supreme Court. The party has also submitted schedule of payment to the court on 15.02.2016.</p> <p>All legal steps are being taken for recovery.</p>

COMMENTS OF THE STATUTORY AUDITORS	MANAGEMENT REPLIES
<p>5. Reference is invited to Note no. 25.1, regarding claims recoverable include ₹ 2.72 crore towards carrying costs for delayed lifting of pulses by State Governments. Claim for the same was lodged during the year 2011-12 and the same is being followed up with the State Governments. Since, there is credit balance available with the Company, no provision is considered necessary.</p>	<p>The claim of ₹ 2.72 crore refers to the charges recoverable from various State Governments towards carrying costs for delayed lifting of pulses supplied during 2011-12 under the erstwhile subsidy scheme.</p> <p>Against the claim of ₹ 2.72 crore recoverable from the State Governments, sufficient credit balance is available with STC. The matter is being taken up with State Governments on regular basis for settlement of accounts.</p>
<p>6. Reference is invited to Note no. 45(b), regarding contingent liability of ₹ 82.57 crore payable to foreign supplier as per arbitral award, for which the Company has filed appeal in the Hon'ble Delhi High Court and simultaneously lodged the claim with Ministry of Consumer Affairs as transaction was under taken on their behalf. In view of the above no provision is considered necessary.</p>	<p>STC during July 2008 had contracted to import Canadian Yellow Peas under the 15% subsidy scheme out of which some quantity was abrogated as per the advice of Ministry of Consumer Affairs and CVC. The supplier did not agree for the same and invoked the Arbitration clause.</p> <p>The dispute was referred to ICA, New Delhi where the tribunal passed the award against STC.</p> <p>STC has filed appeal in Hon'ble High Court, Delhi and is pursuing the same. STC has in turn informed MOCA that In case the Court verdict comes against STC, the liability arising shall have to be made good by MOCA.</p>
<p>7. Reference is invited to Note no.19.2, regarding long term trade receivable of ₹ 787.65 crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹ 342.18 crore are available, leaving net receivable of ₹ 445.47 crore. Actions against the Business Associate have been initiated. The matter is being pursued legally and company is hopeful of recovery. As a measure of abundant caution full provision of ₹ 445.47 Crore being net receivable, has been made.</p>	<p>Under the Scheme, post shipment finance was taken from EXIM Bank to finance the export transactions.</p> <p>As per the agreement, the repatriation of export proceeds was the responsibility of associates. In some cases, the overseas buyers defaulted in payments and the export proceeds were not realized. Actions have been initiated against the associates. The matter is also under investigation by the concerned agencies.</p>
<p>8. Reference is invited to Note no. 22.3, regarding trade receivable of ₹ 20.56 crore recoverable from one of the Business Associates for goods sold in earlier years. The entire overdue is secured by pledge of stocks of ₹ 4.17 crore and ₹ 39 crore stock of family concern of the Associate in favour of the Company. The Company's receivables are being monitored by court and Company has received ₹ 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. Hence, no provision is considered necessary.</p>	<p>Against an outstanding of ₹ 20.56 crore STC is secured by pledge of stocks worth ₹ 4.17 crore of the associate and ₹ 39 crore worth of duly insured stocks of the family concern of the associate. Legal action u/s 138 of NI Act 1881 has been initiated for an amount of ₹ 85 crore wherein the summons has been issued. STC's receivables are being monitored by court and STC has received ₹ 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. The same is under process.</p>
<p>9. Reference is invited to Note no. 19.6, regarding long term trade receivable of ₹ 58.55 crore due from one of the Business Associates for goods sold in earlier years. The entire balance overdue is secured by pledge of stocks in favour of the Company. The Company has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has also filed winding up petition and criminal complaints i.e. case u/s 138 of Negotiable Instruments Act and contempt application for misleading the court against the business associate. The management is hopeful of the full recovery.</p>	<p>The entire balance overdue is secured by pledge of stocks for ₹ 179.71 crore in favour of STC. STC has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has filed criminal complaint u/s 138 of NI Act and also winding up petition against the associate which are in progress.</p>

COMMENTS OF THE STATUTORY AUDITORS	MANAGEMENT REPLIES
<p>10. Reference is invited to Note no. 19.8, regarding long term trade receivable of ₹ 10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by the Company except the outstanding balance of ₹ 10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. The management is hopeful of the full recovery.</p>	<p>An amount of ₹ 2.32 crore on account of supply of RBD Palmolien during the year 2010-11 and an amount of ₹ 7.89 crore towards supplies made during the year 2011-12 under the erstwhile PDS scheme is recoverable from MARKFED (Govt. of Maharashtra).</p> <p>The total amount of ₹ 10.21 crore is pending due to final reconciliation at their end.</p> <p>Matter is being taken with the Govt. of Maharashtra for reconciliation of the amount and for recovery of the dues.</p>
<p>11. Reference is invited to Note no. 47 &amp; 48 relating to pending reconciliation/ confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.</p>	<p>Balances of debtors/ creditors and liabilities are being reconciled after completion of each transaction and the accounts are settled with the associates. However, confirmation of balances in respect of debtors/creditors involving legal cases are not obtained as it may affect the legal proceedings.</p>
<p>12. Reference is invited to Note no. 19.4, regarding long term trade receivables of 12.05 crore recoverable from one of the Business Associate for goods sold in the earlier years. The entire overdue is secured by duly insured pledged stocks in favour of the Company valuing ₹ 10.19 crore under CWC custody. Further, cases u/s 138 of Negotiable Instruments Act for ₹ 8.62 crore has been filed against the Associate. Provision of ₹ 1.86 crore has been created during the current financial year for the unsecured portion.</p>	<p>The overdue is secured by pledge of duly insured stocks in favour of STC to the extent of ₹ 10.19 crore. The company has filed criminal complaint u/s 138 of NIA for ₹ 8.62 crore and the proceedings are in process.</p>
<p>13. Reference is invited to Note no. 12.5, regarding non adjustment in financial books of fixed assets net book value of ₹ 0.64 crore destroyed due to flood during the year Chennai Branch against which an adhoc claim of ₹ 0.26 crore has been received from insurance company.</p>	<p>Due to sudden flood, the loss of fixed assets was estimated by CPWD for the purpose of lodging Insurance claim. The Insurance company has made provisional payment of ₹ 26 lakh. The adjustment of assets in books of accounts will be made on realization of final claim from the Insurance company during the current year.</p>
<p>14. Reference is invited to Note no. 22.4, regarding trade receivables of ₹ 10.28 crore recoverable from one of the Business Associates for sale of coal. The Business Associate has paid an amount of ₹ 0.10 crore during the year. The entire dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. Company has filed legal and criminal case against Business Associate. In view of this, no provision is considered necessary.</p>	<p>The dues are secured by mortgage of free hold land. The mortgage deed duly signed by the owner of the property and the representative of STC has been registered with Registrar of assurances at Kolkata. The associate has committed to clear all dues towards STC along with interest and other charges.</p>
<p>15. Reference is invited to Note no. 55(b), the reconciliation of physical verification of fixed assets at Corporate office with books is under process, impact thereof could not be ascertained.</p>	<p>The Physical verification of fixed assets was conducted on 31.03.2015. The same was again re-verified on 28.01.2016. Reconciliation of PV with book balances is in process and impact of variation if any will be accounted for during the current year.</p>
<p>16. The Shareholders of the Subsidiary Company in their Extraordinary General Meeting held on 12.09.2013, and Department of Commerce, Ministry of Commerce and Industries vide its letter dated 26.08.2013 had approved winding up of the Subsidiary Company under section 433(a) of the Companies Act, 1956 and accordingly winding up petition had been filed before the Hon'ble High Court of Karnataka on 26.11.2013. Accordingly, the Subsidiary Company has drawn the accounts on liquidation basis i.e. assets have been revalued on realizable basis, whereas the liabilities towards the bank have been stated at book value, in view of legal cases initiated by the banks against the Holding and Subsidiary Companies for recovery of their dues and all other liabilities at their settlement value, Holding Company has not given any guarantee for the credit facility availed by the Subsidiary Company.</p>	<p>The liability towards banks has not been revalued keeping in view the legal actions initiated by Bank against the subsidiary company and observance of conservative approach of accounting.</p>

COMMENTS OF THE STATUTORY AUDITORS	MANAGEMENT REPLIES
<p>17. Reference is invited to note No. 8.3 regarding total liabilities of subsidiary company to banks along with interest amounting to ₹ 3349.27 crore payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. No other banks except UCO bank which has confirmed only the principal and the SBI which has confirmed principal along with interest amount due. However, subsidiary company has not considered the interest claim by SBI since subsidiary company has considered interest payable as claim at the rates disclosed in their DRT application filed by UCO bank and consortium of banks. Cash credit/ short term loan is as per the claims in the DRT (Debt Recovery Tribunal) application filed by consortium by seven banks and UCO bank on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO bank. The subsidiary company has created pari-passu charges on the current assets in favour of the banks and also surrendered the documents of immovable properties situated at Chindwara (3.239 hectares), Byadgi (5 acres), Siddapura ( 2.25 acres) and Madikeri (0.50 acre) in favour of the bankers. In view of the immovable properties of subsidiary company given as security, an estimated amount of ₹ 1.83 crore out of the total advances can be considered as secured. The consortium of banks and UCO bank has filed cases separately against the company with the Debt Recovery Tribunal, wherein with regards to UCO bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of 148.18 crore. However the subsidiary company has challenged DRT order at DRAT, Chennai. The bankers have also issue notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Further, based on the above, bankers have issued two possession notices one dtd 26.10.2011 on the Factory land &amp; Building located at Byadgi and another dtd. 17.11.2011 on factory land &amp; building located at Chindwara, Madhya Pradesh.</p>	<p>Factual, no further comments.</p>
<p>18. The subsidiary company has filed an appeal against the arbitration award made in favour of M/s Shiva Shankar Minerals Pvt. Ltd. for ₹ 8.01 crore before the City Civil Court, Bangalore.</p>	<p>The matter is subjudice.</p>
<p>19. Reference is invited to note No. 10.5 regarding interest payable by subsidiary company of ₹ 2164.00 crore on the principal amount due to banks is arrived on the basis of the interest rates disclosed in the Debt Recovery Tribunal application filed by banks. Interest provision of ₹ 479.65 crore has been made by the subsidiary company for the current financial year. However no confirmation is received from banks for interest payable.</p>	<p>As the recovery proceedings have been filed by the banks before DRT, interest rates as claimed by the bank in DRT proceedings have been applied.</p>
<p>20. The subsidiary company has made provision for payment of interest as per the claims made by the consortium banks in DRT up to 20.07.2011 and further interest are provided at the rates mentioned in DRT application by the banks. Excess interest/penal interest/liquidated damages claimed by the banks as shown in their balance confirmation certificate amounting to ₹ 165.84 crore has been shown under contingent liability. However the contingent liability as shown in notes consists only of those banks who have given their balance confirmation certificate.</p>	<p>The contingent liability will be reviewed during the F.Y. 2016-17.</p>



COMMENTS OF THE STATUTORY AUDITORS	MANAGEMENT REPLIES
21. The subsidiary company has considered interest rates for computation of interest on short term borrowings related to devolved LCs are based on the claims of the consortium banks with Debt Recovery Tribunal.	As at Para 19 above
22. With respect to Subsidiary company, provision for liability towards earned leave and half pay leave encashment of ₹ 0.76 crore, Gratuity provision of ₹ 0.15crore as on 31 March, 2016 and post retirement medical benefits is not made on the basis of Actuarial valuation as required under 'AS-15 Revised'. In the absence of Actuarial reports, we are unable to quantify the impact if any on the consolidated financial statements.	The subsidiary company has made the provision of earned leave & half pay leave encashment of ₹ 2.95 lakh in the accounts on the basis of salaries as on 31.03.2016. However no actuarial valuation is done as number of employees is very less.  With regard to Gratuity, company has taken Group Gratuity Scheme to cover gratuity payable to employees. The Premium amount paid to LIC for the year has been debited to Profit & Loss Account.
23. With respect to Subsidiary company audited PF trust accounts for the year ended 31.3.2016 was not provided, in the absence of audited PF trust account, we are unable to comment thereon.	The subsidiary company is in the process of finalizing the PF trust Accounts and the same will be completed during the financial year 2016-17.
24. An amount towards the deferential tax between refund due of ₹ AY 2009-10 and tax payable for AY 2010-11 amounting to ₹ 0.70 crore deposited with the Income Tax Department is shown under Loans and Advances. The amount of refund granted (after adjustment with liability up to AY 2010-11 is more than refund receivable shown in books for the related assessment years. The difference has been considered as the Interest Income and accounted accordingly by the subsidiary company without adjusting towards aforementioned tax deposited. Since the Subsidiary company has not received assessment order and no other documentary evidences were available, we are not able to comment whether the amount refunded is inclusive of the payment made by the company to the income tax department amounting to ₹ 0.70 crore.	Factual. However the company is in the process of obtaining the details of the tax adjusted. Based on the outcome, steps will be taken to adjust difference if any during the financial year 2016-17.
25. In respect of subsidiary company the audited financial statements of the joint venture company i.e. M/s NSS Satpura Agro Development Co. Ltd is not available after 31st March 2013, hence further diminution in the value of ₹ 0.02 crore is not considered in consolidated accounts as result investments are overstated by ₹ 0.02 crore and accumulated loss is understated by ₹ 0.02 crore.	Necessary action will be taken in the financial year 2016-17.

Sd/-  
**(Khaleel Rahim)**  
Chairman & Managing Director

Sd/-  
**(G. Ravichandran)**  
Director-Finance



संख्या / No. PDCA-I/ND/CHQ/29-05/2016-17/STC/460

**भारतीय लेखा तथा लेखापरीक्षा विभाग,**  
कार्यालय प्रधान निदेशक वाणिज्यक लेखापरीक्षा  
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-1  
**INDIAN AUDIT & ACCOUNTS DEPARTMENT,**  
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-1

दिनांक/DATED - 17.08.2016

सेवा में,

अध्यक्ष एवं प्रबन्ध निदेशक,  
स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड  
जवाहर व्यापार भवन, टॉलस्टॉय मार्ग  
नई दिल्ली - 110 001

विषय:— 31 मार्च 2016 को समाप्त वर्ष हेतु स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड के वार्षिक लेखों पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) एवं 129(4) के अन्तर्गत भारत के नियंत्रक महालेखा परीक्षक की टिप्पणियां।

महोदय,

मैं इस पत्र के साथ 31 मार्च 2016 को समाप्त वर्ष के लिए स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड के वार्षिक लेखों पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) एवं 129(4) के अन्तर्गत टिप्पणियाँ अग्रेषित करता हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए और कम्पनी की वार्षिक आम सभा में उसी प्रकार रखा जाए जिस प्रकार सांविधिक लेखा परीक्षकों की लेखा परीक्षा रिपोर्ट रखी जाती है।

संलग्न: टिप्पणियाँ

भवदीय,  
ह.  
(नीलेश कुमार साह)  
प्रधान निदेशक

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तृतीय तल, ए-स्कन्ध, इन्द्रप्रस्थ भवन, इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110002  
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**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2016.**

The preparation of consolidated financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) 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 28 May 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2016. The company has not consolidated the financial statement of its associate companies and joint venture companies due to non availability of financial statements (as per list annexed). We conducted a supplementary audit of the financial statements of The State Trading Corporation of India Limited but did not conduct supplementary audit of financial statement of subsidiaries, associate companies and jointly controlled entities as per the list annexed for the year ended on that date. Further, Section 139(5) and 143(6)(b) of the Act are not applicable to associate and joint ventures being private entities as per the list annexed for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

Based on the supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129(4) 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 profitability**

**I. Statement of Profit and Loss Account**

**Other Income ₹ 256.85 crore (Note no. 27)**

The above includes ₹ 228.33 crore (Previous year amount ₹ 203.61 crore) as interest income booked during the year 2015-16 from M/s. Global Steel Philippines Inc./Global Steel Holdings Ltd. (GSPI/GSHL) for export of steel slabs during the period 2008-2010. The recovery of principal amount from GSPI/GSHL is uncertain due to non-adherence to the payment terms as agreed in the conciliation agreement dated 15 November 2011 and further settlement dated 17 May 2012 and since out of ₹ 955.13 crore booked as interest during the period from 2011-12 to 2015-16, an amount of ₹ 143.63 crore only has been recovered. The recognition of interest income on the outstanding dues is neither prudent nor in consonance with the provision of Accounting Standard 9 'Revenue Recognition'.

Consequently, 'loss for the year' is understated by ₹ 228.33 crore. On non-recognition of the interest income, of the Company has incurred a loss of ₹ 690.55 crore during the year.

This issue was also raised during the accounts audit of the company for the year 2013-14 and 2014-15. However, no corrective action has been taken by management.

**B. Comments on Financial Position**

**I. Current Assets**

**Trade Receivable: ₹ 2641.09 crore. (Note No. 22)**

- (i) The above includes ₹ 1740.42 crore (Previous year ₹ 1640.53 crore) being receivable from M/s GSPI/GSHL on account of steel slabs supplied during the period 2008-2010. As per note no. 22.2, the dues are stated to be secured by EMD of ₹ 29.73 crore, corporate guarantee of holding company and personal guarantee of Chairman of holding company. The associate paid only ₹ 144.90 crore during 2015-16 on the directions of the court even after conciliation agreement dated 15 November 2011 and further settlement agreement dated 17 May 2012 for payment of entire dues. Considering the rate of recovery, lack of adequate security and age of outstanding dues. Audit does not agree with Management's classification of outstanding dues of ₹ 1740.42 crore as considered good.

This point was raised during accounts audit of the company for the year 2013-14 and 2014-15; however, no corrective action has been taken by management.

- (ii) Above includes an amount of ₹ 122.77 crore recoverable since 2010 from M/s Jhagadia Copper Limited (JCL) on account of import/procurement of Copper bearing material. Management has treated the said dues as secured and good due to pledged stock and Company's claim on land of JCL at Alibagh. However, the Official liquidator of (of JCL) has stated (September 2015) in his report filed before the Hon'ble High Court of Gujarat that the existing stock is not the raw material that was purchased from State Trading Corporation of Limited and it has been processed and therefore, State Trading Corporation of Limited does not have a claim on converted material. Further, there is no mortgage deed/pledge deed of land at Alibagh in favor of the Company.

Considering the above, Audit does not agree with Management's classification of outstanding dues of ₹ 122.77 crore as considered good.

Sd/-  
(Neelesh Kumar Sah)

Principal Director of Commercial Audit  
& ex-officio Member, Audit Board-I,  
New Delhi

Place: New Delhi  
Dated: 17 August 2016

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**Details of Subsidiaries, Associate companies and Joint Ventures.**

<b>NAME OF SUBSIDIARY</b>	
STCL Limited	Non-Review Certificate issued
<b>NAME OF ASSOCIATES</b>	
Richfield Aquatech Ltd.	Under Liquidation
Blue Maritech Ltd.	Dormant Company
National Tannery Company Ltd.	Under Liquidation
Indopirin Gloves Limited	Dormant Company
<b>NAME OF JOINT VENTURES</b>	
NSSSatpure Agro Development Co. Ltd.	Accounts not available
Sealac Agro Ventures Limited	Accounts not available

The company has not consolidated the financial statements of above associates and Joint ventures due to non availability of financial statements.

**MANAGEMENT'S REPLIES TO THE COMMENTS OF COMPTROLLER &  
AUDITOR GENERAL OF INDIA**

C&AG COMMENTS	MANAGEMENT REPLIES
<p><b>A. Comments on profitability</b></p> <p>1. Statement of Profit and Loss Account Other income ₹ 256.85 crore (Note no. 27)</p> <p>The above includes ₹ 228.33 crore (Previous year amount ₹ 203.61 crore) as interest income booked during the year 2015-16 from M/s Global Steel Philippines Inc./Global Steel Holdings Ltd. (GSPI/GSHL) for export of steel slabs during the period 2008-2010. The recovery of principal amount from GSPI/GSHL is uncertain due to non-adherence to the payment terms as agreed in the conciliation agreement dated 15 November 2011 and further settlement dated 17 May 2012 and since out of ₹ 955.13 crore booked as interest during the period from 2011-12 to 2015-16, an amount of ₹ 143.63 crore only has been recovered. The recognition of interest income on the outstanding dues is neither prudent nor in consonance with the provisions of Accounting Standard 9 'Revenue Recognition'.</p> <p>Consequently, 'Loss for the year' is understated by ₹ 228.33 crore. On non-recognition of the interest income of the Company has incurred a loss of ₹ 690.55 crore during the year.</p> <p>This issue was also raised during the accounts audit of the company for the year 2013-14 and 2014-15. However, no corrective action has been taken by management.</p>	<p>By virtue of conciliation agreement dated 15.11.2011 and further settlement agreement dated 17.5.2012, the associate has acknowledged, accepted and admitted its full liability including interest.</p> <p>In terms of clause 12 (iii) of the further settlement agreement dated 17.05.2012, interest @ 13.50% p.a. is payable by the associate till the date of payment. The conciliation agreement is in the nature of legally enforceable decree under Indian Arbitration Conciliation Act and has been held as final by Hon'ble Supreme Court.</p> <p>Accordingly, the company is fully confident of recovery of interest amount from the associate, and as such the recognition of accrued interest as income is in consonance with Accounting Standard (AS)-9.</p> <p>The Associate has so far paid an amount of ₹ 731.22 crore after signing of the conciliation agreement including ₹ 144.90 crore paid during the financial year 2015-16 on the direction of Hon'ble Supreme Court. All these receipts are being adjusted invoice-wise covering the principal, interest and other expenses.</p> <p>The Associate has further paid ₹ 10 crore recently on 12.07.2016 and has sought adjustment of ₹ 29.73 crore of EMD amount lying with STC and has also undertaken before Hon'ble Supreme Court to pay ₹ 50 crore by 31.10.2016.</p> <p>On 22<sup>nd</sup> August 2016, the Associate has given the proposed schedule of payment duly attested by the appropriate authorities, which includes the principal, interest and other charges. STC is seeking opinion of ASG in this regard and the matter is under consideration by the Board.</p> <p>Since the recovery is being monitored by Hon'ble Supreme Court and the party has reaffirmed its commitment to repay the entire outstanding including interest, management is confident of recovery of entire dues and there does not seem to be any uncertainty. Therefore, the interest accrued has been considered as income. Thus, there is no overstatement of profit.</p>

<p><b>B. Comments on Financial Position</b></p> <p>1. Balance Sheet</p> <p>Current Assets</p> <p>Trade Receivable: ₹ 2641.09 crore (Note no. 22)</p> <p>The above includes ₹ 1740.42 crore (Previous year ₹ 1640.53 crore) being receivables from M/s GSPI/GSHL on account of steel slabs supplied during the period 2008-2010. As per note no. 22.2 the dues are stated to be secured by EMD of ₹ 29.73 crore, corporate guarantee of holding company and personal guarantee of Chairman of holding company. The associate paid only ₹ 144.90 crore during 2015-16 on the directions of the court even after conciliation agreement dated 15 November 2011 and further settlement agreement dated 17 May 2012 for payment of entire dues. Considering the rate of recovery, lack of adequate security and age of outstanding dues, Audit does not agree with Management's classification of outstanding dues of ₹ 1740.42 crore as considered good.</p> <p>This point was raised during accounts audit of the company for the year 2013-14 and 2014-15; however, no corrective action has been taken by management.</p>	<p>The principal amount including interest is covered under the conciliation agreement signed with the party. The conciliation agreement is in the nature of legally enforceable decree under Indian Arbitration Conciliation Act and has been held as final by Hon'ble Supreme Court.</p> <p>The Associate has so far paid an amount of ₹ 731.22 crore after signing of the conciliation agreement including ₹144.90 crore paid during the financial year 2015-16 on the direction of Hon'ble Supreme Court. The associate has further paid ₹ 10 crore recently on 12.07.2016. The associate has undertaken before Hon'ble Supreme Court to pay ₹ 50 crore by 31.10.2016.</p> <p>On 22<sup>nd</sup> August 2016, the Associate has given the proposed schedule of payment duly attested by the appropriate authorities, which includes the principal, interest and other charges. STC is seeking opinion of ASG in this regard and the matter is under consideration by the Board.</p> <p>Since the recovery is being monitored by Hon'ble Supreme Court and the party has also reaffirmed its commitment to repay the entire outstanding including interest, management is confident of recovery of entire dues and there does not seem to be any uncertainty. Accordingly the amount of ₹ 1740.42 crore has been considered as good and recoverable.</p>
<p>ii) Above includes an amount of ₹ 122.77 crore recoverable since 2010 from M/s Jhagadia Copper Limited (JCL) on account of import/procurement of Copper bearing material. Management has treated the said dues as secured and good due to pledged stock and STC's claim on land of JCL at Alibagh. However, the Official liquidator (of JCL) has stated (September 2015) in his report filed before the Hon'ble High Court of Gujarat that the existing stock is not the raw material that was purchased from STC and it has been processed and therefore, STC does not have a claim on converted material. Further, there is no mortgage deed/pledge deed of land at Alibagh in favour of the Company.</p> <p>Considering the above, Audit does not agree with management's classification of outstanding dues of ₹ 122.77 crore as considered good.</p>	<p>The amount of ₹122.77 crore recoverable from M/s Jhagadia Copper Limited (JCL) is secured by way of pledge of stocks kept under the custody of CWC and valuing ₹ 264.47 crore as on 31.3.2016.</p> <p>Regarding contention of the Official Liquidator that the existing stock, being the converted material, STC did not have a claim on the same, it is clarified that as per clause 4.1.2 of the Agreement with JCL, STC would supply material to JCL in lots for processing purposes after pledging of proportionate value of finished goods under the custody of CWC/CMA. As such STC has full claim over the converted material as per the Agreement, and as per Contract Act, STC has a special property right in the goods pledged to STC and is a secured creditor.</p> <p>STC has also filed its claim for an amount of ₹ 389.96 crore before the official liquidator (OL) and STC's name is appearing in the list of secured creditors compiled by the official liquidator.</p> <p>It is true that there is no mortgage or pledge deed of Alibagh land in favour of STC. However, STC has filed its claim on the land before the OL of the Gujarat High Court and as per the report of the OL, there was no charge of any other secured creditors on this piece of land prior to STC's claim on this land. The dues are already fully secured by stocks; the claim on land is to create additional security.</p> <p>In view of above, the amount of ₹ 122.77 crore recoverable from JCL has been considered as fully secured and good for recovery.</p>

Sd/-  
(B.R. DHAWAN)  
CGM-Finance

Sd/-  
(KHALEEL RAHIM)  
Chairman & Managing Director



**THE STATE TRADING CORPORATION OF INDIA LIMITED**

**Regd. Office: Jawahar Vyapar Bhawan, Tolstoy Marg,  
New Delhi-110001**

**CIN : L74899DL1956GOI002674**

**RE: Green Initiative In Corporate Governance: Go Paperless**

**Dear Shareholder,**

As you may be aware, the Ministry of Corporate Affairs, as a part of the Green Initiative in Corporate Governance, vide its Circular No.17/2011 & 18/2011 dated 21.04.2011 and 29.04.2011, has allowed paperless compliance by Companies, which may now send various notices / documents, such as Notice of General Meetings, Annual Report, etc., to its Shareholders through electronic mode at their e-mail address registered with the Company.

Your Company welcomes the spirit of this green initiative, which will reduce paper consumption to a great extent and allow Shareholders to contribute towards a Greener Environment. This will also ensure prompt receipt of communication by Shareholders and avoid their loss / misplacement in postal transit. In this backdrop, we wish to intimate / request as under:-

- (i) Shareholders holding shares in demat form may register/ update their e-mail ID with their respective Depository Participants, if not already done.
- (ii) Shareholders holding shares in physical mode may submit the appended E-COMMUNICATION REGISTRATION FORM, duly filled-in, at the address indicated therein. The said form is also available for download from our website, [www.stclimited.co.in](http://www.stclimited.co.in). Shareholders could also submit the said form by way of fax on 011-41709881 or by e-mailing a scanned copy to [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com).

Full text of notices/documents meant for general shareholders would also be made be available on our website [www.stclimited.co.in](http://www.stclimited.co.in), for reference /download.

We are sure that you would appreciate the "Green Initiative" taken by MCA. We solicit your patronage and support in helping the Company to implement the e-governance initiatives of the Government. Please note, as a valued shareholder, you are always entitled to demand and receive, free of cost a printed copy of the Annual Report of the Company and all other documents.

Best Regards,

Thanking you,  
Sd/-  
**(Ritu Arora)**  
Company Secretary  
FCS 5270







(Please tear here)



## E-COMMUNICATION REGISTRATION FORM

**(Exclusively meant for Shareholders holding shares in physical form)**

To,  
MCS SHARE TRANSFER AGENT LIMITED  
(Unit: The State Trading Corporation of India Limited)  
F-65, 1st Floor,  
Okhla Industrial Area, Phase-I,  
New Delhi-110 020.

**RE: - Green Initiative in Corporate Governance**

Regd. Folio No.	
Name of 1st Registered Holder	
Name of Joint Holder/s	1.
	2.
E-mail ID to be registered	

I / We, Shareholders of THE STATE TRADING CORPORATION OF INDIA LIMITED, hereby agree to receive all communications from the Company by way of an e-mail. Please register my e-mail ID in your records for sending communications through e-mail.

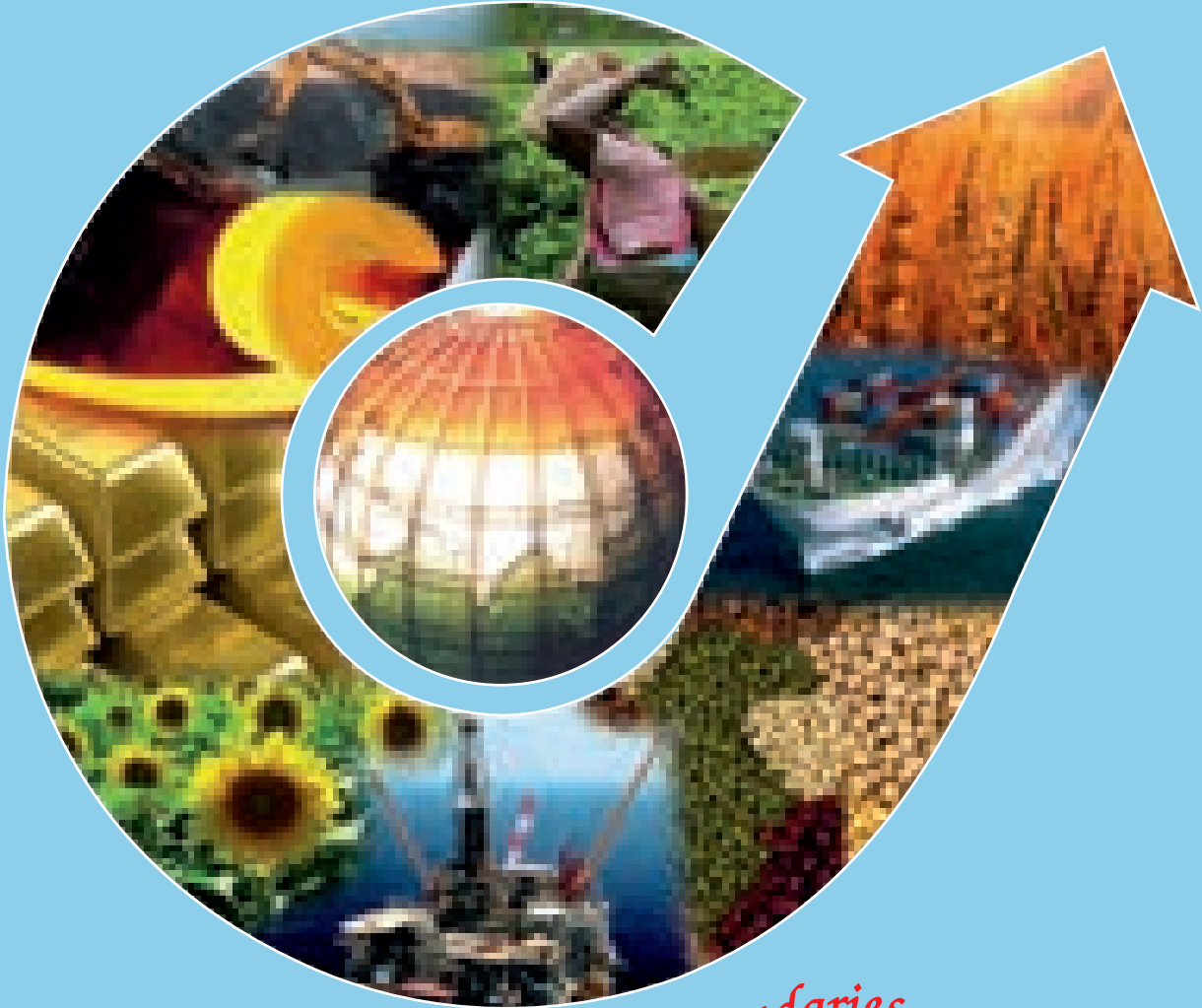
Date:

Signature  
(First Holder)





# 60 Years of excellence in Global Trading



*Business Beyond Boundaries*

**THE STATE TRADING CORPORATION OF INDIA LIMITED**  
(A Government of India Enterprise)

(CIN:L74899DL1956GOI002674)

Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001

**Tel. No. :** 011-23313177, **Fax :** 011-23701123, 23701191

**E-mail :** co@stclimited.co.in **Website :** www.stclimited.co.in



एक कदम स्वच्छता की ओर



## THE STATE TRADING CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

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