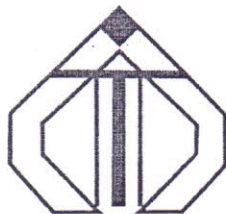


# **34TH ANNUAL REPORT**

## **2016-17**



# **STCL LIMITED**

**[Wholly owned subsidiary of The STC of India Ltd.,]**

**A Government of India Undertaking**

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# **STCL LIMITED**

[Wholly owned subsidiary of The STC of India Ltd.]

## **BOARD OF DIRECTORS**

**SRI. KHALEEL RAHIM**

CHAIRMAN

[from 06.09.2013 TO 04.11.2016]

**SRI. RAJIV CHOPRA**

CHAIRMAN

[from 30.01.2017]

**SRI. H.P. GIRISH**

MANAGING DIRECTOR

[from 23.09.2010]

**SRI. SAMIR KUMAR**

DIRECTOR

[from 18.06.2015 to 31.05.2016]

**SMT.MUGDHA SINHA**

DIRECTOR

[from 29.08.2016 TO 29.11.2016 ]

**SRI. K.V.NAGI REDDY**

DIRECTOR

[from 29.11.2016 to 20.02.2017]

**Dr.SHOBIT JAIN**

DIRECTOR

[from 29.02.2017]

**Sri.B.B.SAHA**

DIRECTOR

[from 30.01.2017 TO 15.05.2017]

**SMT.ROOMA NAGRATH**

DIRECTOR

[from 15.05.2017 ]

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## **AUDITORS**

**M/s. G.C.Banka & CO.**

Chartered Accountants

Paryago Bhavan, Main Road, Rourkela-769001



**STCL LIMITED**

**Registered Office at**

"Chandrodaya" No. 10/1, 2<sup>nd</sup> Main, 30<sup>th</sup> Cross, 7<sup>th</sup> Block, Jayanagar,  
Bangalore-560 070.

**NOTICE**

**THIRTY FOURTH ANNUAL GENERAL MEETING**

Notice is hereby given that the Thirty Fourth Annual General Meeting of the Members of Company will be held on 14<sup>th</sup> July, 2017 at 1.30 P.M. at the Registered Office of STCL having the address "Chandrodaya", No.10/1, 2<sup>nd</sup> Main, 30<sup>th</sup> Cross, 7<sup>th</sup> Block, Jayanagar, Bangalore-560070 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2017, Profit and Loss Account and cash flow Statement for the year ended that date, the Auditors' Report, the Report of the Directors along with Compliance Certificate and the comments of the Comptroller and Auditor General of India.
2. To fix or determine the remuneration of Auditors.

**SPECIAL BUSINESS**

3. To consider, and if thought fit, to pass, with or without modifications(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT Shri Rajiv Chopra (holding DIN 006466326), who, on appointment by the President of India, Joined the Board as Chairman (Additional) Director w.e.f.03.02.2017 be and is hereby appointment as Chairman of the Company, not liable to retire by rotation, on such terms, conditions and tenure as may be determined by the president of India from time to time

4. To consider, and if thought fit, to pass, with or without modifications(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT Shri Shobhit Jain (holding DIN 007780173), who, on appointment by the President of India, Joined the Board as Director w.e.f.20.02.2017 be and is hereby appointment 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 modifications(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT Ms. Rooma Nagarath (holding DIN 0007829185), who, on appointment by the President of India, Joined the Board as Director w.e.f. 15.05.2017, be and is hereby appointed as 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”

By order of the Board of Directors

Place : Bangalore  
Date : 04.07.2017

(H.P. GIRISH)  
MANAGING DIRECTOR

1. All Members
2. Principal Director of Commercial Audit & Ex-officio Member, Audit Board, Hyderabad-500004.
3. M/s. G. C. Banka & Co., Chartered Accountants, Rourkela, Odisha.

Notes: 1) A Member entitled to attend and vote in the meeting is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not be a Member.

2) In view of the applicability of the Provisions of Section 139 of the Companies Act, 2013, the Auditor to audit the Accounts of the Company for the financial year 2017-18 will be appointed by the Comptroller and Auditor General of India.

Chairman's Speech at the 34<sup>th</sup> Annual General Meeting of STCL Limited

Dear Shareholders,

I welcome you to the 34<sup>th</sup> Annual General Meeting of the Company on behalf of the Board of Directors.

A copy of the Annual Report containing Directors' Report and the Accounts for the year ended 31<sup>st</sup> March 2017 together with Auditors Report and comments of C & AG along with Management replies thereto has already been circulated and with your permission, I take them as read.

The Company incurred loss continuously for the ninth year due to interest payable on the bank borrowings. During the year, there were no business activities in the Company in view of the decision of the Union Cabinet to wind up STCL and subsequent filing of winding up petition in the Hon'ble High Court of Karnataka on 26.11.2013. Moreover, the Company has manpower of only twelve including the Managing Director.

I take this opportunity to thank my colleagues on the Board for their guidance and advice in the affairs of the Company.

I am also thankful for the continuous support and co operation received from Ministry of Commerce and Industries, Auditors and all the shareholders and look forward for their continuous support. I sincerely thank the employees of STCL limited at all levels. .

Thank You all.

Rajiv Chopra  
Chairman

## DIRECTORS' REPORT

The Members,  
STCL Limited.

Your Board of Directors hereby present their THIRTY FOUR Annual Report of the Company with audited accounts for the year ended 31<sup>st</sup> March 2017.

## PERFORMANCE

The performance of the Company during financial year 2016-17 vis-à-vis the previous year is summarized below:

	[Rs. in crores]	
Particulars	2016-17	2015-16
<b>INCOME</b>		
Interest Income on FD's	0.14	0.22
Other Interest	0.01	1.74
Other Receipts	0.19	0.20
<b>Total</b>	<b>0.34</b>	<b>2.16</b>
<b>FINANCIAL</b>		
PBDIT	-1.32	0.19
Profit/[Loss] before Tax	-562.86	-480.07

## SALES

During the year, there was no business activity of the Company in view of decision of the Union Cabinet to wind up STCL and subsequent filing of winding up petition in the Hon'ble High court of Karnataka on 26.11.2013. The petition is pending for disposal.

## DIVIDEND

The Board of Directors have not recommended any dividend for the year 2016-17 as the company has incurred loss and negative net worth.

## RESERVES

Company is having negative Reserves of Rs. 3906.05 cores as on 31.03.2017.



#### **FOREIGN EXCHANGE EARNINGS/OUTGO**

There is no foreign exchange earning/ outgo during the year.

#### **PERSONNEL AND WELFARE**

Subsequent to offering VSS during the year 2013-14, present manpower of the Company is twelve (12) including Managing Director.

#### **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.

#### **EXTRACT OF THE ANNUAL RETURNS**

As required under section 134 (3)(a) of the Companies Act, 2013, an extract of the Annual Return pursuant to section 92(3) of the Act is annexed to this report at Annexure - 1. During the year, your Company has not made any contract or arrangement with related parties covered under section 188 of the Companies Act, 2013. Hence information required in Form AOC-2 for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act 2013 including certain arm's length transactions under third provision thereto as not been provided.

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

No sexual harassment complaint were received during the year 2016-17

#### **DEPOSITS**

The company has not accepted any deposits from public. Therefore the requirement of chapter V of the Companies Act, 2013 is not applicable.

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

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

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

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

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

Company has not taken any CSR activities, since company is incurring loss continuously from since 2008-09.

**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 had not engaged in any manufacturing business activity.

**FINANCIAL ACCOUNTING**

The Financial Statements have been prepared in accordance with the General Accepted Accounting Principles (GAAP) and in compliance with all applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and provisions of the Companies Act, 2013.

**STATUTORY AUDITORS**

M/s. G.C. Banka & Co., Chartered Accountants, Rourkela, Orissa were appointed as Auditors to audit the accounts for the year 2016-17 by the Comptroller and Auditor General of India, New Delhi (C&AG). Their report, along with replies of Management, is attached and forms part of this report.

**COMMENTS OF C&AG**

C&AG has made 'Non-Review' comments under section 143(6)(b) of the Companies Act, 2013 on the Accounts of the Company for the year 2016-17 and the communication received in this regard is attached and forms part of this report at Annexure - 2.



**DIRECTORS' RESPONSIBILITY STATEMENT:**

In pursuance of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors state:-

- (i) that the applicable accounting standards have been followed in the preparation of annual accounts along with proper explanation relating to material departures.
- (ii) that such accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2017 and of the Loss of the Company for the year ended 31<sup>st</sup> March 2017.
- (iii) that the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- (iv) That the annual accounts have been prepared on 'not a going concern' basis.

**8. ACKNOWLEDGEMENT:**

Your Directors thank The State Trading Corporation of India Ltd., Ministry of Commerce and Industry, Government of India, concerned commodity boards for their continued support. The Directors also sincerely thank the Statutory Auditors, Comptroller and Auditor General of India, Internal Auditors, Bankers, Legal Advisers, etc for their cooperation and the Officers and Staff of the Company for the services rendered to the Company.

**FOR AND ON BEHALF OF THE BOARD**



**CHAIRMAN**

Place: New Delhi  
Date : July 06, 2017



**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

Annexure - 1

As on financial year ended on 31.03.2017

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

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	U85110KA1982GOI005013
2.	Registration Date	23.10.1982
3.	Name of the Company	STCL LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares/Union Government Company
5.	Address of the Registered office & contact details	"Chandrodaya", No. 10/1, 2 <sup>nd</sup> Main, 30 <sup>th</sup> Cross, 7 <sup>th</sup> Block, Jayanagar, Bangalore – 560070
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Wholesale trade services	99611	100

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

Sl. No.	Name & address of the company	CIN	Holding/subsidiary/ Associate	% of shares held	Applicable Section
1	THE STATE TRADING CORPORATION OF INDIA LIMITED	L74899DL1956GOI002674	Holding Company	100%	2(87)(ii)





ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	0	0	0	0	0	0	0	0	0
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	0	0	0	0	0	0	0	0	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	NIL	150000	150000	100	NIL	150000	150000	100	0



## B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	STC of India Limited	149998	99.998	0	149998	99.998	0	-
2	Khaleel Rahim (On behalf of STC)	1	0.0005	0	CMD, STC	1	0.0005	0
3	H P. Girish MD, STCL	1	0.0005	0	MD, STCL	1	0.0005	0

## C) Change in Promoters' Shareholding (please specify, if there is no change)- No change in share holding

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):		NO CHANGE		
	At the end of the year				

## D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the	No. of shares	% of total shares of the

			company		company
1					
	At the beginning of the year	NOT APPLICABLE			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year				

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	H.P. Girish, Managing Director				
	At the beginning of the year	1	0.0005	2	0.0005
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	1	0.0005	2	0.0005
2	Khaleel Rahim, (On behalf of STC)				
	At the beginning of the year	1	0.0005	2	0.0005
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	1	0.0005	2	0.0005



V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rs.)

	Secured Loans excluding deposits (Partly Secured)	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	11,85,26,11,046	Nil	Nil	11,85,26,11,046
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	11,85,26,11,046	Nil	Nil	11,85,26,11,046
<b>Change in Indebtedness during the financial year</b>				
* Addition	Nil	Nil	Nil	Nil
* Reduction	20,327	Nil	Nil	20,327
<b>Net Change</b>	20,327	Nil	Nil	20,327
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	11,85,25,90,719	Nil	Nil	11,85,25,90,719
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	11,85,25,90,719	Nil	Nil	11,85,25,90,719

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

[Amount in Rupees]

SN.	Particulars of Remuneration	Total Amount	
	Name	H.P. GIRISH	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,973,626	1,973,626
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil



4	Commission- as % of profit - others, specify...	Nil	Nil
5	Others, please specify	Nil	Nil
	<b>Total (A)</b>	<b>1,973,626</b>	<b>1,973,626</b>
	Ceiling as per the Act		

**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Total Amount
1	Independent Directors	Not Applicable
	Fee for attending board committee meetings	
	Commission	
	Others, please specify	
	Total (1)	
2	Other Non-Executive Directors	
	Fee for attending board committee meetings	
	Commission	
	Others, please specify	
	Total (2)	
	Total (B)=(1+2)	
	Total Managerial Remuneration	
	Overall Ceiling as per the Act	

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

SN	Particulars of Remuneration	Key Managerial Personnel
1	Gross salary	Not Applicable
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	
2	Stock Option	
3	Sweat Equity	
4	Commission	
	- as % of profit	
	others, specify...	
5	Others, please specify	
	<b>TOTAL</b>	<b>Nil</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Not Applicable				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	Not Applicable				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	Not Applicable				
Punishment					
Compounding					

FOR AND ON BEHALF OF THE BOARD OF DIRECTOR

Date: July 06, 2017

Place: New Delhi

  
 CHAIRMAN



## ADDENDUM TO DIRECTORS REPORT

### MANAGEMENT REPLIES TO INDEPENDENT AUDITOR'S QUALIFICATION

Sl. No.	Independent Auditor's Qualification	Management's Reply
1	<p><b>Para (i) c of Annexure 'A' to Independent Auditor's Report :</b></p> <p>As per the information and explanation given to us, the original title deeds of all the immovable properties are in the custody of Banks. The Company has sent a letter seeking confirmation of the original title deeds of immovable properties of the Company held by the Bank. However, confirmation from the bankers has not been received as on the date of our report. As such and in absence of any evidences, we are not able to verify the title deeds of immovable properties of the Company.</p>	Factual.
2	<p><b>Para (iv) of Annexure 'A' to Independent Auditor's Report :</b></p> <p>In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security except with respect to an investment made during the year 2008-09 in shares of NSS Satpura for Rs. 1,000,000. In terms of Explanation to Rule 13 of Companies (Meeting of Board and Its Powers) Rules, 2014, the Company should have passed a special resolution within one year from the date of notification of Section 186 of the Companies Act, 2013, which has not been complied with.</p>	<p>As per the direction of the Administrative Ministry (Ministry of Commerce), during 2008-09 company has invested Rs.10.00 lakhs in the Joint Venture NSS Satpura Agro Development Co. Ltd., Hence Section 185 and 186 of the Companies Act, 2013, in respect of investment is not applicable to Government Company, since the exemption has been granted by MCA vide notification no. GSR 463 dated 5th June 2015.</p>
3	<p><b>Para (i) of Annexure 'B' to Independent Auditor's Report :</b></p> <p>The Company did not have appropriate internal control with respect to reconciliation of Trade Receivables, Trade Payables, other Creditors and Business Associates, which could result in the material misstatement in books of accounts.</p>	As Explained in Note No. 27.



4	<p><b>Para (ii) of Annexure 'B' to Independent Auditor's Report :</b></p> <p>The lease rent of steam sterilization unit located in Chhindwara, Madhya Pradesh was not collected during the period of lease i.e. 1st November, 2013 till the lease was terminated as on 31st January 2015. The Company has not exercised its right to terminate the lease despite rent remaining unpaid throughout the lease period. The Company has not filed any suit against the lessee for recovery of its dues.</p>	<p>In response to the petition filed by the lessee, the Company filed objection and also made the counter claim for the amount payable by the lessee.</p>
5	<p><b>Para (iii) of Annexure 'B' to Independent Auditor's Report :</b></p> <p>Attention is drawn to note no.11.1 which states that the company has engaged the services of Government and bank registered valuer to value properties of business associates Future Metals Pvt.Ltd. and Indo Asia Infrastructures Pvt.Ltd.for which injunction on sale of above assets has been obtained from the court. While going through valuation report it was found that there is difference in village wise land holdings valued in 2012 and 2016 and the valuation has decreased from Rs.548.45 crores to Rs.400.28 crores. No satisfactory explanation has been furnished to us.</p>	<p>It was informed by the valuator that during the year 2012, the Revenue authority was maintaining all the revenue records in the manual format, which has been updated to digital format by the year 2016, hence there is change in the village wise land holding.</p> <p>Further due to depletion/decrease in the value of the land due to less demand, there is a decrease in the valuation of the property compared to earlier valuation.</p>
6	<p><b>Para (iv) of Annexure 'B' to Independent Auditor's Report :</b></p> <p>Attention is drawn to note No. 11.2, where it is mentioned that the Company is in the process of liquidating the stocks through tender process since the past few years, the same has not been liquidated till date.</p>	<p>Efforts were made two times to liquidate the stocks through MSTC e-tender notifications released vide no. MSTC/SRO/STCL/1/Bangalore/16-17/5497 dated 09.08.2016 and no. MSTC/SRO/STCL Ltd./2/Bangalore/16-17/9685 dated 30.09.2016 for which no response were received.</p> <p>Further one more attempt was made through e- tender notification released through MSTC vide no. MSTC/SRO/STCL/3/Bangalore/16-17/18607 dated 13.02.2017. Since only single quotation was received, the tender was rejected.</p>



		Efforts were also made by M/s Devi Minerals by identifying a buyer for sale of Iron Ore stocks but could not materialize as the party failed to lift the stock.
7	<p><b><u>Para (v) of Annexure 'B' to Independent Auditor's Report :</u></b></p> <p>The Company has rent advance to the tune of Rs.4.18 Crore with STC of India Ltd.,(the holding company) given towards occupation of earlier premises taken from STC of India Ltd. which has been terminated.</p>	Steps are being taken
8	<p><b><u>Para (vi) of Annexure 'B' to Independent Auditor's Report :</u></b></p> <p>The Board of Directors of the Company had delegated certain powers to the MD vide 107<sup>th</sup> Board Resolution dated 27<sup>th</sup> January, 2006, however, no review or revision of the same has been made subsequently till date.</p>	Since the company is in the process of winding up and no business activity is being carried out, the same delegation of power are being continued.



## INDEPENDENT AUDITOR'S REPORT

*To the Members of STCL LIMITED*

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

We have audited the accompanying financial statements of **STCL LIMITED** (Formerly Spices Trading Corporation) "the Company", which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Account) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

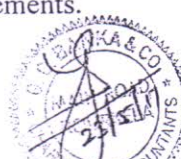
Our responsibility is to express an opinion on these financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards and pronouncements 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 risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessment, the auditor considers internal financial controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating appropriateness of accounting policies used and reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.





In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements gives the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March 2017, and its loss and its cash flows for the year ended on that date.

**Emphasis of Matter**

- a) Attention is drawn to Note No. 1.2 of the notes to financial statements, which states that, the accounts of the Company are prepared based on the assumption that the Company is not going concern due to following reasons:
  - i) The Shareholders of the Company in their Extraordinary General Meeting held on 12.09.2013 had approved winding up of the Company under 433 (a) of the Companies Act, 1956.
  - ii) Department of Commerce, Ministry of Commerce and Industry vide its letter dated 26.08.2013 had conveyed approval of the Union Cabinet for winding up of the Company and to offer voluntary Separation Scheme (VSS) to the Employees.
  - iii) Company had filed winding up petition before the Hon'ble High Court of Karnataka on 26.11.2013.

Accordingly, the 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 Company for recovery of their dues and all other liabilities at their settlement value.
- b) Attention is drawn to Note No. 27 of Notes to financial statements which states that, the balances in the accounts of Trade Receivable, Trade Payables, Business associates and Other Creditors are under litigation and no confirmation has been received from the parties.
- c) Attention is drawn to Note No. 8.2 of the Notes to financial statements which states that, Interest payable of Rs. 27,23,59,34,184/- on the principal amount due to the banks is arrived on the basis of the interest rates disclosed in the Debt Recovery Tribunal application filed by banks. Interest provision of Rs. 5,59,58,87,319/- have been made by the company for the current financial year. However, no confirmation is received from the banks for interest payable.
- d) Attention is drawn to Note No. 42 to Notes to financial statements which states that, in cases where the Company has made provision for Doubtful Debts, no further interest/addition margin of profit is recognized after they have been classified as doubtful debts. Any amount received from these parties after being classified as doubtful debts is being credited to their accounts and necessary entry for withdrawal of provisions are made. Only after the full receipt of the balance outstanding as per books, the interest/additional margin of profit will be recognized on cash basis.
- e) Attention is drawn to Notes No. 23 of Notes to financial statements which states that, the interest rates considered for computation of interest on short term borrowings related to devolved LC's are based on the claims of the consortium of banks with the Debt Recovery Tribunal (DRT).
- f) Attention is drawn to Note No. 26IIIA(f, g & h) where it is mentioned that the Company has made provision for payment of interest as per the claim made by the consortium banks in the DRT up to 20.07.2011 and further interest are provided at the rates mentioned in the 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. 165,83,94,543/- (included in Note 26.IA) 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.





- g) Attention is drawn to Note No. 6.1 of Notes to Financial Statements which states that, the total liability to banks along with interest amounting to Rs. 39,08,85,24,903/- is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. Confirmation of outstanding interest has not been received from the banks. The Company has considered interest payable as claimed at the rates disclosed in their DRT application filed by UCO Bank and consortium of other Banks. Cash credit/short term loan is as per the DRT (Debt Recovery Tribunal) application filed by consortium of seven banks and UCO Banks on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO Bank. The Company has created pari-passu charge on current assets in favor of the banks and also surrendered the documents of immovable property situated at Chhindwara (3.239 hectares), Byadgi (5 Acres), Siddapura (2.20 acres) and Madikeri (0.50 acres) in favor of the Bankers. In view of the immovable properties of STCL given as security, an estimated amount of RS. 1,82,69,500/- out of the total advances can be considered as secured. The consortium of bank and UCO Bank have filed cases separately against the Company with the DRT, wherein with regard to UCO Bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of Rs. 148,18,29,854.77. However, the Company has challenged DRT order at DRAT, Chennai. The banker have also issued notice u/s 13(2) of Securitization 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 on 26.10.2011 on Factory Land and Building located at Byadagi and another on 17.11.2011 on Factory Land and Building located at Chhindwara, Madhya Pradesh.
- h) Attention is drawn to Note No. 10.2 (C) & 10.3 of the Notes to financial statements with respect to investment in Shares of NSS Satpura Agro Development Corporation Ltd., which states as follows:  
The Joint Venture Company has incurred losses and its cumulative losses is Rs. 30,13,372/- up to 31<sup>st</sup> March 2013 and details of subsequent period are not available, the Company has written off Rs. 7,53,343/- towards permanent diminution in its investment value up to earlier years. The audited financial statements of NSS Satpura are not available for the subsequent periods. The Company Board approved in its 142<sup>nd</sup> Board Meeting held on 24.10.2013 for withdrawal from the Joint Venture Company NSSADCL.
- i) Attention is drawn to Note. No. 26.III.A (k) which states that, subsequent to filing of arbitration petition of M/s Shiva Shankar Minerals Private Limited against STCL and on completion of arbitration process, Rs. 6,06,69,338/- including legal fees of Rs. 26,55,114/- was awarded in favour of M/s Shiva Shankar Minerals Private Limited, STCL has filed an appeal against the arbitration award which is pending before the City Civil Court, Bangalore.
- j) Attention is drawn to Note. No. 11.1 which states that the Company has engaged the services of Govt. and Bank Registered Valuer to value the properties of business associates Future Metal Pvt Ltd and Indo Asia Infrastructure Pvt. Ltd for which injunction on sale of above assets has been obtained from the court. While going through the Valuation Report, it was found that there is difference in village-wise land holdings valued in 2012 and 2016 and the valuation has decreased from Rs 548.45 crores to Rs 400.28 crores. No satisfactory explanation has been furnished to us.

Our Opinion is not modified in respect of these matters.

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

As required by 'the Companies (Auditors Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (*hereinafter referred to as the "Order"*), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.




As required by section 143(5) of the Act, we report that:

As informed to us, no directions/sub-directions has been issued by the Comptroller & Auditor General of India for the year under audit.

As required by section 143(3) of the Act, we report to the extent applicable that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- e. Since the Company is in the process of winding up, the issue as to whether the observation or comments of the auditors have any adverse effect on the functioning of the Company does not arise;
- f. The provision of section 164 (2) of the Act does not apply to the Company as the Company is a Government Company;
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure- B";
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note Nos. - 6.1, 11, 14 and 26 of notes to the financial statements;
  - (ii) The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - (iv) The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of accounts maintained by the company and as produced to us by the management. Refer Note No 46 of notes to the financial statements;

Place: Rourkela  
Date: 23.05.2017

For G.C. Banka & Co.  
Chartered Accountants  
Firm Registration No.313104E  
  
Y Banka  
(Partner)  
M. No. 067655



## STCL LIMITED

(Annexure-A)

Annexure to the Auditor's Report of even date to the members of STCL Limited, on the financial statements as at and for the year ended 31<sup>st</sup> March 2017.

Based on the audit procedure performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of accounts and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of asset is reasonable.
- (c) As per information and explanation given to us, the original title deeds of all the immovable properties are in the custody of Banks. The Company has sent a letter seeking confirmation of the original title deeds of all the immovable properties of the Company held by the Bank. However, confirmation from the bankers has not been received as on the date of our report. As such and in absence of any evidences, we are not able to verify the title deeds of immovable property of the Company.
- (ii) The company did not hold any inventory during the year and hence the clause is not applicable.
- (iii) As informed to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the registers maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the order are not applicable to the Company and hence, not commented upon.
- (iv) In our opinion and according to information and explanations given to us, the company has complied with the provisions of section 185 & 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security except with respect to an investment made during the year 2008-2009 in shares of NSS Satpura for Rs. 10,00,000. In terms of explanation to Rule 13 of Companies (Meeting of Board and its Powers) Rules, 2014, the Company should have passed a special resolution within one year from the date of notification of Section 186 of the Companies Act, 2013, which has not been complied with.
- (v) In our opinion and according to information and explanations given to us the company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 of the Act and Rules framed thereunder.
- (vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of section 148 of the Act, in respect of the activities carried by the Company.
- (vii) (a) According to information and explanations given to us and on the basis of our examination of the books of accounts and records, the Company has been generally regular in depositing undisputed statutory dues including provident fund, Investor Education And Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues, if any, applicable to it with appropriate authorities except for an amount of Rs. 2,53,755/- relating to Kerala Sales Tax for the year ended 31.03.1996.
- (b) According to information and explanations given to us, there are no dues of Income Tax, Sales Tax, service tax, custom duty, excise duty and value added tax outstanding on account of dispute, other than the following





<i>Particulars</i>	<i>Amount</i>	<i>Period to which the Amount Relates</i>	<i>Forum where dispute is pending</i>
Sales Tax-KGST Act	7,28,753	1997-98	Sales Tax Appellate Tribunal, Kerala.
Sales Tax-CST Act	80,349	1997-98	Sales Tax Appellate Tribunal, Kerala.
Sales Tax-TNGST Act	2,67,774	2001-02	Sales Tax Appellate Tribunal, Tamilnadu.
Claim by Tamil Nadu Civil supplies Corp. Ltd. For refund of tax portion on value of goods supplied.	14,44,891	2002-03	High Court Chennai.
Sales Tax-TNGST Act	31,83,129	2005-06	Deputy Commissioner of Commercial Taxes Appeals Madurai.
Sales Tax-TNGST Act	2,02,672	2006-07	Deputy Commissioner of Commercial Taxes Appeals Madurai.
Sales Tax-TNGST Act	1,16,21,061	2007-08	Madras High Court.
Sales Tax-TNGST Act	12,36,579	2008-09	Madras High Court.
Income Tax Act, 1961	2,11,95,009*	2010-11	[See Note below]
Service Tax Act	1,42,70,138 [Excluding Penalty]	2012-13	Commissioner of Service Tax, Bangalore

- Note: The Company has filed an application u/s 220(A) of the income Tax Act, 1956, with the Income tax department against the notice of the demand for Rs. 2,11,95,009/- relating to AY 2010-11 raised by the Tax Recovery Officer, Income Tax Department. No details has been received till the date of audit.

(viii) The Company has defaulted in repayment of dues to Banks as a result, based on the information made available to us the amount due to the banks towards Long Term Borrowing and Short Term Borrowings is Rs. 39,08,85,24,903/- since financial year 2008-09. Details are given below:

<i>Particulars</i>	<i>Principal (in Rs.)</i>	<i>Accumulated Interest (in Rs.)</i>	<i>Total Defaults (in Rs)</i>
<b>Packing Credit</b>			
Vijaya Bank	9,69,90,000	4,65,61,512	14,35,51,512
UCO Bank	37,14,71,891	1,00,49,97,329	1,37,64,69,220
<b>Cash Credit/ Short Term Loans</b>			
Axis Bank	1,18,48,00,000	1,65,31,11,618	2,83,79,11,618
Canara Bank	1,62,62,27,786	4,99,95,45,431	6,62,57,73,217
IDBI Bank	1,96,22,75,536	3,73,16,45,986	5,69,39,21,522
State Bank of India	1,98,53,61,313	4,18,19,57,419	6,16,73,18,732
UCO Bank	72,46,63,417	2,96,05,38,108	3,68,52,01,525
Union Bank of India	1,43,93,72,636	4,17,10,09,347	5,61,03,81,983
Vijaya Bank	2,31,10,69,786	5,27,42,84,351	7,58,53,54,137
Yes Bank	15,03,58,354	25,88,44,595	40,92,02,949
<b>Total</b>	<b>11,85,25,90,749</b>	<b>27,23,59,34,184</b>	<b>39,08,85,24,903</b>



- (ix) The Company has not raised any money by public offer or further public offer. The company has also not borrowed any money by way of term loan from any nationalized bank during the financial year. Accordingly, the provisions of clause 3 (ix) of the order are not applicable to the Company and hence, not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) In our opinion and according to information and explanations given to us remuneration has been paid to the managing director of the company within provisions of section 197 read with schedule V of the Companies Act, 2013.
- (xii) In our opinion and according to information and explanations given to us, provisions of Nidhi company are not applicable to the company
- (xiii) In our opinion and according to information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Companies Act and the details have been disclosed as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered any non-cash transaction in contravention of section 192 of the Companies Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

Place : Rourkela  
Date : 23.05.2017

For G.C. Banka & Co.  
Chartered Accountants  
FRN: 313104E



*Y Banka*  
23/5/17  
Y Banka  
(Partner)  
M. No. 067655



## STCL Limited.

### “ANNEXURE B”

#### Annexure to the Independent Auditor's Report of even date on the Financial Statements

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

We have audited the internal financial controls over financial reporting of STCL Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

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

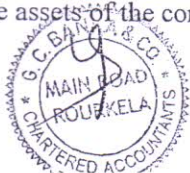
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial control over financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedure selected depends on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;





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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Qualified Opinion**

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2017:

- i. The Company did not have appropriate Internal control with respect to reconciliation of Trade Receivables, Trade Payables, other creditors and Business Associates, which could result in the material misstatement in books of accounts.
- ii. The lease rent of steam sterilization unit located in Chindwara, Madhya Pradesh was not collected during the period of lease i.e. November, 2013 till the lease was terminated as on 31<sup>st</sup> January, 2015. The Company has not exercised its right to terminate the lease despite rent remaining unpaid throughout the lease period. The Company has not filed any suit against the lease for recovery of its dues.
- iii. Attention is drawn to Note. No. 11.1 which states that the Company has engaged the services of Govt. and Bank Registered Valuer to value the properties of business associates Future Metal Pvt Ltd and Indo Asia Infrastructure Pvt Ltd for which injunction on sale of above assets has been obtained from the court. While going through the Valuation Report, it was found that there is difference in village-wise land holdings valued in 2012 and 2016 and the valuation has decreased from Rs 548.45 crores to Rs 400.28 crores. No satisfactory explanation has been furnished to us.
- iv. Attention is drawn to note no. 11.2, where it is mentioned that the company is in the process of liquidating the stocks through tender process since the past few years, the same has not been liquidated till date.
- v. The company has rent advance to the tune of Rs 4.18 crores with STC India Limited (the Holding Company), given towards occupation of earlier premises taken from STC India Limited which has been terminated.
- vi. The Board of Directors of the Company had delegated certain powers to the managing director of the company vide 107<sup>th</sup> board resolution dated 27<sup>th</sup> January, 2006. However, no review of the same has been made subsequently till date.





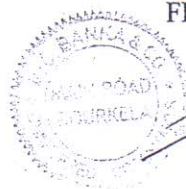
A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of material weaknesses described above on the achievement of objectives of control criteria, the company has maintained, in all material respects, an adequate internal financial control over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2017, based on the internal financial control over financial reporting criteria established by the company considering the essential of internal control stated in the Guidance Note on Audit of internal financial controls over Financial reporting issued by the Institute of Chartered accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of March 31, 2017 financial statements of the company, and the material weakness does not affect our opinion on the financial statements of the company.

Place : Rourkela  
Date : 23.05.2017

For G.C. Banka & Co.  
Chartered Accountants  
FRN: 313104E



*Y Banka*  
23/5/17  
Y Banka  
(Partner)  
M. No. 067655



By Speedpost

भारतीय लेखापरीक्षा और लेखा विभाग  
महा निदेशक वाणिज्यिक लेखापरीक्षा एवं  
पदेन सदस्य लेखापरीक्षा बोर्ड का कार्यालय, हैदराबाद

(30)

INDIAN AUDIT AND ACCOUNTS DEPARTMENT  
OFFICE OF THE DIRECTOR GENERAL OF  
COMMERCIAL AUDIT AND EX-OFFICIO MEMBER,  
AUDIT BOARD, HYDERABAD

PDCA/A/c/Desk/2016-17/STCL/1.62/78

07 June 2017

To  
The Managing Director,  
STCL Limited,  
Bangalore.

Sub: - Comments of the C&AG of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of STCL Limited, Bangalore for the year ended on 31 March 2017

Sir,

I forward herewith the 'Non-Review' Certificate of Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of STCL Limited, Bangalore for the year ended on 31 March 2017.

2. The date of placing the comments along with Annual Accounts and Auditor's Report before the shareholders of the Company may please be intimated and a copy of the proceedings of the meeting may be furnished.
3. The date of forwarding the Annual Report and Annual Accounts of the Company together with Auditor's Report and comments of the Comptroller and Auditor General of India to the Central Government for being placed before the Parliament may please be intimated.
4. Ten copies of the Annual Report for the year 2016-17 may please be furnished in due course.

The receipt of this letter along with the enclosures may please be acknowledged.

Encl:- As above

Yours faithfully,

(L. Tochhawng)  
Director General

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68/06/17

महालेखाकर का कार्यालय परिसर, सैफाबाद, हैदराबाद - 500 004.  
A.G.'s Office Complex, Saifabad, Hyderabad - 500 004  
e-mail : mabhyderabad@cag.gov.in

Grams : DIRCOMIT Fax : 040-23231318  
Phone : 23233315, 23230415



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**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF STCL LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of financial statements of STCL Limited, Bangalore for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of STCL Limited, Bangalore for the year ended 31 March 2017 under Section 143(6)(a) of the Act.

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



(L. Tochhawng)

Director General of Commercial Audit &  
Ex-Officio Member, Audit Board,  
Hyderabad

Place: Hyderabad  
Date: 07 June 2017

**STCL LIMITED**  
CIN : U85110KA1982GOI005013  
**Balance Sheet as at 31st March, 2017**

Particulars	Note No	as at March 31, 2017	as at March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds			
(a) Share Capital	3	15,000,000	15,000,000
(b) Reserves and Surplus	4	(39,059,752,002)	(33,431,832,347)
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long term provisions	5	-	-
(4) Current Liabilities			
(a) Short-term borrowings	6	11,852,590,719	11,852,611,046
(b) Trade payables	7	1,674,540	1,934,267
(c) Other current liabilities	8	27,290,556,785	21,691,008,848
(d) Short-term provisions	5	7,876,212	9,219,987
<b>Total</b>		<b>107,946,254</b>	<b>137,941,801</b>
<b>II. ASSETS</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	41,034,649	45,882,615
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	10	246,657	248,657
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	11	46,032,921	54,230,598
(e) Other non-current assets	12	-	2,030
(2) Current assets			
(a) Current investments		-	-
(b) Inventories	13	-	-
(c) Trade receivables	14	1,050,000	1,050,000
(d) Cash and Bank balances	15	16,386,862	33,690,083
(e) Short-term loans and advances	11	3,195,165	2,837,818
(f) Other Current Assets	12	-	-
<b>Total</b>		<b>107,946,254</b>	<b>137,941,801</b>

Significant Accounting Policies 1 & 2  
The accompanying Notes are an integral part of Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

For G C Banka & Co.  
Chartered Accountants  
F.No. 313104E  
23/5/17  
CA Y Banka  
Partner  
M.No. 067655

H.P.Girish  
Managing Director  
DIN : 03290797

Roopa Nagrath  
Director  
DIN : 07829185

Manjunatha K.S.  
Accountant

Place : ROURKELA  
Date : 23-05-2017



STCL LIMITED  
CIN : U85110KA1982GOI005013

Statement of Profit and Loss for the year ended 31st March, 2017

Particulars	Note No	for the year ended March 31, 2017	for the year ended March 31, 2016
<b>DISCONTINUING OPERATION:</b>			
<b>INCOME:</b>			
I. Revenue from operations	16	-	-
II. Other Income	17	3,372,520	21,634,965
III. Total Revenue (I + II)		3,372,520	21,634,965
<b>EXPENSES:</b>			
Cost of materials consumed / Cost of Goods Sold		-	-
Purchase of Stock-in-Trade	18	-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	19	-	236,250
Employee benefit expenses	20	12,870,266	13,705,354
Other expenses	21	3,116,795	5,747,250
IV. Total Expenses		15,987,061	19,688,854
V. Profit / (Loss) before exceptional items, interest, tax, depreciation & amortization from discontinuing operation (III - IV)		(12,614,541)	1,946,111
VI. Depreciation & Financial Costs			
Depreciation and amortization expense	22	4,192,996	3,679,596
Financial costs	23	5,595,887,319	4,75,525,541
		5,600,080,315	4,80,205,137
VII. Profit / (Loss) before extraordinary and Exceptional items and tax from discontinuing operation (V - VI)		(5,612,694,856)	(4,78,259,026)
VIII. Exceptional & Extraordinary Items			
Exceptional Items	24	15,036,549	2,468,431
Extraordinary Items		-	-
IX. Profit / (Loss) before tax from discontinuing operation (VII - VIII)		(5,627,731,405)	(4,80,727,457)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
		-	-
XI. Profit / (Loss) for the period from discontinuing operations (IX-X)		(5,627,731,405)	(4,80,727,457)
XII. Earning per equity share (Par value: Rs 100 each)			
(1) Basic		(37,518)	(32,005)
(2) Diluted		(37,518)	(32,005)

Significant Accounting Policies

1 & 2

The accompanying Notes are an integral part of Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

For G C Banka & Co.  
Chartered Accountants  
F.R.No. 313104E  
23/5/17  
CA Y Banka  
Partner  
M.No. 067655

H.P.Girish  
Managing Director  
DIN : 03290797

Roopa Nith  
Direct  
DIN : 07825

Manjunatha K.S.  
Accountant

Place : ROORKEE  
Date : 23-05-2017

STCL LIMITED  
CIN : U85110KA1982GOI005013

**Cash Flow Statement for the year ended March 31, 2017**

PARTICULARS	as at March 31, 2017		as at March 31, 2016	
	₹	₹	₹	₹
<b>CASH FLOW FROM OPERATING ACTIVITIES FROM DISCONTINUING OPERATIONS</b>				
Net Profit/(Loss) before Tax from discontinuing operations		(5,627,731,405)		(4,800,727,457)
Adjustment for :				
Interest Expenditure	5,595,887,319		4,797,026,911	
Depreciation	4,192,996		3,679,596	
Profit / Loss on sale of Fixed Assets	-		(58,338)	
Amortization of Grant under ASIDE Scheme	(1,448,461)		(1,719,166)	
Loss on Revaluation of Fixed Assets	1,915,181		1,051,598	
Interest Income	(1,399,437)	5,599,147,598	(2,223,031)	4,797,757,570
<b>Operating Profit before working capital changes</b>		(28,583,807)		(2,969,887)
Adjustment for :				
Trade & other Receivables	7,842,360		60,164,521	
Inventories	-		236,250	
Trade Payables & Other Liabilities	2,036,789	9,879,449	(66,277,348)	(5,876,577)
<b>Net Cash generated/[used in] operating activities from discontinuing operations [A]</b>		(18,704,658)		(8,846,464)
<b>CASH FLOW FROM INVESTING ACTIVITIES FROM DISCONTINUING OPERATIONS</b>				
Purchase of Fixed Assets	-		(102,372)	
Sale proceeds from Fixed Assets	-		58,769	
Proceeds received on maturity of non-current investments	2,000		-	
Proceeds received on maturity of bank deposits	17,542,753		7,548,652	
Interest received on Fixed Deposits	1,399,437	18,944,196	2,223,031	9,728,080
<b>Net Cash generated / [used in] Investing activities from discontinuing operation [B]</b>		18,944,196		9,728,080
<b>CASH FLOW FROM FINANCING ACTIVITIES FROM DISCONTINUING OPERATIONS</b>				
Capital Reserve transferred to P&L	-		-	
Interest paid	-		-	
Reduction in Borrowings	-		-	
Short/Long term loans	-		-	
<b>Net Cash generated / [used in] Financing activities from discontinuing operations [C]</b>		-		-
<b>Net increase / decrease in cash and cash equivalents [A+B+C]</b>		239,538		881,516
Effect of exchange differences on cash & cash equivalents held in		-		-
Cash and cash equivalents at the beginning of the year		3,067,935		2,186,319
<b>Cash and cash equivalents at the end of the year</b>		3,307,473		3,067,935
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>				
Cash on Hand		39,108		95,432
Balance with Scheduled Banks:				
- in Current Accounts		3,179,659		2,881,754
- in EEFC Accounts		88,706		90,749
<b>Total cash and cash equivalents [Note 15]</b>		3,307,473		3,067,935

The accompanying Notes are an integral part of Financial Statements

As per our report of even date

For and on behalf of the Board of Directors



For G C Banka & Co.  
Chartered Accountants  
F.R.No. 313104E

CA Y Banka  
Partner  
M.No. 067655

Place: ROURKELA  
Date: 23-05-2017

H.P. Girish  
Managing Director  
DIN : 03290797

Roopa Nagrath  
Director  
DIN : 07829181

Manjunatha K.S.  
Accountant



STCL LIMITED

CIN : U85110KA1982GOI005013

**Notes To Financial Statements For The Year Ended 31st March, 2017****1.1 INTRODUCTION :**

STCL Limited was incorporated on October 23, 1982. The Company is a wholly owned subsidiary of The State Trading Corporation of India Ltd. The company was engaged in trading of Spices, Fertilizers, conducting cardamom auctions and issuing no objection certificates for export of onion. As the Union Cabinet had approved the winding up of STCL Limited on 13.08.2013, the Company had filed the Winding Up petition in the High Court of Karnataka, which is pending for disposal.

**1.2 BASIS OF PREPARATION:**

The Accounts of the Company are prepared based on the assumption that the company is **not** a going concern due to the following reasons;

- The Shareholders of the Company in their Extraordinary General Meeting held on 12.09.2013 had approved winding up of the company under 433(a) of the Companies, Act 1956.
- Department of Commerce, Ministry of Commerce and Industry vide its letter dtd. 26.08.2013 had conveyed approval of the Union Cabinet for winding up of the company and to offer Voluntary Separation Scheme (VSS) to the Employees.
- Company had filed winding up petition before the Hon'ble High Court of Karnataka on 26.11.2013.

Accordingly the 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 company for recovery of their dues and all other liabilities at their settlement value.

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES:****2.1 FIXED ASSETS:****A) Tangible Assets:**

The Tangible Assets are depreciated on straight-line method on pro-rata basis with reference to the month of acquisition/disposal on the basis of useful life of assets as per Part 'C' of Schedule II of the Companies Act, 2013. The carrying value after providing depreciation is adjusted for decrease/increase considering the valuation report given by registered valuers and Chartered Engineers. An Increase in net book value arising on revaluation of assets is credited to reserve & surplus as re-valuation reserve except that, to the extent that such increase is related to and not greater than a decrease arising on revaluation previously recorded as a charge to the profit and loss account, is credited to Profit and Loss account. A Decrease in net book value arising on revaluation of assets is charged to profit and loss account except that to the extent that such a decrease is related to an increase which was previously recorded as a credit to revaluation reserve and which has not been subsequently reversed.

On disposal of previous year revalued assets, the difference between net disposal proceeds and net book value is charged or credited to profit and loss account except that such loss is related to an increase which was previously credited to revaluation reserve and which has not subsequently reversed or utilized is charged directly to that account.

The Estimated useful life adopted to compute depreciation are as under:

Sl. No.	Asset	Useful Life of Assets as per Part 'C' of Schedule II of the Companies Act, 2013.
1	Building - Factory Building	30 Years
	Building - Other than Factory Building	60 Years
2	Road, Culverts, Sewerage and Water Supply system	10 Years
3	Plant & Machinery	15 Years
4	Furniture & Fittings	10 Years
5	Air-conditioning & Office equipment	5 Years
6	Computer, data processor and communication equipments	3 Years
7	Vehicle	8 Years



**B) Intangible Assets:**

- a. Intangible Assets are recognized as per Accounting Standard 26 prescribed by the Central Government as recommended by the Institute of Chartered Accountants of India, in consultation with and after examination of the recommendation made by the National Financial Reporting Authority at cost less accumulated amortization. Cost includes expenditure on procurement and installation.
- b. The cost of intangible assets is amortized over its useful life.
- c. Intangible Assets fully amortized are stated individually at a nominal cost of Re.1/-.

**2.2 VALUATION OF CLOSING STOCKS :**

- a. Closing Stocks are valued at weighted average cost or net realizable value, whichever is less.
- b. The stock of packing materials are valued at cost.

**2.3 PURCHASE AND SALES:**

- a. Sales excludes Sales Tax.
- b. Purchases are accounted for on receipt of stocks.
- c. In respect of back to back contract, purchases and related expenses are accounted on the basis of the bills given by the supplier or in the absence of bills, based on the contract.
- d. The value of cardamom auction sales are considered as part of the turnover and accounted as Purchase and Sales accordingly.
- e. Purchases and Sales are recognized on the following basis ;
  - i) Where the company has entered into purchase or sale contract and performed with the exporters or importers.
  - ii) Where the contract and / or L.C. is in the name of STCL and assigned thereof for shipments and made directly by the associate.
  - iii) Where any party authorized by the company enters into a purchase or sale contract on behalf of the company.
  - iv) In respect of canalized exports, on the basis of sales invoices and other shipping documents furnished by the exporters.
  - v) Ex-godown sale on the basis of delivery challans.
  - vi) Where the distribution of item is entrusted to local agents including sale on consignment basis, sales are recognized on the basis of the returns furnished by such agents.
  - vii) Where the final value of export is subject to destination analysis, sales and purchases are recognized on the basis of load port analysis with the adjustment on the basis of destination analysis.
  - viii) In respect of imports to India, the Imports and High Sea Sales shall be recognized on execution of High Sea Sales Contract transferring title to goods, which shall be based on Bill of Lading.

**2.4 TRADE RECEIVABLES AND ADVANCES:**

Specific debts and advances identified as irrecoverable/doubtful are written off or provided respectively with the approval of the Board.

**2.5 WRITING BACK OF CREDIT BALANCES:**

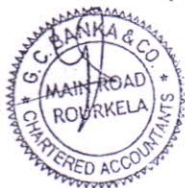
Credit balances which are not claimed/payable to the parties are written back after the completion of the limitation period of 3 years after review and approval by the Board.

**2.6 RECOGNITION ON COLLECTION BASIS:**

- a. Interest receivables from Sundry Debtors.
- b. Export benefits in respect of export orders executed on back to back contracts by suppliers on behalf of the Corporation
- c. Claims for refund of excess insurance premium on open policies.
- d. Reimbursement of Interest concerning merchandising trade transactions.

**2.7 TREATMENT OF PRIOR PERIOD ITEMS:**

The Income / Expense relating to prior period in the nature of errors or omissions, which does not exceed Rs.15,000/- in each case, is treated as Income / Expense of the current year.





STCL LIMITED

CIN : U85110KA1982GOI005013

**Notes To Financial Statements For The Year Ended 31st March, 2017**

**2.8 TREATMENT OF VRS /VSS PAYMENTS:**

The amount of VRS/VSS benefits payable to employees opting for voluntary retirement are debited to profit and loss account of the year.

**2.9 TAXES ON INCOME:**

- Current tax is provided on the basis of taxable income determined under the Income Tax Act, 1961.
- Deferred tax is recognized, subject to the consideration of prudence, on timing difference. Deferred Tax Assets and Liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

**2.10 RETIREMENT BENEFITS:**

- Company's contribution towards Provident Fund payable to P.F.Trust and liability towards encashment of un-availed leave are provided on accrual basis. Since RPFC has cancelled the relaxation order of the PF Trust during February, 2017 the contribution towards Provident Fund payable to P.F. Trust is being paid to RPFC from March, 2017 onwards.
- The Company has taken a Group Gratuity Policy with Life Insurance Corporation of India for future payment of Gratuities to Employees on retirement. Premium paid under the Policy is charged to expenditure in the relevant year.

**2.11 GOVERNMENT GRANTS:**

- Government Grants relating to Depreciable Fixed Assets [Capital] are treated as Deferred Income and the same shall be recognized in the Profit & Loss Account on a systematic basis over the useful life of the asset.
- Government Grants relating to Revenue are recognized as income in the Profit & Loss Account over the period necessary to match with the related costs / cause which they are intended to compensate.
- Government Grants of the nature of Promoters' Contribution is credited to Capital Reserve and any refunds against the contribution shall be reduced from the Capital Reserve.

**2.12 BORROWING COSTS**

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Other borrowing costs are expensed as incurred.

**2.13 IMPAIRMENT OF ASSETS**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss.

**2.14 FOREIGN CURRENCY TRANSACTIONS**

Initial recognition :

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion :

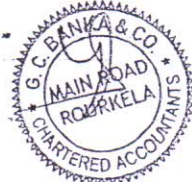
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences :

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

**2.15 INVESTMENTS**

Long term investments are stated at cost less provision for permanent diminution in value, if any. Current investments are carried at lower of cost and fair value.



STCL Limited

CIN : U85110KA1982GOI005013

**Notes to Financial Statements for the year ended March 31, 2017**

3. SHARE CAPITAL		as at March 31, 2017	as at March 31, 2016
Equity Shares :			
a) Authorized			
(i) Number of Shares	Nos.	5,00,000	5,00,000
(ii) Amount of Shares	₹	5,00,00,000	5,00,00,000
b) Issued, Subscribed and fully paid-up shares			
(i) Number of Shares	Nos.	1,50,000	1,50,000
(ii) Amount of Shares	₹	1,50,00,000	1,50,00,000
c) Par Value per share	₹	100/-	100/-
d) (i) Number of shares outstanding at the beginning of the reporting period	Nos.	1,50,000	1,50,000
(ii) Number of shares outstanding at the end of the reporting period	Nos.	1,50,000	1,50,000
e) Rights, Preference and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital		Equity Shares : Subject to the Article of Association of the Company, all the rights with the Board of Directors of the Company and holding Company STC of India. Dividend proposed by the Board is subject to declaration at the Annual General Meeting. A minimum 20% of post tax profit shall be distributed to holding Company STC of India as Dividend and the repayment of capital is as per the provision of the Companies Act, 2013.	Equity Shares : Subject to the Article of Association of the Company, all the rights with the Board of Directors of the Company and holding Company STC of India. Dividend proposed by the Board is subject to declaration at the Annual General Meeting. A minimum 20% of post tax profit shall be distributed to holding Company STC of India as Dividend and the repayment of capital is as per the provision of the Companies Act, 2013.
f) Shares in respect of each class in the Company held by its holding company or its ultimate holding company including shares held by subsidiaries or associate of the holding company in aggregate		100% of entire 150,000 number of paid up equity Shares of Rs. 100/- each are held by the holding company 'THE STC of India Limited'	100% of entire 150,000 number of paid up equity Shares of Rs. 100/- each are held by the holding company 'THE STC of India Limited'
g) Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares.		100% of entire 150,000 number of paid up equity Shares of Rs. 100/- each are held by the holding company 'THE STC of Indian Limited'	100% of entire 150,000 number of paid up equity Shares of Rs. 100/- each are held by the holding company 'THE STC of Indian Limited'





STCL Limited

CIN : U85110KA1982GOI005013

**Notes to Financial Statements for the year ended March 31, 2017**

Amount in ₹

**4. RESERVES AND SURPLUS**

	as at March 31, 2017		as at March 31, 2016	
	₹	₹	₹	₹
Capital Reserve	1,20,00,000		1,20,00,000	
Less: Transferred to Profit and Loss Account	-	1,20,00,000	-	1,20,00,000
General Reserve	5,65,94,823		5,65,94,823	
Less: Accumulated deficit in depreciation arising out of revised estimate in life as per Part C Schedule II of Companies Act 2013.	-	5,65,94,823	-	5,65,94,823
Re-valuation Reserve	1,36,37,631		1,21,14,674	
Add : Transferred during the year	12,60,211	1,48,97,842	15,22,957	1,36,37,631
Contingency Reserve		4,35,27,000		4,35,27,000
Surplus/[deficit] in the statement of profit and loss				
Balance as per last financial statements [Loss]	(33,58,84,30,531)		(28,78,77,03,074)	
Net Profit [Loss] for the year b/f from Profit & Loss Account	(5,62,77,31,405)	(39,21,61,61,936)	(4,80,07,27,457)	(33,58,84,30,531)
GRANT-IN-AID				
GRANT-IN-AID [CAPITAL]				
Grant-in-aid received under ASIDE Scheme	6,29,00,000		6,29,00,000	
Less: Amortization towards Depreciation	3,35,09,731	2,93,90,269	3,20,61,270	3,08,38,730
<b>TOTAL</b>		<b>(39,05,97,52,002)</b>		<b>(33,43,18,32,347)</b>

- 4.1 The Company has not transferred any amount during the year to General / Contingency Reserves [transfer during previous year Rs.nil] on account of net loss.
- 4.2 The Capital Reserve includes Rs.1,20,00,000/- received as 'Equity' from M/s. Visvesvaraiya Industrial Trade Centre [Govt. of Karnataka Centre for Export Promotion] [VITC] under ASIDE Scheme during the year 2006-07 towards Chilli Processing Plant, Byadgi which has been accounted as Promoters' Contribution.
- 4.3 The Grant-in-Aid includes Rs.6,29,00,000/- received as 'Grant' from Government of India under ASIDE Scheme towards establishment of Steam Sterilization unit and Grinding & Packing Unit at Spice Park, Chhindwara. The Company has availed a concessional customs duty of 3% under EPCG Scheme thereby saving Rs. 1,21,51,050/- while importing the steam sterilization machineries under export obligation to eight times of the value of duty saved within eight years and if the Company failed to meet the export obligation it is liable to pay custom duty along with interest at the rate of 15% P.A. In this regard the Company has furnished a EPCG bond of Rs. 3,76,68,000/- to customs authorities. The concessional customs duty availed under EPCG Scheme of Rs.1,21,51,050/- and interest payable thereon Rs.1,48,85,037/- total of Rs. 2,70,36,087/- shown under other liabilities.
- 4.4 Increase in Value of assets as per valuation report of Registered Valuers & Chartered Engineers vide their report dtd. 15.04.2017 are shown as Re-valuation reserve.

5. PROVISIONS	as at March 31, 2017		as at March 31, 2016	
	₹	₹	₹	₹
	SHORT TERM	LONG TERM	SHORT TERM	LONG TERM
*Provision for Employee Benefits:				
Provision for Gratuity	15,826	-	15,41,969	-
Provision for Leave Encashment	78,60,386	-	76,78,018	-
<b>TOTAL</b>	<b>78,76,212</b>	<b>-</b>	<b>92,19,987</b>	<b>-</b>

- 5.1 Company has taken Group Gratuity Scheme from LIC of India to cover the payment of gratuity to employees. LIC of India has intimates the premium payable by the company on the basis of the Actuarial Valuation. Accordingly, company is making payment of premium to LIC every year and the same been debited to Profit & Loss account. Hence except premium payment, there is no liability to the company towards gratuity settlement. When the employees retire/resign from the service, the company will intimate the same to LIC of India. LIC of India will make the settlement of gratuity payable to employees through "STCL Employees Gratuity Trust". Further company also obtains Actuarial Valuation report on Gratuity from registered Actuarial Valuer.





**Notes to Financial Statements for the year ended March 31, 2017**

- 5.2 STCL Employees Gratuity Trust have made an FDs of Rs. 56,86,099/- towards Gratuity payable to Ex-Employees. The interest received on FDs has not been shown under STCL's books since the interest belongs to STCL Employees Gratuity Trust and TDS deducted on interest was wrongly shown under STCL's PAN Account. The Company has not claimed TDS on interest accruing to STCL Gratuity Trust.
- 5.3 Liability towards Leave Encashment and Half Pay Leave are provided on accrual basis. Leave Encashment and Half Pay Leave are determined on the basis of actuarial valuation report from the registered Actuarial Valuer.

**6. NON-CURRENT LIABILITIES / CURRENT LIABILITIES BORROWINGS**

	as at March 31, 2017		as at March 31, 2016	
	SHORT TERM BORROWINGS	LONG TERM BORROWINGS	SHORT TERM BORROWINGS	LONG TERM BORROWINGS
	₹	₹	₹	₹
<b>PACKING CREDIT</b>				
- Vijaya Bank	9,69,90,000		9,69,90,000	
- UCO Bank	37,14,71,891		37,14,71,891	
<b>CASH CREDIT/SHORT TERM LOAN</b> [Partly secured by immovable properties of STCL amounting to about Rs.18,270,000/-]				
<b>PRINCIPAL</b>				
- Axis Bank	1,18,48,00,000		1,18,48,00,000	
- Canara Bank	1,62,62,27,786		1,62,62,27,786	
- IDBI Bank Ltd.	1,96,22,75,536		1,96,22,75,536	
- State Bank of India	1,98,53,61,313		1,98,53,61,313	
- UCO Bank	72,46,63,417		72,46,63,417	
- Union Bank of India	1,43,93,72,636		1,43,93,72,636	
- Vijaya Bank	2,31,10,69,786		2,31,10,90,113	
- Yes Bank	15,03,58,354		15,03,58,354	
<b>TOTAL</b>	<b>11,85,25,90,719</b>	<b>-</b>	<b>11,85,26,11,046</b>	<b>-</b>

- 6.1 The total liabilities to banks along with interest amounting to Rs. 39,08,85,24,903/- is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. No confirming was received from the banks. The company has calculated the interest based on the interest rates disclosed in their DRT application filed by Uco bank and consortium of banks. Cash credit/short term loan is as per the claim in the DRT (Debt Recovery Tribunal) application filed by consortium of seven banks and UCO bank on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO bank. The company has created pari passu charge 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 acres] in favour of the Bankers. In view of the immovable properties of STCL given as security, an estimated amount of Rs. 1,82,69,500/- 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 regard to UCO bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of Rs. 1,48,18,29,854.77/-. However the company has challenged DRT order at DRAT, Chennai. The bankers have also issued notice u/s 13(2) of Securitization 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.

**7. TRADE PAYABLES**

	as at March 31, 2017	as at March 31, 2016
	₹	₹
Sundry Creditors - for Purchases	16,74,540	19,34,267
<b>TOTAL</b>	<b>16,74,540</b>	<b>19,34,267</b>

There are no dues to Micro & Small Enterprises as defined under the Micro, Small & Medium Enterprises Development Act, 2006 [Previous Year - NIL].





**Notes to Financial Statements for the year ended March 31, 2017**

8. OTHER CURRENT LIABILITIES	as at March 31, 2017		as at March 31, 2016	
	₹	₹	₹	₹
Sundry Creditors for Expenses		50,12,026		58,80,890
Sundry Creditors for Capital Goods		55,72,578		55,72,578
EMD/Security Deposit		76,30,039		76,69,039
Duties & Taxes		2,51,532		2,53,609
Income received in advance		-		1,14,984
ASIDE Grant Repayable-Siddapura [with interest]		89,17,808		84,17,808
Customs Duty Payable for non-compliance of Grant condition-Chhindwara [ with interest]		2,70,36,087		2,29,39,583
Interest Payable on Devolved LC and Packing Credit liabilities accrued and due [since 2009-10]				
- Axis Bank	1,65,31,11,618		1,35,87,73,394	
- Canara Bank	4,99,95,45,431		3,94,28,63,203	
- IDBI Bank Ltd.	3,73,16,45,986		2,96,73,79,146	
- State Bank of India	4,18,19,57,419		3,32,78,40,720	
- UCO Bank	2,96,55,35,437		2,32,62,01,036	
- Union Bank of India	4,17,10,09,347		3,26,46,58,306	
- Vijaya Bank	5,27,42,84,351		4,24,31,18,679	
- Yes Bank	25,88,44,595	27,23,59,34,184	20,92,12,381	21,64,00,46,865
Other expenses payable		2,02,531		1,13,492
<b>TOTAL</b>		<b>27,29,05,56,785</b>		<b>21,69,10,08,848</b>

Reimbursement of 1

8.1 An amount of Rs.50,00,000/- [less Rs.50,000/- Service Charges of VITC - Net Rs.49,50,000/-] received in the year 2009-10 as funding under ASIDE Scheme from Visvesvaraya Industrial Trade Centre, Bangalore and the same has been accounted as Grants towards Pepper Processing Unit at Siddapura. However due to financial constraints the project was put on hold and the W-I-P of Rs.26,46,295/- was written off towards Impairment as on 31.03.2012. As per the terms of the grant, if the project is not completed, the grant has to be refunded along with interest @ 10%. Accordingly, the grant received along with interest of Rs. 89,17,808/- has been shown under Current Liabilities as ASIDE Grant Repayable -Siddapura.

8.2 Interest payable of Rs. 27,23,59,34,184/- on the principal amount due to the banks is arrived on the basis of the interest rates disclosed in the Debt Recovery Tribunal application filed by banks. Interest provision of Rs. 5,59,58,87,319/- have been made by the Company for the current financial year. However no confirmation is received from bank for interest payable.

**9. FIXED ASSETS / TANGIBLE ASSETS****a. GROSS BLOCK**

Name of the Asset	As on 01.04.2016	Additions during 2016-17	Deductions during 2016-17	Adjustment in the value of assets	As on 31.03.2017
	₹	₹	₹		₹
Vehicles	10,45,961	-	-	(45,000)	10,00,961
Air Conditioner	24,443	-	-	2,666	27,109
Computers	21,42,087	-	-	(30,000)	21,12,087
Office Equipments	9,44,869	-	-	61,811	10,06,680
Furniture & Fixtures	9,63,035	-	-	81,558	10,44,593
Refrigerator	19,933	-	-	1,998	21,931
<b>ASSETS NOT IN ACTIVE USE</b>					
Free Hold Land - Byadagi	1,18,84,900	-	-	-	1,18,84,900
Free Hold Land - Chindawar	32,39,000	-	-	-	32,39,000
Free Hold Land - Siddapur	16,45,600	-	-	-	16,45,600
Free Hold Land - Madikeri	15,00,000	-	-	-	15,00,000
Factory Building - Byadagi	58,46,340	-	-	27,42,092	85,88,432
Road, Sewerage and Compound Wall	63,96,407	-	-	(12,22,960)	51,73,447
Plant & Machinery-Byadagi	2,34,48,077	-	-	(2,80,873)	2,31,67,204
Factory Building - Chhindwara	65,93,133	-	-	(77,646)	65,15,487
Plant & Machinery-Chhindawara	4,00,45,666	-	-	(18,88,616)	3,81,57,050
<b>ASSETS NOT IN ACTIVE USE AND HELD FOR DISPOSAL</b>					
Vehicles	22,829	-	-	-	22,829
<b>TOTAL</b>	<b>10,57,62,280</b>	<b>-</b>	<b>-</b>	<b>(6,54,970)</b>	<b>10,51,07,310</b>
Previous Year	10,88,82,825	1,02,372	37,06,928	4,84,011	10,57,62,280

Note : The adjustment column denotes that the adjustment in the value of assets as per valuation report of the Registered Valuer and Chartered Engineer vide their report dtd. 15.04.2017



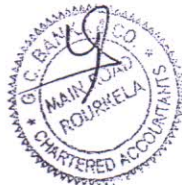
**Notes to Financial Statements for the year ended March 31, 2017****b. ACCUMULATED DEPRECIATION**

Name of the Asset	Up to 31.03.2016	Depreciation for the Year	Adjustments *	Deductions during 2016-17	Up to 31.03.2017
	₹	₹		₹	₹
Vehicles	8,65,961	-	-	-	8,65,961
Air Conditioner	13,443	3,666	-	-	17,109
Computers	20,42,087	-	-	-	20,42,087
Office Equipments	8,54,869	76,811	-	-	9,31,680
Furniture & Fixtures	8,43,035	1,01,558	-	-	9,44,593
Refrigerator	16,933	2,998	-	-	19,931
<b>ASSETS NOT IN ACTIVE USE</b>					
Free Hold Land - Byadagi	-	-	-	-	-
Free Hold Land - Chindawar	-	-	-	-	-
Free Hold Land - Siddapur	-	-	-	-	-
Free Hold Land - Madikeri	-	-	-	-	-
Factory Building - Byadagi	16,08,157	2,00,530	-	-	18,08,687
Road, Sewerage and Compound Wall	27,58,102	17,53,845	-	-	45,11,947
Plant & Machinery-Byadagi	1,87,93,077	6,05,127	-	-	1,93,98,204
Factory Building - Chhindwara	23,73,887	1,68,770	-	-	25,42,657
Plant & Machinery-Chhindawara	2,96,87,383	12,79,691	-	-	3,09,67,074
<b>ASSETS NOT IN ACTIVE USE AND HELD FOR DISPOSAL</b>					
Vehicles	22,731	-	-	-	22,731
<b>TOTAL</b>	<b>5,98,79,665</b>	<b>41,92,996</b>	<b>-</b>	<b>-</b>	<b>6,40,72,661</b>
Previous Year	5,98,93,914	36,79,596	0	36,93,845	5,98,79,665

**C. NET BLOCK**

Name of the Asset	As on 31.03.2017	As on 31.03.2016
	₹	₹
Vehicles	1,35,000	1,80,000
Air Conditioner	10,000	11,000
Computers	70,000	1,00,000
Office Equipments	75,000	90,000
Furniture & Fixtures	1,00,000	1,20,000
Refrigerator	2,000	3,000
<b>ASSETS NOT IN ACTIVE USE</b>		
Free Hold Land - Byadagi	1,18,84,900	1,18,84,900
Free Hold Land - Chindawar	32,39,000	32,39,000
Free Hold Land - Siddapur	16,45,600	16,45,600
Free Hold Land - Madikeri	15,00,000	15,00,000
Factory Building - Byadagi	67,79,745	42,38,183
Road, Sewerage and Compound Wall	6,61,500	36,38,305
Plant & Machinery-Byadagi	37,69,000	46,55,000
Factory Building - Chhindwara	39,72,830	42,19,246
Plant & Machinery-Chhindawara	71,89,976	1,03,58,283
<b>ASSETS NOT IN ACTIVE USE AND HELD FOR DISPOSAL</b>		
Vehicles	98	98
<b>TOTAL</b>	<b>4,10,34,649</b>	<b>4,58,82,615</b>
Previous Year	4,58,82,615	4,89,88,911

Note : The net value as on 31.03.2017 denotes, value as per the valuation report of the Registered Valuer and Chartered Engineer vide valuation report dtd. 15.04.2017





STCL Limited

CIN : U85110KA1982GOI005013

**Notes to Financial Statements for the year ended March 31, 2017**

9.1 Disclosure as per AS-10

Name of the Asset	Value before re-valuation	Value after re-valuation
	₹	₹
Vehicles	1,80,000	1,35,000
Air Conditioner	7,334	10,000
Computers	1,00,000	70,000
Office Equipments	13,189	75,000
Furniture & Fixtures	18,442	1,00,000
Refrigerator	2	2,000
<b>ASSETS NOT IN ACTIVE USE</b>		
Free Hold Land - Byadagi	1,18,84,900	1,18,84,900
Free Hold Land - Chindawar	32,39,000	32,39,000
Free Hold Land - Siddapur	16,45,600	16,45,600
Free Hold Land - Madikeri	15,00,000	15,00,000
Factory Building - Byadagi	40,37,653	67,79,745
Road, Sewerage and Compound Wall	18,84,460	6,51,500
Plant & Machinery-Byadagi	40,49,873	37,59,000
Factory Building - Chhindwara	40,50,476	39,72,830
Plant & Machinery-Chindawara	90,78,592	71,39,976
<b>ASSETS NOT IN ACTIVE USE AND HELD FOR DISPOSAL</b>		
Vehicles	98	98
<b>TOTAL</b>	<b>4,16,89,619</b>	<b>4,10,34,649</b>

9.2 The value after revaluation of various assets is based on Independent Registered Valuer and Chartered Engineers vide their report dtd. 15.04.2017. The Valuation is based on the Market Value of the properties which was considered the location, location approach road, local development aspects, Marketability, Age of the building, depreciation, type of construction, present condition of maintenance and useful life for Land and Buildings and type of machines, their marketability, age of the machines, depreciation, present working condition status, wear and tear, periodical maintenance done, further useful life of machine's for Plant and Machineries and other assets. An amount of Rs. 25,58,171/- credited to revaluation reserve towards increase in revaluation of assets & an amount of Rs. 12,97,960/- towards debited to revaluation reserve to the extent related to an increase which was previously credited to revaluation reserve. An amount of Rs. 3,31,954/- is credited to profit & loss account to the extent increase is related to and not greater than a decrease arising on revaluation of assets in the previous year and an amount of Rs. 22,47,135/- is charged to profit and loss account due to decrease in the revaluation of assets. Depreciation on such revalued assets has been based on the revalued amount.

10 INVESTMENTS:

	as at March 31, 2017		as at March 31, 2016	
	₹	₹	₹	₹
<b>NON-CURRENT INVESTMENTS HELD FOR DISPOSAL</b>				
Long Term [Non-Trade] unquoted				
a) Government Securities				
6 year National Savings Certificate - VIII Issue		-		2,000
b) Shares in NSS Satpura Agro Development Corporation Ltd.,	2,46,657		2,46,657	
100000 Equity Shares of Rs.10/- each		2,46,657	-	26,657
<b>TOTAL</b>		<b>2,46,657</b>		<b>28,657</b>

10.1 As per the directions of Administrative Ministry, during 2008-09, a Joint Venture Company has been formed by NAFED, STC & STL Ltd., i.e., "NSS SATPURA AGRO DEVELOPMENT CO. LTD.,".





**Notes to Financial Statements for the year ended March 31, 2017**

10.2 The disclosure as per Accounting Standard – 27 under 'Financial reporting of interest in Joint Ventures' are as follows:

- % of Company's ownership interest 25%
- Capital Invested Rs. 1,00,00,000/- [100,000 Equity Shares of Rs.10 each - fully paid-up]
- Since the Joint Venture Company is incurring losses and its cumulative losses is Rs.30,13,372/- up to 31st March 2013 against the total Share Capital of Rs. 40,00,000/-, the Company has provided Rs.7,53,343/- towards permanent diminution in its investment value [cost Rs.10,00,000] during 2012-13. Since the audited financials statements of NSS Satpura is not available for the subsequent years further permanent diminution if any has not been recognized in the books.

10.3 The Company Board approved in its 142nd Board Meeting held on 24.10.2013 for withdrawal from the Joint Venture Company NSSADCL.

**11 LOANS AND ADVANCES**

[unsecured considered good unless otherwise stated]

	as at March 31, 2017		as at March 31, 2016	
	₹ Current	₹ Non-current	₹ Current	₹ Non-Current
Rent Advance	-	4,18,71,702	12,000	4,16,63,660
Advance to Employees	-	-	18,354	-
Deposits	3,51,611	12,91,510	4,86,510	12,91,510
Prepaid Expenses	1,18,091	-	33,925	-
	4,69,702	4,31,63,212	5,50,789	4,31,55,190
Less: Provision for doubtful advances	-	-	-	-
<b>[A]</b>	<b>4,69,702</b>	<b>4,31,63,212</b>	<b>5,50,789</b>	<b>4,31,55,190</b>
Advance Income Tax & TDS				
- for the years between 2004 to 2007 [Net refund due]		8,13,469		15,72,197
- for the year 2010-11 (TDS)		4,00,095		4,00,095
- for the year 2011-12 (TDS)		3,49,348		3,49,348
- for the year 2012-13 (TDS)		6,37,865		6,37,865
- for the year 2013-14 (TDS)		5,33,337		5,33,337
- for the year 2014-15 (TDS)		-		3,57,587
- for the year 2015-16 (TDS)		-		2,24,979
- for the year 2016-17 (TDS)		1,35,595		
Tax deposited (PY 09-10)		-		70,00,000
Other balances with Statutory Authorities	21,57,563	-	21,34,193	-
Advances to Suppliers	1,14,971	36,38,32,901	1,52,836	36,38,32,901
Receivable from Ex-employee's	4,52,929	-	-	-
Claims receivable from Business Associates considered doubtful	11,55,25,17,085	-	11,55,25,17,085	-
	11,55,52,42,548	36,67,02,610	11,55,48,04,114	37,49,08,309
Less: Provision for doubtful advances	11,55,25,17,085	36,38,32,901	11,55,25,17,085	36,38,32,901
<b>[B]</b>	<b>27,25,463</b>	<b>28,69,709</b>	<b>22,87,029</b>	<b>1,10,75,408</b>
<b>TOTAL [A] + [B]</b>	<b>31,95,165</b>	<b>4,60,32,921</b>	<b>28,37,818</b>	<b>5,42,30,598</b>

- 11.1 Loans and Advances includes Rs.11,55,25,17,085/- [net of security deposit/margin money] shown as Claims Receivable from Business Associates M/s.Future Exim (India) Pvt. Ltd. & M/s.Future Metals Pvt. Ltd. The Company opened usance letters of credit on overseas suppliers for import of Metal Scraps-[Nickel/Copper Scrap] for merchanting trade at the cost and risk of the Business Associates. The associates / buyers failed to meet the commitment of making the payment before the due dates of the Letters of Credit and this resulted in devolvement of LC's on Company. The net amount due from above business associate is Rs.11,55,25,17,085/- towards the cost of cargoes stuffed in 885 containers supposed to contain Nickel and Copper Scrap which were lying at South Korean and Vietnam Ports. As the payments were not received, few containers were got opened by the Company which were found to contain Iron Scrap instead of Nickel and Copper Scrap. The containers were auctioned by the port authorities. In view of the cargo being assessed as Iron/Steel Scrap and the auction sale price ranging from USD 206 to 250 per MT, the Company has filed complaints against overseas seller M/s.Asia Metals & Commodities Pte Ltd., Singapore, business associates as well as international inspection agency, M/s Worldwide Logistic Survey Inspection, New Delhi, all the Criminal complaints filed in India have been transferred to CBI New Delhi. CBI has investigated the matter and filed charge sheet on 7th December, 2016 in the court of XXI Additional City Civil & Sessions Judge & Special Judge for CBI cases Bangalore (CCH-4). The Enforcement Directorate, has issued a show cause notice to STCL and its four officials, Future Metals Pvt. Ltd., and Future Exim [India] Pvt. Ltd., and 8 bankers of STCL in December 2011. The Company has replied to the show cause notice. Further The Special Director, Enforcement Directorate, Chennai, summoned the Company on 25.03.2014 and Company appeared and presented the details in the adjudication process.





**Notes to Financial Statements for the year ended March 31, 2017**

The 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.

The Company has filed criminal complaints against business associates under section 138 of the Negotiable Instruments Act for returning of the cheques unpaid and matter is pending before the court for disposal.

Subsequent to the dismissal of SLP filed in the Supreme Court by FMPL/FEIPL, the High Court of Karnataka has re-appointed Justice Shivaraj V Patil as sole Arbitrator vide its order dtd. 07.04.2017. Justice Shivaraj V Patil had issued the notice to both the parties for appearing on 18.05.2017 to start the arbitration proceedings.

As the Sale is not concluded in these transactions due to non-receipt of payment from the buyers / associates, as per the contract, the amount payable 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 during January, 2012. By oversight while converting 2382.91 Bighas into Acres from the valuation report dtd. 20.01.2012 it was wrongly mentioned as 578 acres as against 501.66 acres in the previous year accounts (4.75 Bighas equal to 1 Acre, 20 Biswa equal to 1 Bigha). Further the valuation of 2382.91 Bighas (501.66 Acres) was Rs. 548.45 crores as per the valuation report dtd. 20.01.2012 has come down to Rs. 400.28 crores as per the valuation report dtd. 02.12.2016 which has been shown in the below table.

Particulars of Properties	Average Value	
	₹	₹
<u>Immovable properties of Business Associates :</u>		
Land located at Punjab [501.66 acres] as per valuation report dtd. 02.12.2016.	4,00,28,00,000	
Office Building located at New Delhi [9000 sqft]	29,69,00,000	
Land located at Chennai [9 acres]	40,25,00,000	
Land located at Maharashtra [29.951 acres] as per valuation report dtd. 18.06.2013	25,63,21,000	
Land located at Gujarat [202.618 acres]	20,00,00,000	5,15,85,21,000
<u>Movable properties of Business Associates :</u>		
Shares[45000] of Universal Pavers Pvt. Ltd., Tuticorin		16,98,00,000
<b>TOTAL</b>		<b>5,32,83,21,000</b>

In view of the pending establishment of clear title and creating charge on the properties of FMPL / FEIPL and its group companies in favour of STCL / banks, full provision has been made as a measure of abundant precaution.

Based on the inquiry report, on the disciplinary proceedings in the matter of irregularities in the above transactions, Disciplinary Authority vide his order dtd. 07.05.2014 had imposed punishment of dismissal to three officials, compulsory retirement to five officials and reduction in the increment by two levels to one official. On the appeal made by two dismissed officials, the Appellate Authority, i.e. the Board of STCL set aside the dismissal order and imposed penalty of compulsory retirement. Further after going through the appeal made by other five officials, the Appellate Authority, in its 154th Board meeting held on 26th September, 2016 upheld the punishment imposed by the Disciplinary Authority i.e. compulsory retirement.

- 11.2 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) Rs.12,64,02,768/- [excluding interest] due from Business Associate M/s. Future Resources India Pvt. Ltd., A stock of around 29,400 MTS of Iron ore fines [subject to handling and storing loss an account of long storage period] approximately valuing Rs. 3,38,10,000/- as per the present market value. The stocks are in the custody of C&F agent SVK Shipping at Vizag and there is claim of custodian charges amounting to Rs. 1,66,95,220/- Further M/s. Future Resources India Pvt. Ltd., has moved in the High Court of Karnataka for appointment of Arbitrator, which is awaited.

ii) Rs.6,85,78,122/-[excluding interest] due from M/s. S.S.Exports, the matter was referred to arbitration. The arbitration award was declared in Company's favour for recovery of claim along with legal cost. Further S.S. Exports has challenged the arbitration award and filed a petition before the Court and the matter is pending.





**Notes to Financial Statements for the year ended March 31, 2017**

iii) Rs.12,68,01,603 [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 Rs. 74,84,200/- as per the present market value. The stocks are in the custody of M/s. Prathyusha Associates Shipping Private Ltd., [C&F Agents] and there is claim of custodian charges amounting to Rs. 58,27,060/-. STCL is in the process of liquidating the stocks through tender process. The Company has also filed case under section 138 of NI Act, and the legal proceedings are in progress.

The Company has issued charge sheet to 7 officials in respect of (i), (ii) & (iii) above and also in respect of quality claims of USD 2.88 Million [Rs.18,67,35,168/-] by overseas buyer M/s. Devi Trading Co. Ltd., Hong Kong against Company which is shown under contingent liability. The CVC has appointed the inquiry officer and the inquiry is in progress.

11.3 Rs. 4,20,50,408/- due from Sri Kumar Trading (Group). The Company has filed a Private Complaint for diverting and misappropriation of 371 MTS of Pulses. Since the 'B' report has been filed by the Police after investigation, the Company has challenged on the 'B' report filed by the police in the Court requesting for re-investigation. The 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 Rs.4,20,50,408/- in the earlier years.

11.4 During the year, the Income Tax department has adjusted Rs 83,53,569/- against income tax dues for the year 2009-10 (Rs 70,00,000/-) and earlier years. As a result, net refund due from Income Tax Department as on 31.03.2017 is Rs 28,69,709/-. The company as asked the details from the Income Tax Department to prepare reconciliation of the above refund due.

**12. OTHER CURRENT & NON CURRENT ASSETS**

[unsecured considered good unless otherwise stated]

	as at March 31, 2017		as at March 31, 2016	
	₹	₹	₹	₹
	Current	Non-current	Current	Non-current
Interest Accrued on Investments [NSC]	-	-	-	2,030
<b>TOTAL</b>	-	-	-	2,030

**13. INVENTORIES**

	as at March 31, 2017		as at March 31, 2016	
	₹	₹	₹	₹
	Current	Non-Current	Current	Non-Current
- at Factory/Branches	-	-	-	-
- in Transit	-	-	-	-
<b>TOTAL</b>	-	-	-	-

**14. TRADE RECEIVABLES**

	as at March 31, 2017		as at March 31, 2016	
	₹	₹	₹	₹
	Current	Non-Current	Current	Non-Current
Debts outstanding for a period exceeding Six months from the date they are due for payment				
- Secured, considered good	-	-	-	-
- Un-secured, considered good	10,50,000	-	10,50,000	-
- Doubtful	28,50,79,937	-	28,50,79,937	-
	28,61,29,937	-	28,61,29,937	-
Less: Provision for doubtful debts	28,50,79,937	-	28,50,79,937	-
<b>Total [a]</b>	10,50,000	-	10,50,000	-
Other receivables				
- Secured, considered good	-	-	-	-
- Un-secured, considered good	-	-	-	-
- Doubtful	-	-	-	-
Less : Provision for doubtful receivables	-	-	-	-
<b>Total [b]</b>	-	-	-	-
<b>Total [a+b]</b>	10,50,000	-	10,50,000	-

14.1 Trade Receivables includes the following which has been fully provided:

(i) Rs.2,26,28,442/- [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. The Company has made full provision for Rs.2,26,28,442/- in the earlier years. Arbitral award dtd.30.09.2013 came in favour of the Company for recovery of claims. M/s Meta Copper has challenged the Arbitral award in the court and the Company has filed its objection.





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**Notes to Financial Statements for the year ended March 31, 2017**

(ii) Rs. 17,10,36,656/- due from R. Piyaarelall Foods Pvt Ltd, Kolkata [RPFPL]. The Company has filed a private complaint in the magistrate court against RPFPL, its sister concern R.Piyaarelall Import & Export Ltd (RPIEL), and C&F Agent for unauthorized lifting of stocks, which has been referred to the jurisdiction police station at Bangalore. Since B report was filed by the police, Company has challenged on the B report in the court requesting for re-investigation. The Company has initiated action u/s 138 of Negotiable Instrument Act for the return of the cheque unpaid. In addition, the Company has invoked the personal guarantee issued by the director of RPFPL and against the non payment the Company has filed a recovery suit in the Kolkata High Court. The Arbitral award dtd. 23.03.2016 came in favour of the Company. The Company has made full provision for Rs.17,10,36,656/- in the earlier years.

(iii) Rs. 8,96,18,184/- 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. STCL is in the process of exploring possibilities with custom authorities for liquidation of the available stock for recovery of the dues. STCL had initiated Arbitration and Retired Justice Nagamohan Das had been appointed on 19.08.2016 as Arbitrator. Arbitration proceedings in progress.

(iv) Rs.17,13,570/- due from M/s A-Tech Engineering & Management towards lease rent of Steam Sterilization unit at Chhindwara. The Steam Sterilization unit at Chhindwara 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 Rs.2,20,000/- p.m. w.e.f. 01.11.2013 with an annual increase of 10%. A security deposit of Rs. 25,00,000/- in the form of bank guarantee and non-refundable pre-operative deposit of Rs. 5,00,000 was payable to the Lesser(s) as per the terms of the Lease. Due to non-performance as per the contract, the contract has been terminated vide letter dtd. 03.02.2015 w.e.f. 31.01.2015. The amount of bank guarantee of Rs. 25,00,000/- has been forfeited by the Spices Board. The bank guarantee of Rs. 25,00,000/- and non-refundable pre-operative deposit of Rs. 5,00,000/- has been adjusted by Spices Board on account of lease rentals. An amount of Rs. 10,50,000/- is shown as lease rent receivable chindwara from Spices Board.

**15. CASH AND BANK BALANCES**

	as at March 31, 2017		as at March 31, 2016	
	₹ Current	₹ Non-Current	₹ Current	₹ Non-Current
<b>Cash and Cash Equivalents</b>				
Cash on Hand	39,108	-	95,432	-
Balance with Banks:				
- in Current Accounts	31,79,659	-	28,81,754	-
- in EEFC Accounts	88,706	-	90,749	-
Sub total (A)	33,07,473		30,67,935	
<b>Other bank Balances</b>				
Deposits with original maturity period for more than 3 months & less than 12 months				
- in Short Term Deposits	1,12,83,647	-	2,88,26,406	-
- in Short Term Deposits as Margin against OD/BG's	17,95,742	-	17,95,742	-
Deposits with original maturity period for more than 12 months	-	-	-	-
Sub total (B)	1,30,79,389		3,06,22,148	
<b>TOTAL (A)+(B)</b>	<b>1,63,86,862</b>	<b>-</b>	<b>3,36,90,083</b>	<b>-</b>

15.1 The Cash and Bank balances include Rs 88,706/- equivalent to USD 1,368.10 which was held in EEFC accounts at the banks, for which USD 1,000/- confirmation was received from the banks.



**Notes to Financial Statements for the year ended March 31, 2017****16. REVENUE FROM OPERATIONS**

	for the year ended 31.03.2017	for the year ended 31.03.2016
	₹	₹
Sale of Goods [Net]		
- Local Sales	-	-
- Export Sales	-	-
Sub-Total [A]	-	-
Sale of Services		
NOC issue Charges [Export of Onion]	-	-
Commission from Auction	-	-
Sub-Total [B]	-	-
Other Operating Revenues		
Onion Registration Fees	-	-
Handling Charges	-	-
Grinding Charges-Byadagi	-	-
Lease Rent-Chhindwara	-	-
Pre-Operative Charges-Chhindwara	-	-
Sub-Total [C]	-	-
<b>TOTAL [A] + [B] + [C]</b>	<b>-</b>	<b>-</b>

**Details of Commodities traded**

	for the year ended 31.03.2017	for the year ended 31.03.2016
	₹	₹
Local Sales		
Spices	-	-
Dry Fruits	-	-
Fertilizers	-	-
Other Commodities	-	-
TOTAL	-	-
Export Sales		
Iron Ore Fines	-	-

**17. OTHER INCOME**

	for the year ended 31.03.2017		for the year ended 31.03.2016	
	₹	₹	₹	₹
INTEREST INCOME				
Interest on Term Deposits		13,99,437		22,07,283
Interest Collected [Trade]		1,12,647		15,748
Interest on Income Tax Refund		32,610		1,74,30,281
OTHER INCOME				
Liabilities No-longer Payable		3,79,365		70,569
Amortization of ASIDE GRANT-Chhindwara		14,48,461		17,19,166
Miscellaneous Receipts		-		78,580
Profit or Loss on sale of Fixed Assets		-		58,338
Bad Debts written off received		-		55,000
<b>TOTAL</b>		<b>33,72,520</b>		<b>2,16,34,965</b>

17.1 Unclaimed credit balance which was held in various onion parties, security deposit and other accounts for more than three years is shown under other Income as Liabilities No-longer payable





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**Notes to Financial Statements for the year ended March 31, 2017****18. PURCHASE OF STOCK-IN-TRADE / FINISHED GOODS**

	for the year ended 31.03.2017	for the year ended 31.03.2016
	₹	₹
Agricultural Commodities	-	-
Dry Fruits	-	-
Fertilizers	-	-
Spices	-	-
Iron Ore	-	-
Others	-	-
	-	-

**19. CHANGE IN INVENTORIES**

	31-Mar-17	31-Mar-16	Increase/ (Decrease)
	₹	₹	₹
Inventory at the end of the year			
TRADED GOODS			
Spices	-	-	-
Fertilizer & Pesticides	-	-	-
Packing Material	-	-	-
L.D.O.	-	-	-
Other Commodities	-	-	-
Inventory at the beginning of the year			
TRADED GOODS			
Spices	-	-	-
Dry Fruits	-	-	-
Fertilizer & Pesticides	-	-	-
Packing Material	-	-	-
Other Commodities	-	-	-
L.D.O.	-	2,36,250	(2,36,250)
	-	2,36,250	(2,36,250)
<b>TOTAL</b>	-	2,36,250	

**20. EMPLOYEE BENEFIT EXPENSES**

	for the year ended 31.03.2017	for the year ended 31.03.2016
	₹	₹
Salaries and Other benefits - MD	24,89,147	19,73,626
Salaries and Other benefits - Others	86,16,904	84,73,788
Contribution to P.F. & Other Funds	11,60,004	10,09,187
Gratuity	15,826	15,41,969
Staff Welfare	5,88,385	7,06,784
<b>TOTAL</b>	1,28,70,266	1,37,05,354

**21. OTHER EXPENSES**

	for the year ended 31.03.2017	for the year ended 31.03.2016
	₹	₹
<b>DIRECT EXPENSES</b>		
Power and Fuel	1,62,713	1,45,212
Insurance	66,315	58,792
Market Cess	3,000	-
Security Charges-Byadagi	1,33,331	1,32,589
<b>TOTAL [A]</b>	3,65,359	3,36,593



**Notes to Financial Statements for the year ended March 31, 2017**

ADMINISTRATION	for the year ended 31.03.2017	for the year ended 31.03.2016
	₹	₹
Electricity & Water Charges	77,489	5,19,899
Rent	13,790	13,673
Board Meeting/AGM Expenses	1,594	38,954
Rates & Taxes	1,73,586	38,354
Postage, Telephone & Telex	1,59,641	1,67,227
Printing & Stationery	68,134	1,00,220
Vehicle Maintenance	93,295	1,01,293
Office Maintenance	2,10,775	2,93,022
Bank Charges	7,987	10,259
Exchange Fluctuation	2,043	(5,504)
Professional and Legal Charges	12,37,286	22,64,491
Travelling & Conveyance Expenses		
Travelling - Directors / M.D.	2,61,410	4,84,165
Travelling - Others	2,42,136	8,64,632
Conveyance	92,957	1,22,995
Packing and Forwarding Charges	300	29,895
Transportation Charges [outward]	3,768	2,17,127
Internal Audit Fees	20,000	20,000
Remuneration to Auditors		
- for Audit	80,000	70,000
- for Tax Audit	-	50,000
News Papers & Periodicals	3,465	4,535
Miscellaneous Expenses	1,780	5,420
<b>TOTAL [B]</b>	<b>27,51,436</b>	<b>54,10,657</b>
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>	₹	₹
Advertisement & Publicity	-	-
Business Promotion Expenses	-	-
<b>TOTAL [C]</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL [A+B+C]</b>	<b>31,16,795</b>	<b>57,47,250</b>

22. DEPRECIATION AND AMORTISATION EXPENSES	for the year ended 31.03.2017	for the year ended 31.03.2016
	₹	₹
Depreciation on Tangible Assets	41,92,996	36,79,596
<b>TOTAL</b>	<b>41,92,996</b>	<b>36,79,596</b>

23. FINANCIAL COSTS	for the year ended 31.03.2017	for the year ended 31.03.2016
	₹	₹
Interest on borrowings	5,59,58,87,319	4,79,65,5,541
<b>TOTAL</b>	<b>5,59,58,87,319</b>	<b>4,79,65,5,541</b>

Note : The Interest rates considered for computation of short term borrowings related to devolved LC's are based on the claims of the consortium of banks with the Debt Recovery Tribunal.





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**Notes to Financial Statements for the year ended March 31, 2017**

**24. EXCEPTIONAL ITEMS**

	for the year ended 31.03.2017	for the year ended 31.03.2016
	₹	₹
Prior Period Expenditure	22,92,550	26,040
Profit on revaluation of Fixed Assets	(3,31,954)	(12,07,207)
Provision for Interest on Customs Duty payable for non-compliance with grant conditions [Chhindwara Project]	18,22,658	15,12,500
Provision for Interest on Grant received under ASIDE Scheme [Siddapura Project]	5,00,000	5,01,370
Interest on Gratuity	2,05,447	-
Income tax paid for earlier years/(Excess Provision of Income Tax written back)	83,53,569	(6,23,077)
Withdrawal of Expenses [Salary]	(52,856)	-
Loss on revaluation of Fixed Assets	22,47,135	22,58,805
<b>TOTAL</b>	<b>1,50,36,549</b>	<b>24,68,431</b>

24.1 The Assets have been assessed through a Registered Valuer and Chartered Engineer and the effect of revaluation of fixed assets have been shown under Exceptional Items



25 The Company 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 Company has filed winding up petition dtd. 26.11.2013 before High Court of Karnataka which is pending for disposal. The 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.

## 26 CONTINGENT LIABILITIES & COMMITMENT

I Contingent Liabilities not provided for :	31.03.2017 ₹	31.03.2016 ₹
A Claims against the company not acknowledged as debt	12,90,25,89,812	13,18,36,75,889
B Guarantees	10,00,000	10,00,000
C Other money for which company is contingently liable	-	-
II Commitment :		
A Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
B Uncalled liability on shares and other investment partly paid	-	-
C Other commitments	-	-

## 26 III

### A Claims against the company not acknowledged as debt includes :

- Rs.12,68,01,603 [excluding interest] due from M/s. Devi Mineral Resources [I] Pvt. Ltd., is a group company of Devi Trading and STCL has initiated various legal steps for recovery of dues. In order to counter the legitimate claim of STCL, Devi Trading has raised the counter claim of USD 28,80,000/- against STCL with ulterior motive which is false and baseless. However the company has disclosed sum of USD 28,80,000/- as contingent liability.
- STCL was defrauded by M/s. Future Exim (India) Pvt. Ltd. & M/s.Future Metals Pvt. Ltd., in the third country merchanting trade and STCL had initiated legal steps for recovery of dues as one of the legal recourses. STCL has also initiated arbitration against M/s.FE IPL & M/s. FMPL. Sino Asia is one of group company of M/s.FE IPL & M/s. FMPL raised a wrong claim for sum USD 16,80,00,000/- with ulterior motive to counter the legitimate claim of STCL against M/s.FE IPL & M/s. FMPL even though all the legal steps have initiated to counter the claim. However the company has disclosed sum of USD 16,80,00,000/- as contingent liability.
- The APMC, Bangalore has filed a suit in May 2011 against the Company for recovery of Market Fee / Penalty totalling an amount of Rs.1,14,29,284/-. The transaction was carried out in the year 2001-02. The Market Fee was already paid by the Company to Food Corporation of India, Bangalore while obtaining Release / Delivery Order for 80,000 MTs of Maize through Tender Process. Accordingly the Company has filed its objections to the petition and the legal proceedings are in progress. The claims of APMC has been shown under contingent liabilities.
- STCL had awarded the Civil construction work to M/s Carmel Builders Fibro tech India Pvt Ltd, in respect of Pepper processing unit at Siddapura in Coorg Dist. Of Karnataka in Aug 2008. The company terminated the contract in July 2009 on account of poor progress of work. The contractor has disputed the same and made a demand of Rs. 80,11,634/- towards the work done. The Arbitration was completed and awarded STCL to pay a sum Rs. 49,41,480/- to M/s Carmel Builders. STCL has challenged the Arbitral award in the court. The Balance amount of Rs. 67,26,634/- (Rs. 8,011,634 less Rs.1,285,000 shown under payable to contractor) is shown under contingent liability.





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**Notes to Financial Statements for the year ended March 31, 2017**

- e. M/s.Excel Cardamom Company had filed a petition in the year 1992 on the Company in Delhi High Court against the forfeiture of EMD amount of Rs.10,00,000 by the Company in respect of cloves transactions. In the year 2007, the High Court having adjudicated the matter, passed a decree that STCL was entitled to forfeit only Rs.1,23,342/- being its share of profit and has to refund the balance amount of Rs. 8,76,857/- along with interest.

Company had filed an Appeal with the Divisional Bench which stayed the execution of the said decree subject to STCL depositing a sum of Rs.6,00,000/- and BG of Rs.10,00,000/- in favour of Delhi High Court, which was complied with. The Divisional Bench has passed an order in March-2008 against the company as per which STCL has to pay Rs. 10,00,000/- to Excel Cardamom Co. along with interest of 9% p.a. from June 1989. The order also stated that BG of Rs. 10,00,000/- be encashed and along with the Deposit of Rs.6,00,000/- the balance amount Excel Cardamom can file an execution petition. The company has filed a SLP in Supreme Court against the Order of Delhi High Court. However, the company has disclosed the liability of Rs. 35,06,192/- under Contingent Liability.

- f. The Company has made provision for payment of interest as per the claims made by the consortium of banks in the DRT application upto 20.07.2011 and further interest are provided at the rates mentioned in the DRT application. IDBI Bank claimed an amount of Rs. 62,00,23,705/- towards penal interest/liquidated damages as per the balance confirmation certificate as on 31.03.2012. However, the company has disclosed the liability of Rs. 62,00,23,705/- under contingent liability.
- g. The Company has made provision for payment of interest as per the claims made by the consortium of banks in the DRT application upto 20.07.2011 and further interest are provided at the rates mentioned in the DRT application. Union Bank of India claimed an amount of Rs. 9,59,97,748/- towards excess interest as per the balance confirmation certificate as on 31.03.2015. However, the company has disclosed the liability of Rs. 9,59,97,748/- under contingent liability.
- h. The Company has made provision for payment of interest as per the claims made by the consortium of banks in the DRT application upto 20.07.2011 and further interest are provided at the rates mentioned in the DRT application. State Bank of India claimed an amount of Rs. 94,23,73,090/- towards excess interest as per the balance confirmation certificate as on 31.03.2016. However, the company has disclosed the liability of Rs. 94,23,73,090/- under contingent liability.
- i. The Company had obtained a legal opinion which stated that fee collected for issuance of NOC for export of onion does not fall within the definition of ambit of Service Tax and hence, service tax is not applicable. Based on the legal opinion, the company had not collected / paid service tax on said transaction.

The Company had received a Show-cause Notice from the Service Tax Department in October 2011 for non payment of Service Tax of Rs. 1,42,70,138 for the year 2006-07 to 2010-11 (excluding interest and penalty) and the Company filed an Appeal against the said Notice which was held against it as per the Order dtd.. 13.12.2012 of the Commissioner (Adjudication) and demanded a payment of Rs. 1,42,70,138 as Service Tax and imposing an equivalent amount of Rs. 1,42,70,138/- as penalty. The Company has filed an Appeal against the above Order with the Service Tax Appellate Tribunal (CESTAT) on 19.03.2013 as per the legal advice obtained. The CESTAT impugned order is set aside and the matter is remanded to the original adjudicating authority. The Company has disclosed sum of Rs. 4,22,83,637/- as contingent liability towards service tax for the period from 1.4.06 to 31.03.2014 including the penalties of Rs. 1,42,70,138/-.

- j. In respect of Assessment year 2010-11, notice has been received u/s 220(2) dtd. 26.02.2016 for payment of Rs. 2,11,95,009/- as interest against the default. The company had filed an application u/s 220(2)(a) on 22.06.2016, requesting to drop the interest amount claimed. However the company has disclosed the liability of Rs. 2,11,95,009/- under Contingent Liability.
- k. Subsequent to filing of arbitration petition by M/s Shiva shanker Minerals Pvt. Ltd. against STCL and on completion of arbitration process and being awarded Rs. 3,37,31,514/- including legal fees of Rs. 26,55,114/- along with interest at the rate of 12% till the realisation. STCL has filed an appeal against the arbitration award which is pending before the City Civil Court, Bangalore. However the company has disclosed the total liability of Rs. 6,06,69,338/- along with interest of Rs. 2,69,37,824/- till date.
- 27 Balances in the account of Trade Receivables, Trade Payables, other Creditors and Business Associates are under litigation and confirmation are received against the aforesaid balances.





**Notes to Financial Statements for the year ended March 31, 2017**

- 28 In the opinion of the Management, the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and necessary provision has been made in the cases wherever it is considered as doubtful.
- 29 As full provision for doubtful debts has already been made in the previous years, no further interest income is recognized. The amounts will be recognized as income in the year of actual recovery on collection basis. The interest payable to consortium of banks and UCO Bank of Rs. 5,59,58,87,319/- calculated on accrual basis is to be recovered from the business associates to whom the credit facilities were provided.
- 30 The company has write back an amount of Rs. 3,79,365/- unclaimed credit balance was held in various parties accounts for more than 3 years.
- 31 The Company has filed a civil suit in 1994 against M/s.Rajesh Spices for breach of contract on supply of chillies to M/s.Kerala State Civil Supplies Corporation under back to back supply contract terms. The City Civil Court has passed a decree in favour of the Company directing M/s.Rajesh Spices to pay Rs.33,64,560/- with interest @ 9% p.a. [from the date of suit i.e., June 1994 to till realization] to STCL during August 2011. The decree passed in favour of the company has been transferred to City Civil Court, Nagpur, Maharashtra for recovery.
- 32 The Company is availing the services of Company Secretary on case to case basis.

**33 EXPENDITURE IN FOREIGN CURRENCY TOWARDS :**

Particulars	31.03.2017	31.03.2016
Travelling Expenses	₹ -	₹ 5,58,11₹.00

Particulars	31.03.2017	31.03.2016
EARNINGS IN FOREIGN EXCHANGE - on FOB basis:	₹ -	₹ -

**35 DISCLOSURE as per AS 19 - LEASE**

- a. The Steam Sterilization unit at Chhindwara 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 Rs.2,20,000/- p.m. v.e.f. 01.11.2013 with an annual increase of 10%. A security deposit of Rs. 25,00,000/- in the form of bank guarantee and non-refundable pre-operative deposit of Rs. 5,00,000 was payable to the Lesser(s) as per the terms of the Lease. Due to non-performance as per the contract, the contract has been terminated vide letter dtd. 03.02.2015 w.e.f. 31.01.2015. The amount of bank guarantee of Rs. 25,00,000/- has been forfeited by the Spices Board. The Company share in the bank guarantee of Rs. 25,00,000/- and non-refundable pre-operative deposit of Rs. 5,00,000/- has been adjusted towards lease rent.

- b. The Details of Fixed Assets at Steam Sterilization unit at Chhindwara as below :

Class of Assets	As on 31.03.2017		For the year 2016-17 recognized in P&L	
	Gross carrying amount	Accumulated Depreciation/ Impairment	Depreciation	Impairment Loss/ (Impairment Reversal)
Land	₹ 32,39,000	₹ -	₹ -	-
Factory Building	65,15,487	25,42,657	1,68,770	-
Plant & Machinery	3,81,57,050	3,09,67,074	12,79,691	-
Total	4,79,11,537	3,35,09,731	14,48,461	-





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**Notes to Financial Statements for the year ended March 31, 2017****36 RELATED PARTY DISCLOSURE - AS 18**

Opening Balance as on 01.04.2016	Net Transactions during the year	Closing Balance as on 31.03.2017
₹	₹	₹

- a Related party - The State Trading Corporation of India Ltd.,

4,18,75,680                      3,978                      4,18,71,702

[The opening balance represents Lease Rent Advance in respect of HO building paid to STC of India Ltd. During the year a sum of Rs. 7,120/- has been reduced from the opening balance towards Rent & Bank charges as per the Debit Note received from the STC of India Ltd. and Rs. 3,142/- has been debited towards other Expenses.

Relationship - Holding Company [100% Equity Shares]

Transaction - Lease Rent

- b Key Management Personnel - Mr.H.P.Girish

Relationship - Managing Director

Transaction - Salary and other allowances

25,24,897

**37 EARNING PER SHARE - AS 20**

Particulars	31.03.2017 ₹	31.03.2016 ₹
1. Net Profit After Tax	-5627731405	-4800727457
2. No. of Equity Shares	150000	150000
3. Basic Earning Per Share [in Rs.]	-37518	-32005

Note: The Company does not have any dilutive equity shares

**38 ACCOUNTING FOR TAX ON INCOME - AS 22**

In accordance with AS-22 on 'Accounting of taxes on income' by the Institute of Chartered Accountants of India, net deferred tax as on 31.03.2017, has been accounted for, as detailed below:

Particulars	Balance as on 01.04.2016 ₹	Current year ₹	Balance as on 31.03.2017 ₹
Difference between Book & I.T. Depreciation	(97,80,215)	9,25,374	(88,54,841)
Disallowance of Leave Encashment Provisions	23,72,508	56,351	24,28,859
Disallowance Interest	6,72,04,70,903	1,72,91,29,182	8,44,96,00,085
VSS Compensation	(2,47,30,341)	(22,48,206)	(2,69,78,549)
Net Deferred Tax [ Asset / Liability(-) ]	6,68,83,32,855	1,72,78,62,699	8,41,61,95,554

In view of the losses incurred by the company, no deferred tax asset has been recognized as a matter of prudence.

- 39 a. The provision for Earned Leave and HPL encashment of Rs. 6,05,381/- [previous year Rs. 2,94,681/-] is made based on salaries as on the Balance Sheet date and as per actuarial valuation.
- b. Premium payable to LIC of India towards the Group Gratuity Policy under defined contribution plan is charged to expenditure every year. Company also obtained the actuarial valuation report on gratuity as per AS-15.
- 40 The Fixed Assets possessed by the Company except machinery are treated as 'Corporate Asset' and are not 'Cash Generating Units' as defined by AS 28 on 'Impairment of Assets' issued by ICAI. In the opinion of the Management, there is no impairment of any of the Fixed Assets of the Company as at the Balance Sheet date.
- 41 Disclosure of provisions required by Accounting Standard [AS] 29 'Provisions, Contingent Liabilities and Contingent Assets :

Movement of Provisions	Provisions for Leave Encashment
Balance as on 1st April 2016	76,78,018
Additions during the year	6,05,381
Amounts utilized / paid during the year	4,23,013
Amounts withdrawn	-
Balance as on 31st March 2017	78,60,386





STCL LIMITED

CIN : U85110KA1982GOI005013

**Segment Reporting for the year ended March 31, 2017**

Annexure to Note No.43

Sl. No.	Particulars	SEGMENTS												Un-allocated		Total			
		Sales		Auction Sales		Issue of NOC		Chilli Processing Unit		Steam Sterilization Unit		2016-17		2015-16		2016-17		2015-16	
		2016-17 ₹	2015-16 ₹	2016-17 ₹	2015-16 ₹	2016-17 ₹	2015-16 ₹	2016-17 ₹	2015-16 ₹	2016-17 ₹	2015-16 ₹	2016-17 ₹	2015-16 ₹	2016-17 ₹	2015-16 ₹	2016-17 ₹	2015-16 ₹		
1	1 SEGMENT REVENUE																		
	EXTERNAL SALES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	INTER-SEGMENT SALES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	OTHER TRADE REVENUES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	TOTAL REVENUE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	2 SEGMENT RESULTS																		
	EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	OTHER INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	3 NET PROFIT BEFORE TAX	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4	4 SEGMENT ASSETS																		
	NET FIXED ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	CAPITAL WORK-IN-PROGRESS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	DEFERRED TAX ASSET	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	INVESTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	CURRENT ASSETS, LOANS AND ADVANCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	INVENTORIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	TRADE RECEIVABLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	CASH & BANK BALANCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	OTHER CURRENT ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	LOANS & ADVANCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
		TOTAL ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	5 SEGMENT LIABILITIES																		
	SHARE CAPITAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	RESERVES & SURPLUS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GRANT-IN-AID	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	LONG/SHORT TERM BORROWINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	DEFERRED TAX LIABILITY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	CURRENT LIABILITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	PROVISIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL LIABILITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00





STCL Limited

CIN : U85110KA1982GOI005013

**Notes to Financial Statements for the year ended March 31, 2017**

- 42 In cases where the Company has made Provision for Doubtful Debts, no further interest / additional margin of profit are recognized after they have been classified as doubtful debts. Any amount received from these parties after being classified as doubtful debts is being credited to their accounts and necessary entry for withdrawal of provisions are made. Only after the full receipt of the balance outstanding as per books, the interest / additional margin of profit will be recognized on cash basis.
- 43 **SEGMENT REPORTING AS ON 31.03.2017 -AS 17**  
The Company's Marketing operations predominantly relates to trading in Spices, Agricultural Products, Fertilizers and pesticides. The primary Segments have been derived as Trading Sales, Auction Sales, Onion NOC charges collected. The Assets and liabilities relating to these segments have been disclosed in annexure.
- 44 Miscellaneous Expenses do not include items of expenses exceeding 1% of the total revenue of the company or Rs.1,00,000/- which ever is higher.
- 45 Figures in Financial Statements have been rounded off to the nearest rupee and previous years figures have been re-grouped, re-arranged wherever necessary to make them comparable with those of the current year's figures.
- 46 The Company is disclosing herewith the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 pursuant to the requirement of Notification G.S.R 308(E) dated 30th March 2017. Further we confirm that we have complied will all relevant guidelines/notifications issued by Reserve Bank of India from time to time in respect of holding and dealing with Specified Bank Notes, and that the company had proper controls, system and procedures in place for such compliances.

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	Nil	36,328	36,328
Add : Permitted Receipts	Nil	100,000	100,000
Less : Permitted payments	Nil	88,004	88,004
Less : Amount deposited in Banks	Nil	20,000	20,000
Closing Cash in hand as on 30.12.2016	Nil	28,324	28,324

As per our report of even date

For G C Banka & Co.  
Chartered Accountants  
No. 313104E



Place : Kourkela  
Date : 23-05-2017

For and on behalf of the Board of Directors

H.P. Girish  
Managing Director  
DIN : 03290797

Roopa Nagrath  
Director  
DIN : 07829185

Manjunatha K.S.  
Accountant