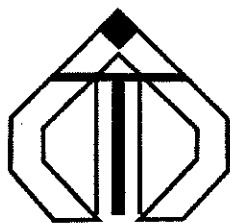


# **33rd ANNUAL REPORT**

## **2015-16**



# **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]

**SRI. H.P. GIRISH**

MANAGING DIRECTOR

[from 23.09.2010]

**SRI. MANOJ MISHRA**

DIRECTOR

[from 20.12.2012 to 03.06.2015]

**SMT. ADITI DAS ROUT**

DIRECTOR

[from 30.03.2010 to 18.06.2015]

**SRI. SAMIR KUMAR**

DIRECTOR

[from 18.06.2015 to 31.05.2016]

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## **AUDITORS**

**M/s. B V C & CO.**

Chartered Accountants

No. 371, 1st Floor, 8<sup>th</sup> Main Road, Sadashivanagar

Bangalore-560 080



**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 THIRD ANNUAL GENERAL MEETING**

Notice is hereby given that the Thirty Third Annual General Meeting of the Members of Company will be held on 25<sup>th</sup> July, 2016 at 3.00 P.M. at the 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 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2016, Profit and Loss Account 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.

By order of the Board of Directors

Place : Bangalore  
Date : 21.07.2016

(H.P. GIRISH)  
MANAGING DIRECTOR

1. All Members
2. Principal Director of Commercial Audit & Ex-officio Member, Audit Board, Hyderabad-500004.
3. M/s. B.V.C & Co., Chartered Accountants, Bangalore.

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 2016-17 will be appointed by the Comptroller and Auditor General of India.

**Chairman's speech at the 33<sup>rd</sup> Annual General Meeting of STCL Limited**

Dear Shareholders,

I welcome you to the 33<sup>rd</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, 2016 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 eighth year due to interest payable on the bank borrowings. During the year, there were no business activities in 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. Moreover, the Company has manpower of only thirteen 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 cooperation received from Ministry of Commerce & Industry, Auditors and all the shareholders and look forward for their continued support. I sincerely thank the employees of STCL Limited at all levels.

Thank you all.

Khaleel Rahim  
Chairman

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## DIRECTORS' REPORT

The Members,  
STCL Limited.

Your Board of Directors hereby present their THIRTY THREE Annual Report of the Company with audited accounts for the year ended 31<sup>st</sup> March 2016.

## PERFORMANCE

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

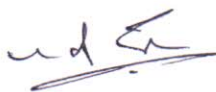
[Rs. in crores]		
Particulars	2015-16	2014-15
<b>INCOME</b>		
Interest Income on FD's	0.22	0.36
Other Interest	1.74	0.00
Other Receipts	0.20	0.64
<b>Total</b>	<b>2.16</b>	<b>1.00</b>
<b>FINANCIAL</b>		
PBDIT	0.19	-1.37
Profit/[Loss] before Tax	-480.07	-412.59

## 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.

## PERSONNEL AND WELFARE

Subsequent to offering VSS during the year 2013-14, present manpower of the Company is thirteen (13) 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.

**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 into 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. B.V.C. & Co., Chartered Accountants, Bangalore were appointed as Auditors to audit the accounts for the year 2015-16 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 certificate under section 143(6) of the Companies Act, 2013 on the Accounts of the Company for the year 2015-16 and the communication received in this regard is attached and forms part of this report.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

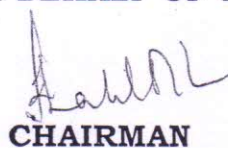
- (i) that the applicable accounting standards have been followed in the preparation of annual accounts along with proper explanation relating to material departures.
- (ii) that such accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and 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 2016 and of the Loss of the Company for the year ended 31<sup>st</sup> March 2016.
- (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 : Bangalore.

Date : 25/07/2016

**ADDENDUM TO DIRECTORS REPORT**

**MANAGEMENT REPLIES TO INDEPENDENT AUDITOR'S QUALIFICATION**

Sl. No.	Independent Auditor's Qualification	Management's Reply
1	<p><b><u>Para (a) of Independent Auditor's Report :</u></b></p> <p>The provision for liability towards earned leave and half pay leave encashment of Rs. 7,678,081/-, Gratuity provision of Rs. 1,541,969/- as on 31 March 2016 and post-retirement medical benefits is not done on the basis of Actuarial valuation as required under 'AS-15 Revised' (refer Note No. 5 &amp; No. 38 of the Notes to the financial statements). In the absence of Actuarial reports, we are unable to quantify the impact, if any, on the financial statements.</p>	<p>The Management is of the opinion that, the provision of earned leave &amp; half pay leave encashment of Rs. 2,94,681/- made in the accounts on the basis of salaries as on 31.03.2016 is adequate. The company is in the process of being wound up with no business activities/revenue and the manpower strength of only 13. Hence no actuarial valuation was done.</p> <p>With regard to Gratuity, company has created independent Trust called "STCL Employees Gratuity Trust" to settle the payment of gratuity to its employees at the time of retirement/resignation from the service. In this regard company has taken Group Gratuity Scheme from LIC of India for payment of gratuity to its employees. LIC of India has calculated the premium on the basis of the Actuarial Valuation and intimated the same to company. Accordingly, company is making payment of premium to LIC every year and the same been debited to Profit &amp; 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".</p>



		With regard to Post-Retirement Medical Benefits, since none of the eligible employees who have retired/availed VSS have become member for post retirement medical benefit scheme by registering/paying the subscription, no provision/actuarial valuation has been made.	
2	<p><b>Para (b) of Independent Auditor's Report :</b></p> <p>An amount towards the deferential tax between refund due of Rs. AY 2009-10 and tax payable for AY 2010-11 amounting to Rs. 7,000,000/- deposited with the Income Tax Department is shown under Loans and Advances (refer Note No. 11.4). The amount of refund granted (after adjustment with liability upto AY 2010-11) is more than refund receivable showing in the books for the related assessment years. The difference has been considered as interest income (refer note no. 17) and accounted accordingly by the Company without adjusting towards the aforementioned tax deposited. Since, the Company has not received assessment order and no other documentary evidences were available, we are not able to comment whether the amount refunded is inclusive of the payment made by the Company to Income Tax Department amounting to Rs. 7,000,000/-.</p>	<p>The company has received the assessment order for the A.Y. 2009-10 after giving the effect to the order of ITAT, wherein the details of tax adjustment with respect to refund has not been mentioned. However the company, once again requested vides letter dtd. 22.06.2016 for details of tax adjusted towards refund paid to the company. The exact impact will be known after receipt of assessment order by the company.</p>	
3	<p><b>Para (c) of Independent Auditor's Report :</b></p> <p>We were not provided with the audited PF Trust accounts for the year ending 31.03.2016, In the absence of audited PF trust accounts, we are unable to comment on this matter.</p>	<p>The company has handed over the draft PF Trust accounts to the Auditor for finalization, which will be completed within the stipulated period i.e. September, 2016. The loss if any as per the audited accounts will be absorbed by the company during the next financial year.</p>	
4	<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</p>	<p>Factual.</p>	



	<p>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>	
5	<p><b><u>Para (iv) of Annexure 'A' to Independent Auditor's Report :</u></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>
6	<p><b><u>Para (i) of Annexure 'C' to Independent Auditor's Report :</u></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>	<p>As Explained in Note No. 27.</p>
7	<p><b><u>Para (ii) of Annexure 'C' to Independent Auditor's Report :</u></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>



8	<p><b><u>Para (iii) of Annexure 'C' to Independent Auditor's Report :</u></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 one year, the same has not been liquated till date.</p>	Will be complied during the next financial year.
9	<p><b><u>Para (iv) of Annexure 'C' to Independent Auditor's Report :</u></b></p> <p>The Company has shifted the office to new premises belonging to STC India Limited (the Holding Company). However, the Company has not entered into any agreement with STC India Limited and the Company has not taken any decision with respect to rental advance of Rs. 4.18 crore (refer Note No. 11) given towards occupation of earlier premises taken from STC India Limited which has been terminated.</p>	Will be complied during the next financial year.
10	<p><b><u>Para (v) of Annexure 'C' 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 AUDITORS' REPORT

To  
The Members of  
M/s STCL LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **M/s STCL LIMITED** (Formerly M/s. Spices Trading Corporation ("**the Company**")), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and the Cash Flow Statement, and a summary of significant accounting policies and other explanatory information for the year then ended.

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

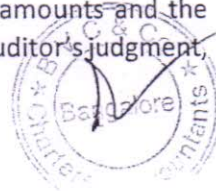
### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,







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

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

#### **Basis for Qualified Opinion**

- a) The provision for liability towards earned leave and half pay leave encashment of Rs. 7,678,081, Gratuity provision of Rs. 1,541,969 as on 31 March 2016 and post-retirement medical benefits is not done on the basis of Actuarial valuation as required under 'AS-15 Revised'. (refer Note No. 5 & No. 38 of the Notes to the financial statements). In the absence of Actuarial reports, we are unable to quantify the impact, if any, on the financial statements.
- b) An amount towards the deferential tax between refund due of Rs. AY 2009-10 and tax payable for AY 2010-11 amounting to Rs. 7,000,000 deposited with the Income Tax Department is shown under Loans and Advances (refer Note No. 11.4). The amount of refund granted (after adjustment with liability upto AY 2010-11) is more than refund receivable showing in the books for the related assessment years. The difference has been considered as interest income (refer note no. 17) and accounted accordingly by the Company without adjusting towards the aforementioned tax deposited. Since, the Company has not received assessment order and no other documentary evidences were available, we are not able to comment whether the amount refunded is inclusive of the payment made by the Company to Income Tax Department amounting to Rs. 7,000,000.
- c) We were not provided with the audited PF Trust accounts for the year ending 31.03.2016, In the absence of audited PF trust accounts, we are unable to comment on this matter.

#### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016, 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 a going concern due to the following reasons;

a) 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.

b) 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.

c) 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 Receivables, 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. 21,640,046,865/- 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. 4,796,525,541/- have been made by the Company for the current financial year. However, no confirmation is received from banks for interest payable.
- d) Attention is drawn to Note No. 41 of Notes to financial statements which states that, in cases where the Company has made Provision for Doubtful Debts, no further interest/additional 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 Note 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. 26.III.A(f) where it is mentioned that the Company has made provision for payment of interest as per the claims made by the consortium banks in the DRT upto 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. 1,658,394,543 (included in Note 26.I.A)] 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 liabilities to banks along with interest amounting to Rs. 33,492,657,911/- is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. No other banks except UCO Bank which has confirmed only the principal and SBI which has confirmed principal along with interest amount due. However, the Company has not considered the interest claimed by SBI since the Company has considered interest payable as claimed at the rates disclosed in their DRT application filed by UCO bank and consortium of banks. Cash credit/short term loan is as per the 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 favor of the banks and also surrendered the documents of immovable properties 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. 18,270,000/- 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. 1,481,829,854.77/-. 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.
- 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:

Since Joint Venture Company is incurring losses and its cumulative losses is Rs. 3,013,372/- up to 31st March 2013 against the total Share Capital of Rs. 4,000,000/-, the Company has provided Rs. 753,343/- towards permanent diminution in its investment value [cost Rs. 1,000,000]. Since the audited financial statements of NSS Satpura is not available for the year ended 31st March 2014, 31st March 2015 and 31st March 2016 further permanent diminution if any has not been recognized in the books.







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.(i) which states that, subsequent to filing of arbitration petition by M/s Shiva Shanker Minerals Private Limited against STCL and on completion of arbitration process, Rs. 80,059,594/- including legal fees of Rs. 26,55,114/- was awarded in favor of M/s Shiva Shanker Minerals Private Limited, STCL has filed an appeal against the arbitration award which is pending before the City Civil Court, Bangalore.

Our opinion is not modified in respect of these matters.

#### Report on Other Legal and Regulatory Requirements

**1. As required by Section 143 (11) of the Act, we report that:**

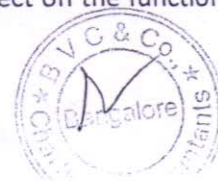
As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**2. As required by Section 143(5) of the Act, we report that:**

As required by section 143(5) of the Companies Act, 2013, we give in the "Annexure B", a statement on directions/sub-directions issued by the Comptroller & Auditor General of India.

**3. As required by Section 143 (3) of the Act, we report that:**

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 provisions of section 164(2) 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 C";
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- 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;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For BVC & Co.,  
Chartered Accountants  
Firms Reg. No. 008154S

*Chandrashekara Shetty*



**CA. Chandrashekara Shetty**  
Partner  
Membership No.: 216516

Place: Bengaluru  
Date: 19 May 2016



**"ANNEXURE A" to Independent Auditors' Report**  
**M/s STCL Limited**

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 2016.

Based on the audit procedures 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 account and other records examined by us in the normal course of audit, we report that:

- i. In respect of Fixed Assets
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The management has verified all the fixed assets at reasonable intervals and no material discrepancies were noticed on such verification.
  - c) 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 have 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.
- ii. As explained to us, inventory has been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. 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 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.
- v. The Company has not accepted any deposits from the public and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

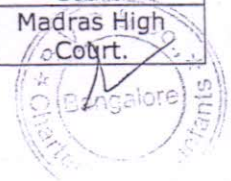






- vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.
- vii. a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the 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 the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, other than the following:

Sl. No.	Name of the Statute	Nature of dues	Year	Amount in Rs.	Forum where dispute is pending
1	Sales Tax	Sales tax-KGST Act.	1997-98	7,28,753	Sales tax Appellate tribunal, Kerala.
2	Sales Tax	Sales Tax- CST Act.	1997-98	80,349	Sales tax Appellate tribunal, Kerala.
3	Sales Tax	Sales Tax-TNGST Act.	2001-02	2,67,774	Sales Tax Appellate tribunal, Tamilnadu.
4	Sales Tax	Claim by Tamil Nadu Civil supplies Corp Ltd for refund of tax portion on value of goods Supplied.	2002-03	14,44,891	High Court Chennai.
5	Sales Tax	Sales Tax-TNGST Act.	2005-06	31,83,129	Deputy Commissioner of Commercial taxes Appeals Madurai.
6	Sales Tax	Sales tax-KGST Act.	2006-07	55,93,629	Sales tax Appellate tribunal, Kerala.
7	Sales Tax	Sales Tax-TNGST Act.	2006-07	2,02,672	Deputy Commissioner of Commercial taxes Appeals Madurai.
8	Sales Tax	Sales Tax-TNGST Act.	2007-08	1,16,21,061	Madras High Court.
9	Sales Tax	Sales Tax-TNGST Act.	2008-09	12,36,579	Madras High Court.







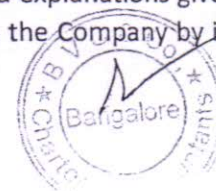
10	Income Tax Act, 1961	Income tax dues as per notice received u/s 220(2) from Tax Recovery Officer	AY 2010-11	21,195,009*	[See Note Below]
11	Service Tax Act	Service tax dues as per Assessment order.	2012-13	14,270,138 Excluding Penalty	Commissioner of Service Tax, Bangalore

\*Note: The Company is in the process of filing an appeal with the income tax department against the Notice of the demand for Rs. 21,195,009/- relating to AY 2010-11 raised by the Tax Recovery Officer, Income Tax Department.

- viii. Based on the audit procedures and according to the information and explanations given to us, the Company has defaulted in the repayment of dues to banks. As per the information provided to us total dues outstanding stands at Rs. 33,492,657,911/-, since financial year 2008-09. Details as given below:

Particulars	Principal (in Rs.)	Accumulated Interest (in Rs.)	Total Defaults (in Rs.)
<b>Packing credit</b>			
Vijaya Bank	96,990,000	46,561,512	143,551,512
UCO Bank	371,471,891	788,331,779	1,159,803,670
<b>Cash Credit/Short Term Loans</b>			
Axis Bank	1,184,800,000	1,358,773,394	2,543,573,394
Canara Bank	1,626,227,786	3,942,863,203	5,569,090,989
IDBI Bank Ltd.	1,962,275,536	2,967,379,146	4,929,654,682
State Bank of India	1,985,361,313	3,327,840,720	5,313,202,033
UCO Bank	724,663,417	1,537,869,257	2,262,532,674
Union Bank of India	1,439,372,636	3,264,658,306	4,704,030,942
Vijaya Bank	2,311,090,113	4,196,557,167	6,507,647,280
Yes Bank	150,358,354	209,212,381	359,570,735
<b>Total</b>	<b>11,852,611,046</b>	<b>21,640,046,865</b>	<b>33,492,657,911</b>

- ix. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. 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 and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.







- xi. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- xiii. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements 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. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For B V C & Co.,  
Chartered Accountants  
Firms Reg. No. 008154S



**CA. Chandrashekara Shetty**  
Partner  
Membership No.: 216516

Place: Bengaluru  
Date: 19 May 2016



**"ANNEXURE B" to Independent Auditors' Report**  
**M/s STCL Limited**

Referred to in Point No. 2 under the heading 'Report on Other Legal Requirements' of our report of even date, to the members of M/s STCL Limited, on the financial statements as at and for the year ended 31st March 2016.

Observations/Findings towards directions indicating the areas to be examined by the Statutory Auditors during the course of audit of the annual accounts of M/s. STCL Limited, for the year 2015-16, issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013.

S.N.	Areas	Observation(s)/Finding(s)
1.	Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not, please state the area of the freehold and leasehold land for which title/lease deeds are not available?	<p>i. 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 have 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> <p>ii. The Company has shifted the office to new premises belonging to STC of India Limited (the Holding Company). In this respect, the Company has not entered into any agreement with STC of India Limited.</p>
2.	Whether there are any cases of waivers/write off of debts/loans/interest, etc., if yes, the reasons there for and amount involved.	As per the information and explanation provided by the management and upon verification of books of account, we report that there are no cases of waiver/write off of debts/loans/interest, etc. during our reporting period.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from the Government or other Authorities.	As per the information and explanation provided by the management and upon verification of books of account, there were no inventories lying with the third parties and no assets were received as gifts from the Government or other Authorities.







**"ANNEXURE C"**

**Annexure to the Independent Auditor's Report of even date on the Financial Statements of M/s. STCL Limited.**

**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 M/s. STCL Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

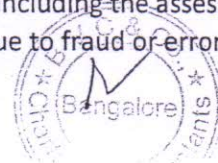
**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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







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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

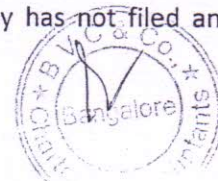
#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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 explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2016:

- 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 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.







- iii. 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 one year, the same has not been liquidated till date.
- iv. The Company has shifted the office to new premises belonging to STC India Limited (the Holding Company). However, the Company has not entered into any agreement with STC India Limited and the Company has not taken any decision with respect to rental advance of Rs. 4.18 crore (refer Note No. 11) given towards occupation of earlier premises taken from STC India Limited which has been terminated.
- v. 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.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the 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 the material weaknesses described above on the achievement of objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.

For BVC & Co.,  
Chartered Accountants  
Firms Reg. No. 008154S



**CA. Chandrashekara Shetty**  
Partner  
Membership No.: 216516

Place: Bengaluru  
Date: 19 May 2016





भारतीय लेखा तथा लेखापरीक्षा विभाग 26

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं  
पदेन सदस्य लेखापरीक्षा बोर्ड का कार्यालय, हैदराबाद.

**INDIAN AUDIT AND ACCOUNTS DEPARTMENT**

OFFICE OF THE PRINCIPAL DIRECTOR OF  
COMMERCIAL AUDIT AND EX-OFFICIO MEMBER,  
AUDIT BOARD, HYDERABAD

PDCA/A/c/Desk/2015-16/STCL/1.62 | 123

दिनांक :

Date 06 June 2016

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 2016**

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 2016.

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 2015-16 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,

(Arabinda Das)

Principal Director

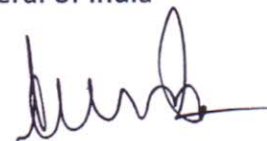


**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF STCL LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2016**

The preparation of financial statements of STCL Limited, Bangalore for the year ended on 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on these 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 19 May 2016.

I, on the 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 on 31 March 2016 under Section 143(6)(a) of the Act.

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



**(Arabinda Das)**

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

**Place: Hyderabad  
Date: 06 June 2016**

**Balance Sheet as at 31st March, 2016**

Particulars	Note No	as at March 31, 2016	as at March 31, 2015
<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	(33,431,832,347)	(28,630,908,681)
(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	11,852,611,046	11,852,644,829
(b) Trade payables	7	1,934,267	1,934,267
(c) Other current liabilities	8	21,668,069,265	16,939,029,045
(d) Short-term provisions	5	32,159,570	30,416,444
<b>Total</b>		<b>137,941,801</b>	<b>208,115,904</b>
<b>II. ASSETS</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	45,882,615	48,988,911
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	10	248,657	248,657
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	11	54,230,598	113,818,665
(e) Other non-current assets	12	2,030	2,030
(2) Current assets			
(a) Current investments		-	-
(b) Inventories	13	-	236,250
(c) Trade receivables	14	1,050,000	1,050,000
(d) Cash and Bank balances	15	33,690,083	40,357,119
(e) Short-term loans and advances	11	2,837,818	3,414,272
(f) Other Current Assets	12	-	-
<b>Total</b>		<b>137,941,801</b>	<b>208,115,904</b>

Significant Accounting Policies

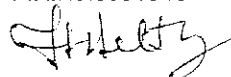
1 &amp; 2

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 B V C & Co.,  
Chartered Accountants  
F.R.No.008154S




CA Chandrashekara Shetty  
Partner  
M.No. 216516



  
Khaleel Rahim  
Chairman  
DIN : 02455606

  
H.P. Girish  
Managing Director  
DIN : 03290797

  
Manjunatha K.S.  
Accountant

Place : Bangalore  
Date : 19/05/2016



**Statement of Profit and Loss for the year ended 31st March, 2016**

Particulars	Note No	for the year ended March 31, 2016	for the year ended March 31, 2015
<b>DISCONTINUING OPERATION:</b>			
<b>INCOME:</b>			
I. Revenue from operations	16	-	2,266,000
II. Other Income	17	21,634,965	7,748,913
III. Total Revenue (I +II)		21,634,965	10,014,913
<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	511,451
Employee benefit expenses	20	13,705,354	15,724,481
Other expenses	21	5,747,250	7,475,141
IV. Total Expenses		19,688,854	23,711,073
V. Profit / (Loss) before exceptional items, interest, tax, depreciation & amortization from discontinuing operation (III - IV)		1,946,111	(13,696,160)
VI. Depreciation & Financial Costs			
Depreciation and amortization expense	22	3,679,596	5,914,035
Financial costs	23	4,797,026,911	4,090,861,584
		4,800,706,507	4,096,775,619
VII. Profit / (Loss) before extraordinary and Exceptional items and tax from discontinuing operation (V - VI)		(4,798,760,396)	(4,110,471,779)
VIII. Exceptional & Extraordinary Items			
Exceptional Items	24	1,967,061	15,429,302
Extraordinary Items		-	-
IX. Profit / (Loss) before tax from discontinuing operation (VII - VIII)		(4,800,727,457)	(4,125,901,081)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
		-	-
XI. Profit / (Loss) for the period from discontinuing operations (IX-X)		(4,800,727,457)	(4,125,901,081)
XII. Earning per equity share (Par value: Rs 100 each)			
(1) Basic		(32,005)	(27,506)
(2) Diluted		(32,005)	(27,506)

Significant Accounting Policies

1 & 2

The accompanying Notes are an integral part of Financial Statements

As per our report of even date

For B V C & Co.,  
Chartered Accountants  
F.R.No.008154S

*CA Chandrashekara Shetty*

CA Chandrashekara Shetty  
Partner  
M.No. 216516

Place : Bangalore  
Date : 19/05/2016

For and on behalf of the Board of Directors

*Khaleel Rahim*  
Khaleel Rahim  
Chairman  
DIN : 02455606

*H.P.Girish*  
H.P.Girish  
Managing Director  
DIN : 03290797

*Manjunatha K.S.*  
Manjunatha K.S.  
Accountant

**Cash Flow Statement for the year ended March 31, 2016**

PARTICULARS	as at March 31, 2016		as at March 31, 2015	
	₹	₹	₹	₹
<b>CASH FLOW FROM OPERATING ACTIVITIES FROM DISCONTINUING OPERATIONS</b>				
Net Profit/(Loss) before Tax from discontinuing operations		(4,800,727,457)		(4,125,901,081)
Adjustment for:				
Interest Expenditure	4,797,026,911		4,090,861,584	
Depreciation	3,679,596		5,914,035	
Profit / Loss on sale of Fixed Assets	(58,338)		(335,484)	
Amortization of Grant under ASIDE Scheme	(1,719,166)		(2,990,505)	
Loss on Revaluation of Fixed Assets	1,051,598		22,047,023	
Interest Income	(2,223,031)	4,797,757,570	(3,593,091)	4,111,903,562
Operating Profit before working capital changes		(2,969,887)		(13,997,519)
Adjustment for:				
Trade & other Receivables	60,164,521		13,997,204	
Inventories	236,250		511,451	
Trade Payables & Other Liabilities	(66,277,348)	(5,876,577)	(6,771,836)	7,736,819
Net Cash generated/[used in] operating activities from discontinuing operations [A]		(8,846,464)		(6,260,700)
<b>CASH FLOW FROM INVESTING ACTIVITIES FROM DISCONTINUING OPERATIONS</b>				
Purchase of Fixed Assets	(102,372)		-	
Sale proceeds from Fixed Assets	58,769		387,858	
Proceeds received on maturity of non-current investments	-		-	
Proceeds received on maturity of bank deposits	7,548,652		-	
Interest received on Fixed Deposits	2,223,031	9,728,080	3,523,396	3,911,254
Net Cash generated / [used in] Investing activities from discontinuing operation [B]		9,728,080		3,911,254
<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	-		-	
Net Cash generated / [used in] Financing activities from discontinuing operations [C]		-		-
Net increase / decrease in cash and cash equivalents [A+B+C]		881,616		(2,349,446)
Effect of exchange differences on cash & cash equivalents held in		-		-
Cash and cash equivalents at the beginning of the year		2,186,319		4,535,765
Cash and cash equivalents at the end of the year		3,067,935		2,186,319
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>				
Cash on Hand		95,432		15,101
Balance with Scheduled Banks:				
- in Current Accounts		2,881,754		2,085,973
- in EEFC Accounts		90,749		85,245
Total cash and cash equivalents [Note 15]		3,067,935		2,186,319

The accompanying Notes are an integral part of Financial Statements

As per our report of even date

For BVC & Co.,  
Chartered Accountants  
F.R.No.008154S

*CA Chandrashekara Shetty*

CA Chandrashekara Shetty

Partner

M.No. 216516

Place: Bangalore

Date: 19/05/2016

For and on behalf of the Board of Directors

*Khaleel Rahim*  
Khaleel Rahim

Chairman

DIN : 02455606

*H.P.Girish*  
H.P.Girish

Managing Director

DIN : 03290797

*Manjunatha K.S.*  
Manjunatha K.S.  
Accountant



**STCL LIMITED**

CIN : U85110KA1982GOI005013

**Notes To Financial Statements For The Year Ended 31st March, 2016****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.

**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:

- a) 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.
- b) 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.
- c) 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



STCL LIMITED

CIN : U85110KA1982GOI005013

**Notes To Financial Statements For The Year Ended 31st March, 2016**

**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, 2016**

**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:**

- a. Current tax is provided on the basis of taxable income determined under the Income Tax Act, 1961.
- b. 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:**

- a. Company's contribution towards Provident Fund payable to P.F.Trust and liability towards encashment of un-availed leave are provided on accrual basis.
- b. 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:**

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

**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, 2016**

3. SHARE CAPITAL		as at March 31, 2016	as at March 31, 2015
Equity Shares :			
a) Authorized			
(i) Number of Shares	Nos.	500,000	500,000
(ii) Amount of Shares	₹	50,000,000	50,000,000
b) Issued, Subscribed and fully paid-up shares			
(i) Number of Shares	Nos.	150,000	150,000
(ii) Amount of Shares	₹	15,000,000	15,000,000
c) Par Value per share	₹	100/-	100/-
d) (i) Number of shares outstanding at the beginning of the reporting period	Nos.	150,000	150,000
(ii) Number of shares outstanding at the end of the reporting period	Nos.	150,000	150,000
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, 2016**

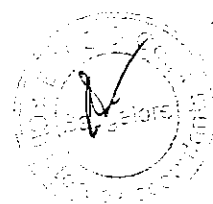
Amount in ₹

**4. RESERVES AND SURPLUS**

	as at March 31, 2016		as at March 31, 2015	
	₹	₹	₹	₹
<b>Capital Reserve</b>	12,000,000		12,000,000	
Less: Transferred to Profit and Loss Account	-	12,000,000	-	12,000,000
<b>General Reserve</b>	56,594,823		56,816,813	
Less: Accumulated deficit in depreciation arising out of revised estimate in life as per Part C Schedule II of Companies Act 2013	-	56,594,823	221,990	56,594,823
<b>Re-valuation Reserve</b>	12,114,674			
Add : Transferred during the year	1,522,957	13,637,631		12,114,674
<b>Contingency Reserve</b>		43,527,000		43,527,000
<b>Surplus/[deficit] in the statement of profit and loss</b>				
Balance as per last financial statements [Loss]	(28,787,703.074)		(24,661,801.993)	
Net Profit [Loss] for the year b/f from Profit & Loss Account	(4,800,727.457)	(33,588,430,531)	(4,125,901.081)	(28,787,703.074)
<b>GRANT-IN-AID</b>				
<b>GRANT-IN-AID [CAPITAL]</b>				
Grant-in-aid received under ASIDE Scheme	62,900,000		62,900,000	
Less: Amortization towards Depreciation	32,061,270	30,838,730	30,342,104	32,557,896
<b>TOTAL</b>		<b>(33,431,832,347)</b>		<b>(28,630,908,681)</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.12,000,000/- 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.62,900,000/- received as 'Grant' from Government of India under ASIDE Scheme 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. 12,100,000/- while importing the steam sterilization machineries under export obligation to eight times of the value of duty saved with in eight years and if the Company failed to meet the export obligation it is liable to pay custom duty along with interest. In this regard the Company has furnished a EPCG bond of Rs. 37,668,000/- to customs authorities. The concessional customs duty availed under EPCG Scheme of Rs.12,100,000/- and interest payable thereon Rs.10,839,583/- total of Rs. 22,939,583/- shown under provisions.
- 4.4 Increase in Value of assets as per valuation report of registered valuers & Chartered Engineers vide their report dtd. 15.04.2016 are shown as Re-valuation reserve.

5. PROVISIONS	as at March 31, 2016		as at March 31, 2015	
	₹	₹	₹	₹
	<b>SHORT TERM</b>	<b>LONG TERM</b>	<b>SHORT TERM</b>	<b>LONG TERM</b>
<b>Provision for Employee Benefits:</b>				
Provision for Gratuity	1,541,969	-	1,409,864	-
Provision for Leave Encashment	7,678,018	-	7,579,497	-
<b>Other Provisions:</b>				
Provision for Customs Duty Payable for non-compliance of grant condition [Chhindwara]	22,939,583	-	21,427,083	-
<b>TOTAL</b>	<b>32,159,570</b>	<b>-</b>	<b>30,416,444</b>	<b>-</b>



STCL Limited

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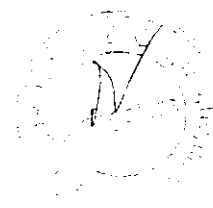
**Notes to Financial Statements for the year ended March 31, 2016****6. NON-CURRENT LIABILITIES / CURRENT LIABILITIES BORROWINGS**

	as at March 31, 2016		as at March 31, 2015	
	SHORT TERM BORROWINGS	LONG TERM BORROWINGS	SHORT TERM BORROWINGS	LONG TERM BORROWINGS
	₹	₹	₹	₹
<b>PACKING CREDIT</b>				
- Vijaya Bank	96,990,000		96,990,000	
- UCO Bank	371,471,891		371,471,891	
<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	1,184,800,000		1,184,800,000	
- Canara Bank	1,626,227,786		1,626,227,786	
- IDBI Bank Ltd.	1,962,275,536		1,962,275,536	
- State Bank of India	1,985,361,313		1,985,361,313	
- UCO Bank	724,663,417		724,663,417	
- Union Bank of India	1,439,372,636		1,439,372,636	
- Vijaya Bank	2,311,090,113		2,311,123,896	
- Yes Bank	150,358,354		150,358,354	
<b>TOTAL</b>	<b>11,852,611,046</b>	<b>-</b>	<b>11,852,644,829</b>	<b>-</b>

- 6.1 The total liabilities to banks along with interest amounting to Rs.33,492,657,911/- is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. No other banks except Uco Bank which has confirmed only the principle and SBI which has confirmed principal along with interest amount due. However company has not considered the interest claimed by SBI since company has considered interest payable as claimed at the rates disclosed in their DRT application filed by Uco bank and consortium of banks. Cash credit/short term loan is as per the 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 Chhindwara [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. 18,270,000/- 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. 1,481,829,854.77/-. 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, 2016	as at March 31, 2015
	₹	₹
Sundry Creditors - for Purchases	1,934,267	1,934,267
<b>TOTAL</b>	<b>1,934,267</b>	<b>1,934,267</b>

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





STCL Limited

CIN : U85110KA1982GOI005013

**Notes to Financial Statements for the year ended March 31, 2016**

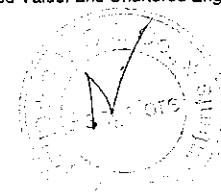
8. OTHER CURRENT LIABILITIES	as at March 31, 2016		as at March 31, 2015	
	₹	₹	₹	₹
Sundry Creditors for Expenses		5,880,890		7,044,693
Sundry Creditors for Capital Goods		5,572,578		5,572,578
EMD/Security Deposit		7,669,039		7,669,039
Duties & Taxes		253,609		252,029
Income received in advance		114,984		185,516
ASIDE Grant Repayable-Siddapura [with interest]		8,417,808		7,916,438
Income Tax payable - P.Y.2009-10		-		66,732,386
Interest Payable on Devolved LC and Packing Credit liabilities accrued and due [since 2009-10]				
- Axis Bank	1,358,773,394		1,094,281,797	
- Canara Bank	3,942,863,203		3,052,487,777	
- IDBI Bank Ltd.	2,967,379,146		2,304,021,840	
- State Bank of India	3,327,840,720		2,590,152,340	
- UCO Bank	2,326,201,036		1,786,157,797	
- Union Bank of India	3,264,658,306		2,502,835,931	
- Vijaya Bank	4,243,118,679		3,348,095,168	
- Yes Bank	209,212,381	21,640,046,865	165,488,674	16,843,521,324
Other expenses payable		113,492		135,042
<b>TOTAL</b>		<b>21,668,069,265</b>		<b>16,939,029,045</b>

- 8.1 An amount of Rs. 5,000,000/- [less Rs. 50,000/- Service Charges of VITC - Net Rs. 4,950,000/-] 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. 2,646,295/- 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. 84,17,808/- has been shown under Current Liabilities as ASIDE Grant Repayable -Siddapura.
- 8.2 Interest payable of Rs. 21,640,046,865/- 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. 4,796,525,541/- 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 01.04.2015	Additions during 2015-16	Deductions during 2015-16	Adjustment in the value of assets	As on 31.03.2016
	₹	₹	₹		₹
Vehicles	1,120,961	-	-	(75,000)	1,045,961
Weighing Scale	13,780	-	13,780	-	-
Air Conditioner	122,188	-	98,745	1,000	24,443
Depot Equipments	22,487	-	22,487	-	-
Computers	2,218,750	-	62,060	(14,603)	2,142,087
Office Equipments	1,021,574	102,372	102,092	(76,985)	944,869
Furniture & Fixtures	1,153,814	-	247,443	56,664	963,035
Refrigerator	16,935	-	-	2,998	19,933
<b>ASSETS NOT IN ACTIVE USE</b>					
Free Hold Land - Byadagi	11,884,900	-	-	-	11,884,900
Free Hold Land - Chindawar [Leased upto 31.01.2015]	2,915,100	-	-	323,900	3,239,000
Free Hold Land - Siddapur	1,645,600	-	-	-	1,645,600
Free Hold Land - Madikeri	1,500,000	-	-	-	1,500,000
Factory Building - Byadagi	5,479,014	-	-	367,326	5,846,340
Road, Severage and Compound Wall	4,703,508	-	-	1,692,899	6,396,407
Plant & Machinery-Byadagi	23,062,579	-	-	385,498	23,448,077
Factory Building - Chhindawara [Leased upto 31.01.2015]	6,590,999	-	-	2,134	6,593,133
Plant & Machinery-Chindawara [Leased upto 31.01.2015]	42,227,486	-	-	(2,181,820)	40,045,666
<b>ASSETS NOT IN ACTIVE USE AND HELD FOR DISPOSAL</b>					
Vehicles	24,264	-	1,435	-	22,829
Depot Equipments	30,861	-	30,861	-	-
Computers	1,703,569	-	1,703,569	-	-
Office Equipments	764,956	-	764,956	-	-
Furniture & Fixtures	659,500	-	659,500	-	-
<b>TOTAL</b>	<b>108,882,825</b>	<b>102,372</b>	<b>3,706,928</b>	<b>484,011</b>	<b>105,762,280</b>
Previous Year	121,113,663	0	2,298,469	(9,932,349)	108,882,825

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. 15.04.2016



STCL Limited

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**Notes to Financial Statements for the year ended March 31, 2016****b. ACCUMULATED DEPRECIATION**

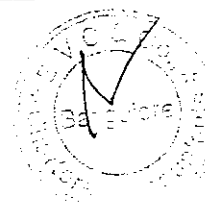
Name of the Asset	Up to 31.03.2015	Depreciation for the Year	Adjustments *	Deductions during 2015-16	Up to 31.03.2016
	₹	₹		₹	₹
Vehicles	865,961	-	-	-	865,961
Weighing Scale	12,780	-	-	12,780	-
Air Conditioner	107,188	5,000	-	96,745	13,443
Depot Equipments	21,487	-	-	21,487	-
Computers	2,073,750	30,395	-	62,058	2,042,087
Office Equipments	891,574	65,381	-	102,085	854,869
Furniture & Fixtures	988,814	101,591	-	247,370	843,035
Refrigerator	13,935	2,998	-	-	16,933
<b>ASSETS NOT IN ACTIVE USE</b>					
Free Hold Land - Byadagi	-	-	-	-	-
Free Hold Land - Chindawar [Leased upto 31.01.2015]	-	-	-	-	-
Free Hold Land - Siddapur	-	-	-	-	-
Free Hold Land - Madikeri	-	-	-	-	-
Factory Building - Byadagi	1,425,008	183,149	-	-	1,608,157
Road, Sewerage and Compound Wall	1,823,684	934,418	-	-	2,758,102
Plant & Machinery-Byadagi	18,155,579	637,498	-	-	18,793,077
Factory Building - Chhindawara [Leased upto 31.01.2015]	2,205,203	168,684	-	-	2,373,887
Plant & Machinery-Chindawara [Leased upto 31.01.2015]	28,136,901	1,550,482	-	-	29,687,383
<b>ASSETS NOT IN ACTIVE USE AND HELD FOR DISPOSAL</b>					
Vehicles	24,164	-	-	1,433	22,731
Depot Equipments	29,861	-	-	29,861	-
Computers	1,698,569	-	-	1,698,569	-
Office Equipments	761,956	-	-	761,956	-
Furniture & Fixtures	657,500	-	-	657,500	-
<b>TOTAL</b>	<b>59,893,914</b>	<b>3,679,596</b>	<b>-</b>	<b>3,693,845</b>	<b>59,879,665</b>
Previous Year	56,017,077	5,914,035	221,990	2,259,188	59,893,914

Note : The previous year adjustment column denotes accumulated deficit in depreciation arising out of revised estimation of the life of the asset as per part C of schedule II of companies act 2013.

**C. NET BLOCK**

Name of the Asset	As on 31.03.2016	As on 31.03.2015
	₹	₹
Vehicles	180,000	255,000
Weighing Scale	-	1,000
Air Conditioner	11,000	15,000
Depot Equipments	-	1,000
Computers	100,000	145,000
Office Equipments	90,000	130,000
Furniture & Fixtures	120,000	165,000
Refrigerator	3,000	3,000
<b>ASSETS NOT IN ACTIVE USE</b>		
Free Hold Land - Byadagi	11,884,900	11,884,900
Free Hold Land - Chindawar [Leased upto 31.01.2015]	3,239,000	2,915,100
Free Hold Land - Siddapur	1,645,600	1,645,600
Free Hold Land - Madikeri	1,500,000	1,500,000
Factory Building - Byadagi	4,238,183	4,054,006
Road, Sewerage and Compound Wall	3,638,305	2,879,824
Plant & Machinery-Byadagi	4,655,000	4,907,000
Factory Building - Chhindawara [Leased upto 31.01.2015]	4,219,246	4,385,796
Plant & Machinery-Chindawara [Leased upto 31.01.2015]	10,358,283	14,090,585
<b>ASSETS NOT IN ACTIVE USE AND HELD FOR DISPOSAL</b>		
Vehicles	98	100
Depot Equipments	-	1,000
Computers	-	5,000
Office Equipments	-	3,000
Furniture & Fixtures	-	2,000
<b>TOTAL</b>	<b>45,882,615</b>	<b>48,988,911</b>
Previous Year	48,988,911	48,988,910

Note : The net value as on 31.03.2016 denotes, value as per the valuation report of the Registered Valuer and Chartered Engineer vide valuation report dtd. 15.04.2016.





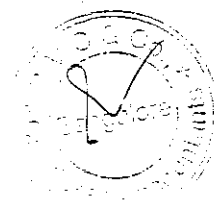
STCL Limited

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**Notes to Financial Statements for the year ended March 31, 2016****9.1 Disclosure as per AS-10**

Name of the Asset	Value before re-valuation	Value after re-valuation
	₹	₹
Vehicles	255,000	180,000
Weighing Scale	-	-
Air Conditioner	10,000	11,000
Depot Equipments	-	-
Computers	114,603	100,000
Office Equipments	166,985	90,000
Furniture & Fixtures	63,336	120,000
Refrigerator	2	3,000
Generator	-	-
<b>ASSETS NOT IN ACTIVE USE</b>		
Free Hold Land - Byadagi	11,884,900	11,884,900
Free Hold Land - Chindawar [Leased upto 31.01.2015]	2,915,100	3,239,000
Free Hold Land - Siddapur	1,645,600	1,645,600
Free Hold Land - Madikeri	1,500,000	1,500,000
Factory Building - Byadagi	3,870,857	4,238,183
Road, Severage and Compound Wall	1,945,406	3,638,305
Plant & Machinery-Byadagi	4,269,502	4,655,000
Factory Building - Chhindwara [Leased upto 31.01.2015]	4,217,112	4,219,246
Plant & Machinery-Chindawara [Leased upto 31.01.2015]	12,540,103	10,358,283
<b>ASSETS NOT IN ACTIVE USE AND HELD FOR DISPOSAL</b>		
Vehicles	98	98
Depot Equipments	-	-
Computers	-	-
Office Equipments	-	-
Furniture & Fixtures	-	-
<b>TOTAL</b>	<b>45,398,604</b>	<b>45,882,615</b>

- 9.2** The value after revaluation of various assets is based on Independent Registered Valuer and Chartered Engineers vide their report dtd. 15.04.2016. 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 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. 1,625,212/- credited to revaluation reserve towards increase in revaluation of assets & an amount of Rs. 102,255/- towards debited to revaluation reserve to the extent related to an increase which was previously credited to revaluation reserve. An amount of Rs. 1,207,207/- 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. 2,258,805/- is charged to profit and loss account due to decrease in the revaluation of assts. Depreciation on such revalued assets has been based on the revalued amount.



STCL Limited

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**Notes to Financial Statements for the year ended March 31, 2016**

10 INVESTMENTS:	as at March 31, 2016		as at March 31, 2015	
	₹	₹	₹	₹
<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		2,000
b) Shares in NSS Satpura Agro Development Corporation Ltd.,	246,657		246,657	
100000 Equity Shares of Rs. 10/- each				
Less: Permanent Diminution in the value of investment	-	246,657	-	246,657
<b>TOTAL</b>		<b>248,657</b>		<b>248,657</b>

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

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

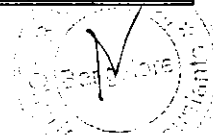
- a. % of Company's ownership interest 25%
- b. Capital Invested Rs. 1,000,000/- [100,000 Equity Shares of Rs. 10 each - fully paid-up]
- c. Since the Joint Venture Company is incurring losses and its cumulative losses is Rs. 3,013,372/- up to 31st March 2013 against the total Share Capital of Rs. 4,000,000/-, the Company has provided Rs. 753,343/- towards permanent diminution in its investment value [cost Rs. 1,000,000]. Since the audited financials statements of NSS Satpura is not available for the year ended 31st March 2014, 31st March 2015 and 31st March 2016 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, 2016		as at March 31, 2015	
	₹ Current	₹ Non-current	₹ Current	₹ Non-Current
Rent Advance	12,000	41,863,680	612,000	41,834,593
Advance to Employees	18,354	-	11,064	-
Deposits	486,510	1,291,510	486,510	1,291,510
Advance towards capital expenditure	-	-	20,000	-
Prepaid Expenses	33,925	-	22,017	-
	550,789	43,155,190	1,151,591	43,126,103
Less: Provision for doubtful advances	-	-	-	-
<b>[A]</b>	<b>550,789</b>	<b>43,155,190</b>	<b>1,151,591</b>	<b>43,126,103</b>
Advance Income Tax & TDS				
- for the years between 2004 to 2007 [Net refund due]		1,572,197		1,572,197
- for the year 2008-09 [Net of Provisions Rs. 35,471,461/- as at 31.03.2009]		-		59,842,133
- for the year 2010-11 (TDS)		400,095		400,095
- for the year 2011-12 (TDS)		349,348		349,348
- for the year 2012-13 (TDS)		637,865		637,865
- for the year 2013-14 (TDS)		533,337		533,337
- for the year 2014-15 (TDS)		357,587		357,587
- for the year 2015-16 (TDS)		224,979		-
Tax deposited (PY 09-10)		7,000,000		7,000,000
Other balances with Statutory Authorities	2,134,193	-	2,109,845	-
Advances to Suppliers	152,836	363,832,901	152,836	363,832,901
Receivable from employee's	-	-	-	-
Claims receivable from Business Associates considered doubtful	11,552,517,085	-	11,552,517,085	-
	11,554,804,114	374,908,309	11,554,779,766	434,525,463
Less: Provision for doubtful advances	11,552,517,085	363,832,901	11,552,517,085	363,832,901
<b>[B]</b>	<b>2,287,029</b>	<b>11,075,408</b>	<b>2,262,681</b>	<b>70,692,562</b>
<b>TOTAL [A] + [B]</b>	<b>2,837,818</b>	<b>54,230,598</b>	<b>3,414,272</b>	<b>113,818,665</b>





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**Notes to Financial Statements for the year ended March 31, 2016**

11.1 Loans and Advances includes Rs.11,552,517,085/- [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.11,552,517,085/- 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 is investigating the case. 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.

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. The High Court of Karnataka has appointed the Hon'ble Mr.Justice Shivaraj V.Patil [Retd.] former Judge of Supreme Court as the Sole Arbitrator to adjudicate the disputes, which was challenged by FMPL and FEIPL by filing a special leave petition in the Supreme Court of India. In view of Justice Shivaraj V Patil being appointed as Lokayukta, offered resignations as arbitrator. An application was moved in the High Court of Karnataka u/s 15 of Arbitration and Conciliation Act for re-appointment of Arbitrator. The matter was heard during August 2013 and Court decided to keep the matter pending for disposal after the SLP is heard in the Supreme Court. On 08.02.2016 the pending SLP was heard in the Supreme Court and dismissed the SLP filed by FMPL/FEIPL in favour of the Company. Based on the Supreme Court Order, steps have been taken in the High Court of Karnataka for re-appointment of Arbitrator for continuation of Arbitration

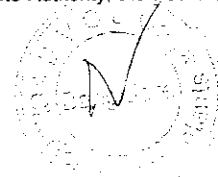
As the Sale is not concluded in these transactions due to non-receipt of payment from the buyers / associates as per the contract, amount payable towards devolved LC's [Purchase-Metal Scrap (Imports)] were transferred to the Business Associates account and treated as 'Claims Receivable from Business 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 and Maharashtra which was assessed during 2013-14.

Particulars of Properties	Average Value	
	₹	₹
<u>Immovable properties of Business Associates :</u>		
Land located at Punjab [578 acres]	5,484,500,000	
Office Building located at New Delhi [9000 sqft]	296,900,000	
Land located at Chennai [9 acres]	402,500,000	
Land located at Maharashtra [29.951 acres]	256,321,000	
Land located at Gujarat [202.618 acres]	200,000,000	6,640,221,000
<u>Movable properties of Business Associates :</u>		
Shares[45000] of Universal Pavers Pvt. Ltd., Tuticorin		169,800,000
<b>TOTAL</b>		<b>6,810,021,000</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, the Board of STCL set aside the dismissal order and imposed penalty of compulsory retirement.



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**Notes to Financial Statements for the year ended March 31, 2016**

- 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.126,402,768/- [excluding interest] due from Business Associate M/s. Future Resources Pvt. Ltd., A stock of around 29400 MTS of Iron ore fines [subject to handling and storing loss an account of long storage period] approximately valuing Rs. 45,000,000/- 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. 16,665,220/- STCL is in the process of liquidating the stocks through tender process and further to proceed legally for recovery of short fall if any.

ii) Rs.68,578,122/-[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.

iii) Rs.126,801,603 [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.9,762,000/- 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. 4,409,225/-. STCL is in the process of liquidating the stocks through tender process by the Company. 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.156,641,184/-] by overseas buyer M/s.Devi Trading Co. Ltd., Hong Kong against Company. The CVC has appointed the inquiry officer and the inquiry is in progress.

- 11.3 Rs. 42,050,408/- 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.42,050,408/- in the earlier years.

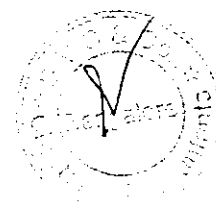
- 11.4 In respect of Assessment year 2009-10 (previous year 2008-09) the Company had filed a return claiming a refund of Rs.59,917,546. The Assessing Officer has passed an order for further payment of Rs. 58,108,273/- on account of adding value of stock of Rs. 294,991,972/- . The Company had filed an appeal against the Assessment order. The effect of stock valuation of Rs. 294,991,972/- was given effect by the Company in the next financial year ie Assessment year 2010-11 and had filed a return with a tax payable of Rs. 61,055,030/- which was payable to the Department. The Company has paid an amount of Rs.7,000,000/- being the difference [approximately] between Refund Claim of Rs.59,917,546/- and amount payable of Rs.66,732,386/- (amt demanded for AY 2010-11 including interest by the Income Tax Department) in June 2013 and has appealed against the demand with respect to increased stock valuation. The tribunal order has since been passed in favor of the Company. Based on the notice dated 26.02.2016 from Tax Recovery Officer (TRO), amount of Rs. 77,347,830 is determined as refund amount for AY 2009-10. However, the break-up considered for arriving at the figure were not provided. The amount of refund granted (after adjustment with liability upto AY 2010-11) is more than refund receivable showing in the books for the same assessment years. The difference has been considered as interest income and accounted accordingly. In the absence of assessment order, we're not able to determine whether the amount determined as refund is inclusive of the payment of Rs. 7,000,000. Hence, Rs. 7,000,000 continues to be shown under loans and advances.

**12. OTHER CURRENT & NON CURRENT ASSETS**  
[unsecured considered good unless otherwise stated]

	as at March 31, 2016		as at March 31, 2015	
	₹	₹	₹	₹
	Current	Non-current	Current	Non-current
Interest Accrued on Investments [NSC]	-	2,030	-	2,030
<b>TOTAL</b>	-	2,030	-	2,030

**13 INVENTORIES**

	as at March 31, 2016		as at March 31, 2015	
	₹	₹	₹	₹
	Current	Non-Current	Current	Non-Current
- at Factory/Branches	-	-	236,250	-
- in Transit	-	-	-	-
<b>TOTAL</b>	-	-	236,250	-





**Notes to Financial Statements for the year ended March 31, 2016****14. TRADE RECEIVABLES**

	as at March 31, 2016		as at March 31, 2015	
	₹ 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	1,050,000	-	1,050,000	-
- Doubtful	285,079,937	-	285,079,937	-
	286,129,937	-	286,129,937	-
Less: Provision for doubtful debts	285,079,937	-	285,079,937	-
<b>Total [a]</b>	<b>1,050,000</b>	<b>-</b>	<b>1,050,000</b>	<b>-</b>
Other receivables	-	-	-	-
- Secured, considered good	-	-	-	-
- Un-secured, considered good	-	-	-	-
- Doubtful	-	-	-	-
Less: Provision for doubtful receivables	-	-	-	-
<b>Total [b]</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total [a+b]</b>	<b>1,050,000</b>	<b>-</b>	<b>1,050,000</b>	<b>-</b>

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

(i) Rs.22,628,442/- [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. Meta Copper and Alloys Ltd., has unauthorisedly lifted the stock of 188 MTs of brass strips approximately valuing Rs.40,000,000/- for which the Company has also filed a police complaint against Meta Copper. The Company has made full provision for Rs.22,628,442/- 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.

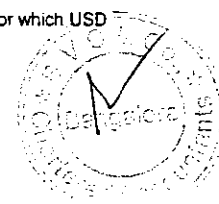
(ii) Rs. 171,036,656/- due from R. Piyarellal Foods Pvt Ltd, Kolkata [RPFPL]. The Company has filed a private complaint in the magistrate court against RPFPL, its sister concern R.Piyarellal Import & Export Ltd (RPIEL), and C&F Agent for unauthorized lifting of stocks, which has been referred to the 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.171,036,656/- in the earlier years.

(iii) Rs. 89,618,184/- 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.

**15. CASH AND BANK BALANCES**

	as at March 31, 2016		as at March 31, 2015	
	₹ Current	₹ Non-Current	₹ Current	₹ Non-Current
<b>Cash and Cash Equivalents</b>				
Cash on Hand	95,432	-	15,101	-
Balance with Banks:				
- in Current Accounts	2,881,754	-	2,085,973	-
- in EEFC Accounts	90,749	-	85,245	-
<b>Sub total (A)</b>	<b>3,067,935</b>		<b>2,186,319</b>	
<b>Other bank Balances</b>				
Deposits with original maturity period for more than 3 months & less than 12 months				
- in Short Term Deposits	28,826,406	-	36,375,058	-
- in Short Term Deposits as Margin against OD/BG's	1,795,742	-	1,795,742	-
Deposits with original maturity period for more than 12 months	-	-	-	-
<b>Sub total (B)</b>	<b>30,622,148</b>		<b>38,170,800</b>	
<b>TOTAL (A)+(B)</b>	<b>33,690,083</b>	<b>-</b>	<b>40,357,119</b>	<b>-</b>

**15.1** The Cash and Bank balances include Rs 90,749/- equivalent to USD 1368.10 which was held in EEFC accounts at the banks, for which USD 1,000/- confirmation was received from the banks.



STCL Limited

CIN : U85110KA1982GOI005013

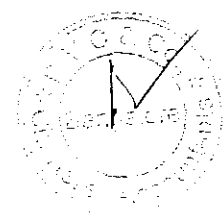
**Notes to Financial Statements for the year ended March 31, 2016**

16. REVENUE FROM OPERATIONS		for the year ended 31.03.2016	for the year ended 31.03.2015
		₹	₹
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		-	2,266,000
Pre-Operative Charges-Chhindwara		-	-
	Sub-Total [C]	-	2,266,000
TOTAL [A] + [B] + [C]		-	2,266,000

Details of Commodities traded	for the year ended 31.03.2016	for the year ended 31.03.2015
	₹	₹
Local Sales		
Spices	-	-
Dry Fruits	-	-
Fertilizers	-	-
Other Commodities	-	-
TOTAL	-	-
Export Sales		
Iron Ore Fines	-	-

17. OTHER INCOME	for the year ended 31.03.2016		for the year ended 31.03.2015	
	₹	₹	₹	₹
INTEREST INCOME				
Interest on Vehicle Advance		-		45,255
Interest on Term Deposits		2,207,283		3,523,396
Interest Collected [Trade]		15,748		24,440
Interest on Income Tax Refund		17,430,281		-
OTHER INCOME				
Liabilities No-longer Payable		70,569		275,063
Amortization of ASIDE GRANT-Chhindwara		1,719,166		2,990,505
Miscellaneous Receipts		78,580		389,770
Profit or Loss on sale of Fixed Assets		58,338		335,484
Bad Debts written off received		55,000		165,000
TOTAL		21,634,965		7,748,913

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



STCL Limited

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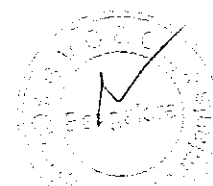
**Notes to Financial Statements for the year ended March 31, 2016**

18. PURCHASE OF STOCK-IN-TRADE / FINISHED GOODS	for the year ended 31.03.2016	for the year ended 31.03.2015
	₹	₹
Agricultural Commodities	-	-
Dry Fruits	-	-
Fertilizers	-	-
Spices	-	-
Iron Ore	-	-
Others	-	-
	-	-

19. CHANGE IN INVENTORIES	31-Mar-16	31-Mar-15	Increase/ (Decrease)
	₹	₹	₹
Inventory at the end of the year			
<b>TRADED GOODS</b>			
Spices	-	-	-
Fertilizer & Pesticides	-	-	-
Packing Material	-	-	-
L.D.O.	-	236,250	(236,250)
Other Commodities	-	-	-
	-	236,250	(236,250)
Inventory at the beginning of the year			
<b>TRADED GOODS</b>			
Spices	-	-	-
Dry Fruits	-	-	-
Fertilizer & Pesticides	-	-	-
Packing Material	-	511,451	(511,451)
Other Commodities	-	-	-
L.D.O.	236,250	236,250	-
	236,250	747,701	(511,451)
<b>TOTAL</b>	236,250	511,451	

20. EMPLOYEE BENEFIT EXPENSES	for the year ended 31.03.2016	for the year ended 31.03.2015
	₹	₹
Salaries and Other benefits - MD	1,973,626	2,013,574
Salaries and Other benefits - Others	8,473,788	10,218,432
Contribution to P.F. & Other Funds	1,009,187	1,064,691
Gratuity	1,541,969	1,409,143
Staff Welfare	706,784	1,018,641
<b>TOTAL</b>	13,705,354	15,724,481

21. OTHER EXPENSES	for the year ended 31.03.2016	for the year ended 31.03.2015
	₹	₹
<b>DIRECT EXPENSES</b>		
Power and Fuel	145,212	221,365
Insurance	58,792	101,582
Market Cess	-	20,205
Security Charges-Byadagi	132,589	104,778
<b>TOTAL [A]</b>	336,593	447,930





STCL Limited

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**Notes to Financial Statements for the year ended March 31, 2016**

ADMINISTRATION	for the year ended 31.03.2016	for the year ended 31.03.2015
	₹	₹
Electricity & Water Charges	519,899	722,668
Rent	13,673	467,045
Board Meeting/AGM Expenses	38,954	16,306
Rates & Taxes	38,354	128,424
Postage, Telephone & Telex	167,227	254,889
Printing & Stationery	100,220	118,185
Vehicle Maintenance	101,293	125,673
Office Maintenance	293,022	213,888
Repairs & Maintenance	-	23,654
Bank Charges	10,259	14,231
Exchange Fluctuation	(5,504)	(3,122)
Professional and Legal Charges	2,264,491	1,180,013
Trade Receivables Written off	-	94,425
Provision for Doubtful Receivables	-	1,796,655
Travelling & Conveyance Expenses		
Travelling - Directors / M.D.	484,165	235,144
Travelling - Others	864,632	1,108,359
Conveyance	122,995	157,903
Packing and Forwarding Charges	29,895	39,971
Transportation Charges [outward]	217,127	134,706
Internal Audit Fees	20,000	20,000
Remuneration to Auditors		
- for Audit	70,000	70,000
- for Tax Audit	50,000	50,000
News Papers & Periodicals	4,535	8,077
Membership & Subscription	-	2,200
Miscellaneous Expenses	5,420	2,508
<b>TOTAL [B]</b>	<b>5,410,657</b>	<b>6,981,802</b>
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>	₹	₹
Advertisement & Publicity	-	35,701
Business Promotion Expenses	-	9,708
<b>TOTAL [C]</b>	<b>-</b>	<b>45,409</b>
<b>GRAND TOTAL [A+B+C]</b>	<b>5,747,250</b>	<b>7,475,141</b>

21.1 Outstanding from various parties which has been written off is shown under other items as trade receivable written off.

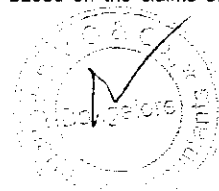
**22. DEPRECIATION AND AMORTISATION EXPENSES**

	for the year ended 31.03.2016	for the year ended 31.03.2015
	₹	₹
Depreciation on Tangible Assets	3,679,596	5,914,035
<b>TOTAL</b>	<b>3,679,596</b>	<b>5,914,035</b>

**23. FINANCIAL COSTS**

	for the year ended 31.03.2016	for the year ended 31.03.2015
	₹	₹
Interest on borrowings	4,796,525,541	4,090,361,584
Interest on ASIDE Grant [Siddapura]	501,370	500,000
<b>TOTAL</b>	<b>4,797,026,911</b>	<b>4,090,861,584</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.



STCL Limited

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**Notes to Financial Statements for the year ended March 31, 2016**

24. EXCEPTIONAL ITEMS	for the year ended 31.03.2016	for the year ended 31.03.2015
	₹	₹
Prior Period Expenditure	26,040	32,113
Withdrawal of Expenses [VSS]	-	(6,379,664)
Profit on revaluation of Fixed Assets	(1,207,207)	-
Liabilities no longer payable [VSS]	-	(1,885,360)
Provision for Customs Duty payable for non-compliance with grant conditions along with interest [Chhindwara Project]	1,512,500	1,512,500
Excess Provision of Income Tax	(623,077)	-
VSS Compensation	-	102,690
Loss on revaluation of Fixed Assets	2,258,805	22,047,023
<b>TOTAL</b>	<b>1,967,061</b>	<b>15,429,302</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



**Notes to Financial Statements for the year ended March 31, 2016**

- 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 :	31.03.2016 ₹	31.03.2015 ₹
A Claims against the company not acknowledged as debt	13,183,675,889	11,427,878,514
B Guarantees	1,000,000	1,000,000
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.126,801,603 [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 2,880,000/- against STCL with ulterior motive which is false and baseless. However the company has disclosed sum of USD 2,880,000/- 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.FEIPL & M/s. FMPL. Sino Asia is one of group company of M/s.FEIPL & M/s. FMPL raised a wrong claim for sum USD 168,000,000/- with ulterior motive to counter the legitimate claim of STCL against M/s.FEIPL & M/s. FMPL even though all the legal steps have initiated to counter the claim. However the company has disclosed sum of USD 168,000,000/- as contingent liability.
- The APMC, Bangalore has filed a suit in May 2011 against the Company for recovery of Market Fee / Penalty totaling an amount of Rs.11,429,284/-. 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. 8,011,634 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. 6,726,634/- (Rs. 8,011,634 less Rs.1,285,000 shown under payable to contractor) is shown under contingent liability.





**Notes to Financial Statements for the year ended March 31, 2016**

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.1,000,000 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.123,342/- being its share of profit and has to refund the balance amount of Rs. 876,857/- 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.600,000/- and BG of Rs.1,000,000/- 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. 1,000,000/- to Excel Cardamom Co. along with interest of 9% p.a. from June 1989. The order also stated that BG of Rs. 1,000,000/- be encashed and along with the Deposit of Rs.600,000/- 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.3,326,192/- under Contingent Liability.

f. The company has made provision for payment of interest as per the claims made by the consortium banks in the DRT upto 20.07.2011 and further interest are provided at the rates mentioned in the DRT application. Excess interest/penal interest/liquidated damages claimed by the banks as shown in their balance confirmation certificate has been shown under contingent liability. However, the contingent liability as shown above consists only of those banks who have given their balance confirmation certificate.

g. 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. 14,270,138 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. 14,270,138 as Service Tax and imposing an equivalent amount of Rs. 14,270,138/- 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.42,283,637/- as contingent liability towards service tax for the period from 1.4.06 to 31.03.2014 including the penalties of Rs. 14,270,138/-.

h. 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. Steps are being taken to file an application u/s 220(2)(a) requesting to drop the interest amount claimed. The company has disclosed the liability of Rs.2,11,95,009/- under Contingent Liability.

i. 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. 80,059,594/- including legal fees of Rs. 26,55,114/-, STCL has filed an appeal against the arbitration award which is pending before the city civil court, Bangalore.

- 27 Balances in the account of Trade Receivables, Trade Payables, other Creditors and Business Associates are under litigation and no confirmation are received against the aforesaid balances.
- 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. 4,796,525,541/- calculated on accrual basis is to be recovered from the business associates to whom the credit facilities were provided.
- 30 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.3,364,560/- 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.



**Notes to Financial Statements for the year ended March 31, 2016**

31 The Company is availing the services of Company Secretary on case to case basis.

## 32 EXPENDITURE IN FOREIGN CURRENCY TOWARDS :

Particulars	31.03.2016	31.03.2015
	₹	₹
Travelling Expenses	558,116	-

33

Particulars	31.03.2016	31.03.2015
	₹	₹
EARNINGS IN FOREIGN EXCHANGE - on FOB basis:	-	-

## 34 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.220,000/- p.m. w.e.f. 01.11.2013 with an annual increase of 10%. A security deposit of Rs. 2,500,000/- 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. 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. Further for recovery of the shortfall, necessary legal steps shall be initiated.

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

Class of Assets	As on 31.03.2016		For the year 2015-16 recognized in P&L	
	Gross carrying amount	Accumulated Depreciation/ Impairment	Depreciation	Impairment Loss/ (Impairment Reversal)
	₹	₹	₹	₹
Land	3,239,000	-	-	-
Factory Building	6,593,133	2,373,887	168,684	-
Plant & Machinery	40,045,666	29,687,383	1,550,482	2,181,820
Total	49,877,799	32,061,270	1,719,166	2,181,820

## 35 RELATED PARTY DISCLOSURE - AS 18

Opening Balance as on 01.04.2015	Net Transactions during the year	Closing Balance as on 31.03.2016
₹	₹	₹
42,446,593	570,913	41,875,680

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

[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. 5,70,913/- has been reduced from the opening balance towards Rent, Electricity, Water charges & AGM Expenses as per the Debit Note received from the STC of India Ltd.

Relationship - Holding Company [100% Equity Shares]

Transaction - Lease Rent

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

Relationship - Managing Director

Transaction - Salary and other allowances

- 2,003,876 -

## 36 EARNING PER SHARE - AS 20

Particulars	31.03.2016 ₹	31.03.2015 ₹
1. Net Profit After Tax	-4800727457	-4125901081
2. No. of Equity Shares	150000	150000
3. Basic Earning Per Share [in Rs.]	-32005	-27506

Note: The Company does not have any dilutive equity shares



₹ in Lakhs

Sl. No.	Particulars	SEGMENTS												Un-allocated		Total			
		Sales		Auction Sales		Issue of NOC		Chilli Processing Unit		Steam Sterilization Unit		2015-16		2014-15		2015-16		2014-15	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
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	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	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	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	0.00
2	SEGMENT RESULTS																		
	EXPENSES	0.00	0.00	0.00	2.02	0.00	3.30	36.96	32.58	63.00	63.00	48170.45	41253.88	48223.63	41359.16				
	OTHER INCOME	0.00	0.00	0.00	0.24	0.00	0.00	0.00	17.19	29.91	29.91	199.16	47.34	216.35	77.49				
3	NET PROFIT BEFORE TAX	0.00	0.00	0.00	-1.78	0.00	-3.30	-36.96	-15.39	-10.43	-10.43	-47971.29	-41206.54	-48007.28	-41259.01				
4	SEGMENT ASSETS																		
	NET FIXED ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	92.87	178.17	203.25	203.25	36.50	193.77	458.83	489.89				
	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				
	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				
	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				
	CURRENT ASSETS, LOANS AND ADVANCES																		
	INVENTORIES	0.00	0.00	0.00	0.00	0.00	0.00	2.36	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	10.50	10.50	10.50	0.00	0.00	10.50	10.50				
	CASH & BANK BALANCES	0.00	0.00	0.00	9.19	0.00	0.00	0.13	0.00	0.84	0.84	336.82	393.42	336.90	403.58				
	OTHER CURRENT ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.02	0.02				
	LOANS & ADVANCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	570.68	1172.31	570.68	1172.31				
	TOTAL ASSETS	0.00	0.00	0.00	9.19	0.00	0.00	95.36	188.67	214.59	214.59	946.51	1762.01	1379.42	2081.15				
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	150.00	150.00	150.00	150.00				
	RESERVES & SURPLUS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-334626.71	-286634.67	-334626.71	-286634.67				
	GRANT-IN-AID	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	308.39	325.58	308.39	325.58				
	LONG/SHORT TERM BORROWINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	118526.10	118526.45	118526.10	118526.44				
	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				
	CURRENT LIABILITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	216700.04	169409.63	216700.04	169409.63				
	PROVISIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	92.20	89.89	321.60	304.16				
	TOTAL LIABILITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	229.40	214.27	214.27	1150.02	1866.88	1379.42	2081.15				



## 37 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 31.03.2016, has been accounted for, as detailed below:

Particulars	Balance as on 01.04.2015	Current year	Balance as on 31.03.2016
	₹	₹	₹
Difference between Book & I.T. Depreciation	(10,149,063)	368,848	(9,780,215)
Disallowance of Leave Encashment Provisions	2,342,065	30,443	2,372,508
Disallowance Interest	5,238,344,511	1,482,126,392	6,720,470,903
VSS Compensation	(17,985,716)	(6,744,625)	(24,730,341)
<b>Net Deferred Tax [ Asset / Liability(-) ]</b>	<b>5,212,551,797</b>	<b>1,475,781,058</b>	<b>6,688,332,855</b>

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

- 38 a. The provision for earned leave and HPL encashment of Rs. 2,94,681/- [previous year Rs.4,41,796/-] is made based on salaries on the Balance Sheet date. No actuarial valuation is done.
- b. Premium payable to LIC of India towards the Group Gratuity Policy under defined contribution plan is charged to expenditure every year.

- 39 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.

- 40 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 2015	7,579,497
Additions during the year	294,681
Amounts utilized / paid during the year	196,160
Amounts withdrawn	-
Balance as on 31st March 2016	7,678,018

- 41 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.

## 42 SEGMENT REPORTING AS ON 31.03.2016 -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.

- 43 Miscellaneous Expenses do not include items of expenses exceeding 1% of the total revenue of the company or Rs.100,000/- which ever is higher.
- 44 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.

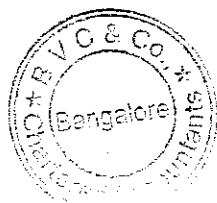
As per our report of even date

For B V C & Co.,  
Chartered Accountants  
F.R.No.008154S

*CA Chandrashekara Shetty*

**CA Chandrashekara Shetty**  
Partner  
M.No. 216516

Place : Bangalore  
Date : 19/05/2016



For and on behalf of the Board of Directors

*Khaleel Rahim*  
**Khaleel Rahim**  
Chairman  
DIN : 02455606

*Manjunatha K.S.*  
**Manjunatha K.S.**  
Accountant

*H.P.Girish*  
**H.P.Girish**  
Managing Director  
DIN : 03290797