

PEC LIMITED



ANNUAL REPORT 2015-2016





Company Profile

Board of Directors

Chairman-cum-Managing Director	Shri M. Nagaraj	(from 01-09-2016)
	Shri J. Ravi Shanker	(from 27-05-2016 to 31-08-2016)
	Shri Rajani Ranjan Rashmi	(upto 23-05-2016)
Whole-Time Directors	Shri J. Ravi Shanker	
	Shri Anupam Misra	(from 20-09-2016)
Part-Time Directors (Government Nominee)	Mrs. Aditi Das Raut	(upto 18-06-2015)
	Shri M.C. Luther	(upto 20-11-2015)
	Shri Sameer Kumar	(from 20-06-2015 to 29-08-2016)
	Smt. Rupa Dutta	(from 20-11-2015)
	Ms. Mugdha Sinha	(from 29-08-2016)
Part-Time Directors (Independent)	Shri Udesinh Baria	(from 15-06-2016)
Company Secretary	Shri Pardeep Kumar	(from 27-08-2015)
	Shri Arvind Kumar	(upto 27-08-2015)
Auditors	M/s J.P., Kapur & Uberai	Chartered Accountants, New Delhi

Bankers

Axis Bank
Corporation Bank
HSBC Bank
ICICI Bank Ltd.
IDBI Bank
Indian Bank
Indian Overseas Bank
IndusInd Bank
Punjab National Bank
Societe Generale Bank
State Bank of India
Syndicate Bank
United Bank of India
Vijaya Bank



Vision

Be a successful Indian International trading company, lean, flexible and capable of providing total integrated services to the customers in the changing environment.

Mission

- Engage in trade with focus on quality services to customers and professional competences.
- Develop new markets and products and expand business in Industrial Raw Materials, Commodities and Engineering Equipment and Projects.
- Serve as effective instrument of public policy and social responsibility.

Board of Directors



M. Nagaraj
CMD
(from 01-09-2016)



J. Ravi Shanker
CMD
(from 27-05-2016
to 31-08-2016)



Rajani Ranjan Rashmi
CMD
(upto 23-05-2016)



J. Ravi Shanker
Director



Anupam Misra
Director
(from 20-09-2016)



Aditi Das Raut
(upto 18-06-2015)



M.C. Luther
(upto 20-11-2015)



Sameer Kumar
(from 20-06-2015
to 29-08-2016)



Rupa Dutta
(from 20-11-2015)



Mugdha Sinha
(from 29-08-2016)



Udesinh Baria
(from 15-06-2016)

Key Personnel



Sanjay Bhoosreddy
IAS, CVO
(from 20-10-2016)



Smriti Sharan
IPOS, CVO
(upto 18-10-2016)



J. K. Sanyal
Executive Director



Ravi Kumar
Executive Director



Rajiv Chaturvedi
CGM



S.K. Majumdar
CGM
(upto 30-04-2016)



S.K. Saha
CGM



R.R. Sinha
CGM (P&A)



S. Garg
CGM

Chairman's Statement

Your Company has completed its 45th Year of existence and during 2015-16 the turnover of the Company stood at ₹ 3747 crores as against ₹ 6187 crores achieved last year. The year has been a tough time for global economy, Brexit impact shall be seen in the near future. In the current fiscal PEC shall definitely work towards showing positive results in all business parameters viz. turnover, operating margin, reduction in Interest Cost etc.

Your Company has reported loss during the year mainly due to the heavy interest burden on account of long outstanding from Govt. and private sector and provisioning made during the current year. Unlike previous years, PEC is now having a complete Board including Independent Director for the first time in its history. The Board is closely monitoring the recovery process and has constituted a Board Level Committee for this purpose. Quick & effective recoveries shall definitely improve the financial health of the company.

PEC has made headway in Solar Energy and is working to expand this business across all India.

Your Company is committed to fulfil its social responsibilities for making positive impact on society through a planned set of CSR initiatives and continue to enhance value creation in the society, especially meeting the priority needs of socially/economically backward. During this year your Company has made a modest contribution to Swachh Bharat Abhiyan by building a toilet complex from the corpus available for this purpose.

On behalf of the Board of Directors of your Company, I wish to convey our deep appreciation to all our bankers & business associates for their continued support and trust in us.

I take this opportunity to thank the Ministry of Commerce & Industry for their unstinted support. Our Company will continue to assist the Govt. as required in carrying out its responsibilities towards trade and industry and furthering economic growth.

I would also like to thank my colleagues on the Board for their valuable guidance and contribution in steering the Company in the right direction.

Above all, I would like to place on record the efforts and commitments shown by our most valued resource, i.e. the Human Resource of the Company as our employees have always contributed their best for the Company in the past and I am sure that their dedicated efforts can bring the Company back on rails for sustained performance and growth.

Sd/-

(M. Nagaraj)

Chairman-cum-Managing Director

Directors' Report

The Board of Directors has pleasure in presenting the 45th Annual Report on the working of the Corporation together with the audited statement of accounts for the year ended 31st March, 2016 along with the Auditor's Report and Comments on the Accounts by the Comptroller & Auditor General (C&AG) of India.

Financial Results

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

(₹ Crore)

	2015-16	2014-15
SALES TURNOVER		
Export	122.70	601.22
Import	3432.30	4972.25
Domestic	191.59	613.29
	3746.59	6186.76
PROFIT		
Profit before extraordinary items and Tax	(1142.02)	(179.79)
Profit after Tax	(1142.02)	(208.54)

Business

Over the years, the business profile of PEC has changed with industrial raw materials, agro commodities, bullion, engineering & manufactured goods constituting a major part of its turnover. Some of the key initiatives have been creating a distinctive and sustainable competitive advantage, diversifying into new markets and pushing more products.

Your Company achieved a sales turnover of ₹ 3746.59 Crore in the financial year 2015-16. The decline in turnover is due to a sluggish economy & a general slack in demand.

Exports

Engineering and manufactured goods exports include supply of electrical equipment such as Cables, Conductors, and Hardware equipment, etc. to

Nepal, Mauritius, Tanzania, and Kenya.

The other major item of export was Rice.



Inspection of Substation work at Nepal Electricity Authority, Parwanipur Substation, Nepal by team from Ministry of External Affairs, Govt. of India and Wapcos implemented by PEC Limited

Imports

PEC achieved an import turnover of ₹ 3432.30 Crore during the year. Yellow Peas, Yellow Maize (Non-GMO), Rock Phosphate, Silver, Gold, Steel Coils, Coal & Bitumen were the major items of import during the year.



Coal imported by PEC Limited

Domestic Sales

PEC achieved domestic sales of agro commodities, industrial raw material, engineering and manufactured goods amounting to ₹ 191.59 Crore during the year 2015-16.

Dividend

The Board of Directors has not recommended any dividend for the year 2015-16 as there has been no profit during the year.

Transfer to/from Reserves

The Board of Directors has transferred ₹ 69.21 Crore from the General Reserve to offset the loss of the current year. The closing balance to the General Reserve is ₹ NIL Crore. The Company has also off set loss of ₹ 25 Crore from its Special Purpose Trading Risk Reserve with a remaining balance of ₹ NIL Crore.

Capital Advance

PEC has given capital advance amounting to ₹ 40.01 Crore to NBCC Ltd. for office space. We have to further pay ₹ 13.72 Crore as Capital Commitment.

Code of Conduct

The Board has enunciated a Code of Conduct for the Directors and Senior Management Personnel of the Corporation, which has been circulated to all concerned and has also been hosted on the website of the Corporation. The Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as required under the Corporate Governance guidelines.

Subsidiary Company

Tea Trading Corporation of India Ltd., a wholly-owned subsidiary of your Company, continues to be under winding up process by the Official Liquidator appointed by the Hon'ble High Court of Calcutta. Since Tea Trading Corporation of India Limited is under winding up process, we have not considered this in the preparation of Consolidated Financial Statements for the Financial Year 2015-16.

Human Resource

Strengthening the organization is one of the most powerful levers a company can pull to improve its performance. We remain committed to employee development by investing in training and entry level recruitment. The thrust of training programs, both in-house and organized in association with reputed institutions, was in the areas of executive development and business growth. PEC's work force

is 149 which includes 131 Managers and 18 Staff as on 31st March, 2016.

The Presidential Directives on reservation ensure adequate representation of persons belonging to SC, ST and OBC and employment of physically challenged persons is being followed.

Industrial relations remained cordial throughout the year.

Rajbhasha

PEC continued its earnest efforts to promote use of Hindi in official work. Employees were encouraged to work in Hindi through training programs, workshops and improved incentive schemes. A fortnight-long program was organized to mark Hindi Pakhwada from 22nd September, 2015 to 06th October, 2015.

For the year 2014-15, PEC was awarded Second Prize for excellent performance in promotion of official language by the Ministry of Commerce & Industry.



Chairman cum Managing Director of PEC receiving Second prize for excellent performance in official language for the year 2014-15 from Smt. Rita Teatota, Commerce Secretary, Ministry of Commerce & Industry.

Vigilance

With a view to create greater awareness among the employees, various initiatives were taken. Vigilance Awareness Week was observed from 26th October, 2015 to 31st October, 2015 in Corporate as well as Branch Offices.

Management Discussion and Analysis Report

Detailed Management Discussion and Analysis Report forming part of the Annual Report of the Company is placed as Annexure-1.



Chairman cum Managing Director of PEC exchanging the MoU signed with Smt. Rita Teatota, Commerce Secretary, Ministry of Commerce & Industry.

Corporate Governance

Your company is fully committed to promoting & strengthening the principles of sound corporate governance norms by adherence to the highest standards of transparency, trust and integrity, performance orientation, responsibility and accountability, social responsiveness, ethical business practices and commitment to the organization as a self-discipline code for sustainable enrichment of value for suppliers, customers, directors employees and the community in general. A separate report on Corporate Governance, forming part of the Annual Report of the Company is placed as Annexure-2. M/s Sandeep Singh, Practicing Company Secretaries has examined and certified the compliance of Corporate Governance. The Certificate forms part of this report and is placed as Annexure-2.

Corporate Social Responsibility

Pursuant to the provisions of Section 135 of the Companies Act, 2013 the Company has a Corporate



Swachh Bhart Abhyan -

Construction & Maintenance of Toilet Complex, NCR of Delhi

Social Responsibility Committee. The CSR Policy adopted by the Board of Directors is available on the Company's website www.peclimited.com. In furtherance of its commitment towards Corporate Social Responsibility your Company undertook initiatives during 2015-2016. As per the Companies (Corporate Social Responsibility Policy) Rules, 2014, annual Report on Corporate Social Responsibility Activities is annexed herewith as Annexure-3.

Foreign Exchange

Particulars regarding foreign exchange earnings and expenditure appear as Item No. 38 in the Notes to the Accounts.

Particulars of Employees

PEC being a wholly-owned Government Company, the terms and conditions of appointment and remuneration of its whole time Functional Directors are determined by the Government through the Ministry of Commerce and Industry, of being the administrative ministry of the Company. The Non-Executive Part-Time Directors (Government Nominees) do not draw any remuneration or sitting fee. The Non-Executive Part-Time Non-Official (Independent Directors) are paid a sitting fee for each Board/Committee meeting attended at an approved fee by the Board.

Key Managerial Personnel

PEC has nominated its CMD, all functional Directors and Company Secretary as Key Management Personnel pursuant to Section 203 of the Companies Act, 2013.

Directors' Responsibility Statement

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(5) of the Companies Act, 2013:

- a) In the preparation of the annual financial statements for the year ended March 31, 2016, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) For the financial year ended March 31, 2016, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for the year ended March 31, 2016.
- c) That 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 fraud and other irregularities.
- d) The annual financial statements have been prepared on a going concern basis.
- e) That proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) That proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Extract of Annual Return

As required under section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return pursuant to Section 92(3) of the Act is annexed to this report as Annexure-4.

Anti-Sexual Harassment Policy

The Company has laid down an Policy of Prevention/prohibition and Redressal of Sexual Harassment of Women in PEC in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal)

Act, 2013. An Internal Complaints Committee has been set up to redress complaints received in this regard. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No sexual harassment complaints were received during the year 2015-16.

Deposits

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

Conservation of Energy, Technology Absorption, etc.

The Company is engaged in trading activities thus the information required to be disclosed in accordance with the Companies (Accounts) Rules, 2015 is NIL.

Statutory Auditors

M/s J.P., Kapur & Uberai, Chartered Accountants were appointed as Statutory Auditors of the company for the financial year 2015-16 by the C&AG. Their Report, along with replies of the Management is attached herewith and forms part of the Annual report.

Comments of C&AG

The comments of C&AG under Section 143(6) of the Companies Act, 2013 on the accounts of the Company for the year 2015-16, their Report is attached and forms part of the Annual Report.

Acknowledgements

The Board appreciates and places on record the contribution made by the employees during the year under review and support received from the Ministry of Commerce & Industry, and the various stakeholders like bankers, investors, customers and statutory authorities for their valuable guidance and support.

For & on behalf of the Board of Directors of PEC Ltd.

Sd/-

(M. Nagaraj)

Chairman-cum-Managing Director

Management Discussion & Analysis Report

WORLD ECONOMY IN 2015

2015 was another disappointing year for global growth. The performance was slow even as central banks continued to pump in liquidity, oil prices plunged again and inflation was moderate. It was also a year of different performers. In the developed world, robust U.S. jobs' growth prompted the Federal Reserve to tighten monetary policy for the first time since 2006.

In advanced economies, smaller European nations were among the best performers. Ireland's economy grew by 7 percent in the third quarter that was faster than China, and well ahead of the euro area's 1.6 percent growth in the same period.

The northernmost euro member, which was among the most vocal critics of Greece during its crisis bailout negotiations, is suffering as key industries like paper making and consumer electronics struggle.

China's overall gross domestic product growth remains relatively robust compared to its peers. Russia is on track for its longest slump in two decades mostly because of lower oil prices of weak export demand. Growth prospects for the global economy continue to weaken, and recent events such as the Brexit vote, terrorist attacks around the world, and the upcoming US presidential election are creating elevated levels of uncertainty for businesses.

Growth rates for China, India and Southeast Asia are unlikely to see significant improvement in 2016 compared to last year. Growth in China in 2016 is expected to stay in the same range as in 2015 at 3.6 percent. However, improvement in India's growth performance in 2016 relative to 2015, is not expected.

Japan's recovery is faltering again, and China looks as if it's headed for its slowest growth since 1990. IMF projected that the world economy would be back on track by 2015, growing at 4.8 percent. That led the IMF to reduce its forecast for 2015 global growth to 3.2 percent. It projects 3.1 percent growth for the U.S. next year, just 1.3 percent in the euro area, and 0.8 percent for Japan. China's projected 7.1 percent growth, high compared with other nations', would be the country's lowest in 15 years.

The oil boom is a victory for drilling technology, much of which was invented in the U.S. and is being

deployed worldwide. Business is in a better position to lead the recovery. Companies are sitting on record amounts of cash because, with weak demand, they don't feel any pressure to update their plants, equipment, and software. Great new technologies could set off a burst of capital spending by convincing CEOs they must have the next new thing to get ahead of the competition or avoid falling behind it.

INDIAN ECONOMY IN 2015-16

With the improvement in the economic scenario, there have been various investments leading to increased M&A activity. Some of them are as follows:

India has emerged as one of the strongest performers in terms of deals related to mergers and acquisitions (M&A).

The Government of India and the Government of the United States of America have signed a memorandum of understanding (MoU) to enhance cooperation on energy security, clean energy and climate change through increased bilateral engagement and further joint initiatives for promoting sustainable growth.

According to The World Bank, India's per capita income is expected to cross ₹ 100,000 (US\$ 1,505) in FY 2017 from ₹ 93,231 (US\$ 1,403.5) in FY 2016.

GOVERNMENT INITIATIVES

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of the Indian economy. This initiative is expected to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. The Government has also come up with the Digital India initiative, which focuses on three core components: creating of digital infrastructure, delivering services digitally and increasing digital literacy. Further, the Finance Minister stated that the government is looking at a number of reforms and resolution of pending tax disputes to attract investments.

Currently, the manufacturing sector in India contributes over 15 per cent of the GDP. The Government of India, under the Make in India initiative, is trying to boost this contribution and aims to take it up to 25 per cent of the GDP.

The Union cabinet has approved the establishment of Funds for Start-ups (FFS) at Small Industries Development Bank of India (SIDBI), with a corpus of ₹ 10,000 crore (US\$ 1.48 billion), which would extend funding support to start-ups and encourage entrepreneurship in the country.

The Ministry of Commerce and Industry plans to establish India as a hub for world class designing by setting up four National Institute of Design (NIDs) across the country, aimed at providing skills to empower India's human capital towards world class designing.

The Government of India plans to build five new railway links with Nepal, which will boost India's economic links with its neighbouring country and promote growth, employment and prosperity in the region.

India's Wholesale Price Index (WPI) based inflation contracted by 3 per cent, between April-December 2015. Consumer Price Index (CPI) based inflation also declined to 4.8 per cent during April-December 2015, as compared to 5.9 per cent in 2014-15. The moderation in inflation was attributable to the drop in inflation of food articles and items under non-food, non-fuel category.

The Reserve Bank of India (RBI) continued on its path of easing the monetary policy, as it reduced the repo rate by 25 basis points (bps) and 50 bps in June and September 2015, respectively. The key rates – repo, reverse repo and bank, currently stand at 6.75, 5.75 and 7.75 per cent, respectively.

The Ease of doing Business initiative of the government is aimed at improving the business environment in India. Under this initiative, the government has sought to amend several laws, towards easing the process of starting and conducting business. Some of the key measures undertaken include: online application for industrial licences, restricting the documents required for export and import activities to three, removing requirements for minimum paid-up capital for companies, granting of security clearance on an industrial licence within 12 days and establishment of a facilitation cell under Invest India among others.

The Cabinet Committee on economic affairs approved the high-speed train project, in December 2015, to be implemented with technical and financial assistance from Japan.

PEC'S PERFORMANCE

The company achieved a turnover of ₹ 3746.59 Crore during the year under review as against ₹ 6186.76 Crore in the previous year.

SEGMENTWISE PERFORMANCE

EXPORT

PEC achieved an export turnover of ₹ 122.70 Crore as against ₹ 601.22 Crore in the previous year. The major product segments of exports during the year were engineering equipment & manufactured goods.

Engineering Equipments and Projects: PEC has continued its efforts to maintain and develop existing markets for export of engineering equipment and projects. These efforts have resulted in getting repeat orders as well as new contracts won against stiff international competition. With timely execution of contracts and perfect liaison with valuable clients/buyers, PEC has been able to maintain the existing markets such as Nepal, Tanzania and Kenya and getting orders from these markets for supply of Distribution Transformers, Cables, Conductors and Line Accessories etc. PEC has also made efforts to penetrate new markets.

IMPORTS

Import accounted for 91% of total turnover of PEC for the year 2015-16. Driven by volumes in Coal, Silver, Yellow Maize and Yellow Peas, import during the year aggregated to ₹ 3432.30 Crore. The areas exhibiting notable performance are:

Industrial Raw Material: Imports of industrial raw material were valued at ₹ 1870.68 Crore. Major industrial raw materials imported were coal/coke, steel, and chemicals & pharmaceuticals.

Bullion: During the year 2015-16, 905 kgs of gold and 2,08,227 kgs of silver were imported. Bullion turnover of ₹ 967.36 Crore approx. accounts to 28% of total PEC's import turnover.

Coal & Coke: The business turnover of coal/coke valued at ₹ 945.26 Crore emerged as the largest item of import constituting over 27% of total imports.

Chemicals & Pharmaceuticals: During the year, chemicals imported include PMAP, Rock Posphate 68/70BPL, Ethylene Vinyl Acetate, etc.

Yellow Maize (Non GMO): During the year 97923 MT of Yellow Maize (Non GMO) worth ₹ 132.07 Crore was imported for the first time by PEC under TRQ.

STRENGTHS AND WEAKNESSES

PEC stands on a strong foundation of professional and experienced human resources, a consistent track record of business growth over four decades and world-class customer service in trade. PEC's mission is to trade in a manner to create an image of quality, reliability and ethical values in order to foster long term relationship with customers and business associates by

- Export of engineering equipment and projects especially from small and medium enterprises.
- Export and import of bulk items viz. Agro Commodities, Industrial Raw Materials and Bullion, etc and develop new products and new markets.

These have contributed towards building a strong foothold in international trade. Government ownership, good rapport with major national & international banks, qualified & experienced human resource, sound rating and quick decision-making are some of the strengths that support PEC's success. However limited assets' base and share capital, leads to risk of high exposure in relation to net worth.

OPPORTUNITIES AND THREATS

Global economic indicators are expected to improve, as prospects improve in advanced economies. Despite a strengthening external demand, uncertainty continues due to domestic fragilities. The global economic climate continues to be uncertain.

For India, economic activity is expected to improve modestly, driven by global economic revival which may lead to better opportunities for international trade.

RISKS AND CONCERNS

Volatility in prices specially when prices decline, higher level of inventory and sluggish demand over a period of 2-3 months results in pressure on trading margin as sale price decreases but are based on higher input cost. This affects PEC also as business may order fresh stocks after longer intervals.

The major concerns remain falling industrial production and continual depreciation in the Rupee against the US Dollar. The rising inflation further puts interest rates in vicious cycles. With negative net worth it is also very challenging to expand our presence in a variety of areas.

INTERNAL FINANCIAL CONTROLS AND PROCEDURES

PEC has effective internal financial control system to ensure compliances with statutory requirements, regulations and various policies and guidelines of the corporation. Internal Audit is conducted by an independent internal audit division consisting of experienced and professional manpower. Internal Audit Division ensures that proper system of checks and balances is in place in the Corporation. The observations / recommendations made by the Internal Audit Division are complied with timely with a view to avoid recurrence of any lapses.

The Corporation has a well-defined Delegation of Powers (DoP) in force, to facilitate faster commercial decision. The structure too, is lean and flat without compromising and affecting accountability, prudence and is flexible in line with modern management principles. The various systems and procedures of the Corporation have been laid down in such a manner that maximum transparency is ensured in all commercial deals. The Corporation has a full-fledged Vigilance Division to oversee that the guidelines of the Government are strictly adhered to / implemented in all matters requiring transparency of operations.

CORPORATE SOCIAL RESPONSIBILITY

PEC recognizes the essence of Corporate Social Responsibility & Sustainable Development. Significant efforts have been put in for identification of relevant projects that would make a positive and lasting impact on society, in line with the DPE guidelines. During the year, a sum of ₹ 33.07 Lakh was spent on various CSR activities in community welfare

initiatives. A detailed Annual Report on CSR is enclosed herewith as Annexure-3 to the Directors' Report.

WAY FORWARD

PEC continues to strive in its efforts to capture new opportunities in international as well as domestic trade to sustain its performance. PEC also looks forward optimistically to achieve higher targets in future.

CAUTIONARY STATEMENT

Statement in the management discussions and analysis describing the Company's projections,

estimation, expectations may be "forward looking statement" within the meaning of applicable laws and regulations. These statements are based on management's views and assumptions at the time information was prepared and involves known and unknown risks and uncertainties.

Actual results could differ materially from those expressed or implied. The Corporation expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained herein to reflect any changes in the corporation's expectations with regards thereto or any changes in events, conditions or circumstances on which any statement is based.

Last Ten Years

₹ in Crore

Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Sales	4517.91	5671.57	10274.78	11025.94	9969.94	11041.33	11649.01	9780.37	6186.76	3746.59
Exports	356.77	903.68	1261.78	1254.91	1136.25	1036.92	3029.12	2556.03	601.22	122.70
Domestic	330.59	420.81	492.72	889.46	926.89	1798.36	1659.38	1543.49	613.29	191.59
Imports	3830.55	4347.08	8520.28	8881.57	7906.80	8206.05	6960.51	5680.85	4972.25	3432.30
Income	69.40	90.98	149.73	145.55	146.40	159.72	159.63	43.02	(137.61)	(1110.84)
Expenditure	27.30	27.79	37.45	42.59	39.84	41.19	46.56	41.04	42.18	31.18
Establishment	11.88	15.85	24.97	20.08	26.69	28.48	27.46	24.73	29.54	21.65
Administration	15.42	11.94	12.48	22.51	13.15	12.71	19.10	16.31	12.64	9.53
Prior Period Ajustment	(0.24)	(0.02)	0.02	(0.07)	0.00	0.00	0.00	0.00	0.01	0.11
Profit before Tax	41.86	63.17	112.26	102.89	106.56	118.53	113.07	1.98	(179.79)	(1142.02)
Tax	14.31	21.79	40.09	35.18	35.64	38.98	16.12	1.27	28.75	0.00
Profit After Tax	27.55	41.38	72.17	67.71	70.92	79.55	96.95	0.71	(208.54)	(1142.02)
Capital Employed	114.02	338.37	180.74	460.03	479.51	347.63	586.13	1568.51	1453.10	(45.21)
Shareholder's Funds	95.22	126.07	180.69	232.03	285.51	347.63	362.04	362.75	154.21	(987.81)
Loan Funds	18.80	212.30	0.05	228.00	194.00	0.00	224.09	1205.76	1298.89	942.60

Report on Corporate Governance

Company's Philosophy on Corporate Governance

The Company strives to follow the best corporate governance practices, develop best policies/guidelines and communicate and train all its employees in order to foster a culture of compliance and obligation at every level of the organization and society at large in order to build an environment of trust and confidence among all the constituents. The Company endeavors to uphold the principles and practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning which are vital to achieve its Vision.

PEC Ltd. recognizes that good Corporate Governance is a continuous exercise and reiterates its commitment to pursue the highest standards of Corporate Governance in the overall interest of all its stakeholders.

The Company is committed to meet the expectations of stakeholders as a responsible corporate citizen. The Code of Conduct contains the fundamental principles and rules concerning ethical business conduct.

BOARD OF DIRECTORS

As on date, the Board comprises of CMD Shri M. Nagaraj, two Whole Time Directors and two Part-Time Directors including one Independent Director nominated by the President of India.

The composition of the Board of Directors, attendance in Board Meetings, Annual General Meeting and other Directorship held during the year 2015-16 are as:-

Sl. No.	Name & Designation of Directors attended	No. of Board meetings Meeting	Attendance at last Annual General Companies	Directorship held in other Public Limited
WHOLE-TIME DIRECTORS				
1.	Shri Rajani Ranjan Rashmi (CMD up to 23.05.2016)	6/6	Yes	Nil
2.	J. Ravi Shanker, CMD Additional Charge (w.e.f.27.05.2016)	6/6	Yes	Nil
3.	J. Ravi Shanker Director	6/6	Yes	Nil
PART-TIME DIRECTORS (Govt. Nominees)				
4.	Shri M.C.Luther (upto 20.11.2015)	6/6	Yes	Nil
5.	Smt. Rupa Dutta (w.e.f. 20.11.2015)	2/6	NR	Nil
6.	Shri Samir Kumar (w.e.f. 20.06.2015)	4/6	Yes	Nil

NR- Not Required, Since the concerned Director was not on the Board of PEC as on date of Board Meeting/AGM.

CHANGES IN DIRECTORSHIP

Following are the changes in the Board of Directors of your Company since 1st April, 2015:

- Shri Rajani Ranjan Rashmi, Additional Secretary, Department of Commerce & Industry relinquished the additional charge of Chairman-cum-Managing Director on 23.05.2016.
- Shri J. Ravi Shanker, Director, PEC has assumed the additional charge of Vacant Director w.e.f. 04.02.2016 & additional Charge of Chairman-cum-Managing Director w.e.f. 27.05.2016 to 31.08.2016.

- Shri Samir Kumar, Additional Economic Advisor, Department of Commerce & Industry appointed as Director in place of Ms. Aditi Das Raut and was Director upto 29.08.2016.
- Shri M.C. Luther, Director, Department of Commerce & Industry relinquished the charge of Director PEC w.e.f. 20.11.2015 in place of him Ms. Rupa Dutta, Economic Advisor has joined the Board of PEC Limited w.e.f. 20.11.2015.
- Shri Udesinh Baria has been appointed as Independent Director w.e.f. 15.06.2016 on the Board of PEC Limited.
- Shri M. Nagaraj has assumed the charge of Chairman-cum-Managing Director w.e.f. 01.09.2016.
- Shri Anupam Misra has assumed the charge of Director (Marketing) w.e.f. 20.09.2016.
- Ms. Mugdha Sinha, Director, Ministry of commerce & Industry has joined the Board as Director w.e.f. 29.08.2016 in place of Shri Samir Kumar.

BOARD MEETINGS AND PROCEDURES

BOARD MEETINGS

Six (6) Board meetings were held during the year and the maximum time gap between two (2) meetings did not exceed four (4) months. The details of the Board meetings are as under:-

Sl. No.	Board Meeting No.	Date	Board Strength	No. of Directors present
1	289th	29.04.2015	4	4
2	290th	28.07.2015	4	4
3	291th	27.08.2015	4	4
4	292th	01.10.2015	4	4
5	293th	29.12.2015	4	3
6	294th	16.03.2016	4	3

BOARD PROCEDURES

The meetings of the Board of Directors are normally held at the Company's Registered Office in New Delhi and are scheduled well in advance. The Board meets at least once in a quarter.

Detailed agenda papers are circulated in advance amongst the members for facilitating meaningful, informed and focused discussions at the meetings.

The minutes of the meetings of the Board of Directors/Committee of Management are maintained as per the applicable laws.

COMMITTEE OF MANAGEMENT

To facilitate expeditious consideration and arriving at decisions with focussed attention on the affairs of the company, the Board has constituted the Committee of Management with CMD as its Chairman, Functional Director(s), and General Manager (Finance) as Members and Company Secretary as Secretary to the Committee, with distinct role, accountability and authority.

CSR COMMITTEE OF DIRECTORS

Board has constituted a CSR Committee comprising 3 Directors viz. Shri Rajani Ranjan Rashmi, CMD as Chairman of the Committee, Shri J. Ravi Shanker, Director and Sh. M. C. Luther, Director as Member.

DIRECTORS' REMUNERATION

The Company, being a Government Company, terms and conditions of appointment and remuneration of its Whole-Time Functional Directors are fixed by the Government through the Ministry of Commerce & Industry. The Non-Executive Part Time Directors (Government Nominees) except Independent Directors do not draw any remuneration or sitting fee.

The details of remuneration paid for the year 2015-16 to Directors are as under:-

Sl. No.	Name of Directors	Salary & benefits (₹ Crore)	Performance linked incentive (₹ Crore)	No. of shares of PEC held as on 31.03.2016
FUNCTIONAL DIRECTORS				
1.	Shri Rajani Ranjan Rashmi, CMD	0.02	Nil	1
2.	Shri J. Ravi Shanker, Director	0.24	Nil	Nil
PART-TIME DIRECTORS (Govt. nominees)				
3.	Mrs. Aditi Das Rout, Director, MOC	-	-	-
4.	Shri M.C. Luther, Director(F), MOC	-	-	-
5.	Shri Samir Kumar, Additional Economic Advisor	-	-	1

GENERAL BODY MEETING

The General Body Meetings of the Company are held at the Registered Office of the Company – Hansalaya, 15 Barakhamba Road, New Delhi. The details of such meetings held during the last three years are as under:-

Nature of Meeting	Financial year	Date of meeting
Annual General Meeting	2014-15	01.10.2015
Annual General Meeting	2013-14	30.09.2014
Annual General Meeting	2012-13	30.09.2013
Extra Ordinary General Meeting	2012-13	22.02.2013

DISCLOSURE

DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTION

During the year, there were no transactions of material nature with the Directors or the Management or the subsidiary or relatives that had potential conflict with the interest of the Company.

Shareholders' Information

1. The 45th Annual General Meeting was held on 1st November, 2016 at 'Hansalaya' 15 Barakhamba Road, New Delhi – 110001.
2. The Company's financial year is from 1st April to 31st March.
3. Dividend payment

The details of dividend paid during the last 3 years are as under:-

Year	Rate (%)	Amount (₹ Crore)	Date of payment
2014-15	Nil	Nil	NA
2013-14	Nil	Nil	NA
2012-13	25	15	17-10-2013

WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report to the management concerns about unethical behaviour or actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy.

RELATED PARTY TRANSACTIONS

RISK MANAGEMENT

The Board of Directors approved the Risk Management Policy to take care of various risks associated with the business undertaken by your Company.

PARTICULARS OF LOANS, GURANTEES OR INVESTMENTS u/s 186

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in Note 9, 10, 15 and 25 respectively of the note forming part of the Financial Statements.

SHAREHOLDING PATTERN

The entire paid up equity capital of ₹ 60 crore divided into 60 lakh shares of ₹ 100 each is held by the President of India.

COMPLIANCE ON CORPORATE GOVERNANCE

The Company complies with the requirements of the guidelines on Corporate Governance for CPSEs 2010 issued by DPE.

M/s Sandeep Singh, Practicing Company Secretaries has examined and certified the compliance of Corporate Governance, the Certificate form is attached herewith and forms part of the Annual Report.

CS

SANDEEP SINGH

Company Secretary in Practice
Office: C-4/5, Lower Ground Floor,
Safdarjung Development Area, New Delhi- 110016
Mobile: 9650674338
E-mail: sandeeps28@gmail.com

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

**The Members,
PEC Limited**

We have examined the compliances of the conditions of Corporate Governance by **PEC Limited** ("The Company") for the year ended at **31st March, 2016** as stipulated in the guidelines on the Corporate Governance for Central Public Sector Enterprises.

The Compliances of the Guidelines on Corporate Governance is the responsibility of the Company's Management. Our examination was limited to a review of the procedure and implementations thereof, adopted by the Company for ensuring the compliances of the guidelines on Corporate Governance. It is neither an audit nor an expression of an opinion on the Financial Statements of the Company.

In our opinion and to best of our information and according to the information and according to the examination given to us, we certified that the Company has complied with guidelines on the Corporate Governance for Central Public Sector Enterprises except that:

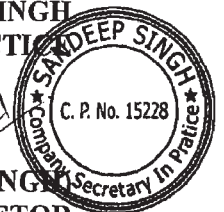
- 1. Appointment of Director(s) and Independent Director(s) are not in conformity with the Articles of Association of the Company and DPE Guidelines respectively. Consequently, the requisite Committee(s) requiring Independent Director(s) is/are not formed.*

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

**FOR SANDEEP SINGH
COMPANY SECRETARY IN PRACTICE**



(SANDEEP SINGH)
PROPRIETOR
C.P. NO.: 15228
MEM. NO.: A25187



**PLACE: NEW DELHI
DATE: 04/07/2016**

Annual Report on Corporate Social Responsibility Activities (2015-16)

1. Overview of policy and projects

With the promulgation of the new Companies Act 2013 and its mandatory provision under Section 135, PEC Ltd. has adopted a CSR and Sustainability Policy on the lines of Companies (CSR) Rules, 2014 issued by the Ministry of Corporate Affairs and latest CSR and Sustainability rules issued by DPE in this regard on 21st October, 2014.

The main thrust area for CSR and Sustainability Projects for PEC Ltd., as specified in Schedule VII of the Companies Act 2013, and amendments thereof, are as follows:

- Environment Conservation & Green Energy,
- Heritage Culture & Sports,
- Healthcare,
- Education of Underprivileged & Disabled,
- Swachh Bharat Abhiyan,
- Vocational Training,
- Drinking Water & Water Conservation.

Vision Statement: PEC Limited, through its CSR initiatives, will continue to enhance value creation in the society to actively engage in social, economic, environmental and cultural development of the communities, especially meeting the priority needs of socially/economically backward, marginalized & vulnerable communities and making them self-reliant.

The aim of the Corporate Social Responsibility and Sustainability Policy (CSR and Sustainability Policy) is to ensure that the Corporation becomes a socially responsible corporate entity committed to improving the quality of life of the society at large.

For the Financial Year 2015-16, the CSR projects area as agreed upon in the MoU with the Ministry of Commerce & Industry were as follows:

- Construction and Maintenance of Toilet Complex in Delhi-NCR
- Skill Development & Education.

In view of losses, no funds were allocated towards CSR & Sustainable Development for the FY 2015-16 and the carried forward funds from previous years amounting to ₹ 82 lakhs were available, out of which ₹ 11,39,557 were already disbursed /spent in FY 2015-16 for the project initiated in FY 2014-15. Accordingly, an amount of the remaining carried forward amount of ₹ 71 lakh was allocated for the following activities under CSR for the FY 2015-16:

- Construction and Maintenance of Toilet complex in Khajuri Khas.
- Solar Energy
- Education & Health
- Rehabilitation of the differently-abled through NGO.
- Health/medical welfare for the weaker section through NGOs.
- Skill Development or any Item from Schedule VII

Web Links

Web-link of company at which CSR policy is placed - <http://www.peclimited.com/CSR.html>

2. The composition of CSR Committee

1. Shri Rajni Ranjan Rashmi, CMD – Chairman
2. Shri J. Ravi Shanker, Director – Member
3. Shri Samir Kumar, Director – Member.

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

FY	Net profit (PBT) in ₹ Crores
2012-13	48.07
2013-14	1.98
2014-15	(179.79)
TOTAL	(129.74)
AVG. PROFIT	(43.25)

4. Prescribed CSR expenditure (2% of the amount as in item 3 above)

2% of (43.25) = ₹ (0.86) Crores

5. Details of CSR spent during the financial year

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

Provision for FY 2015-16 - Nil

Carried forward amount - ₹ 11,39,557 disbursed/spent in FY 2015-16 for the projects

Initiated in FY 2014-15 = ₹ 71 lakhs.

Manner in which the amount spent during the financial year is detailed below:

Amount spent: ₹ 33,07,603.50

Details placed at Annexure herewith.

6. In case the company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board Report.

Not applicable as item 3 above.

7. A responsibility statement of the CSR Committee

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

Sd/-

(M. Nagaraj)
Chairman-cum-Managing Director

Annexure to Report on CSR Activities 2015-16

1	2	3	4	5	6	7	8	9
	CSR Projects	Activity Identified	Sector In which project is covered	Projects 1. Local area or 2. Specify state or district of project	Amount outlay project or program wise (₹ Lakhs)	Amount spent on projects 1. Direct expenditure 2. Overheads (₹ Lakhs)	Cumulative expenditure upto reporting period (₹ Lakhs)	Amount spent: Direct or Through implementing agency (IA)
Amount Allocated from the Carried Forward of Previous Years for the Activities during 2015-16								
1	Construction of toilet complex at Khajoori Khas	Construction and maintenance of Toilet complex in Delhi-NCR	Swachh Bharat Abhiyan	Khajoori Khas Flyover, Delhi	27.39	19.17	19.17	IA Sulabh International
2	Helping the Disabled Regain Mobility and Dignity	Rehabilitation of differently - abled directly or through NGOs	Healthcare and Education of Disabled	NCR	5.00	2.50	2.50	IA BMVSS
3	Mid Day Meal Programme under 15 Point Programme of Planning Commission, Project - Children Adoption Initiative	Supporting the Mid Day Meal Programme under 15 Point Programme of Planning Commission directly or through NGOs	Education of Underprivileged & Disabled	NCR	5.00			IA ISKCON Food Relief Foundation
4	Free Education with Food Clothing Study Material and HealthCare	Education of Weaker / Underprivileged Section of Society directly or through NGO	Education of Underprivileged & Disabled	NCR	5.00			IA Shirdi Sai Baba Temple Society
5	Solar Energy	Solar LED Street Lights to the Weaver Community of Bhadohi UP	Environment Sustainability and Green Energy	Bhadohi UP	9.96			IA
6	Project Drishti-Supporting Healthcare through contribution onwards Eye Screening and Cataract Operation Camps	Health/Medical Welfare for Weaker Sections through NGOs	Healthcare	Rajasthan	2.50			IA Anugraha Drishtidan
7	Skill Development or Any Item from Schedule VII	-	-	-	16.16			Not yet Started

1	2	3	4	5	6	7	8	9
Sl. No.	CSR Projects	Activity Identified	Sector In which project is covered	Projects 1. Local area or 2. Specify state or district of project	Amount outlay project or program wise (₹ Lakhs)	Amount spent on projects 1. Direct expenditure 2. Overheads (₹ Lakhs)	Cumulative expenditure upto reporting period (₹ Lakhs)	Amount spent: Direct or Through implementing agency (IA)
Projects initiated in FY 2014-15 or before								
8	Construction of 11WC+1 for PwD toilet complex	Construction and maintenance of Toilet complex in Delhi-NCR	Swachh Bharat Abhiyan	JJ Cluster, Block C&D, Distt Centre, Shalimar Bagh, Delhi	25.36	6.12		IA Sulabh International
9	Refund on A/C of Project of Toilet Complex	Construction and maintenance of Toilet complex in Delhi-NCR	Swachh Bharat Abhiyan	JJ Cluster, Block C&D, Distt Centre, Shalimar Bagh, Delhi	-1.00	-1.00		IA Sulabh International
10	Project Drishti - eye-screening and Cataract Operations camp	Health/Medical Welfare for Weaker sections directly or through NGOs	Healthcare	Baran, Rajasthan	5.00	5.00		IA Anugraha Drishtidaan
11	Expenditure on Baseline Study, Monitoring & Evaluation	Budget earmarked towards expenditure on Baseline survey, concurrent audit and final audit by in-house resources and independent agencies and training of officials on CSR and SD	Various	Various Projects	1.28	1.28		External agency Soul Ace Consulting Pvt. Ltd.
	Total				101.35	33.07		

Form No. MGT 9 Extract of Annual Return

As on financial year ended on 31.03.2016

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U74899DL1971GOI005600
2.	Registration Date	21/04/1971
3.	Name of the Company	PEC Limited
4.	Category/Sub-category of the Company	Company Limited by Shares/Union Government Company
5.	Address of the Registered office & contact details	Hansalaya,15-Barakhamba Road, New Delhi-110 001
6.	Whether listed company	Unlisted
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NIL

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Coal	99651251	25%
2	Silver	99611926	19%
3	Steel	99611925	16%
4	Yellow Peas	99611218	11%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary / Associate	% of shares held	Applicable section
1.	Tea Trading Corporation of India Limited, 7 Wood St. Kolkata WB 700016	U51226WB1971PLC028174	Subsidiary	100%	Section 2 (87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	0	0	0	0	0	0	0	0	0
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	60,00,000	60,00,000	100%	0	60,00,000	60,00,000	100%	0%
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)	0	60,00,000	60,00,000	100%	0	60,00,000	60,00,000	100%	0%
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Non Resident Indians	0	0	0	0	0	0	0	0	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	60,00,000	60,00,000	100%	0	60,00,000	60,00,000	100%	0%

B) Shareholding of Promoter

S. N.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	President of India	59,99,998	100	-	59,99,998	100	-	-
2	Shri R.R. Rashmi*	1	-	-	1	-	-	-
3	Mrs. Aditi Das Raut*	1	-	-	0	-	-	-
4	Shri Samir Kumar*	0	-	-	1	-	-	-
		60,00,000	100	-	60,00,000	100	-	-

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

C) Change in Promoters' Shareholding (please specify, if there is no change)

S. N.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,00,000	100	60,00,000	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NA	NA	NA	NA
	At the end of the year	60,00,000	100	60,00,000	100

D) Shareholding Pattern of top ten Shareholders:

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

S. N.	For Each of the Top 10	Shareholding at the beginning of the year		Cumulative Shareholding during the	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	-	-	-	-
	At the end of the year	-	-	-	-

E) Shareholding of Directors and Key Managerial Personnel:

Name & Designation	Shareholding		Date	Increase / Decrease in Share holding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
	No. of Shares at the beginning of the Year	% of total shares of the Company				Shares	% of Total shares of the Company
Shri Rajani Ranjan Rashmi, CMD	1	0	NA	0	NA	1	0
Shri J. Ravi Shanker, Director	0	0	NA	0	NA	0	0
Shri M. C. Luther, Director	0	0	NA	0	NA	0	0
Mrs. Aditi Das Rout, Director	1	0	NA	0	NA	0	0
Shri Samir Kumar	0	0	28 July 2015	1	Nomination by Hon'ble President of India	1	0
Smt. Rupa Dutta	0	0	NA	0	NA	0	0
Shri Arvind Kumar, CS (upto 27.08.2015)	0	0	NA	0	NA	0	0
Shri Pardeep Kumar, CS (w.e.f. 27.08.2015)	0	0	NA	0	NA	0	0

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	11,45,89,29,966	1,53,00,00,000	-	12,98,89,29,966
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	11,45,89,29,966	1,53,00,00,000	-	12,98,89,29,966
Change in Indebtedness during the financial year				
Addition	-			
Reduction	2,03,34,80,110	1,53,00,00,000	-	3,56,34,80,110
Net Change	(2,03,34,80,110)	(1,53,00,00,000)	-	(3,56,34,80,110)

Indebtedness at the end of the financial year				
i) Principal Amount	9,42,00,30,037	-	-	9,42,00,30,037
ii) Interest due but not paid	54,19,819	-	-	54,19,819
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	9,42,54,49,856	-	-	9,42,54,49,856

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

S. N.	Particulars of Remuneration	Shri R. R. Rashmi CMD	Shri J. Ravi Shanker Director	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	22,74,407	22,74,407
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,51,381	1,32,605	2,83,986
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others	0	0	0
5	Others	-16,174	3,34,640	3,18,466
	Total (A)	1,35,207	27,41,652	28,76,859
	Ceiling as per the Act	NA	NA	NA

B. Remuneration to other directors

SN	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		NIL
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)		
2	Other Non-Executive Directors		NIL
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)		

Total (B)=(1+2)	NIL
Total Managerial Remuneration	
Overall Ceiling as per the Act	

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

SN	Particulars of Remuneration	Key Managerial Personnel		
		Shri Pardeep Kumar CS (w.e.f. 27.08.2015)	Shri Arvind Kumar CS (up to 27.08.2015)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,73,302	3,50,269	10,23,571
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,477	37,829	40,306
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others	0	0	0
5	Others, please specify	70,444	52,640	1,23,084
	Total	7,46,223	4,40,738	11,86,961

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

Balance Sheet

As at 31 March 2016

₹ in Crore

Particulars		Note No.	As at 31 March 2016	As at 31 March 2015
A	EQUITY AND LIABILITIES			
1	Shareholders' Funds			
	(a) Share Capital	2	60.00	60.00
	(b) Reserves and Surplus	3	(1,047.81)	94.21
			(987.81)	154.21
2	Non-Current Liabilities			
	(a) Long-term Provisions	4	20.15	22.03
			20.15	22.03
3	Current Liabilities			
	(a) Short-term Borrowings	5	942.60	1,298.89
	(b) Trade Payables		1,650.94	1,813.39
	(c) Other Current Liabilities	6	291.81	307.60
	(d) Short-term Provisions	7	3.17	3.18
			2,888.52	3,423.06
	Total		1,920.86	3,599.30
B	ASSETS			
1	Non-Current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets	8	0.53	0.60
	(b) Non-current Investments	9	-	-
	(c) Deferred Tax Assets (net)	34	-	-
	(d) Long-term Loans and Advances	10	42.06	31.76
	(e) Other Non-Current Assets	11	1.05	-
			43.64	32.36
2	Current Assets			
	(a) Inventories	12	265.06	241.80
	(b) Trade Receivables	13	1,548.05	2,635.94
	(c) Cash and Cash Equivalents	14	22.53	4.84
	(d) Short-term Loans and Advances	15	38.62	682.29
	(e) Other Current Assets	16	2.96	2.07
			1,877.22	3,566.94
	Total		1,920.86	3,599.30
	Notes to Accounts	1 to 51		

In terms of our Report of even date

For J. P., Kapur & Uberai

Chartered Accountants

Firm Registration No. 000593N

For and on behalf of the Board of PEC Limited

Sd/-

(Vinay Jain)

Partner

Membership No. 95187

Sd/-

(M. Nagaraj)

Chairman-cum-Managing Director

DIN: 05184848

Sd/-

(J. Ravi Shanker)

Director

DIN: 06961483

Sd/-

(P. K. Ojha)

General Manager (Finance)

Sd/-

(Pardeep Kumar)

Company Secretary
Membership No. 36128

Place: New Delhi

Date: 15.09.2016

Statement of Profit and Loss

for the year ended 31 March 2016

₹ in Crore

Particulars		Note No.	For the year ended 31 March 2016	For the year ended 31 March 2015
1	Revenue from Operations	17	3,784.29	6,254.51
2	Other Income	18	24.44	69.98
3	Total Revenue (1+2)		3,808.73	6,324.49
4	Expenses			
	(a) Purchases of Stock-in-trade	19a	3,622.62	5,928.57
	(b) Changes in Inventories of Stock-in-trade	19b	(23.26)	0.64
	(c) Employee Benefits Expense	20	21.65	29.54
	(d) Finance Costs	21	106.32	139.00
	(e) Depreciation and Amortization Expense	8	0.31	0.34
	(f) Other Expenses	22	188.50	310.90
	Total Expenses [4(a) to 4(f)]		3,916.14	6,408.99
5	Profit / (Loss) before exceptional, extraordinary items and tax (3-4)		(107.41)	(84.50)
6	Exceptional items (net)	23	1,034.61	95.29
7	Profit / (Loss) before extraordinary items and tax (5-6)		(1,142.02)	(179.79)
8	Extraordinary items (net)	24	-	-
9	Profit / (Loss) Before Tax (7-8)		(1,142.02)	(179.79)
10	Tax Expense:			
	(a) Current Income Tax		-	-
	(b) Deferred Tax		-	28.74
	(c) Wealth Tax		-	0.01
11	Profit / (Loss) for the Period		(1,142.02)	(208.54)
12	Earnings per Equity Share of ₹ 100 each:			
	Basic (in ₹)		(1,903.36)	(347.57)
	Diluted (in ₹)		(1,903.36)	(347.57)
	Notes to Accounts	1 to 51		

In terms of our Report of even date

For J. P., Kapur & Uberai

Chartered Accountants

Firm Registration No. 000593N

For and on behalf of the Board of PEC Limited

Sd/-

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(P. K. Ojha)

General Manager (Finance)

Sd/-

(Pardeep Kumar)

Company Secretary

Membership No. 36128

Place: New Delhi

Date: 15.09.2016

Cash Flow Statement

for the year ended 31 March 2016

In accordance with Indirect Method set out in Accounting Standard- 3 issued by the Institute of Chartered Accountants of India

₹ in Crore

PARTICULARS	For the year ended 31 March 2016	For the year ended 31 March 2015
Cash flow from operating activities		
Net profit before tax	(1,142.02)	(179.79)
Adjustment for		
(Profit)/Loss on sale of fixed Assets	-	(0.02)
Interest paid (Finance Cost)	106.32	139.00
Rental Income	-	(0.09)
Depreciation	0.31	0.34
Foreign Exchange (Gain)/Loss	(1.45)	(3.78)
Interest Income	(0.18)	(0.39)
Provisions no longer required written back	(0.65)	(5.02)
Liability no longer required written back	(23.38)	(55.39)
Bad Debts	0.08	0.69
Provision for Doubtful Debts	1,035.11	98.70
Provision for Impairment in Investment	-	0.40
Claim Recoverable Written Off	-	0.24
Operating profit before working capital changes	(25.86)	(5.11)
(Increase)/Decrease in Trade & Other receivables	52.22	(50.03)
(Increase)/Decrease in Inventories	(23.26)	0.64
Increase/(Decrease) in Trade & Other payable	(156.11)	(115.48)
(Increase)/Decrease in Loans & advances	633.74	210.06
Cash generated from operations	480.73	40.08
Income tax (paid)/received (net)	(0.37)	(3.22)
Net cash flow from operating activities (A)	480.36	36.86
Cash flow from Investing activities:		
Purchase of Fixed Assets	(0.25)	(0.22)
Proceeds from sale of Fixed Assets	0.01	0.04
Rental Income	-	0.09
Investments in Bank deposits	(1.41)	2.75
Interest received	0.18	0.39
Net cash from investing activities (B)	(1.47)	3.05
Cash flow from financing activities		
Borrowings/(Repayments) of loans and credits	(356.29)	93.13
Interest paid	(106.32)	(139.00)
Net cash from financial activities (C)	(462.61)	(45.87)
Net increase/(decrease) in cash & cash equivalents (A)+(B)+(C)	16.28	(5.96)
Cash & cash equivalents at beginning of the period	4.01	9.97
Cash & cash equivalents at end of the period	20.29	4.01

Notes:

1. Figures in brackets represents outflow. 2. Previous year figures have recasted/restated wherever necessary. 3. Balance with bank includes Rs. 0.04 Crore lying in National Commercial Bank, Albeida, which is not repatriable and has been excluded from cash and cash equivalents.

In terms of our Report of even date

For J. P., Kapur & Uberai

Chartered Accountants

Firm Registration No. 000593N

For and on behalf of the Board of PEC Limited

Sd/-

(Vinay Jain)

Partner

Membership No. 95187

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(M. Nagaraj)

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DIN: 05184848

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Director

DIN: 06961483

Sd/-

(P. K. Ojha)

General Manager (Finance)

Sd/-

(Pardeep Kumar)

Company Secretary
Membership No. 36128

Place: New Delhi

Date: 15.09.2016

NOTES TO ACCOUNTS AS AT 31 MARCH, 2016

Note 1. Accounting Policies

a. General Information

The Company is incorporated and domiciled in India as a public sector undertaking under the administrative control of Ministry of Commerce & Industry, Government of India. The registered office of the Company is "Hansalaya", 15, Barakhamba Road, New Delhi. The company also has branch offices at various places across India.

The principal activities of the Company are trading of agricultural, industrial and engineering products etc.

The Company's trade activities spans across various countries.

b. Basis of accounting

1. The Financial Statements are prepared under the Historical Cost Convention on Accrual Basis of Accounting and is in agreement with the fundamental Accounting Principles of Prudence, Consistency and Materiality.
2. The Financial Statements are reported in Rupees and all values are rounded off to the nearest Rupee Crore unless otherwise stated.
3. The Financial Statements are prepared in accordance with the Generally Accepted Accounting Principles followed in India, Accounting Standards notified under Section 133 of the Companies Act, 2013 and the relevant provisions thereof.

c. Fixed Assets

Fixed Assets are stated at Historical Cost less accumulated depreciation. The cost of a fixed asset comprises of its purchase price and any expense which is attributable in bringing the said asset to its working condition for its intended use.

d. Depreciation

On the basis of technical evaluation with regard to the total working life and salvage value, fixed assets are being depreciated on Straight Line Method at the following useful lives:

Assets	Useful Life in Years
Building - Flats	20
Furniture & Fittings	5
Office Equipments	3
Air Conditioners	5
Data Processing Equipment - Computers etc.	3
Vehicles	5
Audio Visual Equipments	3

Asset costing ₹ 5,000/- or below is depreciated @ 100% in the year of purchase leaving token value of Re. 1/- each without considering the working life of the asset, so as to ascertain the existence of the assets in the financial records.

e. Purchases and Sales

Purchases and Sales are accounted for by the Company on the following basis:

1. Purchase and Sales are recognized on the performance of contracts/ agreements wholly or partly by the Company.

2. In respect of back to back/tripartite/joint execution/third party arrangements/Letter of Credit assigned to Associates, Purchases and Sales, Custom duty and other expenses are booked on the basis of document furnished by the Business Associates as adjusted for the fixed trade margin accruing to the Company.
3. Sales include transactions under third party arrangements.
4. In case of dealings on behalf of the Government (including consignments under Government's Gifts/Grant Scheme), Purchases and Sales and incidental expenses or income thereof are accounted for under respective heads of accounts. Surplus or deficit to Government account, after adjusting service margin accrued to the Company is adjusted in trade income or cost of sales respectively.
5. Sales (including exports) are entered on the basis of date of Bill of Lading/Airways Bill/Railway Receipts/Lorry Receipts in preference of date of invoice. Sales of Bullion/ on CAD are accounted on the basis of document against payment basis.

f. Revenue recognition

A. Income

Revenue is accounted for on accrual basis except:

1. Interest on overdues recoverable, if any, where realization is uncertain.
2. Decreed/Contested dues by associates and interest thereon, if any.
3. Liquidated damages from Suppliers/Contractors, refund of Custom Duty, Income Tax and Sales Tax and interest thereon, if any.
4. Miscellaneous income on account of damages or compensation recovered from the suppliers/buyers in respect of washed out contracts for imports or exports.
5. Realisable Value on account of sale of residuals.

B. Expenses

1. Trade Expenses include expenses incurred by Associates on behalf of the Company and/or by the Company as per Agreement with the respective Associates are accounted for on the basis of statements furnished by them/recovered from them.
2. Interest payable if any, on advances and progressive payments received from Associates & Suppliers are accounted for on accrual basis.

g. Export Incentives

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty of its realization.

h. Foreign Currency Transactions

1. Transactions denominated in foreign currencies are recorded at exchange rate prevailing at the time of transaction.
2. All monetary items denominated in foreign currencies at the year-end are translated at year-end rates.
3. Non-monetary items other than fixed assets denominated in foreign currencies are reported on exchange rate at the transaction date. Fixed Assets are reported on exchange rate as at the transaction date as increased/reduced by the exchange difference arising on the corresponding foreign currency liability.
4. Income or expense on account of exchange difference on settlement or translation is recognized in the Statement of Profit & Loss. Premium or Discount on forward exchange contracts is recognized on pro-rata basis with reference to the life of the forward contract except for forward covers taken at the behest of Business Associates.

i. Stock

1. Stocks held by the Company are physically verified/certified by Surveyors and by the management.
2. Stock in Trade held on Non Government Account is valued at Lower of Cost or Net Realizable Value. Cost includes cost of procurement and all direct and indirect costs incurred to bring the stocks to the condition as at the time of valuation. Cost is determined as per specific identification method in respect of items handled on back to back arrangement with business associates.
3. Stock in Trade held on Government Account under PDS or otherwise is valued at Cost on weighted average method which includes Purchase Cost, Other Expenses and Financing Cost which are attributable to such Stock.

j. Net Realisable Value

Net Realisable Value is the estimated price realizable in the ordinary course of business less further costs to be incurred for completing the sale. Estimates of net realizable value are based on the most reliable evidence available at the time of estimation as to the amount the inventories are expected to realize and also take into consideration fluctuations of price or other factors affecting the realizable value including events occurring after balance sheet date to the extent that such events confirm the conditions existing at the balance sheet date.

k. Taxation on Income

1. Tax Expense/Tax Saving is the aggregate of Current Tax and Deferred Tax charged/ credited to the Profit & Loss Appropriation Account.
2. Current Tax is the provision made for Income Tax liability on the profits for the year in accordance with the provisions of the Income Tax Act, 1961.
3. Deferred Tax Liability/Asset resulting from timing differences between the taxable and accounting income and it is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date as per the provisions contained in Accounting Standard-22 (AS-22) issued by the Institute of Chartered Accountants of India.
4. Deferred Tax Assets are recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

l. Employee Benefits

1. Short term employee benefits are recognized as an expense at their undiscounted amount in the accounting period in which the employee has rendered services.
2. Employees benefit under defined contribution plan comprising provident fund has been recognized based on undiscounted obligation of the company to contribute to the plan. The same is paid to a fund administered through a separate trust.
3. Liability for gratuity and leave encashment i.e. earned, half pay and casual leave standing to the credit of employees at the close of the year has been recognized based on actuarial valuation.
4. Liability towards post-retirement medical benefits is provided based on actuarial valuation and has been provided in respect of present and retired employees.

m. Use of Estimates

In preparing company's financial statements in conformity with Generally Accepted Accounting Practices and policies in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue & expenses during the reporting period. Actual results however, could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current & future periods.

n. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation are recognized when there is a present obligation as a result of past events and it's probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

o. Cash Flow from Operating Activities

Cash Flows relating to funds provided by Business Associates or the Company for execution of trading contracts including utilization of the funds towards fixed deposits with banks for opening letters of credit in favor of suppliers and refund/payment/recovery of interest thereon as per the terms of Contract are treated as a part of operating activities.

p. Earnings per share

Earnings per share is calculated as per the provisions of Accounting Standard-20 (AS-20) issued by the Institute of Chartered Accountants of India by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares as on the balance sheet date.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.

q. Investments

Long term investments are carried at cost. When there is a decline (other than temporary) in the value of long term investments, the carrying amount is reduced to recognize the decline.

Current investments are carried at low cost or fair value.

r. Impairment of Assets

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

s. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vested with the lessor and are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

t. Prior Period Adjustment

Expenditure/Income relating to previous year(s) is shown in the Accounts under the head "Prior Period Adjustment Account" as per the provisions of AS-5 (Net Profit & Loss for the period, Prior Period Items and Changes in Accounting Policies) issued by the Institute of Chartered Accountants of India.

NOTE 2: SHARE CAPITAL

₹ in Crore

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	₹ in Crore	Number of shares	₹ in Crore
(a) Authorised Equity shares of ₹ 100 each	6,000,000	60.00	6,000,000	60.00
(b) Issued Equity shares of ₹ 100 each	6,000,000	60.00	6,000,000	60.00
(c) Subscribed and fully paid up Equity shares of ₹ 100 each	6,000,000	60.00	6,000,000	60.00
Total	6,000,000	60.00	6,000,000	60.00

Details of Bonus Shares:-

40,00,000 Equity Shares of ₹ 100 each issued as Bonus Shares by way of capitalisation of Reserves in Financial Year 2012-13.

Equity Shares issued and subscribed do not enjoy any differential rights. The company has a single class of equity shares. Accordingly, all equity shares rank equally with regards to dividend and share in the company's residual assets.

Reconciliation of no. of Shares:

Class of Share Capital	Opening as at 01.04.2015	Issued during the year by way of Bonus Share	Bought back during the year	Closing as at 31.03.2016
Equity Share of ₹ 100 each	6,000,000	-	-	6,000,000
Previous Year	6,000,000	-	-	6,000,000

Details of Shareholders holding more than 5% shares

Name	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	% of Shares held	No. of Shares held	% of Shares held
Government of India	6,000,000	100%	6,000,000	100%

NOTE 3: RESERVES AND SURPLUS

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Special Purpose Trading Risk Reserve		
As per last accounts	25.00	25.00
Add: Addition during the year	-	-
Less: Transferred to Appropriation during the year	(25.00)	-
Closing balance	-	25.00
(b) General Reserve		
As per last accounts	69.21	277.75
Add: Addition during the year	-	-
Less: Transferred to Surplus/(Deficit) in Statement of Profit & Loss	(69.21)	(208.54)
Closing balance	-	69.21
(c) Surplus in Statement of Profit & Loss		
Opening Balance		
Current Year Profit/(Loss) after tax	(1,142.02)	(208.54)
Appropriations:		
Proposed Dividend	-	-
Corporate Dividend Tax	-	-
Transfer from Special Purpose Trading Risk Reserve	25.00	-
Transfer from General Reserve	69.21	208.54
Closing Balance	(1,047.81)	-
Total (a)+(b)+(c)	(1,047.81)	94.21

NOTE 4: LONG-TERM PROVISIONS

₹ in Crore

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for Employees benefits (Refer Note no. 35)		
Earned Leave	3.35	4.13
Half Pay Leave	0.24	0.74
Post Retirement Medical Benefits	16.56	17.16
Provision for Others	-	-
Total	20.15	22.03

NOTE 5: SHORT-TERM BORROWINGS

Particulars	As at 31 March 2016	As at 31 March 2015
Loans Repayable on Demand From Banks		
a) Secured (against hypothecation of inventories, trade receivables and other current assets present and future)	942.60	1,145.89
b) Unsecured	-	153.00
Total	942.60	1,298.89

The loans have not been guaranteed by any of the directors.

The loans have been taken from Banks under Cash Credit/Overdraft/Working Capital Demand Loans and Others and are repayable within one year.

The company has not defaulted in repayment of loan and interest thereon during the year.

NOTE 6: OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Interest accrued but not due on Trade Payables	2.18	1.32
(b) Interest accrued but not due on borrowings	-	-
(c) Other payables		
(i) Statutory remittances		
Sales Tax/VAT/WCT	0.02	1.52
TDS/Withholding Tax	1.48	2.55
Service Tax	0.00	0.36
Provident Fund	0.35	0.38
(ii) Contribution to Pension fund	0.24	0.27
(iii) Trade / security deposits received	9.52	67.29
(iv) Margin Money from Customers	130.04	154.33
(v) Payable to Associates	105.77	39.36
(vi) Payable for expenses	2.65	3.47
(vii) Other Liabilities	39.56	36.75
Total	291.81	307.60

NOTE 7: SHORT-TERM PROVISIONS

₹ in Crore

Particulars	As at 31 March 2016	As at 31 March 2015
a) Provisions for Employees Benefits		
(a) Provision for Leave Encashment	1.88	1.62
(b) Provision for Post Retirement Medical Benefit	0.80	0.74
b) Others		
(a) Provision for Corporate Social Responsibility & Sustainable Development	0.49	0.81
(b) Provision for Wealth Tax	-	0.01
Total	3.17	3.18

NOTE 8: FIXED ASSETS

Assets	Gross block					
	Balance as at 1 April, 2015	Additions	Disposals	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2016
A. Tangible Assets						
Owned						
(a) Building	0.35	-	-	-	-	0.35
(b) Furniture and Fixtures	1.18	0.01	0.01	-	-	1.18
(c) Vehicles	0.40	0.01	-	-	-	0.41
(d) Office Equipments	1.79	0.04	0.02	-	-	1.81
(e) Air Conditioners	0.41	0.03	0.00	-	-	0.44
(f) Data Processing (Computer & Accessories)	2.23	0.06	0.09	-	-	2.20
Total	6.36	0.15	0.12	-	-	6.39
B. Intangible Assets						
Owned						
(a) Data Processing (Software)	-	0.10	-	-	-	0.10
Total	-	0.10	-	-	-	0.10
Total (A + B)	6.36	0.25	0.12	-	-	6.49
Previous year	6.34	0.22	0.20	-	-	6.36

Assets	Accumulated depreciation and impairment				Net block	
	Upto 31 March, 2015	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Upto 31 March, 2016	Balance as at 31 March, 2016	Balance as at 31 March, 2015
A. Tangible Assets						
Owned						
(a) Building	0.33	0.00	-	0.33	0.02	0.02
(a) Furniture and Fixtures	1.13	0.02	0.01	1.14	0.04	0.05
(b) Vehicles	0.25	0.06	-	0.31	0.10	0.15
(c) Office Equipments	1.65	0.09	0.02	1.72	0.09	0.14
(d) Air Conditioners	0.37	0.02	0.00	0.39	0.05	0.04
(e) Data Processing (Computer & Accessories)	2.04	0.11	0.09	2.06	0.14	0.19
Total	5.77	0.30	0.12	5.95	0.44	0.60

₹ in Crore

B. Intangible Assets						
(i) Owned						
(a) Data Processing (Software)	-	0.01	-	0.01	0.09	-
Total	-	0.01	-	0.01	0.09	-
Total (A + B)	5.77	0.31	0.12	5.96	0.53	0.60
Previous year	5.60	0.34	0.18	5.76	0.60	-

NOTE 9: NON-CURRENT INVESTMENTS

Particulars	As at 31 March 2016	As at 31 March 2015
Trade Investments (At cost, Unquoted):		
(a) Investment in property Neelam Gulzar Cooperative Housing Society Ltd., Mumbai (15 Ordinary Shares of ₹ 50/- each fully paid up)	0.00	0.00
Total (a)	0.00	0.00
(b) Investment in equity instruments		
(i) Tea Trading Corporation of India Limited - Subsidiary Company (11,14,193 Equity Shares of ₹ 100 each fully paid up)	0.00	0.00
(ii) Indian Bullion Market Association Limited (4,00,000 Equity Shares of ₹ 10 each fully paid up)	0.40	0.40
Less:- Provision for diminution of investment	(0.40)	(0.40)
Total (b)	0.00	0.00
Total (a)+(b)	0.00	0.00

Note:- Investment in Neelam Gulzar Cooperative Housing Society Ltd., Mumbai is valued at ₹ 750 (Previous Year ₹ 750)
Investment in Tea Trading Corporation of India Ltd. is valued at ₹ 1 (Previous Year ₹ 1)

NOTE 10: LONG-TERM LOANS AND ADVANCES

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Security deposits		
Secured, considered good	0.06	0.31
Unsecured, considered good	0.47	0.50
Less: Provision for doubtful deposits	-	-
(I)	0.53	0.81
(b) Loans and advances to employees *		
Secured, considered good	0.25	0.31
Interest Accrued on Advances to Employees but not due	0.14	0.15
Unsecured, considered good	0.67	0.72
Interest Accrued on Advances to Employees but not due	0.46	0.42
(II)	1.52	1.60
(c) Loans and advances to associates/suppliers		
Doubtful	634.48	36.49
Less: Provision for doubtful advances	(634.48)	(36.49)
(III)	-	-
(d) Capital Advance	40.01	29.35
Total (I)+(II)+(III)+(IV)	42.06	31.76

₹ in Crore

* Long-term loans and advances to employees include amounts due from:		
Particulars	As at 31 March 2016	As at 31 March 2015
Directors/Officers	0.05	0.05
Interest Accrued but not due on advances to Officers	0.02	0.02
Total	0.07	0.07

NOTE 11: OTHER NON-CURRENT ASSETS

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Long-term trade receivables (including Trade receivables on deferred credit terms)		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	570.83	134.26
	570.83	134.26
Less: Provision for doubtful trade receivables	(569.78)	(134.26)
Total	1.05	-

NOTE 12: INVENTORIES

Particulars	As at 31 March 2016	As at 31 March 2015
(As certified by the Management)		
(a) Stock-in-trade including with handling agents	175.23	71.26
(b) Goods-in-transit	89.83	170.54
Total	265.06	241.80

NOTE 13: TRADE RECEIVABLES

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good		
(i) Debtors (Secured against ILC, Stock, Bank Guarantee & Margin Money)	53.99	162.07
Unsecured, considered good		
(i) Debtors	40.90	335.32
(ii) Claims Recoverable	703.36	923.78
	798.25	1,421.17
Less: Provision for doubtful trade receivables	(1.56)	-
(I)	796.69	1,421.17
(b) Other Trade receivables		
Secured, considered good		
(i) Debtors (Secured against ILC, Stock, Bank Guarantee & Margin Money)	731.14	939.26
Unsecured, considered good		
(i) Debtors	20.22	275.51
(ii) Claims Recoverable	-	-
	751.36	1,214.77
Less: Provision for doubtful trade receivables	-	-
(II)	751.36	1,214.77
Total (I)+(II)	1,548.05	2,635.94

NOTE 14: CASH AND CASH EQUIVALENTS

₹ in Crore

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Cash & Cash Equivalents		
(i) Cash on Hand	-	-
(ii) Cheques, Drafts in hand	-	-
Balances with Banks		
(i) In Current/Cash Credit accounts	20.33	4.05
(ii) In EEFC accounts	-	-
Total	20.33	4.05
Provision for blocked funds in foreign bank*	(0.04)	(0.04)
Total (a)	20.29	4.01
(b) Other Bank Balances		
(i) In deposit accounts		
Maturing within 12 months	2.24	0.77
Maturing after 12 months	-	0.06
Total (b)	2.24	0.83
Total (a)+(b)	22.53	4.84

* Provision made for Balance with National Commercial Bank, Albeida, Libya as it is non repartiable.

NOTE 15: SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Security deposits		
Unsecured, considered good	0.27	0.26
(I)	0.27	0.26
(b) Loans and advances to employees*		
Secured, considered good	0.08	0.09
Interest Accrued on Advances to Employees but not due	0.01	0.01
Unsecured, considered good	0.12	0.11
Interest Accrued on Advances to Employees but not due	0.03	0.05
(II)	0.24	0.26
(c) Prepaid expenses	2.56	3.77
(III)	2.56	3.77
(d) Balances with government authorities		
Unsecured, considered good		
(i) Advance Income Tax (Net of Provision of tax - ₹ 189.08, P.Y.- ₹ 189.08)	8.74	8.37
(ii) VAT credit receivable	-	0.01
(iii) Service Tax credit (CENVAT) receivable	0.01	-
(iv) Sales Tax deposit under protest	0.05	-
(v) Service Tax deposit under protest	0.52	0.52
(vi) Mandi Cess	-	0.01
(IV)	9.32	8.91
(e) Others		
Loans and Advances to Suppliers		
Secured, considered good	19.57	17.61
Unsecured, considered good	-	355.83
Advances to Associates		
Secured, considered good (Against ILC, Stock, BG & Margin Money)	-	190.19

₹ in Crore

Unsecured, considered good	2.28	102.97
Secured, considered good	3.23	-
Unsecured, considered good	1.15	2.49
(V)	26.23	669.09
Total (I+II+III+IV+V)	38.62	682.29
*Short-term loans and advances to employees include amounts due from:		
Particulars	As at 31 March 2016	As at 31 March 2015
Directors / Officer	-	-
Interest Accrued but not due	-	-
Total		--

Note 16: OTHER CURRENT ASSETS

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Accruals		
(i) Interest accrued on bank deposits	0.03	0.02
(ii) Interest accrued on trade receivables	2.12	1.99
(iii) Others	0.81	0.06
Total	2.96	2.07

NOTE 17: REVENUE FROM OPERATIONS

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Sale of products [Refer Clause (i) below]	3,746.59	6,186.76
(b) Other operating revenues [Refer Clause (ii) below]	37.70	67.75
Total	3,784.29	6,254.51
Clause (i) Traded goods		
Sales against Imports	3,432.30	4,972.25
Domestic Sales	191.59	613.29
Export Sales	122.70	601.22
Total - Sale of products	3,746.59	6,186.76
Clause (ii) Other operating revenues		
Subsidy from Government	-	(0.07)
Interest Income (Trade)	33.00	57.31
Misc Income	4.02	10.51
Commission	0.68	-
Total - Other operating revenues	37.70	67.75

NOTE 18: OTHER INCOME

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Interest income [Refer Clause (i) below]	0.18	0.39
(b) Other non-operating income [Refer Clause (ii) below]	24.26	69.59
Total	24.44	69.98
(i) Interest income:		
- from Banks on deposits	0.05	0.25
- from Others	0.13	0.14
Total - Interest income	0.18	0.39
(ii) Miscellaneous income	0.86	9.32
Commission	0.02	4.79
Rental Income	-	0.09
Reversal of Liability/ Credit Balance Written Back	23.38	55.39
Total - Other non-operating income	24.26	69.59

NOTE 19. a: PURCHASES

Particulars	As at 31 March 2016	As at 31 March 2015
a) Import Purchases	3,407.48	4,662.15
b) Domestic Purchases	188.28	578.50
c) Purchases for Export	26.86	687.92
Total	3,622.62	5,928.57

NOTE 19. b: CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Particulars	As at 31 March 2016	As at 31 March 2015
Inventories at the end of the year:		
Stock-in-trade	265.06	241.80
Inventories at the beginning of the year:		
Stock-in-trade	241.80	242.44
Net (Increase) / Decrease	(23.26)	0.64

NOTE 20: EMPLOYEE BENEFITS EXPENSES

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Employees Benefits Expense		
Salaries and Allowances	15.81	16.76
Leave encashment	1.08	3.67
Employer's Contribution towards Pension Fund	1.00	1.08
Provident Fund & Family contribution	1.44	1.77
Welfare Expenses		
- Medical Expenses	1.60	4.93
- Others	0.27	0.42
Gratuity	(0.10)	0.16
Total (a)	21.10	28.79

₹ in Crore

(b) Remuneration to Directors		
Salaries and Allowances	0.23	0.22
Leave encashment	-	0.05
Employer's Contribution towards Pension Fund	0.01	0.01
Provident Fund & Family contribution	0.02	0.02
Welfare Expenses		
- Others & Medical Expenses	0.01	0.01
Total (b)	0.27	0.31
(c) Staff welfare expenses	0.28	0.44
Total (c)	0.28	0.44
Grand Total (a)+(b)+(c)	21.65	29.54

NOTE 21: FINANCE COSTS

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Interest expense on: Borrowings from Banks	106.32	139.00
Total	106.32	139.00

NOTE 22: OTHER EXPENSES

Particulars	As at 31 March 2016	As at 31 March 2015
ADMINISTRATIVE EXPENSES		
Advertisement & Publicity	0.11	0.14
Books & Periodicals	0.02	0.03
Conveyance & Car Hire	0.22	0.51
Corporate Social Responsibility	-	1.12
Electricity	0.36	0.42
Entertainment	0.23	0.27
Insurance(Non Trade)	0.01	0.01
Lease Rental IT Services	0.48	0.31
Legal Expenses	0.90	0.91
Miscellaneous Expenses	0.35	0.38
Office Maintenance	0.84	0.60
Postage & Courier Charges	0.08	0.13
Printing & Stationery	0.20	0.29
Professional/Consultancy Charges	0.54	1.19
Rate & Taxes	0.03	0.05
Rent	2.74	2.99
Repairs & Renewals (Others)	0.23	0.28
Selection, Training & Seminar	0.21	0.28
Security Charges	0.53	0.42
Subscription & Membership Fees	0.17	0.24
Telephone & Fax	0.36	0.40
Travelling Expenses(Foreign)	0.11	0.58
Travelling Expenses(Inland)	0.66	0.95
Vehicle Running & Maintenance	0.04	0.03
Interest(Others)	0.01	-
(I)	9.43	12.53

₹ in Crore

TRADE EXPENSES		
Bank Charges	0.05	0.09
Clearing & Handling Charges	10.37	41.46
Commission	0.71	0.60
Custom Duty	94.48	133.48
Difference in exchange	(1.45)	(3.78)
Freight	22.12	78.30
Insurance (Trade)	0.05	0.16
L/c & Negotiation Charges	-	0.01
Storage & Warehousing Charges	-	0.05
Other Trade Expenses	10.38	6.10
Interest Expense on Trade	42.26	41.79
(II)	178.97	298.26
PAYMENT TO AUDITORS		
- Statutory Audit Fee	0.07	0.07
- Tax Audit Fee	0.03	0.03
- Certification Charges	-	0.01
(III)	0.10	0.11
Total (I)+(II)+(III)	188.50	310.90

NOTE 23: EXCEPTIONAL ITEMS (NET)

Particulars	As at 31 March 2016	As at 31 March 2015
Bad Debts	0.08	0.69
Bad Debts Recovered	(0.04)	-
Provision for Doubtful Debts/Advances	1,035.11	98.70
Provision for Diminution in value of Investment	-	0.40
Profit/(Loss) on disposal of Fixed Assets	-	(0.02)
Interest Paid to Others	-	0.29
Provisions no longer required written back	(0.65)	(5.02)
Claims Recoverable Written Off	-	0.24
Prior Period Adjustments	0.11	0.01
Total	1,034.61	95.29

NOTE 24: EXTRAORDINARY ITEMS (NET)

Particulars	As at 31 March 2016	As at 31 March 2015
Loss due to earthquake	-	-
Loss due to fire	-	-
Total	-	-

NOTE 25: CONTINGENT LIABILITIES

Sl. No.	Particulars	As at 31 March 2016	As at 31 March 2015
A	(i) Guarantees issued by banks on behalf of the Company	11.52	67.06
	(ii) Letters of Credits opened with banks (As certified by banks & management)	91.14	96.75
	(iii) Bill Discounting under Local L/Cs	419.18	572.48

₹ in Crore

B	Claims against the Company due to legal cases not acknowledged as Debts (excluding legal cases where amounts are unascertainable)	282.97	129.78
C	Demands in respect of Statutory Liabilities against which the Company or the concerned Department has preferred an Appeal*	24.87	23.23
D	Indemnity Bonds given by the Company	-	45.00
Total		829.68	934.30

* Of the aforesaid amount, ₹ 9.25 Crore (Previous Year ₹ 9.25 Crore) is recoverable from one of our associate, if, the case is decided against the Company.

26. Capital Commitments:

Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advances) ₹ 13.72 Crore (Previous Year ₹ 24.39 Crore).

27. Claims Recoverable included under Trade Receivables (Note no. 13 of the Financial Statements) include the following:

Sl. No.	Particulars	As at 31 March 2016	As at 31 March 2015
A	Loss on Import and Sale of Edible Oils in Domestic Market on Government Account which is to be compensated by way of Subsidy from the Government under Old Scheme, subsidies of varied amounts at different point of time were announced by the Central Government but separate accounts have not been maintained for the same.	113.95	113.95
B	Subsidy Recoverable from Government on account of Import and Sale of Edible Oils in Domestic Market under new scheme.	271.91	343.66
C	Loss on Import and Sale of Pulses in Domestic Market on Government Account which is to be compensated by way of Subsidy from the Government. The company has maintained consolidated accounts for the below mentioned schemes: i) Under 15% scheme ii) Under PDS scheme	317.34 0.16	345.25 0.16
Total		703.36	803.02
D	The company had imported pulses on the directives of the Government of India during the years 2007-08 to 2010-11. The Government has allowed reimbursement of losses up to 15% of landed cost. Amount due from the Government of India as at the year-end is ₹ 317.34 Crore (Previous Year ₹ 345.25 Crore). The company has subsequently received ₹ 55.14 Crore from the government during April - June, 2016. Balance claim of ₹ 262.20 Crore is on account of claim lodged during the financial years 2007-08 to 2013-14 on actual loss and is under active consideration by the Government of India.		
E	Subsidy claimed from Government of India on account of pulses under 15% scheme for financial year 2007-2008 amounting to ₹ 26.08 Crore has been filed only in July 2014. Amount due as per books of account is ₹ 4.39 Crore. The Company has not accounted for differential amount in the books of accounts on a prudent basis, the same will be accounted for on realisation.		
F	Subsidy amount of ₹ 271.91 Crore recoverable from Government on account of Import and Sale of Edible Oils under PDS Scheme was subsequently received during April - June, 2016.		

28. Balances in Associate Accounts/Claims Receivable/ Other Current Liabilities/Loans & Advances (Assets) are subject to reconciliation/confirmation and consequential adjustments that may arise on such reconciliation.

29. Sundry Debtors as at the year-end include ₹ 501.65 Crore (Previous Year ₹ 1507.23 Crore) which matches with equivalent amount of Sundry Creditors and shall be paid after realization from Sundry Debtors.

30. The Company has made provision of ₹ 120.53 Crore (Previous Year ₹ Nil) in the books of accounts against ₹ 120.53 Crore recoverable as on 31.03.2016 from various borrowers and National Spot Exchange (NSE) arising on account of default in payment obligation of NSE. The Company has filed legal suit in Mumbai High Court against NSE & others. CBI has also registered a case and investigations are in progress.

31. In the absence of any information from Associates/Suppliers, amount due to Micro, Small and Medium Enterprises cannot be ascertained in terms of Section 22 of the "Micro, Small & Medium Enterprises Development Act, 2006".

32. Related Party Transactions

The related parties as per provisions of Accounting Standard (AS)-18, "Related Party Disclosures", notified under the Companies (Accounting Standards) Rules, 2006 (as amended) are disclosed below:-

- (a) Names of related parties and description of relationship:

Key Management Personnel

Full-Time Director

I.	Shri R. R. Rashmi	Chairman-cum-Managing Director
II.	Shri J. Ravi Shanker	Director

Part Time Director

I.	Smt. Aditi Das Rout	Part Time Director (upto 15.06.2015)
II.	Shri Samir Kumar	Part Time Director (w.e.f. 20.06.2015)
III.	Shri M.C. Luther	Part Time Director (upto 20.11.2015)
IV.	Smt. Rupa Dutta	Part Time Director (w.e.f. 20.11.2015)

Key Management Personnel

I.	Shri Pardeep Kumar	Company Secretary (from 27.08.2015)
II.	Shri Arvind Kumar	Company Secretary (upto 27.08.2015)

- (b) Remuneration to the aforesaid full time Directors was paid by the Company as per rules of the Company. Such remuneration and all other payments/benefits paid/accrued to the Key Management Personnel and their relatives are detailed as under:

(₹ in Crore)

S. No.	Particulars	Year ended 2015-16	Year ended 2014-15
1.	Directors' Remuneration	0.23	0.26
2.	Provident Fund & Family Contribution	0.02	0.02
3.	Other Perquisites and Benefits	0.02	0.03
4.	Rent & Electricity	0.01	0.05
5.	Others	0.01	0.01
	Total	0.29	0.37

However, no salary has been paid to Part Time Directors during the year.

(₹ in Crore)

S. No.	Particulars	Year ended 2015-16	Year ended 2014-15
1.	Key Management Personnel (Company Secretary)	0.10	0.28
2.	Provident Fund & Family Contribution	0.01	0.02
3.	Other Perquisites and Benefits	-	0.02
4.	Rent & Electricity	-	-
5.	Others	0.01	-
	Total	0.12	0.32

- (c) M/s Tea Trading Corporation of India Limited (TTCIL) is a wholly owned subsidiary of the Company, which was demerged by the Ministry of Commerce & Industry from M/s State Trading Corporation (STC) by its order dated 28th March 2003. TTCIL was already under liquidation, when it was made a subsidiary of PEC and no statement of asset & liabilities etc. were provided to the company upon its demerger from STC. The Company has no control over its subsidiary i.e. TTCIL, therefore, it is unable to present consolidated financial statements under section 129 (3) of Companies Act, 2013.

33. Earnings Per Share (EPS)

S. No.	Particulars	Year ended 2015-16	Year ended 2014-15
A.	Profit available to Equity Shareholders before considering extraordinary items net of tax effect (₹ in Crore)	(1142.02)	(208.54)
B.	Adjusted Weighted average number of Equity Shares outstanding during the period (No. of shares)	60,00,000	60,00,000
C.	Basic and Diluted EPS (A/B) (₹)	(1903.36)	(347.57)
D.	Profit available to Equity Shareholders after considering extraordinary items and after tax (₹ in Crore)	(1142.02)	(208.54)
E.	Adjusted Weighted average number of Equity Shares outstanding during the period (No. of shares)	60,00,000	60,00,000
F.	Basic and Diluted EPS (D/E) (₹)	(1903.36)	(347.57)

34. Deferred Tax

In compliance with Accounting Standard- 22, issued by The Institute of Chartered Accountants of India, the Company has carried forward losses as at the year-end which results in Deferred Tax Assets (net). The company has not accounted for Deferred tax assets (net) on a prudent basis, as it does not has virtual certainty of generating future taxable income to offset the same.

35. Employee Benefits

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

(₹ in Crore)

Particulars	Year ended 2015-16	Year ended 2014-15
Employer's Contribution to Provident and Pension Fund	1.46	1.80
Employer's Contribution to PEC Defined Contribution Superannuation Fund	1.01	1.09

The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The obligation of the company is to make fixed contribution and to ensure a minimum rate of return to the members as specified by the Government. Overall Interest earning and cumulative surplus is more than the statutory interest payment requirement.

Defined Benefit Plan

A. Gratuity

The employees' gratuity fund scheme is as per Gratuity Act managed by the Trust under a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The liability for gratuity is recognised in the books as per actuarial valuation.

B. Post Retirement Medical Facility (PRMF)

The company has Post-retirement Medical Facility (PRMF) under which retired employee and their spouses are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. Post retirement medical benefits are recognized in the books as per actuarial valuation.

C. Leave

The company provides for Earned Leave (EL) benefit and Half Pay Leave (HPL) benefit to the employees of the company, which accrue annually at 30 days and 20 days respectively. The liability for EL and HPL is recognised in the books as per actuarial valuation

I) Reconciliation of opening and closing balances of Defined Benefit Obligation

₹ in Crore

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)		Post-Retirement Medical Benefits (Unfunded)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Defined Benefit obligation at beginning of year	7.19	8.25	4.37	9.17	17.90	14.71
Current Service Cost	0.62	0.64	1.00	1.02	-	-
Interest Cost	0.51	0.57	0.28	0.56	1.38	1.12
Actuarial (gain) / loss	(0.57)	(0.35)	(0.43)	(2.66)	(1.01)	2.88
Benefits paid	(1.43)	(1.92)	(1.65)	(3.72)	(0.91)	(0.81)
Defined Benefit obligation at year end	6.32	7.19	3.57	4.37	17.36	17.90

II) Reconciliation of opening and closing balances of fair value of Plan Assets

Particulars	Gratuity (Funded)	
	2015-16	2014-15
Fair value of Plan assets at beginning of year	7.19	8.23
Expected return on plan assets	0.56	0.63
Actuarial gain / (loss)	0.11	0.08
Employer contribution	-	0.18
Benefits paid	(1.43)	(1.92)
Fair value of Plan assets at year end	6.43	7.20
Actual return on plan assets	0.67	0.70

III) Reconciliation of fair value of assets and obligations

Particulars	Gratuity (Funded) As at 31st March				
	2016	2015	2014	2013	2012
Present value of obligation	6.33	7.19	8.25	9.20	8.58
Fair value of Plan assets	6.43	7.19	8.23	9.06	8.96
Funded Status	0.10	-	(0.02)	(0.14)	0.38
Experience Adjustment					
Experience Adjustment on Planned Asset Gain/(Loss)	0.11	0.08	0.02	0.03	0.07
Experience Adjustment on Planned Liability (Gain)/Loss	(0.57)	(0.35)	(0.67)	(0.03)	(0.64)

Particulars	Leave Encashment (Unfunded) As at 31st March				
	2016	2015	2014	2013	2012
Present value of obligation	3.58	4.37	9.17	9.86	9.41
Fair value of Plan assets	-	-	-	-	-
Funded Status	(3.58)	(4.37)	(9.17)	(9.86)	(9.41)
Experience Adjustment					
Experience Adjustment on Planned Asset Gain/(Loss)	-	-	-	-	-
Experience Adjustment on Planned Liability (Gain)/Loss	(0.43)	(2.66)	(0.97)	(0.59)	0.74

₹ in Crore

Particulars	Post Retirement Medical Benefits (Unfunded) As at 31st March				
	2016	2015	2014	2013	2012
Present value of obligation	17.36	17.90	14.71	16.43	14.59
Fair value of Plan assets	-	-	-	-	-
Funded Status	(17.36)	(17.90)	(14.71)	(16.43)	(14.59)
Experience Adjustment					
Experience Adjustment on Planned Asset Gain/(Loss)	-	-	-	-	-
Experience Adjustment on Planned Liability (Gain)/Loss	(1.01)	2.88	(2.57)	1.22	1.07

IV) Expenses recognised during the year

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)		Post-Retirement Medical Benefits (Unfunded)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Current Service Cost	0.62	0.64	1.00	1.02	-	-
Interest Cost	0.51	0.57	0.28	0.57	1.38	1.12
Expected return on Plan assets	(0.56)	(0.63)	-	-	-	-
Actuarial (gain)/loss	(0.68)	(0.42)	(0.43)	(2.66)	(1.01)	2.88
Net Cost	(0.10)	0.16	0.85	(1.07)	0.37	4.00

V) Investment Details

Particulars	% Invested	
	As at 31st March, 2016	As at 31st March, 2015
GOI Securities	25.74	26.70
Public Sector Securities	61.28	59.14
State Government Securities	12.01	13.30
Special Deposits	0.79	0.73
Others (including bank balances)	0.18	0.13

VI) Actuarial assumptions

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)		Post-Retirement Medical Benefits (Unfunded)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Mortality Table (LIC)	IAL 2006-08 (Ultimate)	IAL 2006-08 (Ultimate)	IAL 2006-08 (Ultimate)	IAL 2006-08 (Ultimate)	LIC 1996 -98A (Ultimate)	LIC 1996 -98A (Ultimate)
Discount rate (per annum)	7.95%	7.85%	7.95%	7.85%	7.90%	7.80%
Expected rate of return on plan assets (per annum)	8.61%	8.47%	-	-	-	-
Rate of escalation in salary (per annum)	10.00%	10.00%	10.00%	10.00%	-	-

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

36. Trade Payables amounting to ₹ 1,650.94 Crore (Previous Year ₹ 1,813.39 Crore) includes Buyer's Credit obtained from Banks amounting to ₹ 1009.25 Crore (Previous Year ₹ 557.47 Crore).
37. Foreign Exchange Exposure as on 31.03.2016 and 31.03.2015

(₹ in Crore)

Receivables									
Hedged					Unhedged				
	2015-16		2014-15			2015-16		2014-15	
	Foreign Currency	Equivalent	Foreign Currency	Equivalent		Foreign Currency	Equivalent	Foreign Currency	Equivalent
US\$	-	-	-	-	US\$	0.21	13.88	0.38	29.98

Payables									
Hedged					Unhedged				
	2015-16		2014-15			2015-16		2014-15	
	Foreign Currency	Equivalent	Foreign Currency	Equivalent		Foreign Currency	Equivalent	Foreign Currency	Equivalent
US\$	6.01	408.49	0.88	55.60	US\$	14.81	988.56	18.53	1,139.61
Pound (£)	-	-	-	-	Pound (£)	0.00	0.07	0.00	0.07
Euro (€)	-	-	-	-	Euro (€)	0.04	3.20	-	-

	2015-16				2014-15			
	Receivables		Payables		Receivables		Payables	
	Hedged	Unhedged	Hedged	Unhedged	Hedged	Unhedged	Hedged	Unhedged
*Own Exposure	-	-	-	289.17	-	-	-	0.98
*On behalf of Associate	-	13.88	408.49	702.66	-	23.64	55.60	116.78

38. The information of Foreign Currency Income and Expenditure is as under:-

(₹ in Crore)

Particulars	Year ended 2015-16	Year ended 2014-15
Expenditure in Foreign Currency		
CIF/FOB value of Imported Materials	3,406.74	4,653.21
Foreign Tours	0.10	0.71
Other Expenses	9.73	15.37
Total	3,416.57	4,669.29
Earnings in Foreign Currency		
FOB value of Exports	119.93	577.17
Total	119.93	577.17

39. In terms of Accounting Standard (AS) 17 – Segment Reporting issued by the Institute of Chartered Accountants of India, the Company has identified business segments as primary reporting segment, which are Import, Export and Domestic. The Secondary Segments are identified based on geographical location, as in India and Abroad. Details are placed at Annexure "A".

40. As required by the Accounting Standard (AS) 28 - Impairment of Assets notified by the Institute of Chartered Accountants of India, the company has carried out an assessment of impairment of assets and confirm that there has been no impairment loss during the year.
41. Compliance of the Companies (Accounting Standard) Rules 2014 has been made. The Company has large number of transactions and diversified activities, which may have put operational constraints in strictly following the said rules. Deviation if any, has been stated in the accounting policies of the Company.
42. Deposits with Banks includes ₹ 0.22 Crore (Previous Year ₹ 0.83 Crore) which are lien marked in favor of Banks for issuing Bank Guarantees to various Krishi Upaj Mandis and other authorities.
43. Present value of obligation in respect of Post Retirement Medical Benefit (PRMB) and half pay and earned leaves amounts to ₹ 20.94 Crore (Previous Year ₹ 22.27 Crore) as at 31.03.2016 as per Actuarial Valuation and accordingly liability has been created in terms of AS-15. The company has neither earmarked its investment nor has created any corpus for this purpose.
44. During the year, the company noticed that an associate i.e. M/s Whitefield Overseas Limited had forged and fabricated trust receipts, export documents and availed trade finance from the company. Further, the company also had inventory of 5,650 MT valued at ₹ 13.61 Crore and a similar amount due to the aforesaid associate, which has been written off and liability reversed, as stock confirmation was not provided by the handling agent. The company had financed ₹ 7.58 Crore to the associate against the aforesaid stock. During the year, the company filed complaint with Economic Offences Wing, New Delhi and the matter is under investigation. Balance due from associate as at the year-end of ₹ 51.20 Crore, has been provided in full by the Company.
45. During the year, the company has noticed that an associate i.e. M/s Skyrise Overseas Pvt. Ltd. (Formerly - Saraf Impex Pvt. Ltd.) had exported/dispensed-off cargo pledged to PEC Limited against trade finance availed from the company without remitting the proceeds realised against same to the company and has an outstanding balance of ₹ 12.23 crore as at year end. Further, the aforesaid associate had supplied 375 MT cargo costing ₹ 0.67 crore for export to a foreign buyer for ₹ 0.78 crores, the associate failed to provide complete set of documents to the company, net amount due has been provided. The company has filed a criminal complaint with Kolkata Police (Anti Cheating Section), Lal Bazaar, Kolkata and the matter is under investigation. The company has made full provision of the amount due from associate.
46. The Company had to obtain prior approval from its shareholders for loans and advances made to suppliers/associates exceeding threshold limit stated u/s 186 of Companies Act, 2013. The Company has obtained shareholders' approval in its last Annual General Meeting and is in the process of applying for compounding before NCLT.
47. Reconciliation of provisions in terms of AS-29 is as under:-

(₹ in Crore)

Particulars of Provision	Opening Balance as on 01.04.2015	Addition during the year	Adjustment during the year	Closing Balance as on 31.03.2016
Provision of Taxation*	189.08	-	-	189.08
Corporate Social Responsibility & Sustainable Development	0.81	-	0.32	0.49
Leave Encashment	6.48	-	1.02	5.46
Provision for Wealth Tax	0.01	-	0.01	-
Provision for Post Retirement Medical Benefit	17.90	0.37	0.91	17.36

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

48. In respect of GR-1 forms outstanding beyond due date in 2 cases is on account of foreign buyer going into liquidation. The Company has filed application with the Authorized Dealer for extension of time/waiver/write off. Pending decision on the application, the liability, if any, that may arise is unascertainable.
49. Previous year figures have been reclassified/recasted/regrouped and rounded off suitably to make them comparable with figures of the current year.
50. The Company had changed its accounting policy with respect to Sales on documents against payments basis in the financial year 2014-15 which was being accounted for on the basis of bill of lading. This change has resulted in decrease in Sales by ₹ 90.77 Crore for the financial year 2014-15 which has been accounted for in the current year.

51. Note 1 to 51 forms an integral part of the Financial Statements for the year ended 31 March, 2016.

In terms of our Report of even date

For J. P., Kapur & Uberai

Chartered Accountants

Firm Registration No. 000593N

Sd/-

(Vinay Jain)

Partner

Membership No. 95187

Place: New Delhi

Date: 15.09.2016

For and on behalf of the Board of PEC Limited

Sd/-

(M. Nagaraj)

Chairman-cum-Managing Director

DIN: 05184848

Sd/-

(P. K. Ojha)

General Manager (Finance)

Sd/-

(J. Ravi Shanker)

Director

DIN: 06961483

Sd/-

(Pardeep Kumar)

Company Secretary

Membership No. 36128

Segment Report for the Year Ended 31st March 2016

In accordance with Accounting Standard 17 issued by the
Institute of Chartered Accountants of India

Annexure "A"

The company has three primary business segments i.e. Export, Import and Domestic

(₹ in Crores)

Particulars	Export		Import		Domestic		Unallocated		Consolidated	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Sales										
(India)	-		3,432.30	4,972.24	191.59	613.29	-	-	3,623.89	5,585.53
(Abroad)	122.70	601.22							122.70	601.22
Total Revenue	122.70	601.22	3,432.30	4,972.24	191.59	613.29	-	-	3,746.59	6,186.76
Segment Results	(14.00)	21.79	21.42	67.03	2.30	37.13	(30.71)	(170.46)	(20.99)	(44.51)
Other Operating Revenue										
(India)	1.89	4.68	16.60	31.76	19.22	31.20	-	-	37.71	67.64
(Abroad)		0.11							-	0.11
Other Income	14.33	2.98	9.91	0.31	0.02	1.97	0.18	64.71	24.44	69.98
Interest Expense	(0.25)	0.52	(40.00)	(33.91)	(2.00)	(5.34)	(106.32)	(139.00)	(148.57)	(177.72)
Profit From Ordinary Activities	1.97	30.08	7.93	65.20	19.54	64.97	(136.85)	(244.75)	(107.41)	(84.50)
Exceptional Items	(449.10)	(36.47)	(301.33)	(44.11)	(283.19)	(10.60)	(0.99)	(4.11)	(1,034.61)	(95.29)
Tax Expense	-	-	-	-	-	-	-	(28.75)	-	(28.75)
Net Profit	(447.13)	(6.38)	(293.39)	21.09	(263.66)	54.36	(137.84)	(277.61)	(1,142.02)	(208.54)
Other Information										
Segment Assets	18.42	578.81	1,720.86	2,176.67	105.82	800.97			1,845.10	3,556.45
Unallocated Corporate Assets	-	-	-	-	-	-	75.76	42.85	75.76	42.85
Total Assets	18.42	578.81	1,720.86	2,176.67	105.82	800.97	75.76	42.85	1,920.86	3,599.30
Segment Liability	(411.63)	147.26	1,528.62	1,818.18	(181.90)	145.23			935.09	2,110.67
Unallocated Corporate Liabilities							985.77	1,488.63	985.77	1,488.63
Total Liabilities	(411.63)	147.26	1,528.62	1,818.18	(181.90)	145.23	985.77	1,488.63	1,920.86	3,599.30
Secondary Segments:										

We have defined India and abroad as Secondary Segments based on geography

₹ in Crore

Geographical Segments

Particulars	Outside India		Within India		Total	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Segment Revenue						
External Sales	122.70	601.22	3,623.89	5,585.53	3,746.59	6,186.76
Inter-Segment Sales	-	-	-	-	-	-
Total Revenue	122.70	601.22	3,623.89	5,585.53	3,746.59	6,186.76
Segment Assets	15.90	30.03	1,904.96	3,569.26	1,920.86	3,599.30
Segment Liabilities	1492.93	1,589.39	427.93	2,009.91	1,920.86	3,599.30
Capital Expenditure	-	-	10.92	10.88	10.92	10.88

Composition of Sale for 2015-16

Particulars	₹ in Crore
EXPORT	
Agro Commodities	
Rice	94.26
Total (A)	94.26
Engineering & Mfg. Goods	
Aluminium Cable & Conductor	23.02
Cable Wrapround	0.00
Line Hardware	4.62
Cables	0.80
Total (B)	28.44
Total (A+B)	122.70

Particulars	₹ in Crore
IMPORT	
Agro Commodities	
Wheat	53.86
Yellow Maize (Non Gmo)	132.07
Yellow Peas	408.34
Total(A)	594.27
Industrial Raw Material	
Ammonium Niterate	44.44
Bitumen	116.75
Manganese Ore	11.75
Met Coke	9.46
Pmap	93.41
Poly Cells	0.50
Rock Posphate 68/70bpl	131.57
Solar PV Cell	0.01
Steam Coal	11.69

Ethylene Vinyl Acetate	5.21
Aluminium	6.74
Coal	924.11
Steel Scrap	6.29
Steel Coils	459.53
Manganese Ore	14.38
Iron Ore Lumps	34.83
Manganese Ore	0.01
Total (B)	1,870.68
Bullion	
Gold	237.48
Silver	729.88
Total (C)	967.36
Total (A+B+C)	3,432.31

Particulars	₹ in Crore
DOMESTIC	
Industrial Raw Material	
Steel	119.95
Iron Ore Pellets	53.89
Total (A)	173.84
Engineering & Mfg. Goods	
Batteries	0.01
Battery Rack	0.22
B/P Jackets	0.63
Call Data Analysis and Management System	0.09
Eva Sheet	0.23
Maize	0.26
Metal Detector	0.42
Mike System	0.08
Misc Items	1.20
RO System	0.12
Smart Cabin Portable	0.09
Solar Power Plant	13.77
Solar PV Modules	0.05
Windscreen	0.47
Windscreen Fitting	0.08
Sale of Old Gunny Bags	0.03
Total (B)	17.75
Total (A+B)	191.59

J.P., KAPUR & UBERAI
CHARTERED ACCOUNTANTS

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Independent Auditors' Report

To the Members of PEC Limited

Report on the financial statements

We have audited the accompanying financial statements of PEC Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation 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 judgements 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 auditors' 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 the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Emphasis of matter

We draw attention to the following:

- a. Non-write off of Claims recoverable aggregating to Rs. 113.95 crores towards reimbursement of loss on import and supply of Edible Oils under PDS Scheme of Government of India for the financial years 2008-09 and 2009-10. The company has not received any confirmation from the government regarding approval of the aforesaid claim, as the same was over and above its entitlement under PDS scheme. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount (Refer note no. 27 A of the Financial Statements).
- b. Claims recoverable includes Rs. 262.20 crores towards reimbursement of losses on import of pulses under 15% scheme of Government of India relating to financial years 2007-08 to 2013-14 and is over and above 15% of landed cost, which was provided under the scheme. The aforesaid claim has been lodged with the Ministry of Consumer Affairs, Government of India. Considering that there is no approved budget available with the Government of India and the age of outstanding claims, the company should provide for the same. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount (Refer note no. 27 D of the Financial Statements).
- c. Trade Payables of Rs. 1,650.94 crores includes Buyer's Credit availed from Banks of Rs. 1,009.25 crores which results in overstatement of Sundry Creditors and understatement of Secured Loans from Banks by the aforesaid amount (Refer note no. 36 of the Financial Statements).
- d. Non-provision of liability, if any in case of non-extension of time/waiver/write off of GR – 1 forms. (Refer note no. 48 of the Financial Statements).
- e. Balances due from Sundry Debtors, Claims Recoverable, Loans and Advances and due to Sundry Creditors, Other Current Liabilities have not been confirmed. Pending confirmation, consequential reconciliation/adjustment, if any, required upon such confirmation are not ascertainable (Refer note no. 28 of the Financial Statements).
- f. The company provides employee benefits in respect of post retirement medical benefits (PRMB) and earned/half pay leaves. The present value of obligation as per actuarial valuation report in respect of the aforesaid employee benefits as at 31st March 2016 is Rs. 20.94 crores (Refer note no. 43 of the Financial Statements). The company has neither earmarked any investment nor has created any corpus for this purpose. This does not have any effect on the financial result of the company.
- g. We are unable to express our opinion on adequacy of service tax liability, as Service tax returns filed by the company are under reconciliation. Pending reconciliation, consequential adjustment, if any, cannot be quantified.
- h. We are unable to express our opinion on adequacy of value added tax receivable/payable, as VAT returns filed by the company with VAT authorities of various States are under reconciliation. Pending reconciliation, consequential adjustment, if any, cannot be quantified.
- i. The Company has not obtained confirmation from its Associates and Suppliers in relation to Section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006' compliance to which could not be ascertained (Refer note no. 31 of the Financial Statements).

Reference is invited to Emphasis of matter paragraph, wherein clauses d. to i. either has no effect on the financials or the amount whereof is unascertainable. Impact of other clauses will result in increase in Secured Loans by Rs. 1,009.25 crores, decrease in Trade payables by Rs. 1,009.25 crores, decrease in Trade receivables by Rs. 376.15 crores and increase in loss by Rs.376.15 crores and EPS would have been (-) Rs. 2,530 for the year ended on 31st March 2016.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Emphasis of matter paragraph, the aforesaid financial statements give the

information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in case of the balance sheet, of the state of affairs of the Company as at 31 March 2016;
- (b) in case of the statement of profit and loss, of the loss of the Company for the year ended on that date; and
- (c) in case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016, ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for clause d) stated in the Emphasis of matter paragraph;
 - (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 arising from the matters described in the Emphasis of matter paragraph, 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) on the basis of the written representations received from the directors appointed during the financial year 2015-16 at the time of appointment and further confirmed by the Company, none of the directors are disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and
 - (g) with respect to the other matters to be included in the Auditors' 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 provided to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note 25 to the financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts – Refer to Notes 23 to the financial statements;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by the C&AG of India through sub-directions issued under Section 143(5) of the Act, we give our report in the attached Annexure C.

For J. P., Kapur & Uberai
Chartered Accountants
Firm's registration number: 000593N

Sd/-
Vinay Jain
Partner
Membership number: 095187

Annexure A to the Auditors' Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- (I) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) (a) As per information and explanation provided by the management, physical verification of inventories is undertaken by the Company through surveyors, from time to time. In our opinion, verification of goods like coal, iron ore, manganese ore, pulses etc. is not by actual weighment, but by actual receipt and dispatch, without accounting for handling losses. Generally, shortages are identified only after dispatch of entire cargo. Shortages noticed on physical verification are debited to the account of Associates. In respect of goods in the custody of third parties, certificate is obtained from the custodian of stocks viz. Port Authorities, Warehouse owners, Surveyors, Handling agents, Business Associates etc.
- (b) In our opinion and according to the information and explanation provided to us, procedure of physical verification is not commensurate with the size of the Company and nature of its business, which needs to be strengthened with regard to issuance of guidelines for physical verification of stock, reporting on quality of stocks by the handling agents, verification of authenticity of stock certificates and trust receipts issued either by surveyors and/or handling agents, physical verification of stocks by employees at periodic intervals as stated in the trade guidelines.
- (c) The Company is maintaining transaction-wise stock details based on information received from the custodian of stocks viz. Port Authorities, Warehouse owners, Surveyors, Handling agents, Business Associates etc. However, in our opinion, separate registers should be maintained by the Company for owned and pledged stock.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.
- (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 Act for transactions, with respect to loans and investments.
- (v) The Company has not accepted any deposits from the public.
- (vi) As informed by the management, the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act for the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, service tax, value added tax, duty of customs, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, value added tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable, except tax collected at source of Rs. 0.43 lakhs and professional tax of Rs. 0.45 lakhs.

- (b) According to the information and explanations given to us, there are no material dues of service tax and cess, which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, duty of customs and sales tax have not been deposited by the Company on account of disputes:

Sl. No.	Name of Statute	Nature of dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
1	Central Sales Tax Act, 1956	Sales Tax (Tax & Penalty)	3.48	2000-01	Madras High Court
2	Income Tax Act, 1961	Income Tax	0.02	2008-09	CIT (Appeals), Delhi
3	Income Tax Act, 1961	Income Tax	0.27	2009-10	CIT (Appeals), Delhi
4	Income Tax Act, 1961	Income Tax	0.64	2010-11	CIT (Appeals), Delhi
5	Income Tax Act, 1961	Income Tax & Penalty	0.90	2011-12	CIT (Appeals), Delhi
6	Income Tax Act, 1961	Income Tax	0.52	2012-13	CIT (Appeals), Delhi
7	Income Tax Act, 1961	Income Tax	1.34	2013-14	CIT (Appeals), Delhi
8	Customs Act, 1962	Customs Duty (Penalty)	0.19	2002-05	Office of Commissioner of Central Excise & Customs, Surat
9	Customs Act, 1962	Customs Duty	0.02	2009-10	Office of Commissioner of Customs, Mumbai
10	Customs Act, 1962	Customs Duty	0.07	2009-10	Office of Commissioner of Customs, Mumbai
11	Customs Act, 1962	Customs Duty	0.07	2009-10	Office of Commissioner of Customs, Mumbai
12	Customs Act, 1962	Customs Duty (Penalty)	6.25	2012-13	CESTAT, Ahmedabad
13	Customs Act, 1962	Customs Duty (Penalty)	3.00	2012-13	CESTAT, Ahmedabad
14	Finance Act, 1994	Service Tax	7.53 *(0.52)	2006-07 to 2010-11	CESTAT, Delhi
15	Uttar Pradesh Vat Act, 2008	Sales Tax (Tax & Interest)	0.13 *(0.13)	2009-10	Additional Commissioner (Appeals), Commercial Tax, Noida
16	Rajasthan Vat Act, 2003	Sales Tax (Tax & Interest)	0.10	2012-13	Commissioner (Appeals), Commercial Tax, Jaipur
17	Central Sales Tax Act, 1956	Sales Tax	0.34 (0.04)	2011-12	Commercial Tax Officer, Visakhapatnam
	Total		24.87 (0.69)		

* Figures in bracket represents amount deposited under protest.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company does not have any loans and borrowings from any financial institutions, government and debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not obtained any term loan during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company or its officers, noticed or reported during the year, nor have we been informed of any such instance by the management.

However, few instances of misappropriation/removal of pledged stock by associates, complaint against whom have been made by the company during the year and are being investigated has been stated below:

Whitefield Overseas Limited in connivance with the Clearing and Handling Agents forged trust receipts and availed trade finance from the company. The associate had also sold inventory to the company and availed partial finance against the inventory, however, confirmation of the stock was not provided by the handling agent. The company has filed criminal complaint with Economic Offences Wing, New Delhi and the matter is under investigation. The Company has made provision of entire dues of Rs. 51.20 crores from the associate as at the year-end.

In another instance, Skyrise Overseas Private Limited (formerly Saraf Impex Private Limited) had purportedly misappropriated/removed pledged stock in connivance with the Clearing and Handling Agents, which is being further investigated, as the company has lodged criminal complaint with the anti cheating section of Lalbazar Police Station, Kolkata. The Company has made provision of entire dues of Rs. 13.70 crores from the associate as at the year-end.

- (xi) According to the information and explanations given to us, provisions of section 197 read with Schedule V to the Act does not apply to the company. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For J. P., Kapur & Uberai

Chartered Accountants

Firm's registration number: 000593N

Sd/-

Vinay Jain

Partner

Membership number: 095187

New Delhi

15 September 2016

Annexure B to the Auditors' Report

Report on the Internal Financial Controls over financial reporting 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 PEC Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls over financial reporting (the "Guidance Note") and the Standards on Auditing, issued by the 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 the internal control based on the assessed risk. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of 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:

- non-obtaining confirmation of balances of Trade receivables and Trade payables and reconciliation thereof,
- non-verification of underlying market rate for purchases and sales made from/to associates in few instances,
- issue of pledged stocks without acceptable security,
- non-physical verification of own stock and pledged stock at regular intervals by employees,
- insurance of pledged stocks in the name of the associates,
- non-verification of stock certificates and/or trust receipts issued by surveyors and handling agents,
- review of financial health of associates at regular intervals in few instances,
- ex post facto approval by Board and COM in majority of the cases,
- no documented policy for filing of legal case against overdue debtors and advances,
- enhancing credit limit of associates without review of financial health,
- no documented guidelines for physical verification of stocks
- no documented policy for recovery of overdue debtors, advances and claims,
- no documented policy for disposal of stock where there are inordinate delays in lifting by the associates,
- no documented policy for writing off of debts/advances/claims,
- no documented policy for rotation of employees and consultants,
- no documented policy for filing of legal cases against associates for recovery of dues,
- no documented anti fraud policy,
- non-reporting or delayed reporting of unauthorized lifting by associates to the Board,
- pending reconciliation of service tax and vat returns,
- appointment of handling agents, surveyors and security agencies by the associates,
- selection of warehouse(s) for storage of own/pledged stock
- inadequate coverage and frequency of internal audit

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 the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal controls over financial reporting were operating effectively as of March 31, 2016, based on Financial controls over financial reporting 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 J. P., Kapur & Uberai
Chartered Accountants
Firm's registration number: 000593N

Sd/-
Vinay Jain
Partner
Membership number: 095187

Annexure C to the Auditors' Report

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

(1)	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If, not, please state the area of freehold and leasehold land for which title/lease deeds are not available?	According to the information and explanation given to us and based on our verification, the company does not own any freehold and leasehold land. However, title deeds of immovable property i.e. Residential building at Delhi are held in the name of the company.
(2)	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons therefor and the amount involved.	Sundry debtors recoverable to the extent of Rs. 0.08 Crore were written off during the year. As explained to us, these were old cases where chances of recovery were very less.
(3)	Whether proper records are maintained for inventories lying with third parties and assets received as gift /grant from the Government or other authorities.	According to the information and explanation given to us, the company has not received any asset as gift from the Government or other authorities. The Company is maintaining transaction-wise stock details based on information obtained from the custodian of stocks viz. Port Authorities, Warehouse owners, Surveyors, Handling agents, Business Associates etc. However, in our opinion, separate registers should be maintained by the Company for owned and pledged stock.

Managements Reply to Observations of Statutory Auditor in their Report for the Financial Year 2015-16

Practicing Company Secretary's Comment	Management's Reply
<p>1. Appointment of Director(s) and Independent Director(s) are not in conformity with the Articles of Association of the Company and DPE Guideline respectively. Consequently, the requisite Committee(s) requiring Independent director(s) is/are not formed.</p>	<p>PEC is a Government Company. Hon'ble President of India has the right to nominate any person for the appointment as Director / Independent Director in Company.</p> <p>During current Financial Year i.e. 2016-17 all the positions are filled up including Independent Director and Board has also constituted / Re-constituted requisite committee(s).</p>

Auditor's Observations	Management's Reply
<p>a. Non-write off of Claims recoverable aggregating to Rs. 113.95 crores towards reimbursement of loss on import and supply of Edible Oils under PDS Scheme of Government of India for the financial years 2008-09 and 2009-10. The company has not received any confirmation from the government regarding approval of the aforesaid claim, as the same was over and above its entitlement under PDS scheme. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount (Refer note no. 27 A of the Financial Statements).</p>	<p>The Central Government has declared various schemes of subsidy for import of Edible Oils and its sales to various State Governments at different point of time. Due to global recession in 2008 and steep fall in the prices of Edible Oil in International and Domestic market, States Government refused to lift the stocks imported by PSUs. The Edible Oil so imported was warehoused under common storage as the import of edible Oil was continuous process and PEC disposed the cargo in open market through auction as per instructions of Ministry of Consumer Affairs, Food and Public Distribution. PEC is vigorously following up the matter with Ministry of Consumer Affairs, Food and Public Distribution through Ministry of Commerce and Industry as the dues are legitimate.</p>
<p>b. Claims recoverable includes Rs. 262.20 crores towards reimbursement of losses on import of pulses under 15% scheme of Government of India relating to financial years 2007-08 to 2013-14 and is over and above 15% of landed cost, which was provided under the scheme. The aforesaid claim has been lodged with the Ministry of Consumer Affairs, Government of India. Considering that there is no approved budget available with the Government of India and the age of outstanding claims, the company should provide for the same. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount (Refer note no. 27D of the Financial Statements).</p>	<p>PEC is rigorously following up with the Department of Consumer Affairs for considering all our claims. The matter is also being taken up with our Department of Commerce and Industry at various levels for reimbursement at actual.</p>
<p>c. Trade Payables of Rs. 1,650.94 crores includes Buyer's Credit availed from Banks of Rs. 1,009.25 crores which results in overstatement of Sundry Creditors and understatement of Secured</p>	<p>The buyers credit is availed by the Company in cases where either supplier's credit is not available or is available for a limited period. As per RBI Guidelines, buyers credit can be availed up to 360 days. In such</p>

Auditor's Observations	Management's Reply
Loans from Banks by the aforesaid amount (Refer note no. 36 of the Financial Statements).	cases Indian Banks guarantee to the foreign bank, undertaking to make the payment at stipulated date which has been duly disclosed in Notes to Accounts.
d. Non-provision of liability, if any in case of non-extension of time/waiver/write off of GR – 1 forms. (Refer note no. 48 of the Financial Statements).	<p>The buyer reportedly had gone into the liquidation and PEC could not realize the export proceeds against two vessels. Necessary claims were made with the liquidators in Hong Kong for the said shipments.</p> <p>PEC has so far received only approx.Rs.62.52 lakh against the total admitted claim by the liquidator for \$3,802,495.08 (INR 23 crore approx.) for the above two vessels. We are taking up the matter with the liquidator towards receipt of the further payments against our claim. If liquidation process gets prolonged and PEC does not receive further payments from the liquidator, PEC may recover the said amount from the Indian counter party. RBI has periodically been asking the company to be present along with our bank representative where the status has been intimated to them on every occasion. Approval for waiver if any required shall be obtained from RBI at appropriate stages in case realization in foreign currency is not made through the liquidator.</p>
e. Balances due from Sundry Debtors, Claims Recoverable, Loans and Advances and due to Sundry Creditors, Other Current Liabilities have not been confirmed. Pending confirmation, consequential reconciliation/adjustment, if any, required upon such confirmation are not ascertainable (Refer note no. 28 of the Financial Statements).	<p>While balance confirmation has been obtained from most associates, in some cases confirmation letters have not been received from parties. The accounts with the associates are settled on completion of each transaction and difference if any are reconciled.</p> <p>Provision for consequential adjustment of losses is not envisaged.</p>
f. The company provides employee benefits in respect of post-retirement medical benefits (PRMB) and earned/half pay leaves. The present value of obligation as per actuarial valuation report in respect of the aforesaid employee benefits as at 31st March 2016 is Rs. 20.94crores(Refer note no. 43 of the Financial Statements). The company has neither earmarked any investment nor has created any corpus for this purpose. This does not have any effect on the financial result of the company.	The company is following the norms adopted by other entities in the industry. Moreover there is no such statutory requirement of creating corpus.
g. We are unable to express our opinion on adequacy of service tax liability, as Service tax returns filed by the company are under reconciliation. Pending reconciliation, consequential adjustment, if any, cannot be quantified.	Service Tax payable as at Balance Sheet date is subject to reconciliation with the Service Tax returns filed with the respective authority.

Auditor's Observations	Management's Reply
<p>h. We are unable to express our opinion on adequacy of value added tax receivable/payable, as VAT returns filed by the company with VAT authorities of various States are under reconciliation. Pending reconciliation, consequential adjustment, if any, cannot be quantified.</p>	<p>VAT payable/receivable as at Balance Sheet date is subject to reconciliation with VAT returns filed with the authorities of various states.</p>
<p>i. The Company has not obtained confirmation from its Associates and Suppliers in relation to Section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006' compliance to which could not be ascertained (Refer note no. 31 of the Financial Statements).</p>	<p>Information regarding classification of all associates & suppliers into Micro, Small and Medium Enterprises is not available with us.</p>
<p>j. Of CARO, In our opinion and according to the information and explanation provided to us, procedure of physical verification is not commensurate with the size of the Company and nature of its business, which needs to be strengthened with regard to issuance of guidelines for physical verification of stock, reporting on quality of stocks by the handling agents, verification of authenticity of stock certificates and trust receipts issued either by surveyors and/or handling agents, physical verification of stocks by employees at periodic intervals as stated in the trade guidelines.</p>	<p>The stock position is maintained on residual balance especially in the bulk cargoes. Quality of cargo is documented based on independent surveyor's report. Remedial measures are taken as and when there is apparent deterioration in cargo.</p> <p>The trade guidelines implemented by the Company covers all aspects of stock monitoring.</p>
<p>k. Of CARO, the Company is maintaining transaction-wise stock details based on information received from the custodian of stocks viz. Port Authorities, Warehouse owners, Surveyors, Handling agents, Business Associates etc. However, in our opinion, separate registers should be maintained by the Company for owned and pledged stock.</p>	<p>As information on stock is available at the respective nodal points. i.e. branch or concerned marketing division, at head office the objective of maintaining a separate stock register is already met.</p>
<p>l. Of CARO, According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, value added tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable, except tax collected at source of Rs. 0.43 lakhs and professional tax of Rs. 0.45 lakhs.</p>	<p>The liability towards Tax Collection at Source has already been paid during the current financial year.</p> <p>Part of the Liability towards professional tax has been paid during the current financial year and the balance amount shall be considered during the current financial year.</p>
<p>m. Of CARO, However, few instances of misappropriation/removal of pledged stock by associates, complaint against whom have been made by the company during the year and are being investigated has been stated below:</p>	<p>In respect of the both the cases, PEC has already initiated legal proceedings against the mentioned associates.</p>

Auditor's Observations	Management's Reply
<p>Whitefield Overseas Limited in connivance with the Clearing and Handling Agents forged trust receipts and availed trade finance from the company. The associate had also sold inventory to the company and availed partial finance against the inventory, however, confirmation of the stock was not provided by the handling agent. The company has filed criminal complaint with Economic Offences Wing, New Delhi and the matter is under investigation. The Company has made provision of entire dues of Rs. 51.20 crores from the associate as at the year-end.</p> <p>In another instance, Skyrise Overseas Private Limited (formerly SarafImpex Private Limited) had purportedly misappropriated/removed pledged stock in connivance with the Clearing and Handling Agents, which is being further investigated, as the company has lodged criminal complaint with the anti cheating section of Lalbazar Police Station, Kolkata. The Company has made provision of entire dues of Rs. 13.70 crores from the associate as at the year-end.</p>	
<p>n. Of CARO, non-obtaining confirmation of balances of Trade receivables and Trade payables and reconciliation thereof,</p> <ul style="list-style-type: none"> • non-verification of underlying market rate for purchases and sales made from/to associates in few instances, • issue of pledged stocks without acceptable security, • non-physical verification of own stock and pledged stock at regular intervals by employees, • insurance of pledged stocks in the name of the associates, • non-verification of stock certificates and/or trust receipts issued by surveyors and handling agents, • review of financial health of associates at regular intervals in few instances, • ex post facto approval by Board and COM in majority of the cases, • no documented policy for filing of legal case against overdue debtors and advances, 	<p>The company has already formulated and implemented trade guidelines which cover various aspects of control procedures. The guidelines shall be regularly reviewed for systematic improvement.</p> <p>Manpower position is reviewed periodically and the human resources are utilised on optimal basis.</p> <p>Periodic review is conducted by Internal Audit.</p>

Auditor's Observations	Management's Reply
<ul style="list-style-type: none"> • enhancing credit limit of associates without review of financial health, • no documented guidelines for physical verification of stocks • no documented policy for recovery of overdue debtors, advances and claims, • no documented policy for disposal of stock where there are inordinate delays in lifting by the associates, • no documented policy for writing off of debts/advances/claims, • no documented policy for rotation of employees and consultants, • no documented policy for filing of legal cases against associates for recovery of dues, • no documented anti-fraud policy, • non-reporting or delayed reporting of unauthorized lifting by associates to the Board, • pending reconciliation of service tax and vat returns, • appointment of handling agents, surveyors and security agencies by the associates, • selection of warehouse(s) for storage of own/pledged stock • inadequate coverage and frequency of internal audit 	



गोपनीय

संख्या / No. PDCA-I/ND/CHQ/29-22/2016-17/745

भारतीय लेखा तथा लेखापरीक्षा विभाग,

कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-1INDIAN AUDIT & ACCOUNTS DEPARTMENT,
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-1

दिनांक/Dated 27-10-2016

सेवा में,

अध्यक्ष एवं प्रबन्ध निदेशक,
पी०ई०सी० लिमिटेड,
नई दिल्ली 110 001

विषय: कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अधीन 31 मार्च 2016 को समाप्त वर्ष के लिए पी०ई०सी० लिमिटेड के लेखाओं पर भारत के नियंत्रक महालेखा परीक्षक की टिप्पणियाँ ।

महोदय,

मैं इस पत्र के साथ 31 मार्च 2016 को समाप्त वर्ष के लिए पी०ई०सी० लिमिटेड के वार्षिक लेखों पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक महालेखा परीक्षक की 'शून्य टिप्पणियाँ' अग्रेषित करता हूँ । इन शून्य टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए और कम्पनी की वार्षिक आम सभा में उसी समय व उसी प्रकार रखा जाए जिस प्रकार वैधानिक लेखा परीक्षकों की लेखा परीक्षा रिपोर्ट रखी जाती है।

भवदीय,

संलग्न: उपरोक्त

(नीलेश कुमार साह)
प्रधान निदेशक

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PEC LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of PEC LIMITED for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 15 September 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of PEC LIMITED for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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



**(Neelesh Kumar Sah)
Principal Director of Commercial Audit
& Ex-officio Member Audit Board-I,
New Delhi**

**Place: New Delhi
Dated: 27 October 2016**

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