

प्रभाग
DIVISION



दि स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड
(भारत सरकार का उद्यम)
THE STATE TRADING CORPORATION OF INDIA LTD.
(A Govt. of India Enterprise)

No.2016/ STC/BS&P

29th May, 2016

BSE Limited Listing Dept./Dept. of Corporate Services PhirozeJeejeebhoy Towers, Dalal Street, Mumbai- 400 001 Scrip Code : 512531	National Stock Exchange of India Limited Listing Department, Exchange Plaza, Plot No. C/I, G Block Bandra-Kurla Complex, Bandra (East), Mumbai- 400 051 Scrip Code: STCINDIA-EQ
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Dear Sir/ Madam,

Sub: Annual Audited Financial Results (Standalone & Consolidated) for the Quarter and Year Ended March 31, 2016

This is to inform you that the Board of Directors of The State Trading Corporation of India Ltd. at its meeting held on May 28, 2016 has approved and taken on record the Annual Audited Financial Results (Standalone & Consolidated) for the Quarter and Year ended March 31, 2016. This is in continuation to letter and enclosures sent on 28.05.2016.


In pursuance of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the following:

- Annual Audited Financial Results (Standalone & Consolidated) for the Quarter and Year ended March 31, 2016 alongwith the statements of Assets and Liabilities for the Financial Year ended March 31, 2016.
- Auditor's Report on the Audited Financial Results (Standalone & Consolidated) for the Financial Year ended March 31, 2016.
- Form A (Standalone and Consolidated) and Form B (Standalone and Consolidated).

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For The State Trading Corporation of India Limited


(Kanchan Tripathi)
Company Secretary
Encl.: As above.



THE STATE TRADING CORPORATION OF INDIA LTD.

STATEMENT OF STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2016

(Amount in Rs. Crore)

PARTICULARS	Standalone					Consolidated	
	3 months ended	3 months ended	3 months ended	Year ended	Year ended	Year ended	Year ended
	31.03.2016 (Audited)	31.12.2015 (Unaudited)	31.03.2015 (Audited)	31.03.2016 (Audited)	31.03.2015 (Audited)	31.03.2016 (Audited)	31.03.2015 (Audited)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Income from Operations							
(a) Net Sales/Income from operations	558.54	2,970.12	3524.66	10,479.16	14,397.21	10,479.16	14,397.21
(b) Other Operating Income	169.52	61.22	142.83	346.52	305.67	346.74	306.03
Total income from operations (net)	728.06	3,031.34	3,667.49	10,825.68	14,702.88	10,825.90	14,703.24
2. Expenses							
a) Cost of Materials consumed	0.03	0.03	0.02	0.09	0.05	0.09	0.05
b) Purchases of Stock in Trade	662.61	2,966.88	3,608.33	10,560.40	14,388.61	10,560.39	14,388.61
c) Changes in inventories of finished goods, work in progress and stock in trade	0.66	(0.64)	(4.59)	4.89	(4.42)	4.92	(4.37)
d) Employee benefits expense	23.57	25.77	6.17	101.02	100.41	102.39	101.98
e) Depreciation & amortisation expense	5.07	3.62	16.77	15.88	20.02	16.25	20.61
f) Other Expenses	(1.15)	6.49	13.29	22.44	38.38	23.02	38.94
Total expenses	690.79	3,002.15	3,639.99	10,704.72	14,543.05	10,707.06	14,545.82
3. Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)	37.27	29.19	27.50	120.96	159.83	118.84	157.42
4. Other Income	9.78	7.17	8.68	30.07	32.66	32.00	33.23
5. Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+ 4)	47.05	36.36	36.18	151.03	192.49	150.84	190.65
6. Finance Costs	38.40	37.77	42.08	152.11	157.78	631.81	566.87
7. Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	8.65	(1.41)	(5.90)	(1.08)	34.71	(480.97)	(376.22)
8. Exceptional Items							
-Provisions/Write-off (Net of write back) - Debit/(Credit)	(13.16)	(2.50)	2.47	(23.78)	3.31	(23.53)	4.96
9. Profit/(Loss) from ordinary activities before Tax (7- 8)	21.81	1.09	(8.37)	22.70	31.40	(457.44)	(381.18)
10. Tax expense:							
Current Tax	4.18	0.15	5.53	5.15	9.81	5.15	9.81
Tax relating to earlier years	(0.00)	-	(0.79)	(0.31)	(0.79)	(0.38)	(0.79)
Provision for MAT Credit Entitlement	0.97	(0.37)	(3.81)	-	(3.81)	-	(3.81)
Deferred Tax	-	-	-	-	-	-	-
11. Net Profit /(Loss) from Ordinary Activities after tax (9 -10)	16.66	1.31	(9.30)	17.86	26.19	(462.22)	(386.39)
12. Extraordinary Items (net of tax expense Rs. nil)	-	-	-	-	-	-	-
13. Net Profit / (Loss) for the period (11-12)	16.66	1.31	(9.30)	17.86	26.19	(462.22)	(386.39)
14. Paid up Equity Share Capital (Face Value Rs. 10/-)	60	60	60	60	60	60	60
15. Reserves excluding revaluation reserves as per Balance Sheet of previous accounting year				81.41	37.73	(2,781.39)	(2,412.17)
16. (i) Earning per share(EPS) (before extraordinary items)							
(of Rs.10/- each) (not Annualized) :							
(a) Basic (in Rs.)	2.78	0.22	(1.55)	2.98	4.36	(77.04)	(64.40)
(b) Diluted (in Rs.)	2.78	0.22	(1.55)	2.98	4.36	(77.04)	(64.40)
16. (ii) Earning per share(EPS) (after extraordinary items)							
(of Rs.10/- each) (not Annualized) :							
(a) Basic (in Rs.)	2.78	0.22	(1.55)	2.98	4.36	(77.04)	(64.40)
(b) Diluted (in Rs.)	2.78	0.22	(1.55)	2.98	4.36	(77.04)	(64.40)

Segment-wise Revenue, Results and Capital Employed

(Amount in Rs. Crore)

PARTICULARS	Standalone					Consolidated	
	3 months ended	3 months ended	3 months ended	Year ended	Year ended	Year ended	Year ended
	31.03.2016 (Audited)	31.12.2015 (Unaudited)	31.03.2015 (Audited)	31.03.2016 (Audited)	31.03.2015 (Audited)	31.03.2016 (Audited)	31.03.2015 (Audited)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Segment revenue (net sales from each segment)							
a) Export	10.29	(0.95)	759.08	1,110.47	1,884.27	1,110.47	1,884.27
b) Import	444.43	2,847.53	2697.85	8,735.29	12,041.81	8,735.29	12,041.81
c) Domestic	103.82	123.54	67.73	633.40	471.13	633.40	471.13
Total	558.54	2,970.12	3,524.66	10,479.16	14,397.21	10,479.16	14,397.21
Less -Inter-segment revenue	-	-	-	-	-	-	-
Net sales	558.54	2,970.12	3,524.66	10,479.16	14,397.21	10,479.16	14,397.21
2. Segment results - Profit /(Loss) before tax and interest from each segment							
a) Export	1.89	3.24	5.73	15.40	15.51	15.40	15.51
b) Import	2.52	4.57	(1.58)	11.79	80.66	11.79	80.66
c) Domestic	1.59	1.10	1.40	5.92	5.47	5.83	5.35
Total	6.00	8.91	5.55	33.11	101.64	33.02	101.52
Less:(i) Interest	38.40	37.77	42.08	152.11	157.78	631.81	566.87
(ii) Other unallocable expenditure net off							
Unallocable income	(54.21)	(29.95)	(28.16)	(141.70)	(87.54)	(141.35)	(84.17)
Profit before Tax	21.81	1.09	(8.37)	22.70	31.40	(457.44)	(381.18)
3. Capital employed (Segment asset - Segment Liabilities)							
a) Export	601.79	578.93	51.39	601.79	51.39	3,766.75	3,386.00
b) Import	55.01	59.25	328.43	55.01	328.43	344.30	(126.32)
c) Domestic	34.13	35.67	12.85	34.13	12.85	219.05	122.31
d) Unallocated	365.86	366.27	646.25	365.86	646.25	(6,615.00)	(5,204.66)
Total	1,056.79	1,040.12	1,038.92	1,056.79	1,038.92	(2,284.90)	(1,822.67)

STANDALONE & CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Particulars	Standalone		Consolidated	
	As at 31.03.2016 (Audited)	As at 31.03.2015 (Audited)	As at 31.03.2016 (Audited)	As at 31.03.2015 (Audited)
I. EQUITY AND LIABILITIES				
(1) Shareholder's funds				
(a) Share Capital	60.00	60.00	60.00	60.00
(b) Reserves & Surplus	996.79	978.92	(2,344.90)	(1,882.67)
(c) Money received against share warrants	-	-	-	-
Sub-Total - Shareholders Funds	1,056.79	1,038.92	(2,284.90)	(1,822.67)
(2) Share application money pending allotment	-	-	-	-
(3) Non-Current Liabilities				
(a) Long-term borrowings	-	176.28	-	176.28
(b) Other long term liabilities	1,137.69	1,167.06	1,137.69	1,167.07
(c) Long-term provisions	103.71	101.47	103.71	101.46
Sub Total - Non Current Liabilities	1,241.40	1,444.81	1,241.40	1,444.81
(4) Current Liabilities				
(a) Short-term borrowings	1,439.44	1,127.86	2,624.70	2,313.12
(b) Trade Payables	646.77	726.46	646.97	726.65
(c) Other current liabilities	447.91	305.02	2,610.54	1,994.69
(d) Short-term provisions	15.95	15.86	19.16	18.91
Sub Total - Current Liabilities	2,550.07	2,175.20	5,901.36	5,053.37
TOTAL - EQUITY AND LIABILITIES	4,848.26	4,658.93	4,857.87	4,675.51
II. ASSETS				
(1) Non-Current Assets				
(a) Fixed Assets	945.78	959.94	950.36	964.85
(b) Non-Current investments	0.01	0.21	0.04	0.24
(c) Deferred tax assets (net)	73.01	73.01	73.01	73.01
(d) Long-term loans and advances	21.60	16.38	22.83	23.59
(e) Other non-current assets	1,094.14	1,111.67	1,094.14	1,111.66
Sub Total - Non Current Assets	2,134.54	2,161.21	2,140.37	2,173.35
(2) Current Assets				
(a) Current investments	-	-	-	-
(b) Inventories	0.42	5.50	0.42	5.52
(c) Trade receivables	2,640.98	2,425.25	2,641.09	2,425.35
(d) Cash and cash equivalents	9.60	6.51	12.97	10.55
(e) Short-term loans and advances	41.25	38.98	41.32	39.05
(f) Other current assets	21.47	21.48	21.69	21.69
Sub Total - Current Assets	2,713.72	2,497.72	2,717.49	2,502.16
TOTAL - ASSETS	4,848.26	4,658.93	4857.87	4675.51

Notes:

1) The financial results for the quarter & year ended 31st March, 2016 were reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on 28th May, 2016. The audited accounts are subject to Supplementary Audit by the Comptroller and Auditor General of India under section 143(6) of the Companies Act, 2013.

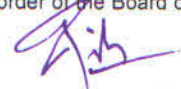
2) Trade receivables and other income as on 31.03.2016 include Rs. 1,740.42 crore and Rs. 224.33 crore respectively, receivable from one of the associates with whom the conciliation agreement has been signed which is enforceable as decree and upheld by Hon'ble Supreme Court as final. The associate has made a part payment as per directives of Hon'ble Supreme Court. In view of the above, the debt has been considered good and interest accrued thereon is recognized as income.

3) The figures for the three months ended 31.03.2016 and corresponding three months ended 31.03.2015 are the balancing figure between the audited figure in respect of the full financial year and the year to date figures up to the third quarter of the respective financial years.

4) As a matter of prudence, deferred tax Assets for the year ended 31.03.2016 has not been recognized.

5) Figures of the previous period have been regrouped/ rearranged to make them comparable with those of the current period wherever necessary.

By order of the Board of Directors


(G Ravichandran)
Director -Finance

P.JAIN & COMPANY CHARTERED ACCOUNTANTS

HO- 210 ARUNACHAL BHAWAN, 2ND FLOOR, 19 BARAKHAMBA ROAD NEW DELHI 110001
BO- 6, NAVYUG MARKET, 1ST FLOOR, GHAZIABAD 201001

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF THE STATE TRADING CORPORATION OF INDIA LIMITED

1. We have audited the accompanying Statement of Standalone Financial Results of **THE STATE TRADING CORPORATION OF INDIA LIMITED** ("the Company") for the year ended March 31, 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of the related financial statements which is in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.
2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, 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 Statement 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 the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

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

3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - (ii) gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India, of the net profit and other financial information of the Company for the year ended March 31, 2016.
4. The Statement includes the results for the quarter ended March 31, 2016 being the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year, which were subjected to limited review by us.
5. **Emphasis of Matters**

We draw attention to the matters referred in Annexure 'A' annexed herewith.



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P.JAIN & COMPANY CHARTERED ACCOUNTANTS

HO- 210 ARUNACHAL BHAWAN, 2ND FLOOR, 19 BARAKHAMBA ROAD NEW DELHI 110001
BO- 6, NAVYUG MARKET, 1ST FLOOR, GHAZIABAD 201001

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

Our opinion is not modified in respect of this matter

7. The Company has not complied with the provisions of section 149 of the Companies Act, 2013 read with regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations 2015 with regard to appointment of Independent Directors and Women Director.

Place : New Delhi
Date : 28th May, 2016



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


(Parikaj Jain)
Partner
M. No. 097279

ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT

Re: The State Trading Corporation of India Limited

Referred to in Paragraph 5 under the heading of "Emphasis of Matter" of our report on Standalone Accounts of even date

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



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- i) Reference is invited to Note no. 19.6, regarding long term trade receivable of ₹ 58.55 crore due from one of the Business Associates for goods sold in earlier years. The entire balance overdue is secured by pledge of stocks in favour of the Company. The Company has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has also filed winding up petition and criminal complaints i.e. case u/s 138 of Negotiable Instruments Act and contempt application for misleading the court against the business associate. The management is hopeful of the full recovery.
- j) Reference is invited to Note no. 19.8, regarding long term trade receivable of ₹ 10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by the Company except the outstanding balance of ₹ 10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. The management is hopeful of the full recovery.
- k) Reference is invited to Note no. 19.4, regarding long term trade receivables of ₹ 12.05 crore recoverable from one of the Business Associate for goods sold in the earlier years. The entire overdue is secured by duly insured pledged stocks in favour of the Company valuing ₹ 10.19 crore under CWC custody. Further, cases u/s 138 of Negotiable Instruments Act for ₹ 8.62 crore have been filed against the Associate. Provision of ₹ 1.86 crore has been created during the current financial year for the unsecured portion.
- l) Reference is invited to Note no. 22.4, regarding trade receivables of ₹ 10.28 crore recoverable from one of the Business Associates for sale of coal. The Business Associate has paid an amount of ₹ 0.10 crore during the year. The entire dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. Company has filed legal and criminal case against Business Associate. In view of this, no provision is considered necessary.
- m) Reference is invited to Note no. 12.5, regarding non adjustment in financial books of fixed assets having net book value of ₹ 0.64 crore destroyed due to flood during the year at Chennai Branch against which an adhoc claim of ₹ 0.26 crore has been received from insurance company.
- n) Reference is invited to Note no. 55(b), the reconciliation of physical verification of fixed assets at Corporate office with books is under process, impact thereof could not be ascertained.
- o) Reference is invited to Note no. 47 & 48 relating to pending reconciliation/ confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.

Our opinion is not modified in respect of these matters.

Place : New Delhi
Date : 28th May, 2016



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


(Rankaj Jain)
Partner
M. No. 097279

FORM A

Covering letter of the annual audit report to be filed with the stock exchanges

STANDALONE ACCOUNTS

1.	Name of the Company	The State Trading Corporation of India Ltd.
2.	Annual financial statement for the year ended	31 st March 2016
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 Chairman



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

Comments of the Statutory Auditors	Management Replies
<p>1. Reference is invited to Note no.18.1 relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts. Pending outcome of legal steps initiated for recovery, full provision of ₹ 87.39 crore was made in earlier year. However, the company was successful in getting arbitration award of Rs 110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the party and hearing is pending in this case before Hon'ble High Court, New Delhi</p> <p>Appearing since 2005-06.</p>	<p>STC had financed Rs. 125 crore to an associate for purchase of old fertilizer plant from a public sector company. During the transaction, a sum of Rs. 38 crore was only recovered leaving a balance amount of Rs. 87.39 crore for recovery. STC filed various court cases including arbitration proceedings against the party. Arbitration award of Rs. 110 crore plus interest was pronounced in favour of STC. The party filed objections u/s 34 of Arbitration and Conciliation Act, 1996 before the Hon'ble High Court, New Delhi. Meanwhile, STC sought the detail of assets of the party through court which have since been received from the party. STC is in process of verifying the status and valuation of the properties. Next date of hearing is 19.07.2016.</p>
<p>2. Reference is invited to Note no. 19.1, regarding long term trade receivable ₹ 568.44 crore on account of export of pharma products to foreign buyers on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone into liquidation, litigation process have been initiated by the Company as well as by Indian Associates and their bankers. A claim of ₹ 527.86 crore has been admitted by the liquidator and decree for ₹ 63 crore by Mumbai High Court. There is however corresponding credit balance of ₹ 568.44 crore under trade payables. Management does not anticipate any liability on this account.</p> <p>Appearing since 2012-13.</p>	<p>The contract was signed on back to back basis and payment to the supplier was to be made upon realisation of export proceeds from the foreign buyer. These payments could not be realised. Though STC had conditionally accepted the bills of exchange (subject to realization of export proceeds), the Associate got these conditionally accepted bills of exchange discounted from the banks against his limits. Banks have made STC also as a party in the DRT proceedings initiated by them. The matter is under litigation and is subjudise. In one case STC has been able to secure decree for Rs. 63 crore and further actions are in process.</p> <p>There is no outflow of STC funds and no liability is anticipated.</p>



Comments of the Statutory Auditors	Management Replies
<p>4. Reference is invited to Note no 25.1, regarding claims recoverable include 2.72 crore towards carrying costs for delayed lifting of pulses by State Governments. Claim for the same was lodged during the year 2011-12 and the same is being followed up with the State Governments. Since, there is credit balance available with the Company, no provision is considered necessary.</p> <p>Appearing since 2013-14.</p>	<p>The claim of Rs. 2.72 crore refers to the charges recoverable from various State Governments towards carrying costs for delayed lifting of pulses supplied during 2011-12 under the erstwhile subsidy scheme.</p> <p>Against the claim of Rs. 2.72 crore recoverable from the State Governments, sufficient credit balance is available with STC. The matter is being taken up with State Governments on regular basis for settlement of accounts.</p>
<p>5. Reference is invited to Note no. 45(b), regarding contingent liability of 82.57 crore payable to foreign supplier as per arbitral award, for which the Company has filed appeal in the Hon'ble Delhi High Court and simultaneously lodged the claim with Ministry of Consumer Affairs as transaction was under taken on their behalf. In view of the above no provision is considered necessary.</p> <p>Appearing first time in 2014-15.</p>	<p>STC during July 2008, had contracted to import Canadian Yellow Peas under the 15% subsidy scheme out of which some quantity was abrogated as per the advice of Ministry of Consumer Affairs and CVC. The supplier did not agree for the same and invoked the Arbitration clause.</p> <p>The dispute was referred to ICA, New Delhi where the tribunal passed the award against STC.</p> <p>STC has filed appeal in Hon'ble High Court, Delhi and is pursuing the same. STC has in turn informed MOCA that In case the Court verdict comes against STC, the liability arising shall have to be made good by MOCA.</p>



Comments of the Statutory Auditors	Management Replies
<p>7. Reference is invited to Note no.19.2, regarding long term trade receivable of Rs.787.65 crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹ 342.18 crore are available, leaving net receivable of ₹ 445.47 crore. Actions against the Business Associate have been initiated. The matter is being pursued legally and company is hopeful of recovery. As a measure of abundant caution full provision of ₹ 445.47 Crore being net receivable, has been made.</p> <p>Appearing since 2009-10.</p>	<p>Under the Scheme, post shipment finance was taken from EXIM Bank to finance the export transactions.</p> <p>As per the agreement, the repatriation of export proceeds was the responsibility of associates. In some cases, the overseas buyers defaulted in payments and the export proceeds were not realized. Actions have been initiated against the associates. The matter is also under investigation by the concerned agencies.</p>
<p>8. Reference is invited to Note no. 22.3, regarding trade receivable of ₹ 20.56 crore recoverable from one of the Business Associates for goods sold in earlier years. The entire overdue is secured by pledge of stocks of ₹ 4.17 crore and ₹ 39 crore stock of family concern of the Associate in favour of the Company. The Company's receivables are being monitored by court and Company has received Rs. 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. Hence, no provision is considered necessary.</p> <p>Appearing first time in 2014-15..</p>	<p>Against an outstanding of Rs. 20.56 crore STC is secured by pledge of stocks worth Rs. 4.17 crore of the associate and Rs. 39 crore worth of duly insured stocks of the family concern of the associate. legal action u/s 138 of NI Act 1881 has been initiated for an amount of Rs. 85 crore wherein the summons have been issued. STC's receivables are being monitored by court and STC has received Rs. 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. The same is under process.</p>



Comments of the Statutory Auditors	Management Replies
<p>9. Reference is invited to Note no. 19.6, regarding long term trade receivable of ₹ 58.55 crore due from one of the Business Associates for goods sold in earlier years. The entire balance overdue is secured by pledge of stocks in favour of the Company. The Company has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has also filed winding up petition and criminal complaints i.e. case u/s 138 of Negotiable Instruments Act and contempt application for misleading the court against the business associate. The management is hopeful of the full recovery</p> <p>Appearing first time in 2014-15.</p>	<p>The entire balance overdue is secured by pledge of stocks for Rs 179.71 crore in favour of STC. STC has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has filed criminal complaint u/s 138 of NI Act and also winding up petition against the associate which are in progress.</p>
<p>10. Reference is invited to Note no. 19.8, regarding long term trade receivable of ₹ 10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by the Company except the outstanding balance of ₹ 10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. The management is hopeful of the full recovery.</p> <p>Appearing first time in 2014-15.</p>	<p>An amount of Rs. 2.32 crore on account of supply of RBD Palmolein during the year 2010-11 and an amount of Rs. 7.89 crore towards supplies made during the year 2011-12 under the erstwhile PDS scheme is recoverable from MARKFED (Govt. of Maharashtra).</p> <p>The total amount of Rs. 10.21 crore is pending due to final reconciliation at their end.</p> <p>Matter is being taken with the Govt. of Maharashtra for reconciliation of the amount and for recovery of the dues.</p>
<p>11. Reference is invited to Note no. 47 & 48 relating to pending reconciliation/ confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.</p> <p>Appearing in earlier years as general comments</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>12. Reference is invited to Note no 19.4, regarding long term trade receivables of 12.05 crore recoverable from one of the Business Associate for goods sold in the earlier years. The entire overdue is secured by duly insured pledged stocks in favour of the Company valuing 10.19 crore under CWC custody. Further, cases u/s 138 of Negotiable Instruments Act for 8.62 crore have been filed against the Associate. Provision of 1.86 crore has been created during the current financial year for the unsecured portion.</p> <p>Appearing since 2006-07.</p>	<p>The overdue is secured by pledge of duly insured stocks in favour of STC to the extent of Rs. 10.19 crore. The company has filed criminal complaint u/s 138 of NIA for Rs. 8.62 crore and the proceedings are in process.</p>
<p>13. Reference is invited to Note no 12.5, regarding non adjustment in financial books of fixed assets net book value of 0.64 crore destroyed due to flood during the year Chennai Branch against which an adhoc claim of 0.26 crore has been received from insurance company.</p> <p>Appearing since 2006-07.</p>	<p>Due to sudden flood, the loss of fixed assets was estimated by CPWD for the purpose of lodging Insurance claim. The Insurance company has made provisional payment of Rs. 26 lakh. The adjustment of assets in books of accounts will be made on realisation of final claim from the Insurance company during the current year.</p>
<p>14. Reference is invited to Note no. 22.4, regarding trade receivables of 10.28 crore recoverable from one of the Business Associates for sale of coal. The Business Associate has paid an amount of 0.10 crore during the year. The entire dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. Company has filed legal and criminal case against Business Associate. In view of this, no provision is considered necessary.</p> <p>Appearing since 2015-16</p>	<p>The dues are secured by mortgage of free hold land. The mortgage deed duly signed by the owner of the property and the representative of STC has been registered with Registrar of assurances at Kolkata. The associate has committed to clear all dues towards STC along with interest and other charges.</p>



Comments of the Statutory Auditors	Management Replies
<p>15. Reference is invited to Note no. 55(b), the reconciliation of physical verification of fixed assets at Corporate office with books is under process, impact thereof could not be ascertained.</p> <p><i>Appearing Since 2015-16</i></p>	<p>The Physical verification of fixed assets was conducted on 31.03.2015. The same was again re-verified on 28.01.2016. Reconciliation of PV with book balances is in process and impact of variation if any will be accounted for during the current year.</p>



 (Khaleel Rahim)
 Chairman & Managing Director


 (G. Ravichandran)
 Director-Finance

For P.Jain & Company
 Chartered Accountants
 FRN:000711C


 (Pankaj Jain)
 Partner
 M.NO. 097279




 (Shri J. K. Dadoo)
 Chairman Audit Committee

FORM B

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

STANDALONE ACCOUNTS

1.	Name of the Company	The State Trading Corporation of India Ltd.
2.	Annual financial statement for the year ended	31 st March 2016
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 chair person	Nil


(Khaleel Rahim)
Chairman & Managing Director

For P.Jain &Company
Chartered Accountants
FRN:000711C


(Pankaj Jain)
Partner
M.NO. 097279




(G. Ravichandran)
Director-Finance


(Shri J. K. Dadoo)
Chairman Audit Committee

P.JAIN & COMPANY CHARTERED ACCOUNTANTS

HO- 210 ARUNACHAL BHAWAN, 2ND FLOOR, 19 BARAKHAMBA ROAD NEW DELHI 110001
BO- 6, NAVYUG MARKET, 1ST FLOOR, GHAZIABAD 201001

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF THE STATE TRADING CORPORATION OF INDIA LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of **THE STATE TRADING CORPORATION OF INDIA LIMITED** ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") for the year ended March 31, 2016 ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared on the basis of the related consolidated financial statements which is in accordance with the Accounting Standards, prescribed under Section 133 of the Companies Act, 2013, as applicable, and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.
2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

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

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

3. We did not audit the financial statements of one subsidiary included in the consolidated financial results, whose financial statements reflect total assets of Rs. 13.79 crore as at March 31, 2016, total revenues of Rs. 2.16 crore for the year ended March 31, 2016, and total loss after tax of Rs. 480.07 for the year ended March 31, 2016, as considered in the consolidated financial results. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditors.
4. Basis for Qualified Opinion
 - (a) With respect to Subsidiary company, provision for liability towards earned leave and half pay leave encashment of Rs. 0.76 crore, Gratuity provision of Rs.0.15crore as on 31 March, 2016 and post retirement medical benefits is not made on the basis of Actuarial valuation as required under 'AS-15 Revised'. In the absence of Actuarial reports, we are unable to quantify the impact if any on the consolidated financial statements.
 - (b) With respect to Subsidiary company audited PF trust accounts for the year ended 31.3.2016 were not provided, in the absence of audited PF trust account, we are unable to comment thereon.



Contd.....

- (c) An amount towards the deferential tax between refund due of Rs. AY 2009-10 and tax payable for AY 2010-11 amounting to Rs. 0.70 crore deposited with the Income Tax Department is shown under Loans and Advances. The amount of refund granted (after adjustment with liability upto AY 2010-11 is more than refund receivable shown in books for the related assessment years. The difference has been considered as the Interest Income and accounted accordingly by the subsidiary company without adjusting towards aforementioned tax deposited. Since the Subsidiary company has not received assessment order and no other documentary evidences were available, we are not able to comment whether the amount refunded is inclusive of the payment made by the company to the income tax department amounting to Rs. 0.70 crore
- (d) In respect of subsidiary company the audited financial statements of the joint venture company i.e.M/s NSS Satpura Agro Development Co. Ltd is not available after 31st March 2013, hence further diminution in the value of Rs 0.02 crore is not considered in consolidated accounts as result investments are overstated by Rs 0.02 crore and accumulated loss is understated by Rs 0.02 crore.

Our opinion is qualified in respect of these matters.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us subject to our observations in Paragraph 4, and based on the consideration of the report of the other auditors referred to in paragraph 3 above, the Statement:

- includes the results of the one subsidiary STCL Limited
 - is presented in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the consolidated net loss and other financial information of the Group for the year ended March 31, 2016.
6. The consolidated financial results of the Company does not include the financial results of Joint Ventures namely NSS Satpura Agro Development Co. Limited and Associates namely Richfield Aquatech Ltd, Blue Maritech Ltd, National Tannery Company Ltd, Indopirin Gloves Ltd due to non-availability of financial statements of such Joint Ventures and Associates for the year 2015-2016. However, as regards Sealac Agro Ventures Limited, no details were provided and disclosed in consolidated financial results.

7. Emphasis of Matters

We draw attention to the matters referred in Annexure 'A' annexed herewith.

8. The Company has not complied with the provisions of section 149 of the Companies Act, 2013 read with regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 with regard to appointment of Independent Directors and Women Director.

Place : New Delhi
Date : 28th May, 2016



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


(Pankaj Jain)
Partner
M. No. 097279

ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT

Re: The State Trading Corporation of India Limited

Referred to in Paragraph 7 under the heading of "Emphasis of Matter" of our report on Consolidated Accounts of even date

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

Contd.....



- i) Reference is invited to Note no. 19.6, regarding long term trade receivable of ₹ 58.55 crore due from one of the Business Associates for goods sold in earlier years. The entire balance overdue is secured by pledge of stocks in favour of the Company. The Company has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has also filed winding up petition and criminal case u/s 138 of Negotiable Instruments Act and contempt application for misleading the court against the business associate. The management is hopeful of the full recovery.
- j) Reference is invited to Note no. 19.8, regarding long term trade receivable of ₹ 10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by the Company except the outstanding balance of ₹ 10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. The management is hopeful of the full recovery.
- k) Reference is invited to Note no. 19.4, regarding long term trade receivables of ₹ 12.05 crore recoverable from one of the Business Associate for goods sold in the earlier years. The entire overdue is secured by duly insured pledged stocks in favour of the Company valuing ₹ 10.19 crore under CWC custody. Further, cases u/s 138 of Negotiable Instruments Act for ₹ 8.62 crore have been filed against the Associate. Provision of ₹ 1.86 crore has been created during the current financial year for the unsecured portion.
- l) Reference is invited to Note no. 22.4, regarding trade receivables of ₹ 10.28 crore recoverable from one of the Business Associates for sale of coal. The Business Associate has paid an amount of ₹ 0.10 crore during the year. The entire dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. Company has filed legal and criminal case against Business Associate. In view of this, no provision is considered necessary.
- m) Reference is invited to Note no. 12.5, regarding non adjustment in financial books of fixed assets having net book value of ₹ 0.64 crore destroyed due to flood during the year at Chennai Branch against which an adhoc claim of ₹ 0.26 crore has been received from insurance company.
- n) Reference is invited to Note no. 47 & 48 relating to pending reconciliation/ confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.
- o) The Shareholders of the Subsidiary Company in their Extraordinary General Meeting held on 12.09.2013, and Department of Commerce, Ministry of Commerce and Industries vide its letter dated 26.08.2013 had approved winding up of the Subsidiary Company under section 433(a) of the Companies Act, 1956 and accordingly winding up petition had been filed before the Hon'ble High Court of Karnataka on 26.11.2013. Accordingly, the Subsidiary Company has drawn the accounts on liquidation basis i.e. assets have been revalued on realizable basis, whereas the liabilities towards the bank have been stated at book value, in view of legal cases initiated by the banks against the Holding and Subsidiary Companies for recovery of their dues and all other liabilities at their settlement value, Holding Company has not given any guarantee for the credit facility availed by the Subsidiary Company.
- p) Reference is invited to note No. 8.3 regarding total liabilities of subsidiary company to banks along with interest amounting to ₹ 3349.27 crore payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. No other banks except UCO bank which has confirmed only the principal and the SBI which has confirmed principal along with interest amount due. However, subsidiary company has not considered the interest claim by SBI since subsidiary company has considered interest payable as claim at the rates disclosed in their DRT application filed by UCO bank and consortium of banks. Cash credit/ short term loan is as per the claims in the DRT (Debt Recovery Tribunal) application filed by consortium by seven banks and UCO bank on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO bank. The subsidiary company has created pari-passu charges on the current assets in favour of the banks and also



surrendered the documents of immovable properties situated at Chindwara (3.239 hectares), Byadgi (5 acres), Siddapura (2.20 acres) and Madikeri (0.50 acre) in favour of the bankers. In view of the immovable properties of subsidiary company given as security, an estimated amount of ₹ 1.83 crore out of the total advances can be considered as secured. The consortium of banks and UCO bank have filed cases separately against the subsidiary company with the Debt Recovery Tribunal, wherein with regards to UCO bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of ₹ 148.18 crore. However the subsidiary company has challenged DRT order at DRAT, Chennai. The bankers have also issue notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Further, based on the above, bankers have issued two possession notices one dt 26.10.2011 on the Factory land & Building located at Byadagi and another dt. 17.11.2011 on factory land & building located at Chhindwara, Madhya Pradesh.

- q) The subsidiary company has filed an appeal against the arbitration award made in favour of M/s Shiva Shankar Minerals Pvt. Ltd. for ₹ 8.01 crore before the City Civil Court, Bangalore.
- r) Reference is invited to note No. 10.7 regarding interest payable by subsidiary company of ₹ 2164.00 crore on the principal amount due to banks is arrived on the basis of the interest rates disclosed in the Debt Recovery Tribunal application filed by banks. Interest provision of ₹ 479.65 crore have been made by the subsidiary company for the current financial year. However no confirmation is received from banks for interest payable.
- s) The subsidiary company has made provision for payment of interest as per the claims made by the consortium banks in DRT upto 20.07.2011 and further interest are provided at the rates mentioned in DRT application by the banks. Excess interest/penal interest/liquidated damages claimed by the banks as shown in their balance confirmation certificate amounting to ₹ 165.84 crore has been shown under contingent liability. However the contingent liability as shown in notes consists only of those banks who have given their balance confirmation certificate.
- t) The subsidiary company has considered interest rates for computation of interest on short term borrowings related to devolved LCs are based on the claims of the consortium banks with Debt Recovery Tribunal.
- u) Reference is invited to Note no. 55(b), the reconciliation of physical verification of fixed assets at Corporate office with books is under process, impact thereof could not be ascertained.

Our opinion is not modified in respect of these matters.

Place : New Delhi
Date : 28th May, 2016



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


(Pankaj Jain)
Partner
M. No. 097279

FORM A

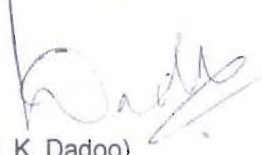
Covering letter of the annual audit report to be filed with the stock exchanges


CONSOLIDATED ACCOUNTS

1.	Name of the Company	The State Trading Corporation of India Ltd.
2.	Annual financial statement for the year ended	31 st March 2016
3.	Type of audit observation	Matter of Emphasis
4.	Frequency of observation	As per annexure

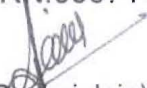

(Khaleel Rahim)
Chairman & Managing Director


(G. Ravichandran)
Director-Finance


(J. K. Dadoo)
Chairman, Audit Committee


(A. K. Bhalla)
Member, Audit Committee

For P.Jain & Company
Chartered Accountants
FRN:000711C


(Pankaj Jain)
Partner
M.NO. 097279



**MANAGEMENT REPLIES TO THE COMMENTS OF STATUTORY AUDITORS ON THE
CONSOLIDATED ACCOUNTS FOR THE YEAR 2015-16**

Comments of the Statutory Auditors	Management Replies
<p>1. Reference is invited to Note no.18.1 relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts. Pending outcome of legal steps initiated for recovery, full provision of Rs.87.39 crore was made in earlier year. However, the company was successful in getting arbitration award of Rs 110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the party and hearing is pending in this case before Hon'ble High Court, New Delhi.</p> <p>Appearing since 2005-06.</p>	<p>STC had financed Rs. 125 crore to an associate for purchase of old fertilizer plant from a public sector company. During the transaction, a sum of Rs. 38 crore was only recovered leaving a balance amount of Rs. 87.39 crore for recovery. STC filed various court cases including arbitration proceedings against the party. Arbitration award of Rs. 110 crore plus interest was pronounced in favour of STC. The party filed objections u/s 34 of Arbitration and Conciliation Act, 1996 before the Hon'ble High Court, New Delhi. Meanwhile, STC sought the detail of assets of the party through court which have since been received from the party. STC is in process of verifying the status and valuation of the properties. Next date of hearing is 19.07.2016.</p>
<p>2. Reference is invited to Note no. 19.1, regarding long term trade receivable Rs.568.44 crore on account of export of pharma products to foreign buyers on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone into liquidation, litigation process have been initiated by the Company as well as by Indian Associates and their bankers. A claim of Rs.527.86 crore has been admitted by the liquidator and decree for Rs.63 crore by Mumbai High Court. There is however corresponding credit balance of Rs.568.44 crore under trade payables. Management does not anticipate any liability on this account.</p> <p>Appearing since 2012-13.</p>	<p>The contract was signed on back to back basis and payment to the supplier was to be made upon realisation of export proceeds from the foreign buyer. These payments could not be realised. Though STC had conditionally accepted the bills of exchange (subject to realization of export proceeds), the Associate got these conditionally accepted bills of exchange discounted from the banks against his limits. Banks have made STC also as a party in the DRT proceedings initiated by them. The matter is under litigation and is subjudice. In one case STC has been able to secure decree for Rs. 63 crore and further actions are in process.</p> <p>There is no outflow of STC funds and no liability is anticipated.</p>



Comments of the Statutory Auditors	Management Replies
<p>3. Reference is invited to note no. 22.1, regarding trade receivable of Rs.122.77 Crore due from Jhagadia Copper Limited. The Business Associate is under liquidation. The entire amount is secured by pledge of stocks to the company (procured under advance license with export obligation) and the company has also solely staked claim on an industrial (mortgaged) land of about 90 acres at Alibagh, Maharashtra before Hon'able Gujarat High Court. Financial impact of the same cannot be ascertained at this stage. Management does not anticipate any liability on this account.</p> <p>Appearing since 2009-10.</p>	<p>The business associate is under liquidation. Negotiations with the Public Sector Enterprise, who has acquired the plant, for selling the pledged stocks are under process. The value of pledged stocks as on 31.03.2015 was approx. Rs. 264.47 crore based on latest PV & valuation report. Further, the company has also solely staked claim on an industrial (mortgaged) land of about 90 acres at Alibagh, Maharashtra before Hon'ble Gujarat High Court.</p>
<p>4. Reference is invited to Note no 22.2 & 27.1, regarding trade receivable of Rs. 1740.42 crore and recognition of income of Rs. 228.33 crore during the year from one of the business associates who have stopped operation of their plant due to extreme volatility of prices. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of Rs.144.90 crore on the directions of Hon'ble Supreme Court. The decree was noted to be final and legal case for enforcement of decree is under consideration of Hon'ble Supreme Court. The management is hopeful of full recovery.</p> <p>Appearing since 2010-11.</p>	<p>The associate has paid Rs 731 crore since signing of conciliation agreement. The Corporation has filed criminal case u/s 138 of Negotiable Instrument Act. STC has also filed criminal cases under IPC 420 of IPC for dilution of securities in violation of the conciliation agreement. The party on 19.08.2015 committed before the Hon'ble Supreme Court to pay back the amount. Further, the party has paid Rs. 144.90 crore during FY 2015-16 on the directions of Hon'ble Supreme Court. The party has also submitted schedule of payment to the court on 15.02.2016.</p> <p>The next date of hearing is 12.07.2016. All legal steps are being taken for recovery.</p>
<p>5. Reference is invited to Note no. 25.1, regarding claims recoverable include Rs.2.72 crore towards carrying costs for delayed lifting of pulses by State Governments. Claim for the same was lodged during the year 2011-12 and the same is being followed up with the State Governments. Since, there is credit balance available with the Company, no provision is considered necessary.</p> <p>Appearing since 2013-14.</p>	<p>The claim of Rs. 2.72 crore refers to the charges recoverable from various State Governments towards carrying costs for delayed lifting of pulses supplied during 2011-12 under the erstwhile subsidy scheme.</p> <p>Against the claim of Rs. 2.72 crore recoverable from the State Governments, sufficient credit balance is available with STC. The matter is being taken up with State Governments on regular basis for settlement of accounts.</p>



Comments of the Statutory Auditors	Management Replies
<p>6. Reference is invited to Note no. 45(b), regarding contingent liability of Rs.82.57 crore payable to foreign supplier as per arbitral award, for which the Company has filed appeal in the Hon'ble Delhi High Court and simultaneously lodged the claim with Ministry of Consumer Affairs as transaction was under taken on their behalf. In view of the above no provision is considered necessary.</p> <p>Appearing first time in 2014-15.</p>	<p>STC during July 2008, had contracted to import Canadian Yellow Peas under the 15% subsidy scheme out of which some quantity was abrogated as per the advice of Ministry of Consumer Affairs and CVC. The supplier did not agree for the same and invoked the Arbitration clause.</p> <p>The dispute was referred to ICA, New Delhi where the tribunal passed the award against STC.</p> <p>STC has filed appeal in Hon'ble High Court, Delhi and is pursuing the same. STC has in turn informed MOCA that In case the Court verdict comes against STC, the liability arising shall have to be made good by MOCA.</p>
<p>7. Reference is invited to Note no.19.2, regarding long term trade receivable of Rs.787.65 crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of Rs.342.18 crore are available, leaving net receivable of Rs.445.47 crore. Actions against the Business Associate have been initiated. The matter is being pursued legally and company is hopeful of recovery. As a measure of abundant caution full provision of Rs.445.47 Crore being net receivable, has been made.</p> <p>Appearing since 2009-10.</p>	<p>Under the Scheme, post shipment finance was taken from EXIM Bank to finance the export transactions.</p> <p>As per the agreement, the repatriation of export proceeds was the responsibility of associates. In some cases, the overseas buyers defaulted in payments and the export proceeds were not realized. Actions have been initiated against the associates. The matter is also under investigation by the concerned agencies.</p>
<p>8. Reference is invited to Note no. 22.3, regarding trade receivable of Rs.20.56 crore recoverable from one of the Business Associates for goods sold in earlier years. The entire overdue is secured by pledge of stocks of Rs.4.17 crore and Rs.39 crore stock of family concern of the Associate in favour of the Company. The Company's receivables are being monitored by court and Company has received Rs. 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. Hence, no provision is considered necessary.</p> <p>Appearing first time in 2014-15..</p>	<p>Against an outstanding of Rs. 20.56 crore STC is secured by pledge of stocks worth Rs. 4.17 crore of the associate and Rs. 39 crore worth of duly insured stocks of the family concern of the associate. legal action u/s 138 of NI Act 1881 has been initiated for an amount of Rs. 85 crore wherein the summons have been issued. STC's receivables are being monitored by court and STC has received Rs. 10.50 crore during the current year. Court has directed the company and the associate to submit their up to date account for recovery of balance dues. The same is under process.</p>



Comments of the Statutory Auditors	Management Replies
<p>9. Reference is invited to Note no. 19.6, regarding long term trade receivable of Rs.58.55 crore due from one of the Business Associates for goods sold in earlier years. The entire balance overdue is secured by pledge of stocks in favour of the Company. The Company has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has also filed winding up petition and criminal complaints i.e. case u/s 138 of Negotiable Instruments Act and contempt application for misleading the court against the business associate. The management is hopeful of the full recovery</p> <p>Appearing first time in 2014-15.</p>	<p>The entire balance overdue is secured by pledge of stocks for Rs 179.71 crore in favour of STC. STC has invoked risk sale clause of the agreement and twice floated tenders for sale of pledged stocks – both faced interim injunction for stay, out of which the first one got vacated. The Company has filed criminal complaint u/s 138 of NI Act and also winding up petition against the associate which are in progress.</p>
<p>10. Reference is invited to Note no. 19.8, regarding long term trade receivable of Rs.10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by the Company except the outstanding balance of Rs.10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. The management is hopeful of the full recovery.</p> <p>Appearing first time in 2014-15.</p>	<p>An amount of Rs. 2.32 crore on account of supply of RBD Palmolein during the year 2010-11 and an amount of Rs. 7.89 crore towards supplies made during the year 2011-12 under the erstwhile PDS scheme is recoverable from MARKFED (Govt. of Maharashtra).</p> <p>The total amount of Rs. 10.21 crore is pending due to final reconciliation at their end.</p> <p>Matter is being taken with the Govt. of Maharashtra for reconciliation of the amount and for recovery of the dues.</p>
<p>11. Reference is invited to Note no. 47 & 48 relating to pending reconciliation/confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.</p> <p>Appearing in earlier years as general comments</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>12. Reference is invited to Note no. 19.4, regarding long term trade receivables of 12.05 crore recoverable from one of the Business Associate for goods sold in the earlier years. The entire overdue is secured by duly insured pledged stocks in favour of the Company valuing Rs.10.19 crore under CWC custody. Further, cases u/s 138 of Negotiable Instruments Act for Rs.8.62 crore have been filed against the Associate. Provision of Rs.1.86 crore has been created during the current financial year for the unsecured portion.</p> <p>Appearing since 2006-07.</p>	<p>The overdue is secured by pledge of duly insured stocks in favour of STC to the extent of Rs. 10.19 crore. The company has filed criminal complaint u/s 138 of NIA for Rs. 8.62 crore and the proceedings are in process.</p>
<p>13. Reference is invited to Note no. 12.5, regarding non adjustment in financial books of fixed assets net book value of Rs.0.64 crore destroyed due to flood during the year Chennai Branch against which an adhoc claim of Rs.0.26 crore has been received from insurance company.</p> <p>Appearing since 2006-07.</p>	<p>Due to sudden flood, the loss of fixed assets was estimated by CPWD for the purpose of lodging Insurance claim. The Insurance company has made provisional payment of Rs. 26 lakh. The adjustment of assets in books of accounts will be made on realisation of final claim from the Insurance company during the current year.</p>
<p>14. Reference is invited to Note no. 22.4, regarding trade receivables of Rs.10.28 crore recoverable from one of the Business Associates for sale of coal. The Business Associate has paid an amount of Rs.0.10 crore during the year. The entire dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. Company has filed legal and criminal case against Business Associate. In view of this, no provision is considered necessary.</p> <p>Appearing since 2015-16</p>	<p>The dues are secured by mortgage of free hold land. The mortgage deed duly signed by the owner of the property and the representative of STC has been registered with Registrar of assurances at Kolkata. The associate has committed to clear all dues towards STC along with interest and other charges.</p>
<p>15. Reference is invited to Note no. 55(b), the reconciliation of physical verification of fixed assets at Corporate office with books is under process, impact thereof could not be ascertained.</p> <p>Appearing Since 2015-16.</p>	<p>The Physical verification of fixed assets was conducted on 31.03.2015. The same was again re-verified on 28.01.2016. Reconciliation of PV with book balances is in process and impact of variation if any will be accounted for during the current year.</p>


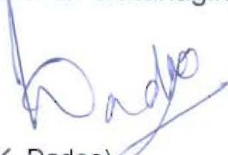
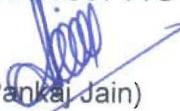

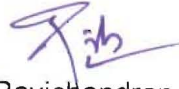



Comments of the Statutory Auditors	Management Replies
<p>16. The Shareholders of the Subsidiary Company in their Extraordinary General Meeting held on 12.09.2013, and Department of Commerce, Ministry of Commerce and Industries vide its letter dated 26.08.2013 had approved winding up of the Subsidiary Company under section 433(a) of the Companies Act, 1956 and accordingly winding up petition had been filed before the Hon'ble High Court of Karnataka on 26.11.2013. Accordingly, the Subsidiary Company has drawn the accounts on liquidation basis i.e. assets have been revalued on realizable basis, whereas the liabilities towards the bank have been stated at book value, in view of legal cases initiated by the banks against the Holding and Subsidiary Companies for recovery of their dues and all other liabilities at their settlement value, Holding Company has not given any guarantee for the credit facility availed by the Subsidiary Company.</p> <p><i>Appealing Since 2014-15.</i></p>	<p>The liability towards banks have not been revalued keeping in view the legal actions initiated by Bank against the subsidiary company and observance of conservative approach of accounting.</p>
<p>17. Reference is invited to note No. 8.3 regarding total liabilities of subsidiary company to banks along with interest amounting to Rs.3349.27 crore payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. No other banks except UCO bank which has confirmed only the principal and the SBI which has confirmed principal along with interest amount due. However, subsidiary company has not considered the interest claim by SBI since subsidiary company has considered interest payable as claim at the rates disclosed in their DRT application filed by UCO bank and consortium of banks. Cash credit/ short term loan is as per the claims in the DRT (Debt Recovery Tribunal) application filed by consortium by seven banks and UCO bank on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO bank. The subsidiary company has created pari-passu charges on the current assets in favour of the banks and also surrendered the documents of immovable properties situated at Chindwara (3.239 hectares), Byadgi (5 acres), Siddapura (2.25 acres) and Madikeri (0.50 acre) in favour of the bankers. In view of the immovable properties of subsidiary company given as security, an</p>	<p>Factual, no further comments.</p>



Comments of the Statutory Auditors	Management Replies
<p>estimated amount of Rs.1.83 crore out of the total advances can be considered as secured. The consortium of banks and UCO bank have filed cases separately against the company with the Debt Recovery Tribunal, wherein with regards to UCO bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of 148.18 crore. However the subsidiary company has challenged DRT order at DRAT, Chennai. The bankers have also issue notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Further, based on the above, bankers have issued two possession notices one dt 26.10.2011 on the Factory land & Building located at Byadagi and another dt. 17.11.2011 on factory land & building located at Chhindwara, Madhya Pradesh.</p> <p><i>Appearing Since 2012-13.</i></p>	
<p>18. The subsidiary company has filed an appeal against the arbitration award made in favour of M/s Shiva Shankar Minerals Pvt. Ltd. for Rs.8.01 crore before the City Civil Court, Bangalore.</p> <p><i>Appearing first time in 2015-16.</i></p>	<p>The matter is subjudice.</p>
<p>19. Reference is invited to note No. 10.5 regarding interest payable by subsidiary company of Rs.2164.00 crore on the principal amount due to banks is arrived on the basis of the interest rates disclosed in the Debt Recovery Tribunal application filed by banks. Interest provision of Rs.479.65 crore have been made by the subsidiary company for the current financial year. However no confirmation is received from banks for interest payable.</p> <p><i>Appearing Since 2014-15.</i></p>	<p>As the recovery proceedings have been filed by the banks before DRT, interest rates as claimed by the bank in DRT proceedings have been applied</p>



Comments of the Statutory Auditors	Management Replies
<p>20. The subsidiary company has made provision for payment of interest as per the claims made by the consortium banks in DRT upto 20.07.2011 and further interest are provided at the rates mentioned in DRT application by the banks. Excess interest/penal interest/liquidated damages claimed by the banks as shown in their balance confirmation certificate amounting to Rs.165.84 crore has been shown under contingent liability. However the contingent liability as shown in notes consists only of those banks who have given their balance confirmation certificate.</p> <p><i>Appearing first time in 2015-16.</i></p>	<p>The contingent liability will be reviewed during the F.Y. 2016-17.</p>
<p>21. The subsidiary company has considered interest rates for computation of interest on short term borrowings related to devolved LCs are based on the claims of the consortium banks with Debt Recovery Tribunal.</p> <p><i>Appearing first time in 2015-16.</i></p>	<p>As at Para 19 above</p>
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p> (Khaleel Rahim) Chairman & Managing Director</p> <p> (J. K. Dadoo) Chairman, Audit Committee</p> <p>For P. Jain & Company Chartered Accountants FRN:000711C</p> <p> (Pankaj Jain) Partner M.NO. 097279</p>  </div> <div style="width: 45%; text-align: right;"> <p> (G. Ravichandran) Director-Finance</p> <p> (A. K. Bhalla) Member, Audit Committee</p> </div> </div>	

FORM B

Covering letter of the annual audit report to be filed with the stock exchanges

CONSOLIDATED ACCOUNTS

1.	Name of the Company	The State Trading Corporation of India Ltd.
2.	Annual financial statement for the year ended	31 st March 2016
3.	Type of audit Qualification	Qualified Opinion
4.	Frequency of qualification	As per annexure
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report.	
6.	Additional comments from the board/audit committee chair person	


(Khaleel Rahim)
Chairman & Managing Director


(G. Ravichandran)
Director-Finance


(J. K. Dadoo)
Chairman, Audit Committee


(A. K. Bhalla)
Member, Audit Committee

For P.Jain &Company
Chartered Accountants
FRN:000711C

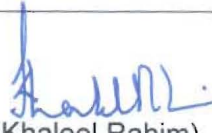
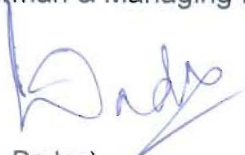


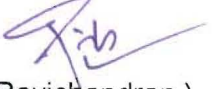


(Pankaj Jain)
Partner
M.NO. 097279



**MANAGEMENT REPLIES TO THE COMMENTS OF STATUTORY AUDITORS ON THE
CONSOLIDATED ACCOUNTS FOR THE YEAR 2015-16**

Comments of the Statutory Auditors	Management Replies
<p>1. With respect to Subsidiary company, provision for liability towards earned leave and half pay leave encashment of Rs. 0.76 crore, Gratuity provision of Rs.0.15crore as on 31 March, 2016 and post retirement medical benefits is not made on the basis of Actuarial valuation as required under 'AS-15 Revised'. In the absence of Actuarial reports, we are unable to quantify the impact if any on the consolidated financial statements.</p> <p><i>Appearing since 2011-12.</i></p>	<p>The subsidiary company has made the provision of earned leave & half pay leave encashment of Rs. 2.95 lac in the accounts on the basis of salaries as on 31.03.2016. However no actuarial valuation is done as number of employees are very less.</p> <p>With regard to Gratuity, company has taken Group Gratuity Scheme to cover gratuity payable to employees. The Premium amount paid to LIC for the year has been debited to Profit & Loss Account.</p>
<p>2. With respect to Subsidiary company audited PF trust accounts for the year ended 31.3.2016 were not provided, in the absence of audited PF trust account, we are unable to comment thereon.</p> <p><i>Appearing since 2014-15.</i></p>	<p>The subsidiary company is in the process of finalizing the PF trust Accounts and the same will be completed during the financial year 2016-17.</p>
<p>3. An amount towards the deferential tax between refund due of Rs. AY 2009-10 and tax payable for AY 2010-11 amounting to Rs. 0.70 crore deposited with the Income Tax Department is shown under Loans and Advances. The amount of refund granted (after adjustment with liability upto AY 2010-11 is more than refund receivable shown in books for the related assessment years. The difference has been considered as the Interest Income and accounted accordingly by the subsidiary company without adjusting towards aforementioned tax deposited. Since the Subsidiary company has not received assessment order and no other documentary evidences were available, we are not able to comment whether the amount refunded is inclusive of the payment made by the company to the income tax department amounting to Rs. 0.70 crore.</p> <p><i>Appearing first time in 2015-16</i></p>	<p>Factual. However the company is in the process of obtaining the details of the tax adjusted. Based on the outcome, steps will be taken to adjust difference if any during the financial year 2016-17.</p>



Comments of the Statutory Auditors	Management Replies
<p>4. In respect of subsidiary company the audited financial statements of the joint venture company i.e.M/s NSS Satpura Agro Development Co. Ltd is not available after 31st March 2013, hence further diminution in the value of Rs 0.02 crore is not considered in consolidated accounts as result investments are overstated by Rs 0.02 crore and accumulated loss is understated by Rs 0.02 crore.</p> <p><i>Appearing since 2014-15.</i></p>	<p>Necessary action will be taken in the financial year 2016-17.</p>
<p> (Khaleel Rahim) Chairman & Managing Director</p> <p> (J. K. Dadoo) Chairman, Audit Committee</p> <p>For P.Jain &Company Chartered Accountants FRN:000711C</p> <p> (Pankaj Jain) Partner M.NO. 097279</p> 	<p> (G. Ravichandran) Director-Finance</p> <p> (A. K. Bhalla) Member, Audit Committee</p>