



## THE STATE TRADING CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

(CIN: L74899DL1956GOI002674)

Registered office: Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001

Tel. No.: 011-23313177 Fax: 011-23701123, 23701191

E-mail: co@stc.gov.in Website: www.stc.gov.in

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### NOTICE OF 58<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 58th Annual General Meeting of The State Trading Corporation of India Limited will be held on Thursday, the 25th September, 2014 at 3.00 P.M. at the Registered Office of the Corporation at Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014, and Statement of Profit & Loss for the year ended 31st March, 2014, together with the reports of the Directors and Auditors thereon and comments of the Comptroller & Auditor General of India in terms of Section 619 of the Companies Act, 1956.
2. To appoint a Director in place of Shri Madhusudan Prasad, who retires by rotation and being eligible, has offered himself for re-appointment.
3. To authorize Board of Directors of the Company to fix remuneration of the Statutory Auditor(s) of the Company in terms of the provisions of Section 142 of the Companies Act, 2013 and to pass the following resolution, with or without modification(s), as an Ordinary Resolution :

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory/Branch Auditors of the Company appointed by Comptroller and Auditor General of India for the financial year 2014-15, as may be deemed fit by the Board.”

#### SPECIAL BUSINESS

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED THAT Shri Bhagwati Prasad Pandey, who, on appointment by the President of India, joined the Board as an Additional Director w. e. f. 15.07.2014, be and is hereby appointed as Part-time Official Director of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time.”
5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Shri Sanjeev Kumar Sharma, who, on appointment by the President of India, joined the Board as an Additional Director w. e. f. 16.07.2014, be and is hereby appointed as Director (Personnel) of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time.”

By order of the Board of Directors

**Registered Office:**

Jawahar Vyapar Bhawan  
Tolstoy Marg, New Delhi - 110001  
Dated : 12.08.2014

**Sd/-**  
**(R.K. Gogia)**  
**Company Secretary**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS (48 HRS.) BEFORE THE TIME OF COMMENCEMENT OF THE MEETING I.E. BY 3.00 P.M. ON 23<sup>RD</sup> SEPTEMBER, 2014.
2. Relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business, as set out above is annexed hereto.
3. Brief resumes of the Directors seeking appointment/ re-appointment as mandated under Clause 49 of the Listing Agreement with the Stock Exchanges are annexed hereto and form part of the Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 20th September, 2014 to Thursday, the 25th September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
5. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company - M/s MCS Limited: F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi - 110020; Phone Nos: 41406149/50/51/52; Fax: 41709884; email ID: admin@mcsdel.com. M/s MCS Limited is also the depository interface of the Company with both NSDL and CDSL.
6. The Company has designated an exclusive e-mail ID, namely, cs@stc.gov.in for redressal of shareholders'/investors' complaints/grievances. In case of any queries/ complaints or grievances, members may write at the above e-mail address.
7. Members are requested to immediately notify any change of address or updation of bank account particulars or other details to:
  - (i) their Depository Participants (DP) in respect of shares held in dematerialized form, and
  - (ii) the Company at its Registered Office or its Registrar & Transfer Agents, M/s MCS Ltd., in respect of physical shares, if any, quoting their folio number.
8. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government.

The Company had, accordingly, transferred Rs.73,661/- and Rs.34,504/- being the unpaid and unclaimed dividend amount pertaining to Final Dividend, 2005-06 & Interim Dividend, 2006-07 on 18th November, 2013 and 21st April, 2014, respectively, to the Investor Education and Protection Fund of the Central Government.

The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2006, as on the date of the 57th Annual General Meeting (AGM) held on 25th September, 2013, on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in).

A separate reminder was also sent to those members having unclaimed dividends pertaining to Final Dividend, 2005-06 & Interim Dividend, 2006-07. Members who have not encashed their dividend warrants are advised to write to the Company immediately claiming dividends declared by the Company.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrars and Share Transfer Agents, M/s MCS Limited.
10. Pursuant to Section 124 of the Companies Act, 2013, the dividend amounts which remain unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the company are required to be transferred to the Investor Education & Protection Fund of the Central Government. Therefore, members who have not yet encashed any dividend warrant(s) issued earlier are requested to make their claims to the company, without any delay.
11. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 is being sent in the permitted mode.
12. Electronic copy of the Notice of the 58th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 58th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
13. Members may also note that the Notice of the 58th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website [www.stc.gov.in](http://www.stc.gov.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in New Delhi for inspection during normal business hours on

working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company Secretary's email id: cs@stc.gov.in

#### 14. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 58th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- A In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

- (i) Open email and open PDF file viz; "STC e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of The State Trading Corporation of India Limited.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [rastogifcs3@gmail.com](mailto:rastogifcs3@gmail.com) with a copy marked to [cs@stc.gov.in](mailto:cs@stc.gov.in) and [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

**EVEN (E Voting Event Number) USER ID PASSWORD/PIN**

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholder available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)

III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

V. The e-voting period commences on 17th September, 2014 (9:00 am) and ends on 19th September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 22nd August, 2014.

VII. Shri Parveen Rastogi (Membership No. 2883) and Proprietor M/s. Parveen Rastogi & Co., Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.stc.gov.in](http://www.stc.gov.in) and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the NSE and BSE Limited.

15. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

16. Members desirous of obtaining any information/ clarification(s) concerning the accounts and operations of the Company or intending to raise any query are requested to forward the same at least 10 days before the date of the meeting to Company Secretary at the Registered Office of the Company, so that the same may be attended to appropriately.

17. Members, who are not able to encash their dividend warrants within the validity period, may write to the Company at its Registered Office for revalidating the warrants or payment in lieu of such warrants in the form of demand draft.
18. In terms of Section 72 of the Companies Act, 2013 nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail the nomination facility by filing form No. SH-13 in their own interest. Blank forms can be had from M/s MCS Limited or from the office of the Company on request. Members holding shares in dematerlised form may contact their respective DPs for registration of nomination.
19. Members holding physical shares in multiple folios in identical names are requested to send their share certificates to Company's Registrar and Share Transfer Agents, M/s MCS Limited for consolidation.
20. Members are requested to:-
  - (i) bring their copies of Annual Report and Attendance Slip duly completed and signed at the meeting.
  - (ii) quote their Folio/DP & client identification No. in all correspondence with the Company/Registrar & Share Transfer Agents.
  - (iii) note that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  - (iv) note that the Corporate Members intending to send their authorized representatives are required to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
  - (v) not bring brief case, bags, eatables, cell phones etc. as they are prohibited inside the meeting hall for security reasons.
  - (vi) note that no gifts/coupons will be distributed at the meeting.
21. Shareholders holding shares in physical form are invited to contribute to the cause of Green initiative by registering their e-mail ID by submitting E-COMMUNICATION REGISTRATION FORM inserted in the annual report.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

### **ITEM NO. 4**

#### **APPOINTMENT OF SHRI BHAGWATI PRASAD PANDEY AS DIRECTOR**

Shri Bhagwati Prasad Pandey, IAS, Additional Secretary and Financial Adviser, Department of Commerce, Ministry of Commerce and Industry was appointed as Director on the Board of STC by the President of India vide Order No.11/36/2001 – FT (M&O) dated 16.06.2014. Accordingly, he joined the Board of as an Additional Director w. e. f. 15.07.2014 and designated as Part-time official Director/Government Director. In terms of Section 161 of the Companies Act, 2013, he holds office upto conclusion of 58th Annual General Meeting of the Company and eligible for re-appointment. The Company has received necessary letter of consent from him under section

152(5) of the Companies Act, 2013. A brief resume of Shri Bhagwati Prasad Pandey is given in the Annexure to Notice.

The Directors other than Shri Bhagwati Prasad Pandey or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the Company.

The Board of Directors considers that in view of the background and experience of Shri Bhagwati Prasad Pandey, it would be in the interest of the Company to appoint her as a Director of the Company. The Board recommends the resolution for your approval.

## **ITEM NO. 5**

### **APPOINTMENT OF SHRI SANJEEV KUMAR SHARMA AS DIRECTOR (PERSONNEL)**

Shri Sanjeev Kumar Sharma was appointed as Director (Personnel) by the Competent Authority vide Order No.A-12022/11/2013-E.IV dated 16.07.2014. He joined the Board as an Additional Director w.e.f. 16.07.2014. In terms of Section 161 of the Companies Act, 1956, he holds office up to conclusion of 58th Annual General Meeting of the Company and is eligible for re-appointment. The Company has received necessary letter of consent from him under section 152(5) of the Companies Act, 2013. A brief resume of Shri Sanjeev Kumar Sharma is given in the Annexure to the Notice.

The Directors other than Shri Sanjeev Kumar Sharma or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the Company.

The Board of Directors considers that in view of the background and experience of Shri Sanjeev Kumar Sharma, it would be in the interest of the Company to appoint him as Director (Personnel) of the Company. The Board recommends the resolution for your approval.

By order of the Board of Directors

#### **Registered Office:**

Jawahar Vyapar Bhawan  
Tolstoy Marg, New Delhi - 110001  
Dated : 12.08.2014

sd/-  
(R.K. Gogia)  
Company Secretary

## DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

(in pursuance of Clause 49 of the Listing Agreement)

<b>Name</b>	<b>Shri Madhusudan Prasad</b>	<b>Shri Bhagwati Prasad Pandey</b>	<b>Shri Sanjeev Kumar Sharma</b>
Date of Birth & Age	22.03.1956 58 years	06.03.1957 57 Years	09.01.1962 52 Years
Date of Appointment	12.01.2012	16.06.2014	16.07.2014
Qualification	BA (Economics) and MA (Economics)	Graduate in Zoology, Botany and Chemistry Post Graduate in Botany	MA (Social Work), LLB
Expertise in specific functional area	Shri Madhusudan Prasad, IAS is presently holding the position of Additional Secretary, Department of Commerce, Ministry of Commerce and Industry. He has 33 years' experience of working at various levels in the State of Haryana and the Government of India. He has worked in Land Revenue Management and District Administration, Rural Development, Human Resource Development, Higher Education, Urban Development, Energy, Power, Environment and Forests, Personnel & General Administration and New Renewable Energy departments in the state of Haryana. He has also worked in Finance and Budget under Department of Economic Affairs, Government of India	Shri Bhagwati Prasad Pandey, IAS is presently holding the position of Additional Secretary and Financial Adviser, Department of Commerce and Industry. He has 31 years' experience of working in various senior positions in the Government of Uttar Pradesh and Government of Uttarakhand as well as in Government of India such as Distt. Magistrate, MD of State PSUs, Secretary in the States mainly in Department of Power, Department of Forest and Environment, Department of Agriculture, Department of Water Shed and Water Management etc. He has worked as Joint Secretary in Department of Chemicals and CVO in Power Sector. Went back to Uttarakhand Government and worked as Additional Chief Secretary	Shri Sanjeev Kumar Sharma has a more than 26 years' experience in various capacities in the field of Human resource Management. Prior to joining the STC, Shri Sharma has served in Tehri Hydel Development Corporation Limited for about 22 years. In STC, Shri Sharma has served as Chief General Manager (Personnel).
Directorship held in other companies	MMTC Limited	MMTC Limited NTC Limited India Trade Promotion Organization	Nil
Memberships/ Chairmanship of Committees in other companies	Member - Remuneration Committee , MMTC	-	-
No. of Shares held	2	-	-



Registered Office : Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001  
Tel. No.: 91 11 23313177 Fax : +91 11 23701123/23701191 email : cs@stc.gov.in  
CIN : L74899DL1956GOI002674, Website : www.stc.gov.in

## DATE \_\_\_\_\_

**VENUE**

## TIME

**3.00 P.M.**

Name and Address of the Member

I certify that I am a Member/ Proxy for the Member holding.....shares.  
Please (✓) in the box

Member	Proxy

Name of the Proxy (in BLOCK LETTERS)

Signature of Member/Proxy Attending

**Notes :**

- (i) Member/Proxy attending the Annual General Meeting (AGM) must bring his/her Attendance Slip which should be signed and deposited before entry to the Main Auditorium.
- (ii) Duplicate Attendance Slip will not be issued at the venue



## ELECTRONIC VOTING PARTICULARS

Electronic voting (e-voting) facility is being provided in respect of the Resolutions proposed at the 58<sup>th</sup> Annual General Meeting, in accordance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies ( Management and Administration) Rules, 2014 . Please read Note no. 14 to the Notice dated 12<sup>th</sup> August, 2014 convening the AGM for the procedure with respect to e-voting.

Your e-voting user ID and password are provided below:

<b>EVEN</b> (E Voting Event Number)	<b>USER ID</b>	<b>PASSWORD/PIN</b>

# THE STATE TRADING CORPORATION OF INDIA LIMITED

Registered Office : Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001  
Tel. No.: 91 11 23313177 Fax : +91 11 23701123/23701191 email : cs@stc.gov.in  
CIN : L74899DL1956GOI002674, Website : www.stc.gov.in

## 58th Annual General Meeting

### PROXY FORM

1. Name(s) of the Member(s)  
Including Joint holders, if any :

2. Registered Address of the  
Sole/ first named Member:

3. E-Mail Id:

4 DPID No./Client ID No./  
Registered Folio No. :

I/We, being the member(s) of ..... shares of the above named Company, hereby appoint

- (1) Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_, or failing him;
- 2) Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_, or failing him;
- 3) Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 58<sup>th</sup> Annual General Meeting of the State Trading Corporation of India Limited to be held on the 25<sup>th</sup> day of September, 2014 at 3.00 p.m. at Registered Office of the Corporation at Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Description	Optional (✓)	
		For	Against
Ordinary Business			
1.	Adoption of Audited Financial Statements of the Company for the year ended March 31, 2014, the Reports of the Board of Directors, Statutory Auditors and Comments of Comptroller and Auditor General of India		
2.	Re-appointment of Shri Madhusudan Prasad, who retires by rotation.		
3.	Fixation of Remuneration of the Statutory Auditors for the year 2014-15		
Special Business			
4.	Appointment of Shri Bhagwati Prasad Pandey as Part-time Official Director (Government Nominee Director).		
5.	Appointment of Shri S.K. Sharma as Director (Personnel).		

Signed this----- day of----- 2014

Signature of Shareholder-----

Signature of Proxy holder(s) -----

Affix  
Revenue  
Stamp of  
Re. 1/-

Note : This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting i.e. by 3.00 p.m. on 23<sup>rd</sup> September, 2014.

# ANNUAL REPORT 2013-14



Business Beyond Boundaries







## MISSION

"To Emerge as One of the Largest  
Global Trading Companies  
with International Standards  
of Excellence Nurturing  
a Blend of  
Quality, Business Ethics  
and Proactive Enthusiasm  
to Enhance  
Stakeholders' Value."







# **Annual Report 2013-14**





# THE STATE TRADING CORPORATION OF INDIA LIMITED

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## BOARD OF DIRECTORS

### CHAIRMAN & MANAGING DIRECTOR

Shri Khaleel Rahim (from 12.08.2013)

Shri J.S. Deepak (upto 12.08.2013)

### FUNCTIONAL DIRECTORS

Shri M.M. Sharma (upto 30.06.2014)

Shri Khaleel Rahim (upto 11.08.2013)

Shri Manoj Mishra

Shri Rajiv Chopra

Shri S.K. Sharma (w.e.f 16.07.2014)

### PART-TIME OFFICIAL DIRECTORS (GOVERNMENT NOMINEES)

Shri Madhusudan Prasad

Smt. Anita Agnihotri (upto 15.07.2014)

### PART-TIME NON-OFFICIAL DIRECTORS (INDEPENDENT DIRECTORS)

Shri Jayendra N. Shah

Dr. (Smt.) B. Kinnera Murthy

Shri Naresh Dayal (upto 09.07.2014)

Shri Proshanto Banerjee (upto 27.06.2014)

Prof. Ravindra H. Dholakia (upto 23.06.2014)

Shri S.C. Tripathi

Shri Uday N. Abhyankar

Shri S.C. Saraf

### STATUTORY AUDITORS

Chandiok & Guliani  
Chartered Accountants  
C-44, Nizamuddin East  
New Delhi - 110 013

### COMPANY SECRETARY

Shri R.K. Gogia



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## DIRECTORS' REPORT

The Board of Directors of your Company is pleased to present the 58th Annual Report and Audited Statement of Accounts for the year ended 31st March 2014, together with the Auditors' Report and Comments on the Accounts by the Comptroller and Auditor General (C&AG) of India.

### FINANCIAL RESULTS

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

	2013-14	2012-13
₹ Crore		
<b>TURNOVER</b>		
Exports	1,781	1,563
Imports	13,546	17,015
Domestic	47	120
<b>GRAND TOTAL</b>	<b>15,374</b>	<b>18,698</b>
<b>FINANCIALS</b>		
Profit Before Tax	(-)492	14
Profit After Tax	(-)492	18
<b>DIVIDEND</b>	<b>-</b>	<b>12</b>
Net Worth	98	590

### OPERATIONS AND BUSINESS PERFORMANCE

The Company achieved a turnover of ₹ 15,374 crore during 2013-14 as against ₹ 18,698 crore in 2012-13. The overall turnover was lower mainly due to decline in the import sales of urea from ₹ 5,127 crore to ₹ 1,495 crore due to lower allocation by the GOI. However, the trading profit of the Company increased significantly from ₹ 119 crore in 2012-13 to ₹ 183 crore in 2013-14.

### DIVIDEND

The Board did not recommend any dividend for the year 2013-14 due to non-availability of profits.

### RESERVES

An amount of ₹ 530 Crore was available in the Reserves and Surplus of your Company as on 1st April 2013. During the year 2013-14, write-off/ provisions (net of write-backs) of ₹ 566 crore were made in the accounts as matter of prudence as against ₹ 60 crore (net of write-backs and net of transfer from contingency reserves) in the previous year. This resulted in a net loss of ₹ 492 crore to the Company thereby bringing down the Reserves & Surplus to ₹ 38 crore as at the end of the year.

### FOREIGN EXCHANGE EARNINGS/OUTGO

The total foreign exchange earnings of the Company by way of exports, trade margins, etc. during the year amounted to ₹ 1,781 crore while the foreign exchange outgo by way of imports and other expenses amounted to ₹ 12,394 crore.

### HUMAN RESOURCE

#### Manpower

STC had 795 employees on its rolls as on 31.03.2014, which includes 542 managers and 253 staff.

#### Recruitments

During the year, the Company recruited 18 Probationary Officers with MBA/CA qualifications from Professional Institutes/Universities. The Company also recruited 5 persons at the levels of Manager and Chief Manager.

#### Industrial Relations

During the year, the Company continued to maintain harmonious industrial relations. The Co-operation between the Union/Associations and Management ensured zero loss of man-days. Personnel policies were continuously aligned with company's goals and objectives.

#### Recruitment of SC/ST/OBC Candidates

The Company has been implementing the policies, directives and guidelines issued by the Government of India from time to time with regard to recruitment of SC/ST/OBC and differently abled candidates. During the year, 5 candidates from SC category, 1 from ST, 5 from OBC and 2 from minority category were recruited by the Company.

#### Human Resource Development

During the year, a revised Performance Management System was introduced. The Training and Development initiatives during the period continued to focus on enhancing the individual competencies and organizational capacity to meet the skill requirements of the Company. To enhance employees' ability, the Company conducted 23 Management Development programmes. Further, 11 In-house dedicated programmes were organized in functional areas viz. Risk Management, Commodity Trading, E-procurement, E-Trading, Finance, International Trade etc. For fresh inductees, an intensive orientation program was organised in collaboration with Indian Institute of Foreign Trade.

A special training program on Risk Management was organized to enhance the capabilities of the employees to face the real challenges of risk and compliance in the area of international trade / business. Following are the highlights of training and development initiatives taken during the year:

- A total of 150 managers were imparted training in functional areas during the year;
- During the year, 6 top management executives (functional Directors/CGMs) were nominated for programs on Strategic Leadership, Import Strategy,

Financial Management and Companies Act, 2013 to develop their leadership skills;

- iii) A training programme was held for 26 employees for capacity building in the area of online trading through commodity exchanges for middle and junior management;
- iv) In all, 216 employees were enabled learning and development opportunities.

### **The Complaint Committee**

The Complaint Committee exists in the Company to deal with the complaints related to sexual harassment of women in workplace.

### **OFFICIAL LANGUAGE**

In compliance with the Government's Policy on official language, continuous efforts were made for promoting the use of Hindi in official work. Hindi Diwas & Rajbhasha week / fortnight were organized in the Corporate Office as well as in the Branch Offices of the Company. During these events, employees who had done exemplary work in Hindi in their day-to-day official tasks were felicitated.

Ministry of Commerce awarded STC 1st Prize (Rajbhasha Shield) in October, 2013 for outstanding work in Official Language during the year 2012-13.

The employees of the Company won various prizes in Hindi competitions organized by Town Official Language Implementation Committee (TOLIC) at Delhi, Agra, Kolkata and Ahmedabad. Ministry of Commerce appreciated Official Language work in the Company during their visit to STC's Corporate Office and Chennai Branch office.

### **VIGILANCE ACTIVITIES**

The Vigilance Division of the Company performed the following vigilance functions during the year:

- Observance of Vigilance Awareness Week in Corporate Office and Branch Offices with a view to create greater awareness amongst employees for eradication of corruption and maintenance of high standards of integrity. As part of observance of the week, a seminar on **"Promoting Good Governance- Positive Contribution of Vigilance"** was also organized.
- Organized training programmes on **"Vigilance Awareness - Role & Mechanism"** and **"Departmental Proceedings - Procedure"**.
- Investigated complaints received from various agencies/sources and introduction of an online complaint system on STC website whereby any member of public can register his/her complaint/grievance online.
- Conducted departmental inquiries of cases involving vigilance angle.
- Maintained liaison with external agencies such

as CVC, CBI, MOC&I etc. for ensuring preventive vigilance and providing details/inputs to regulatory agencies as per statutory requirements.

- Conducted inspection of Branch Offices of the Company thereby bringing various aspects to the attention of top management for taking corrective/preventive action.

### **PERFORMANCE OF SUBSIDIARY COMPANY**

#### **STCL Ltd. (Formerly Spices Trading Company Limited)**

In view of extraordinary losses suffered by STCL leading to erosion of its net worth and remote possibility of turnaround in the foreseeable future, the Union Cabinet had decided to wind up STCL in its meeting held on 13.08.2013. Accordingly, a winding up petition was filed by STCL before the Hon'ble High Court of Karnataka. Also, a Voluntary Separation Scheme (VSS) was offered to all the employees of STCL which was opted by 32 out of 42 eligible employees. As a result of these developments, the business operations of STCL have almost stopped.

As per provisional accounts for the year 2013-14, STCL achieved a turnover of ₹ 89.50 crore. Taking into account the accrued interest on outstanding loans, there is a loss of ₹ 353 crore during the year and a negative net worth of ₹ 2,450 crore as on 31.03.2014.

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

The detailed Management Discussion and Analysis Report forms part of this Report and is placed at Annexure-I.

### **PARTICULARS OF EMPLOYEES**

The particulars of employees under section 217(2A) of the Companies Act read with Companies (Particulars of Employees) Rules, 1975 is annexed to this report at Annexure-II.

### **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. First Appellate Authority has also been nominated for considering the appeals of information seekers, who may not be satisfied with the response of Public Information Officers.

### **CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT**

In line with the revised Guidelines on CSR and Sustainability issued by DPE, the Company took up the following projects during the year 2013-14 under CSR and Sustainable Development:

**(i) Providing community health facilities in one of the notified backward district**

The objective of the project was to enable health care of the weaker sections of the society with special focus on anti-tobacco campaign in the notified backward district. The Company also undertook Eye Care camps whereby 305 beneficiaries were operated for cataract, 1,324 were provided medicines and 638 were provided with spectacles. A total amount of ₹ 37.90 lakh was spent on this project during 2013-14.

**(ii) Rehabilitation of physically challenged Below Poverty Line persons in the state of Jammu & Kashmir**

Under the project, 369 below poverty line differently abled persons were provided with artificial limbs, calipers, crutches, wheel chairs and tricycles and enhanced their mobility, dignity and overall capacity.

**(iii) Rainwater harvesting project**

During 2013-14, the Company undertook Rain Water Harvesting in its residential colony at New Delhi. The objective of the Sustainable Development project was to improve the decreasing water table. The work was awarded to M/s. Groundwater Consultants and Innovative Engineers on 18.11.2013.

**(iv) Vocational training programme (cutting, tailoring and stitching) and legal awareness for minority women**

The objective of the project was to develop the skills and income generating capacity of the minority women and legal awareness about social/family issues. The project was undertaken in the Old Delhi region. Under the project, 60 women were provided with vocational training skills and around 90 attended the workshops on legal awareness.

**(v) Supporting needy students of fine arts through scholarship programme**

The objective of the project was to enable needy students of fine arts. Through the CSR project, 5 needy students were provided scholarships and 15 students attended 4 day workshops on Arts.

The Company formulated its 'CSR and Sustainability Policy, Process and Procedure' during the current year. In addition, the Company also formulated a 'Long term CSR and Sustainability Plan in STC' which would steer the CSR and Sustainability initiatives of the Company for the next three years. The long term CSR and Sustainable Plan was approved by CSR Committee of Board of Directors in December 2013.

During the year, a sum of about ₹ 1.17 crore was spent on CSR & Sustainable Development initiatives as per Government Guidelines on CSR.

## **RESEARCH & DEVELOPMENT**

In compliance with the guidelines on Research & Development (R&D) notified by the Department of Public Enterprises, the Company has an R&D Policy and R&D Plan duly approved by its Board of Directors.

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

The information required to be disclosed in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 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.

## **CORPORATE GOVERNANCE**

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

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges and Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises (DPE), a report on Corporate Governance for the year 2013-14 forms part of this report (Annexure-III).

The Statutory Auditors of the Company have examined and certified your Company's compliance with respect to the conditions enumerated in Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance for CPSEs. The certificate forms part of this report and is placed at Annexure -IV.

## **STATUTORY AUDITORS**

M/s Chandiook and Guliani, Chartered Accountants were appointed as Statutory Auditors for the financial year 2013-14 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 619 (4) of the Companies Act, 1956 on the accounts of the Company for the year 2013-14 and replies of the management thereto are attached and form part of this Report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, in relation to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the year ended 31st March, 2014, the applicable accounting

standards had 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 had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, 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 31st March, 2014.

#### **BOARD OF DIRECTORS**

Shri Khaleel Rahim, Director (Marketing) has been appointed as Chairman and Managing Director, STC vice Shri J.S. Deepak, Additional Secretary, Department of Commerce w.e.f. 12th August, 2013.

Smt. Anita Agnihotri ceased to be part-time official Director on the Board of STC and Shri Bhagwati Prasad Pandey, Additional Secretary and Financial Adviser, Department of Commerce, took over the charge as part-time Official Director on the Board of STC vice Smt. Anita Agnihotri w.e.f. 15.07.2014.

On attaining the age of superannuation, Shri M.M. Sharma relinquished charge as Director (Personnel) of the Corporation on 30th June, 2014 and Shri S.K. Sharma assumed charge of the post of Director (Personnel), STC w.e.f. 16.07.2014.

Shri Naresh Dayal, Shri Proshanto Banerjee and Prof. R.H. Dholakia, Part-time non-official (Independent) Directors whose tenure ended on 09.07.2014, 27.06.2014 and 23.06.2014 respectively, ceased to be Directors on the Board of The Corporation.

The Board places on record its deep appreciation for the valuable contributions made by Shri J.S. Deepak as Chairman, Smt. Anita Agnihotri as part-time official Director, Shri M.M Sharma as Director (Personnel) and

Shri Naresh Dayal, Shri Proshanto Banerjee and Prof. R.H. Dholakia as part-time non-official (Independent) Directors on the Board of the Corporation.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Madhusudan Prasad, Part Time Official Director would retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Brief resume of all Directors seeking appointment/ re-appointment are given in the notice convening the 58th Annual General Meeting of the Company as stipulated under Clause 49 of the Listing Agreement with the stock exchanges and forms part of the Annual Report.

#### **CODE OF CONDUCT**

Pursuant to the requirements of clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance for CPSEs, the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2014.

#### **ACKNOWLEDGEMENTS**

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 Government of India, in particular the Department of Commerce, Department of Fertilizers, 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 and Internal Auditors.

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 Board of Directors

New Delhi  
Date : 12.08.2014

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



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### WORLD ECONOMIC OVERVIEW

World economy grew at 3% in 2013 as against 3.2% in 2012. Although strengthening of the global recovery from the Great Recession was evident in 2013, it was still fragile and uneven. The recovery, though broad based in advanced economies, remained mixed in emerging market economies.

Advanced economies grew at a rate of 1.3% in 2013 vis-à-vis 1.4% in 2012. Although their recoveries remained uneven and fiscal consolidation slowed down, investors were less worried about debt sustainability and banks gradually became stronger.

A major impulse to global growth came from the United States, whose economy grew at more than 3 percent in the second half of 2013, led by buoyant domestic demand, robust inventory accumulation, and strong export growth.

In the euro area, although the growth contracted by about ½ percent in 2013, it remained positive since the second quarter of 2013 after a long period of output decline. Household debt has broadly stabilized, yet, issues such as high unemployment, weak private and public balance sheets, contracting credit, and a large debt burden remain.

In Japan, while private consumption and public spending remained robust, GDP growth slowed in the second half of 2013 on slow recovery of exports and a surge in import demand due to sustained high energy imports and strong domestic demand. Japanese economy grew at 1.5 percent during 2013 as against 1.4 percent in 2012.

Although growth picked up modestly at 4.7 percent as against 5 percent in 2012 in emerging market and developing economies, they however continued to contribute more than two-thirds of global growth. On one hand, export growth increased, lifted by stronger activity in advanced economies and by currency depreciation. On the other hand, investment weakness continued, and external funding and domestic financial conditions increasingly tightened.

Growth in China, at 7.7 percent in 2013, was much below the 10 percent average rate recorded during the past 30 years. Economic activity continued to be overly dependent on credit-fuelled investment and vulnerabilities increased.

Growth in the Commonwealth of Independent States continued to be subdued due to fallout from developments in Russia and Ukraine and related geopolitical risks. Growth was also tepid across the Middle East, North Africa, Afghanistan and Pakistan in 2013, as high public spending was offset by declines in oil supply and weak non-oil exports amid continued sociopolitical upheaval.

Global trade volumes rebounded with the strengthening in global activity and grew at 3% in 2013 vis-à-vis 2.8 percent in 2012. The earlier weakening in global trade was broadly consistent with the slowdown in activity, highlighting the high short-term income elasticities of exports and imports. Current account balances of most emerging market economies have declined since the global financial crisis and a few among them now have excessive deficits.

A slowdown in economic activity in emerging markets and production surpluses in advanced countries were important drivers of commodity price declines in 2013. The steep fall in metal prices, at about 30 percent below the highs of early 2011, owed much to most markets being in surplus and a visibly slowing real estate sector in China. Energy prices were fairly flat overall during 2013 with falling prices for crude oil offset by rising prices for natural gas and coal. Crude oil prices edged lower mainly as a result of tepid global oil demand and continued supply surge in North America.

### OVERVIEW OF INDIAN ECONOMY

Indian economy continued to be sluggish and grew at less than 5 percent consecutively during the last two years (6.7 percent in 2011-12 and 4.5 percent in 2012-13).

Only agricultural sector performed better than the previous year registering a growth of 4.7 percent as against 1.4 percent in 2012-13. Production of foodgrains grew by 2.8 per cent as compared to a decline of 0.8 percent in the previous agriculture year. Agriculture export crossed USD 45 billion-up from USD 41 billion in 2012-13. Parliament passed the National Food Security Bill which aims to provide two-thirds of the population with subsidized food grains.

There was a deceleration in investment in 2013-14 which led to contraction in the industry sector. Limit for overseas direct investment was initially reduced from 400 percent of the net worth to 100 percent under the automatic route in August 2013. RBI issued clarification in September 2013 regarding retaining the limit of 400 percent of the net worth for financial commitments funded by way of eligibly External Commercial Borrowing. The manufacturing, mining and quarrying sectors registered negative growth.

Services sector grew at 6.8 percent in 2013-14 - marginally lower than in 2012-13.

Global tightening of liquidity increased external pressures on India amplifying its macroeconomic imbalances viz. high inflation, large current account and fiscal deficits. The rupee experienced sharp depreciation through end-August on concerns of a large current account deficit and

indications by US Federal Reserve of reduction in asset purchases. Inflation too remained very high during 2013.

The current account deficit, which had reached a historical high on the back of a large trade deficit, was brought down to USD 32 billion at the end of 2013-14 from USD 88 billion at the end of 2012-13 driven by a significant improvement in exports, robust remittances flows, and a rapid diminution of gold imports. In addition, non-oil, non-gold imports declined in line with weak domestic demand and stronger capital inflows.

Import duty on gold was incrementally raised to 10 percent from 4 percent and various restrictions were imposed on nominated agencies and trading houses such as restrictions on advances against gold coins, at least 20 percent of every lot of gold imported to be exclusively made available for export purposes and raising of customs duty on gold and silver jewellery to 15 percent.

Despite a decline in growth of global trade, exports from India recovered sharply. The merchandise exports reached an estimated USD 326 billion indicating a growth of 4.1 percent over previous year. Foreign exchange reserves grew by USD 11 billion during the year and stood at USD 304 billion in end March 2014 as against USD 292 billion in end March 2013.

The fiscal deficit for 2013-14 was contained at 4.5 percent as against 4.9 percent in the previous year by ensuring stable debt dynamics of containing current expenditure and raising revenue. FII investment limits in government securities and corporate bonds were increased by USD5 billion each. Tax rate on interest income on government and corporate debt for foreign investors was reduced to 5 percent for a two-year period.

The declining fiscal deficit, stable exchange rate and reducing current account deficit, moderation in inflation and increasing exports reflected a comparatively stable economy at the end of 2013-14.

## **OPPORTUNITIES & THREATS**

Global economy broadly strengthened in the second half of 2013 and is expected to improve further in 2014, with much of the impetus coming from advanced economies. However, inflation in the advanced economies continues to undershoot projections, reflecting still large output gaps. As per the World Economic Outlook published by IMF, Global growth is projected to strengthen from 3 percent in 2013 to 3.5 percent in 2014 and 3.9 percent in 2015. In advanced economies, growth is expected to increase to about 2.25 percent in 2014, reflecting an improvement of about 1 percentage point compared with 2013. Growth is expected to be strongest in the U.S. at about 2.75 percent. In the euro area also, growth is projected to be positive though varied. In emerging market and developing economies, growth is projected to pick up gradually from 4.7 percent in 2013 to about 5 percent in 2014 and 5.25 percent in 2015. In China, growth is

projected to remain at about 7.5 percent in 2014. Global growth will continue to improve on the back of slower fiscal tightening and still highly accommodative monetary conditions in advanced economies. In emerging market and developing economies, growth will pick up gradually, with strong external demand being partly offset by the dampening impact of tighter financial conditions.

Despite improved growth prospects, the global recovery is still fragile and significant downside risks, including geopolitical, remain. Though recovery from the Great Recession in the advanced economies is gradually strengthening, the growth is not evenly robust across the globe, and there is need for implementation of many key structural reforms designed to boost employment and prospects for diversified and sustained growth by the emerging market and developing economies while also promoting global rebalancing. Reforms also need to encompass the removal of barriers to entry in product and services markets, improve the business climate and address key supply-side bottlenecks.

As per WTO, world merchandise trade is expected to grow by a modest 4.7 percent in 2014. However, the forecast is below the average rate of 5.3 percent for the last 20 years (1993-2013) and also below the pre-crisis average rate of 6 percent for 1990-2008. Global growth momentum in 2014 is likely to spur exports, which may increase by 8 percent in 2014-15. Imports are also likely to grow at 9 percent as imports of items other than oil and gold respond to modest upturn in growth.

With expectation of better performance in manufacturing, improved balance of payments situation and modest global growth revival, the Indian economy is expected to grow in the range of 5.4 - 5.9 percent in 2014-15.

The economy will not reach its potential until remaining structural bottlenecks are overcome. Persistent inflation, fiscal imbalances, bottlenecks to investment, and inefficiencies that require structural reform continue to remain the major weaknesses of the economy.

Union Budget: 2014-15 announced by the new Government aims to attain a sustained growth of 7-8 percent or above within next 3-4 years along with macro-economic stabilization.

Against the above backdrop, STC shall endeavour to make best use of the every business opportunity coming its way to increase its turnover and profitability.

## **STC's PERFORMANCE**

During the year, the Company earned a trading profit of ₹ 183 crore, which was 54% higher than the trading profit earned in 2012-13. The turnover during the year amounted to ₹ 15,374 crore as against ₹ 18,698 crore in 2012-13. The overall turnover was lower mainly due to decline in the import sales of urea from ₹ 5,127 crore to ₹ 1,495 crore due to lower authorisation by the GOI.

The performance during the year vis-à-vis the previous year is summarized in the following table:

	2013-14	2012-13
₹ Crore		
<b>TURNOVER</b>		
Exports	1781	1563
Imports	13546	17015
Domestic	47	120
<b>Grand Total</b>	<b>15374</b>	<b>18698</b>
<b>FINANCIALS</b>		
Trading Profit	183	119
Profit Before Tax	(-492)	14
Profit After Tax	(-492)	18
Dividend	-	12
Net Worth	98	590

## SEGMENT-WISE PERFORMANCE & OUTLOOK

### Exports

During the year, the Company achieved an export turnover of ₹ 1,781 crore – the best performance during the past five years.

The Company continued to undertake export of wheat as one of the nominated CPSEs out of the surplus stocks of wheat held by FCI. A total quantity of 10 lakh MT of wheat was contracted for exports during the year and the same resulted in a turnover of ₹ 1,774 crore as against wheat export turnover of ₹ 1,525 crore in the previous year. The Company also exported tea worth over ₹ 4 crore.

The Company is in the process of developing exports of steel and other items to Iran. Accordingly, STC has entered into an agreement with an Iranian Government organisation for export of 2.5 MMT of steel plates/coils. The Company has also entered into an MOU with Iranian Railways for supply of 2.5 lakh MT of rails. It has also signed an MOU with United Phosphorous Ltd. for export of agro pesticides to Iran. Shipments have already commenced.

### Imports

The import turnover at ₹ 13,546 crore was 20% lower than the previous year mainly due to reduced imports of urea handled by the Company on behalf of GOI. Details of performance of major items of imports are as under:

### Bullion

Imports of bullion by STC continued to be hit due to restrictions on gold imports by way of increase in customs duty and changes in the policy of gold import aimed at controlling the current account deficit. However, the Company successfully imported and sold bullion worth ₹ 11,654 crore – marginally higher than sales worth ₹ 11,258 crore made in 2012-13. Thus, bullion once again emerged as the single largest item of STC's imports. During the year, the Company became the first CPSE to undertake import of gold under the new 20:80 scheme notified by RBI after obtaining all necessary clearances. The Company

was also able to negotiate better trade margins in gold imports than in the past and hopes to make best use of the available market opportunity.

### Fertilizers

During 2012-13, the Company had imported urea worth ₹ 5,127 crore (2.04 million MT) on behalf of GOI. Imports of urea came down to less than one third at ₹ 1,495 crore (0.73 million MT) during 2013-14 due to lower authorisations by the GOI. The Company also imported technical grade urea worth ₹ 3 crore during the year.

### Coal/Coke

During the year, the Company was able to develop import of coal/coke for private parties and effected sales worth ₹ 220 crore as against total import sales of ₹ 121 crore in the previous year. It is expected that this business will grow significantly during 2014-15.

### Edible Oils & Pulses

Imports of edible oils and pulses were adversely affected during the year due to no imports of these two items for Public Distribution System. Import sales of edible oils and pulses on commercial account amounted to ₹ 69 crore and ₹ 34 crore respectively.

### Maize (Corn)

The Company imported maize amounting to ₹ 60 crore on behalf of actual users under Tariff Rate Quota (TRQ) Policy of the Govt. of India as against ₹ 35 crore worth of maize imported during 2012-13.

### Domestic sales

During the year, domestic sales by the Company amounted to ₹ 47 crore contributed mainly by jute goods (₹ 19 crore), iron ore pellets (₹ 16 crore) and chana (₹ 6 crore).

The Company is also in the process of finalizing a proposal for retail sale of packaged drinking water under STC brand. Application for getting ISI mark has already been filed. Besides, the Company is also planning to undertake stock & sale of packaged spices and coffee under STC brand.

## PROFITABILITY

During the year, the Corporation earned a trading profit of ₹ 183 crore, which was 54% higher than the trading profit of ₹ 119 crore earned in 2012-13. On an overall basis, the Corporation reported a loss of ₹ 492 crore during the year as against a profit before tax of ₹ 14 crore during 2012-13. However, the loss was due to provisions & write-offs (net of write-back) of ₹ 566 crore made for doubtful debts/advances as a matter of prudence as against provisions & write-offs (net of write-back and net of transfer from contingency reserves) of ₹ 60 crore made in the previous year.

## 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 professional agencies 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 the assets are safeguarded and protected against any possible loss and all the transactions are authorized, recorded and reported properly.

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 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.

During the year, the Vigilance Division conducted inspection of Branch Offices of the Company and various aspects were brought to the attention of Top Management for taking corrective / preventive action.

#### **WAY FORWARD**

The Company has signed an MOU with the Ministry of Commerce projecting a turnover target of ₹ 20,000 crore for the year 2014-15, which reflects an impressive growth of 29% over previous year. Many new initiatives have been

taken for achievement of the projected turnover while many others are in the pipeline. Some of the initiatives taken by the Company include the following:

- Finalising an agreement with an Iranian Government organization for export of steel plates/coils and also an MOU with Iranian Railways for supply of rails.
- Obtaining license from Spices Board for undertaking cardamom auctions at Bondinayakanur, Tamilnadu or at a centre notified by the Spices Board and hopes to soon take up cardamom auctions.
- Exploring possibilities for export of diesel and pharma products to Sri Lanka.
- Signing an MOU with United Phosphorous Ltd. for export of agro pesticides to Iran. Shipments have already commenced.
- Signing an MOU with Small Farmers Agri. Business Consortium for domestic sale/export of agro products.
- Undertaking export of wheat from surplus stocks held by FCI and also from privately held stocks.

Besides above, the Company shall continue to strengthen regular business of items such as import of bullion, fertilizers, urea, edible oils, pulses, etc. The Company is also trying to gradually increase share of direct business in its total turnover. For this purpose, in addition to expansion of existing tea operations, emphasis is being laid on development of direct business under STC brand in items, namely, packaged drinking water, spices, coffee, etc. The Company is confident of not only achieving but surpassing the annual turnover target for the year 2014-15 with significant profits.

#### **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 statement is based.



**INFORMATION REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975, AS AMENDED AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014.**

**(A) Employed throughout the financial year and in receipt of remuneration not less than ₹60,00,000/- in the aggregate for the year 2013-14**

S. No.	Name of Employees	Desgn.	Age as on 31.03.14	Remuneration (₹)	Nature of Employment whether contract or regular	Qualification	Date of commencement of service in STC	Total Experience (Years)	Last employment held in
1	2	3	4	5	6	7	8	9	10

----- NIL -----

**(B) Employed for part of the financial year 2013-14 and in receipt of remuneration not less than ₹5,00,000/- per month.**

S. No.	Name of Employees	Desgn.	Age as on 31.03.14	Remuneration (₹)	Nature of Employment whether contract or regular	Qualification	Date of commencement of service in STC	Total Experience (Years)	Last employment held in
1	2	3	4	5	6	7	8	9	10

----- NIL -----

\* In case of VRS optees/normal retirements, amount of Provident fund paid should not be included.

## **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.

The Clause 49 of the Listing Agreement with the Stock Exchanges deals with Corporate Governance requirements. Also the Department of Public Enterprises (DPE) 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.

However, Corporate Governance is not a mere legal compliance but rather a way of life, which helps in inspiring and strengthening investors' confidence and commitment to a company.

STC believes that Corporate Governance is a prerequisite for all round efficiency in the day-to-day affairs of a company which is necessary to maximize value for all its 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.

The Corporate Governance in the Company has been strengthened by formulating and adopting suitable codes and policies viz. Code of Conduct for Board Members and Senior Management Personnel, Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy, etc.

Audit Committee oversees the internal control systems and their adequacy to bring transparency in decision making. A consolidated compliance report of 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 a Board of Directors, which formulates strategies and policies, oversees its implementation and also reviews its performance periodically. Board of Directors is at core of your Company's corporate governance practice 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 31st March, 2014, there were fourteen Directors on the Board comprising Chairman & Managing Director, three whole time Directors, two part-time official Directors, who are the Government nominees and eight 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 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 the light of judgment of Board may affect independence of judgment 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 governed by 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 focused 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 2013-14 are as follows:

Name & Designation	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Whether attended last AGM held on 25.09.2013	As on 31.03.2014 No. of Directorships in other Public Limited Companies	Memberships/ Chairmanship in Committees of the Boards of other companies
Functional Directors					
Shri Khaleel Rahim Chairman and Managing (w.e.f. 12.08.2013) and as Director (Marketing)	7	7	Yes	1	Nil
Shri J.S. Deepak, Chairman & Managing Director ( up to 12.08.2013)	2	2	NA	NA	NA
Shri M.M. Sharma Director (Personnel)	7	7	Yes	Nil	Nil
Shri Manoj Mishra Director (Finance)	7	7	Yes	1	Nil
Shri Rajiv Chopra Director (Marketing)	7	7	Yes	1	Nil
Part-time official Directors - Government Nominee					
Shri Madhusudan Prasad, Additional Secretary, DOC	7	4	No	1	1
Smt. Anita Agnihotri Special Secretary and Financial Adviser, DOC	7	6	No	-	-
Part-time Non-Official Directors - Independent Directors					
Dr. (Mrs.) B. Kinnera Murthy	7	7	Yes	Nil	Nil
Shri Jayendra N. Shah	7	1	No	1	Nil
Prof. R.H. Dholakia	7	4	No	3	1
Shri Proshanto Banerjee	7	4	No	2	2
Shri Naresh Dayal	7	5	Yes	1	1
Shri Uday N. Abhyankar	7	5	Yes	Nil	Nil
Shri S.C. Tripathi	7	7	No	7	7
Shri S.C. Saraf	7	5	No	1	1

#### Notes:

- The Company being a Government Company, all Directors are appointed by the President of India.
- Directors are not per se related to each other.
- Directors do not have any pecuniary relationships or transactions with the Company except receipt of remuneration by CMD and functional directors from the Company.
- The Directorships/ Committee Membership are based on the latest disclosures received.
- Only Chairmanship/ Membership of the Audit Committee and Shareholders' and Investors' Grievance Committee of public limited companies are taken into account.
- 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 2013-14, 7 (Seven) meetings of the Board were held, the details of which are as below:

Sr. No.	Meeting No.	Date of Board Meeting
1.	586	03.05.2013
2.	587	30.05.2013
3.	588	13.08.2013
4.	589	25.09.2013
5.	590	13.11.2013
6.	591	12.12.2013
7.	592	11.02.2014

The minimum and maximum interval between any two Board meetings was 26 days and 74 days respectively.

### 1.4 Changes in the Board of Directors

Shri Khaleel Rahim, Director (Marketing) has been appointed as Chairman and Managing Director, STC vice Shri J.S. Deepak, Additional Secretary, Department of Commerce w.e.f. from 12th August, 2013.

Smt. Anita Agnihotri ceased to be part-time official Director on the Board of STC and Shri Bhagwati Prasad Pandey, Additional Secretary and Financial Adviser, Department of Commerce, took over the charge as Part-time Official Director on the Board of STC vice Smt. Anita Agnihotri w. e. f. 15.07.2014.

On attaining the age of superannuation, Shri M.M. Sharma relinquished charge as Director (Personnel) of the Corporation on 30th June, 2014 and Shri S.K. Sharma assumed charge of the post of Director (Personnel), STC w.e.f. 16.07.2014.

Shri Naresh Dayal, Shri Proshanto Banerjee and Prof. R.H. Dholakia, Part-time non-official (Independent) Directors whose tenure ended on 09.07.2014, 27.06.2014 and 23.06.2014 respectively, ceased to be Directors on the Board of the Corporation.

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

The brief resume of Director retiring by rotation and seeking 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 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement 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.

The Audit Committee constituted by the Board comprises four independent Directors and one Govt. Nominee Part-time Official Director. The Committee is chaired by an Independent Director. 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. Representative of Statutory Auditors are invited to attend and participate in the meetings. Functional Directors, Executives of Finance and other departments are invited on need basis.

Chairperson of the Audit Committee was present at the AGM of the Company held on 25th September, 2013.

### 3.1.1 Attendance:

Member	No. of Meetings held during the tenure	No. of Meetings Attended
Dr. (Mrs.) B. Kinnera Murthy, Chairperson	4	4
Shri Jayendra N. Shah	4	1
Smt. Anita Agnihotri, SS & FA, DOC	4	3
Shri Proshanto Banerjee	4	2
Prof. R.H. Dholakia	4	4

### 3.1.2 Details of Audit Committee Meetings:

During the financial year 2013-14, 4 (Four) 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.	64	30.05.2013
2.	65	13.08.2013
3.	66	13.11.2013
4.	67	11.02.2014

### 3.2 Remuneration Committee

The Company has set up a Remuneration Committee comprising three Independent Directors viz., Dr. (Mrs.) B. Kinnera Murthy, Chairperson and Shri Proshanto Banerjee, Independent Director and Shri Naresh Dayal, Independent Director as members. The Committee decides the annual performance related pay/ bonus/ variable pay pool and policy for its distribution to employees. Director (Personnel) and Director (Finance) are the permanent invitees to this Committee.

STC being a Government company, terms and conditions of appointment and remuneration of whole-time functional Directors 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 (Independent Directors) are paid sitting fees of Rs.10,000/- for each Board/ Committee meeting attended by them.

During the year no meeting of the above Committee was held.

#### 3.2.1 Directors' Remuneration:

**Remuneration of Directors' for the year ended 31.03.2014 was as follows:**

##### (a) Functional Directors:

(₹ lakh)

Sr. No.	Names	Salary incl. DA	Other benefits & perks	Performance Related Pay	Contribution to PF and other funds	Provision for Leave as per AS-15	Provision for Gratuity as per AS-15	Total
1.	Shri Khaleel Rahim	36.82	7.65	Nil	3.96	7.33	6.64	62.40
2.	Shri M. M. Sharma	38.13	8.04	Nil	3.96	17.99	9.99	78.11
3.	Shri Manoj Mishra	23.77	2.04	Nil	3.50	7.72	3.11	40.13
4.	Shri Rajiv Chopra	23.70	2.26	Nil	3.84	2.54	8.78	41.12

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

Non-Executive non-official Directors are paid sitting fees at the rate of Rs.10,000/- for attending each meeting of the Board/ Committee thereof. Details of Sitting fees paid during the year under review are as follows:-

Sr. No.	Names	Sitting Fees (₹ Lac)
1.	Dr.(Mrs.) B. Kinnera Murthy	1.10
2.	Shri Jayendra N. Shah	0.20
3.	Shri Naresh Dayal	0.70
4.	Shri Proshanto Banerjee	0.60
5.	Prof. R.H. Dholakia	0.80
6.	Shri S.C. Tripathi	0.70
7.	Shri Uday N. Abhyankar	0.50
8.	Shri S.C. Saraf	0.50
<b>Total</b>		<b>5.10</b>

**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 to the Company:

Sr. No.	Name of Directors	No. of shares held
1.	Shri Khaleel Rahim	2
2.	Shri Madhusudan Prasad	2
3.	Smt. Anita Agnihotri	2
4.	Shri M.M. Sharma	2
5.	Shri Manoj Mishra	2
6.	Shri Rajiv Chopra	2

The above shares are held by the Directors in their official Capacity.

**3.3 Shareholders'/Investors' Grievance Committee:**

The Company has a "Shareholders'/ Investors' Grievance Committee" at the Board level to deal with various matters relating to redressal of shareholders' and investors' grievances. The Committee is headed by Shri Madhusudan Prasad, Additional Secretary, DOC, Part-time Official Director/ Government Nominee. Shri Manoj Mishra Director (Finance) and Shri M.M. Sharma, Director (Personnel) are the other members of the Committee.

There were no major complaints/ grievance during the year and no investor complaints were pending as on 31.03.2014. The Company Secretary is also the Secretary of the Shareholders'/Investors' Grievance Committee.

During the year 2013 - 14, two meetings of the Committee were held on 4th July, 2013 & 26th November, 2013. The attendance details are as under:

Name of Member	No. of Meetings held during the tenure	No. of Meetings Attended
Shri Madhusudan Prasad, Additional Secretary, DOC- Chairman	2	2
Shri M.M. Sharma, Director (Personnel) - Member	2	2
Shri Khaleel Rahim, Director (Marketing) - Member	1	1
Shri Manoj Mishra, Director (Finance)	1	1

**3.3.1 Compliance Officer**

Shri R.K. Gogia, Company Secretary is the Compliance Officer. 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' Grievance

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.

The total number of complaints/ queries/ correspondence received and replied/ attended to the satisfaction of the shareholders was 69. There was no complaint pending as on 31st March, 2014.

### 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.	M/s. MCS Ltd. F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 Tel. No. 91-11-41406149/50/51/52 Fax: 91-41709884. Website: www.mcsdel.com e-mail: admin@mcsdel.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 Share 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.
3.	Dividend from Financial year 2006-07 (Final) to 2012-13	Company Secretary, The State Trading Corporation of India Limited, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001 Phone: 23703177 e-mail:cs@stc.gov.in	Letter on plain paper stating the nature of complaint, Folio No./ DPID, client ID, and other documents/ instruments as the case may be. <b>Members are requested to apply for renewal or issue of duplicate dividend warrants for the final dividend 2006-07(Final) before 31.10.2014 and 2007-08(Interim) before 26.03.2015. The unpaid dividend amount for the year 2006-07(final) and 2007-08(Interim) will be transferred on or before 30.11.2014 and 25.04.2015 respectively by the Company to the Investor Education &amp; Protection Fund (IEPF) set up by Govt. of India and no claim will lie neither against IEPF nor against the Company.</b>

### 3.4 CSR Committee of Directors

The Company has set up a CSR Committee comprising three Directors viz. Shri Naresh Dayal, Independent Director as Chairperson and Shri M.M. Sharma, Director (Personnel) and Shri Manoj Mishra, Director (Finance) as members. The terms of reference of the Committee is to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company, recommend the amount of expenditure to be incurred on such activities and monitor the Corporate Social Responsibility Policy of the Company from time to time.

During the year two meetings of the above Committee were held on 25th April, 2013 and 30th December, 2013, which were attended by all the Directors.

## 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.stc.gov.in](http://www.stc.gov.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 as follows has been signed by Chairman & Managing Director:

*"I hereby confirm that the Company has obtained from the members of the Board and Key Executives affirmation that they have complied with the Code of Conduct for Directors and Senior Management during the financial year 2013-14.*

**Sd/-**  
**(Khaleel Rahim)**  
**CMD"**

#### **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 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 revised Clause 49 of the Listing Agreement, the certification by the CEO/CFO on the financial statements and internal controls relating to financial reporting for the year 2013-14 was submitted to the Board on 21.05.2014 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 present composition of the Board 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) Director(Finance) STC - Part-time Director
- (iv) Managing Director – STCL (Whole-time)

The performance of the subsidiary is reported to the Board every quarter.

#### **6. ANNUAL GENERAL 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:

<b>Natural of Meeting</b>	<b>Financial Year</b>	<b>Date and Time</b>
Annual General Meeting	2012-13	25.09.2013 - 3.00 P.M.
Annua General Meeting	2011-12	27.09.2012 - 12.00 Noon
Annual General Meeting	2010-11	29.09.2011 - 3.00 P.M.

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of members attending the meeting.

#### **7. DISCLOSURES**

- 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 other 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.
- None of the non-official part-time Directors had any pecuniary relationship or transactions with the Company during the financial year ending 31st March, 2014.



- 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 Clause 49 of the Listing Agreement.
- Directors are nominated on training programmes organized by DPE & SCOPE from time to time.

## 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.stc.gov.in](http://www.stc.gov.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.stc.gov.in](http://www.stc.gov.in)
- **Website:** The Company's website [www.stc.gov.in](http://www.stc.gov.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 31st March, 2014 is scheduled to be held on 25th September, 2014 at 3.00 p.m. at 4th Floor Annexe, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001.

### 9.2 Financial Calendar:

Adoption of Quarterly results for the quarter ending	Last date for adoption of Financial Results
June 30, 2014	15th August, 2014
September 30, 2014	15th November, 2014
December 31, 2014	15th February, 2015
March 31, 2015 (Audited)	30th May, 2015

### 9.3 Book Closure Period:

The Register of Members shall remain closed from 20.09.2014 to 25.09.2014 (both days inclusive) for the purpose of Annual General Meeting.

### 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: <a href="mailto:info@bseindia.com">info@bseindia.com</a> , Website: <a href="http://www.bseindia.com">www.bseindia.com</a>	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: <a href="mailto:cc_nse@nse.co.in">cc_nse@nse.co.in</a> Website: <a href="http://www.nseindia.com">www.nseindia.com</a>	STCINDIA-EQ	Equity

## 9.5 Listing Fee

The Annual Listing Fee for the listed equity shares pertaining to the year 2014-15 has been paid to the concerned Stock Exchanges.

## 9.6 Demat ISIN Numbers in 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 2014-15 based on the Folio/ISIN positions as on 31.03.2014.

## 9.7 Stock Market Data: High/ Low during each month in last financial year

Month	National Stock Exchange			Bombay Stock Exchange		
	High (₹)	Low (₹)	Volume (in no. of Shares)	High (₹)	Low (₹)	Volume (in no. of Shares)
April'13	181.45	137.05	81,63,836	181.50	137.75	35,78,354
May' 13	208.00	164.10	85,43,505	207.95	164.60	32,38,696
June' 13	169.90	77.10	64,59,662	170.40	77.40	21,75,832
July'13	110.50	73.00	68,36,845	110.50	73.55	27,64,519
August'13	156.70	69.70	1,18,32,108	157.00	68.25	41,50,123
September'13	158.50	129.05	48,97,045	158.70	130.00	26,48,807
October'13	177.20	131.00	70,34,496	176.80	138.30	30,93,138
November'13	194.00	161.65	64,18,395	194.00	161.65	27,49,730
December'13	184.55	154.65	51,73,853	184.25	155.40	19,21,935
January'14	175.70	151.10	29,80,654	175.55	151.60	12,14,254
February'14	156.85	142.30	16,59,808	156.70	142.10	8,07,470
March'14	189.00	147.00	1,18,33,631	189.40	147.00	41,85,056

Source: Web-sites of BSE and NSE

## 9.8 Share Transfer System

M/s MCS Limited (MCS) is the Registrar and Share Transfer Agent (RTA) for the physical shares. MCS 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 31.03.2014.

Pursuant to the Clause 47-C of the Listing Agreement, certificates from practicing Company Secretary confirming due compliance of share transfer formalities by the Company, certificate 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.

## 9.9 Shareholding Pattern as on 31st March, 2014

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	8,515	0.0142
Financial Institutions/ Banks	2	5,750	0.0096
Insurance Companies	4	11,49,320	1.9155
Foreign Institutional Investors	2	80,208	0.1337
Bodies Corporate	815	14,68,200	2.4470
Indian Public	28,382	32,29,621	5.3827
Non Resident Indians	177	58,386	0.0973
<b>Total</b>	<b>29,394</b>	<b>6,00,00,000</b>	<b>100.0000</b>

## 9.10 Top 10 Shareholders as on 31st March, 2014

Sr. No.	Name	No. of Shares held	% of total shares
1.	President of India (Government of India)	5,40,00,000	90.0000
2.	Uniways Agri Commodities Private Limited	6,08,972	1.0149
3.	Life Insurance Corporation of India Limited	5,44,790	0.9080
4.	The New India Assurance Company Limited	5,35,000	0.8917
5.	MV SCIF Mauritius	71,708	0.1195
6.	The Oriental Insurance Company Limited	40,936	0.0682
7.	Sanwaria Agro Oils Ltd	40,000	0.0667
8.	Praveen Chand Nahar	33,100	0.0552
9.	Baalakh Holdings Private Limited	31,278	0.0521
10.	National Insurance Company Limited	28,594	0.0477

## 9.11 Distribution of Shareholding by Size as on 31st March, 2014

Category (No. of Shares)	Number of shareholders	% of Shareholding	Total number of Shares	% of Shareholders
1-500	28,107	95.6216	19,28,589	3.2143
501-1000	735	2.5005	5,68,533	0.9476
1001-2000	319	1.0853	4,68,382	0.8114
2001-3000	94	0.3198	2,35,021	0.3917
3001-4000	44	0.1497	1,60,939	0.2682
4001-5000	27	0.0919	1,23,830	0.2064
5001-10000	37	0.1259	2,60,422	0.4340
10001-50000	25	0.0851	4,75,366	0.7923
50001-100000	1	0.0034	71,708	0.1195
100001 and above.	5	0.0170	5,56,88,750	92.8146
<b>Total</b>	<b>29,394</b>	<b>100.0000</b>	<b>6,00,00,000</b>	<b>100.0000</b>

## 9.12 Geographical Distribution of Shareholders as on 31st March, 2014

Sr. No.	City	No. of Shareholders	% to Total	No. of Shares	% to Total
1.	Ahmedabad	1,822	6.199	2,44,532	0.408
2.	Bengaluru	707	2.405	1,08,605	0.181
3.	Chennai	1,021	3.473	2,20,904	0.368
4.	Delhi	5,460	18.575	5,45,62,017	90.937
5.	Hyderabad	486	1.653	1,25,037	0.208
6.	Jaipur	501	1.704	78,222	0.130
7.	Kanpur	159	0.541	22,444	0.037
8.	Kolkata	1,235	4.202	2,31,740	0.386
9.	Mumbai	3,909	13.299	20,84,056	3.473
10.	Patna	83	0.282	17,279	0.029
11.	Kochi	71	0.242	26,933	0.045
12.	NCR other than Delhi	742	2.524	73,436	0.122
	Others	13,198	44.900	22,04,796	3.675
	<b>Total</b>	<b>29,394</b>	<b>100.000</b>	<b>6,00,00,000</b>	<b>100.000</b>

## 9.13 Corporate Benefits

### (i) Dividend History:

Year	Interim/ Final	Rate (%)	Per Share (₹)	Amount (₹ 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

## 9.14 Transfer of Unpaid/ Unclaimed Dividend to Investor Education and Protection Fund (IEPF)

During the year, amounts of ₹ 73,661/- and ₹ 34,504/- pertaining to unclaimed/unpaid final dividend for the year 2005-06 and Interim dividend for the year 2006-07 respectively were transferred to the Investor Education and Protection Fund (IEPF) set up by the Central Government. This is in accordance with the Section 205 A and Section 205 C 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 unclaimed/ unpaid final dividend for the FY 2006-07 and interim dividend for FY 2007-08 which is due for transfer to IEPF, should be claimed by the members before 31.10.2014 and 26.03.2015 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.	FY	Type of Dividend	Dividend (%)	Last date for claiming unpaid Dividend	Proposed date for transfer to IEPF
1.	2006-07	Final	40	31.10.2014	30.11.2014
2.	2007-08	Interim	35	26.03.2015	25.04.2015
		Final	30	28.10.2015	27.11.2015
3.	2008-09	Interim	25	20.03.2016	19.04.2016
		Final	22.50	30.10.2016	29.11.2016
4.	2009-10	Interim	25	25.03.2017	24.04.2017
		Final	22.50	01.11.2017	01.12.2017
5.	2010-11	Final	30	03.11.2018	03.12.2018
6.	2011-12	Final	20	02.11.2019	02.12.2019
7.	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 the said behalf in lieu of such warrant.

### 9.15 Dematerialization of Shares and Liquidity

Description	No. of Shareholders	Shares	% of Equity
CDSL	10,650	5,55,07,308	92.51
NSDL	17,835	44,69,373	7.45
PHYSICAL	909	23319	0.04
Total	29,394	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 31st March, 2014, 5,99,76,681 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 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.

### 13. COMPLIANCE CERTIFICATE FROM AUDITORS

Certificate from the Auditors of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, 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.

### 14. ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE 49

The following non-mandatory requirements have been implemented and reflected elsewhere in this report.

- The Company has constituted a Remuneration Committee (Refer to para 3.2).
- With regard to Shareholders' Rights on communication of financial results, the same are being published widely and also hosted on the Company's website (Refer to para 8).
- Whistle Blower Policy

In terms of Clause 49 of the Listing Agreement, one of the non-mandatory clauses provides that a listed company may establish a mechanism for employees to report to the management concerns 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. 10th May, 2012.

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

### 15. 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.

**STATEMENT SHOWING RECRUITMENT  
OF EX-SERVICEMEN MADE DURING 2013-14**

<b>Category</b>	<b>Reservation for Ex-Servicemen (% age)</b>	<b>Total Recruitment made during the year 2013-14</b>	<b>No. of Ex-Servicemen recruited during the year</b>
Peon/ Watchmen/ Sweepers/ Helpers & Carpenters	14.5	Nil	Nil
Jr. Assistants/Jr. Stenographers	14.5	Nil	Nil
Drivers	14.5	Nil	Nil

## **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 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement 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.

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.

For Chandiok & Guliani  
Chartered Accountants  
FRN 001199N

**Sd/-**  
**(V.K. Lalla)**  
Partner

Membership No.080847

Date : 27.05.2014  
Place : New Delhi

## **DECLARATION BY THE CEO AND CFO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT**

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

We, Khaleel Rahim, Chief Executive Officer & Chairman & Managing Director, and Manoj Mishra, Chief Financial Officer & Director (Finance), certify that:

- a) We have reviewed financial statements and the cash flow statements for the year ended 31.03.2014 and that to the best of our knowledge and belief :
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) 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 :
  - i) There has not been any significant change in internal control over financial reporting during the year under reference.
  - ii) There has not been significant changes in accounting policies during the year except those disclosed in the notes to the financial statements; and
  - iii) 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  
Place : New Delhi  
Date : 21.05.2014

**Sd/-**  
**(Manoj Mishra)**  
Chief Financial Officer and  
Director (Finance)

Highlights: Ten Years at a Glance											(₹ in Crore)
PARTICULARS	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	
Operating Results											
Sales											
Exports	1,781.02	1,563.49	344.32	491.93	1,503.79	2,131.88	4,002.06	2,927.17	1,094.56	568.07	
Imports	13,545.80	17,015.28	29,961.20	18,938.22	19,049.10	16,315.54	10,773.24	10,692.46	5,493.27	8,406.78	
Domestic	47.16	119.73	138.78	554.69	955.76	1,338.42	998.82	715.64	537.41	547.32	
Total	15,373.98	18,698.50	30,444.30	19,984.84	21,508.65	19,785.84	15,774.12	14,335.27	7,125.24	9,522.17	
Profits											
Trading	182.84	118.53	89.73	177.87	144.55	113.06	194.25	167.42	99.56	62.85	
Before tax	(492.38)	14.42	17.80	79.63	170.93	144.87	176.51	122.72	56.69	37.03	
After tax	(492.20)	17.95	16.47	56.43	106.95	78.51	124.45	88.28	38.95	25.03	
Overheads (Note 1)	159.87	134.04	126.29	145.52	131.73	149.31	100.21	98.08	62.28	76.46	
Interest Outgo (Net)	154.41	(69.88)	(69.57)	18.43	(137.70)	(184.30)	(73.13)	(67.40)	(31.31)	(31.84)	
Dividend	–	12.00	12.00	18.00	28.50	28.50	28.50	18.00	15.00	9.00	
Net Worth											
Share Capital	60.00	60.00	60.00	60.00	60.00	60.00	60.00	30.00	30.00	30.00	
Reserves	37.73	529.93	621.98	619.46	583.94	510.29	464.89	403.77	335.14	289.99	
Total	97.73	589.93	681.98	679.46	643.94	570.29	524.89	433.77	365.14	319.99	
Bank Borrowings	1,287.80	1,505.39	2,030.32	1,549.09	2,467.85	2,377.32	1,098.66	894.83	202.73	129.66	
Working Capital (Note 2)											
Inventories	0.97	43.50	543.71	1,313.75	567.01	1,463.74	647.62	561.18	330.12	239.93	
Trade Receivables	1,968.44	2,289.11	3,454.85	4,507.94	6,610.96	5,558.53	5,783.80	2,521.23	1,694.19	1,067.72	
Other (Net)	(1,841.76)	(2,111.53)	(3,826.51)	(3,718.43)	(4,197.57)	(4,176.51)	(4,983.23)	(1,920.49)	(1,598.72)	(977.73)	
Total	127.65	221.08	172.05	2,103.26	2,980.40	2,845.76	1,448.19	1,161.92	425.59	329.92	
Capital Employed	97.42	589.62	681.67	676.43	640.91	567.25	434.17	343.05	274.42	229.27	
Significant Ratios											
Trading Profit : Sales (%)	1.19	0.63	0.29	0.89	0.67	0.57	1.23	1.17	1.40	0.66	
Profit Before Tax : Sales (%)	(3.20)	0.08	0.06	0.40	0.79	0.73	1.12	0.86	0.80	0.39	
Profit Before Tax : Networth (%)	(503.82)	2.44	2.61	11.72	26.54	25.40	33.63	28.29	15.53	11.57	
Sales : Capital Employed (Times)	157.81	31.71	44.66	29.54	33.56	34.88	36.33	41.79	25.96	41.53	
Inventories : Sales (%)	0.01	0.23	1.79	6.57	2.64	7.40	4.11	3.91	4.63	2.52	
Trade Receivables : Sales (%)	12.80	12.24	11.35	22.56	30.74	28.09	36.67	17.59	23.78	11.21	
Overheads : Sales (%)	1.04	0.72	0.41	0.73	0.61	0.75	0.64	0.68	0.87	0.80	

Note 1 : Overheads excludes Rent related expenditure for 2013-14, 2012-13 & 2011-12

Note 2 : Excludes Non Current Items as per revised Schedule VI for 2013-14, 2012-13 & 2011-12



# INDEPENDENT AUDITORS' REPORT

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To  
The Members of  
The State Trading Corporation of India Limited

## REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of THE STATE TRADING CORPORATION OF INDIA LIMITED (the Company), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit & Loss and Cash Flow Statement for the year then ended, annexed thereto in which are incorporated the accounts of the corporate office audited by us and the accounts of 7 independent branches audited by the other independent auditors and summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

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

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

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

## EMPHASIS OF MATTERS

Without qualifying our opinion, we draw attention to the following:

- 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 on behalf of a business associate. The company has alleged fraud by the business associates and matter has been referred to CBI. We also understand that two ex-Directors and a General Manager have been charge sheeted. However, in absence of details of the charge sheets and the inquiries, we are unable to opine if there was a fraud or a suspected management fraud and comment on any misstatements made in these accounts in respect of the above transactions. Pending outcome of legal steps initiated for recovery/ CBI probe, full provision of ₹ 87.39 Crore was made in earlier year. However, the company is successful in getting Arbitration Award of Rs 110.00 Crores in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the parties and hearing is pending in this case.
- b) Reference is invited to note no. 19.1, regarding ₹ 568.44 Crores on account of export of pharma product to foreign buyer 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 STC as well as by Indian Associates and their bankers. A claim of ₹ 527.86 Crore has been admitted by the liquidator. There is however corresponding credit balance of Rs 568.78 Crore under trade payables. Management does not anticipate any liability on this account.

- c) Reference is invited to note no. 19.2 , regarding long term trade receivable of ₹ 788.47 Crore under the Credit Linked Insurance Scheme(CLIS) for export of gold jewelry etc. against which corresponding credit balance of Rs 342.18 Crores are available leaving net receivable of Rs 446.29 Crores. Actions against the 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 Rs 446.29 Crores has been made in respect of this account.
- d) Reference is invited to Note no. 19.3, regarding Long Term Trade Receivable which includes Rs 4.94 Crores towards reimbursement of loss in supply of Edible Oil under PDS scheme of Govt. of India for which claim was pending with Govt. of India. However as a matter of prudence full provision has been made during the year.
- e) Reference is invited to note no. 19.5, in respect of dues from one of the business associates against which there is no stock pledged to the company. Upon non-receipt of dues from the associate, the company has initiated necessary legal steps for its recovery. Full provision for the net amount of ₹ 9.23 Crores has been made and ₹ 81.82 Crores was written off during the year.
- f) Reference is invited to note no. 19.8, regarding claims recoverable amounting to Rs 114.95 Crores towards reimbursement of actual losses on import of pulses under Government account since the year 2006-07 onwards. The claim for the same has been lodged with the Ministry of Consumer Affairs, Government of India and is pending since long. The reimbursement has been delayed for over three years and as a matter of prudence, company has made full provision of the claim recoverable, during the year.
- g) Reference is invited to note no. 22.1, relating to ₹ 122.22 Crores due from Jhagadia Copper Limited, the Company is under Liquidation and in the process of reconstruction by asset reconstruction Company (India) Limited. The dues are fully secured by pledge of Stock. Financial impact of the same cannot be ascertained at this stage.
- h) Reference is invited to note no 22.2, Trade Receivable of ₹ 1468.14 Crores recoverable 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 STC by 10.11.2012. However, the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. The associate has affirmed to repay entire dues along with interest. The associate has paid an amount of ₹ 57.77 Crores during current year and Rs 23 Crores in April 2014. Management is hopeful of the full recovery.
- i) Reference is invited to note no. 25.1, regarding claims recoverable of Rs 5.28 Crores towards imports of pulses on behalf of UP Government for sales under PDS Scheme valid up to 30th June 2012. Claim in this regard was submitted to MOCA in March 2013 i.e. after the last date of submission of claim due to delay in receipt of utilization certificate from State Govt. and the matter is being pursued. Since, there is credit balance of ₹ 9.08 Crores on these accounts received from UP Government, no provision is considered by the management.
- j) Note No. 47 & 48 relating to Pending reconciliation/confirmation of balances in parties accounts and current liabilities and consequential adjustment that may arise on reconciliation.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014.
- b. In the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

- 1. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227 (3) of the Act, we report that:
  - a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit except for information pertaining to charges levied on two ex- Directors and a General Manager and details of inquiries in respect of transaction referred to in above Para (a) of Emphasis of Matter and further except as otherwise stated in the report, and the record of the cases being handled by the

vigilance department of the company and the accounting of the consequential financial effect thereof on the matters under its scrutiny in such cases;

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books and proper returns adequate for the purpose of our audit have been received from the branches not audited by us. Reports of the Branch Auditors and management replies to the observation of the Branch Auditors have been considered while preparing our report;
- c. 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 accounts;
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- e. In terms of Notification No. GSR 829 (E) dated 21.10.2003 issued by the Department of the Company Affairs, Government of India, the provision of Section 274(1)(g) of the Companies Act, 1956, are not applicable to the Company.

For Chandiok & Guliani  
Chartered Accountants  
FRN: 001199N

**Sd/-**  
**B.B. Kalia**  
Partner

Membership No. 085772

Place : New Delhi  
Date : 27th May, 2014

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

### (Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- i. In respect of its Fixed Asset:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The fixed assets were physically verified by the management during the year. We have been informed that no material discrepancies were noticed on such physical verification.
  - c) In our opinion, substantial part of the fixed assets has not been disposed of during the year and going concern status of the company is not affected.
- ii. In respect of its Inventories:
  - a) 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 related parties. In our opinion, the verification of goods like coal, wheat, etc. is not by actual weighment, but by actual receipt and dispatch without accounting for handling losses. In respect of stock of Wheat 1925.78 MTs at Kandla Port lying since the year 2004-05 as there was no confirmation of the quality and quantity is available, the value of the same is being taken as NIL.
  - b) In our Opinion, though the procedures for physical verification is in place and instruction & guidelines are issued from time to time for verification of stock/ inventories but the same is not being followed strictly for all materials which are handled by and are in custody of third parties.
  - c) The company is not maintaining any separate stock register. However, transaction-wise stock details are compiled for control over the stock and necessary details are obtained from the custodian of stock viz., Port Authorities, Warehouse or Business Associates. Discrepancies, wherever noticed on verification have been properly dealt with, except in case of stock of wheat at Kandla as mentioned in Para 2 (a) above in our report.
- iii. In respect of Loans availed/granted:
  - (a) As informed, the Company has not granted any loans, secured or unsecured, to Companies, firms and other parties, covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the order are not applicable to the company.
  - (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other Parties covered in register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (f), and (iii) (g) of paragraph 4 of the order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and also the sale of goods. Further on the basis of our examination and according to the information and explanation given to us, we have not observed any instance of continuous failure to correct major weaknesses in internal control procedures. However, internal control procedure regarding review, realization of advances and other claims and reconciliation of balance of sundry debtors and creditors require strengthening.
- v. In respect of contracts / arrangements under section 301 of the Companies Act, 1956:
  - (a) According to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
  - (b) There was no transaction hence clause 5 (b) of paragraph 4 of the order is not applicable.
- vi. In our opinion and as per the explanation provided to us, the provisions of Section 58A & 58AA of the Companies Act, 1956 and the rules framed there under are not applicable, as the Company has not accepted any deposit from the public.
- vii. The internal audit is conducted by outside firms of Chartered Accountants and in our opinion is commensurate with the size and nature of its business, except Mumbai Branch Auditor has suggested for strengthening of Internal Audit at the Branch.
- viii. As informed by the management, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of its product of the company.
- ix. In respect of statutory dues:
  - (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid dues which were outstanding as at 31st March, 2014 for a period of over 6 Months from the date they became payable.
  - (b) Disputed Statutory dues are aggregating to ₹ 56.67 Crores on account of Income Tax, ₹ 1,492.38 Crores on account of Sales Tax and ₹ 11.32 Crores on account of Service Tax. The details are as under:

(₹ in Crores)

Income Tax:			
Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates
CIT(A)	INCOME TAX	0.61	1981-82
CIT(A)	INCOME TAX	2.58	2009-10
ITAT, DELHI	INCOME TAX	3.26	2009-10
CIT(A)	INCOME TAX	50.22	2010-11
<b>Total</b>		<b>56.67</b>	

Sales Tax:			(₹ in Crores)
FORUM	Nature of the Dues	Amount	Period to which the amount relates
MADRAS HIGH COURT	Sales Tax	0.84	1974-75 to 1989-90
SALES TAX APPELLATE TRIBUNAL (Chennai Branch )	Sales Tax	0.01	1987-88
MAHARASHTRA SALES TAX TRIBUNAL	Sales Tax	14.02	1992-93 to 2000-01
JOINT COMMISSIONER OF SALES TAX (Maharashtra)	Sales Tax	456.98	1990-91 to 2004-05
PENDING IN TRIBUNAL(BST) (Kolkata)	Sales Tax	0.02	1981-82
ODISHA HIGH COURT	Central Sales Tax	0.07	1981-82
PENDING WITH SOD & BOARD (Kolkata)	Sales Tax	0.01	1983-84
WEST BENGAL COMMERCIAL TAXES APPELLATE	Sales Tax	0.07	1985-86
BST ORDER NOT YET RECEIVED (Kolkata)	Sales Tax	0.01	1988-89
PENDING IN APPEAL 88-89 (Kolkata)	Sales Tax	0.02	1988-89
PENDING WITH HIGH COURT	Central Sales Tax (Assam)	0.01	1993-94 to 1995-96
JOINT COMMISSIONER (PENDING IN APPEAL TILL 27/06/2011)	Central Sales Tax (West Bengal)	0.22	2003-04
STO, consequent to set aside order	Sales Tax	1,017.43	2006-07
DVAT Appellate Tribunal	Sales Tax	0.34	2007-08
PENDING WITH FIRST APPELATE AUTHORITY, DELHI	Sales Tax	2.33	2008-09
<b>Total</b>		<b>1,492.38</b>	

Service Tax			(₹ in Crore)
FORUM	Nature of Dues	Amount	Assessment Year
Commissioner of Service Tax	Service Tax	4.03	2007-08 to 2011-12
CESTAT(Kolkata)	Service Tax	7.29	2005-06 to 2007-08
<b>Total</b>		<b>11.32</b>	

- x. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
- xi. Based on our audit procedure and the information and explanations given by the management, the company has not defaulted in repayment of dues to any Financial Institution or Banks or Debenture holders.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our Opinion, the Company is not a Chit Fund company or a Nidhi/Mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable to the Company.
- xiv. The company is not dealing in or trading in securities, debentures and other investments and therefore clause regarding of maintaining proper records of transactions in respect of trading and timely entries is not applicable. All shares have been held by the company in its own name.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or Financial Institutions.
- xvi. The Company has not raised any new term loans during the year. Hence Clause (xvi) of Paragraph 4 of the order is not applicable.
- xvii. According to information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- xviii. The Company has not made preferential allotment of shares during the year, to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures during the year. Hence, clause (xix) of paragraph 4 of the order is not applicable.
- xx. The Company has not raised any money by way of public issue during the Year.
- xxi. Based upon the audit procedures performed and the information and explanations given by the management, we report that no material fraud on or by the company has been noticed or reported during the course of our audit except a case of misappropriation / removal of pledged stock by an associate having an outstanding balance of ₹ 81.82 Crores under Trade and Miscellaneous advances. It was informed that criminal complaint was lodged with Additional Commissioner of Police (EOW) on 13th March, 2014 and also complaint was lodged with CBI Mumbai on 21st April, 2014 after the Balance Sheet date. As there was no security available against the advance and considering the remote possibility the amount of ₹ 81.82 Crores has been fully written off during the year. Matter is under investigation. (Refer Note no. 19.5)

For Chandio & Guliani  
Chartered Accountants  
FRN: 001199N

Place : New Delhi  
Date : 27th May, 2014

Sd/-  
**B.B. Kalia**  
(Partner)  
Membership No. 085772

# BALANCE SHEET AS AT 31ST MARCH, 2014

(Amount in ₹ Crore)

PARTICULARS	Note No.	As at 31st March, 2014	As at 31st March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share capital	1	60.00	60.00
(b) Reserve & Surplus	2	37.73	529.93
(c) Money received against share warrants	3	–	–
<b>(2) Share application money pending allotment</b>	4	–	–
<b>TOTAL (1+2)</b>		<b>97.73</b>	<b>589.93</b>
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	–	–
(b) Other long term liabilities	6	1,153.22	1,156.71
(c) Long-term provisions	7	100.12	73.24
<b>TOTAL (3)</b>		<b>1,253.34</b>	<b>1,229.95</b>
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	8	1,287.80	1,505.39
(b) Trade Payables	9	304.36	912.10
(c) Other current liabilities	10	352.65	213.01
(d) Short-term provisions	11	16.42	29.23
<b>TOTAL (4)</b>		<b>1,961.23</b>	<b>2,659.73</b>
<b>Total</b>		<b>3,312.30</b>	<b>4,479.61</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	62.39	57.70
(ii) Intangible Assets	13	0.04	0.07
(iii) Capital Work In Progress	14	0.86	8.69
(iv) Intangible Assets under development	15	–	–
<b>Total (a)</b>		<b>63.29</b>	<b>66.46</b>
(b) Non-Current investments	16	0.31	0.31
(c) Deferred tax assets (net)	17	73.01	73.01
(d) Long-term loans and advances	18	25.82	108.54
(e) Other non-current assets	19	1,060.99	1,350.48
<b>TOTAL (1)</b>		<b>1,223.42</b>	<b>1,598.80</b>
<b>(2) Current Assets</b>			
(a) Current investments	20	–	–
(b) Inventories	21	0.97	43.50
(c) Trade receivables	22	1,968.44	2,289.11
(d) Cash and cash equivalents	23	58.13	248.14
(e) Short-term loans and advances	24	34.19	41.31
(f) Other current assets	25	27.15	258.75
<b>TOTAL (2)</b>		<b>2,088.88</b>	<b>2,880.81</b>
<b>Total</b>		<b>3,312.30</b>	<b>4,479.61</b>

Significant Accounting Policies

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Other Notes

45-57

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

**FOR CHANDIOK & GULIANI**

Chartered Accountants  
Firm Reg. No. 001199N

**Sd/-**

**(B. B. KALIA)**

Partner

M. No. 085772

Place : New Delhi

Dated : 27.05.2014

**Sd/-**

**(KHALEEL RAHIM)**

Chairman & Managing Director

**Sd/-**

**(B R DHAWAN)**

Chief General Manager (Finance)

**Sd/-**

**(MANOJ MISHRA)**

Director (Finance)

**Sd/-**

**(R. K. GOGIA)**

Company Secretary

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹ Crore)

PARTICULARS		Note No.	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013
I.	Revenue from operations	26	15,448.63	19,041.62
II.	Other income	27	208.91	258.90
III.	<b>Total Revenue (I+II)</b>		<b>15,657.54</b>	<b>19,300.52</b>
	<b>Expenses-</b>			
	a) Cost of material consumed	28	0.16	0.10
	b) Purchase of stock-in -Trade	29	15,214.10	18,414.37
	c) Changes in inventories of finished goods, work -in-progress and stock-in-trade	30	42.49	500.24
	d) Employee benefits expense	31	133.08	106.54
	e) Finance cost	32	154.41	166.25
	f) Depreciation and amortisation expense	33	4.36	3.58
	g) Other expenses	34	35.83	35.88
IV.	<b>Total expenses (a+b+c+d+e+f+g)</b>		<b>15,584.43</b>	<b>19,226.96</b>
V.	<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>73.11</b>	<b>73.56</b>
VI.	<b>Exceptional items - Debit/(Credit)</b>	35	<b>565.63</b>	<b>155.68</b>
VII.	<b>Withdrawal from Export Import Contingency Reserve</b>		<b>–</b>	<b>(95.96)</b>
VIII.	<b>Profit before extraordinary items and tax (V-VI-VII)</b>		<b>(492.52)</b>	<b>13.84</b>
IX.	<b>Extraordinary items</b>	36	<b>–</b>	<b>–</b>
X.	<b>Prior Period Adjustment Net - (debit)/credit</b>	37	<b>0.14</b>	<b>0.58</b>
XI.	<b>Profit before tax (VIII-IX+X)</b>		<b>(492.38)</b>	<b>14.42</b>
XII.	<b>Tax expense:</b>			
	(1) Current tax	38	–	–
	(2) Tax relating to earlier years		(0.18)	(3.53)
	(3) Provision for MAT Credit Entitlement		–	–
	(4) Deferred tax	39	–	–
	<b>Total Tax Expense (XII)</b>		<b>(0.18)</b>	<b>(3.53)</b>
XIII.	<b>Profit(loss) for the period from continuing operations (XI-XII)</b>		<b>(492.20)</b>	<b>17.95</b>
XIV.	<b>Profit (loss) from discontinuing operations</b>	40	<b>–</b>	<b>–</b>
XV.	<b>Tax expense of discontinuing operations</b>	41	<b>–</b>	<b>–</b>
XVI.	<b>Profit (loss) from discontinuing operations after tax (XIV-XV)</b>		<b>–</b>	<b>–</b>
XVII.	<b>Profit (Loss) for the period (XIII +XVI)</b>		<b>(492.20)</b>	<b>17.95</b>
XVIII.	<b>Earning per equity share</b>			
	(1) Basic (in ₹)	42	(82.03)	2.99
	(2) Diluted (in ₹)	43	(82.03)	2.99

Significant Accounting Policies

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Other Notes

45-57

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

**FOR CHANDIOK & GULIANI**

Chartered Accountants  
Firm Reg. No. 001199N

**Sd/-**

**(B. B. KALIA)**

Partner

M. No. 085772

Place : New Delhi

Dated : 27.05.2014

**Sd/-**

**(KHALEEL RAHIM)**

Chairman & Managing Director

**Sd/-**

**(B R DHAWAN)**

Chief General Manager (Finance)

**Sd/-**

**(MANOJ MISHRA)**

Director (Finance)

**Sd/-**

**(R. K. GOGIA)**

Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹ Crore)

	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>NET PROFIT BEFORE TAX &amp; EXTRAORDINARY ITEMS</b>	(492.52)	13.84
<b>ADJUSTMENT FOR:</b>		
-Interest on working capital loans	153.32	160.66
-Depreciation	4.36	3.58
-Unrealized foreign exchange difference	–	(0.01)
-Write offs	104.47	109.38
-Transfer from Reserve	–	(95.96)
-Income/Expenditure relating to let out property	(25.61)	(22.55)
-Loss on sale of asset and write off	0.08	0.03
-Liabilities written back	(14.91)	(7.48)
-Profit on sale of assets	(0.02)	(0.01)
-Unclaimed credit balances written back	(3.39)	(7.21)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(274.22)</b>	<b>154.27</b>
<b>ADJUSTMENT FOR:</b>		
-Trade and other receivables	823.32	1,404.00
-Inventories	42.53	500.21
-Trade and other payables	(424.46)	(1,513.94)
<b>CHANGES IN WORKING CAPITAL</b>	<b>167.17</b>	<b>544.54</b>
Income Tax Paid	(3.81)	(12.38)
<b>CASH FLOW BEFORE PRIOR PERIOD ITEMS</b>	<b>163.36</b>	<b>532.16</b>
Prior Period Adjustment	0.14	0.58
<b>NET CASH GENERATED/USED IN OPERATING ACTIVITIES (A)</b>	<b>163.50</b>	<b>532.73</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
-Purchase of Fixed Assets	(9.85)	(17.17)
-Sale of Fixed Assets	0.13	0.04
-Let out properties (Net)	25.61	22.55
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>15.89</b>	<b>5.42</b>

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹ Crore)

	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
-Dividend paid (including Dividend Tax)	(14.04)	(13.95)
-Increase in Working Capital Loan(net)	(217.59)	(524.94)
-Interest Paid	(153.32)	(160.66)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>(384.95)</b>	<b>(699.54)</b>
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(205.56)	(161.38)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	248.14	227.03
<b>CASH AND CASH EQUIVALENTS AS AT THE CLOSE OF THE YEAR</b>	<b>42.58</b>	<b>65.65</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Cash & Bank Balances as per Balance Sheet	58.13	248.14
Less : Fixed Deposit made with margin provided by Associates adjusted in Trade Receivables	15.55	182.48
<b>Cash &amp; Bank Balances as per Cash Flow Statement</b>	<b>42.58</b>	<b>65.65</b>

significant accounting policies

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Other Notes

45-57

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

**FOR CHANDIOK & GULIANI**

Chartered Accountants  
Firm Reg. No. 001199N

**Sd/-**

**(B. B. KALIA)**

Partner  
M. No. 085772

Place : New Delhi  
Dated : 27.05.2014

**Sd/-**

**(KHALEEL RAHIM)**

Chairman & Managing Director

**Sd/-**

**(B R DHAWAN)**

Chief General Manager (Finance)

**Sd/-**

**(MANOJ MISHRA)**

Director (Finance)

**Sd/-**

**(R. K. GOGIA)**

Company Secretary

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Crore)

### NOTE NO. 1 SHARE CAPITAL

	As at 31st March 2014	As at 31st March 2013
<b>I) Authorized Share Capital</b>		
20,00,00,000 Equity Shares having face value of ₹10/- each	200.00	200.00
<b>II) Issued, Subscribed &amp; Fully Paid up</b>		
6,00,00,000 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 01.04.2013	issued during the year	Shares bought back during the year	Closing as at 31.03.2014
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 as on 31.03.2014

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

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

(Amount in ₹ Crore)

### NOTE NO. 2

#### RESERVE & SURPLUS

Particulars	Balance as at 01.04.2013	Additions	Deductions/ Appropriation	Balance as at 31.3.2014
Capital Reserve	1.00	–	–	1.00
Bonus Reserve*	–	–	–	–
Exchange Fluctuation Reserve	6.50	–	–	6.50
Export/Import Contingency Reserve	388.00	–	388.00	–
General Reserve	78.97	–	48.74	30.23
Surplus	55.46	(55.46)	–	–
<b>Total</b>	<b>529.93</b>	<b>(55.46)</b>	<b>436.74</b>	<b>37.73</b>
Previous Year	621.98	407.74	499.79	529.93

	2013-14	2012-13
<b>2.1 Details of Addition to Surplus</b>		
Current Year Profit After Tax	(492.20)	17.95
Transfer from Export Import Contingency Reserve	388.00	–
Transfer from General reserve	48.74	–
Transfer From Bonus Reserve*	–	–
	<b>(55.46)</b>	<b>17.95</b>
<b>2.2 Details of Deduction/Appropriation from Surplus</b>		
Proposed Dividend	–	12.00
Tax on Dividend	–	2.04
Transfer to General Reserve	–	1.79
Transfer to Export Import contingency Reserve	–	150.00
Transfer to Bonus Reserve*	–	–
	<b>–</b>	<b>165.83</b>
<b>2.3 Details of Negligible Value</b>		
*Bonus Reserve (₹)	36,316	2,987
*Transfer From Bonus Reserve (₹)	–	11,355
*Transfer to Bonus Reserve (₹)	–	2,987

2.4 An amount of ₹ 388 crore has been set off against Export Import Contingency Reserve.

2.5 An amount of ₹ 48.74 adjusted against General Reserve.

2.6 Bonus reserve represents “Set On” available under the payment of Bonus Act, 1965.

2.7 Deductions from Bonus Reserve represents amount transferred to Profit & Loss account being “Set Off” as per the payment of Bonus Act, 1965.

### NOTE NO. 3

#### MONEY RECEIVED AGAINST SHARE WARRANTS

Particulars	As at 31st March, 2014	As at 31st March, 2013
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, 2014	As at 31st March, 2013
Share application money pending allotment	–	–

### NON-CURRENT LIABILITIES

### NOTE NO. 5

#### LONG TERM BORROWINGS

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>TOTAL</b>	–	–

### NOTE NO. 6

#### OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade payables		
a. Bill acceptances	11.53	0.07
b. Sundry creditors		
- Micro & small enterprises	–	–
- Others	959.92	968.02
<b>Total Trade Payables (a+b)</b>	<b>971.45</b>	<b>968.09</b>
Others		
a. Customer at credit	23.21	25.17
b. Advance from customer	9.75	8.20
c. Unclaimed dividend	–	–
d. Other liabilities		
- Outstanding liabilities for goods & services received	115.01	120.17
- Stale Cheques	0.07	0.06
- Deposits	7.24	6.71
- Security deposits	3.45	3.45
- Earnest money deposits	8.84	8.98
<b>Total Others (a+b+c+d)</b>	<b>167.57</b>	<b>172.74</b>
e. Employees' dues:-		
Encashment of earned leaves	14.20	15.88
<b>Total Employees' cost payable</b>	<b>14.20</b>	<b>15.88</b>
<b>Total (Others )</b>	<b>181.77</b>	<b>188.62</b>
<b>TOTAL OF NOTE NO. 6</b>	<b>1,153.22</b>	<b>1,156.71</b>

#### 6.1 Details in respect of dues to micro & small enterprises

a. Principal Amount	–	–
b. 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 TO ACCOUNTS AS ON 31ST MARCH, 2014 (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 7

#### LONG TERM PROVISIONS

Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for employees benefits		
Encashment of Half pay leave	11.32	11.58
Post retirement medical benefits	87.41	60.27
Long service award	1.39	1.39
<b>Total</b>	<b>100.12</b>	<b>73.24</b>

### CURRENT LIABILITIES

### NOTE NO. 8

#### SHORT TERM BORROWINGS:-

Particulars	As at 31st March, 2014	As at 31st March, 2013
I. Term Loans		
- From banks	246.29	321.22
II. Working Capital Loans		
- Cash Credit	1,041.51	1,084.17
- Working Capital Demand Loan	—	100.00
<b>TOTAL</b>	<b>1,287.80</b>	<b>1,505.39</b>

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

- Secured	246.29	287.97
- Unsecured	—	33.25
<b>TOTAL</b>	<b>246.29</b>	<b>321.22</b>

#### 8.2 Break Up of Working Capital Loan

- Secured	1,041.33	1,184.17
- Unsecured	0.18	—
<b>TOTAL</b>	<b>1,041.51</b>	<b>1,184.17</b>

8.3 Working Capital Term Loan from bank is secured by pari-passu charge over current assets.

8.4 Cash credit / Overdraft/ Demand Loan secured by hypothecation of stock and trade receivables not older than 180 days.



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

(Amount in ₹ Crore)

### NOTE NO. 9

#### TRADE PAYABLES

Particulars	As at 31st March, 2014	As at 31st March, 2013
a. Bill acceptances	7.97	139.62
b. Sundry creditors		
- Micro & small enterprises	–	–
- Others	296.39	772.48
<b>Total Trade Payable</b>	<b>304.36</b>	<b>912.10</b>

#### 9.1 Details in respect of dues to micro & small enterprises

a. Principal Amount	–	–
b. 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, 2014	As at 31st March, 2013
a. Customer at credit	147.56	68.70
b. Advance from customer	76.59	19.09
c. Unclaimed dividend	0.25	0.24
d. Other liabilities		
- Outstanding liabilities for goods & services received	22.89	22.20
- Stale Cheques	0.03	0.08
- Deposits	9.34	6.58
- Security deposits	1.56	2.64
- Earnest money deposits	35.91	42.77
- Liability for CSR	0.58	1.22
- Others	–	0.18
<b>Total (a+b+c+d)</b>	<b>294.71</b>	<b>163.70</b>
e. <b>Employees' cost:-</b>		
Pay & Allowances	0.16	0.58
Other expenses	0.07	0.03
Dues to employees on accrual basis	1.67	1.47
Encashment of earned leaves	2.01	1.89
Undisbursed salary	0.01	0.11
<b>Total (e)</b>	<b>3.92</b>	<b>4.08</b>

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

(Amount in ₹ Crore)

### NOTE NO. 10

#### OTHER CURRENT LIABILITIES (Contd.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>f. Remittances:-</b>		
Sale Tax /Value Added Tax (VAT )	4.07	4.55
Service Tax	0.05	0.04
Income tax deducted at source	1.61	1.41
STC's SC/ST Employees Welfare Association	–	0.01
Contribution to Provident Fund	1.75	1.30
Contribution to Employees Pension Scheme-95	0.03	0.01
Contribution to Employees Pension Fund	0.33	0.10
Salary saving scheme	0.01	0.01
Thrift Society	0.05	0.01
Entry Tax	0.45	0.45
Others	0.04	0.28
<b>Total (f)</b>	<b>8.39</b>	<b>8.17</b>
<b>g. Interest accrued but not due on borrowings</b>	<b>–</b>	<b>–</b>
<b>h. Interest accrued &amp; due on borrowings</b>	<b>45.63</b>	<b>37.06</b>
<b>Total (g+h)</b>	<b>45.63</b>	<b>37.06</b>
<b>TOTAL OF NOTE NO. 10</b>	<b>352.65</b>	<b>213.01</b>

10.1 Against interest accrued and due on borrowings, bank guarantee of ₹ 43.80 crore (₹ 36.26 crore) have been issued to Bank.

### NOTE NO. 11

#### SHORT TERM PROVISIONS

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Provision for employees benefits</b>		
Encashment of Half pay leave	2.40	1.52
Post retirement medical benefits	6.56	7.21
Long service award	0.16	0.13
Gratuity	7.02	5.23
Pension	0.02	0.23
Performance Related Pay	0.05	0.70
<b>Total (a)</b>	<b>16.21</b>	<b>15.02</b>
<b>(b) Other Provisions</b>		
Proposed Dividend	–	12.00
Dividend Tax	–	2.04
Contingencies	0.11	0.12
Exchange difference on Forward contract	0.07	–
Others	0.03	0.05
<b>Total (b)</b>	<b>0.21</b>	<b>14.21</b>
<b>Total (a+b)</b>	<b>16.42</b>	<b>29.23</b>

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

(Amount in ₹ Crore)

### NOTE NO. 12

#### TANGIBLE ASSETS

A. OWNED ASSETS		GROSS			
S. No.	Description	As on 01.04.2013	Additions	Deductions	As on 31.03.2014
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1	Land	7.04	–	–	7.04
2	Building	34.86	0.03	26.74	8.15
3	Plant & Equipment	16.36	8.42	2.95	21.83
4	Furniture & fixtures	4.06	0.12	0.01	4.17
5	Vehicle	1.35	–	0.02	1.33
6	Air conditioners & office equipment	4.97	0.34	0.11	5.20
7	Railway sidings	0.05	–	0.05	–
8	Computer, data processor & Communication equipment	2.85	0.27	0.14	2.98
	<b>Total</b>	<b>71.54</b>	<b>9.18</b>	<b>30.02</b>	<b>50.70</b>
B. LEASEHOLD ASSETS					
1	Land	2.66	–	–	2.66
2	Building	25.65	26.74	–	52.39
3	Roads, culverts & sewerage etc	0.21	–	–	0.21
	<b>Total</b>	<b>28.52</b>	<b>26.74</b>	<b>–</b>	<b>55.26</b>
	<b>Grand Total</b>	<b>100.06</b>	<b>35.92</b>	<b>30.02</b>	<b>105.96</b>
	<b>Previous Year</b>	<b>90.85</b>	<b>9.58</b>	<b>0.37</b>	<b>100.06</b>

12.1 The process of issuance of sub-divided lease deeds in respect of STC Complex at New Delhi, residential land and flats at Mehrauli Road separately in the name of the company and its co-owners is pending. Gross cost of Land ₹ 1.04 crore (₹ 1.04 crore), Building ₹ 20.11 crore (₹ 20.11 crore).

12.2 Registration of deeds of conveyance in respect of 2 flats at Kolkata is pending. Total Purchase Value ₹ 0.06 crore (₹ 0.06 crore).

### NOTE NO. 13

#### INTANGIBLE ASSETS

A. OWNED ASSETS		GROSS			
S. No.	Description	As on 01.04.2013	Additions	Deductions	As on 31.03.2014
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1	computer software	0.36	0.02	–	0.38
	<b>Total</b>	<b>0.36</b>	<b>0.02</b>	<b>–</b>	<b>0.38</b>
	<b>Previous Year</b>	<b>0.31</b>	<b>0.05</b>	<b>–</b>	<b>0.36</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)

DEPRECIATION			NET		
Upto 31.03.2013	Deductions/ Adjustments	For the year 2013-14	Upto 31.03.2014	31.03.2014	31.03.2013
(5)	(6)	(7)	(8) = (5)+/(6)+(7)	(9) = (4)-(8)	(10) = (1)-(5)
–	–	–	–	7.04	7.04
3.72	1.98	0.21	1.95	6.20	31.14
14.66	2.78	1.52	13.40	8.43	1.70
2.93	–	0.19	3.12	1.05	1.13
1.33	0.02	0.01	1.32	0.01	0.02
2.25	0.10	0.48	2.63	2.57	2.72
0.05	0.05	–	–	–	–
2.44	0.15	0.33	2.62	0.36	0.41
<b>27.38</b>	<b>5.08</b>	<b>2.74</b>	<b>25.04</b>	<b>25.66</b>	<b>44.16</b>
0.83	–	0.08	0.91	1.75	1.83
13.97	(1.98)	1.49	17.44	34.95	11.68
0.18	–	–	0.18	0.03	0.03
<b>14.98</b>	<b>(1.98)</b>	<b>1.57</b>	<b>18.53</b>	<b>36.73</b>	<b>13.54</b>
<b>42.36</b>	<b>3.10</b>	<b>4.31</b>	<b>43.57</b>	<b>62.39</b>	<b>57.70</b>
<b>39.14</b>	<b>0.31</b>	<b>3.53</b>	<b>42.36</b>	<b>57.70</b>	

12.3 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 32 flats at Mumbai is pending. Total Purchase value ₹ 5.83 crore (₹ 5.83 crore).

DEPRECIATION			NET		
Upto 31.03.2012	Deductions/ Adjustments	For the year 2012-13	Upto 31.03.2013	31.03.2013	31.03.2012
(5)	(6)	(7)	(8) = (5)+/(6)+(7)	(9) = (4)-(8)	(10) = (1)-(5)
0.29	–	0.05	0.34	0.04	0.07
<b>0.29</b>	<b>–</b>	<b>0.05</b>	<b>0.34</b>	<b>0.04</b>	<b>0.07</b>
<b>0.24</b>	<b>–</b>	<b>0.05</b>	<b>0.29</b>	<b>0.07</b>	<b>–</b>

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

(Amount in ₹ Crore)

### NOTE NO. 14

#### CAPITAL WORK IN PROGRESS

S. No.	Description	GROSS		
		As on 01.04.2013	Additions	Deductions
		(1)	(2)	(3)
				(4)= (1)+(2)-(3)
1	Office Building	0.27	–	–
2	Plant & Equipment	8.42	0.52	8.47
3	Office Equipment	–	0.12	–
	<b>Total</b>	<b>8.69</b>	<b>0.64</b>	<b>8.47</b>
	<b>Previous Year</b>	<b>9.87</b>	<b>7.53</b>	<b>8.71</b>

### NOTE NO. 15

#### INTANGIBLE ASSETS UNDER DEVELOPMENT

S. No.	Description	GROSS		
		As on 01.04.2013	Additions	Deductions
		(1)	(2)	(3)
				(4)= (1)+(2)-(3)
1	Intangible Assets under Development	–	–	–
	<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>Previous Year</b>	<b>–</b>	<b>–</b>	<b>–</b>

### NOTE NO. 16

#### TRADE INVESTMENT (UNQUOTED)

S. No.	Name of Company	No. Of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2014	Net Value as on 31.03.2013
1	NSS Agro Development Co Ltd.	100,000	10	0.10	–	0.10	0.10
2	Sea Lac Agro Ventures Limited	100,000	10	0.10	–	0.10	0.10
	<b>Total</b>			<b>0.20</b>	<b>–</b>	<b>0.20</b>	<b>0.20</b>

#### OTHER INVESTMENT (UNQUOTED)

S. No.	Name of Company	No. Of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2014	Net Value as on 31.03.2013
(a)	Subsidiary Company						
1	Spices Trading Corporation Ltd.*	150,000	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>2.82</b>	<b>0.11</b>	<b>0.11</b>
	<b>Grand Total</b>			<b>3.13</b>	<b>2.82</b>	<b>0.31</b>	<b>0.31</b>
	<b>Previous Year</b>			<b>3.13</b>	<b>2.82</b>	<b>0.31</b>	

\* Investment book value is ₹1 (₹1)

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

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 2013 (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)

### NOTE NO. 17

#### DEFERRED TAX ASSETS (NET)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<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 relating to losses and other temporary differences amounting to ₹ 192.77 crore (₹ 32.56 crore) crore for the current year has not been recognized.

### NOTE NO. 18

#### LONG TERM LOANS AND ADVANCES

S. No.	Particulars	As at 31st March, 2014	As at 31st March, 2013
1	<b>Capital Advances</b>		
	- Secured, Considered Good	—	—
	- Unsecured, Considered Good	—	—
	- Doubtful	—	—
	Less : Allowance For bad & Doubtful	—	—
	<b>Net</b>	<b>—</b>	<b>—</b>
2	<b>Security Deposits</b>		
	- Secured, Considered Good	5.27	5.00
	- Unsecured, Considered Good	5.23	4.97
	- Doubtful	1.36	1.36
	Less : Allowance For bad & Doubtful	1.36	1.36
	<b>Net</b>	<b>10.50</b>	<b>9.97</b>
3	<b>Loans and Advances to related parties</b>		
	- Secured, Considered Good	0.31	—
	- Unsecured, Considered Good	0.05	—
	- Doubtful	—	—
	Less : Allowance For bad & Doubtful	—	—
	<b>Net</b>	<b>0.36</b>	<b>—</b>
4	<b>Advances to employees</b>		
	- Secured, Considered Good	4.82	5.27
	- Unsecured, Considered Good	0.75	1.02
	- Doubtful	—	—
	Less : Allowance For bad & Doubtful	—	—
	<b>Net</b>	<b>5.57</b>	<b>6.29</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, 2014	As at 31st March, 2013
5	<b>Interest accrued on advances to employees</b>		
	- Secured, Considered Good	6.17	6.98
	- Unsecured, Considered Good	1.09	1.14
	- Doubtful	—	—
	Less : Allowance For bad & Doubtful	—	—
	<b>Net</b>	<b>7.26</b>	<b>8.12</b>
6	<b>Trade advances</b>		
	- Secured, Considered Good	—	—
	- Unsecured, Considered Good	0.77	67.67
	- Doubtful	93.36	92.58
	Less : Allowance For bad & Doubtful	93.36	92.58
	<b>Net</b>	<b>0.77</b>	<b>67.67</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	1.28	0.76
	- Unsecured, Considered Good	0.08	15.73
	- Doubtful	0.66	0.66
	Less : Allowance For bad & Doubtful	0.66	0.66
	<b>Net</b>	<b>1.36</b>	<b>16.49</b>
	<b>Total</b>	<b>25.82</b>	<b>108.54</b>
	<b>PARTICULARS OF LONG TERM LOANS AND ADVANCES</b>		
	- Secured, Considered Good	17.85	18.01
	- Unsecured, Considered Good	7.97	90.53
	- Doubtful	95.38	94.60
	<b>Total</b>	<b>121.20</b>	<b>203.14</b>
	Less : Allowance For bad & Doubtful	95.38	94.60
	<b>Net</b>	<b>25.82</b>	<b>108.54</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. Full provision has been made in earlier years. The company is 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 the award. However, the parties have raised objections to the award before honorable court. Hearing of the same is in progress.

18.2 Details of dues from Directors/ Officers :-

- Directors	:	NIL	NIL
- Officers	:	₹ 6.60 crore	₹ 5.37 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, 2014	As at 31st March, 2013
1	Long term trade receivable		
	- Secured, Considered Good	88.17	6.55
	- Unsecured, Considered Good	958.71	1,310.17
	- Doubtful	473.83	123.33
	Less : Allowance For bad & Doubtful	473.83	123.33
	<b>Net</b>	<b>1,046.88</b>	<b>1,316.72</b>
2	Claims recoverable		
	- Secured, Considered Good	0.20	0.20
	- Unsecured, Considered Good	13.10	32.90
	- Doubtful	130.09	4.94
	Less : Allowance For bad & Doubtful	130.09	4.94
	<b>Net</b>	<b>13.30</b>	<b>33.10</b>
3	Cash & Cash equivalents :		
	Other Bank Balances	—	—
	Term Deposit with banks :	—	—
	Interest accrued on Term Deposits :	—	—
	<b>Net</b>	<b>—</b>	<b>—</b>
4	Others (Specify Nature)		
	- Secured, Considered Good	—	—
	- Unsecured, Considered Good	0.81	0.66
	- Doubtful	—	—
	Less : Allowance For bad & Doubtful	—	—
	<b>Net</b>	<b>0.81</b>	<b>0.66</b>
	<b>Total</b>	<b>1,060.99</b>	<b>1,350.48</b>
	<b>PARTICULARS OF OTHER NON CURRENT ASSETS</b>		
	- Secured, Considered Good	88.37	6.75
	- Unsecured, Considered Good	972.62	1,343.73
	- Doubtful	603.92	128.27
	<b>Total</b>	<b>1,664.91</b>	<b>1,478.75</b>
	Less : Allowance For bad & Doubtful	603.92	128.27
	<b>Net</b>	<b>1,060.99</b>	<b>1,350.48</b>

19.1 Long term trade receivables include ₹ 568.44 crore (₹ 568.44 crore) on account of export of pharma product to foreign buyers on back to back basis. The entire amount is overdue. As there is default in payments against export bills by the buyers which have ultimately gone into liquidation, litigation processes have been initiated by STC as well as by Indian Associates and their bankers. A claim of ₹ 527.86 crore has been admitted by the liquidator. There is, however, a corresponding credit under back to back arrangement of ₹ 568.78 crore (₹ 568.60 crore) under sundry creditors. In view of this no provision is considered necessary.

19.2 Long term trade receivables include ₹ 788.47 crore (₹ 787.69 crore) under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balances of ₹ 342.18 crore (₹ 348.62 crore) are available, leaving net receivable of ₹ 446.29 crore. Action against the associates has been initiated. The matter is being pursued legally and company is hopeful of recovery. Yet as a measure of abundant caution a provision of ₹ 338.28 crore (₹ 69.56 crore) has been made during the year, making a total provision to ₹ 446.29 crore to the extent of net debtors.

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

(Amount in ₹ Crore)

- 19.3 Long term trade receivable includes ₹ 4.94 crore (₹ 4.94 crore) towards reimbursement of loss in supply of edible oil under PDS to M/s Gujarat State Civil Supply Corporation under the subsidy scheme of Government of India. The claim is being followed up with Government of India. However, as matter of prudence full provision has been made during the year.
- 19.4 Long term trade receivable includes ₹ 3.21 crore (₹ 3.20 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 ₹ 1.28 crore has been made during the year 2012-13 to the extent not covered by pledged stock.
- 19.5 Long Term Trade Receivables includes ₹ 51.52 crore (₹ 51.52 crore) against which credit balance amounting to ₹ 42.29 crore (₹ 42.29 crore) (Note no. 6) is available. Full provision for net amount of ₹ 9.23 crore has been made during the year. Trade & Misc. advances includes ₹ NIL (₹ 84.86 crore) (Note no 18) in respect of one of the associates through whom various agricultural items were exported up to 2011-12 through Mumbai branch. Upon non-receipt of the dues from the associate, the company has initiated necessary legal steps for its recovery. However considering remote possibility of its recovery full outstanding amount of ₹ 81.82 crore has been written off during the year.
- 19.6 Long Term Trade Receivables includes ₹81.55 crore (₹82.06 crore) recoverable from one of the associates against which legal cases u/s 138 of N.I. Act, 1881, for recovery of STC's dues are pending in Patiala House courts, New Delhi. The outstanding amount is secured by way of stock of HR coils pledged to STC lying under the control and custody of CWC, Mumbai. An amount of ₹4.00 crore has been recovered during the financial year 2013-14. Further, payment of ₹9.50 crore has been made by the associate till 27.05.2014. Hence , no provision is considered necessary.
- 19.7 Long Term Trade Receivables includes ₹11.83 crore (₹11.83 crore) recoverable from one of the associates for which legal cases u/s 138 of the N.I. Act, 1881, for recovery of STC's overdues are pending in Patiala House Courts, New Delhi. The outstanding amount is secured by way of stocks of HR coils pledged to STC lying under the control and custody of CWC, Mumbai. Hence, no provision is considered necessary.
- 19.8 Claims recoverable (Govt. of India) include ₹ 114.95 crore ( ₹ 158.93 crore) (Note no. 25) towards import of pulses under government account since the year 2006-07 to 2010-11. The claim for the same has been lodged with the Ministry of Consumer Affairs for reimbursement of actual losses. An amount of ₹ 44.00 crore received from the Ministry of Consumer Affairs against the claim during the year. As the reimbursement of claim has been delayed for over three years, as a matter of prudence provision of ₹114.95 crore has been made during the year.

### (2) CURRENT ASSETS

#### NOTE NO. 20

#### CURRENT INVESTMENTS

Particulars	As at 31st March, 2014	As at 31st March, 2013
Current Investment	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

#### NOTE NO. 21

#### INVENTORIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Stock in trade including with handling agents/local agent	0.68	43.17
(b) Stores and spares	0.15	0.19
(c) Packing materials	0.03	0.03
(d) Stationery	0.06	0.06
(e) Others	0.05	0.05
<b>Total</b>	<b>0.97</b>	<b>43.50</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	₹ NIL	₹ 1.64
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## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

### NOTE NO. 22

#### TRADE RECEIVABLES

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Trade receivables over Six Months</b>		
- Secured, Considerable Good	1,579.68	1,590.46
- Unsecured, Considerable Good	32.63	41.96
- Doubtful	–	0.07
Gross Receivable	<b>1,612.31</b>	<b>1,632.49</b>
Less : Allowance for bad & doubtful receivable	–	0.07
Net Receivable	<b>1,612.31</b>	<b>1,632.42</b>
<b>(b) Other Trade Receivables</b>		
- Secured, Considerable Good	355.77	651.11
- Unsecured, Considerable Good	0.36	5.58
- Doubtful	–	–
Gross Receivable	<b>356.13</b>	<b>656.69</b>
Less : Allowance for bad & doubtful receivable	–	–
Net Receivable	<b>356.13</b>	<b>656.69</b>
<b>Grand Total (a+b)</b>	<b>1,968.44</b>	<b>2,289.11</b>

22.1 Trade receivable includes ₹ 122.22 crore (₹ 121.99 crore) of one of the associates, which is overdue. The dues are fully secured by pledge of stocks, which were purchased under advance license in the name of the associate company. The fixed assets of the associate company have been taken over by Asset Reconstruction Company (India) Limited (ARCIL). ARCIL has initiated action to sell the associate company's fixed assets including its plant to another company, which will facilitate in liquidation of the pledged stock and recovery of the dues. No provision is considered necessary.

22.2 Trade receivable includes ₹ 1468.14 crore (₹ 1353.25 crore) recoverable from one of the associates for goods sold to them during earlier years. Dues are secured by EMD of ₹ 29.73 crore (₹ 37.78 crore), corporate guarantee of its holding company and the personal guarantee of the chairman of its holding company. In addition, the associate had signed a Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 with STC for payment of entire dues by 10.11.2012. However, the associate did not pay the entire dues and sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. The associate has affirmed its commitment to repay entire dues along with interest and paid ₹ 57.77 crore during the year 2013-14. Further, a sum of ₹23.00 crore has been received on 03.04.2014.

### NOTE NO. 23

#### CASH & CASH EQUIVALENTS

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Cash in hand	–	–
(b) Stamps & Stamp Papers	–	0.01
<b>(c) Balances with banks</b>		
- Cash Credit account - Debit Balance	9.81	1.62
- Current Accounts	18.23	44.48
<b>(d) Short Term Deposit with banks :</b>		
- Deposit pledged / Under Lien as margin Money	15.56	182.48
- Other Deposits	13.43	18.00
<b>(e) Interest accrued on Term Deposits :</b>		
- Deposit pledged / Under Lien as margin Money	0.22	0.02
- Other Deposits	0.63	1.29
(f) Unpaid Dividend Bank Account	0.25	0.24
<b>Total</b>	<b>58.13</b>	<b>248.14</b>

23.1 Short Term Deposits include ₹ 15.56 crore (₹182.48 crore) pledged with banks as margin against letters of credit.

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

(Amount in ₹ Crore)

### NOTE NO. 24

#### SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>1 Capital Advances</b>	—	—
- Secured, Considered Good	—	—
- Unsecured, Considered Good	0.09	0.81
- Doubtful	—	—
Less : Allowance For bad & Doubtful	—	—
<b>Net</b>	<b>0.09</b>	<b>0.81</b>
<b>2 Security Deposits</b>		
- Secured, Considered Good	0.54	0.89
- Unsecured, Considered Good	0.02	0.16
- Doubtful	—	—
Less : Allowance For bad & Doubtful	—	—
<b>Net</b>	<b>0.56</b>	<b>1.05</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	1.69	1.77
- Unsecured, Considered Good	0.70	0.81
- Doubtful	—	—
Less : Allowance For bad & Doubtful	—	—
<b>Net</b>	<b>2.39</b>	<b>2.58</b>
<b>5 Interest accrued on advances to employees</b>		
- Secured, Considered Good	0.75	0.69
- Unsecured, Considered Good	0.19	0.19
- Doubtful	—	—
Less : Allowance For bad & Doubtful	—	—
<b>Net</b>	<b>0.94</b>	<b>0.88</b>
<b>6 Trade advances</b>		
- Secured, Considered Good	0.06	—
- Unsecured, Considered Good	0.57	2.76
- Doubtful	—	0.51
Less : Allowance For bad & Doubtful	—	0.51
<b>Net</b>	<b>0.63</b>	<b>2.76</b>
<b>7 Advance tax ( net of provision)</b>		
- Secured, Considered Good	—	—
- Unsecured, Considered Good	27.78	22.81
- Doubtful	—	—
Less : Allowance For bad & Doubtful	—	—
<b>Net</b>	<b>27.78</b>	<b>22.81</b>
<b>8 Other Misc. advances</b>		
- Secured, Considered Good	0.87	2.09
- Unsecured, Considered Good	0.93	8.33
- Doubtful	—	—
Less : Allowance For bad & Doubtful	—	—
<b>Net</b>	<b>1.80</b>	<b>10.42</b>
<b>Total</b>	<b>34.19</b>	<b>41.31</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, 2014	As at 31st March, 2013
<b>PARTICULARS OF SHORT TERM LOANS AND ADVANCES</b>		
- Secured, Considered Good	3.91	5.44
- Unsecured, Considered Good	30.28	35.87
- Doubtful	–	0.51
<b>Total</b>	<b>34.19</b>	<b>41.82</b>
Less : Allowance For bad & Doubtful	–	0.51
<b>Net</b>	<b>34.19</b>	<b>41.31</b>

24.1 Details of dues from Directors/ Officers :-

- Directors	:	NIL	NIL
- Officers	:	₹ 1.91 crore	₹ 2.37 crore

### NOTE NO. 25

#### OTHER CURRENT ASSETS

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Prepaid Expenses	0.55	0.57
(b) TA advance	0.02	0.01
(c) Advance for expenses	1.42	0.53
(d) LTC Advance	–	–
(e) Premium on forward contract	–	–
(d) VAT receivable-input	1.09	0.67
(e) Income Tax Refundable	–	–
(f) Deposits	4.33	19.28
(g) Tax deducted at source	–	0.12
(h) Claims Recoverable :		
i. From Govt. of India	8.01	215.03
ii. From PSU Banks	0.18	2.71
iii. From PSU	1.38	–
iv. From Govt. Dept.	3.46	–
v. From Associates	3.92	14.06
vi. Others	2.50	5.65
(i) Exchange difference accrued on Forward Contract	–	0.01
(j) Accrued discount on Forward Contract	0.01	0.11
(k) Others	0.28	–
<b>Total</b>	<b>27.15</b>	<b>258.75</b>

25.1 Claims recoverable (Govt. of India) includes ₹ 5.28 crore towards import of pulses on behalf of UP government for sale under PDS scheme valid up to 30th June 2012. Claim in this regard was submitted to MOCA in March -13 i.e. after the last date of submission of claim due to delay in receipt of utilization certificate from state government, and the matter is being pursued. Similarly, Claims recoverable (State Govt.) includes ₹2.71 crore (₹ 2.71 crore) towards carrying costs for delayed lifting of pulses by State Govts. Claim for the same was lodged during the financial year 2011-12, the same is being followed up with the State Government. Since, there is a credit balance of ₹9.08 crore on these accounts received from UP govt, 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, 2014	For The Year Ended 31st March, 2013
<b>(a) Sales</b>		
Export	1,781.02	1,563.49
Import	13,545.80	17,015.28
Domestic	47.16	119.73
<b>Total(a)</b>	<b>15,373.98</b>	<b>18,698.50</b>
<b>(b) Other operating revenue</b>		
Exchange Fluctuation - Gain (Net)	—	119.32
Discount on Forward Contract	1.28	3.24
Reimbursement of Domestic Losses	0.04	—
Claims:		
From Govt. of India	0.03	21.25
From Insurance agencies	1.73	—
From Govt. departments	0.03	23.88
From business associates	63.28	136.67
Other claims	—	0.28
Cash Assistance /subsidy	—	0.22
Others	8.26	38.26
<b>Total(b)</b>	<b>74.65</b>	<b>343.12</b>
<b>Revenue from Operations (a+b)</b>	<b>15,448.63</b>	<b>19,041.62</b>

### NOTE NO 27

#### OTHER INCOME

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>(a) Interest income:-</b>		
Advance to Employees	1.16	1.20
Term Deposits With Banks & its subsidiaries :		
- Deposits pledged / under Lien as margin money	0.12	2.86
- Other Deposits	1.48	1.65
Term Deposits With FIs & its subsidiaries:		
Income Tax Refunds	1.00	1.02
Interest on Trade Finance/Associates :		
- Other than PCFC / EPC	180.68	229.36
Other Miscellaneous interest	0.01	0.04
<b>Total (a)</b>	<b>184.45</b>	<b>236.13</b>
<b>(b) Miscellaneous income:-</b>		
Rent received from Employees	0.08	0.07
<b>Total (b)</b>	<b>0.08</b>	<b>0.07</b>

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

(Amount in ₹ Crore)

### NOTE NO. 27

#### OTHER INCOME (Contd.)

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>(c) Rental income:-</b>		
Rent Received from let-out property	30.01	26.22
Recoveries for common services from tenants	5.61	2.04
<b>Total</b>	<b>35.62</b>	<b>28.26</b>
Less: Expenses related to let out property		
land & development office charges@25%	6.85	6.22
Property tax	6.84	5.69
Insurance premium	0.05	0.03
Maintenance charges	0.95	0.86
Administrative expenses	0.57	0.48
<b>Total</b>	<b>15.26</b>	<b>13.28</b>
<b>Net rental income - Total (c)</b>	<b>20.36</b>	<b>14.98</b>
<b>(d) Other Receipts:-</b>		
- Difference in exchange other than commodity items	0.04	0.73
- Misc. non Trade receipts	3.98	6.99
<b>Total (d)</b>	<b>4.02</b>	<b>7.72</b>
<b>Gross Total (a+b+c+d)</b>	<b>208.91</b>	<b>258.90</b>

### EXPENSES:

### NOTE NO 28

#### COST OF MATERIAL CONSUMED

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
Opening balance of packing material	0.03	–
Add: Purchases made during the year	0.16	0.13
<b>Total</b>	<b>0.19</b>	<b>0.13</b>
Less: Closing balance of packing material	0.03	0.03
<b>Cost of material consumed during the year</b>	<b>0.16</b>	<b>0.10</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, 2014	For The Year Ended 31st March, 2013
Purchase	14,309.85	17,849.16
Freight -Road	0.05	0.03
-Rail	0.04	18.13
-Marine	0.16	0.11
Exchange fluctuation -loss (Net)	59.46	–
Premium on forward contract	0.04	0.70
Insurance - General	0.96	0.65
- Marine	0.53	1.49
Customs Duty	779.14	471.35
Clearing, Handling, Survey fee, port & Other Charges	62.72	62.70
Processing Charges	0.34	8.76
Sales Tax/ Sur Charge on Sales Tax/VAT	0.17	–
Octroi/Purchase Tax Reimbursement	0.64	1.29
<b>Total</b>	<b>15,214.10</b>	<b>18,414.37</b>

29.1 Exchange fluctuation-loss (net) of ₹59.46 crore (gain ₹119.32 crore included in Note -26) includes ₹ 58.19 crore (gain ₹87.15 crore included in Note 26) 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)	(58.19)	10.13
(B) Import- Exchange Gain /(Loss) (Adjusted in Sales)	–	77.02
Exchange Fluctuation-net Gain/(Loss) (A+B)	(58.19)	87.15

### NOTE NO 30

#### Changes in inventories of finished goods, work in progress and stock-in-trade

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>(a) Inventories of finished goods</b>		
Opening balance	1.30	0.27
Less: Closing balance	0.67	1.30
<b>Changes in inventories of finished goods</b>	<b>0.63</b>	<b>(1.03)</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	41.87	543.14
Less: Closing balance	0.01	41.87
Changes in inventories of stock-in-trade	41.86	501.27
<b>Total (a+b+c)</b>	<b>42.49</b>	<b>500.24</b>

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

(Amount in ₹ Crore)

### NOTE NO 31

#### EMPLOYEES BENEFIT EXPENSE

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>(a) Remuneration to Staff &amp; Managers</b>		
Salaries and Allowances	73.03	68.53
Provident fund	5.19	4.65
Employees pension scheme 95 (EPS 95)	0.46	0.49
Bonus	—	—
Performance Related Pay	—	0.63
Welfare Expenses:		
- Medical Expenses on regular employees	5.42	4.51
-Medical Expenses on retired employees	8.62	6.28
-Medical Expenses on Actuarial Liability	26.50	9.99
- Others	1.13	1.08
Gratuity	6.98	5.27
Pension	4.27	3.63
<b>Total(a)</b>	<b>131.60</b>	<b>105.06</b>
<b>(b) Remuneration to Directors</b>		
Salaries and Allowances	1.17	1.16
Provident fund	0.08	0.07
Welfare Expenses		
- Medical Expenses on regular employees	0.03	0.01
-Medical Expenses on retired employees	0.09	0.08
- Others	—	—
Gratuity	0.04	(0.04)
Pension	0.07	0.20
<b>Total(b)</b>	<b>1.48</b>	<b>1.48</b>
<b>Grand Total (a+b)</b>	<b>133.08</b>	<b>106.54</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 ₹ 2,987 ( ₹11,955)

31.3 Whole time directors are allowed use of company car for non-duty journey up to 1000 km per month on payment of ₹ 490/520/780 per month, as applicable.

31.4 Actual medical expenses incurred towards retired employees including retired directors is ₹ 8.71 crore (₹6.36 crore) and provision for post-retirement medical benefits on actuarial basis is ₹26.50 crore (₹9.99 crore).

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

(Amount in ₹ Crore)

### NOTE NO 32 FINANCE COST

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>Bank Loan :</b>		
- Working capital Demand Loan(WCDL)	4.07	13.49
- Cash Credit	119.09	119.47
- Export packing credit/PCFC	30.16	27.57
- BAS/External Commercial borrowing	–	0.13
<b>Business associates :</b>		
- Deposits pledged / under Lien as margin money	0.32	3.72
- Other Deposits	0.71	0.79
TDS/TCS	–	0.01
Exchange fluctuation on borrowing	–	0.62
Others	0.06	0.45
<b>Total</b>	<b>154.41</b>	<b>166.25</b>

### NOTE NO 33 DEPRECIATION AND AMORTIZATION COST

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>Tangible Assets</b>		
<b>Free hold assets:</b>		
(a) Building	0.21	0.85
(b) Plant & Equipment	1.52	0.63
(c) Furniture & fixtures	0.19	0.23
(d) Vehicle	0.01	0.14
(e) Air conditioners & office equip.	0.48	0.45
(f) Computer, data processor & communication equipment	0.33	0.32
<b>Sub Total</b>	<b>2.74</b>	<b>2.62</b>
<b>Lease hold assets:</b>		
(a) Land	0.08	0.09
(b) Building	1.49	0.82
<b>Sub Total</b>	<b>1.57</b>	<b>0.91</b>
<b>Intangible Assets</b>		
(a) Amortization of Computer software	0.05	0.05
<b>Total</b>	<b>4.36</b>	<b>3.58</b>

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

(Amount in ₹ Crore)

### NOTE NO 34

#### OTHER EXPENSES

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>(a) Other Operating Expenses</b>		
L/C Negotiation & Bank Charges	1.28	2.69
Godown, Plot, Tank Rent	3.86	4.21
Claims Paid	2.90	–
Commission on Sales	0.02	0.10
Delivery charges	0.64	1.38
Cost of Tender (includes advertisement)	0.34	–
<b>Total (a)</b>	<b>9.04</b>	<b>8.38</b>
<b>(b) Administration expenses</b>		
Office Rent	3.00	3.01
Rates and Taxes:		
- Property Tax to Municipal Corporation	1.34	1.20
- Wealth Tax	0.03	0.16
- Others	0.03	0.03
Electricity and Water Charges	2.56	1.87
Printing and Stationery	0.51	0.48
Postage, Telegram, Teleprinter & Telex	0.12	0.15
Telephones	1.15	1.09
Books and Periodicals	0.04	0.02
Repairs :		
- Building	0.08	0.13
- Others	0.34	0.35
Travelling Expenses	1.98	2.33
Housing Colony Expenses	2.36	2.24
Service Vehicle Expenses	1.07	0.85
Insurance Premium	0.20	0.17
Auditors' Remuneration :		
- Account Audit Fees	0.13	0.13
- Tax Audit Fees	0.07	0.06
- Certification fees	0.03	0.03
- Other charges - TA/DA etc.	0.01	0.01
HRD Expenses	0.49	0.36
Information Technology Expenses	0.14	0.20
Conveyance Expenses	0.03	0.03
Maintenance of office building	1.37	1.20
Misc. Office expenses	3.44	2.59
Donations	0.05	–
<b>Total (b)</b>	<b>20.57</b>	<b>18.69</b>
<b>(c) Trade Expenses</b>		
Legal & Professional Expenses	1.92	4.39
Advertisement & Publicity	1.27	0.84
Exchange Fluctuations other than commodity items	0.52	0.30
Bank Charges	0.64	0.46
Entertainment expenses	0.40	0.37
Hospitality and Public Relations	0.03	0.05
Corporate Social Responsibility	0.54	0.57
Corporate Social Responsibility Provision	–	1.22
Research and Development	0.08	–
Other Trade Expenses	0.82	0.61
<b>Total ( c )</b>	<b>6.22</b>	<b>8.81</b>
<b>Total (a+b+c)</b>	<b>35.83</b>	<b>35.88</b>

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

(Amount in ₹ Crore)

### NOTE NO 35 EXCEPTIONAL ITEMS

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>(a) Expenses</b>		
Loss on sale of fixed assets	0.08	0.03
Litigation settlement	–	0.43
<b>Total (a)</b>	<b>0.08</b>	<b>0.46</b>
<b>(b) Write Offs</b>		
Trade Receivables	3.01	103.49
Claims	23.08	5.71
Loans and Advances	81.92	0.04
Assets	0.03	–
Investments	–	0.14
<b>Total (b)</b>	<b>108.04</b>	<b>109.38</b>
<b>(c) Provision for Doubtful debts, Loans and advances &amp; Investment</b>		
Trade Receivables	353.61	73.28
Claims	125.51	0.13
Loans and Advances	0.27	–
<b>Total (c)</b>	<b>479.39</b>	<b>73.41</b>
<b>(d) Income</b>		
Profit on Sale of Fixed Assets	0.02	0.01
Liabilities Created in previous years written back :		
- Statutory	0.05	–
- Others	14.86	7.48
Provision Written back for doubtful amounts realized :		
-Trade Receivables	0.22	0.25
-Claims	–	0.02
Provision Written back for doubtful amounts written off :		
-Trade Receivables	2.96	6.71
-Claims	0.35	5.71
-Loans and Advances	–	0.04
-Assets	0.03	–
-Investments	–	0.14
Write back of unclaimed credit balances	3.39	7.21
<b>Total (d)</b>	<b>21.88</b>	<b>27.57</b>
<b>Total (a+b+c-d)</b>	<b>565.63</b>	<b>155.68</b>

### NOTE NO 36 Extraordinary items

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
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, 2014	For The Year Ended 31st March, 2013
<b>(a) Income</b>		
Sales	–	11.97
Other Income	–	(0.15)
Interest Income	(0.04)	0.09
Misc. Income	0.50	0.04
<b>Total (a)</b>	<b>0.46</b>	<b>11.95</b>
<b>(b) Expenditure</b>		
Cost of Sales	0.12	11.34
Overheads		
-Administration	0.16	0.02
-Trade	0.03	0.01
Interest	0.01	–
<b>Total (b)</b>	<b>0.32</b>	<b>11.37</b>
<b>Net Adjustment (a-b)</b>	<b>0.14</b>	<b>0.58</b>

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

### NOTE NO 38

#### CURRENT TAX

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>Current Tax</b>		
Current Tax has been computed on profit of the year as per the prevailing tax laws	–	–
<b>Total</b>	<b>–</b>	<b>–</b>

38.1 In view of net taxable loss, no tax provision for the current year has been made.

### NOTE NO 39

#### DEFERRED TAX ASSETS (NET)

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
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 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, 2014	For The Year Ended 31st March, 2013
(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, 2014	For The Year Ended 31st March, 2013
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, 2014	For The Year Ended 31st March, 2013
A. Profit After Tax (PAT)	(492.20)	17.95
B. Weighted average No. of equity shares (in crore)	6.00	6.00
EPS - Basic in ₹ (A/B)	(82.03)	2.99
Face Value in ₹	10.00	10.00

### NOTE NO 43

#### EARNING PER EQUITY SHARE -DILUTED

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
A. Profit After Tax (PAT)	(492.20)	17.95
B. Weighted average No. of equity shares (in crore)	6.00	6.00
EPS - Basic in ₹ (A/B)	(82.03)	2.99
Face Value in ₹	10.00	10.00

**SIGNIFICANT ACCOUNTING POLICIES - 2013-14****1. FINANCIAL STATEMENTS**

The financial statements are prepared under the historical cost basis and conform to generally accepted accounting practices and policies in India. These statements have been prepared in accordance with applicable mandatory Accounting Standards and relevant presentation requirements under the Companies Act, 1956 except specified otherwise.

**2. BASIS OF ACCOUNTING**

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

- Claims for refund of excess insurance premium on open policies.
- Interest on loans to subsidiaries and on delayed payments of sales/ trade finance where realization is doubtful.
- Export benefits.
- Interest realisable from the items handled on Government account.
- Dividend on investment.
- Liquidated damages
- 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**

- Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.
- 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.
- 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.
- Income or expense on account of exchange difference on settlement or translation is recognized in the Profit & Loss Account. 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**

Fixed Assets are stated at historical cost less accumulated depreciation and impairment.

**6. INTANGIBLE ASSETS**

Cost incurred on Intangible assets, resulting in future economic benefits are capitalized as Intangible Assets and amortized on straight-line method beginning from the date of capitalization.

**7. DEPRECIATION AND AMORTISATION**

Fixed Assets other than land are depreciated on straight-line method on pro-rata basis with reference to the month of acquisition/ disposal at rates approved by the Board of Directors based on technical evaluation of estimated useful life, which are equal to or higher than those provided in Schedule XIV to the Companies Act, 1956. Premium on Leasehold land is amortised over the lease period. Assets with cost/written down value at the beginning of the year upto ₹ 5000/- are depreciated at 100% retaining a nominal value of Re. 1/-.

Depreciation rates adopted by the Company are as under:

Assets		Rates adopted by the Company (SLM basis)	Rates as per Schedule XIV to the Companies Act, 1956 (SLM)
1.	Building – Factory	3.34%	3.34%
	– Other than Factory	2.50%	1.63%
2.	Road, Culverts, Sewerage and Water Supply System	2.50%	1.63%
	i) Railway siding	12.5%	4.75%
	ii) Plant & Machinery	10%	4.75%
	iii) Furniture fittings	10%	6.33%
	iv) Air-conditioning & Office Equipments	12.50%	4.75%
	v) Computer, data processor and communication equipments	40%	16.21%
	vi) Vehicle	20%	9.50%
	vii) Warehouse	4%	1.63%
	viii) Land-lease hold	Over lease period	–
	ix) Capital items purchased upto ₹ 5000/-	100%	100%
	x) Assets having W.D.V upto ₹ 5000/-at the beginning of the year.	100%	–

## **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 Profit and Loss account 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**

- (i) 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.
- (ii) 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 balance sheet date to the extent that such events confirm the conditions existing at the balance sheet date.

## **11. COST OF SALES 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 purchase 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 Sales 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 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 Profit & Loss Account if there is no uncertainty relating to its ultimate realization. Claims recognized in Profit & Loss Account but subsequently becoming doubtful are provided for through the Profit & Loss Account.

## **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, recognized based on the undiscounted obligation of the company to contribute to the plan. The same is paid to a fund administered through a 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

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 the 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) Deferred tax is recognised, 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 FROM OPERATING ACTIVITIES

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.

## 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,
- 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 CHANDIOK & GULIANI

Chartered Accountant  
Firm Reg. No. 001199N

Sd/-

(B.B. KALIA)

Partner  
M.No. 085772

Place : New Delhi  
Dated : 27.05.2014

Sd/-

(KHALEEL RAHIM)

Chairman & Managing Director

Sd/-

(B.R. DHAWAN)

Chief General Manager (Finance)

Sd/-

(MANOJ MISHRA)

Director (Finance)

Sd/-

(R.K. GOGIA)

Company Secretary

## Notes forming part of Financial Statements

### 45. CONTINGENT LIABILITIES & COMMITMENT

(₹ in crore)			
I	Contingent Liabilities not provided for	31.3.2014	31.3.2013
A	Claims against the company not acknowledged as debt	1,392.30	1,467.54
B	Guarantees	110.27	219.87
C	Other money for which company is contingently liable	581.68	411.80
II	Commitment		
A	Estimated amount of contracts remaining to be executed on capital account and not provided for	9.57	10.09
B	Uncalled liability on shares and other investments partly paid	–	–
C	Other commitments	–	

Note: 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.

46. Trade receivables, loans & advances and other current & non-current assets include ₹61.09 crore (₹36.22 crore) which are under dispute/litigation. In some cases, there are corresponding payments withheld or receivables relating to commodities handled on Government of India's accounts. Hence no provision is considered necessary.
47. Balances in parties' accounts are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.
48. Current 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 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-VI OF THE COMPANIES ACT, 1956

(₹ in Crore)			
a)	Expenditure in Foreign Currency (on accrual basis)	2013-14	2012-13
i)	Import of Goods including freight etc.*	12,389.70	16,339.40
ii)	Training	0.04	0.04
iii)	Travelling	0.11	0.38
iv)	Agency Commission	0.01	–
v)	Others	3.94	0.11
	Total	12,393.80	16,339.93
b)	Earning in Foreign Exchange (on accrual basis)		
i)	Export of goods on FOB basis*	1,780.96	1,559.49
ii)	Others	–	13.63
	Total	1,780.96	1,573.12

\* include third party transactions.

## 51. INFORMATION ABOUT BUSINESS SEGMENT AS AT 31.03.2014 – attached.

## 52. RELATED PARTY TRANSACTION:

### 1. Key Management Personnel

- |                            |   |
|----------------------------|---|
| i. Directors               |   |
| a. Shri J.S. Deepak        | Chairman & Managing Director (up to 12/08/2013) |
| b. Shri Khaleel Rahim      | Chairman & Managing Director (from 12/08/2013)  |
|                            | Director (Marketing) (up to 11/08/2013)         |
| c. Shri M. M. Sharma       | Director (Personnel)                            |
| d. Shri Manoj Mishra       | Director (Finance)                              |
| e. Shri Rajiv Chopra       | Director (Marketing)                            |
| ii. Relatives of Directors | None  |

Remuneration paid to Directors (Key Management Personnel) has been disclosed in Note No 31(B) - Remuneration to Directors

### 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 – ₹ 4.32 crore (₹ 4.14 crore)

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

#### Name of the Officials

#### Designation

Sh. J S Deepak

Chairman (up to 12/08/2013)

Sh. Khaleel Rahim

Chairman (from 12/08/2013)

Sh. Manoj Mishra

Director Finance

## 53. DISCLOSURE AS PER AS-15 (EMPLOYEES BENEFIT)

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 Profit & Loss Account. 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 ₹ 93.97 crore (₹67.47 crore) is estimated as per actuarial valuation as on 31.03.2014 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 ₹ 16.19 crore (₹ 17.77 crore) for EL and ₹ 13.72 crore (₹ 13.10 crore) for HPL is estimated as per actuarial valuation as on 31.03.2014.



#### 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 ( $15/26 \times$  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 ₹ 51.28 crore (₹ 44.64 crore) is estimated as per actuarial valuation as on 31.03.2014 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 ₹ 1.56 crore (₹ 1.53 crore) is estimated as per actuarial valuation as on 31.03.2014 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 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 P&L Accounts and Balance Sheet are as under:

##### i. Expenses recognised in Profit & Loss Account

(₹ in Crores)			
2013-14			
Particulars	Gratuity	Earned Leave	Half Pay Leave
Current Service Cost	2.09	0.87	0.57
Past Service Cost	—	—	—
Interest Cost	3.57	1.42	1.05
Expected return on plan assets	(3.64)	—	—
Net actuarial (gain)/loss recognised in the year	5.44	3.62	(0.19)
Expenses recognised in the Profit & Loss Account	7.46	5.91	1.43

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

Particulars	Gratuity	Earned Leave	Half Pay Leave
Present value of obligation as on 31.3.2014	51.28	16.19	13.72
Fair value of plan assets as on 31.3.2014	46.12	—	—
Funded Status	(5.16)	(16.19)	(13.72)
Excess of actual over estimated	0.04		
Net Asset /(Liability) recognized in the Balance Sheet	(5.16)	(16.19)	(13.72)

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

Particulars	Gratuity	Earned Leave	Half Pay Leave
Present value of obligation as on 1.4.2013	44.64	17.77	13.10
Interest cost	3.57	1.42	1.04
Current Service Cost	2.09	0.87	0.57
Past Service Cost	—	—	—
Benefits paid	(4.50)	(7.49)	(0.80)
Net actuarial (gain)/loss on obligation	5.48	3.62	(0.19)
Present value of the defined obligation as on 31.3.2014	51.28	16.19	13.72

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

Particulars	Gratuity	Earned Leave	Half Pay Leave
Fair value of plan assets as on 1.4.2013	41.57	–	–
Expected return plan assets	3.64	–	–
Contributions by employer	5.37	–	–
Benefit paid	(4.50)	–	–
Actuarial gain / (loss)	0.04	–	–
Fair value of plan assets as on 31.3.2014	46.12	–	–

v. **Actuarial Assumptions**

Particulars	Gratuity	Earned Leave	Half Pay Leave
Discount rate	8.50%	8.50%	8.50%
Expected return on plan asset	8.75%	–	–
Future Salary Increase	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 & the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

Note: Total liability of gratuity for the year ended 31.03.2014 as per books of accounts is ₹ 7.02 crore. It includes gratuity liability of ₹ 5.16 crore in respect of employees on roll as on 31.03.2014 as per actuarial valuation report and ₹ 1.86 crore towards gratuity payment outstanding in respect of retired employees.

**54. Foreign Exchange Exposure as on 31.03.2014**

(a) On STC's Account

Particulars	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	–	–	32.01(29.35)	78.89 (0.10)

Note: The amount of USD 31.99 crore is recoverable at average rate of 1 USD = ₹46.18 as per agreement with the associate.

(b) On Business Associates Account

Particulars	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	–	0.07 (0.36)	31.46 (35.92)	1.02 (8.15)
EURO	–	–	0.09 ( 0.09)	- (0.01)
CHF	–	–	–	0.06 (0.03)

55. 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.

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 CHANDIOK & GULIANI**

Chartered Accountant  
Firm Reg. No. 001199N

Sd/-  
(B.B. KALIA)  
Partner  
M.No. 085772

Sd/-  
(KHALEEL RAHIM)

Chairman & Managing Director

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

Sd/-  
(MANOJ MISHRA)  
Director (Finance)

Sd/-  
(R.K. GOGIA)  
Company Secretary

Place : New Delhi  
Dated : 27.05.2014

## INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2014

(Amount in ₹ Crore)

S. No.	PARTICULARS	EXPORT		IMPORT	
		2013-14	2012-13	2013-14	2012-13
<b>1.</b>	<b>Revenue</b>				
a.	External sales	1,786.29	1,619.64	13,613.40	17,288.25
b.	Inter-segment sales	–	–	–	–
	<b>Total Revenue (1a+1b)</b>	<b>1,786.29</b>	<b>1,619.64</b>	<b>13,613.40</b>	<b>17,288.25</b>
<b>2.</b>	<b>Result</b>				
a.	Segment result	40.98	82.82	145.55	37.59
b.	Unallocated corporate expenses	2.27	(2.13)	131.66	(0.65)
<b>3.</b>	<b>Operating Profit (2a-2b)</b>	<b>38.71</b>	<b>84.95</b>	<b>13.89</b>	<b>38.24</b>
4.	Interest expenses	30.16	0.01	0.85	5.27
5.	Interest Income	175.51	191.06	2.04	13.44
6.	Income tax	–	–	–	–
<b>7.</b>	<b>Profit from ordinary activities (3-4+5-6)</b>	<b>184.06</b>	<b>276.00</b>	<b>15.08</b>	<b>46.41</b>
8 a.	Extraordinary loss/Expenses	–	–	–	–
8 b.	Prior period adjustment (Debit) / Credit	(0.04)	0.15	(0.12)	(0.12)
8 c.	Withdrawal from Export Import Contingency Reserve	–	–	–	–
	<b>Total (8a-8b+8c)</b>	<b>0.04</b>	<b>(0.15)</b>	<b>0.12</b>	<b>0.12</b>
<b>9.</b>	<b>Net Profit (7-8)</b>	<b>184.02</b>	<b>276.15</b>	<b>14.96</b>	<b>46.29</b>
<b>10.</b>	<b>Other Information</b>				
a.	Segment assets	2,543.02	3,032.64	391.26	1,035.63
b.	Segment liabilities	1,440.76	1,282.76	485.39	807.07
c.	Capital Expenditure	–	–	–	–
d.	Depreciation	–	–	–	–
e.	Non -cash expenses other than depreciation	(79.53)	6.36	1.20	0.04

## INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2014

(Amount in ₹ Crore)

DOMESTIC		UNALLOCATED		CONSOLIDATED	
2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
48.94	133.74	–	–	15,448.63	19,041.63
–					
<b>48.94</b>	<b>133.74</b>	<b>–</b>	<b>–</b>	<b>15,448.63</b>	<b>19,041.63</b>
(3.69)	(1.88)	–	–	182.84	118.53
7.29	(0.38)	564.18	273.66	705.40	270.50
<b>(10.98)</b>	<b>(1.50)</b>	<b>(564.18)</b>	<b>(273.66)</b>	<b>(522.56)</b>	<b>(151.97)</b>
0.22	0.45	123.18	160.53	154.41	166.26
4.55	29.30	2.35	2.32	184.45	236.12
–	–	(0.18)	(3.52)	(0.18)	(3.52)
<b>(6.65)</b>	<b>27.35</b>	<b>(684.83)</b>	<b>(428.35)</b>	<b>(492.34)</b>	<b>(78.59)</b>
–				–	
0.50	–	(0.20)	0.55	0.14	0.58
–	–	–	(95.96)	–	(95.96)
<b>(0.50)</b>	<b>–</b>	<b>0.20</b>	<b>(96.51)</b>	<b>(0.14)</b>	<b>(96.54)</b>
<b>(6.15)</b>	<b>27.35</b>	<b>(685.03)</b>	<b>(331.84)</b>	<b>(492.20)</b>	<b>17.95</b>
170.64	200.96	207.38	210.38	3,312.30	4,479.61
8.06	37.00	1,280.36	1,762.85	3,214.57	3,889.68
–	–	1.37	17.17	1.37	17.17
–	–	4.35	3.58	4.35	3.58
7.38	0.06	658.38	176.33	587.43	182.79

# STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES.

1	Name of Subsidiary Company	<b>STCL Limited</b>	
		2013-14	2012-13
		(Provisional)	(Audited)
2	The Financial year of the Subsidiary Company ended on	31st March 2014	31st March 2013
3	Shares of the Subsidiary Company held by STC of India Ltd.		
i)	Number	1,50,000	1,50,000
ii)	Extent of Holding	100%	100%
4	The net aggregate of profit of the Subsidiary Company for the financial year so far as it concerns the members of STC of India Ltd		
i)	Dealt within the Accounts of STC of India Ltd for the year ended 31st March	NIL	NIL
ii)	Not dealt within the Accounts of STC of India Ltd for the year ended. (₹ Crore)	(352.69)	(296.12)
5	The net aggregate amount of profit of the Subsidiary Company for the previous financial year so far as they concern the members of STC of India Ltd.		
i)	Dealt within the Accounts of STC of India Ltd for the year ended 31st March.	NIL	NIL
ii)	Not dealt within the Accounts of STC of India Ltd. (₹ Crore)	(2451.56)	(2098.25)

Sd/-  
**(KHALEEL RAHIM)**  
Chairman and Managing Director

Sd/-  
**(R.K. GOGIA)**  
Company Secretary

Sd/-  
**(MANOJ MISHRA)**  
Director-Finance

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

PLACE: NEW DELHI  
Dated : 27. 05. 2014

## MANAGEMENT REPLIES TO THE COMMENTS OF STATUTORY AUDITORS ON THE ACCOUNTS FOR THE YEAR 2013-14

Comments of the Statutory Auditors	Management Replies
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 on behalf of a business associate. The company has alleged fraud by the business associates and matter has been referred to CBI. We also understand that two ex-Directors and a General Manager have been charge sheeted. However, in absence of details of the charge sheets and the inquiries, we are unable to opine if there was a fraud or a suspected management fraud and comment on any misstatements made in these accounts in respect of the above transactions. Pending outcome of legal steps initiated for recovery/ CBI probe, full provision of ₹ 87.39 Crore was made in earlier year. However, the company is successful in getting Arbitration Award of ₹ 110.00 Crores in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the parties and hearing is pending in this case.	The charge-sheet to ex-Directors and ex-GMs were issued by Vigilance Dept. The documents are in the custody of Vigilance Dept. of Ministry/ Corporation and are of confidential nature. Hence, the documents could not be provided to statutory auditors.
2. Reference is invited to note no. 19.1, regarding ₹ 568.44 Crores on account of export of pharma product to foreign buyer 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 STC as well as by Indian Associates and their bankers. A claim of ₹ 527.86 Crore has been admitted by the liquidator. There is however corresponding credit balance of ₹ 568.78 Crore under trade payables. Management does not anticipate any liability on this account.	No further comments.
3. Reference is invited to note no. 19.2 , regarding long term trade receivable of ₹ 788.47 Crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹ 342.18 Crores are available leaving net receivable of ₹ 446.29 Crores. Actions against the 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 ₹ 446.29 Crores has been made in respect of this account.	As per the agreement with the associate the repatriation of export proceeds was the responsibility of Indian associates. Legal action against these associates has already been initiated. The matter is also under investigation by the concerned agencies.
4. Reference is invited to Note no. 19.3, regarding Long Term Trade Receivable which includes ₹ 4.94 Crores towards reimbursement of loss in supply of Edible Oil under PDS scheme of Govt. of India for which claim was pending with Govt. of India. However as a matter of prudence full provision has been made during the year.	The claim is being pursued with Govt. of India.

Comments of the Statutory Auditors	Management Replies
5. Reference is invited to Note No. 19.5, in respect of dues from one of the business associates against which there is no stock pledged to the company. Upon non-receipt of dues from the associate, the company has initiated necessary legal steps for its recovery. Full provision for the net amount of ₹ 9.23 Crores has been made and ₹ 81.82 Crores was written off during the year.	No further comments.
6. Reference is invited to note no. 19.8, regarding claims recoverable amounting to ₹ 114.95 Crores towards reimbursement of actual losses on import of pulses under Government account since the year 2006-07 onwards. The claim for the same has been lodged with the Ministry of Consumer Affairs, Government of India and is pending since long. The reimbursement has been delayed for over three years and as a matter of prudence, company has made full provision of the claim recoverable, during the year.	The claim is being pursued with Govt. of India.
7. Reference is invited to note no. 22.1, relating to ₹ 122.22 Crores due from Jhagadia Copper Limited, the Company is under Liquidation and in the process of reconstruction by asset reconstruction Company (India) Limited. The dues are fully secured by pledge of Stock. Financial impact of the same cannot be ascertained at this stage.	These stocks were purchased under advance license in the name of the associate company. ARCIL has initiated action to sell the associate company's assets including its plant to another company which will facilitate in the liquidation of the pledged stock. The stocks are under the custody of Central Warehousing Corporation. As per valuation report of independent valuer, the value of the stock as on 31.03.2014 is much higher than the amount due to STC.
8. Reference is invited to note no 22.2, Trade Receivable of ₹ 1468.14 Crores recoverable 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 STC by 10.11.2012. However, the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. The associate has affirmed to repay entire dues along with interest. The associate has paid an amount of ₹ 57.77 Crores during current year and ₹ 23 Crores in April 2014. Management is hopeful of the full recovery.	Upon default by the associate the Corporation has already filed criminal complaint u/s 138 of Negotiable Instrument Act in Oct 2012. The associate has affirmed to repay entire dues along with interest and has sought more time for making full payment, which the Corporation has not agreed. The case is being pursued vigorously. The associate has so far paid ₹ 228 crore even after filing of the case.
9. Reference is invited to note no. 25.1, regarding claims recoverable of ₹ 5.28 Crores towards imports of pulses on behalf of UP Government for sales under PDS Scheme valid up to 30th June 2012. Claim in this regard was submitted to MOCA in March 2013 i.e. after the last date of submission of claim due to delay in receipt of utilization certificate from State Govt. and the matter is being pursued. Since, there is credit balance of ₹ 9.08 Crores on these accounts received from UP Government, no provision is considered by the management.	No further comments.



Comments of the Statutory Auditors	Management Replies
10. Note No. 47 & 48 relating to Pending reconciliation/ confirmation of balances in parties accounts and current liabilities and consequential adjustment that may arise on reconciliation.	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.
11. 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 related parties. In our opinion, the verification of goods like coal, wheat, etc. is not by actual weighment, but by actual receipt and dispatch without accounting for handling losses. In respect of stock of Wheat 1925.78 MTs at Kandla Port lying since the year 2004-05 as there was no confirmation of the quality and quantity is available the value of the same is being taken as NIL.	As per company's business model, goods sold to associate are pledged back to STC unless payment is made by the party. The storage loss, if any, is to the account of associates. Therefore, actual weighment is not undertaken. However, in respect of business on Govt. account (like wheat) accounting of handling losses is done on completion of each shipment.  The quantity of 1925.78 MTs wheat was purchased during 2004-05 and has since deteriorated in quality. Its market value was considered NIL in earlier years. Hence, no confirmation was considered necessary. The case is being investigated by outside agencies.
12. In our Opinion, though the procedures for physical verification is in place and instruction & guidelines are issued from time to time for verification of stock/ inventories but the same is not being followed strictly for all materials which are handled by and are in custody of third parties.	Instructions and guidelines have been issued from time to time to branches and divisions for verification of inventories/ stocks by nominated surveyors as well as STC officials on periodic basis. Checking compliance of the same has also been included in the scope of internal auditors. However, physical verification of stocks and inventories has been carried out at the year-end.
13. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and also the sale of goods. Further on the basis of our examination and according to the information and explanation given to us, we have not observed any instance of continuous failure to correct major weaknesses in internal control procedures. However, internal control procedure regarding review, realization of advances and other claims and reconciliation of balance of sundry debtors and creditors require strengthening.	A system has been put in place whereby all overdues are reported and reviewed every month starting from Branch/ Division level and monitored by Management. Respective branches and divisions have been instructed for monitoring the overdues recoveries on regular basis. Balances of debtors/ creditors and liabilities are being reconciled after completion of each transaction and the accounts are settled with the associates.

Comments of the Statutory Auditors	Management Replies
<p>14. Based upon the audit procedures performed and the information and explanations given by the management, we report that no material fraud on or by the company has been noticed or reported during the course of our audit except a case of misappropriation / removal of pledged stock by an associate having an outstanding balance of ₹ 81.82 Crores under Trade and Miscellaneous advances. It was informed that criminal complaint was lodged with Additional Commissioner of Police (EOW) on 13th March, 2014 and also complaint was lodged with CBI Mumbai on 21st April, 2014 after the Balance Sheet date. As there was no security available against the advance and considering the remote possibility the amount of ₹ 81.82 Crores has been fully written off during the year. Matter is under investigation. (Refer Note no. 19.5)</p>	<p>As regards the case of removal of stocks by the associates, legal action has been initiated against the defaulting associate. The matter has also been referred for investigation by outside agency.</p>

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

Sd/-  
**(Manoj Mishra)**  
Director (Finance)



संख्या / No. PDCA-I/ND/CHQ/29-15/2014-15/317

**भारतीय लेखा तथा लेखापरीक्षा विभाग,**  
कार्यालय प्रधान निदेशक वाणिज्यिक 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 - 11.08.2014

सेवा में,

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

विषय:— कम्पनी अधिनियम 1956 की धारा 619 (4) के अधीन 31 मार्च 2014 को समाप्त वर्ष के लिए स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड के लेखाओं पर भारत के नियंत्रक महालेखा परीक्षक की टिप्पणियां।

महोदय,

कम्पनी अधिनियम 1956 की धारा 619 (4) के अधीन 31 मार्च 2014 को समाप्त हुए वर्ष के लिए स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड के लेखाओं पर भारत के नियंत्रक महालेखा परीक्षक की टिप्पणियाँ अग्रेषित की जाती हैं। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए और कम्पनी की महासभा में उसी प्रकार रखा जाए जिस प्रकार सांविधिक लेखा परीक्षकों की लेखा परीक्षा रिपोर्ट रखी जाती है।

संलग्न: टिप्पणियाँ

भवदीय,  
ह.  
(विमलेन्द्र पटवर्धन)  
प्रधान निदेशक

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तृतीय तल, ए-स्कन्ध, इन्द्रप्रस्थ भवन, इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110002

3rd Floor, A-Wing, Indraprastha Bhawan, New Delhi-110002.

दूरभाष/Tele.: 011-23378473, फैक्स/Fax : 011-23378432

e-mil : mabNewdelhi1@cag.gov.in

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of **The State Trading Corporation of India Limited** for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of **The State Trading Corporation of India Limited** for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and the Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

## A. Comments on Profitability

### Statement of Profit and Loss

#### Other Income (Note No. 27) – ₹ 208.91 crore

The above is overstated by ₹ 175.50 crore being the interest income booked during the year 2013-14 on account of outstanding dues recoverable from M/s. GSPI/GSHL for export of steel slabs during the period 2008 – 2010 in contravention of provisions of Accounting Standard 9 'Revenue Recognition.' As the recovery of principle 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 agreement dated 17th May 2012, recognition of the interest income on the outstanding dues is not prudent. Thus, recognition of interest income for the year 2013-14 is not correct. Consequently, 'Loss for the year' is understated by ₹ 175.50 crore and 'Trade Receivables' are overstated to the same extent.

## B. Comments on Financial Position

### Balance Sheet Assets

#### Current Assets

#### Trade Receivables (Note No. 22) – ₹ 1968.44 crore

The above includes ₹ 1468.14 crore recoverable from M/s. GSPI/GSHL on account of steel slabs exported during the period 2008-2010. The above amount is although shown as secured against EMD of ₹ 29.73 crore, corporate guarantee of its holding Company and personal guarantee of the Chairman of the holding company, however, the associate did not pay the entire dues even after conciliation agreement dated 15 November 2011 and further settlement agreement dated 17 May 2012 for payment of entire dues. The Company has initiated legal action against the associate. Considering the rate of recovery, lack of adequate security and age of outstanding dues, we are unable to comment on the possibility of recovery of outstanding dues of ₹ 1468.14 crore.

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

Sd/-

**(Vimalendra Patwardhan)**

Principal Director of Commercial Audit &  
ex-officio Member, Audit Board-I, New Delhi.

Place : New Delhi

Dated : 11 August 2014

# MANAGEMENT REPLIES TO THE COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

C & AG COMMENTS	MANAGEMENT REPLIES
<p><b>A. Comments on Profitability</b></p> <p><b>Statement of Profit and Loss</b></p> <p><b>Other Income (Note No. 27) – ₹ 208.91 crore</b></p> <p>The above is overstated by ₹ 175.50 crore being the interest income booked during the year 2013-14 on account of outstanding dues recoverable from M/s. GSPI/GSHL for export of steel slabs during the period 2008 – 2010 in contravention of provisions of Accounting Standard 9 'Revenue Recognition.' As the recovery of principle 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 agreement dated 17th May 2012, recognition of the interest income on the outstanding dues is not prudent. Thus, recognition of interest income for the year 2013-14 is not correct. Consequently, 'Loss for the year' is understated by ₹ 175.50 crore and 'Trade Receivables' are overstated to the same extent.</p>	<p>The associate had signed a Conciliation Agreement with STC on 15.11.2011 and further Conciliation Agreement dated 17.05.2012 for payment of <b>entire dues including interest</b> at applicable rate. The Conciliation Agreement is in the nature of legally enforceable decree under Indian Arbitration and Conciliation Act. The associate has so far paid an amount of ₹ 576.32 crore against the outstanding dues since signing of the Conciliation agreement. Though the Associate has failed to pay the entire dues as per agreed schedule, it has reaffirmed its commitment to repay the outstanding along with interest in its various communications to STC.</p> <p>Since the entire outstanding amount including interest was covered under the Conciliation agreements and the associate also reaffirmed its liability to pay from time to time, the interest accrued has been continued to be considered as income of the company each year, including for 2013-14.</p>
<p><b>B. Comments on Financial Position</b></p> <p><b>Balance Sheet Assets</b></p> <p><b>Current Assets</b></p> <p><b>Trade Receivables (Note No. 22) – ₹ 1968.44 crore</b></p> <p>The above includes ₹ 1468.14 crore recoverable from M/s. GSPI/GSHL on account of steel slabs exported during the period 2008-2010. The above amount is although shown as secured against EMD of ₹ 29.73 crore, corporate guarantee of its holding Company and personal guarantee of the Chairman of the holding company, however, the associate did not pay the entire dues even after conciliation agreement dated 15 November 2011 and further settlement agreement dated 17 May 2012 for payment of entire dues. The Company has initiated legal action against the associate. Considering the rate of recovery, lack of adequate security and age of outstanding dues, we are unable to comment on the possibility of recovery of outstanding dues of ₹ 1468.14 crore.</p>	<p>The Principal amount including interest is covered under the Conciliation agreement, signed with the party under the supervision of two High Court Judges (Retd). The associate has paid ₹ 576.32 crore after signing of the Conciliation agreement and requested for more time for clearing STC's dues, which the company has not agreed. The Conciliation Agreement is in the nature of legally enforceable decree under Indian Arbitration and Conciliation Act.</p> <p>Consequent to failure of the party to pay the entire dues within time, the on-dated cheques for the entire dues were deposited; and upon dishonour of cheques, STC filed cases u/s 138 of the Negotiable Instruments Act in Oct. 2012, which are being pursued vigorously. The associate has continued to repay the outstanding amount intermittently and, even after filing of the case, has paid ₹ 227.60 crore.</p> <p>Keeping in view the entire amount recoverable being covered under the Conciliation Agreements, which is in the nature of a legally enforceable decree; the reaffirmation of the party's commitment to repay entire outstanding on various occasions and the actual realization of ₹ 576.32 crore so far after signing of the Conciliation Agreement on 15.11.2011, the debt as on 31.03.2014 has been considered secured and fully recoverable.</p>

Sd/-  
(Khaleel Rahim)  
Chairman & Managing Director

Sd/-  
(Manoj Mishra)  
Director-Finance

## SUMMARISED BALANCE SHEET OF THE STATE TRADING CORPORATION AND ITS SUBSIDIARY

(₹ in Crore)				
Particulars	The State Trading Corporation of India Limited		STCL Limited	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
	Audited	Audited	Audited	Audited
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) Shareholder's funds</b>				
(a) Share capital	60.00	60.00	1.50	1.50
(b) Reserve & Surplus	37.73	529.93	(2,451.56)	(2,098.25)
(c) Money received against share warrants	-	-		
<b>(2) Share application money pending allotment</b>	-	-		
(1) Corporate Office A/c balance	-	-		
TOTAL (1+2)	97.73	589.93	(2,450.06)	(2,096.75)
<b>(3) Non-Current Liabilities</b>				
(a) Long-term borrowings	-	-	-	-
(b) Other long term liabilities	1,153.22	1,156.71	-	-
(c) Long-term provisions	100.12	73.24	0.69	1.01
TOTAL (3)	1,253.34	1,229.95	0.69	1.01
<b>(4) Current Liabilities</b>				
(a) Short-term borrowings	1,287.80	1,505.39	1,185.27	1,185.27
(b) Trade Payables	304.36	912.10	0.21	1.45
(c) Other current liabilities	352.65	213.01	1,287.75	935.74
(d) Short-term provisions	16.42	29.23	0.16	0.11
TOTAL (4)	1,961.23	2,659.73	2473.39	2122.57
<b>Total</b>	<b>3,312.30</b>	<b>4,479.61</b>	<b>24.02</b>	<b>26.84</b>
<b>II. ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Fixed Assets				
(i) Tangible Assets	62.39	57.70	6.49	7.38
(ii) Intangible Assets	0.04	0.07	-	-
(iii) Capital Work In Progress	0.86	8.69	-	-
(iv) Intangible Assets under development	-	-	-	-
Total (a)	63.29	66.46	6.49	7.38
(b) Non-Current investments	0.31	0.31	0.02	0.02
(c) Deferred tax assets (net)	73.01	73.01	-	-
(d) Long-term loans and advances	25.82	108.54	11.16	10.74
(e) Other non-current assets	1,060.99	1,350.48	-	-
TOTAL (1)	1,223.42	1,598.80	17.68	18.15
<b>(2) Current Assets</b>				
(a) Current investments	-	-	-	-
(b) Inventories	0.97	43.50	-	-
(c) Trade receivables	1,968.44	2,289.11	0.09	0.09
(d) Cash and cash equivalents	58.13	248.14	0.17	0.70
(e) Short-term loans and advances	34.19	41.31	5.63	7.21
(f) Other current assets	27.15	258.75	0.46	0.70
TOTAL (2)	2,088.88	2,880.81	6.35	8.69
<b>Total</b>	<b>3,312.30</b>	<b>4,479.61</b>	<b>24.02</b>	<b>26.84</b>

## SUMMARISED PROFIT & LOSS ACCOUNT OF THE STATE TRADING CORPORATION AND ITS SUBSIDIARY

(₹ in Crore)				
Particulars	The State Trading Corporation of India Limited		STCL Limited	
	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013
	Audited	Audited	Audited	Audited
<b>I.</b> Revenue from operations	15,448.63	19,041.62	89.50	105.56
<b>II.</b> Other income	208.91	258.90	2.40	3.96
<b>III. Total Revenue (I+II)</b>	<b>15,657.54</b>	<b>19,300.52</b>	<b>91.90</b>	<b>109.51</b>
<b>Expenses-</b>				
a) Cost of material consumed	0.16	0.10	-	-
b) Purchase of stock-in -Trade	15,214.10	18,414.37	82.79	86.44
c) Changes in inventories of finished goods, work -in-progress and stock-in-trade	42.49	500.24	-	14.72
d) Employee benefits expense	133.08	106.54	7.36	3.66
e) Finance cost	154.41	166.25	349.96	298.17
f) Depreciation and amortisation expense	4.36	3.58	0.91	0.91
g) Other expenses	35.83	35.88	1.63	1.85
<b>IV. Total expenses (a+b+c+d+e+f+g)</b>	<b>15,584.43</b>	<b>19,226.96</b>	<b>442.65</b>	<b>405.74</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>	<b>73.11</b>	<b>73.56</b>	<b>(350.74)</b>	<b>(296.23)</b>
<b>VI.</b> Exceptional items - Debit/(Credit)	565.63	155.68	1.95	0.12
<b>VII.</b> Withdrawal from Export Import Contingency Reserve	-	(95.96)	-	-
<b>VIII. Profit before extraordinary items and tax (V-VI-VII)</b>	<b>(492.52)</b>	<b>13.84</b>	<b>(352.69)</b>	<b>(296.35)</b>
<b>IX.</b> Extraordinary items	-	-	-	-
<b>X.</b> Prior Period Adjustment Net - (debit)/credit	0.14	0.58	0.01	0.23
<b>XI. Profit before tax (VIII-IX+X)</b>	<b>(492.38)</b>	<b>14.42</b>	<b>(352.69)</b>	<b>(296.12)</b>
<b>XII. Tax expense:</b>				
(1) Current tax	-	-	-	-
(2) Tax relating to earlier years	(0.18)	(3.53)	-	-
(3) Provision for MAT Credit Entitlement	-	-	-	-
(4) Deferred tax	-	-	-	-
<b>Total Tax Expense (XII)</b>	<b>(0.18)</b>	<b>(3.53)</b>	<b>-</b>	<b>-</b>
<b>XIII. Profit(loss) for the period from continuing operations (XI-XII)</b>	<b>(492.20)</b>	<b>17.95</b>	<b>(352.69)</b>	<b>(296.12)</b>
<b>XIV.</b> Profit (loss) from discontinuing operations	-	-	-	-
<b>XV.</b> Tax expense of discontinuing operations	-	-	-	-
<b>XVI. Profit (loss) from discontinuing operations after tax (XIV-XV)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. Profit (Loss) for the period (XIII +XVI)</b>	<b>(492.20)</b>	<b>17.95</b>	<b>(352.69)</b>	<b>(296.12)</b>







**Consolidated Accounts  
of STC & its Subsidiary  
2013-14**



# INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To  
The Members of  
THE STATE TRADING CORPORATION OF INDIA LIMITED

## 1. Report on Financial Statements

We have audited the accompanying Consolidated Financial Statements of THE STATE TRADING CORPORATION OF INDIA LIMITED ("the Company") and its subsidiary (collectively referred as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2014, the Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

## 2. Management's responsibility for the financial statements

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Group in accordance with the accounting standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## 3. Auditor's Responsibility

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

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

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

## 4. Basis for Qualified Opinion

- a) The financial statements of the Group are made on the assumption of going concern however, considering the fact that subsidiary company had initiated winding up process and got it approved in Extraordinary General Meeting held on 12-09-2013 and from the concerned Ministry. Thus, this indicates the existence of a material uncertainty that may cast significant doubt on Subsidiary Company's ability to continue as going concern and therefore the Subsidiary Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statement of subsidiary does not fully disclose this fact.
- b) The Subsidiary has weak finance and operating controls. Some of the areas are :-
  - 1) There has been delay in leasing out the steam sterilization unit located at Chindwara since the lease agreement with the previous lessee was terminated (9months). Moreover the lease rentals from November 2013 to February 2014 amounting to ₹ 8.80 Lacs has been waived;
  - 2) Advances to cardamom suppliers are given by way of bearer cheques;
  - 3) Company has not been able to complete reconciliation on onion related debit and credit balances;
  - 4) Initiated various recovery proceedings which were carried forward by the officials, however company has so far not succeeded in securing the assets of the business associates.
- c) The Subsidiary has weak internal control procedures.
  1. The Subsidiary Company has issued charge sheet to 7 serving officials in respect of missing stocks of Iron-ore fines (refer Note No.18.3)

2. In respect of irregularities in merchant trade transactions in metal scrap, 10 officers were issued charge sheet by the Chairman of the Subsidiary Company and the CVC has completed the enquiry proceeding and Disciplinary authority vide its order dated 07-05-2014 had imposed punishment of dismissal to 3 officials, compulsory retirement to 5 officials and reduction in increment by two level to one official.
  3. We have not been shown concrete steps being taken for recovery of the amounts due from parties for whom provisions has been made in the accounts as doubtful.
- d) Subsidiary Company has not recognizing sales and purchases with respect to auction sales in accordance with AS-9 on revenue recognition which is not as per the accounting policy of the Group.

## 5. Emphasis of Matters

Without qualifying our opinion, we draw attention to the following:

- a) Reference is invited to Note No 8.5 of Notes to Financial Statements which states that an amount of ₹ 1185.27 Crores shown under short term borrowings towards principal amount and ₹ 1275.31 Crores shown under current liabilities towards Interest on the above loan from banks is secured by creating a paripassu charge on the current assets and also secured by creating mortgage on the immovable properties located at Chindwara in Madhya Pradesh (3.239 Hectares), Byadagi (5 Acres), Siddapura (2.25Acres) and Madikeri (0.5 Acres) in Karnataka in favour of the Bankers. The estimated value of security as shown in the Notes to Financial Statements is ₹ 3.40 Crores. The above Loan has been classified as NPA by consortium of Banks and UCO Bank.
- b) Reference is invited to note no.18.2 relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of a business associate. The company has alleged fraud by the business associates and matter has been referred to CBI. We also understand that two ex-Directors and a General Manager have been charge sheeted. However, in absence of details of the charge sheets and the inquiries, we are unable to opine if there was a fraud or a suspected management fraud and comment on any misstatements made in these accounts in respect of the above transactions. Pending outcome of legal steps initiated for recovery/CBI probe, full provision of ₹ 87.39 Crore was made in earlier year. However, the company is successful in getting Arbitration Award of ₹ 110.00 Crores in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the parties and hearing is pending in this case.
- c) Reference is invited to note no. 19.1, regarding ₹ 568.44 Crores on account of export of pharma product to foreign buyer 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 STC as well as by Indian Associates and their bankers. A claim of ₹ 527.86 Crore has been admitted by the liquidator. There is however corresponding credit balance of ₹ 568.78 Crore under trade payables. Management does not anticipate any liability on this account.
- d) Reference is invited to note no. 19.2 , regarding long term trade receivable of ₹ 788.47 Crore under the Credit Linked Insurance Scheme(CLIS) for export of gold jewelry etc. against which corresponding credit balance of ₹ 342.18 Crores are available leaving net receivable of ₹ 446.29 Crores. Actions against the 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 ₹ 446.29 Crores has been made in respect of this account.
- e) Reference is invited to Note no. 19.3, regarding Long Term Trade Receivable which includes ₹ 4.94 Crores towards reimbursement of loss in supply of Edible Oil under PDS scheme of Govt. of India for which claim was pending with Govt. of India. However as a matter of prudence full provision has been made during the year.
- f) Reference is invited to Note No. 19.5, in respect of dues from one of the business associates against which there is no stock pledged to the company. Upon non-receipt of dues from the associate, the company has initiated necessary legal steps for its recovery. Full provision for the net amount of ₹ 9.23 Crores has been made and ₹ 81.82 Crores was written off during the year.
- g) Reference is invited to note no. 19.8, regarding claims recoverable amounting to ₹ 114.95 Crores towards reimbursement of actual losses on import of pulses under Government account since the year 2006-07 onwards. The claim for the same has been lodged with the Ministry of Consumer Affairs, Government of India and is pending since long. The reimbursement has been delayed for over three years and as a matter of prudence, company has made full provision of the claim recoverable, during the year.
- h) Reference is invited to note no. 22.1, relating to ₹ 122.22 Crores due from Jhagadia Copper Limited, the Company is under Liquidation and in the process of reconstruction by asset reconstruction Company (India) Limited. The dues are fully secured by pledge of Stock. Financial impact of the same cannot be ascertained at this stage.

- i) Reference is invited to note no 22.2, Trade Receivable of ₹ 1468.14 Crores recoverable 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 STC by 10.11.2012. However, the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. The associate has affirmed to repay entire dues along with interest. The associate has paid an amount of ₹ 57.77 Crores during current year and ₹ 23 Crores in April 2014. Management is hopeful of the full recovery.
- j) Reference is invited to note no. 25.1, regarding claims recoverable of ₹ 5.28 Crores towards imports of pulses on behalf of UP Government for sales under PDS Scheme valid up to 30th June 2012. Claim in this regard was submitted to MOCA in March 2013 i.e. after the last date of submission of claim due to delay in receipt of utilization certificate from State Govt. and the matter is being pursued. Since, there is credit balance of ₹ 9.08 Crores on these accounts received from UP Government, no provision is considered by the management.
- k) Note no. 47 and 48 relating to pending reconciliation/ confirmation of balances in parties accounts and current liabilities and consequential adjustment that may arise on reconciliation.
- l) Without qualifying our opinion attention is drawn to Note no 59 of other notes to financial statements with regard to non-recognition of interest income as full provision for doubtful debts has been made in previous years. The amounts will be recognized as income in the year of actual recovery on cash basis. The interest payable to banks on devolved LC accounts and defaulted loan accounts calculated on accrual basis of ₹ 1275.331 Crores should have been recovered from business associates to whom the credits facilities were provided.
- m) The subsidiary company (STCL Limited) has not obtained the actuarial valuation in respect of the liability towards earned leave, half- pay leave encashment, gratuity and post-retirement medical benefits accrued to employees as required under AS-15.

## 6. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said consolidated financial statements subject to our observations in Paragraph 4 (a) to (d) and 5 (a) to (m) above provisions and write offs in respect of which made in the consolidated financial statements based on the existing and known circumstances as reported in the said paragraphs and read together with Significant Accounting Policies and Notes to the Consolidated Financial Statements and Other Notes, give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view in conformity with accounting principles generally accepted in India:

- a. In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014.
- b. In the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## 7. Other Matters

- a) Without qualifying our opinion attention is drawn to note no. 64 regarding non consolidation of financial statements of Joint Ventures namely NSS Satpura Agro Development Co. Limited and Sealac Agro Ventures Limited due to non-availability of financial statements for the year 2013-2014. Further their financial statements are being audited by the other auditors.
- b) We have relied on the audited financial statements of subsidiary STCL Limited whose financial statements reflect total assets of ₹ 24.11 Crore as at 31st March 2014, total revenue of ₹ 92.87 Crore and cash flow statements amounting to (-) ₹ 1.63 Crore for the year ended on that date. These audited financial statements have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the subsidiary is based solely on such audited financial statements.

For Chandio & Guliani  
Chartered Accountants  
FRN 001199N

Sd/-  
B.B. Kalia  
(Partner)

Place: New Delhi  
Date: 25th August, 2014

Membership No. 085772

# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in Crore)			
PARTICULARS	Note No.	As at 31st March, 2014	As at 31st March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share capital	1	60.00	60.00
(b) Reserve & Surplus	2	(2,412.17)	(1,566.82)
(c) Money received against share warrants	3	-	-
<b>(2) Share application money pending allotment</b>	4	-	-
<b>TOTAL (1+2)</b>		<b>(2,352.17)</b>	<b>(1,506.82)</b>
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	-	-
(b) Other long term liabilities	6	1,155.21	1,156.70
(c) Long-term provisions	7	100.82	74.26
<b>TOTAL (3)</b>		<b>1,256.03</b>	<b>1,230.96</b>
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	8	2,473.06	2,690.66
(b) Trade Payables	9	304.56	913.55
(c) Other current liabilities	10	1,634.02	1,144.36
(d) Short-term provisions	11	16.59	29.34
<b>TOTAL (4)</b>		<b>4,428.23</b>	<b>4,777.91</b>
<b>Total</b>		<b>3,332.09</b>	<b>4,502.05</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	68.89	65.08
(ii) Intangible Assets	13	0.04	0.07
(iii) Capital Work In Progress	14	0.86	8.69
(iv) Intangible Assets under development	15	-	-
<b>Total (a)</b>		<b>69.79</b>	<b>73.84</b>
(b) Non-Current investments	16	0.33	0.33
(c) Deferred tax assets (net)	17	73.01	73.01
(d) Long-term loans and advances	18	33.08	114.97
(e) Other non-current assets	19	1,060.99	1,350.48
<b>TOTAL (1)</b>		<b>1,237.20</b>	<b>1,612.63</b>
<b>(2) Current Assets</b>			
(a) Current investments	20	-	-
(b) Inventories	21	1.05	43.58
(c) Trade receivables	22	1,968.51	2,289.81
(d) Cash and cash equivalents	23	63.71	255.35
(e) Short-term loans and advances	24	34.26	41.65
(f) Other current assets	25	27.36	259.03
<b>TOTAL (2)</b>		<b>2,094.89</b>	<b>2,889.42</b>
<b>Total</b>		<b>3,332.09</b>	<b>4,502.05</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 CHANDIOK & GULIANI**

Chartered Accountants  
Firm Reg. No. 001199N

**Sd/-**

**(B.B. Kalia)**

Partner  
M. No. 085772

Place : New Delhi  
Dated : 25.08.2014

**Sd/-**

**KHALEEL RAHIM**

Chairman & Managing Director

**Sd/-**

**B. R. DHAWAN**

Chief General Manager (Finance)

**Sd/-**

**MANOJ MISHRA**

Director (Finance)

**Sd/-**

**R. K. GOGIA**

Company Secretary



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Crore)			
PARTICULARS	Note No.	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013
<b>I.</b> Revenue from operations	26	15,538.68	19,147.06
<b>II.</b> Other income	27	209.47	259.74
<b>III. Total Revenue (I+II)</b>		<b>15,748.15</b>	<b>19,406.80</b>
<b>Expenses-</b>			
a) Cost of material consumed	28	0.16	0.10
b) Purchase of stock-in -Trade	29	15,297.47	18,500.81
c) Changes in inventories of finished goods, work -in-progress and stock-in-trade	30	42.51	514.96
d) Employee benefits expense	31	140.47	110.19
e) Finance cost	32	504.42	464.42
f) Depreciation and amortisation expense	33	5.27	4.49
g) Other expenses	34	37.57	37.73
<b>IV. Total expenses (a+b+c+d+e+f+g)</b>		<b>16,027.87</b>	<b>19,632.70</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		(279.72)	(225.90)
<b>VI.</b> Exceptional items - Debit/(Credit)	35	565.42	152.56
<b>VII</b> Withdrawal from Export Import Contingency Reserve			(95.96)
<b>VIII. Profit before extraordinary items and tax (V-VI-VII)</b>		<b>(845.14)</b>	<b>(282.50)</b>
<b>IX.</b> Extraordinary items	36	-	-
<b>X.</b> Prior Period Adjustment Net - (debit)/credit	37	0.24	0.82
<b>XI. Profit before tax (VIII-IX+X)</b>		<b>(844.90)</b>	<b>(281.68)</b>
<b>XII. Tax expense:</b>			
(1) Current tax	38	-	-
(2) Tax relating to earlier years		(0.18)	(3.52)
(3) Provision for MAT Credit Entitlement		-	-
(4) Deferred tax	39	-	-
<b>Total Tax Expense (XII)</b>		<b>(0.18)</b>	<b>(3.52)</b>
<b>XIII. Profit(loss) for the period from continuing operations (XI-XII)</b>		(844.72)	(278.16)
<b>XIV.</b> Profit (loss) from discontinuing operations	40	-	-
<b>XV.</b> Tax expense of discontinuing operations	41	-	-
<b>XVI. Profit (loss) from discontinuing operations after tax (XIV-XV)</b>	-	-	-
<b>XVII. Profit (Loss) for the period (XIII +XVI)</b>		<b>(844.72)</b>	<b>(278.16)</b>
<b>XVIII. Earning per equity share</b>			
(1) Basic	42	(140.79)	(46.36)
(2) Diluted	43	(140.79)	(46.36)
<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 CHANDIOK & GULIANI

Chartered Accountants  
Firm Reg. No. 001199N

Sd/-

(B.B. Kalia)

Partner  
M. No. 085772

Place : New Delhi  
Dated : 25.08.2014

Sd/-

KHALEEL RAHIM

Chairman & Managing Director

Sd/-

B. R. DHAWAN

Chief General Manager (Finance)

Sd/-

MANOJ MISHRA

Director (Finance)

Sd/-

R. K. GOGIA

Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	(₹ in Crore)	
	2013-14	2012-13
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	(845.14)	(282.50)
ADJUSTMENT FOR :		
-Interest on working capital loans	503.33	458.82
-Depreciation	5.27	4.49
-Unrealized foreign exchange difference	-	(0.01)
-Write offs	104.47	109.38
- Trasfer from Reserves	-	(95.96)
-Income/Expenditure relating to let out property	(25.61)	(22.55)
-Loss on sale of asset and write off	0.07	0.03
-Liabilities written back	(14.91)	(7.48)
-Profit on sale of assets	(0.02)	(0.01)
-Amortization of grant	(0.63)	(0.55)
-Interest Income	(0.52)	(0.72)
-Unclaimed credit balances written back	(3.39)	(7.21)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	568.06	438.23
ADJUSTMENT FOR :	(277.08)	155.73
-Trade and other receivables	823.59	1,424.49
-Inventories	42.54	514.93
-Trade and other payables	(424.06)	(1,550.14)
Change in Working Capital	164.99	545.01
Interest received	-	0.23
Income tax paid	(3.81)	(12.38)
<b>CASH FLOW BEFORE PRIOR PERIOD ITEMS</b>	<b>161.18</b>	<b>532.86</b>
Prior period adjustment/Extra Ordinary	0.24	0.82
<b>NET CASH GENERATED/USED IN OPERATING ACTIVITIES (A)</b>	<b>161.42</b>	<b>533.68</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
-Purchase of Fixed Assets	(9.89)	(17.19)
-Sale of Fixed Assets	0.15	0.04
-Let out properties (net)	25.61	22.55
- Interest recd. On FD	0.47	0.49
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>16.34</b>	<b>5.89</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	(₹ in Crore)	
	2013-14	2012-13
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
-Dividend paid (including Dividend Tax)	(14.04)	(13.95)
-Increase in Working Capital Loan(net)	(217.59)	(526.51)
Capital Reserve tfd to P&L	-	(0.03)
-Interest Paid	(153.32)	(160.66)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>(384.95)</b>	<b>(701.15)</b>
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(207.19)	(161.58)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	255.35	234.45
EFFECT OF EXCHANGE DIFF. ON CASH & CASH EQUIVALENTS HELD IN FOREIGN CURRENCY	-	-
<b>CASH AND CASH EQUIVALENTS AS AT THE CLOSE OF THE YEAR</b>	<b>48.16</b>	<b>72.87</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Cash & Bank Balances as per Balance Sheet	63.71	255.35
Less : Fixed Deposit made with margin provided by Associates adjusted in Trade Receivables	15.55	182.48
<b>Cash &amp; Bank Balances as per Cash Flow Statement</b>	<b>48.16</b>	<b>72.87</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 CHANDIOK & GULIANI**

Chartered Accountants  
Firm Reg. No. 001199N

**Sd/-**

**(B.B. Kalia)**

Partner  
M. No. 085772

Place : New Delhi  
Dated : 25.08.2014

**Sd/-**

**KHALEEL RAHIM**

Chairman & Managing Director

**Sd/-**

**B. R. DHAWAN**

Chief General Manager (Finance)

**Sd/-**

**MANOJ MISHRA**

Director (Finance)

**Sd/-**

**R. K. GOGIA**

Company Secretary

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crore)

## NOTE NO. 1 SHARE CAPITAL

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>I) Authorized Share Capital</b>		
20,00,00,000 Equity Shares having face value of ₹10/- each	200.00	200.00
<b>II) Issued, Subscribed &amp; Fully Paid up</b>		
6,00,00,000 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 01.04.2013	issued during the year	Shares bought back during the year	Closing as at 31.03.2014
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 as on 31.03.2014

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

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

(₹ in Crore)

## NOTE NO. 2 RESERVE & SURPLUS

Particulars	Balance as at 01.04.2013	Additions	Deductions/ Appropriation	Balance as at 31.3.2014
Capital Reserve	3.70	-	-	3.70
Bonus Reserve	-	-	-	-
Grant in Aid	4.18	-	0.63	3.55
Exchange Fluctuation Reserve	6.50	-	-	6.50
Export/Import Contingency Reserve	392.35	-	388.00	4.35
General Reserve	84.65	-	48.74	35.91
Surplus	(2,058.20)	(407.98)	-	(2,466.18)
<b>Total</b>	<b>(1,566.82)</b>	<b>(407.98)</b>	<b>437.37</b>	<b>(2,412.17)</b>
<b>Previous Year</b>	<b>(1,177.07)</b>	<b>111.62</b>	<b>501.37</b>	<b>1,566.82</b>

	2013-14	2012-13
<b>2.1 Details of Addition to Surplus</b>		
Current Year Profit After Tax	(844.72)	(278.16)
Transfer From Export/Import Contingency Reserve	388.00	-
Transfer From General Reserve	48.74	-
Transfer From Bonus Reserve	-	-
	(407.98)	(278.16)
<b>2.2 Details of Deduction/Appropriation from Surplus</b>		
Proposed Dividend	-	12.00
Tax on Dividend	-	1.95
Transfer to General Reserve	-	1.65
Transfer to Export Import contingency Reserve	-	150.00
Transfer to Bonus Reserve	-	-
	-	165.60

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

(₹ in Crore)

### NOTE NO. 3

#### MONEY RECEIVED AGAINST SHARE WARRANTS

Particulars	As at 31st March, 2014	As at 31st March, 2013
Money received against share warrants	—	—

### NOTE NO. 4

#### SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at 31st March, 2014	As at 31st March, 2013
Share application money pending allotment	—	—

#### NON-CURRENT LIABILITIES

### NOTE NO. 5

#### LONG TERM BORROWINGS

Particulars	As at 31st March, 2014	As at 31st March, 2013
TOTAL	—	—

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

(₹ in Crore)

### NOTE NO. 6

#### OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade payables		
a. Bill acceptances	11.53	0.07
b. Sundry creditors		
- Micro & small enterprises	-	-
- Others	959.92	968.02
<b>Total Trade Payables (a+b)</b>	<b>971.45</b>	<b>968.09</b>
Others		
a. Customer at credit	23.21	25.17
b. Advance from customer	9.75	8.20
c. Unclaimed dividend	-	-
d. Other liabilities		
- Outstanding liabilities for goods & services received	115.01	120.17
- Stale Cheques	0.07	0.06
- Deposits	7.24	6.71
- Security deposits	3.45	3.44
- Earnest money deposits	8.84	8.98
<b>Total Others (a+b+c+d)</b>	<b>167.57</b>	<b>172.73</b>
e. Employees' dues:-		
Encashment of earned leaves	14.20	15.88
<b>Total Employees' cost payable</b>	<b>14.20</b>	<b>15.88</b>
f. Remittances:-		
Others - Custom Duty	1.99	-
<b>Total Remittances</b>	<b>1.99</b>	<b>-</b>
<b>Total (Others)</b>	<b>183.76</b>	<b>188.61</b>
<b>TOTAL OF NOTE NO. 6</b>	<b>1,155.21</b>	<b>1,156.70</b>

#### 6 Details in respect of dues to micro & small enterprises

a. Principal Amount	-	-
b. 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, 2014	As at 31st March, 2013
a) Provision for employees benefits		
Encashment of Half pay leave	12.02	12.59
Post retirement medical benefits	87.41	60.27
Long service award	1.39	1.40
<b>Total</b>	<b>100.82</b>	<b>74.26</b>
b) Other Provisions		
Income tax (Net of Advance Tax)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (a+b)</b>	<b>100.82</b>	<b>74.26</b>

### CURRENT LIABILITIES

#### NOTE NO. 8

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Short Term Borrowings:-</b>		
I. Term Loans		
a. From banks	246.29	321.22
b. From other parties	-	-
II. Working Capital Loans		
- Cash Credit	1,088.35	1,131.02
- Working Capital Demand Loan	1,138.42	1,238.42
<b>TOTAL</b>	<b>2,473.06</b>	<b>2,690.66</b>

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

- Secured	246.29	287.97
- Unsecured	-	33.25
<b>TOTAL</b>	<b>246.29</b>	<b>321.22</b>

#### 8.2 Break Up of Working Capital Loan

- Secured	1,044.73	1,187.57
- Unsecured	1,182.05	1,181.88
<b>TOTAL</b>	<b>2,226.78</b>	<b>2,369.45</b>

8.3 Working Capital Term Loan from bank is secured by pari-passu charge over current assets.

8.4 Cash credit / Overdraft/ Demand Loan secured by hypothecation of stock and trade receivables not older than 180 days.

8.5 The total liabilities to banks along with interest amounting to ₹1,185.27 crores is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. The interest payable of ₹ 1275.32 crores in respect of the liabilities are shown under Other Current Liabilities. The company has created pari passu charge on the current assets in favour of the banks and also created mortgage of immovable properties situated at Chhindwara in Madhya Pradesh [3.239 hectares], Byadagi [5 acres], Siddapura in Karnataka [2.25 acres] and Madikeri [0.50 acres] in favour of the bankers. In view of the immovable properties of STCL given as security, an estimated amount of ₹3.40 crores out of the total advances can be considered as secured and the

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

(₹ in Crore)

balance will be unsecured. Interest /Penal Interest provision of ₹ 349.96 crores have been made by Subsidiary for the current financial year. The consortium of banks [except UCO Bank] have filed case against the company with the Debt Recovery Tribunal and the bankers have also issued notice u/s 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Further based on the above, the bankers have issued two Possession Notices one dt.26.10.2011 on the Factory Land and Building located at Byadagi and another dt.17.11.2011 on Factory Land and Building located at Chhindwara, Madhya Pradesh. UCO Bank has filed a winding-up petition against the Company. However, the Hon'ble High Court has directed on 24.01.2014 to club the UCO bank winding up petition with the winding up petition filed by the Subsidiary company.

### NOTE NO. 9

#### Trade Payables

Particulars	As at 31st March, 2014	As at 31st March, 2013
a. Bill acceptances	7.98	139.62
b. Sundry creditors	-	-
- Micro & small enterprises	-	-
- Others	296.58	773.93
<b>Total Trade Payable</b>	<b>304.56</b>	<b>913.55</b>
<b>9 Details in respect of dues to micro &amp; small enterprises</b>	-	-
a. Principal Amount	-	-
b. 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. 10 OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
a. Customer at credit	147.56	68.70
b. Advance from customer	76.63	19.23
c. Unclaimed dividend	0.25	0.24
d. Other liabilities	-	-
- Outstanding liabilities for goods & services received	24.69	23.30
- Stale Cheques	0.03	0.08
- Deposits	5.03	2.17
- Security deposits	1.56	2.64
- Earnest money deposits	36.68	43.63
- Liability for CSR	0.58	1.22
- Others	1.05	1.71
<b>Total (a+b+c+d)</b>	<b>294.06</b>	<b>162.92</b>
e. <b>Employees' cost:-</b>		
Pay & Allowances	0.16	0.58
Other expenses	0.07	0.03
Dues to employees on accrual basis	1.67	1.46
Encashment of earned leaves	2.01	1.89
Undisbursed salary	0.01	0.11
<b>Total (e)</b>	<b>3.92</b>	<b>4.07</b>
f. <b>Remittances:-</b>		
Sale Tax /Value Added Tax (VAT )	4.07	4.55
Service Tax	0.05	0.04
Income tax deducted at source	1.61	1.42
STC's SC/ST Employees Welfare Association	-	0.01
Contribution to Provident Fund	1.75	1.30
Contribution to Employees Pension Scheme-95	0.03	0.01
Contribution to Employees Pension Fund	0.33	0.10
Salary saving scheme	0.01	0.01
Thrift Society	0.05	0.01
Entry Tax	0.45	0.45
Others	6.74	7.03
<b>Total (f)</b>	<b>15.09</b>	<b>14.93</b>
g. Interest accrued but not due on borrowings	-	-
h. Interest accrued & due on borrowings	1,320.95	962.44
<b>Total (g+h)</b>	<b>1,320.95</b>	<b>962.44</b>
<b>TOTAL OF NOTE NO. 10</b>	<b>1,634.02</b>	<b>1,144.36</b>

10.1 Against interest accrued and due on borrowings, bank guarantee of ₹ 43.80 crore (₹ 36.26 crore) have been issued to Bank.

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

(₹ in Crore)

### NOTE NO. 11 Short Term Provisions

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Provision for employees benefits		
Encashment of Half pay leave	2.48	1.57
Post retirement medical benefits	6.56	7.21
Long service award	0.16	0.14
Gratuity	7.12	5.28
Pension	0.02	0.23
PRP	0.05	0.70
<b>Total (a)</b>	<b>16.39</b>	<b>15.13</b>
(b) Other Provisions		
Proposed Dividend	-	12.00
Dividend Tax	-	2.04
Contingencies	0.11	0.12
Exchange difference on Forward contract	0.06	-
Others	0.03	0.05
<b>Total (b)</b>	<b>0.20</b>	<b>14.21</b>
<b>Total (a+b)</b>	<b>16.59</b>	<b>29.34</b>

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

(₹ in Crore)

### NOTE NO. 12 TANGIBLE ASSETS

A. OWNED ASSETS		GROSS			
S. No.	Description	As on 01.04.2013	Additions	Deductions	As on 31.03.2014
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1.	Land	7.72	–	–	7.72
2.	Building	36.57	0.03	26.74	9.86
3.	Plant & Equipment	24.46	8.42	2.95	29.93
4.	Furniture & fixtures	4.30	0.12	0.02	4.40
5.	Vehicle	1.58	-	0.07	1.51
6.	Air conditioners & office equipment	5.22	0.35	0.12	5.45
7.	Railway sidings	0.05	-	0.05	-
8.	Computer, data processor & Communication equipment	3.31	0.28	0.18	3.41
	<b>Total</b>	<b>83.21</b>	<b>9.20</b>	<b>30.13</b>	<b>62.28</b>
B. LEASEHOLD ASSETS					
1.	Land	2.66	-	-	2.66
2.	Building	25.65	26.74	-	52.39
3.	Roads, culverts & sewerage etc	0.72	-	-	0.72
	<b>Total</b>	<b>29.03</b>	<b>26.74</b>	<b>-</b>	<b>55.77</b>
	<b>Grand Total</b>	<b>112.24</b>	<b>35.94</b>	<b>30.13</b>	<b>118.05</b>
	<b>Previous Year</b>	<b>103.01</b>	<b>9.61</b>	<b>0.38</b>	<b>112.24</b>

12.1 The process of issuance of sub-divided lease deeds in respect of STC Complex at New Delhi, residential land and flats at Mehrauli Road separately in the name of the company and its co-owners is pending. Gross cost of Land ₹ 1.04 crore (₹1.04 crore), Building ₹ 20.11 crore (₹20.11 crore).

12.2 Registration of deeds of conveyance in respect of 2 flats at Kolkata is pending. Total Purchase Value ₹ 0.06 crore (₹ 0.06 crore).

### NOTE NO. 13 INTANGIBLE ASSETS

A. OWNED ASSETS			GROSS			
S. No.	Description	As on 01.04.2013	Additions	Impairment	Deductions	As on 31.03.2014
		(1)	(2)	(3)	(4)	(5)= (1)+(2)-(3) -(4)
1.	Computer Software	0.35	0.03	0.01	-	0.37
	<b>Total</b>	<b>0.35</b>	<b>0.03</b>	<b>0.01</b>	<b>-</b>	<b>0.37</b>
	<b>Previous Year</b>	<b>0.30</b>	<b>0.05</b>	<b>-</b>	<b>-</b>	<b>0.35</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)

DEPRECIATION			NET		
Upto 31.03.2013	Deductions/ Adjustments	For the year 2013-14	Upto 31.03.2014	31.03.2014	31.03.2013
(5)	(6)	(7)	(8) = (5)+/(6)+(7)	(9) = (4)-(8)	(10) = (1)-(5)
–	–	–	–	7.72	7.72
3.98	1.98	0.27	2.27	7.60	32.59
18.07	2.78	2.33	17.62	12.31	6.39
3.10	-	0.19	3.29	1.12	1.20
1.56	(0.02 )	0.01	1.59	–	0.02
2.46	0.11	0.50	2.85	2.61	2.76
0.05	0.05	–	–	–	–
2.89	0.12	0.34	3.11	0.37	0.42
<b>32.11</b>	<b>5.02</b>	<b>3.64</b>	<b>30.73</b>	<b>31.73</b>	<b>51.10</b>
0.84	-	0.08	0.92	1.74	1.82
13.96	(1.98)	1.48	17.42	34.97	11.69
0.25	-	0.02	0.27	0.45	0.47
<b>15.05</b>	<b>(1.98)</b>	<b>1.58</b>	<b>18.61</b>	<b>37.16</b>	<b>13.98</b>
<b>47.16</b>	<b>3.04</b>	<b>5.22</b>	<b>49.34</b>	<b>68.89</b>	<b>65.08</b>
<b>43.03</b>	<b>0.31</b>	<b>4.44</b>	<b>47.16</b>	<b>65.08</b>	<b>-</b>

12.3 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 32 flats at Mumbai is pending. Total Purchase value ₹ 5.83 crore (₹ 5.83 crore).

DEPRECIATION			NET		
Upto 31.03.2013	Deductions/ Adjustments	For the year 2013-14	Upto 31.03.2014	31.03.2014	31.03.2013
(6)	(7)	(8)	(9) = (6)+/(7)+(8)	(10) = (5)-(9)	(11) = (1)-(6)
0.28	–	0.05	0.33	0.04	0.07
<b>0.28</b>	<b>–</b>	<b>0.05</b>	<b>0.33</b>	<b>0.04</b>	<b>0.07</b>
<b>0.23</b>	<b>–</b>	<b>0.05</b>	<b>0.28</b>	<b>0.07</b>	<b>–</b>

13.2 The computer software for online issue of Onion NOC purchased on 18.08.2013 by subsidiary company, could not be used due to withdrawl of canalization/issue of NOC for export of onion by DGFT cicular.

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

(₹ in Crore)

### NOTE NO. 14

#### CAPITAL WORK IN PROGRESS

S. No.	Description	GROSS		
		As on 01.04.2013	Additions	Deductions
		(1)	(2)	(3)
				(4)= (1)+(2)-(3)
1	Office Building	0.27	-	-
2	Plant & Equipment	8.42	0.52	8.48
3	Furniture & Fixture	-	0.13	-
	<b>Total</b>	<b>8.69</b>	<b>0.65</b>	<b>8.48</b>
	<b>Previous Year</b>	<b>9.87</b>	<b>7.53</b>	<b>8.71</b>

### NOTE NO. 15

#### INTANGIBLE ASSETS UNDER DEVELOPMENT

S. No.	Description	GROSS		
		As on 01.04.2013	Additions	Deductions
		(1)	(2)	(3)
				(4)= (1)+(2)-(3)
1.	Intangible Assets under Development	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Previous Year</b>	<b>-</b>	<b>-</b>	<b>-</b>

### NOTE NO. 16

#### Trade Investment (Unquoted)

S. No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2014	Net Value as on 31.03.2013
1	NSS Agro Development Co Ltd.	2,00,000	10.00	0.20	0.08	0.12	0.12
2	Sea Lac Agro Ventures Limited	1,00,000	10.00	0.10	-	0.10	0.10
	<b>Total</b>	<b>3,00,000</b>		<b>0.30</b>	<b>0.08</b>	<b>0.22</b>	<b>0.22</b>



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

(₹ in Crore)

### Other Investment (Unquoted)

S. No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2014	Net Value as on 31.03.2013
1	Maharashtra Small scale Industries development	10,000	100.00	0.10	-	0.10	0.10
2	Andhra Pradesh state trading Corporation	100	1,000.00	0.01	-	0.01	0.01
3	Sindhu Resettlement *	4	1,000.00	-	-	-	-
<b>Total</b>				<b>0.11</b>	<b>-</b>	<b>0.11</b>	<b>0.11</b>
<b>Grand Total</b>				<b>0.41</b>	<b>0.08</b>	<b>0.33</b>	<b>0.33</b>
<b>Previous Year</b>				<b>0.41</b>	<b>0.08</b>	<b>0.33</b>	

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

### NOTE NO. 17

#### DEFERRED TAX ASSETS (NET)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Deferred tax Assets</b>		
Disallowance under Income Tax Act 1961	76.88	76.88
Deferred Tax Liability	-	-
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 relating to losses and other temporary differences amounting to ₹ 588.34 crore (₹ 320.78 crore) for the current year has not been recognized.

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

(₹ in Crore)

## NOTE NO. 18

### LONG TERM LOANS AND ADVANCES

S. No.	Particulars	As at 31st March, 2014	As at 31st March, 2013
1	<b>Capital Advances</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	-	-
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>-</b>	<b>-</b>
2	<b>Security Deposits</b>		
	- Secured, Considered Good	5.27	5.00
	- Unsecured, Considered Good	5.23	4.97
	- Doubtful	1.36	1.36
	Less : Allowance For bad & Doubtful	1.36	1.36
	<b>Net</b>	<b>10.50</b>	<b>9.97</b>
3	<b>Loans and Advances to related parties</b>		
	- Secured, Considered Good	0.31	-
	- Unsecured, Considered Good	0.05	-
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>0.36</b>	<b>-</b>
4	<b>Advances to employees</b>		
	- Secured, Considered Good	4.83	5.27
	- Unsecured, Considered Good	0.75	1.02
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>5.58</b>	<b>6.29</b>
5	<b>Interest accrued on advances to employees</b>		
	- Secured, Considered Good	6.17	6.99
	- Unsecured, Considered Good	1.09	1.14
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>7.26</b>	<b>8.13</b>
6	<b>Trade advances</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	0.77	67.68
	- Doubtful	117.11	116.50
	Less : Allowance For bad & Doubtful	117.11	116.50
	<b>Net</b>	<b>0.77</b>	<b>67.68</b>
7	<b>Advance tax ( net of provision)</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	7.03	6.28
	- Doubtful	-	-

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

(₹ in Crore)

### NOTE NO. 18 (Contd.)

#### LONG TERM LOANS AND ADVANCES

S. No.	Particulars	As at 31st March, 2014	As at 31st March, 2013
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	7.03	6.28
8	<b>Other Misc. advances</b>		
	- Secured, Considered Good	1.28	0.76
	- Unsecured, Considered Good	0.30	15.86
	- Doubtful	13.30	13.30
	Less : Allowance For bad & Doubtful	13.30	13.30
	<b>Net</b>	<b>1.58</b>	<b>16.62</b>
	<b>Total</b>	<b>33.08</b>	<b>114.97</b>
	PARTICULARS OF LONG TERM LOANS AND ADVANCES		
	- Secured, Considered Good	17.86	18.02
	- Unsecured, Considered Good	15.22	96.95
	- Doubtful	131.77	131.16
	<b>Total</b>	<b>164.85</b>	<b>246.13</b>
	Less : Allowance For bad & Doubtful	131.77	131.16
	<b>Net</b>	<b>33.08</b>	<b>114.97</b>

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

- Directors :	NIL	NIL
- Officers :	₹ 6.60 crore	₹ 5.37 crore

18.2 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. Full provision has been made in earlier years. The company is 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 the award. However the parties have raised objections to the award before honourable court. Hearing of the same is in progress.

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

(₹ in Crore)

18.3 The Loans and Advances 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 36000 MTs of Iron ore fines [subject to handling and storing loss an account of long storage period] approximately valuing ₹14.00 crores is under the custody of C&F agent SVK Shipping at Vizag. The supplier M/s Sparsh Baldev has brought an injunction on the cargo in view of non-settlement of payment of ₹10.20 crores by Business Associate. The Business Associate have also filed a petition in City Civil Court Bangalore praying for order of injunction restraining the C&F agent from handing over the possession of the stocks to Subsidiary Company and also have prayed for settlement of disputes through arbitration process. The interim order has been vacated and matter is posted for final hearing.
- ii] ₹6.86 crores [excluding interest] due from M/s. S.S. Exports, the matter was referred to arbitration. The arbitration proceedings are completed and award was declared in subsidiary company's favour for recovery of claim along with legal cost of ₹ 3 lacs. Further, S.S. Exports has challenged the arbitration award and filed the petition before the court and the matter is pending.
- iii] ₹12.86 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 ₹3.18 crores are in the custody of M/s. Prathyusha Associates Shipping Private Ltd., [C&F Agents]. The Company has lodged a complaint with CBI, Bangalore against M/s.Devi Minerals Resources [India] Pvt. Ltd., and 9 officials [including 2 retired officials] of the Company for missing stock of 94,402.63 MTs of Iron Ore Fines. The CBI has completed the investigation and filed 'B' report , (Close report) in the CBI court explaining that there is no criminality in the case. However in view of the irregularities and lapses CBI has recommended RDA (Regular Departmental Action) for major penalties to Six officials of the subsidiary company.

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 ₹ 4.21crores due from Sri Kumar Trading (Group). The company has filed a Private Complaint which is being investigated by Police 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 Company has made full provision for the amount due of ₹4.21crores in the earlier years.

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

(₹ in Crore)

## NOTE NO. 19

### OTHER NON CURRENT ASSETS

S. No.	Particulars	As at 31st March, 2014	As at 31st March, 2013
1	<b>Long term trade receivable</b>		
	- Secured, Considered Good	88.16	6.54
	- Unsecured, Considered Good	958.72	1,310.17
	- Doubtful	473.83	123.33
	Less : Allowance For bad & Doubtful	473.83	123.33
	<b>Net</b>	<b>1,046.88</b>	<b>1,316.71</b>
2	<b>Claims recoverable</b>		
	- Secured, Considered Good	0.20	0.20
	- Unsecured, Considered Good	13.10	32.91
	- Doubtful	130.09	4.94
	Less : Allowance For bad & Doubtful	130.09	4.94
	<b>Net</b>	<b>13.30</b>	<b>33.11</b>
3	<b>Interest accrued on trade receivable</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	-	-
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>-</b>	<b>-</b>
4	<b>Cash &amp; Cash equivalents :</b>		
	a) Other Bank Balances	-	-
	Term Deposit with banks :		
	- Deposit pledged / Under Lien as margin Money	-	-
	- Other Deposits	-	-
	Interest accrued on Term Deposits :		
	- Deposit pledged / Under Lien as margin Money	-	-
	- Other Deposits	-	-
	<b>Net</b>	<b>-</b>	<b>-</b>
5	<b>Others (Specify Nature)</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	0.81	0.66
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>0.81</b>	<b>0.66</b>
	<b>Total</b>	<b>1,060.99</b>	<b>1,350.48</b>
	<b>PARTICULARS OF OTHER NON CURRENT ASSETS</b>		
	- Secured, Considered Good	88.36	6.74
	- Unsecured, Considered Good	972.63	1,343.74
	- Doubtful	603.92	128.27
	<b>Total</b>	<b>1,664.91</b>	<b>1,478.75</b>
	Less : Allowance For bad & Doubtful	603.92	128.27
	<b>Net</b>	<b>1,060.99</b>	<b>1,350.48</b>

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

(₹ in Crore)

- 19.1 Long term trade receivables include ₹ 568.44 crore (₹ 568.44 crore) on account of export of pharma product to foreign buyers on back to back basis. The entire amount is overdue. As there is default in payments against export bills by the buyers which have ultimately gone into liquidation, litigation processes have been initiated by STC as well as by Indian Associates and their bankers. A claim of ₹ 527.86 crore has been admitted by the liquidator. There is, however, a corresponding credit under back to back arrangement of ₹ 568.78 crore (₹568.60 crore) under sundry creditors. In view of this no provision is considered necessary.
- 19.2 Long term trade receivables include ₹ 788.47 crore (₹ 787.69 crore) under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balances of ₹ 342.18 crore (₹ 348.62 crore) are available, leaving net receivable of ₹ 446.29 crore. Action against the associates has been initiated. The matter is being pursued and the company is hopeful of recovery. Yet as a measure of abundant caution, a provision of ₹ 338.28 crore (₹ 69.56 crore) has been made during the year, making a total provision to ₹ 446.29 crore to the extent of net debtors.
- 19.3 Long term trade receivable includes ₹ 4.94 crore (₹ 4.94 crore) towards reimbursement of loss in supply of edible oil under PDS to M/s Gujarat State Civil Supply Corporation under the subsidy scheme of Government of India. The claim is being followed up with Government of India. However, as matter of prudence, full provision has been made during the year.
- 19.4 Long term trade receivable includes ₹ 3.21 crore (₹ 3.20 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 ₹ 1.28 crore has been made during the year 2012-13 to the extent not covered by pledged stock.
- 19.5 Long Term Trade Receivables includes ₹ 51.52 crore (₹ 51.52 crore) against which credit balance amounting to ₹ 42.29 crore (₹ 42.29 crore) (Note no. 6) is available. Full provision for net amount of ₹ 9.23 crore has been made during the year. Trade & Misc. advances includes ₹ NIL (₹ 84.86 crore) (Note no 18) in respect of one of the associates through whom various agricultural items were exported up to 2011-12 through Mumbai branch. Upon non-receipt of the dues from the associate, the company has initiated necessary legal steps for its recovery. However considering remote possibility of its recovery, full outstanding amount of ₹ 81.82 crore has been written off during the year.
- 19.6 Long Term Trade Receivables includes ₹81.55 crore (₹82.06 crore) recoverable from one of the associates against which legal cases u/s 138 of N.I. Act, 1881, for recovery of STC's dues are pending in Patiala House courts, New Delhi. The outstanding amount is secured by way of stock of HR coils pledged to STC lying under the control and custody of CWC, Mumbai. An amount of ₹4.00 crore has been recovered during the financial year 2013-14. Further, payment of ₹9.50 crore has been made by the associate till 27.05.2014. Hence , no provision is considered necessary.
- 19.7 Long Term Trade Receivables includes ₹11.83 crore (₹11.83 crore) recoverable from one of the associates for which legal cases u/s 138 of the N.I. Act, 1881, for recovery of STC's overdues are pending in Patiala House Courts, New Delhi. The outstanding amount is secured by way of stocks of HR coils pledged to STC lying under the control and custody of CWC, Mumbai. Hence, no provision is considered necessary.
- 19.8 Claims recoverable (Govt. of India) include ₹ 114.95 crore (₹ 158.93 crore) (Note no. 25) towards import of pulses under government account since the year 2006-07 to 2010-11. The claim for the same has been lodged with the Ministry of Consumer Affairs for reimbursement of actual losses. An amount of ₹ 44.00 crore received from the Ministry of Consumer Affairs against the claim during the year. As the reimbursement of claim has been delayed for over three years, as a matter of prudence provision of ₹114.95 crore has been made during the year.

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

(₹ in Crore)

### (2) CURRENT ASSETS NOTE NO. 20 CURRENT INVESTMENTS

Particulars	As at 31st March, 2014	As at 31st March, 2013
Current Investment	–	–
<b>Total</b>	<b>–</b>	<b>–</b>

### NOTE NO. 21 INVENTORIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Stock in trade including with handling agents/local agent	0.76	43.26
(b) Stores and spares	0.15	0.19
(c) Packing materials	0.04	0.03
(d) Stationery	0.06	0.06
(e) Others	0.04	0.04
<b>Total</b>	<b>1.05</b>	<b>43.58</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	NIL	₹1.64
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### NOTE NO. 22 TRADE RECEIVABLES

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Trade receivables over Six Months</b>		
- secured, Considerable Good	1,579.68	1,590.46
- Unsecured, Considerable Good	32.69	42.00
- Doubtful	28.33	28.40
<b>Gross Receivable</b>	<b>1,640.70</b>	<b>1,660.86</b>
Less : Allowance for bad & doubtful receivable	28.33	28.40
<b>Net Receivable</b>	<b>1,612.37</b>	<b>1,632.46</b>
<b>(b) Other Trade Receivables</b>		
- secured, Considerable Good	355.77	651.11
- Unsecured, Considerable Good	0.37	6.24
- Doubtful	–	–
<b>Gross Receivable</b>	<b>356.14</b>	<b>657.35</b>
Less : Allowance for bad & doubtful receivable	–	–
<b>Net Receivable</b>	<b>356.14</b>	<b>657.35</b>
<b>Grand Total (a+b)</b>	<b>1,968.51</b>	<b>2,289.81</b>

22.1 Trade receivable includes ₹ 122.22 crore (₹ 121.99 crore) of one of the associates, which is overdue. The dues are fully secured by pledge of stocks, which were purchased under advance license in the name of the associate company. The fixed assets of the associate company have been taken over by Asset Reconstruction Company



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

(₹ in Crore)

(India) Limited (ARCIL). ARCIL has initiated action to sell the associate company's fixed assets including its plant to another company, which will facilitate in liquidation of the pledged stock and recovery of the dues. No provision is considered necessary.

22.2 Trade receivable includes ₹ 1468.14 crore (₹ 1353.25 crore) recoverable from one of the associates for goods sold to them during earlier years. Dues are secured by EMD of ₹ 29.73 crore (₹ 37.78 crore), corporate guarantee of its holding company and the personal guarantee of the chairman of its holding company. In addition, the associate had signed a Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 with STC for payment of entire dues by 10.11.2012. However, the associate did not pay the entire dues and sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. The associate has affirmed its commitment to repay entire dues along with interest and paid ₹ 57.77 crore during the year 2013-14. Further, a sum of ₹23.00 crore has been received on 03.04.2014.

22.3 Trade Receivables 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 Company invoked the Personal / Corporate Guarantee executed by M/s.Meta Copper & Alloys Limited in favour of the 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 crores for which the subsidiary company has also filed a police complaint against Meta Copper. The Company has made full provision for ₹ 2.26 crore in the earlier years. The arbitratipon was completed and arbitral award dated 30.09.2013 was in favour of the subsidiary company for recovery of claims. M/s. Meta Copper has challanged 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 which has been referred to the jurisdiction police station at Bangalore. 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 subsidfiary company has filed a recovery suit in the Kolkata High Court. The Company has also filed an application for appointment of arbitrator u/s 11 of the Arbitration Act in the High Court of Karnataka and also filed an application u/s 9 of Arbitration Act for injunction of properties of RPFPL and its directors. The 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 company invoked the Personal / Corporate Guarantee executed by M/s Shree Ganesh steels and Alloys Ltd under 138 of NI Act. The subsidiary company has also obtained temporary injunction from City Civil Court Bangalore restraining Shree Ganesh from disposing the goods until the Arbitration award. A legal notice to Shree Ganesh Steel Rolling Mills, Concor and Customs Authorities at Chennai that in view of the injunction and attachment obtained from court goods cannot be removed without the knowledge/consent or sanction of the subsidiary company.

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

(₹ in Crore)

22.4 During the year 2004-05, the Company had imported Light Melting Scrap from M/s.Octrix Holdings (S) Pte Ltd., Singapore on back to back contract terms with business associate M/s. Jai Bhavani steel Enterprises Ltd. Out of the total imports, 5 consignments consisting of 1483 MTs valued at ₹1.24 crore were found to be mud and used tyres on clearing the Cargo, for which the Company had executed High Seas Sale agreement. M/s.Jai Bhavani Steel Enterprises Ltd., obtained an interim injunction from High Court of Madras not to effect payment against these consignments. The supplier has filed an appeal in the High Court of Chennai against the Company to effect the payment which was dismissed. The Divisional Bench of Madras High Court has passed order in favour of subsidiary company. Where as the supplier's bank ie. The Bank of New York has gone on appeal to Supreme Court in the matter of honouring of Letters of Credit and the case is disposed in favour of subsidiary company. However the Company has recovered a sum of ₹ 1.29 crore from pre-shipment inspection agency M/s. Alex Stewart (Assayers) Ltd. and the same has been recognised as income in the previous year. The liability to M/s. Octrix Holding has been written back to income during the year. The amount receivable ₹ 1.25 crores from Jai BHavani has already been written off during the previous year.

### NOTE NO. 23

#### CASH & CASH EQUIVALENTS

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Cash in hand	-	0.17
(b) Stamps & Stamp Papers	-	0.01
(c) Cheques / Drafts on hand	-	-
(d) Balances with banks		
- Cash Credit account - Debit Balance	9.81	1.62
- Current Accounts	18.68	45.53
- Current Account in Foreign currency - EEFC	0.01	0.01
(e) Short Term Deposit with banks :		
- Deposit pledged / Under Lien as margin Money	15.73	185.52
- Other Deposits	18.38	20.94
(f) Interest accrued on Term Deposits :		
- Deposit pledged / Under Lien as margin Money	0.22	0.02
- Other Deposits	0.63	1.29
(e) Unpaid Dividend Bank Account	0.25	0.24
<b>Total</b>	<b>63.71</b>	<b>255.35</b>

23.1 Short Term Deposits include ₹ 15.56 crore (₹ 182.48 crore) pledged with banks as margin against letters of credit.

23.2 The Cash and Balances of subsidiary company include ₹ 0.01 crore equivalent to USD 1368.10 which was held in EEFC accounts, for which there is no confirmation of balance from the banks.

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

(₹ in Crore)

## NOTE NO. 24

### SHORT TERM LOANS AND ADVANCES

S. No.	Particulars	As at 31st March, 2014	As at 31st March, 2013
1	<b>Capital Advances</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	0.09	0.81
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>0.09</b>	<b>0.81</b>
2	<b>Security Deposits</b>		
	- Secured, Considered Good	0.54	0.89
	- Unsecured, Considered Good	0.02	0.16
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>0.56</b>	<b>1.05</b>
3	<b>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>
4	<b>Advances to employees</b>		
	- Secured, Considered Good	1.69	1.77
	- Unsecured, Considered Good	0.71	0.81
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>2.40</b>	<b>2.58</b>
5	<b>Interest accrued on advances to employees</b>		
	- Secured, Considered Good	0.74	0.79
	- Unsecured, Considered Good	0.19	0.19
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>0.93</b>	<b>0.98</b>
6	<b>Trade advances</b>		
	- Secured, Considered Good	0.06	-
	- Unsecured, Considered Good	0.57	2.88
	- Doubtful	1,155.25	1,155.76
	Less : Allowance For bad & Doubtful	1,155.25	1,155.76
	<b>Net</b>	<b>0.63</b>	<b>2.88</b>
7	<b>Advance tax ( net of provision)</b>		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	27.78	22.81
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>27.78</b>	<b>22.81</b>

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

(₹ in Crore)

### NOTE NO. 24 (Contd.)

#### SHORT TERM LOANS AND ADVANCES

S. No.	Particulars	As at 31st March, 2014	As at 31st March, 2013
8	<b>Other Misc. advances</b>		
	- Secured, Considered Good	0.87	2.09
	- Unsecured, Considered Good	1.00	8.45
	- Doubtful	-	-
	Less : Allowance For bad & Doubtful	-	-
	<b>Net</b>	<b>1.87</b>	<b>10.54</b>
	<b>Total</b>	<b>34.26</b>	<b>41.65</b>
	<b>PARTICULARS OF SHORT TERM LOANS AND ADVANCES</b>		
	- Secured, Considered Good	3.90	5.54
	- Unsecured, Considered Good	30.36	36.11
	- Doubtful	1,155.25	1,155.76
	<b>Total</b>	<b>1,189.51</b>	<b>1,197.41</b>
	Less : Allowance For bad & Doubtful	1,155.25	1,155.76
	<b>Net</b>	<b>34.26</b>	<b>41.65</b>

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

- Directors :	NIL	NIL
- Officers :	₹ 1.91 crore	₹ 2.37 crore

24.2 Loans and Advances includes ₹ 1,155.25 crore [net of security deposit/margin money] being as Claims Receivable from Business Associates M/s. Future Exim (India) Pvt. Ltd. & M/s. Future Metals Pvt. Ltd. on account of import of Metal Scraps-[Nickel/Copper Scrap]. As the Business Associates 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 company. The net amount due from above business associate is ₹ 1,155.25 crore towards the cost of cargos stuffed in 885 containers which were assessed as Iron scrap instead of nickel & copper scrap. The subsidiary company thus filed criminal complaint against overseas seller, business associates as well as inspecting and the matter is being investigated by CBI, New Delhi.

The Subsidiary Company has initiated civil and criminal proceedings for recovery of the amount from the business associates and in this connection the 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.

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 company has obtained the court injunction on the properties of the business associate. The Company had engaged the services of Government and Banks Registered Valuer to assess the value of land located at Punjab. Accordingly, based on the location, developmental work in the surrounding and prevailing market rates, the value was assessed at ₹ 548.45 crores in Jan 2013 in respect of land located at Punjab. The valuation of Maharashtra Properties has been done during the year and valued at ₹ 25.63 crore. No other properties was re-assessed during the year. The valuer has also confirmed that there were no encumbrances on said properties situated in Punjab.

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.

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

(₹ in Crore)

Based on Inquiry report, on the disciplinary proceedings in the matter of irregularities in the above transaction, Disciplinary Authority vide its 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. The present manpower of the company is twelve including Managing Director.

### NOTE NO. 25 OTHER CURRENT ASSETS

S. No.	Particulars	As at 31st March, 2014	As at 31st March, 2013
(a)	Prepaid Expenses	0.56	0.72
(b)	TA advance	0.02	0.01
(c)	Advance for expenses	1.42	0.53
(d)	VAT receivable-input	1.28	0.80
(e)	Income Tax Refundable	-	-
(f)	Deposits	4.34	19.28
(g)	Tax deducted at source	-	0.12
(h)	Claims Recoverable:		
i.	From Govt. of India	8.01	215.03
ii.	From PSU Banks	0.18	-
iii.	From PSU	1.38	-
iv.	From Govt. Dept.	3.46	-
v.	From State Govt.	-	2.71
vii.	From Associates	3.92	14.06
viii.	Others	2.50	5.65
(i)	Exchange difference accrued on Forward Contract	-	0.01
(j)	Accrued discount on Forward Contract	0.01	0.11
(k)	Others	0.28	-
	<b>Total</b>	<b>27.36</b>	<b>259.03</b>

25.1 Claims recoverable (Govt. of India) includes ₹ 5.28 crore towards import of pulses on behalf of UP government for sale under PDS scheme valid up to 30th June 2012. Claim in this regard was submitted to MOCA in March, 2013 i.e. after the last date of submission of claim due to delay in receipt of utilization certificate from state government, and the matter is being pursued. Similarly, Claims recoverable (State Govt.) includes ₹2.71 crore (₹ 2.71 crore) towards carrying costs for delayed lifting of pulses by State Govts. Claim for the same was lodged during the financial year 2011-12. The same is being followed up with the State Govt. Since, there is a credit balance of ₹ 9.08 crore on these accounts received from UP Govt, no provision is considered necessary.

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

(₹ in Crore)

## NOTE NO 26

### Revenue from operations

S. No.	Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
(a)	<b>Sales</b>		
	Export	1,781.02	1,565.72
	Import	13,545.80	17,015.28
	Domestic	131.80	219.93
	<b>Total(a)</b>	<b>15,458.62</b>	<b>18,800.93</b>
(b)	<b>Other operating revenue</b>		
	Exchange Fluctuation - Gain (Net)	-	119.32
	Discount on Forward Contract	1.29	3.24
	Claims:		
	From Govt. of India	0.03	21.25
	From state Govt.	-	-
	From Insurance agencies	1.74	-
	From Govt. departments	0.03	23.88
	From business associates	63.29	136.68
	Other claims	-	0.28
	Other Trade Income:		
	Cash Assistance /subsidy	-	0.22
	Others	13.68	41.26
	<b>Total(b)</b>	<b>80.06</b>	<b>346.13</b>
	<b>Revenue from Operations (a+b)</b>	<b>15,338.68</b>	<b>19,147.06</b>

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

(₹ in Crore)

## NOTE NO 27 Other Income

S. No.	Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
(a)	<b>Interest income:-</b>		
	Advance to Employees	1.17	1.20
	Term Deposits With Banks & its subsidiaries :		
	- Deposits pledged / under Lien as margin money	0.12	2.86
	- Other Deposits	1.98	2.14
	Income Tax Refunds	1.00	1.02
	Interest on Trade Finance/Associates :		
	- Other than PCFC / EPC	180.70	229.58
	Other Miscellaneous interest	0.01	0.05
	<b>Total (a)</b>	<b>184.98</b>	<b>236.85</b>
(b)	<b>Miscellaneous income:-</b>		
	Rent received from Employees	0.08	0.07
	<b>Total(b)</b>	<b>0.08</b>	<b>0.07</b>
(c)	<b>Rental income:-</b>		
	Rent Received from let-out property	30.03	26.33
	Recoveries for common services from tenants	5.61	2.04
	Total	35.64	28.37
	Less: Expenses related to let out property		
	Land & development office charges@25%	6.85	6.22
	Property tax	6.84	5.69
	Insurance premium	0.05	0.03
	Maintenance charges	0.95	0.86
	Administrative expenses	0.57	0.48
	<b>Total</b>	<b>15.26</b>	<b>13.28</b>
	<b>Net rental income</b>	<b>20.38</b>	<b>15.09</b>
(d)	<b>Other Receipts:-</b>		
	- Difference in exchange other than commodity items	0.04	0.73
	- Misc. non Trade receipts	3.99	7.00
	<b>Total (d)</b>	<b>4.03</b>	<b>7.73</b>
	<b>Gross Total (a+b+c+d)</b>	<b>209.47</b>	<b>259.74</b>

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

(₹ in Crore)

### EXPENSES:

#### NOTE NO 28

##### Cost of material consumed

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
Opening balance of packing material	0.03	-
Add: Purchases made during the year	0.16	0.13
<b>Total</b>	<b>0.19</b>	<b>0.13</b>
Less: Closing balance of packing material	0.03	0.03
<b>Cost of material consumed during the year</b>	<b>0.16</b>	<b>0.10</b>

#### NOTE NO 29

##### Purchase of Stock in Trade

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
Purchase	14,393.21	17,935.61
Freight -Road	0.05	0.03
-Rail	0.04	18.13
-Marine	0.17	0.11
Exchange fluctuation -loss (Net)	59.46	-
Premium on forward contract	0.04	0.70
Insurance - General	0.97	0.64
- Marine	0.53	1.49
Customs Duty	779.13	471.35
Clearing, Handling, Survey fee, port & Other Charges	62.72	62.70
Processing Charges	0.34	8.76
Sales Tax/ Surcharge on Sales Tax/VAT	0.17	-
Octroi/Purchase Tax Reimbursement	0.64	1.29
<b>Total</b>	<b>15,297.47</b>	<b>18,500.81</b>

29.1 Exchange fluctuation-loss (net) of ₹59.46 crore (gain ₹119.32 crore included in Note -26) includes ₹ 58.19 crore (gain ₹87.15 crore included in Note 26) 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)	(58.19)	10.13
(B) Import- Exchange Gain /(Loss) (Adjusted in Sales)	-	77.02
Exchange Fluctuation-net Gain/(Loss) (A+B)	(58.19)	87.15



# 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

S. No.	Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
(a)	<b>Inventories of finished goods</b>		
	Opening balance of finished goods	1.30	0.27
	Less: Closing balance of finished goods	0.67	1.30
	<b>Changes in inventories of finished goods</b>	<b>0.63</b>	<b>(1.03)</b>
(b)	<b>Inventories of work-in-progress</b>		
	Opening balance of work-in-progress	-	-
	Less: Closing balance of work-in-progress	-	-
	<b>Changes in inventories of work-in-progress</b>	<b>-</b>	<b>-</b>
(c)	<b>Inventories of stock-in-trade</b>		
	Opening balance of stock-in-trade	41.96	557.95
	Less: Closing balance of stock-in-trade	0.08	41.96
	<b>Changes in inventories of stock-in-trade</b>	<b>41.88</b>	<b>515.99</b>
	<b>Total (a+b+c)</b>	<b>42.51</b>	<b>514.96</b>

## NOTE NO 31

### Employees benefit expense

S. No.	Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
(a)	<b>Remuneration to Staff &amp; Managers</b>		
	Salaries and Allowances	76.04	71.37
	Residential Rent	-	-
	Provident fund	5.44	4.90
	Employees pension scheme 95 (EPS 95)	0.49	0.52
	Bonus	-	-
	Performance Related Pay	-	0.63
	Welfare Expenses:		
	- Medical Expenses on regular employees	5.53	4.51
	-Medical Expenses on retired employees	8.62	6.45
	-Medical Expenses on Actuary Liability	26.50	9.99
	- Others	1.19	1.13
	Gratuity	7.08	5.42
	Pension	4.27	3.63
	Voluntary retirement benefit	3.64	-
	<b>Total(a)</b>	<b>138.80</b>	<b>108.55</b>
(b)	<b>Remuneration to Directors</b>		
	Salaries and Allowances	1.35	1.32
	Provident fund	0.08	0.07
	Employees pension scheme 95 (EPS 95)	-	-
	Welfare Expenses		
	- Medical Expenses on regular Directors	0.04	0.01
	- Medical Expenses on retired Directors	0.09	0.08
	Gratuity	0.04	(0.04)
	Pension	0.07	0.20
	<b>Total(b)</b>	<b>1.67</b>	<b>1.64</b>
	<b>Grand Total (a+b)</b>	<b>140.47</b>	<b>110.19</b>

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

(₹ in Crore)

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 ₹ 2,987 ( ₹11,955)

31.3 Whole time directors are allowed use of company car for non-duty journey up to 1000 km per month on payment of ₹ 490/520/780 per month, as applicable.

31.4 Actual medical expenses incurred towards retired employees including retired directors is ₹ 8.71 crore (₹6.53 crore) and provision for post-retirement medical benefits on actuarial basis is ₹26.50 crore (₹9.99 crore).

31.5 The subsidiary company has offered VSS to the regular employees during the month of September 2013. Out of total strength of 51 employees, 32 employees have opted for VSS.

### NOTE NO 32

#### Finance Cost

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
Bank Loan :		
- Working capital Demand Loan(WCDL)	4.08	13.50
- Cash Credit	469.04	417.01
- Export packing credit/PCFC	30.16	27.57
- BAS/External Commercial borrowing	-	0.13
Business associates :		
- Deposits pledged / under Lien as margin money	0.32	3.72
- Other Deposits	0.71	0.79
TDS/TCS/INT U/S234B	-	0.58
Micro, small & medium enterprises	-	-
Exchange fluctuation on borrowing	-	0.62
Others	0.11	0.50
<b>Total</b>	<b>504.42</b>	<b>464.42</b>

### NOTE NO 33

#### Depreciation and amortization cost

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>Tangible Assets</b>		
<b>Free hold assets:</b>		
(a) Building	0.27	0.91
(b) Plant & Equipment	2.33	1.44
(c) Furniture & fixtures	0.19	0.24
(d) Vehicle	0.01	0.14
(e) Air conditioners & office equip.	0.50	0.46
(f) Computer, data processor & communication equipment	0.34	0.32
<b>Sub Total</b>	<b>3.64</b>	<b>3.51</b>
<b>Lease hold assets:</b>		
(a) Land	0.08	0.09
(b) Building	1.48	0.82
(c) Roads, culverts & sewerage etc.	0.02	0.02
<b>Sub Total</b>	<b>1.58</b>	<b>0.93</b>
<b>Intangible Assets</b>		
(a) Amortization of Computer software	0.05	0.05
<b>Total</b>	<b>5.27</b>	<b>4.49</b>

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

(₹ in Crore)

## NOTE NO 34 Other Expenses

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>(a) Other Operating Expenses</b>		
L/C Negotiation & Bank Charges	1.28	2.69
Godown, Plot, Tank Rent	3.86	4.21
Claims Paid	2.90	-
Commission on Sales	0.02	0.14
Other Direct Exps.	0.68	0.61
Delivery charges	0.65	1.40
Cost of Tender (includes advertisement)	0.34	-
<b>Total (a)</b>	<b>9.73</b>	<b>9.05</b>
<b>(b) Administration expenses</b>		
Office Rent	3.11	3.13
Rates and Taxes:		
- Property Tax to Municipal Corporation	1.36	1.23
- Wealth Tax	0.03	0.16
- Others	0.03	0.03
Electricity and Water Charges	2.66	2.00
Printing and Stationery	0.54	0.52
Postage, Telegram, Teleprinter & Telex	0.18	0.21
Telephones	1.15	1.09
Books and Periodicals	0.05	0.03
Repairs		
- Building	0.08	0.13
- Others	0.34	0.35
Travelling Expenses	2.17	2.65
Housing Colony Expenses	2.36	2.24
Service Vehicle Expenses	1.09	0.87
Insurance Premium	0.20	0.17
Auditors' Remuneration		
- Account Audit Fees	0.14	0.14
- Tax Audit Fees	0.07	0.07
- Certification fees	0.03	0.03
- Other charges - TA/DA etc.	0.01	0.01
HRD Expenses	0.49	0.36
Information Technology Expenses	0.14	0.20
Conveyance Expenses	0.07	0.07
Maintenance of office building	1.40	1.26
Misc. Office expenses*	3.44	2.60
Donations	0.05	-
<b>Total (b)</b>	<b>21.19</b>	<b>19.55</b>

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

(₹ in Crore)

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>(c) Trade Expenses</b>		
Legal & Professional Expenses	2.30	4.63
Advertisement & Publicity	1.30	0.87
Exhibitions & Fairs	-	-
Exchange Fluctuations other than commodity items	0.52	0.30
Bank Charges	0.65	0.47
Entertainment expenses	0.40	0.37
Hospitality and Public Relations	0.03	0.05
Corporate Social Responsibility	0.54	0.57
Corporate Social Responsibility Provision	-	1.22
Research and Development	0.08	-
Other Trade Expenses	0.83	0.65
<b>Total ( c )</b>	<b>6.65</b>	<b>9.13</b>
<b>Total (a+b+c)</b>	<b>37.57</b>	<b>37.73</b>

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

(₹ in Crore)

## NOTE NO 35 Exceptional items

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>(a) Expenses</b>		
Loss on sale of fixed assets	0.08	0.03
Litigation settlement	-	0.43
<b>Total (a)</b>	<b>0.08</b>	<b>0.46</b>
<b>(b) Write Offs</b>		
Trade Receivables	3.07	104.82
Claims	23.07	5.71
Loans and Advances	81.92	0.04
Deposits	-	(1.29)
Assets	0.03	-
Investments	-	0.22
<b>Total (b)</b>	<b>108.09</b>	<b>109.50</b>
<b>(c) Provision for Doubtful debts, Loans and advances &amp; Investment</b>		
Trade Receivables	353.61	73.28
Claims	127.49	0.13
Loans and Advances	0.28	-
<b>Total ( c )</b>	<b>481.38</b>	<b>73.41</b>
<b>(d) Income</b>		
Profit on Sale of Fixed Assets	0.03	0.01
Liabilities Created in previous years written back		
- Statutory	0.05	-
- Others	16.33	7.84
Provision Written back for doubtful amounts realized:		
-Trade Receivables	0.40	0.25
-Claims	-	0.01
Provision Written back for doubtful amounts written off:		
-Trade Receivables	2.96	9.03
-Claims	0.35	5.71
-Loans and Advances	-	0.04
-Assets	0.03	-
-Investments	-	0.14
Other receipts	0.04	0.01
Write back of unclaimed credit balances	3.94	7.77
<b>Total (d)</b>	<b>24.13</b>	<b>30.81</b>
<b>Total (a+b+c-d)</b>	<b>565.42</b>	<b>152.56</b>

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

(₹ in Crore)

### NOTE NO 36

#### Extraordinary items

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
Loss due to Earthquake/Cyclone/flood	-	-
Loss due to Fire	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### NOTE NO 37

#### Prior Period Adjustment Net (debit/credit)

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>(a) Income</b>		
Sales	-	11.97
Other Income	-	(0.15)
Interest Income	(0.04)	0.09
Misc. Income	0.59	0.42
<b>Total (a)</b>	<b>0.55</b>	<b>12.33</b>
<b>(b) Expenditure</b>		
Cost of Sales	0.12	11.33
Overheads	-	-
--Establishment	-	-
--Administration	0.16	0.02
--Trade	0.03	0.01
Interest	-	0.14
Depreciation	-	-
Others	-	0.01
<b>Total (b)</b>	<b>0.31</b>	<b>11.51</b>
<b>Net Adjustment (a-b)</b>	<b>0.24</b>	<b>0.82</b>

### NOTE NO 38

#### CURRENT TAX

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
<b>Current Tax</b>		
Current Tax has been computed on profit of the year as per the prevailing tax laws	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

38.1 In view of net taxable loss, no tax provision for the current year has been made.

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

(₹ in Crore)

### NOTE NO 39

#### DEFERRED TAX ASSETS (NET)

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
Deferred Tax (net) is computed as per prevailing tax laws		
Deferred Tax Assets	-	-
<b>Deferred Tax Assets (Net)</b>	<b>-</b>	<b>-</b>

39.1 Refer Note No. 17.1

### NOTE NO 40

#### PROFIT (LOSS) FROM DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
(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, 2014	For The Year Ended 31st March, 2013
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

#### EARNING PER EQUITY SHARE -BASIC

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
A. Profit After Tax (PAT)	(844.72)	(278.16)
B. Weighted average No. of equity shares	6,00,00,000	6,00,00,000
EPS - Basic in ₹ (A/B)	(140.79)	(46.36)
Face Value in ₹	10.00	10.00

### NOTE NO 43

#### EARNING PER EQUITY SHARE -DILUTED

Particulars	For The Year Ended 31st March, 2014	For The Year Ended 31st March, 2013
A. Profit After Tax (PAT)	(844.72)	(278.18)
B. Weighted average No. of equity shares	6,00,00,000	6,00,00,000
EPS - Basic in ₹ (A/B)	(140.79)	(46.36)
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 are 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 ventures entities are combined by applying proportionate consolidation method on a line by line items 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 CHANDIOK & GULIANI

Chartered Accountants  
FRN: 001199N

Sd/-  
(B. B. KALIA)  
Partner  
M.No: 085772

Sd/-  
(KHALEEL RAHIM)  
Chairman & Managing Director

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

Sd/-  
(MANOJ MISHRA)  
Director (Finance)

Sd/-  
(R. K. GOGIA)  
Company Secretary

Place: New Delhi  
Dated: 25.08.2014



## Other Notes

### 45. CONTINGENT LIABILITIES & COMMITMENT

<b>I. Contingent Liabilities not provided for</b>	<b>31.3.2014</b>	<b>31.3.2013</b>
A Claims against the company not acknowledged as debt	2495.90	2471.25
B Guarantees	110.37	220.87
C Other money for which company is contingently liable	581.68	411.80
<b>II Commitment</b>		
A Estimated amount of contracts remaining to be executed on capital account and not provided for	9.57	10.09
B Uncalled liability on shares and other investments partly paid	-	-
C Other commitments	-	-

Note: 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.

46. Trade receivables, loans & advances and other current & non-current assets include ₹61.09 crore (₹36.22 crore) pertaining to previous years which are under dispute/litigation. In some cases, there are corresponding payments withheld or receivables relating to commodities handled on Government of India's accounts. Hence no provision is considered necessary.
47. Balances in parties' accounts are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.
48. Current 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 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-VI OF THE COMPANIES ACT, 1956

<b>a) Expenditure in Foreign Currency (on accrual basis)</b>	<b>2013-14</b>	<b>2012-13</b>
i) Import of Goods including freight etc.*	12389.70	16339.40
ii) Training	0.04	0.04
iii) Travelling	0.11	0.38
iv) Agency Commission	0.01	-
v) Others	3.94	0.11
<b>Total</b>	<b>12393.80</b>	<b>16339.93</b>
<b>b) Earning in Foreign Exchange (on accrual basis)</b>		
i) Export of goods on FOB basis*	1780.96	1561.72
ii) Others	-	13.63
<b>Total</b>	<b>1780.96</b>	<b>1575.35</b>

\* include third party transactions.

### 51. INFORMATION ABOUT BUSINESS SEGMENT AS AT 31.03.2014 – attached.

### 52. RELATED PARTY TRANSACTION:

#### 1. Key Management Personnel

- |                            |  |
|----------------------------|--|
| i. Directors               |  |
| a. Shri J.S. Deepak        | Chairman & Managing Director (up to 12/08/2013)  |
| b. Shri Khaleel Rahim      | Chairman & Managing Director (from 12/08/2013) Director (Marketing) (up to 11/08/2013) |
| c. Shri M. M. Sharma       | Director (Personnel)   |
| d. Shri Manoj Mishra       | Director (Finance)   |
| e. Shri Rajiv Chopra       | Director (Marketing)   |
| f. Shri H.P. Girish        | Managing Director (STCL Limited)   |
| ii. Relatives of Directors | None   |

Remuneration paid to Directors (Key Management Personnel) has been disclosed in Note No 31(B)- Remuneration to Directors

### 53. DISCLOSURE AS PER AS-15 (EMPLOYEES BENEFIT)

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 Profit & Loss Account. 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 ₹ 93.97 crore (₹67.48 crore) is estimated as per actuarial valuation as on 31.03.2014 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 ₹ 16.21 crore (₹ 17.77 crore) for EL and ₹ 14.50 crore (₹ 14.16 crore) for HPL is estimated as per actuarial valuation as on 31.03.2014.

#### 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 ( $15/26 \times$  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 ₹ 51.28 crore (₹ 44.64 crore) is estimated as per actuarial valuation as on 31.03.2014 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 ₹ 1.56 crore (₹ 1.53 crore) is estimated as per actuarial valuation as on 31.03.2014 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 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 P&L Accounts and Balance Sheet are as under:

**i. Expenses recognised in Profit & Loss Account**

	(₹ in crore)		
Particulars	Gratuity	Earned Leave	Half Pay Leave
Current Service Cost	2.09	0.87	0.57
Past Service Cost	-	-	-
Interest Cost	3.57	1.42	1.05
Expected return on plan assets	(3.64)	-	-
Net actuarial (gain)/loss recognised in the year	5.44	3.62	(0.19)
Expenses recognised in the Profit & Loss Account	7.46	5.91	1.43

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

	(₹ in crore)		
Particulars	Gratuity	Earned Leave	Half Pay Leave
Present value of obligation as on 31.3.2014	51.28	16.19	13.72
Fair value of plan assets as on 31.3.2014	46.12	-	-
Funded Status	(5.16)	(16.19)	(13.72)
Excess of actual over estimated	0.04		
Net Asset /(Liability) recognized in the Balance Sheet	(5.16)	(16.19)	(13.72)

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

	(₹ in crore)		
Particulars	Gratuity	Earned Leave	Half Pay Leave
Present value of obligation as on 1.4.2013	44.64	17.77	13.10
Interest cost	3.57	1.42	1.04
Current Service Cost	2.09	0.87	0.57
Past Service Cost	-	-	-
Benefits paid	(4.50)	(7.49)	(0.80)
Net actuarial (gain)/loss on obligation	5.48	3.62	(0.19)
Present value of the defined obligation as on 31.03.2014	51.28	16.19	13.72

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

	(₹ in crore)		
Particulars	Gratuity	Earned Leave	Half Pay Leave
Fair value of plan assets as on 1.4.2013	41.57	-	-
Expected return plan assets	3.64	-	-
Contributions by employer	5.37	-	-
Benefit paid	(4.50)	-	-
Actuarial gain / (loss)	0.04	-	-
Fair value of plan assets as on 31.3.2014	46.12	-	-

**v. Actuarial Assumptions**

	(₹ in crore)		
Particulars	Gratuity	Earned Leave	Half Pay Leave
Discount rate	8.50%	8.50%	8.50%
Expected return on plan asset	8.75%	-	-
Future Salary Increase	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 & the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

Note: Total liability of gratuity for the year ended 31.03.2014 as per books of accounts is ₹ 7.02 crore. It includes gratuity liability of ₹ 5.16 crore in respect of employees on roll as on 31.03.2014 as per actuarial valuation report and ₹ 1.86 crore towards gratuity payment outstanding in respect of retired employees.

#### 54. Foreign Exchange Exposure as on 31.03.2014

##### (a) On STC's Account

Particulars	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	–	–	32.01 (29.35)	78.89(0.10)

Note: The amount of USD 31.99 crore is recoverable at average rate of 1 USD = ₹ 46.18 as per agreement with the associate.

##### (b) On Business Associates Account

Particulars	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	–	0.07 (0.36)	31.46 (35.92)	1.02 (8.15)
EURO	–	–	0.09 ( 0.09)	Nil (0.01)
CHF	–	–	–	0.06 (0.03)

55. 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.
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 impairment loss of ₹ 0.01 crore recognised by subsidiary company during the year.
57. The Subsidiary namely, STCL Ltd. 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 Company has passed a Resolution on 18.04.2013 to take necessary steps for Winding-up of the 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 STCL has filed winding up petition dated 26.11.2013 before High Court of Karnataka. The Subsidiary company has offered VSS to the regular employees during the September 2013, out of total strength of 51 employees, 32 employees have opted for VSS and the amount settled was ₹ 3.64 crore.
58. In the opinion of the Management of Subsidiary STCL, the Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and necessary provision has been made in the cases wherever it is considered as doubtful.
59. 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 ₹ 349.96 crore calculated on accrual basis is to be recovered from the business associates to whom the credit facilities were provided.
60. The Subsidiary, STCL 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 Company directing M/s. Rajesh Spices to pay ₹ 0.34 crore with interest

@ 9% p.a. [from the date of suit i.e., June 1994 to till realisation] to STCL during August 2011. The party has filed a review petition in High Court challenging the lower court order issued in favour of STCL for which necessary objections have been filed by the Company.

61. Purchases and sales of Subsidiary company mainly represent procurement and distribution of Fertilizers based on work order placed by Tobacco Board and Sale of Cardamom (Spices) in the auction. The payment towards procurement of fertilizers were made directly by way of DDs by the Tobacco Board to the fertilizer supplying companies.

## 62. Disclosure as per AS 19 – LEASE

After termination of the lease agreement with RDM Care India (Pvt) Ltd on 31.03.2013, 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 STCL on a lease rent of ₹ 0.07 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 charges of ₹ 0.05 crore was payable to the lessor(s) as per the terms of the Lease. Out of the above, STCL share in rent and pre-operative charges is ₹ 0.02 crore and ₹ 0.015 crore respectively. The Spices Board and STCL have waived the payment of monthly lease rent up to February 2014, hence, only the lease rent of ₹ 0.02 crore for the month of March, 2014 has been recognised during the year.

Class of Assets	As on 01.04.2013			For the year 2013-14 recognised in P&L	
	Gross carrying amount	Accumulated depreciation	Accumulated Impairment	Depreciation	Impairment/impairment Losses reversed
Land	0.19	-	-	-	-
Factory Building	1.11	0.15	-	0.04	-
Plant & machinery	5.21	2.03	-	0.52	-
<b>Total</b>	<b>6.51</b>	<b>2.18</b>	<b>-</b>	<b>0.56</b>	<b>-</b>

63. The accounting policies followed by the Subsidiary are different from the accounting policies of the company as given below:
- 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. 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.
  - Interest receivables from Sundry Debtors except receivables on back to back contracts has been recognised on cash basis by Subsidiary company.

## 64. Accounting for Investment in Joint Ventures :- STC has following four joint ventures:-

(₹ in Crores)				
S. No.	Name of Joint Venture	Total Amount Invested	Book Value of Investment as on 31.03.14	% of holding
1.	M/s. Richfield Aquatech Ltd. Vizag	0.55	Negligible Value	13.00%
2.	M/s. Bluegold Meritech Ltd., Chennai	1.60	Negligible Value	10.60%
3.	M/s. NSS Satpura Agro Development Co. Ltd.*	0.20	0.12	50.00%
4.	M/s. Sealac Agro Ventures Limited(SAVL)	0.10	0.10	6.25%

\*Includes 25% share each of STC & STCL

Joint ventures at Sl No. 1 & 2 are not consolidated in view of continuous losses in the past and virtual closure of associate operations. The company's investment in these ventures has been shown at ₹1/- each after writing off the same against provisions made in earlier years.

Further Financial Statements of the Joint Ventures at S No. 3 & 4 are yet to be finalized for the financial year 2013-14, hence not included in the consolidated financial statements.

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 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 CHANDIOK & GULIANI**

Chartered Accountants

FRN: 001199N

**Sd/-**

**(B. B. KALIA)**

Partner

M.No: 085772

**Sd/-**

**(KHALEEL RAHIM)**

Chairman & Managing Director

**Sd/-**

**(B.R.DHAWAN)**

CGM (Finance)

**Sd/-**

**(MANOJ MISHRA)**

Director (Finance)

**Sd/-**

**(R. K. GOGIA)**

Company Secretary

Place: New Delhi

Dated: 25.08.2014

# INFORMATION ABOUT CONSOLIDATED BUSINESS SEGMENT AS ON 31.03.2014

(₹ in Crore)

S. No.	PARTICULARS	EXPORT		IMPORT	
		2013-14	2012-13	2013-14	2012-13
<b>1</b>	<b>Revenue</b>				
a.	External sales	1,786.29	1,619.64	13,613.40	17,288.25
b.	Inter-segment sales	–	–	–	–
	<b>Total Revenue (1a+1b)</b>	<b>1,786.29</b>	<b>1,619.64</b>	<b>13,613.40</b>	<b>17,288.25</b>
<b>2</b>	<b>Result</b>				
a.	Segment result	40.98	82.82	145.55	37.59
b.	Unallocated corporate expenses	2.27	(2.13)	131.66	(0.65)
<b>3</b>	<b>Operating Profit (2a-2b)</b>	<b>38.71</b>	<b>84.95</b>	<b>13.89</b>	<b>38.24</b>
4	Interest expenses (Note No. 32)	30.16	0.01	0.85	5.27
5	Interest Income (Note No. 27.1)	175.52	191.07	2.04	13.44
6	Income tax (Note No. 37+38)	–	–	–	–
<b>7</b>	<b>Profit from ordinary activities (3-4+5-6)</b>	<b>184.07</b>	<b>276.01</b>	<b>15.08</b>	<b>46.41</b>
8 a	Extraordinary loss/Expenses (Note No. 36)	–	–	–	–
8 b	Prior period adjustment (Note No. 41)	(0.04)	0.15	(0.12)	(0.12)
8 c	Others	–	–	–	–
	<b>Total (8a-8b+8c)</b>	<b>0.04</b>	<b>(0.15)</b>	<b>0.12</b>	<b>0.12</b>
<b>9</b>	<b>Net Profit (7-8)</b>	<b>184.03</b>	<b>276.16</b>	<b>14.96</b>	<b>46.29</b>
<b>10</b>	<b>Other Information</b>				
a.	Segment assets	2,543.02	3,032.64	391.26	1,035.63
b.	Segment liabilities (Note 5 to 11)	1,440.76	1,282.76	485.39	807.07
c.	Capital Expenditure	–	–	–	–
d.	Depreciation	–	–	–	–
e.	Non -cash expenses other than depreciation	(79.53)	6.36	1.20	0.04

# INFORMATION ABOUT CONSOLIDATED BUSINESS SEGMENT AS ON 31.03.2014

(₹ in Crore)

DOMESTIC		UNALLOCATED		CONSOLIDATED	
2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
138.99	239.17	-	-	15,538.68	19,147.06
-	-	-	-	-	-
<b>138.99</b>	<b>239.17</b>	<b>-</b>	<b>-</b>	<b>15,538.68</b>	<b>19,147.06</b>
2.28	1.73	-	-	188.81	122.14
7.29	(0.38)	573.29	276.19	714.51	273.03
<b>(5.01)</b>	<b>2.11</b>	<b>(573.29)</b>	<b>(276.19)</b>	<b>(525.70)</b>	<b>(150.89)</b>
0.22	0.45	473.19	458.69	504.42	464.42
5.07	30.02	2.35	2.32	184.98	236.85
-	-	(0.18)	(3.52)	(0.18)	(3.52)
<b>(0.16)</b>	<b>31.68</b>	<b>(1,043.95)</b>	<b>(729.04)</b>	<b>(844.96)</b>	<b>(374.94)</b>
-	-	-	-	-	-
0.59	0.23	(0.19)	0.56	0.24	0.82
-	-	-	(95.96)	-	(95.96)
<b>(0.59)</b>	<b>(0.23)</b>	<b>0.19</b>	<b>(96.52)</b>	<b>(0.24)</b>	<b>(96.78)</b>
<b>0.43</b>	<b>31.91</b>	<b>(1,044.14)</b>	<b>(632.52)</b>	<b>(844.72)</b>	<b>(278.16)</b>
177.13	209.76	220.68	224.02	3,332.09	4,502.05
<b>10.36</b>	<b>37.31</b>	<b>3,747.75</b>	<b>3,881.73</b>	<b>5,684.26</b>	<b>6,008.87</b>
-	-	1.41	17.19	1.41	17.19
-	-	5.27	4.49	5.27	4.49
7.38	0.06	660.43	176.45	589.48	182.91





**THE STATE TRADING CORPORATION OF INDIA LIMITED**

**Regd. Office: Jawahar Vyapar Bhawan, Tolstoy Marg,  
New Delhi-110001**

**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.stc.gov.in](http://www.stc.gov.in). Shareholders could also submit the said form by way of fax on 011-41709884 or by e-mailing a scanned copy to [admin@mcsdel.com](mailto:admin@mcsdel.com).

Full text of notices/documents meant for general shareholders would also be made be available on our website [www.stc.gov.in](http://www.stc.gov.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/-

(R.K. Gogia)

Company Secretary



(Please tear here)



**E-COMMUNICATION REGISTRATION FORM**  
**(Exclusively meant for Shareholders holding shares in physical form)**

To,  
MCS 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)





# 58 Years of excellence in Global Trading



*Business Beyond Boundaries*

**THE STATE TRADING CORPORATION OF INDIA LIMITED**

(A Government of India Enterprise)

Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001

Tel.: 011-23313177 Fax : 011-23701123, 23701191

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## THE STATE TRADING CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

(CIN:L74899DL1956GOI002674)

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## FORM A

### Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	The State Trading Corporation of India Ltd.
2.	Annual financial statement for the year ended	31 <sup>st</sup> March 2014
3.	Type of audit observation	Matter of Emphasis
4.	Frequency of observation	As per annexure
5.	Signed by	Chairman & Managing Director Director Finance Statutory Auditors Audit Committee Chairperson

**MANAGEMENT REPLIES TO THE COMMENTS OF STATUTORY AUDITORS ON THE  
ACCOUNTS FOR THE YEAR 2013-14**

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 on behalf of a business associate. The company has alleged fraud by the business associates and matter has been referred to CBI. We also understand that two ex-Directors and a General Manager have been charge sheeted. However, in absence of details of the charge sheets and the inquiries, we are unable to opine if there was a fraud or a suspected management fraud and comment on any misstatements made in these accounts in respect of the above transactions. Pending outcome of legal steps initiated for recovery/CBI probe, full provision of Rs. 87.39 Crore was made in earlier year. However, the company is successful in getting Arbitration Award of Rs 110.00 Crores in its favour along with 12% interest per annum from 1<sup>st</sup> May 2006 till realization of award which has been objected by the parties and hearing is pending in this case.</p> <p>Appearing since 2005-06.</p>	<p>The charge-sheet to ex-Directors and ex-GMs were issued by Vigilance Dept. The documents are in the custody of Vigilance Dept. of Ministry/ Corporation and are of confidential nature. Hence, the documents could not be provided to statutory auditors.</p>
<p>2. Reference is invited to note no. 19.1, regarding Rs. 568.44 Crores on account of export of pharma product to foreign buyer 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 STC as well as by Indian Associates and their bankers. A claim of Rs. 527.86 Crore has been admitted by the liquidator. There is however corresponding credit balance of Rs 568.78 Crore under trade payables. Management does not anticipate any liability on this account.</p> <p>Appearing since 2012-13.</p>	<p>No further comments.</p>

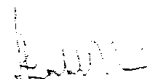
Comments of the Statutory Auditors	Management Replies
<p>3. Reference is invited to note no. 19.2 , regarding long term trade receivable of Rs. 788.47 Crore under the Credit Linked Insurance Scheme(CLIS) for export of gold jewellery etc. against which corresponding credit balance of Rs 342.18 Crores are available leaving net receivable of Rs 446.29 Crores. Actions against the 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 Rs 446.29 Crores has been made in respect of this account.</p> <p><b>Appearing since 2009-10.</b></p>	<p>As per the agreement with the associate the repatriation of export proceeds was the responsibility of Indian associates. Legal action against these associates has already been initiated. The matter is also under investigation by the concerned agencies.</p>
<p>4. Reference is invited to Note no. 19.3, regarding Long Term Trade Receivable which includes Rs 4.94 Crores towards reimbursement of loss in supply of Edible Oil under PDS scheme of Govt. of India for which claim was pending with Govt. of India. However as a matter of prudence full provision has been made during the year.</p> <p><b>Appearing since 2010-11.</b></p>	<p>The claim is being pursued with Govt. of India</p>
<p>5. Reference is invited to Note No. 19.5, in respect of dues from one of the business associates against which there is no stock pledged to the company. Upon non-receipt of dues from the associate, the company has initiated necessary legal steps for its recovery. Full provision for the net amount of Rs. 9.23 Crores has been made and Rs. 81.82 Crores was written off during the year.</p> <p><b>Appearing since 2012-13.</b></p>	<p>No further comments.</p>
<p>6. Reference is invited to note no. 19.8, regarding claims recoverable amounting to Rs 114.95 Crores towards reimbursement of actual losses on import of pulses under Government account since the year 2006-07 onwards. The claim for the same has been lodged with the Ministry of Consumer Affairs, Government of India and is pending since long. The reimbursement has been delayed for over three years and as a matter of prudence, company has made full provision of the claim recoverable, during the year.</p> <p><b>Appearing since 2010-11.</b></p>	<p>The claim is being pursued with Govt. of India.</p>



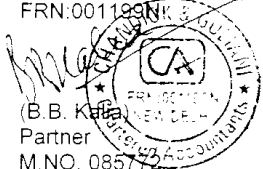
Comments of the Statutory Auditors	Management Replies
<p>7. Reference is invited to note no. 22.1, relating to Rs. 122.22 Crores due from Jhagadia Copper Limited, the Company is under Liquidation and in the process of reconstruction by asset reconstruction Company (India) Limited. The dues are fully secured by pledge of Stock. Financial impact of the same cannot be ascertained at this stage.</p> <p><b>Appearing since 2009-10.</b></p>	<p>These stocks were purchased under advance license in the name of the associate company. ARCIL has initiated action to sell the associate company's assets including its plant to another company which will facilitate in the liquidation of the pledged stock. The stocks are under the custody of Central Warehousing Corporation. As per valuation report of independent valuer, the value of the stock as on 31.03.2014 is much higher than the amount due to STC</p>
<p>8. Reference is invited to note no 22.2, Trade Receivable of Rs. 1468.14 Crores recoverable 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 STC by 10.11.2012. However, the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. The associate has affirmed to repay entire dues along with interest. The associate has paid an amount of Rs. 57.77 Crores during current year and Rs 23 Crores in April 2014. Management is hopeful of the full recovery.</p> <p><b>Appearing since 2010-11.</b></p>	<p>Upon default by the associate the Corporation has already filed criminal complaint u/s 138 of Negotiable Instrument Act in Oct 2012. The associate has affirmed to repay entire dues along with interest and has sought more time for making full payment, which the Corporation has not agreed. The case is being pursued vigorously. The associate has so far paid Rs 228 crore even after filing of the case.</p>
<p>9. Reference is invited to note no. 25.1, regarding claims recoverable of Rs 5.28 Crores towards imports of pulses on behalf of UP Government for sales under PDS Scheme valid up to 30<sup>th</sup> June 2012. Claim in this regard was submitted to MOCA in March 2013 i.e. after the last date of submission of claim due to delay in receipt of utilization certificate from State Govt. and the matter is being pursued. Since, there is credit balance of Rs. 9.08 Crores on these accounts received from UP Government, no provision is considered by the management.</p> <p><b>Appearing first time in 2013-14.</b></p>	<p>No further comments.</p>
<p>10. Note No. 47 &amp; 48 relating to Pending reconciliation/ confirmation of balances in parties accounts and current liabilities and consequential adjustment that may arise on reconciliation.</p> <p><b>Appearing in earlier years as general comment.</b></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>

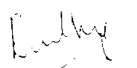
Comments of the Statutory Auditors	Management Replies
<p>11. As explained to us, verification of inventories undertaken by the company through surveyor from time to time. In respect of the goods in the custody of third parties, certificate is obtained from the Clearing &amp; Handling Agents or the warehousing corporation or from the related parties. In our opinion, the verification of goods like coal, wheat, etc. is not by actual weighment, but by actual receipt and dispatch without accounting for handling losses. In respect of stock of Wheat 1925.78 MTs at Kandla Port lying since the year 2004-05 as there was no confirmation of the quality and quantity is available the value of the same is being taken as NIL.</p> <p>Appearing since 2006-07.</p>	<p>As per company's business model, goods sold to associate are pledged back to STC unless payment is made by the party. The storage loss, if any, is to the account of associates. Therefore, actual weighment is not undertaken. However, in respect of business on Govt. account (like wheat) accounting of handling losses is done on completion of each shipment.</p> <p>The quantity of 1925.78 MT wheat was purchased during 2004-05 and has since deteriorated in quality. Its market value was considered NIL in earlier years. Hence, no confirmation was considered necessary. The case is being investigated by outside agencies.</p>
<p>12. In our Opinion, though the procedures for physical verification is in place and instruction &amp; guidelines are issued from time to time for verification of stock/ inventories but the same is not being followed strictly for all materials which are handled by and are in custody of third parties.</p> <p>Appearing since 2006-07.</p>	<p>Instructions and guidelines have been issued from time to time to branches and divisions for verification of inventories/ stocks by nominated surveyors as well as STC officials on periodic basis. Checking compliance of the same has also been included in the scope of internal auditors. However, physical verification of stocks and inventories has been carried out at the year-end.</p>
<p>13. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and also the sale of goods. Further on the basis of our examination and according to the information and explanation given to us, we have not observed any instance of continuous failure to correct major weaknesses in internal control procedures. However, internal control procedure regarding review, realization of advances and other claims and reconciliation of balance of sundry debtors and creditors require strengthening.</p> <p>Appearing since 2010-11.</p>	<p>A system has been put in place whereby all overdues are reported and reviewed every month starting from Branch/ Division level and monitored by Management. Respective branches and divisions have been instructed for monitoring the overdues recoveries on regular basis. Balances of debtors/ creditors and liabilities are being reconciled after completion of each transaction and the accounts are settled with the associates.</p>

Comments of the Statutory Auditors	Management Replies
<p>14. Based upon the audit procedures performed and the information and explanations given by the management, we report that no material fraud on or by the company has been noticed or reported during the course of our audit except a case of misappropriation / removal of pledged stock by an associate having an outstanding balance of Rs. 81.82 Crores under Trade and Miscellaneous advances. It was informed that criminal complaint was lodged with Additional Commissioner of Police (EOW) on 13<sup>th</sup> March, 2014 and also complaint was lodged with CBI Mumbai on 21<sup>st</sup> April, 2014 after the Balance Sheet date. As there was no security available against the advance and considering the remote possibility the amount of Rs. 81.82 Crores has been fully written off during the year. Matter is under investigation. (Refer Note no. 19.5).</p> <p>Appearing first time in 2013-14.</p>	<p>As regards the case of removal of stocks by the associates, legal action has been initiated against the defaulting associate. The matter has also been referred for investigation by outside agency.</p>

  
(Khaleel Rahim)  
Chairman & Managing Director

  
(Manoj Mishra)  
Director-Finance

For Chandio & Guliani  
Chartered Accountants  
FRN:001199N  
  
(B.B. Kalia)  
Partner  
M.NO. 085772

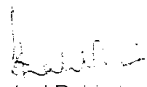
  
(Dr. (Mrs.) B. Kinnera Murthy)  
Chairperson Audit Committee

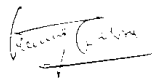
Date: 12.08.2014  
Place: New Delhi

## FORM B

### Format of covering letter of the annual audit report to be filed with the stock exchanges

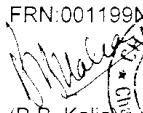
1.	Name of the Company	The State Trading Corporation of India Ltd.
2.	Annual financial statement for the year ended	31 <sup>st</sup> March 2014
3.	Type of audit qualification	Nil
4.	Frequency of qualification	N.A.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	N.A.
6.	Additional comments from the board/audit committee chairperson:	Nil

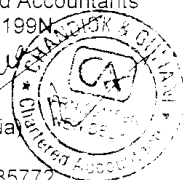
  
(Khaleel Rahim)  
Chairman & Managing Director

  
(Manoj Mishra)  
Director-Finance

For Chandio & Guliani  
Chartered Accountants

FRN:001199N

  
(B.B. Kalia)  
Partner  
M.NO. 085772



  
(Dr. (Mrs.) B. Kinnera Murthy)  
Chairperson Audit Committee

Date: 12.08.2014  
Place: New Delhi