Company Profile

Board of Directors

Chairman-cum-Managing Director

Shri Sudhanshu Pandey
(from 01-02-2020)

Shri Ved Prakash
(from 01-02-2019 upto 31-01-2020)

Shri M. Nagaraj
(upto 01-02-2019)

Whole-Time Directors

Shri J. Ravi Shanker
(upto 03-07-2018)

Shri Anupam Misra

Directors (Additional Charge)

Shri J. Ravi Shanker
(from 08-08-2018)

Part-Time Directors (Government Nominee)

Smt. Rupa Dutta

Dr. Shobhit Jain
(upto 17-06-2019)

Smt. Durga Sakthi Nagpal
(from 16-09-2019)

Part-Time Directors (Independent)

Shri Ashish Kumar Gupta
(from 17-12-2018)

Smt. Sukhpreet Kaur
(from 27-01-2020)

Company Secretary

Shri Pardeep Kumar
(upto 31-10-2019)

Statutory Auditors

M/s PVRN & Co.
Chartered Accountants, New Delhi

PEC LIMITED

Annual Report
2018-2019

Bankers

Axis Bank

ICICI Bank Ltd.

IDBI Bank

Punjab National Bank

Syndicate Bank

United Bank of India

Vijaya Bank (Now Bank of Baroda)

Vision

Being a leading and reliable international trading company adding sustainable value to stakeholders.

Mission

- Provide integrated trade solutions to customers to ensure sustainable profits.
- Focus on being the leading merchant exporter of engineering goods and projects.
- To be among top three trading companies across segments, including Industrial Raw Materials and Commodities.
- Serve as an effective and accountable instrument of public policy and be socially responsible.

Board of Directors

Sudhanshu Pandey
CMD (Additional Charge)
(from 01-02-2020)

Ved Prakash
CMD (Additional Charge)
(from 01-02-2019 upto 31-01-2020)

M. Nagaraj
CMD
(upto 01-02-2019)

J. Ravi Shanker
Whole-Time Director
(upto 03-07-2018)

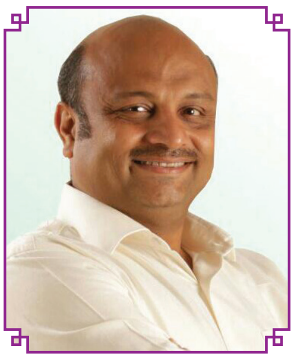
Anupam Misra
Whole-Time Director

J. Ravi Shanker
Director (Additional Charge)
(from 08-08-2018)

Rupa Dutta
Govt. Nominee Director

Shobhit Jain
Govt. Nominee Director
(upto 17-06-2019)

Durga Sakthi Nagpal
Govt. Nominee Director
(from 16-09-2019)



Ashish Kumar Gupta
Independent Director
(from 17-12-2018)

Sukhpreet Kaur
Independent Director
(from 27-01-2020)

Key Personnel

Garima Bhagat
CVO
(upto 30-11-2018)

B.S. Negi, IDAS
CVO (Additional Charge)
(from 30-11-2018)

Ravi Kumar
Executive Director
(upto 26-09-2018)

Rajiv Chaturvedi
CGM
(upto 31-05-2019)

R.R. Sinha
CGM
(upto 19-06-2019)

M.K. Bainiwal
CGM

P.K. Jain
CGM
(from 14-05-2018)

Vijay Kuradagi
CGM
(from 31-12-2018)

Chairman's Statement

Dear Stakeholders,

It gives me pleasure to welcome you all to 48th Annual General Body Meeting of your company.

I am pleased to share the performance of your company for the year 2018-19. The year has been challenging for the Company. Your company has achieved a sales turnover of ₹617 Crore with a net loss of ₹499 Crore during the FY 2018-19 with decrease in the sales by 85% compared to last year. The main reason attributable to decline in the performance of your Company has been the withdrawal of credit facilities - funded as well as non-funded, since the beginning of July 2018. Ever since withdrawal of credit facilities by the Bank, your company, despite having orders in hand, could not book the same for execution.

During the period, Company achieved an export turnover of ₹52 Crore, which included Rice exports (₹47 Crore) & Engineering Goods exports (₹5 Crore).

I would also like to share that your Company has an onerous task ahead to recover dues to the tune of ₹1200 Crore from the defaulting Associates and initiating various available recourses against errant parties, within the legal framework. Despite having been put into such a challenging environment, your Company is making all efforts to remain afloat.

The major loss reported is on account of provisioning of ₹345 Crore on account of non-receipt of subsidies for imports of edible oil and pulses in 2008-09 and heavy interest burden on account of outstanding from Government and Private sector.

Though our main objective is trading, I firmly believe that PEC has, over the years, proven its capability to contribute effectively to larger national goals and priorities through project exports.

Here, on behalf of the Board of Directors of your company, I would like to thank the Government of India, especially our administrative Ministry- the Ministry of Commerce and Industry, for its constant support, encouragement and guidance. A lot of what we have achieved would not have been possible without the policy support and facilitating approach of the Government.

The inspiration, guidance and support I drew all through this period from other distinguished Members on the Board merits special mention. I express my sincere thanks to all of them.

Finally, I would like to place on record our appreciation and sincere thanks to "Team PEC", for its contribution in our march forward and seek their continued support during this difficult period.

I thank you heartily for your continued support.

Thank You,

Jai Hind!

Sd/-

(Sudhanshu Pandey)
Chairman-cum-Managing Director

DIRECTORS' REPORT

To
The Members
PEC Limited ("The Company")

Your Directors has pleasure in presenting their 48th Annual Report on the working of the Corporation together with the audited Financial Statements for the year ended 31st March, 2019 together with the Auditor's Report and Comments on the Accounts by the Comptroller & Auditor General (C&AG) of India.

Financial Summary and Highlights

The performance of the Company during the year 2018-19 vis-à-vis the previous year is summarized as below:-

(₹ in Crore)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Turnover		
Export	51.97	327.61
Import	523.24	3849.10
Domestic	42.66	269.67
Sales of Service	-	5.54
Total	**617.87**	**4451.92**
Financials		
Profit Before Tax & OCI	(-)499.65	(-)56.96
Profit After Tax & OCI	(-)499.19	(-)53.94
Net Worth	**(-)1633.10**	**(-)1133.91**

Company Affairs

Over the years, the business profile of the Company has changed and Company engaged with Industrial Raw Materials, Agro Commodities, Bullion, Manufactured Goods and Engineering Projects constituting major part of its turnover.

Your Company has reported Net Turnover of ₹ 617.87 Crore for the current year as compared to ₹ 4451.92 Crore in the previous year. The Net Loss After Tax & OCI for the year under review amounted to ₹ 499.19 Crore in the current year as compared to ₹ 53.94 Crore in the previous year.

Exports

Your company achieved an Export Turnover of ₹ 51.97 Crore, which includes Export of Rice worth ₹ 46.86 Crore and Export of Engineering & Manufacturing Goods worth ₹ 5.11 Crore.

Imports

Your Company achieved an Import Turnover of ₹ 523.24 Crore during the year. Coking Coal was the major items of import during the year.

Domestic Sales

Your Company achieved domestic sales of Industrial Raw Material (HR Coil), Engineering & Manufacturing Goods amounting to ₹ 42.66 Crore during the year under review.

Dividend

Due to non-availability of profit for the year, the Directors have not recommended any dividend during the year under review.

Transfer to/from Reserves

Keeping in view the current financial position of the Company, The Board of Directors has not transferred any amount to the General Reserve.

Capital Advance

Your company had given Capital Advance amounting to ₹ 45.35 Crore to NBCC Limited for office space and we have applied for cancellation of allotment of Office Space and refund of advance amount paid to NBCC.

Change in the Nature of Business

There are no material changes in the nature of business of the company during the year under review.

Material Changes and Commitments

PEC is facing severe liquidity crisis as all the lender banks have declared PEC's account as NPA due to non-payment of interest on the banking limits availed by the Company. Therefore, at present, the Company has no banking limits, funded or non-funded, available with it.

Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status and Company's Operations in Future

There are no order passed by the regulators/ courts which would impact the going concern status of the company and its future operations during the year under review. Syndicate Bank had filed case in NCLT in February, 2019 and Syndicate Bank has withdrawn its petition in NCLT in December, 2019.

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 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 2018-19.

Deposits

The Company has not accepted any public deposits during the financial year under review within the meaning of chapter V of Companies Act, 2013. Therefore, the requirement of Chapter V of the Companies Act, 2013 is not applicable.

Energy Conservation, Technology Absorption

The Company is engaged in trading activities thus the information required on conservation of energy, technology absorption as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8(3) of The Companies (Accounts) Rules, 2014, is NIL.

Foreign Exchange Earnings and Outgo

The foreign exchange earnings and outgo of your company during the year under review have been as under:-

(₹ in Crore)

Earnings		Outgo	
Exports	51.97	Imports	326.75
		Others	7.06
Total	**51.97**	**Total**	**333.81**

Declaration by an Independent Director

Shri Ashish Kumar Gupta appointed as an Independent Director by the Ministry of Commerce & Industry and joined Board w.e.f. 17th December, 2018. He has submitted his certificate of independence to meet the criteria of independence as required under section 149(6) of the Companies Act, 2013.

Meetings of the Board

Six meetings of Board of Directors have been convened under the financial year under review complying with the requirement of Section 173 of the Companies Act 2013 and Secretarial Standard -1 issued by Ministry of Corporate Affairs.

Disclosure of Composition of Audit Committee

The Audit Committee consists of following members:

Sr. No.	Name of the Members	Position
1.	Shri Ashish Kumar Gupta	Chairperson
2.	Smt. Rupa Dutta	Member
3.	Shri Anupam Misra	Member

Vigil Mechanism and Whistle Blower Policy

The Company promotes ethical behavior in all its business activities/ practice and has put in place a mechanism for reporting illegal/ unethical behavior, improper activities/ practices or any other wrongful conduct in the Company. The Company has a Vigil Mechanism and Whistle-blower policy under which the employees and other Directors are free to report violations of applicable laws and regulations and the Code of Conduct. Policies can be accessible on the web site of the company i.e. http://www.peclimited.com

Particulars of Loans, Guarantees or Investments under Section 186

During the financial year under review, the Company has not provided/given any loans, guarantees and has not made any investments covered under the provisions of section 186 of the Companies Act, 2013.

Particulars of Contracts or Arrangements with Related Parties

All transactions entered by the Company with Related Parties were in the Ordinary Course of Business and at Arm's Length basis. During the financial year ended 31st March, 2019 Company has not entered into any contracts/arrangements/ transactions with related parties which could be considered material as referred to in sub section (1) section 188 of the Companies Act, 2013.

Risk Management Policy

The Company has Risk Management Policy to mitigate financial risk, legal risk, operational/ systems/management risk, strategic risk, fiduciary risk, credit risk, liquidity risk, reputational risk, environmental risk, competition risk, fraud risk, technological risk etc. is inherent in nature.

Statement for Adequacy of Internal Financial Controls

The Company has put in place policies and procedures, practices and organizational structures, which are designed to provide reasonable assurance that business objective, will be achieved and that undesired events will be prevented or detected and corrected. The Company is also having a well-defined Delegation of Powers (DOP), which lays down the financial powers available to various levels of Company's executives. The DOP helps facilitate faster and prudent commercial decision-making by executives at various levels.

The Company has Internal Audit Division headed by a qualified Chartered Accountant which conducted internal audit of Company and suggests various preventive and corrective steps. The audit observations are periodically reviewed by the Audit Committee and the Board of Directors and necessary directions are issued wherever required. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Rajbhasha

PEC continued its 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 in PEC to mark Hindi Pakhwada from 05th September, 2018 to 24th September, 2018 and employees participated in Hindi Pakhwada.

Vigilance

With a view to create greater awareness among the employees on the ill-effects of corruption and the need for eradication of the same, various initiatives were taken. Vigilance Awareness Week was observed from 29th October, 2018 to 03rd November, 2018 in Corporate as well as Branch Offices. Vigilance Division also maintained constant liaison with various agencies viz. CVC, CBI & MOC&I etc. for ensuring preventive vigilance and providing details/inputs to regulatory agencies as per statutory requirements.

Management Discussion and Analysis Report

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

Corporate Governance

Your Company firmly believes that Corporate Governance is very essential for the stakeholders' value creation. The Pursuant to Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises (DPE), Government of India, a Report on Corporate Governance for the year 2018-19 forming part of this report is placed at Annexure-2. PEC 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 Social Responsibility Committee. The CSR Policy adopted by the Board of Directors is available on the Company's website www.peclimited.com. As per the Companies (Corporate Social Responsibility Policy) Rules, 2014, annual Report on Corporate Social Responsibility Activities is annexed herewith as Annexure-3.

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) is paid a sitting fee for each Board/Committee meeting attended at an approved fee by the Board.

The eligibility criterion for appointment of Independent Directors is laid down by the Department of Public Enterprises of the Government of India. Declaration of Independence in the prescribed format has been obtained from them every year to confirm that they continue to qualify as Independent Director.

KEY MANAGERIAL PERSONNEL

PEC has appointed 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 accounts for the year ended 31st March, 2019, the applicable Indian Accounting Standards (Ind-AS) have been followed along with proper explanation relating to material departures.

(b) for the financial year ended 31st March, 2019, such accounting policies as mentioned in the

Notes to the financial statements have been applied consistently and judgements 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, 2019.

(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 a 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 such complaint has been received during the year 2018-19.

Statutory Auditors

M/s PVRN & Co., Chartered Accountants were appointed as Statutory Auditors of the company for the financial year 2018-19 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 2018-19, their Report, along with replies of the Management is attached and forms part of the Annual Report.

Acknowledgments

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/-
(Sudhanshu Pandey)
Chairman-cum-Managing Director
DIN: 02825362

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Overview of Global Trade and Developments

As per WTO forecasts, World merchandise trade volume is projected to slow down to 3.7% in 2019 as global GDP growth dips to 2.9%. World trade will continue to face strong headwinds in 2019 and 2020 after growing more slowly than expected in 2018 due to rising trade tensions and increased economic uncertainty. WTO economists expect merchandise trade volume growth to fall to 2.6% in 2019 - down from 3.0% in 2018. Trade growth could then rebound to 3.0% in 2020; however, this is dependent on an easing of trade tensions. Weak import demand in Europe and Asia dampened global trade volume growth in 2018 due to the large share of these regions in world trade.

Overview of Developments in India During 2018-19

India moved up by 23 places in the World Bank's Ease of Doing Business Index 2018 and got 77th rank. This is attributed to 6 reforms this year- starting a business, getting electricity, construction permits, getting credit, paying taxes and trading across borders. Breaking into the top 50 is possible in the near future, with focused attention on reforms. The "Make in India" Campaign launched by the Government of India in September 2014 permitted 100% FDI in 25 sectors of the economy except aerospace, defence and media industry of India in which 74%, 49% and 26% respectively is allowed. GST, a unified consumption tax on all goods and services introduced in 2017 eradicated the disparity of taxes among different state governments and the multilayer tax system. It has pooled the resources of Centre and State Government under a single tax, which can benefit both. Government of India has made a large investment in infrastructure which will provide better connectivity and hence better growth for the country. The 'Make-in-India' concept initiated by the Government aims to take the growth up to 25% of GDP in manufacturing sector from the current 17% by year 2025. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

Outlook for 2019-20

With a projection of 7.5% growth per annum in GDP over the next three years, India is expected to retain its mantle as the fastest growing major economy in the world. India is expected to emerge as the world's fifth largest economy in the near future. The Economic Survey presented to the Parliament this year sees FY20 GDP growth at 7%. It recommends a renewed focus on pushing up exports. Indian MSMEs need to be freed from shackles that convert them into dwarfs. MSMEs need to be seen as a source of innovation, growth and job creation. Policy should enable MSMEs to grow, create greater profits for their owners and contribute to job creation and productivity in the economy.

PEC's Performance

The company achieved revenue from operations (Net) of ₹ 627.87 Crore during the year under review as against ₹ 4470.91 Crore in the previous year.

Segment-wise Performance:

Export: PEC achieved an export turnover of ₹ 51.97 Crore. The major product segments of exports during the year were Rice and Engineering & Manufacturing Goods.

Engineering and Manufacturing Goods: PEC has continued its efforts to maintain and develop existing markets for export of engineering and manufacturing goods. 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 and getting orders from these markets for supply of Coach Screw Insulator with Screw, Defence, etc. PEC has also made efforts to penetrate new markets.

IMPORTS:

Import accounted for 84% of total turnover of PEC for the year 2018-19. Driven by volumes in Coking Coal Import during the year aggregated to ₹ 523.24 Crore. The areas exhibiting notable performance are:

Industrial Raw Material: Imports of industrial raw material were valued at ₹ 522.48 Crore. Major industrial raw materials imported were Coking Coal.

Coking Coal: The business turnover of coking coal valued at 519.96 Crore emerged as the largest item of import constituting over 99% of total imports.

Strengths and Weakness

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. With withdrawal of credit facilities granted by Banks to PEC, the business of PEC comes to standstill. Since PEC is a trading Company and withdrawal of these facilities resulted the closure of the window of business opportunities in Financial Year 2018-19 there is no new business from Q-2. However, efforts for recovery through legal recourses are being continued. Consequently, it brings the demoralization in staff and high attrition rate. Administrative Ministry has asked for cost cutting and carry on recovery process with an object to reduce current outstanding with Banks.

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. The possible opportunity for survival is fee based business model which does not require the credit facilities from Banks but for this retention of Manpower is a major concern and bank will have to allow payments to be effected to associates in case payments are received upon conclusion of projects or transaction.

For India, economic activity is expected to improve modestly, driven by global economic revival which may lead to better opportunities for international trade in future once some meaningful recoveries are done and some fee based business are acquired, with the support of Banks and Government of India with respect to credit facilities and permission by Administrative Ministry to allow to increase the manpower, survival of PEC is sure.

Risks and Concerns

Volatility in prices specially when prices decline, higher level of inventory and sluggish demand results in pressure on trading margin as sale prices 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 Control Systems

The Corporation has well-established internal control systems for orderly and efficient conduct of its business commensurate with its operations. Policies are well documented and detailed manuals are in place on almost all aspects of the business. The internal processes are continuously reviewed, strengthened and revision of policies and guidelines carried out from time to time to align with the changing business needs. The Corporation had appointed an independent Chartered Accountant firm for Internal Audit for the Financial Year 2017-18. The Corporation has conducted in-house Internal Audit during the Financial Year 2018-19. The Statutory Auditors, during the process of financial audit, review the efficacy of internal financial controls. Significant observations, corrective actions and good practices suggested by the Statutory and Internal Auditors are reviewed by the management and the Audit Committee for appropriate implementation in order to further strengthen the controls on various business processes. The Audit Committee has recommended to appoint an independent Chartered Accountant firm for Internal Audit for the Financial Year 2019-20.

Human Resource

PEC's work force is 80 which include 76 Managers and 04 Staff as on 31st March, 2019.

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. All statutory provisions were complied within the recruitment & promotion process.

Industrial relations remained cordial throughout the year.

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, no amount 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 recover dues from defaulted associates to sustain itself.

Cautionary Statement

Statements in the Management's Discussion & Analysis describing the Company's objectives, expectations or anticipations may be forward-looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from the expectations. Critical factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of products, input availability and prices, changes in Government regulations/tax laws, economic developments within the country and factors such as litigation and industrial relations.

Last Ten Years

(₹ in Crore)

Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Sales	**11025.94**	**9969.94**	**11041.33**	**11649.01**	**9780.37**	**6186.76**	**3746.59**	**4254.07**	**4451.92**	**617.87**
Exports	1254.91	1136.25	1036.92	3029.12	2556.03	601.22	122.70	64.10	327.61	523.24
Domestic	889.46	926.89	1798.36	1659.38	1543.49	613.29	191.59	209.86	275.21	42.66
Imports	8881.57	7906.80	8206.05	6960.51	5680.85	4972.25	3432.30	3980.11	3849.10	51.97
Income	**145.55**	**146.40**	**159.72**	**159.63**	**43.02**	**(137.61)**	**(1110.84)**	**(61.59)**	**(26.09)**	**(474.95)**
Expenditure	**42.59**	**39.84**	**41.19**	**46.56**	**41.04**	**42.18**	**31.18**	**30.51**	**30.87**	**24.70**
Establishment	20.08	26.69	28.48	27.46	24.73	29.54	21.65	21.77	22.25	17.96
Administration	22.51	13.15	12.71	19.10	16.31	12.64	9.53	8.74	8.62	6.74
Prior Period Adjustment	(0.07)	0.00	0.00	0.00	0.00	0.01	0.11	(0.03)	0.00	0.00
Profit Before Tax	**102.89**	**106.56**	**118.53**	**113.07**	**1.98**	**(179.79)**	**(1142.02)**	**(92.10)**	**(56.96)**	**(499.65)**
Tax	35.18	35.64	38.98	16.12	1.27	28.75	0.00	0.00	0.00	0.00
Profit After Tax	67.71	70.92	79.55	96.95	0.71	(208.54)	(1142.02)	(92.10)	(56.96)	(499.65)
Capital Employed	**460.03**	**479.51**	**347.63**	**586.13**	**1568.51**	**1453.10**	**(45.21)**	**(251.42)**	**(189.56)**	**(155.40)**
Shareholder's Funds	232.03	285.51	347.63	362.04	362.75	154.21	(987.81)	(1079.91)	(1133.91)	(1633.10)
Loan Funds	228.00	194.00	0.00	224.09	1205.76	1298.89	942.60	828.49	944.35	1477.70

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Report on Corporate Governance

Company's Philosophy on Corporate Governance

The Company ensures transparency and integrity to follow the best corporate governance practices, develop best policies/guidelines 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 considers itself as a Trustee of its stakeholders and acknowledges its responsibility towards them, for creation and safeguarding the stakeholder's wealth and interests. All policies/ procedures are framed conforming to legal and to ethical responsibilities.

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.

Company has laid down policies such as Code of Conduct for Board Members and Senior Management Personnel, Whistle Blower Policy, Policy on preservation of documents; the policies are displayed on the website of the Company www.peclimited.com. The Company adheres to good corporate practices and constantly strives to improve the same.

Board of Directors

As on date the Board comprises of CMD, one whole time Director and four part-time Directors consisting one Director having additional charge, one independent Director and two Government nominee Directors. The names of Directors on the Board as on date along with their qualification, dates of appointment and categories under which they were appointed, are as under:-

Sr. No.	Name of Director	Qualification	Date of Appointment	Category
1.	Shri Sudhanshu Pandey	Indian Administrative Service (IAS)	01.02.2020	Chairman-cum-Managing Director
2.	Shri Anupam Misra	B.Tech. (Hons) IIT, Kharagpur and PGDM (IIM Lucknow)	20.09.2016	Whole Time Functional Director
3.	Shri J. Ravi Shanker	B.Tech. IIT, Delhi	08.08.2018	Director (Additional Charge)
4.	Smt. Rupa Dutta	Indian Economic Services	20.11.2015	Non-Executive Part-Time Government Director (Ministry of Commerce & Industry)
5.	Smt. Durga Sakthi Nagpal	Indian Administrative Service (IAS)	16.09.2019	Non-Executive Part-Time Government Director (Ministry of Commerce & Industry)
6.	Shri Ashish Kumar Gupta	B.Tech (Civil), M. Plan (Urban Planning)	17.12.2018	Independent Director
7.	Smt. Sukhpreet Kaur	B.Sc., MBA	27.01.2020	Independent Director

The composition of the Board of Directors, attendance in Board Meetings, Annual General Meeting and other Director-ship held during the year 2018-19 are as below :-

Sl. No.	Name & Designation of Directors	No. of Board meetings attended	Attendance at last Annual General Meeting	Directorship held in other Public Limited Companies
WHOLE-TIME DIRECTORS				
1.	Shri Ved Prakash CMD (From 01.02.2019 upto 31.01.2020)	1/1	NA	1. MMTC Limited, 2. Neelachal Ispat Nigam Ltd. (NINL), 3. Free Trade Warehousing Limited, 4. MMTC Transnational Pte Ltd., Singapore, 5. Fertilizer Association of India.
2.	Shri M. Nagaraj CMD (upto 01.02.2019)	5/5	Yes	NIL
3.	Shri Anupam Misra Director	6/6	Yes	NIL
4.	Shri J. Ravi Shanker Director (upto 03.07.2018)	1/1	No	NIL
5.	Shri J. Ravi Shanker Director (Additional Charge w.e.f. 08.08.2018)	4/5	Yes	1. MMTC Limited, 2. Free Trade Warehousing Limited, 3. MMTC-PAMP India Private Limited.
PART-TIME DIRECTORS (Govt. Nominees)				
6.	Smt. Rupa Dutta	6/6	Yes	1. The Gem & Jewellery Skill Council of India, 2. The Gem & Jewellery Export Promotion Council, 3. Indian Diamond Institute
7.	Dr. Shobhit Jain (upto 17.06.2019)	6/6	Yes	STCL
8.	Shri Ashish Kumar Gupta (w.e.f 17.12.2018)	0/1	NA	1. Prakash Seeds Private Limited, 2. Prabhat Constructions (P) Ltd, 3. Prakash Seeds Research Private Limited.

Changes in Directorship

Following are the changes in the Board of Directors of your Company since 1st April, 2018:-

- Shri J. Ravi Shanker has relinquished the charge of Director on 03.07.2018.
- Shri J. Ravi Shanker, Director, MMTC Limited has assumed the additional charge of Director w.e.f. 08.08.2018.
- Shri Ashish Kumar Gupta has assumed the charge of Independent Director w.e.f. 17.12.2018.
- Shri M. Nagaraj relinquished the charge of Chairman-cum-Managing Director on 01.02.2019.
- Shri Ved Prakash, CMD, MMTC Limited has assumed the additional charge of Chairman-cum-Managing Director w.e.f. 01.02.2019.
- Dr. Shobhit Jain has relinquished the charge of Part Time Director (Govt Nominee) on 17.06.2019.
- Smt. Durga Sakthi Nagpal has assumed the charge of Part Time Director (Govt Nominee) w.e.f. 16.09.2019.

- Smt. Sukhpreet Kaur has assumed the charge of Independent Director w.e.f. 27.01.2020.
- Shri Ved Prakash relinquished the charge of Chairman-cum-Managing Director on 31.01.2020.
- Shri Sudhanshu Pandey, Additional Secretary, Department of Commerce, MOC&I has assumed the additional charge of Chairman-cum-Managing Director (CMD) w.e.f. 01.02.2020.

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: -

Sr. No.	Board Meeting No.	Date	Board Strength	No. of Directors Present
1	306th	19.06.2018	5	5
2	307th	30.08. 2018	5	5
3	308th	19.09.2018	5	5
4	309th	22.11.2018	5	4
5	310th	29.11.2018	5	5
6	311th	20.03.2019	6	5

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 regularly 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.

Debtors Monitoring & Recovery Committee and Attendance

Board had earlier constituted Debtors Monitoring and Recovery Committee (DMRC). DMRC of the Company comprises of Shri M. Nagaraj as Chairperson of the Committee, Shri J. Ravi Shanker and Shri Anupam Misra as Members of the Committee. Shri Pardeep Kumar, Company Secretary of the Company is the Secretary of the DMRC. The DMRC met 5 times on 03rd April, 2018, 17th April, 2018, 25th May, 2018, 05th June, 2018 and 07th June, 2018 during the FY 2018-19. The details of the DMRC meetings and attendance of the Members are as below:-

Sr. No.	DMRC Meeting Date	DMRC Strength	No. of Members Present
1.	03.04.2018	3	3
2.	17.04.2018	3	3
3.	25.05.2018	3	3
4.	05.06.2018	3	3
5.	07.06.2018	3	3

Board Meeting held on 20th March, 2019 has decided to dissolve the DMRC and directed Audit Committee to look into the scope of DMRC with immediate effect.

Audit Committee - Composition and Attendance

The Audit Committee of the Company was dissolved as the post of Independent Director was vacant. However upon appointment of Shri Ashish Kumar Gupta (Independent Director), the Audit Committee was re-constituted w.e.f. 20th March, 2019. The details of the Members of the Audit Committee are as below:-

1. Shri Ashish Kumar Gupta – Chairperson,
2. Shri Anupam Misra – Member,
3. Smt. Rupa Dutta – Member.

The Audit Committee has discharged such roles as envisaged under the provisions of Section 177 of the Companies Act, 2013. No meeting of Audit Committee held during the FY 2018-19.

Board Meeting held on 20th March, 2019 has decided to dissolve the DMRC and directed Audit Committee to look into the scope of DMRC with immediate effect.

Risk Management

The Company is having a Board approved Risk Management Policy to take care of various risks associated with the business.

Remuneration Committee– Composition And Attendance

No meeting of the Remuneration Committee was held during the Financial Year 2018-19. The details of the Members of the Remuneration Committee are as below:-

1. Smt. Rupa Dutta – Chairperson,
2. Dr. Shobhit Jain – Member,
3. Shri J. Ravi Shanker – Member,
4. Shri Anupam Misra – Member.

Committee of Board on Corporate Social Responsibility and Sustainable Development

A Committee on CSR & SD of the Company has been re-constituted on 20th March, 2019 for monitoring the Company's CSR & SD Activities during the FY 2018-19.

1. Shri Ved Prakash – Chairperson,
2. Shri Ashish Kumar Gupta – Member,
3. Shri Anupam Misra – Member.

No meeting of the Corporate Social Responsibility and Sustainable Development Committee was held during the Financial Year 2018-19.

Committee of Management

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

CoM met 15 times during the Financial Year 2018-19. The details of the CoM meetings are as under: -

Sl. No.	CoM Meeting No.	Date	CoM Strength	No. of Members Present
1	40(2018/7)	12th April, 2018	4	4
2	41(2018/8)	01st May, 2018	4	4
3	42(2018/9)	10th May, 2018	4	4
4	43(2018/10)	25th May, 2018	4	4
5	44(2018/11)	01st June, 2018	4	4
6	45(2018/12)	18th June, 2018	4	4
7	46(2018/13)	28th June, 2018	4	4
8	47(2018/14)	03rd July, 2018	4	4
9	48(2018/15)	24th July, 2018	4	4
10	49(2018/16)	26th July, 2018	3	3
11	50(2018/17)	10th August, 2018	4	3
12	51(2018/18)	01st October, 2018	4	3
13	52(2018/19)	23rd October, 2018	4	3
14	53(2018/20)	07th December, 2018	4	3
15	54(2019/1)	21st January, 2019	4	3

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 2018-19 to Directors are as under:-

Sl. No.	Name of Directors	Salary & benefits (₹ Crore)	No. of shares of PEC held as on 31.03.2019
FUNCTIONAL DIRECTORS			
1.	Shri M. Nagaraj, CMD (upto 01.02.2019)	0.42	Nil
2.	Shri J. Ravi Shanker Director (upto 03.07.2018)	0.26	Nil
3.	Shri Anupam Misra	0.31	Nil
PART-TIME DIRECTORS (Govt. Nominees)			
4.	Smt. Rupa Dutta	-	1
5.	Dr. Shobhit Jain	-	1

General Body Meeting

The details of General Body Meetings of the Company held during the last three years are as under:-

Nature of Meeting	Financial Year	Date of Meeting	Venue
Annual General Meeting	2017-18	29.11.2018	Udyog Bhawan, Ministry of Commerce & Industry, New Delhi
Annual General Meeting	2016-17	22.09.2017	Hansalaya-15, Barakhamba Road, New Delhi
Annual General Meeting	2015-16	01.11.2016	Udyog Bhawan, Ministry of Commerce & Industry, New Delhi

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 48th Annual General Meeting is scheduled for 24.02.2020 at Room No. 263, Conference Room, Department of Commerce, Udyog Bhawan, New Delhi - 110107.
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
2017-18	Nil	Nil	NA
2016-17	Nil	Nil	NA
2015-16	Nil	Nil	NA

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 behavior or actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy.

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, Guarantees 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 4, 5, 7, 13 and 33 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: sandeepcs28@gmail.com

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members,
PEC Limited

I have examined the compliances of the conditions of Corporate Governance by **PEC Limited ("The Company")** for the year ended at **31st March, 2019** 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. My 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 my opinion and to best of my information and according to the information and according to the examination given to me, I certified that the Company has complied with guidelines on the Corporate Governance for Central Public Sector Enterprises except that:

1. *Appointment Independent Director(s) are not in conformity with the DPE Guidelines. Consequently, the requisite Committee(s) requiring Independent Director(s) is/are not formed.*

I 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
C. P. No. 15228
Company Secretary In Pratice

PLACE: NEW DELHI
DATE: 19/12/2019

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

UDIN: A025187A000436598

Annual Report on Corporate Social Responsibility Activities (2018-19)

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 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 & 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.

In view of losses, no fresh allocation of CSR fund was made during FY 2018-19. There is a provision of Carried forward from previous years amounting to ₹ 25,42,041/- in the books. However, there is no cash, as net worth is negative and accounts are NPA.

Web links:

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

2. The composition of CSR committee

i. Shri Ved Prakash - Chairperson,

ii. Shri Ashish Kumar Gupta - Member,

iii. Shri Anupam Misra - Member.

3. Average net profit/(loss) of the company for the last three financial years

FY	Net Profit (PBT) ₹ in Crore
2015-16	(1142.02)*
2016-17	(92.84)*
2017-18	(56.96)*
TOTAL	**(1291.82)***
AVG. PROFIT	**(430.61)***

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

2% of ₹ (430.61)* = ₹ (8.61)* Crore

Note:* depicts figures in negative and shows loss incurred by PEC.

5. **Details of CSR spent during the Financial Year**

   (a) Total amount to be spent for the Financial Year.

   Provision for FY 2018-19 – Nil

   (b) In view of losses and non-availability of profits, no fresh allocation of the CSR fund was made during FY 2018-19. Carried forward from previous years amounting to ₹ 25,42,041/- are available in the books.

   Amount Spent in Financial Year – Nil

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 per Item 3.

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.

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

Sd/-
(Sudhanshu Pandey)
Chairman-cum-Managing Director
DIN: 02825362

ANNEXURE TO REPORT ON CSR ACTIVITIES F.Y. 2018-19

1	2	3	4	5	6	7	8	9
Sr. No.	**CSR Project**	**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 (₹)**	**Amount spent on projects 1.Direct Expenditure 2.Overheads (₹)**	**Cumulative expenditure up to reporting period (₹)**	**Amount spent: Direct or Through implementing agency (IA)**
Amount Allocated from the Carried Forward of Previous Years for the Activities during 2018-19*								
1	---	---	---	---	25,42,041/-	---	---	---
***Carried forward amount ₹ 25,42,041/- in the books. However, there is no cash, as net worth is negative and accounts are NPA.** **The Board Level CSR Committee decided that no fresh allocation of the CSR fund shall be made for FY 2018-19.**								

Form No. MGT 9
Extract of Annual Return

As on financial year ended on 31.03.2019

(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:**	
i	CIN	U74899DL1971GOI005600
ii	Registration Date	21/04/1971
iii	Name of the Company	PEC Limited
iv	Category of the Company	Company Limited by Shares/Union Government Company
v	Address of the Registered office & contact details	
	Address :	Hansalaya,15 - Barakhamba Road, New Delhi -110 001
	Town/City :	New Delhi
	State :	Delhi
	Country Name :	India
vi	Whether listed company	No
vii	Name and Address of Registrar & Transfer Agents (RTA):-	
	Name of RTA:	NA
	Address :	NA
	Town / City :	NA
	State :	NA
	Pin Code:	NA
	Telephone :	NA
	Fax Number :	NA
	Email Address :	NA

II	**Principal Business Activity of The Company**		
All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-			
Sl. No.	**Name and Description of main products / services**	**NIC Code of the Product / service**	**% to total turnover of the company**
1.	Coking Coal	99651251	84%

III	**Particulars of Holding, Subsidiary and Associate Companies**					
No. of Companies for which information is being filled : 1						
S. No.	**Name of the Company**	**Address of the Company**	**CIN**	**Holding/ Subsidiary /Associate**	**% of shares held**	**Applicable Section**
1	M/s Tea Trading Corporation of India Limited.	7 Wood St. Kolkata WB 700016	U51226WB1971PLC028174	Subsidiary	100%	Section 2(87)(ii)

IV	Share Holding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)								
IV (A)	*Category-wise Share Holding*								
Category of Share holders	**No. of Shares held at the beginning of the year**				**No. of Shares held at the end of the year**				**% Change during the year**
	Demat	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	0%	-	-	-	0%	0%
b) Central Govt	-	60,00,000	60,00,000	100%	-	60,00,000	60,00,000	100%	0%
c) State Govt(s)	-	-	-	0%	-	-	-	0%	0%
d) Bodies Corp.	-	-	-	0%	-	-	-	0%	0%
e) Banks / FI	-	-	-	0%	-	-	-	0%	0%
f) Any other	-	-	-	0%	-	-	-	0%	0%
(2) Foreign									
a) NRI - Individual/	-	-	-	0%	-	-	-	0%	0%
b) Other - Individual/	-	-	-	0%	-	-	-	0%	0%
c) Bodies Corp.	-	-	-	0%	-	-	-	-	0%
d) Banks / FI	-	-	-	0%	-	-	-	0%	0%
e) Any Others	-	-	-	0%	-	-	-	0%	0%
Total shareholding of Promoter (A)	**-**	**60,00,000**	**60,00,000**	**100%**	**-**	**60,00,000**	**60,00,000**	**100%**	**0%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	0%	-	-	-	0%	0%
b) Banks / FI	-	-	-	0%	-	-	-	0%	0%
c) Central Govt	-	-	-	0%	-	-	-	0%	0%
d) State Govt(s)	-	-	-	0%	-	-	-	0%	0%
e) Venture Capital Funds	-	-	-	0%	-	-	-	0%	0%
f) Insurance Companies	-	-	-	0%	-	-	-	0%	0%
g) FIIs	-	-	-	0%	-	-	-	0%	0%
h) Foreign Venture Capital Funds	-	-	-	0%	-	-	-	0%	0%
i) Others (specify)	-	-	-	0%	-	-	-	0%	0%
Sub-total (B)(1):-	-	-	-	0%	-	-	-	0%	0%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	0%	-	-	-	0%	0%
ii) Overseas	-	-	-	0%	-	-	-	0%	0%
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	-	-	-	0%	-	-	-	0%	0%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	0%	-	-	-	0%	0%
c) Others (specify)	-	-	-	0%	-	-	-	0%	0%
Sub-total (B)(2):-	**-**	**-**	**-**	**0%**	**-**	**-**	**-**	**0%**	**0%**
Total Public Shareholding (B)=(B) (1)+ (B)(2)	-	-	-	0%	-	-	-	0%	0%
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**0%**	**-**	**-**	**-**	**0%**	**0%**
Grand Total (A+B+C)	**-**	**60,00,000**	**60,00,000**	**100%**	**-**	**60,00,000**	**60,00,000**	**100%**	**0%**

IV (B)	*Shareholding of Promoters*							
Sl No.	**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%	0%	59,99,998	100%	0%	0%
2.	Dr. Shobhit Jain*	1	0%	0%	01	0%	0%	0%
3.	Smt. Rupa Dutta*	1	0%	0%	01	0%	0%	0%
	Total	60,00,000	100%	0%	60,00,000	100%	0%	0%

* 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.

IV (C)	*Change in Promoters' Shareholding (please specify, if there is no change)*				
Sl. No. 1 – President of India		**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%**
Changes During the Year					
Increase					
Date	Reason for Increase				
NA	Allotment	-	0%	-	0%
NA	Bonus	-	0%	-	0%
NA	Sweat	-	0%	-	0%
NA	Other	-	0%	-	0%
Decrease					
Date	Reason for Decrease				
NA	Transfer	-	0%	-	0%
NA	Other	-	0%	-	0%
At the End of the year		**60,00,000**	**100%**	**60,00,000**	**100%**

IV (D)	*Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*				*NA*
Name of the Shareholder		**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		**-**	**0%**	**-**	**0%**
Changes During the Year					
Increase					
Date	Reason for Increase				
NA	Allotment	-	0%	-	0%
NA	Bonus	-	0%	-	0%
NA	Sweat	-	0%	-	0%
NA	Other	-	0%	-	0%
Decrease					
Date	Reason for Decrease				
NA	Transfer	-	0%	-	0%
NA	Other	-	0%	-	0%
At the End of the year (or on the date of separation, if separated during the year)		**-**	**0%**	**-**	**0%**

IV(E)	*Shareholding of Directors and Key Managerial Personnel:*				
Name: Dr. Shobhit Jain Designation: Nominee Director (Nominee of President of India)		**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		**01**	**0%**	**01**	**0%**
Changes During the Year					
Increase					
Date	Reason for Increase				
NA	Allotment	-	0%	-	0%
NA	Bonus	-	0%	-	0%
NA	Sweat	-	0%	-	0%
NA	Other	-	0%	-	0%
Decrease					
Date	Reason for Decrease				
NA	Transfer	0	0%	-	0%
NA	Other	-	0%	-	0%
At the End of the year		**01**	**0%**	**01**	**0%**

Name: Smt. Rupa Dutta Designation: Nominee Director (Nominee of President of India)		**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		**01**	**0%**	**01**	**0%**
Changes During the Year					
Increase					
Date	Reason for Increase				
NA	Allotment	-	0%	-	0%
NA	Bonus	-	0%	-	0%
NA	Sweat	-	0%	-	0%
NA	Other	-	0%	-	0%
Decrease					
Date	Reason for Decrease				
NA	Transfer	-	0%	-	0%
NA	Other	-	0%	-	0%
At the End of the year		**01**	**0%**	**01**	**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	9,44,35,00,111.72	-	-	9,44,35,00,111.72
ii) Interest due but not paid	68,46,359.59	-	-	68,46,359.59
iii) Interest accrued but not due	-	-	-	-

Total (i+ii+iii)	**9,45,03,46,471.31**	**-**	**-**	**9,45,03,46,471.31**
Change in Indebtedness during the financial year				
* Addition	12,07,38,69,151.81	-	-	12,07,38,69,151.81
Reduction	-6,74,72,52,719.33	-	-	-6,74,72,52,719.33
Net Change	**5,32,66,16,432.48**	**-**	**-**	**5,32,66,16,432.48**
Indebtedness at the end of the financial year				
i) Principal Amount	14,77,69,62,903.79	-	-	**14,77,69,62,903.79**
ii) Interest due but not paid**	11,42,54,065.44	-	-	11,42,54,065.44
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**14,89,12,16,969.23**	**-**	**-**	**14,89,12,16,969.23**
Note: *Inclusive of default in payments of Short term loans, cash credits, L/C Developments, Interest etc.				
** Contingent Liabilities of Bank interest.				

VI	**Details of Remuneration of Directors and Key Managerial Personnel**				
VI (A)	***Remuneration of Directors and Key Managerial Personnel***				
Sl. No.	**Particulars of Remuneration**	**Shri M. Nagaraj (CMD) (upto 01.02.2019)**	**Shri J. Ravi Shanker (Director) (upto 03.07.2018)**	**Shri Anupam Misra (Director)**	**Total Amount**
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26,30,800	8,35,876	25,64,912	60,31,588
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,20,695	-	1,81,400	7,02,095
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	10,22,618*	17,39,228*	4,03,442	31,65,288
	Total VI(A)	**41,74,113**	**25,75,104**	**31,49,754**	**98,98,971**

*Includes Leave Encashment transfer to their current organisations.

VI (B)	***Remuneration to other Directors:***		
Sl. No.	**Particulars of Remuneration**	**Shri Ashish Kumar Gupta (from 17.12.2018)**	**Total Amount**
1	Independent Directors :		
	Fee for attending board committee meetings	-	-
	Commission	-	-

	Others, please specify	-	-
	Total (1)	**-**	**-**
2	Other Non-Executive Directors		
	Fee for attending board committee meetings	-	-
	Commission	-	-
	Others, please specify	-	-
	Total (2)	**-**	**-**
	Total VI (B)=(1+2)	**-**	**-**
	Total Managerial Remuneration	-	-
	Overall Ceiling as per the Act	-	-

VI (C)	***Remuneration to Key Managerial Personnel other than MD/Manager/WTD***		
Sl. No.	**Particulars of Remuneration**	**Name of the KMP**	**Total Amount**
		Shri Pardeep Kumar Company Secretary	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14,21,973	14,21,973
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	32,145	32,145
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify…	-	-
5	Others, please specify	2,20,813	2,20,813
	Total	**16,74,931**	**16,74,931**

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	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
B. DIRECTORS					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
C. Other Officers in Default					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

For & on behalf of the Board of Directors

Sd/-
(Sudhanshu Pandey)
Chairman-cum-Managing Director
DIN: 02825362

PEC LIMITED

Balance Sheet

As at 31 March 2019

(₹ in Crore)

Particulars		Note No.	As at 31 March 2019	As at 31 March 2018
A	**ASSETS**			
1	Non-Current Assets			
	(a) Property, Plant & Equipment	2	0.13	0.21
	(b) Other Intangible Assets	3	-	-
	(c) Intangible Assets under development		-	-
	(d) Investment property	4	-	-
	(e) Financial Assets			
	(i) Investments	5	-	-
	(ii) Trade Receivables	6	0.67	-
	(iii) Loans	7	0.89	1.51
	(iv) Other Financial Assets	8	0.06	0.05
	(f) Deferred Tax Assets (Net)		-	-
	(g) Non-Current Assets (others)	9	45.49	45.54
	Total Non-Current Assets (A)		**47.24**	**47.31**
2	**Current Assets**			
	(a) Inventories	10	-	223.64
	(b) Financial Assets		-	-
	(i) Investments		-	-
	(ii) Trade Receivables	11	79.11	894.52
	(iii) Cash & Cash Equivalents	12	46.48	22.62
	(iv) Loans	13	0.56	0.65
	(v) Other Financial Assets	14	-	2.20
	(c) Current Tax Assets (Net)	15	6.27	18.37
	(d) Others Current Assets	16	0.82	0.78
	Total Current Assets (B)		**133.24**	**1,162.78**
	Total Assets (A + B)		**180.48**	**1,210.09**
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	17	60.00	60.00
	(b) Other Equity	18	(1,693.10)	(1,193.91)
	Equity Attributable to Equity Shareholders of the Company		**(1,633.10)**	**(1,133.91)**
	Non Controlling Interest		-	-
	Total Equity (A)		**(1,633.10)**	**(1,133.91)**
	Liabilities			
2	**Non-Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowing		-	-
	(ii) Trade payables		-	-
	(iii) Other Financial Liabilities		-	-
	(b) Provisions	19	18.21	19.30
	(c) Other Non-Current Liabilities		-	-
	(d) Deffered tax Liabilities (Net)		-	-
	Total Non-Current Liabilities (B)		**18.21**	**19.30**
3	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowing	20	1,477.70	944.35
	(ii) Trade Payables	20A	84.64	1,059.06
	(iii) Other Financial Liabilities	21	43.02	49.76
	(b) Provisions	22	1.86	1.93
	(c) Other Current Liabilities	23	187.97	268.51
	(d) Current Tax Liabilities (Net)	24	0.18	1.09
	Total Current Liabilities (C)		**1,795.37**	**2,324.70**
	Total Equity and Liabilities (A+B+C)		**180.48**	**1,210.09**
	Notes to Accounts	**1 to 57**		

The Significant Accounting Policies and Notes are Integral Part of these Financial Statements.

In terms of our report of even date
For PVRN & Co.
Chartered Accountants
Firm Registration No. 004062N

For and on behalf of the Board of PEC Limited

Sd/-
(Vinay Kumar Gupta)
Partner
Membership No. 086879

Sd/-
(Ved Prakash)
Chairman-Cum-Managing Director
Din: 02988628

Sd/-
(Anupam Misra)
Director
Din: 07637439

Sd/-
(Atul Taneja)
JGM (Head of Finance)

Place: New Delhi
Date: 04-12-2019

PEC LIMITED

Statement of Profit and Loss for the year ended 31 March 2019

(₹ in Crore)

Particulars		Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
1	**Revenue from Operations**	**25**	**627.87**	**4,470.91**
	Less: Excise duty		-	-
	Revenue from operations (net)		627.87	4,470.91
2	Other Income	26	1.89	9.57
3	**Total Income (1+2)**		**629.76**	**4,480.48**
4	**Expenses**			
	(a) Cost of materials consumed			
	(i) Purchases of Stock-in-trade	27 A	384.11	4,282.82
	(ii) Changes in Inventories of Stock-in-trade	27 B	223.64	7.19
	(b) Employee Benefits Expense	28	17.96	22.25
	(c) Finance Costs	29	143.75	73.18
	(d) Depreciation and Amortization Expense		0.09	0.24
	(e) Other Expenses	30	21.15	161.97
	Total Expenses [4(a) to 4(e)]		**790.70**	**4,547.65**
5	**Profit / (Loss) before exceptional and tax (3-4)**		**(160.94)**	**(67.17)**
6	Exceptional items (net)	31	(338.71)	10.21
7	**Profit / (Loss) Before Tax (5+6)**		**(499.65)**	**(56.96)**
8	Tax Expense:		-	-
9	**Profit / (Loss) from continuing operations**		**(499.65)**	**(56.96)**
10	Profit / (Loss) from Discontinuing operations		-	-
11	Tax Expenses of discontinuing operations		-	-
12	**Profit / (Loss) from Discontinuing operations (after Tax) (09-11)**		**(499.65)**	**(56.96)**
13	**Profit / (Loss) for the Period**		**(499.65)**	**(56.96)**
14	**Other Comprehensive Income**			
A	(i) Items that will not be reclassified to profit & loss	32	0.46	3.02
	(ii) Income tax relating to Items that will not be reclassified to profit & loss		-	-
B	(i) Items that will be reclassified to profit & loss		-	-
	(ii) Income tax relating to Items that will be reclassified to profit & loss		-	-
15	**Total Other Comprehensive Income**		**0.46**	**3.02**
16	**Total Comprehensive Income for the year (13+14) (Comprising profit & loss and other comprehensive income)**		**(499.19)**	**(53.94)**
	Profit Attributable to:			
	Owners of the company		(499.19)	(53.94)
	Non Controlling Interest			
			(499.19)	(53.94)
	Other Comprehensive Income Attributable to:			
	Owners of the company		-	-
	Non Controlling Interest		-	-
	Total Profit and Comprehensive Income Attributable to:			
	Owners of the company		(499.19)	(53.94)
	Non Controlling Interest		-	-
			(499.19)	(53.94)
17	Earnings per Equity Share of ₹ 100 each (Continuing Operation):			
	Basic (in ₹)		(831.99)	(89.90)
	Diluted (in ₹)		(831.99)	(89.90)
	Notes to Accounts	1 to 57		

The Significant Accounting Policies And Notes Are Integral Part of These Financial Statements.

In terms of our report of even date
For PVRN & Co.
Chartered Accountants
Firm Registration No. 004062N

For and on behalf of the Board of PEC Limited

Sd/-
(Vinay Kumar Gupta)
Partner
Membership No. 086879

Sd/-
(Ved Prakash)
Chairman-Cum-Managing Director
Din: 02988628

Sd/-
(Anupam Misra)
Director
Din: 07637439

Sd/-
(Atul Taneja)
JGM (Head of Finance)

Place: New Delhi
Date: 04-12-2019

PEC LIMITED

Cash Flow Statement for the year ended 31 March 2019

(₹ in Crore)

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flow from operating activities			
Net profit before tax		(499.19)	(53.94)
Adjustment for			
Interest paid (Finance Cost)		143.75	73.18
Rental Income		(0.11)	(0.10)
Depreciation		0.09	0.24
Foreign Exchange (Gain)/Loss		2.35	2.23
Interest Income		(1.44)	(2.24)
Provisions no longer required written back		(7.28)	(10.53)
Liability no longer required written back		(0.03)	(6.24)
Provision for Doubtful Debts		345.96	0.32
Operating profit before working capital changes	**(i)**	**(15.90)**	**2.92**
(Increase)/Decrease in Trade Receivable		466.44	69.23
(Increase)/Decrease in Inventories		223.64	7.19
Increase/(Decrease) in Other Non-Current Provision		(0.07)	(4.04)
Increase/Decrease in Trade payable		(967.11)	(181.38)
Increase/(Decrease) in Other Financial Liabilities		(6.74)	5.75
Increase/Decrease in Other Liabilities		(80.54)	45.89
Increase/(Decrease) in Other Provision		(1.09)	2.65
(Increase)/Decrease in Financial Assets		2.93	0.24
(Increase)/Decrease in Other Asset		11.61	(2.48)
Total	**(ii)**	**(350.93)**	**(56.96)**
Cash generated from operations	**(i) + (ii)**	**(366.83)**	**(54.03)**
Income tax (paid)/received (net)		(0.44)	6.06
Net cash flow from operating activities	**(A)**	**(367.27)**	**(47.96)**
Cash flow from Investing activities:			
Purchase of Fixed Assets		(0.02)	(0.04)
Proceeds from sale of Fixed Assets		-	-
Rental Income		0.11	0.10
Interest received		1.44	2.24
Net cash from investing activities	**(B)**	**1.53**	**2.30**
Cash flow from financing activities			
Borrowings/(Repayments) of loans and credits		533.35	115.86
Interest paid		(143.75)	(73.18)
Net cash from financial activities	**(C)**	**389.60**	**42.68**
Net increase/(decrease) in cash & cash equivalents	**(A)+(B)+(C)**	**23.86**	**(2.99)**
Cash & cash equivalents at beginning of the period		22.62	25.61
Cash & cash equivalents at end of the period		46.48	22.62

In accordance with Indirect Method set out in Indian Accounting Standard- 7 issued by the Institute of Chartered Accountants of India

Notes:

1. Figures in brackets represents outflow.
2. Previous year figures have recasted/restated wherever necessary.
3. Balance with bank includes ₹ 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 PVRN & Co.
Chartered Accountants
Firm Registration No. 004062N

For and on behalf of the Board of PEC Limited

Sd/-
(Vinay Kumar Gupta)
Partner
Membership No. 086879

Sd/-
(Ved Prakash)
Chairman-Cum-Managing Director
Din: 02988628

Sd/-
(Anupam Misra)
Director
Din: 07637439

Sd/-
(Atul Taneja)
JGM (Head of Finance)

Place: New Delhi
Date: 04-12-2019

PEC LIMITED

Statement of changes in Equity for the year ended as on 31 March 2019

NOTES TO ACCOUNTS

A. Equity Share Capital (₹ in Crore)

Particulars	Amount
Balance as at 01.04.2017	**60.00**
Add: Share issued during the year 01.04.2017 - 31.03.2018	-
Balance as at 31.03.2018	**60.00**
Balance as at 01.04.2018	**60.00**
Add: Share issued during the year 01.04.2018 - 31.03.2019	-
Balance as at 31.03.2019	**60.00**

B. Other Equity (₹ in Crore)

Particulars	Share Application Money pending Allotment	General Reserve	Trading Risk Reserve	Retained Earnings: Profit after tax	Total Amount
Balance as at 31.03.2017	**-**	**-**	**-**	**(1,139.97)**	**(1,139.97)**
Changes in accounting policy or prior period error	-	-	-	-	-
Balance as at 01.04.2017	**-**	**-**	**-**	**(1,139.97)**	**(1,139.97)**
Total comprehensive income for the year	-	-	-	(53.94)	(53.94)
Dividend paid during the year 2017-18	-	-	-	-	-
Transfer to other reserve	-	-	-	-	-
Balance as at 31.03.2018	**-**	**-**	**-**	**(1,193.91)**	**(1,193.91)**
Balance as at 01.04.2018	**-**	**-**	**-**	**(1,193.91)**	**(1,193.91)**
Total comprehensive income for the year	-	-	-	(499.19)	(499.19)
Dividend paid during the year 2018-19	-	-	-	-	-
Transfer to other reserve	-	-	-	-	-
Balance as at 31.03.2019	**-**	**-**	**-**	**(1,693.10)**	**(1,693.10)**

Notes to the Financial Statements for the year ended March 31, 2019

Note 1: Accounting Policies

1. General Information

The Company is incorporated and domiciled in India and a public sector undertaking under the administrative control of Ministry of Commerce & Industry, Government of India. The registered office of the Company is situated at "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, Gold/ Bullion and engineering products etc.

The Company's trade activities spans across various countries.

2. Significant Accounting Policies

2.1 Statement of Compliance and basis of preparation of Financial Statements

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind-AS) as notified by Ministry of Corporate Affairs, Government of India vide Notification dated February 16, 2015. Accounting policies have been applied consistently to all periods presented in these financial statements. The Financial Statements are prepared under historical cost convention from the books of accounts maintained under accrual basis except for certain financial instruments which are measured at fair value and in accordance with the Indian Accounting Standards prescribed under the Companies Act, 2013

2.2 Functional and Presentation Currency

All amounts included in the financial statements are reported in crore of Indian rupees (Rupees in crore) which is the functional currency of the Company except number of equity shares and per share data and when otherwise indicated.

2.3 Use of Estimates and Judgement

The preparation of Financial Statements requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized

2.4 Subsequent Cost

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the Statement of Profit and Loss.

3. Revenue Recognition

a. Trading Income

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, it is probable that economic benefits associated with the transaction will flow to the entity, the associated costs incurred or to be incurred in respect of the transaction can be measured reliably and there is no continuing management involvement with the goods. The point of transfer of risks and rewards depends upon the terms of the contract of sale with individual customers.

b. Export Incentives

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

c. Purchases and Sales

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

i. Purchases and Sales are recognized on the performance of contracts/ agreements wholly or partly by the Company. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates.

ii. 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 Associate as adjusted for the fixed trade margin accruing to the Company.

iii. Sales include transactions under third party arrangements.

iv. 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.

v. 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 documents against payment basis.

vi. Purchase of Gold/Silver/Bullion on consignment basis from international suppliers during the year for domestic sale is accounted for after fixing of precious metal and receiving invoice from the supplier.

d. Expenses

i. 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.

ii. Interest payable if any, on advances and progressive payments received from Associates & Suppliers are accounted for on accrual basis.

e. High Sea Sales

Sale during the course of import by transfer of documents of title i.e. High Seas Sale is booked upon transfer of documents of title to the goods in favour of buyer before the goods cross the custom frontiers of India.

f. Other Operating Revenue

The income relating to the core activities of the company which are not included in revenue from sales / services for e.g. dispatch earned, subsidy, claims against losses on trade transactions, interest on credit sales and trade related advances (other than on overdue) etc., which are derived based on the terms of related trade agreements with business associates or schemes on related trade, are accounted for under 'Other Operating Revenue'.

i. Claims
Claims are recognized in the Statement of Profit & Loss on accrual basis including receivables from Govt. towards subsidy, cash incentives, reimbursement of losses etc, when it is not unreasonable to expect ultimate collection. Claims recognized but subsequently becoming doubtful are provided for through Statement of Profit and Loss. Insurance claims are accounted upon on cash basis from the Insurance company.

ii. Service Income

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

a) The amount of revenue can be measured reliably;

b) It is probable that the economic benefits associated with the transaction will flow to company;

c) The stage of completion of the transaction can be measured reliably;

d) Costs incurred for the transaction and to complete the transaction can be measured reliably.

iii. Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate through the expected life of the financial asset to the gross carrying amount of a financial asset.

iv. Revenue Recognition on Actual Realization

Revenue is recognized on accrual basis except in the following items which are accounted for on actual realization since realisability of such items is uncertain, in accordance with the provisions of Ind AS-18:

a) Liquidated damages from Suppliers /Contractors, Tax Credit, refund of Custom duty on account of survey shortage, and refund of income-tax/ Service tax / Sales tax /VAT and interest thereon etc.

b) Interest on overdue recoverable, if any, where realisability is uncertain.

c) Liquidated damages on Suppliers/ Underwriters.

d) Miscellaneous income on account of damages or compensation recovered from the suppliers/buyers in respect of washed out contracts for imports or exports.

e) Realisable Value on account of sale of residuals.

f) Decreed/Contested dues by associates and interest thereon, if any.

4. Property, Plant and Equipments

All Property, Plant and Equipments (PPE) are stated at carrying value in accordance with previous GAAP, which is used as deemed cost on the date of transition to Ind AS using the exemption granted under Ind AS 101. The cost of an item of property, plant and equipment is recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The cost of an item of PPE is the cash price equivalent at the recognition date. The cost of an item of PPE comprises:

i. Purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

ii. Costs directly attributable to bringing the PPE to the present location and condition necessary for it to be capable of operating in the manner intended by management.

iii. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the company incurs either when the PPE is acquired or as a consequence of having used the PPE during a particular period for purposes other than to produce inventories during that period. The company has chosen the cost model of recognition and this model is applied to an entire class of PPE. After recognition as an asset, an item of PPE is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

5. **Intangible Assets**

All Intangible Assets are stated at carrying cost in accordance with previous GAAP, which is used as deemed cost on the date of transition to Ind AS using the exemption granted under Ind AS 101. Identifiable intangible assets are recognized when the company controls the asset it is probable that future economic benefits expected with the respective assets will flow to the company for more than one economic period and the cost of the asset can be measured reliably.

At initial recognition, intangible assets are recognized at cost. Intangible assets are amortized on straight line basis over estimated useful lives from the date on which they are available for use. Software are amortized over its useful life subject to a maximum period of 3 years or over the license period as applicable.

6. **Non-Current Assets Held for Sale**

The company classifies a non-current asset (or disposal Company of Assets) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The non-current asset (or disposal Company) classified as held for sale is measured at the lower of its carrying amount and the fair value less costs to sell.

7. **Depreciation**

Depreciation is provided on straight line method as per the useful lives on the basis of technical evaluation with regard to the total working life and salvage value. Depreciation on all such items have been provided from the date they are 'Available for use' till the date of sale / disposal and includes amortization of intangible assets and lease hold assets.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Certain items like calculators, wall clock, kitchen utensils etc. whose useful life is very limited are directly charged to revenue in the year of purchase. Salvage value of assets are taken as under:-

Assets Descriptions	**Salvage value (₹)**
Mobile	20
Air Conditioners	500
Computer	500
Furniture	50
Electrical Appliances	50
Any other less than ₹ 5000/-	1

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 as mentioned below:-

Assets Descriptions	**In years**
Building Flats	20
Furniture and Fixings	5
Office Equipments	3
Air Conditioners	5
Data Processing Equipments – Computers and Servers etc	3
Vehicles	5
Audio Visual Equipment	3

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

Amortization of Intangible Assets Software 3 years or License period whichever is earlier as applicable

8. **Borrowing Costs**

The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset as a part of the cost of the asset. The Company recognises other borrowing costs as an expense in the period in which it incurs them. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

9. **Foreign Currency Translation**

Transactions in currencies other than the functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency monetary items (except overdue recoverable where reliasibility is uncertain) are converted using the closing rate as defined in the Ind AS-21.

Non-monetary items are reported using the exchange rate at the date of the transaction. The exchange difference gain/loss is recognized in the Statement of Profit and Loss. Liability in foreign currency relating to acquisition of fixed assets is converted using the closing rate. The difference in exchange is recognized in the Statement of Profit and Loss.

10. **Inventory:-**

Inventories are stated at the lower of cost or net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The method of determination of cost and valuation is as under:

i. Stocks held by the Company are physically verified/certified by Surveyors and by the Management.

ii. 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.

iii. 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.

11. **Provisions**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

12. **Contingent Liabilities / Assets**

Contingent Liabilities :-

Contingent liabilities are not recognized but disclosed in Notes to the Accounts when the company has possible obligation due to past events and existence of the obligation depends upon occurrence or non-occurrence of future events not wholly within the control of the company. Contingent liabilities are assessed continuously to determine whether outflow of economic resources have become probable. If the outflow becomes probable then relative provision is recognized in the financial statements. Where an entity is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a Contingent Liability. The entity recognizes a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made Contingent Liabilities are disclosed in the General Notes forming part of the accounts

Contingent Assets:-

Contingent Assets are not recognized in the financial statements. Such Contingent Assets are assessed continuously and are disclosed in Notes when the inflow of economic benefits becomes probable. If it's virtually certain that inflow of economic benefits will arise then such assets and the relative income will be recognized in the financial statements.

13. Leases

Company as a Lessee

Finance Leases

Finance Leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments under such leases are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating Leases

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to statement of Profit and Loss on Straight-line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

Company as a Lessor

Finance Leases

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as Finance Lease. Lease rental receipts are apportioned between the finance income and capital repayment based on the implicit rate of return. Contingent rents are recognized as revenue in the period in which they are earned.

Operating Leases

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as Operating Leases. The respective leased assets are included in the Balance sheet based on their nature. Rental income is recognized on Straight-line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

14. Employee Benefits

(i) Short term employee benefits are recognized as an expense at their undiscounted amount in the accounting period in which the employee has rendered services.

(ii) Provision for Gratuity, Leave encashment/availment, employee's family benefit scheme is made on the basis of actuarial valuation using the projected unit credit method.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets for Gratuity (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to Statement of Profit or Loss.

(iii) Liability towards post-retirement medical benefits is provided based on actuarial valuation and has been provided in respect of present and retired employees.

(iv) 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 based on disbursement of salary.

(v) Payment of Ex-gratia and Notice pay on Voluntary Retirement Scheme/ Voluntary Separation Scheme / Retrenchment compensation are charged to revenue in the year incurred.

(vi) Superannuation plan, a defined contribution scheme is administered by Life Insurance Corporation of India (LIC). The Company makes contributions based on a specified percentage of each eligible employee's salary. Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognized for the amount expected to be paid under PLI / PRP Scheme, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

15. Taxation Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year . Taxable profit differs from 'profit before tax' as reported in the statement of Profit or Loss and other comprehensive income/statement of Profit or Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Current and deferred tax for the year Current and deferred tax are recognized in Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

16. Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. All of the Company's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties. After initial recognition, the company measures investment property at cost. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Profit or Loss in the period in which the property is derecognized. Investment properties to be depreciated in accordance to the class of asset that it belongs and the life of the asset shall be as conceived for the same class of asset at the Company.

17. Impairment of Non-Financial Assets

The Company reviews the carrying amount of its assets on each Balance Sheet date for the purpose of ascertaining impairment indicators if any, by considering assets of entire one Plant as Cash Generating Unit (CGU). If any such indication exists, the assets recoverable amount is estimated as higher of the Net Selling Price and the Value in use. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

18. De-recognition of Financial Assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset. The Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

19. Earnings per share

Basic earnings per equity is computed by dividing the net profit / loss attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit / loss attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any shares splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

20. Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate line of business that has been disposed off or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

21. Financial instruments

i. Non-derivative financial instruments

Non-derivative financial instruments consist of:

- Financial assets, which include cash and cash equivalents, trade receivables, unbilled revenues, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets;
- Financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payables, eligible current and non-current liabilities.

Non derivative financial instruments are recognized initially at fair value including any directly attributable transaction costs. Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset. Subsequent to initial recognition, non -derivative financial instruments are measured as described below:

a) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, at banks and demand deposits with banks. In the statement of financial position, bank overdrafts are presented under borrowings within current liabilities.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade receivables, unbilled revenues and other assets.

The company estimates the un-collectability of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

(c) Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short term maturity of these instruments.

(ii). Foreign currency Fluctuations

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations and forecasted cash flows denominated in foreign currency.

The Company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments where the counter-party is primarily a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of income as cost. Subsequent to initial recognition, derivative financial instruments are measured as described below:

(a) Cash flow hedges changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and held in cash flow hedging reserve, net of taxes, a component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of income and reported within foreign exchange gains/ (losses), net within results from operating activities. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of income upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, such cumulative balance is immediately recognized in the statement of income.

(b) Others does not change in fair value of foreign currency derivative instruments designated as cash flow hedges nor are hedges of net investment in foreign operations recognized in the statement of income and reported within foreign exchange gains / (losses), net within results from operating activities.

Changes in fair value and gains/ (losses) on settlement of foreign currency derivative instruments relating to borrowings, which have not been designated as hedges are recorded in finance expense.

22. Segment Information

The Chairman cum Managing Director (CMD) of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS-108, “Operating Segments.” The CMD of the Company evaluates the segments based on their revenue growth and operating income.

The Company has identified its Operating Segments as Export, Import and Domestic.

The Assets and liabilities used in the Company’s business that are not identified to any of the operating segments are shown as unallocable assets/liabilities. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

23. Prior Period Errors

Errors of material amount relating to prior period(s) are disclosed by a Note with nature of prior period errors, amount of correction of each such prior period presented retrospectively, to the extent practicable along with change in basic and diluted earnings per share. However, where retrospective restatement is not practicable for a particular period then the circumstances that lead to the existence of that condition and the description of how and from where the error is corrected are disclosed in Notes to Accounts.

Taking into account the nature of activities of the company, prior period errors are considered material if the items of income / expenditure collectively (net) exceed 0.5% of sales turnover of the company.

24. Significant Judgements, Assumptions and Estimations in applying Accounting Policies

24.1 Classification of Leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

24.2 Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

24.3 Inventories

The Company estimates the cost of inventories taking into account the most reliable evidence, Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

24.4 Defined Benefit Obligation (DBO)

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.

24.5 Fair Value Measurements

The Company applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with the market participants to price the instrument. The Company's assumptions are based on observable data as far as possible, otherwise on the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

24.6 Provisions and Contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

24.7 Useful lives of depreciable/ amortisable assets (tangible and intangible)

Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.

25. Financial liabilities and equity instruments Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income/other expenses' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in other income/other expenses as the case may be.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

26. Revenue Recognition

IND AS 115 addresses the recognition of revenue from customer contracts and impacts on the amounts and timing of the recognition of such revenue.

Revenue from sale of goods, commodities and any other products are recognized when all following conditions are satisfied:

i. Neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained.

ii. Significant risk and rewards of ownership of the goods have been transferred to the buyer.

iii. The amount of revenue is measured reliably.

iv. It is probable that the economic benefits associated with the transactions will flow to the group.

v. The cost incurred or to be incurred in respect of transaction can be measured reliably.

vi If there are any trade discounts and volume rebate, with respect to revenues from the sale of products and commodities are deducted from revenues.

vii. Revenues are measured at fair value of consideration received or recoverable.

a) Revenue from Operating Activities

- Revenues from operating activities include revenues relating to various trading transactions in which the group is act as principal, carries commodity inventories.

- Margins on Operating Transactions

Margins on operating transactions also include revenue from various trading activities in which group acts as a principal or an agent. Through its trading activities, the group facilitates its customers' purchase and sale of commodities/bullion and other products and charge a fixed margin as agreed.

- The group also facilitates conclusion of the contracts between suppliers / manufacturers and customers and delivery of the products between suppliers and customers. Revenue from such activities is recognised when the contracted services are rendered / goods are supplied to third parties / customers pursuant to the agreements.

The IND AS 115 introduced a five-step approach to revenue recognition – identifying the contract; identifying the performance obligations in the contract; determining the transaction price; allocating that transaction price to the performance obligations; and finally recognising the revenue as those performance obligations are satisfied. IND AS 115 did not have a material impact due to the nature of the business & services provided – the cycle from order through to delivery of these services is generally short. The other businesses, the methodology adopted for revenue recognition under IND AS 115 was not materially different from the previous IND AS for Revenue recognition.

i. Interest Income

Interest income from a financial asset is recognized using the effective interest rate (EIR) method.

ii. Claims

Claims (including interest on outstanding) are recognized at cost when there is a reasonable certainty regarding its ultimate collection.

iii. Revenue Recognition on Actual Realization

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

a. Export benefits.

b. Interest realizable from the items handled on Government account.

27. Standards issued but not effective:-

Ind AS 116 'Leases':- Ministry of Corporate affairs notified on 30.03.2019 Ind AS 116 which is applicable w.e.f. 01.04.2019 & onwards. Accordingly, the company is in the process of evaluating the impact of the same on financial statements for the F.Y. 2019-20.

Notes forming part of the Financial Statement as at 31 March 2019

Note 2: Property Plant and Equipment (₹ in crores)

Particular	Building	Computer	Furniture and fixture	Office Equipment	Vehicle	Total
Year ended 31st March 2017						
Gross carrying amount						
Gross carrying amount as on 1st April 2016	0.20	2.20	1.18	2.25	0.41	6.24
Addition		0.06	0.03	0.10	-	0.19
Deletion		(0.13)	(0.02)	(0.21)	-	(0.36)
Gross carrying amount as at 31st March 2017	0.20	2.13	1.19	2.14	0.41	6.07
Accumulated Depreciation						
Accumulated Depreciation as at 1st April 2016	0.19	2.06	1.14	2.11	0.31	5.62
Depreciation Charged during the year		0.08	0.02	0.10	0.05	0.25
Deletion during the year		(0.13)	(0.02)	(0.19)	-	(0.34)
Closing Accumulated Depreciation as on 31st March 2017	0.19	2.01	1.14	2.02	0.36	5.53
Net Carrying Amount As at 31st March 2017	0.01	0.12	0.05	0.12	0.05	0.36
Year ended 31st March 2018						
Gross carrying amount	0.20	2.13	1.19	2.14	0.41	6.07
Deemed cost as 1st April 2017	0.20	2.13	1.19	2.14	0.41	6.07
Addition		0.02	-	0.02	-	0.04
Deletion		0.02	-	(0.02)	-	-
Gross carrying amount as at 31st March 2018	0.20	2.17	1.19	2.14	0.41	6.11
Accumulated Depreciation						
Accumulated Depreciation as at 1st April 2017	0.19	2.01	1.14	2.02	0.36	5.72
Depreciation Charged during the year		0.05	0.02	0.07	0.05	0.19
Deletion during the year		(0.02)	-	0.01	-	(0.01)
Closing Accumulated Depreciation as at 31st March 2018	0.19	2.04	1.16	2.10	0.41	5.90
Net Carrying Amount As at 31st March 2018	0.01	0.13	0.03	0.04	-	0.21
Year ended 31st March 2019						
Gross carrying amount	0.20	2.12	1.20	2.14	0.41	-
Deemed cost as 1st April 2018	0.20	2.12	1.20	2.14	0.41	-
Addition	-	-	0.01	0.01	-	0.02
Deletion	-	0.05	-	0.06	-	0.11
Gross carrying amount as at 31st March 2019	0.20	2.07	1.21	2.09	0.41	5.98
Accumulated Depreciation						
Accumulated Depreciation as at 1st April 2018	0.19	2.04	1.17	2.05	0.41	5.86
Depreciation Charged during the year	-	0.03	0.01	0.05	-	0.09
Deletion during the year	-	0.04	-	0.06	-	0.10
Closing Accumulated Depreciation as at 31st March 2019	0.19	2.03	1.18	2.04	0.41	5.85
Net Carrying Amount As at 31st March 2019	0.01	0.04	0.03	0.05	-	0.13

Note 2.1 Company has adopted to continue with carrying value of its Property, Plant & Equipment as recognised in the financial statement as at the date of transition to Ind AS measured as per previous GAAP.

Note 2.2 Building includes Three flats owned by PEC at Neelam Gulzar Cooperative Housing Society Limited Andheri East Mumbai, Two Flats at Parsn Tower Egmore Chennai.

PEC LIMITED
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Note 3: Intangible Asset **(₹ in crores)**

Particulars	**Data Processing Software**	**Total**
Year ended 31st March 2017		
Gross carrying amount		
Deemed cost as 1st April 2016	0.10	0.10
Addition		
Deletion		
Gross carrying amount as at 31st March 2017	0.10	0.10
Accumulated Depreciation		
Accumulated Depreciation as at 1st April 2016	0.01	0.01
Depreciation Charged during the year	0.04	0.04
Deletion during the year		
Closing Accumulated Depreciation as on 31st March 2017	0.05	0.05
Net Carrying Amount As at 31st March 2017	0.05	0.05
Year ended 31st March 2018		
Gross carrying amount	0.10	0.10
Deemed cost as 1st April 2017	0.10	0.10
Addition		
Deletion		
Gross carrying amount as at 31st March 2018	0.10	0.10
Accumulated Depreciation		
Accumulated Depreciation as at 1st April 2017	0.05	0.05
Depreciation Charged during the year	0.05	0.05
Deletion during the year		
Closing Accumulated Depreciation as on 31st March 2018	0.10	0.10
Net Carrying Amount As at 31st March 2018	-	-
Year ended 31st March 2019		
Gross carrying amount	0.10	0.10
Deemed cost as 1st April 2018	0.10	0.10
Addition		
Deletion		
Gross carrying amount as at 31st March 2019	0.10	0.10
Accumulated Depreciation		
Accumulated Depreciation as at 1st April 2018	0.10	0.10
Depreciation Charged during the year	-	-
Deletion during the year		
Closing Accumulated Depreciation as on 31st March 2019	0.10	0.10
Net Carrying Amount As at 31st March 2019*	-	-
Total	**2016-17**	**0.05**
	2017-18	**-**
	2018-19	**-**

* WDV of intangible assets as on 31-03-2019 is ₹ 1500/-.
Original purchase price of software (61 Microsoft license for life time) is ₹ 0.08 crores.

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Note 4: Investment Property **(₹ in crores)**

Particulars	**Total**
Deemed cost as at April 1, 2017	0.15
Additions	-
Disposal/Adjustments	-
Gross carrying value as at March 31, 2018	0.15
Accumulated Depreciation as at April 1,2017	0.15
Additions	-
Disposal/Adjustments	-
Accumulated Depreciation as at March 31,2018	0.15
Net Carrying value as at March 31, 2018	-
Gross carrying value as at April 1, 2018	0.15
Additions	-
Disposal/Adjustments	-
Gross carrying value as at March 31, 2019	0.15
Accumulated Depreciation as at April 1,2018	0.15
Additions	-
Disposal/Adjustments	-
Accumulated Depreciation as at March 31, 2019	0.15
Net Carrying value as at March 31, 2019	-
Note 4a Investment property includes flats at Asiad Village Delhi. (As per IND AS 40 the property is shown as investment property after adoption of IND AS from FY 2017-18)	

Note 5: Financial Asset -Investment **(₹ in crores)**

Particulars		**As at 31 March 2019**	**As at 31 March 2018**
Non Trade Investments (At cost, Unquoted)):			
(a)	Neelam Gulzar Cooperative Housing Society Ltd., Mumbai (15 Ordinary Shares of ₹ 50/- each fully paid up)	-	-
	Total (a)	**-**	**-**
(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)	-	-
	ii) Indian Bullion Market Association Limited		
	- 4,00,000 Equity Share of ₹ 10 each fully paid up	-	-
	Less:- Provision for diminution of investment	-	-
	Total (b)	**-**	**-**
	Total (a)+(b)	**-**	**-**

Note 5a) Investment in Neelam Gulzar Cooperative Housing Society Ltd., Mumbai is valued at ₹ 750 (₹ 250 each for Three Flats)
5b) Investment in Tea Trading Corporation of India Ltd. is valued at ₹ 1 (Previous Year ₹ 1)

Note 6: Financial Assets - Trade Receivables **(₹ in crores)**

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Long-term trade receivables (including Trade receivables on deferred credit terms)		
Secured, considered good		
Unsecured		
i)considered good	-	-
ii)Doubtful trade receivables	452.29	455.78
iii)Doubtful Claims	465.53	120.76
Total	917.82	576.55
Less: Provision for doubtful trade: i) Receivables	(451.62)	(455.78)
ii) Claims	(465.53)	(120.76)
Total	**(917.15)**	**(576.55)**
Total	**0.67**	**-**

PEC LIMITED
Notes to Accounts

Note 7: Financial Asset- Loans **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Loans and advances to employees *		
Secured, considered good	0.19	0.27
Interest Accrued on Advances to Employees but not due	0.10	0.13
Unsecured, considered good	0.40	0.55
Interest Accrued on Advances to Employees but not due	0.02	0.04
Total (I)	**0.71**	**0.99**
(b) Loans and advances to associates/suppliers		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	619.69	620.67
Less: Provision for doubtful advances	(619.51)	(620.15)
Total (II)	**0.18**	**0.52**
Total (I)+(II)	**0.89**	**1.51**
* Long-term loans and advances to employees include amounts due from unsecured:		
Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Directors/Officers	-	-
Interest Accrued but not due on advances to Officers	-	-
Total	**-**	**-**

Note 8: Financial Assets - Other Financial Assets **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
Advances		
Secured, considered good	0.06	0.05
Unsecured, considered good	-	-
Total	**0.06**	**0.05**
Less: Provision for doubtful advances	-	-
Total	**0.06**	**0.05**

Note 9: Non-Current Asset (Others) **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Security Deposit		
Secured	-	-
Unsecured	0.11	0.16
(b) Capital Advance(Leasehold Property)*	45.35	45.35
(c) Prepaid Expenses (Ind AS)	0.03	0.03
Total	**45.49**	**45.54**
* Capital Advance given to NBCC.		

Note 10: Inventories **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(As certified by the Management)		
(a) Stock-in-trade including with handling agents	-	45.73
(b) Goods-in-transit	-	177.90
Total	**-**	**223.64**

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Notes to Accounts

Note 11: Financial Assets-Trade Receivable **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good		
Debtors	-	-
(Secured against ILC, Stock, Bank Guarantee & Margin Money)	-	-
Unsecured, considered good	-	-
(i) Debtors	76.88	71.96
(ii) Claims Recoverable	-	345.63
Total	**76.88**	**417.59**
Less: Provision for doubtful trade receivables	-	-
Total (I)	76.88	417.59
(b) Other Trade receivables		
Secured, considered good		
Debtors	-	364.10
(Secured against ILC, Stock, Bank Guarantee & Margin Money)	-	-
Unsecured, considered good		
Debtors	2.23	112.83
Total (II)	**2.23**	**476.93**
Total (I)+(II)	**79.11**	**894.52**

Note 12: Financial Assets - Cash and Cash Equivalents **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Cash & Cash Equivalents		
(i) Cash in Hand	-	-
(ii) Cheques, Drafts in hand	-	-
Balances with Banks		
(i) in Current/Cash Credit accounts	0.56	22.66
(ii) in deposits account- having maturity within 3 months	-	-
Total	**0.56**	**22.66**
Provision for blocked funds in foreign bank*	(0.04)	(0.04)
Total (a)	**0.52**	**22.62**
(b) Other Bank Balances		
(i) in deposit accounts		
Maturing within 12 months	45.96	-
Maturing after 12 months	-	-
Total (b)	**45.96**	**-**
Total (a)+(b)	**46.48**	**22.62**

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

PEC LIMITED
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Note 13: Financial Assets-Loans **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Loans and advances to employees*		
Secured, considered good	0.02	0.06
Interest Accrued on Advances to Employees but not due	0.01	0.02
Unsecured, considered good	0.06	0.07
Interest Accrued on Advances to Employees but not due	0.42	0.46
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
Others	0.05	0.04
Total	**0.56**	**0.65**
Particulars		
*Short-term loans and advances to employees include amounts due from:		
Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Directors / Officer	-	-
Interest Accrued but not due	-	-
Firms in which any director is a partner (give details per firm)	-	-
Private companies in which any director is a director or member (give details per company)	-	-
Total	**-**	**-**

Notes: 14 Other Financial Asset **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
Interest Accrued on Bank Deposits	0.00	-
Interest on Trade receivable	-	2.20
Total	**0.00**	**2.20**

Note 15 : Current Tax Assets (Net) **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
Advance Income Tax (Net of Provision of tax)	5.18	4.70
Sales Tax deposit under protest	0.25	0.25
Service Tax deposit under protest	0.57	0.57
VAT Inward	0.02	-
GST Credit receivable	0.25	12.85
Total	**6.27**	**18.37**

NOTE 16: Other Current Assets **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
Security Deposits		
(i) Security Deposits	0.02	0.11
(ii) other Deposits	-	0.03
Total (A)	**0.02**	**0.14**
Prepaid Expenses (B)	0.10	0.16
Loans and Advances to suppliers		
Unsecured, Considered Good	-	-
Due from Gratuity trust	0.58	0.00
Due from CPF Trust	-	0.47
Others	0.12	0.01
Total (C)	**0.70**	**0.48**
Total (A) + (B) + (C)	**0.82**	**0.78**

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Note 17: Equity Share Capital **(₹ in crores)**

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	(₹ in crores)	Number of shares	(₹ in crores)
(a) Authorised Share Capital 6000000 Equity shares of ₹ 100 each	6,000,000	60.00	6,000,000	60.00
(b) Issued/subscribed and paid up share capital 6000000 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**
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 01.04.2018**	**Issued during the year by way of Bonus Share**	**Bought back during the year**	**Closing as at 31.03.2019**
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	**As at 31 March 2019**		**As at 31 March 2018**	
Name	**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 18: Other Equity **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Special Purpose Trading Risk Reserve		
As per last accounts	-	-
Add: Addition during the year	-	-
Less: Transferred to Appropriation during the year	-	-
Closing balance	**-**	**-**
(b) General Reserve		
As per last accounts	-	-
Add: Addition during the year	-	-
Less: Transferred to Surplus/(Deficit) in Statement of Profit & Loss	-	-
Closing balance	**-**	**-**
(c) Surplus in Statement of Profit & Loss		
Opening Balance	(1,193.91)	(1,139.97)
Current Year Profit/(Loss) after tax	(499.19)	(53.94)
Appropriations:		
Prior period adjustments	-	-
Transfer from Special Purpose Trading Risk Reserve	-	-
Transfer from General Reserve	-	-
Closing Balance	**(1,693.10)**	**(1,193.91)**
Total (a)+(b)+(c)	**(1,693.10)**	**(1,193.91)**

Note 19: Long-Term Provisions **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for Employees benefits (Refer Note no. 40)		
Earned Leave	1.65	2.42
Half Pay Leave	0.01	0.02
Post Retirement Medical Benefits	16.55	16.86
Total	**18.21**	**19.30**

PEC LIMITED
Notes to Accounts

Note 20: Financial Liabilities- Borrowings **(₹ in crores))**

Particulars	As at 31 March 2019	As at 31 March 2018
From Banks		
Secured (against hypothecation of inventories, trade receivables and other current assets present and future on pari pasu basis)	1,477.70	944.35
Total	**1,477.70**	**944.35**

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, Refer Note No. 55 and 56.

Note 20 A: Trade Payables **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
Trade Payables	84.64	1,059.06
Total	**84.64**	**1,059.06**

Note 21: Other Financial Liabilities **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Interest accrued but not due on Trade Payables	-	2.20
(b) Interest accrued but not due on borrowings	-	0.68
(c) Payable for expenses	-	3.63
(d) Other Liabilities	43.02	43.25
Total	**43.02**	**49.76**

Note 22: Short-Term Provisions **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Provision for employee benefits:		
Provision for post-employment medical benefits (Refer Note No. 40)	0.99	0.91
(b) Provisions for Employees Benefits	-	-
Provision for Leave Encashment	0.62	0.77
(c) Others	-	-
Provision for Corporate Social Responsibility & Sustainable Development	0.25	0.25
Total	**1.86**	**1.93**

Note 23: Other Current Liabilities **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Other Liabilities	3.85	-
(ii) Provident Fund	0.13	0.17
(iii) Trade / security deposits received	1.85	6.82
(iv) Margin Money from Customers	11.44	83.61
(v) Payable to Associates	170.55	177.76
(vi) Pension arrear	0.15	0.15
Total	**187.97**	**268.51**

Note 24: Current Tax Liabilities (Net) **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory remittances		
i) Sales Tax/VAT/WCT/GST	0.02	0.18
ii) TDS/Withholding Tax	0.16	0.91
Total	**0.18**	**1.09**

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Note 25: Revenue From Operations **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Sale of products [Refer Clause (i) below]	617.87	4,451.92
(b) Other operating revenues [Refer Clause (ii) below	10.00	18.99
Total	**627.87**	**4470.91**
Sale of products comprises		
Clause (i) Traded goods		
Sales against Imports	523.24	3849.10
Domestic Sales	42.66	269.67
Export Sales	51.97	327.61
Sale of services	-	5.54
Total - Sale of products	**617.87**	**4451.92**
Clause (ii) Other operating revenues		
Interest Income (Trade)	8.35	10.39
Misc Income/Bank Charges Recovered	1.13	7.74
Commission	0.52	0.84
Other	-	0.02
Total - Other operating revenues	**10.00**	**18.99**

Note 26: Other Income **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Interest income [Refer Clause (i) below]	1.44	2.24
(b) Other non-operating income [Refer Clause (ii) below]	0.45	7.33
Total	**1.89**	**9.57**
(i) Interest income:		
- from Banks on deposits	1.44	0.48
- from Others	-	1.76
Total - Interest income	**1.44**	**2.24**
(ii) Miscellaneous income	0.31	0.99
Rental Income	0.11	0.10
Reversal of Liability/ Credit Balances Written Back	0.03	6.24
Total - Other non-operating income	**0.45**	**7.33**

Note 27 A: Purchases **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
a) Import Purchases	326.75	3,759.43
b) Domestic Purchases	6.41	196.17
c) Purchases for Export	50.95	322.23
d) Services Purchases	-	4.99
Total	**384.11**	**4,282.82**

Note 27 B: Changes in Inventories of Stock-In-Trade **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
Inventories at the end of the year:		
Stock-in-trade	-	223.64
Inventories at the beginning of the year:		
Stock-in-trade	223.64	230.83
Net (Increase) / Decrease	**223.64**	**7.19**

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Note 28: Employee Benefits Expenses **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Employees Benefits Expense		
Salaries and Allowances	11.40	12.58
Leave encashment	1.23	1.34
Employer's Contribution towards Pension Fund	0.75	0.81
Provident Fund & Family contribution	1.00	1.11
Welfare Expenses		
- Medical Expenses	2.14	1.84
- Others	0.26	0.40
Gratuity	0.23	3.09
Total (a)	**17.01**	**21.17**
(b) Remuneration to Directors		
Salaries and Allowances	0.54	0.74
Leave encashment	0.31	0.21
Employer's Contribution towards Pension Fund	0.04	0.05
Provident Fund & Family contribution	0.05	0.07
Welfare Expenses		
- Others & Medical Expenses	0.01	0.01
Total (b)	**0.95**	**1.08**
Total (a)+(b)	**17.96**	**22.25**

Note 29: Finance Costs **(₹ in crores)**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(a) Interest expense on:		
Borrowings from Banks	143.75	73.18
Total	**143.75**	**73.18**

Note 30: Other Expenses **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
Administrative Expenses		
Advertisement & Publicity	-	0.03
Books & Periodicals	0.01	0.02
Conveyance & Car Hire	0.10	0.18
Electricity	0.30	0.31
Entertainment	0.02	0.05
Insurance(Non Trade)	0.05	0.01
Lease Rental IT Services	0.10	0.43
Legal Expenses	0.55	0.55
Miscellaneous Expenses	0.79	0.59
Office Maintenance	0.22	0.36
Postage & Courier Charges	0.02	0.06
Printing & Stationery	0.08	0.12
Professional/Consultancy Charges	0.18	0.37
Rate & Taxes	0.00	0.00
Rent	2.31	2.50
Repairs & Renewals (Others)	0.04	0.04
Selection, Training & Seminar	0.01	0.07
Security Charges	1.38	1.53
Subscription & Membership Fees	0.09	0.15
Telephone & Fax	0.18	0.25
Travelling Expenses(Foreign)	-	0.20
Travelling Expenses(Inland)	0.26	0.64

Vehicle Running & Maintenance	0.05	0.06
Interest (Others)	0.00	0.00
Sitting fee	-	0.01
Total (I)	**6.74**	**8.53**
TRADE EXPENSES		
Bank Charges	0.04	0.24
Clearing & Handling Charges	0.56	2.43
Commission	0.06	0.23
Custom Duty	-	110.22
Difference in exchange	2.35	2.23
Freight	-	4.01
Insurance (Trade)	-	0.09
L/c & Negotiation Charges and other bank charges	0.48	3.69
Other Trade Expenses	0.60	1.83
Interest Expense on Trade	10.28	28.38
Total (II)	**14.37**	**153.35**
Payment To Auditors		
- Statutory Audit Fee	0.03	0.06
- Tax Audit Fee	0.01	0.03
Total (III)	**0.04**	**0.09**
Total (I)+(II)+(III)	**21.15**	**161.97**

Note 31: Exceptional Items (Net) **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for Doubtful Debts/Advances	(0.33)	(0.32)
Provision for Claims	(345.63)	-
Bad Debts	(0.03)	-
Provisions written back on recovery	7.28	10.53
Total	**(338.71)**	**10.21**

Note 32: Component of Other Comprehensive Income (OCI) **(₹ in crores)**

Particulars	As at 31 March 2019	As at 31 March 2018
Remeasurement of Defined Benefit Plans		
- Leave encashment	(0.20)	0.63
- Post-Retirement medical benefit	0.89	0.86
- Gratuity	(0.23)	1.53
Total	**0.46**	**3.02**

Note 33: Contingent Liabilities **(₹ in Crore)**

Particulars	As at 31.3.2019	As at 31.3.2018
A (i) Guarantees issued by banks on behalf of the Company	03.55	03.29
(ii) Letters of Credits opened with banks (As certified by banks & management)	-	154.33
(iii) Bill Discounting under Local L/Cs	-	253.49
(iv) Interest not charged by banks*	11.43	-
B Claims against the Company due to legal cases not acknowledged as Debts (excluding legal cases where amounts are unascertainable)***	49.12	34.38
C Demands in respect of Statutory Liabilities against which the Company or the concerned Department has preferred an Appeal**	58.34	58.36
Total	**122.44**	**503.85**

*Interest amount not charged by banks (₹ 3.26 Cr PNB & ₹ 8.17 Cr United Bank of India) and subject to reconciliation.

** "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."

*** of the aforesaid amount, ₹ 25 Crore was related to arbitration case filed by one of our associate, as per the Arbitration Award dated 04.09.2019 PEC is not required to pay any amount. However, other party may file appeal against the Arbitration Award. And of the aforesaid amount, ₹ 3.37 Crore was related to arbitration case filed by one of our associate, PEC has also filed counter claim of ₹ 9.94 Crore. The matter was first listed on 23.07.2019.

Note 34: 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.

Note 35: Sundry Debtors as at the year-end include ₹ 61.10 Crore (Previous Year ₹ 523.80 Crore) which matches with equivalent amount of Sundry Creditors and shall be paid after realization from Sundry Debtors.

Note 36: 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".

Note 37: Related Party Transactions

The related parties as per provisions of Indian Accounting Standard - 24, "Related Party Disclosures", issued by The Institute of Chartered Accountants of India, are disclosed below:-

a. Names of related parties and description of relationship:

Key Management Personnel

Full-Time Director

I.	Shri M. Nagaraj	Chairman –cum-Managing Director (upto 01.02.2019)
II.	Shri Ved Prakash	Chairman –cum-Managing Director (From 01.02.2019)
III.	Shri J. Ravi Shanker	Director (upto 03.07.2018) Additional Charge (w.e.f. 08.08.2018)
IV.	Shri Anupam Misra	Director

Part Time Director

I.	Smt Rupa Datta	Part Time Director
II.	Shri Ashish Kumar Gupta	Independent Director (w.e.f 17.12.2018)
III.	Dr. Shobhit Jain	Part Time Director

Key Management Personnel

I.	Shri Pardeep Kumar	Company Secretary (Upto 31.10.2019)

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 2018-19	Year ended 2017-18
1.	Directors' Remuneration	0.85	0.95
2.	Provident Fund & Family Contribution	0.05	0.07
3.	Other Perquisites and Benefits	0.01	0.01
4.	Rent & Electricity	0.04	0.05
5.	Others	0.04	0.05
	Total	**0.99**	**1.13**

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

(₹ in Crore)

S. No.	Particulars	Year ended 2018-19	Year ended 2017-18
1.	Key Management Personnel (Company Secretary)	0.15	0.11
2.	Provident Fund & Family Contribution	0.01	0.01
3.	Other Perquisites and Benefits	-	-
4.	Rent & Electricity	-	-
5.	Others	0.01	0.01
	Total	**0.17**	**0.13**

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.

Note 38: Earnings Per Share (EPS)

Particulars	Year ended 2018-19	Year ended 2017-18
A. Profit/(loss) for the year, attributable to the owners of the company (₹ in Crore)	(499.19)	(53.94)
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) (₹)	(831.99)	(89.90)
D. Profit/(loss) for the year, attributable to the owners of the company (₹ in Crore)	(499.19)	(53.94)
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) (₹)	(831.99)	(89.90)

Note 39: Deferred Tax

In compliance with Indian Accounting Standard-12, 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.

Note 40: Employee Benefits

As per Indian Accounting Standard – 19 “Employee benefits”, the disclosures as defined in the Indian Accounting Standard are given below:

Defined Contribution Plans

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

(₹ in Crore)

Particulars	Year ended 2018-19	Year ended 2017-18
Employer's Contribution to Provident and Pension Fund	1.07	1.18
Employer's Contribution to PEC Defined Contribution Superannuation Fund	0.78	0.86

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 recognizes 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 recognized 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 Earned leave (EL) and Half Pay Leave (HPL) benefit to the employees of the Company which accrue annually at 30 days and 20 days respectively. The maximum ceiling for encashment of leave at the time of superannuation/cessation from service other than on disciplinary ground shall be limited to 300 days (EL & HPL combined). EL is en-cashable while in service leaving a minimum balance of 15 days twice a year. The scheme is unfunded and liability for the same is recognized on the basis of Actuarial Valuation.

D. Pension

The Company has defined contribution pension plan for its existing employees in pursuance to the guidelines issued by the Department of Public Enterprises. In this regard PEC Employees Defined Contribution Superannuation Pension Trust has been formed. Under the scheme the employer's contribution is 9% of basic plus VDA of eligible employees and the funds of the trust are managed by LIC. An employee has to be member of trust for a minimum period of 15 years to avail the benefit of this scheme. In case the employee leaves the company before completion of 15 years only employee contribution along with interest is payable to him. However, this condition does not apply to the employees who join the other CPSE having the same Pension Scheme.

i) The summarized position of various Defined Benefits recognized in Statement of Profit &Loss, OCI and Balance Sheet

(₹ in Crore)

Particulars		Gratuity	Leave	Post-Retirement Medical Benefits
		(Funded)	(Non-Funded)	(Non-funded)
Defined Benefit Obligation	C.Y.	5.20	2.29	17.54
	P.Y.	5.99	3.21	17.78
Fair Value of Plan Assets	C.Y.	2.80	0.00	0.00
	P.Y.	4.26	0.00	0.00
Funded Status (Surplus/Deficit)	C.Y.	-2.39	-2.29	-17.54
	P.Y.	-1.73	-3.21	-17.78
Net Defined Benefit Assets/ (Liabilities)	C.Y.	-2.39	-2.29	-17.54
	P.Y.	-1.73	-3.21	-17.78

ii) Movement in Defined Benefit Obligation

(₹ in Crore)

Particulars		Gratuity	Leave	Post Retirement Medical Benefits
		(Funded)	(Non-Funded)	(Non-funded)
Defined Benefit Obligation - Beginning of the year	C.Y.	5.99	3.21	17.78
	P.Y.	5.26	4.38	18.00
Past Service Cost	C.Y.	0.00	0.00	0.00
	P.Y.	2.63	0.00	0.00
Current Service Cost	C.Y.	0.30	0.18	0.13
	P.Y.	0.45	0.75	0.00
Interest Cost	C.Y.	0.44	0.24	1.33
	P.Y.	0.34	0.26	1.29
Benefits Paid	C.Y.	-1.95	-1.54	-0.81
	P.Y.	-1.34	-1.56	-0.65
Re-measurement - Actuarial Loss/ (Gain)	C.Y.	0.41	0.20	-0.89
	P.Y.	-1.34	-0.63	-0.86
Defined Benefit Obligation - End of the year	C.Y.	5.20	2.29	17.54
	P.Y.	5.99	3.21	17.78

iii) Movement in Plan Assets

(₹ in Crore)

Particulars		Gratuity (Funded)
Fair Value of plan Assets - Beginning of the year	C.Y.	4.26
	P.Y.	5.09
Interest Income	C.Y.	0.31
	P.Y.	0.32
Employees Contribution	C.Y.	0.00
	P.Y.	0.00
Benefits Paid	C.Y.	-1.95
	P.Y.	-1.34
Re-measurement - Actuarial (Loss)/Gain	C.Y.	0.18
	P.Y.	0.19
Re-measurement - Return on Plan Assets greater/(less) than discount rate	C.Y.	0.00
	P.Y.	0.00
Fair Value of plan Assets - End of the year	C.Y.	2.80
	P.Y.	4.26

iv) Amount recognized in Statement of Profit and Loss

(₹ in Crore)

Particulars		Gratuity (Funded)	Leave (Non-Funded)	Post Retirement Medical Benefits (Non-funded)
Past Service Cost	C.Y.	0.00	0.00	0.00
	P.Y.	2.63	0.00	0.00
Current Service Cost	C.Y.	0.30	0.18	0.13
	P.Y.	0.45	0.75	0.00
Service Cost {A}	C.Y.	0.30	0.18	0.13
	P.Y.	3.08	0.75	0.00
Net Interest on Net Defined Benefit Liability/(Asset) {B}	C.Y.	0.13	0.24	1.33
	P.Y.	0.01	0.26	1.29
Actuarial (Gain)/Loss on Obligation {C}	C.Y.	0.00	0.20	0.00
	P.Y.	0.00	-0.63	0.00
Cost recognised in P&L {A+B+C}	C.Y.	0.43	0.62	1.46
	P.Y.	3.09	0.39	1.29

v) Amount recognized in OCI

(₹ in Crore)

Particulars		Gratuity	Leave	Post Retirement Medical Benefits
		(Funded)	(Non Funded)	(Non-Funded)
Actuarial Gain/(Loss) due to DBO Experience	**C.Y.**	-0.50	0.00	0.89
	P.Y.	0.89	0.00	0.86
Actuarial Gain/(Loss) arising during the period	**C.Y.**	0.09	0.00	0.00
	P.Y.	0.45	0.00	0.00
Return on Plan Assets greater/ (less) than discount rate	**C.Y.**	0.18	0.00	0.00
	P.Y.	0.19	0.00	0.00
Actuarial Gain/(Loss) recognised in OCI	**C.Y.**	-0.23	0.00	0.89
	P.Y.	1.53	0.00	0.86

vi) Sensitivity Analysis

(₹ in Crore)

Assumption	Change in Assumption	Gratuity	Leave	Post Retirement Medical Benefits
		(Funded)	(Non-Funded)	(Non-Funded)
Discount Rate	**0.50%**	-0.14	-0.07	-0.78
	-0.50%	0.15	0.08	0.79
Salary Growth Rate	**0.50%**	0.08	0.08	0.00
	-0.50%	-0.09	-0.07	0.00
Medical Cost Rate	**0.50%**	0.00	0.00	0.81
	-0.50%	0.00	0.00	-0.79

vii) Actuarial Assumption

(₹ in Crore)

Particulars		Gratuity	Leave	Post Retirement Medical Benefits
		(Funded/Non-Funded)	(Non-Funded)	(Non-Funded)
Method Used		**Projected Unit Credit (PUC) Method**	**Projected Unit Credit (PUC) Method**	**Projected Unit Credit (PUC) Method**
Discount Rate	C.Y.	7.66%	7.66%	7.66%
	P.Y.	7.70%	7.70%	7.50%
Rate of Salary Increase	C.Y.	8.00%	8.00%	-
	P.Y.	8.00%	8.00%	-
Mortality Rate	C.Y.	100% of IALM (2006-08)	100% of IALM (2006-08)	100% of (1996-98)
	P.Y.	IAL 2006-08 (Ultimate)	IAL 2006-08 (Ultimate)	LIC- 1996-98A (Ultimate)

viii) Expected Benefit Payments

(₹ in Crore)

Year of Payment	Gratuity	Leave	Post-Retirement Medical Benefits
	(Funded)	(Non-Funded)	(Non-Funded)
Year Ended March,2020	1.11	0.62	0.99
Year Ended March,2021	0.98	0.13	1.08
Year Ended March,2022	0.38	0.26	1.21
Year Ended March,2023	0.43	0.10	1.32
Year Ended March,2024	0.17	0.14	1.42
Year Ended March,2025	0.34	0.14	1.58
April 2026 onwards	1.78	0.90	9.94

ix) Category of Investment in Plan Assets

(₹ in Crore)

Category of Investment	% of Fair Value of Plan Asset	
	2018-19	2017-18
GOI Securities	24.06	23.23
Public Sector Securities	65.94	67.11
State Government Securities	8.43	8.60
Special Deposits	1.04	1.00
Others (including bank balances)	0.53	0.06

Note 41: Foreign Exchange Exposure as on 31.03.2019 and 31.03.2018:-

(₹ in Crore)

Receivables									
	Hedged					Unhedged			
	2018-19		2017-18			2018-19		2017-18	
	Foreign Currency	Equivalent (₹)	Foreign Currency	Equivalent (₹)		Foreign Currency	Equivalent (₹)	Foreign Currency	Equivalent (₹)
US ($)	-	-	-	-	US ($)	0.07	5.07	1.61	103.94
Pound (£)	-	-	-	-	Pound (£)	-	-	-	-

Payables									
	Hedged					Unhedged			
	2018-19		2017-18			2018-19		2017-18	
	Foreign Currency	Equivalent (₹)	Foreign Currency	Equivalent (₹)		Foreign Currency	Equivalent (₹)	Foreign Currency	Equivalent (₹)
US ($)	-	-	-	-	US ($)*	-	0.24	7.33	478.75
Pound (£)	-	-	-	-	Pound (£)	-	-	0.06	4.79

*$ 35000

	2018-19					2017-18			
	Receivables		Payables			Receivables		Payables	
	Hedged	Unhedged	Hedged	Unhedged		Hedged	Unhedged	Hedged	Unhedged
Own Exposure	-	-	-	0.24		-	-	-	2.50
On behalf of Associate	-	5.07	-	-		-	103.94	-	481.04

Note 42: The information of Foreign Currency Income and Expenditure is as under:-

(₹ in Crore)

Particulars	Year ended 2018-19	Year ended 2017-18
Expenditure in Foreign Currency		
CIF/FOB value of Imported Materials	326.75	2744.15
Foreign Tours	0.00	0.21
Other Expenses	7.06	12.08
Total	**333.81**	**2756.44**
Earnings in Foreign Currency		
FOB value of Exports	51.97	313.53
Total	**51.97**	**313.53**

Note 43: In terms of Indian Accounting Standard 108 – 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''.

Note 44: As required by the Indian Accounting Standard 39- Impairment of Assets notified by the Institute of Chartered Accountants of India, the company has carried out an assessment of impairment of assets and confirms that there has been no impairment loss during the year.

Note 45: Compliance of the Companies (Indian Accounting Standard) Rules as amended from time to time 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.

Note 46: Present value of obligation in respect of Post-Retirement Medical Benefit (PRMB) and half pay and earned leaves amounts to ₹19.82 Crore (Previous Year ₹ 20.99 Crore) as at 31.03.2019 as per Actuarial Valuation and accordingly liability has been created in terms of IndAS-19. The Company has neither earmarked its investment nor has created any corpus for this purpose.

Note 47: 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 44th Annual General Meeting and compounded the same by regional director.

Note 48: Reconciliation of provisions in terms of Indian Accounting Standard - 37 is as under:-

(₹ in Crore)

Particulars of Provision	Opening Balance as on 01.04.2018	Addition during the year	Adjustment during the year	Closing Balance as on 31.03.2019
Provision of Taxation*	76.15	-	-	76.15
Corporate Social Responsibility & Sustainable Development	00.25	-	-	00.25
Leave Encashment	03.21	-	(00.91)	02.28
Provision for Post-Retirement Medical Benefit	17.78	00.57	(00.81)	17.54

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

Note 49: In respect of GR-1 forms outstanding beyond due date in 1 cases is on account of foreign buyer (Pisces Hong Kong) 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.

Note 50: The company has charged depreciation based on technical evaluation instead of depreciation as stated in Part C of schedule II of the companies Act, 2013. This has resulted in excess depreciation charged in statement of profit and loss account.

Note 51: An amount of ₹ 4.85 crore is shown as interest cost (Trade) under other expenses and also in Interest income (Trade) being recovered/recoverable from associates.

Note 52: Previous year figures have been reclassified/recasted/regrouped and rounded off suitably to make them comparable with figures of the current year.

Note 53: Financial risk management, objectives and policies

The company's activities expose it to the following financial risks:

a. Market Risk

b. Credit Risk and

c. Liquidity Risk.

The company has not arranged funds that have any interest rate risk

a. Market Risk

i. Foreign Exchange Risk

The company has import and export transactions and hence has foreign exchange risk primarily with respect to the US$. The company has not arranged funds through long term borrowings. The short term foreign currency loans (buyer's credit) availed from banks are fixed interest rate borrowings. As a result, the company does not have any interest rate risk. The company uses foreign exchange forward contracts to hedge its exposure in foreign currency risk. The company has no exposure in respect of foreign currency receivable/payable since loss/gain is to the account of the Associate supplier/customer except on provision towards litigation settlement where matter is still under dispute. Also the company has taken forward exchange contracts in respect of payables at the risk and cost of the associate.

The following tables show the summary of quantitative data about the company's exposure to foreign currency risk from financial instruments expressed in ₹ :

(₹ in crore as at March 31, 2019)

Particulars	US Dollars (in Equiv INR)	Other Currencies (in Equiv INR)	Total
Cash & cash equivalents	-	-	-
Trade Receivable	5.07	-	5.07
Demurrage / Despatch Receivable	-	-	-
Other Receivable	-	-	-
Total Receivable in foreign currency	5.07	-	5.07
Foreign Currency Loan payable	-	-	-
Interest on foreign currency loan payable	-	-	-
Trade Payables	0.24	-	0.24
Freight Demurrage / Despatch Payable	-	-	-
Provision towards Litigation Settlement	-	-	-
Others	-	-	-
Total Payable in Foreign Currency	0.24	-	0.24

(₹ in crore as at March 31, 2018)

Particulars	US Dollars (in Equiv INR)	Other Currencies (in Equiv INR)	Total
Cash & cash equivalents	-	-	-
Trade Receivable	103.94	-	103.94
Demurrage / Despatch Receivable	-	-	-
Other Receivable	-	-	-
Total Receivable in foreign currency	103.94	-	103.94
Foreign Currency Loan payable	-	-	-
Interest on foreign currency loan payable	-	-	-
Trade Payables	478.75	-	478.75
Freight Demurrage / Despatch Payable	-	-	-
Provision towards Litigation Settlement	-	-	-
Others	-	-	-
Total Payable in Foreign Currency	478.75	-	478.75

ii. Sensitivity

As of March 31, 2019 and March 31, 2018, every 1% increase or decrease of the respective foreign currencies compared to our functional currency would impact our profit before tax by approximately ₹ NIL crore and ₹ 4.79 crore, respectively.

iii. Price Risk

The company's exposure to equity securities price risk is Nil. Hence, it has no impact on profit or loss.

b) Credit Risk

Credit risk refers to the risk of default on its obligation by a counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Accordingly, credit risk from trade receivables has been separately evaluated from all other financial assets in the following paragraphs.

i. Trade Receivables

The company's has outstanding trade receivables are mostly secured through matching creditors of ₹ 61.10 Crore and in case of one of our associate amount of ₹ 16.03 Crore is deposited with High Court.

Impairment on trade receivables is recognized based on expected credit loss in accordance with provisions of IndAS 109. The company's historical experience for customers, present economic condition and present performance of the customers, future outlook for the industry etc are taken into account for the purposes of expected credit loss.

ii. Credit Risk Exposure

An analysis of age of trade receivables at each reporting date is summarized as follows:

(₹ in crore as at March 31,2019)

Particulars	Gross amount	Impairment	Carrying Value
Not past due	-	-	-
Past due less than 30 days	-	-	-
Past due more than 30 days but not more than 60 days	-	-	-
Past due more than 60 days but not more than 90 days	2.23	-	2.23
Past due more than 90 days but not more than 120 days	-	-	-
Past due more than 120 days	994.70	917.15	77.55
Total	**996.93**	**917.15**	**79.78**

(₹ in crore as at March 31,2018)

Particulars	Gross amount	Impairment	Carrying Value
Not past due	413.61	-	413.61
Past due less than 30 days	36.45	-	36.45
Past due more than 30 days but not more than 60 days	68.72	-	68.72
Past due more than 60 days but not more than 90 days	2.70	-	2.70
Past due more than 90 days but not more than 120 days	2.74	-	2.74
Past due more than 120 days	946.84	576.55	370.29
Total	**1471.06**	**576.55**	**894.52**

Trade receivables are impaired when recoverability is considered doubtful based on the recovery analysis performed by the company for individual trade receivables.

iii. Other financial assets

Credit risk relating to cash and cash equivalents is considered negligible because our counterparties are banks. We considers the credit quality of term deposits with scheduled banks which are subject to the regulatory oversight of the Reserve Bank of India to be good, and we review these banking relationships on an ongoing basis. Credit risk related to employee loans are considered negligible since major loans like house building loans, vehicle loans are secured against the property for which loan is granted to the employees. The other employee loans are covered under personal guarantee of concerned employees along with surety bonds of other serving employees. There are no impairment provisions as a teach reporting date against these financial assets. We consider all the above financial assets as at the reporting dates to be of good credit quality.

c) Liquidity Risk

Our liquidity needs are monitored on the basis of monthly and yearly projections. The company's principal sources of liquidity are cash and cash equivalents, cash generated from operations.

Short term liquidity requirements consists mainly of sundry creditors, expense payable, employee dues arising during the normal course of business as of each reporting date. The company maintains sufficient balance in cash and cash equivalents to meet short term liquidity requirements.

The company assesses long term liquidity requirements on a periodical basis and manages them through internal accruals.

The table below provides details regarding the contractual maturities of non-derivative financial liabilities. The table has been drawn up based on the undisclosed cash flow so financial liabilities based on the earliest date on which the company can be required to pay. The table includes both principal & interest cash flows.

(₹ in crore as at March 31, 2019)

Particulars	Less than 6 months	6 months to 1 year	1-3 years	3-5 years	More than 5 years	Total
Trade Payables	5.97	10.98	23.18	15.04	29.47	84.64
Short term borrowings	1477.70	-	-	-	-	1477.70
Other Financial Liabilities	43.02	-	-	-	-	43.02
Total	**1526.69**	**10.98**	**23.18**	**15.04**	**29.47**	**1605.36**

(₹ in crore as at March 31, 2018)

Particulars	Less than 6 months	6 months to 1 year	1-3 years	3-5 years	More than 5 years	Total
Trade Payables	989.05	10.36	9.73	16.30	33.63	1059.06
Short term borrowings	944.35	-	-	-	-	944.35
Other Financial Liabilities	49.76	-	-	-	-	49.76
Total	**1983.16**	**10.36**	**9.73**	**16.30**	**33.63**	**2053.17**

Note 54: Assets Given on Operating Lease

Future minimum lease rentals receivable as per the lease agreements:

(₹ in Crore)

Particulars	As at 31.03.2019	As at 31.03.2018
Not Later than 1 year	0.13	0.11
Later than 1 year and not later than 5 years	0.19	0.04
Later than five years	-	-

Clause 4: The lease may be extended for a further period of two years at mutually agreeable terms and conditions.

Clause 10: The lessee shall not subject, assign or otherwise part with the possession of the said demised premises in part or whole- in any manner whatsoever without obtaining prior written permission of the lessor. The right of lessee is absolutely non-transferable.

Note 55: PEC is in continuing default from June 2018 onwards, in repayment of principal amount of bank loan and interest thereon totaling ₹ 1477.70 Cr (as on 31.03.2019) Syndicate Bank has filed case in NCLT in Feb 2019 however the same is not admitted till date and administrative Ministry has directed Syndicate Bank to withdraw the case.

(₹ in Crore)

S. No	Bank's Name	Outstanding Amount as per Books
1.	Vijaya Bank	293.79
2.	Syndicate Bank	682.84
3.	United Bank of India	102.18
4.	Punjab National Bank	398.89
	Total	**1477.70**

Note 56: The interest due to lander bank as on 31.03.2019 is subject to reconciliation. Hence, the provision of interest has been made with the information shared by lender bank, as per bank balance confirmation as on 31.03.2019.

Note 57: Note 1 to 57 forms an integral part of the Financial Statements for the year ended 31 March, 2019.

In terms of our report of even date.

For PVRN & Co.
Chartered Accountants
Firm Registration No. 004062N

Sd/-
(Vinay Kumar Gupta)
Partner
Membership No. 086879

For and on behalf of the Board of PEC Limited

Sd/-
(Ved Prakash)
Chairman-Cum-Managing Director
Din: 02988628

Sd/-
(Anupam Misra)
Director
Din: 07637439

Sd/-
(Atul Taneja)
JGM (Head of Finance)

Place: New Delhi
Date: 04-12-2019

SEGMENT REPORT FOR THE YEAR ENDED 31 MARCH 2019

In accordance with Indian Accounting Standard 108 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	
	2018-19	**2017-18**	**2018-19**	**2017-18**	**2018-19**	**2017-18**	**2018-19**	**2017-18**	**2018-19**	**2017-18**
REVENUE FROM OPERATIONS										
Sales										
(India)	-	-	523.24	3,849.10	42.66	275.22	-	-	565.90	4,124.32
(Abroad)	51.97	327.61	-	-	-	-	-	-	51.97	327.61
Total Revenue	**51.97**	**327.61**	**523.24**	**3,849.10**	**42.66**	**275.22**	**-**	**-**	**617.87**	**4,451.93**
SEGMENT RESULTS	**0.80**	**1.46**	**5.19**	**38.76**	**0.09**	**5.73**	**(24.42)**	**(37.10)**	**(18.34)**	**8.85**
Other Operating Revenue	**-**	**0.78**	**9.42**	**14.25**	**0.56**	**1.15**	**0.02**	**2.81**	**10.00**	**18.99**
Other Income	0.03	0.47	-	-	-	4.70	1.86	4.40	1.89	9.57
Interest Expense	-	(0.47)	(9.66)	(27.02)	(0.62)	(0.89)	(143.75)	(73.18)	(154.03)	(101.56)
PROFIT FROM ORDINARY ACTIVITIES	0.83	2.24	4.95	25.99	0.04	10.69	(166.29)	(103.07)	(160.47)	(64.15)
Exceptional Items	-	-	(340.00)	-	-	7.60	1.28	2.61	(338.72)	10.21
Tax Expense	-	-	-	-	-	-	-	-	-	-
NET PROFIT	**0.83**	**2.24**	**(335.05)**	**25.99**	**0.04**	**18.29**	**(165.01)**	**(100.46)**	**(499.19)**	**(53.94)**
OTHER INFORMATION										
Segment Assets	6.84	102.56	36.35	901.45	36.77	107.38	54.13	51.39	134.09	1,162.78
Unallocated Corporate Assets	-	-	-	-	-	-	46.39	47.31	46.39	47.31
TOTAL ASSETS	**6.84**	**102.56**	**36.35**	**901.45**	**36.77**	**107.38**	**100.52**	**98.70**	**180.48**	**1,210.09**
Segment Liability	22.78	124.64	55.80	882.84	35.47	153.75	46.36	27.63	160.41	1,188.86
Unallocated Corporate Liabilitites							20.07	21.23	20.07	21.23
TOTAL LIABILITIES	**22.78**	**124.64**	**55.80**	**882.84**	**35.47**	**153.75**	**66.43**	**48.86**	**180.48**	**1,210.09**

Composition of Sale for 2018-19

(₹ in crores)

Commodity Name	Sales
Domestic	
Industrial Raw Material	
HR COIL	34.75
Engineering & Mfg. Goods	
Array Mounting Structure	0.60
B P KIT	0.97
B P Laminated Glass	0.28
BLDC Padestal Fan	0.01
Bullet Proof Jacket	1.50
Bullet Proof Patka	0.71
Cables and Wires	0.09
Electrical Apparatus	0.04
FABRICATION COST	0.52
Installation & Commissioning Services	0.13
Poles 3M Long	0.15
Solar Inverter	1.36
Solar Power Generating System	1.81
Less Credit Note Issued	(0.26)
Total	**42.66**
Export	
Agro Commodities	
Rice	46.86
Engineering & Mfg. Goods	
ABC 3x25/35+16MM2	0.88
ABC 3x50/35+16MM2	2.11
Coach Screw Insulator With Screw	0.06
Round 84 MM	1.99
Others	0.07
Total	**51.97**
Import	
Industrial Raw Material	
Coking Coal	519.96
Forged Tongues	2.52
Engineering & Mfg. Goods	
Pandrol Brand Eat20123 Elastic Rail Clips	0.76
Total	**523.24**
Grand Total	**617.87**

INDEPENDENT AUDITORS' REPORT

P V R N & CO.
Chartered Accountants

To The Members of PEC Ltd.
Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS financial statements of PEC Limited ("the Company"), which comprises the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and Statement of changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanation provided to us, the aforesaid Ind AS 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 including Ind AS of the financial position of the Company as at 31st March, 2019 and its financial performance including other comprehensive income, its cash flows and the changes in the equity for the year ended on that date.

Reference is invited to Emphasis of matter paragraph on Page No. 75 to 79 of the Annual Report of 2017-18, wherein the company has not incorporated the changes suggested by the previous auditor in clauses xvii to xx.

Further, the effect of current year's Emphasis of matter paragraph from clauses iv to xi either has no effect on the financials or the amount whereof is unascertainable. Impact of other clauses will result in

a. *Increase in (i) Losses ₹ 16.16 crores (ii) Provision ₹ 4.73 crores.*

b. *Decrease in (i) Current Assets ₹ 11.43 crores.*

c. *EPS for the year ended 31.03.2019 would have been effected with the same.*

Our opinion is not modified in respect of above stated matters.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

I. According to the information and explanations given to us, the company is in continuing default in repayment of principal amount of bank loan and interest thereon totaling ₹ 1477.70 crore (as on 31.03.2019). Syndicate Bank has filed a case in NCLT on 28.02.2019; however the same is not admitted till date. The lender wise details and amount of defaults are as under:

(₹ in Crore)

S No.	Name of the Banks	Amount of installment overdue as on 31.03.2019	Date on which declared NPA(Non-Performing Asset) by Banks
1.	Vijaya Bank	293.79	17-03-2019
2.	Syndicate Bank	682.84	17-09-2018
3.	United Bank of India	102.18	30-09-2018
4.	Punjab National Bank	398.89	30-03-2019
	Total	**1,477.70**	

We draw attention to Note No. 33 to the Standalone Ind AS financial statements in respect of Contingent Liabilities in which the company has shown the liabilities on account of interest of ₹ 8.17 cr with United Bank of India and ₹ 3.26 cr with Punjab National Bank, as contingent liability. The company has shown the total Finance Cost of ₹ 143.75 cr on accrual basis including interest charged even after becoming NPA in other banks. The company should have followed the same method for the above mentioned banks and should have booked the amount of ₹ 11.43 cr as finance cost. **This would have resulted in increase in losses and decrease in current assets by ₹ 11.43 cr.**

II. A bid was submitted to RECPDCL for supply of material and installation of Solar Home Packs and Solar Street Lights in Arunachal Pradesh along with Business Associate M/s Lord's Mark Industries Pvt. Limited (Lord) for ₹ 27 crore. On back out by the Associate from the Project, PEC decided to execute the project on its own and at the so called risk and cost of Lords and the actual work done by PEC was of ₹ 12.61 crores.

Orders were placed for the materials partially within the price range of the tender and partially exceeding the price range of the Tender. Sales Invoice were also raised for those items exceeding the Tender price, for which RECPDCL has denied in writing to pay any excess price beyond the tender rate, which resulted in booking of excess sale than agreed. The loss was incurred by the company amounting to ₹ 0.99 cr. in the said purchase. Further, Company has out pocketed money on account of statement to vendor and incurred loss of interest thereon. The amount outstanding from RECPDCL is ₹ 8.17 crores. As regards installation work, RECPDCL vide its letter dt.13-08-2018 requested PEC to handover the material to APEDA. Then, RECPDCL got the installation of material done directly by APEDA at an additional cost of ₹ 2.48 cr.

Prior to back out by the Associate (Lord's), certain material was supplied and the same is lying to credit in its account. Due to non-cooperation of M/s Lord's in speedy execution of project PEC didn't release the balance payment and invoked the Performance Guarantee against anticipated losses of the project of ₹ 90 lakhs. Due to non-payment, M/s Lord's has filed a claim before Delhi International Arbitration Centre (DIAC) on 23rd July 2019 of ₹ 3.37 cr in which PEC has filed a counter claim of ₹ 9.94 cr. The next date of hearing is 03.12.2019.

In our opinion, the company should have made a provision of ₹ 3.47 cr (0.99 + 2.48 cr) in the books of account during the year ended 31.03.2019.

III. The amount receivable from Vinergy International Pvt. Ltd. is ₹ 17.30 crores. The company is currently additional respondent to a case filed by Richmond International Ltd. The company has deposited the total amount of ₹ 16.04 crores in the High Court of Mumbai after it was allowed to sell the goods pledged with the company and deposit the amount, by the order of high court. Since the maximum amount recoverable by the company in best scenario is ₹ 16.04 crores, **in our opinion the company should have made a provision for doubtful debts of ₹ 1.26 crores in books of accounts.**

IV. Medical Bills relating to dependent parent of an employee:

A provision was created in 2018-19 for ₹ 2.38 lakhs relating to the reimbursement for the medical bills of employee's mother in Australia. *The medical policy of the company is silent for the medical expenses incurred abroad.* The payment for the expenses was made by his brother residing in Australia. The company should obtain additional documents to check the genuineness of the claim such as declaration from employee's brother that he has not shown his mother as dependent in his company records and received the reimbursement from his company in Australia.

V. Policy to make assessment of creditworthiness of the Business Associates has not been followed either at the time of deal or thereafter, in some of the cases, which resulted huge provisions in earlier years.

a. During the course of audit, documents pertaining to Business Associates were requisitioned and our observations are as under

i. In case of Lord's Mark, neither any record for assessment of credit worthiness nor supporting documents were available; and

ii. In case of Vinergy, copy of summary of proposal dated 21.03.2016 was made available to be viewed without any basic evidence. The basis of proposal appears to be made on Annual Accounts for 2014-15, Further there is no mention in the summary proposal with regards encumbrances on Movable / Immovable properties and other liabilities of Vinergy.

iii. In case of Pisces Exim no documents relating to the KYC of the associate were available and produced before us despite repeated reminders.

VI. We draw attention to Note No 49 to the Standalone Ind AS financial statements in respect of non-provision of liability, if any, arises in case of non-extension of time/ waiver/write off of GR-1 forms.

VII. We draw attention to Note No. 34 to the Standalone Ind AS financial statements in respect of balances under Sundry Payable/ Sundry Receivable/ Claims receivable/ Loans & Advances/ other liabilities, which have not been confirmed and any adjustments due to consequent reconciliation, if any, required is not ascertainable.

VIII. We draw the attention to Note No 36 to the Standalone Ind AS financial statements, where the Company has not obtained confirmation from its Associates and Suppliers required under Section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006'.

As explained by the management there is no proper system in place regarding the details of goods/ services received from Medium, Small and Micro Enterprises (MSME) whose return is to be filed as per the notification dated 22nd January 2019 as per "Specified Companies (Furnishing of Information about payment to Micro and Small enterprise Suppliers) Order 2019. Due to the non-maintenance of the above required information, the company is filing the returns required by ROC in MSME-1, either incorrect or incomplete. Further, due to this, there may be default in making payment to the MSME suppliers along with applicable rate of interest if payment is not made within 45 days for which no provision has been created in the books of account. We are unable to comment upon the amount of provision to be made as it is not ascertainable due to non-maintenance of records.

IX. We are unable to express our opinion on adequacy of Goods & Services Tax Act (GST) Input/output as GST Returns filed by the company with GST Authorities of various States are under reconciliation. Pending reconciliation consequential adjustments, if any, is not ascertainable.

X. Various discrepancies with regards to GST observed are as under:-

   a. GST not adjusted/paid properly in GST Returns will result in non -availability of due credit to respective parties.
   b. Mismatch of GSTR-1 & GSTR-3B of various Branches (States)
   c. No documentation of address in VAT/GST Registration of various Branches (States)
   d. ITC appearing in books not yet claimed fully
   e. ITC claimed in GSTR-3B not recorded in books of account

XI. We draw attention to Note No 46 to the standalone Ind AS financial statements in respect of provision made for 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 2019 is ₹ 19.82crores. The company has neither earmarked any investment nor has created any corpus for this purpose.

XII. Required number of Independent Director was not appointed in the Board of the Company as per provisions of Section 149 (1) of the Companies Act, 2013 during the year.

Material Uncertainty related to Going Concern

The Company is incurring losses year after year end and Capital has been eroded due to continuous losses; Ministry of Commerce and Industry, Department of Commerce, Govt. of India is considering for closure of the Company and Board of Directors has also considered and record its consent for the same. The company's liquidity position is not strong as evident from the fact that the current liabilities exceeded its Current assets by ₹ 1,662.13 crores. Further the Bankers (Lenders) have also stopped the operation in the financial facilities being availed by PEC Ltd during the F Y 2018-19. However, in spite of these events or conditions which may cast a doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate having regard to the actions taken by the management under the supervision of administrative ministry.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility for the audit of Ind AS Financial Statements

Our responsibility is to express an opinion on these standalone Ind AS 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 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements.

Other Matters

A. We did not audit the financial statements of wholly owned subsidiary Company viz Tea Trading Corporation of India Ltd. which was demerged from State Trading Corporation vide order dated 28.03.2003 of the Ministry of Commerce & Industry and whose financial statements were not available with the management since inception and investment therein has been shown at ₹ One (Refer Note 37 C of Standalone Financial Statements) in absence of the records of subsidiary, no consolidation of Accounts was made available to conduct the audit under Ind AS.

B. This is to bring the notice of all the stakeholders that there are no or almost 'nil' efforts to realise the outstanding amount of ₹ 1,538 crores from business associates which are lying to the debit of their account as on 31.03.2019 (for which provision for doubtful debts has been created in previous years). There is no sign of recovery as per *Action Taken Report.*

   After the dissolution of *Debtors Monitoring & Recovery Committee* in the Board Meeting dated 20.03.2019 the task of recovery was assigned to the Audit Committee which was constituted late after the appointment of Independent Directors. While Audit Committee has conducted meeting once in seven months which had further delayed the action.

C. The Whistle Blower Policy is adopted to safeguard the interests of the company and general public. No employee has reported to their seniors or Vigilance Officer for anomalies in the conduct of business operations like absence of KYC records, no assessment of credit worthiness of associates from 2007-08 to till date, which could have identified the defaulters much earlier. Due to such approach of the employees towards the organization, the bigger frauds or major discrepancies in the working of organization goes unreported and the company suffers huge losses.

D. The objective of the organization is to import the materials required by government and other agencies to distribute it to the needy and marginalized people whenever necessary or at the time of any emergency situation like flood, earthquake, outbreak of life threatening diseases etc.

   During 2012-13 & 2013-14, the company had imported Edible Oils for sale in domestic market to Tamil Nadu Civil Supplies Corporation Limited which was to be compensated by way of subsidy from the Government (by 85% + 15% policy). While PEC had received amount of subsidy from Central Government, it has not released any amount of subsidy to Tamil Nadu Government amounting to ₹ 154.09 crores as on 31.03.2019. Such unfair business practice impacts the fund flow of government agencies in conducting public welfare activities. In the long run, if the company continues such unethical practices then other PSUs and entities will refrain doing business with PEC.

E. The company has not maintained any record for the amount of subsidy receivable from Ministry of New and Renewable Energy (MNRE) against various projects. Due to this, the claims of PEC for subsidy are on estimate basis. In addition to this, the subsidy does not pass on to the eligible beneficiary in the supply chain.

F. PEC Ltd was engaged in financing activities in previous years which resulted in huge loss. Such activities involve expertise which is possessed by financial institutions like banks and NBFCs under the regulatory supervision of Reserve Bank of India.

Following is the list of Default Cases under financing business as on 31.03.2019 (for which provision has been created in earlier years):

(₹ in crore)

Parties	**Closing Amount As on 31.03.2019**
Pisces Exim	332.05
Sri Vasavi Industries Ltd	62.24
Whitefield Overseas Private Limited	43.63
Phulchand Exports Pvt Ltd	43.12
A.S Foods	35.98
MaaTarini Industries Ltd.	18.64
S L Consumer Products Ltd	15.86
Neelam Rural Warehousing Corporation	0.18
Tathagat Exports	15.57
Metkore Alloys & Ind. Ltd	14.65
PBR Impex Pvt. Ltd.(NBIL)	12.26
Saraf Impex Pvt Ltd.	12.23
Whitefield Overseas Ltd	7.57
Usher Agro	4.44
Basil Resources Pvt Ltd	0.90
Omnitron	0.18
Fourcee Equipments & Services Pvt Ltd	0.18
Total	**619.68**

Since, the company is not registered under section 45-IA of the Reserve Bank of India Act, 1934, the company should not carry out the financing activities which is prohibited for the companies not registered under the said act.

Report on Other Legal and Regulatory Requirements

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-1” a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

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

1. 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 except stated elsewhere in the report;

2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. The Balance Sheet, the Statement of Profit and Loss, the statement of Cash Flows and Statement of Changes in Equity, referred to in this report are in agreement with the books of account.

4. Except for the effects arising from the matters described in the Emphasis of matter paragraph, read with notes to the standalone Ind AS financial statements, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder and Rule 3&4 of the Companies (Indian Accounting Standards rules, 2015)

5. We have been informed that the provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the Company, being a Government company in terms of notification no. G.S.R.463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India;

6. With respect to the adequacy of internal financial controls over financial reporting of the company and operating effectiveness of such controls, refer to our separate Report in "Annexure-2".

7. As required by C & AG of India through sub-directions, issued under Section 143 (5) of the Company's Act, we give our report in the attached "Annexure-3"

8. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.

   a. There are pending litigations including matters relating to sales tax, custom duty and excise duty Income tax/sales tax which are disclosed as contingent liability - refer to Note no. 33 to the standalone Ind AS financial statements, the impact of the same is unascertainable as the matters are sub-judice.

   b. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts.

   c. According to the information and explanation given to us, the Company is not required to transfer any amount to Investor Education and Protection Fund in accordance with relevant provisions of the Companies Act, 2013 and rules made thereunder.

Place: NEW DELHI
Date: 04-12-2019

For PVRN & CO.
Chartered Accountants
FRN: 004062N

Sd/-
(CA Vinay Kumar Gupta)
Partner
Membership no: 086879

Annexure-1 to the Independent Auditors' Report on the Standalone

Ind AS Financial Statements of PEC LIMITED

(Referred to in Paragraph (a) under the "Other Legal & Regulatory Requirements")

We further report that:

1. In Respect of its Fixed Assets

i. The Company's proper records in respect of its fixed assets showing full particulars including quantitative details and situation of fixed asset as required under the Companies Act, 2013 are in process of updation.

ii. As informed, Company has a regular programme of preparing data of assets lying at Delhi office based on physical verification, but no such exercise is being done at the Branches. The discrepancies, if any, are not ascertainable in absence of reconciliation of physical verification with the records.

iii. Title Deeds of immoveable property are held in the name of the Company based on original documents of Delhi & Mumbai and Duplicate original title deeds of Chennai property. We were not shown any FIR with Police or intimation to registering authority etc. for misplaced original title deeds.

2. In Respect of its Inventory

a) As per information and explanation provided by the management, physical verification of inventories owned by the Company is undertaken by the Company through surveyors, from time to time. Verification of goods like coal etc. is not by actual weighment, but by actual receipt and dispatch, without accounting for excess quantity and/or for excess handling losses. Generally, excesses/shortages are identified only after dispatch of entire cargo. Shortages noticed on physical verification are on 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. in some cases.

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 improved with regard to implementation of guidelines for physical verification of stock, reporting on quality of stocks by the handling agents, verification of authenticity of stock certificates issued by surveyors and/or handling agents, physical verification of stocks by employees at periodic intervals as stated in the trade guidelines.

c) As regards goods kept pledged against outstanding due from Associates, neither business practice in general nor trade guidelines of PEC were followed, whether it relates to physical verification by the PEC officials or relates to legal compliances in order to safeguard the interests of the Company. The same is apparent from the facts that secured debtors against pledge of goods became unsecured and huge provisions were made in F.Y. 2015-16 & 2016-17.

d) The Company is maintaining transaction-wise details of stock owned by the Company based on information received from the custodian of stocks viz. Port Authorities, Warehouse owners, Surveyors, Handling agents, Business Associates etc. But in case of inventory pledged with the Company, no consolidated proper or systematic record has been maintained for the inventory pledged with the Company as security against outstanding dues from Debtors. In this connection, it is noticed that trade guidelines in general or PEC in specific for safeguarding the interests of Company (PEC) have been overlooked.

3. Loans given to parties covered under section 189

As per information and explanation provided by the management, 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.

4. Compliance of Provision of Section 185 and 186 of the Companies Act, 2013 in respect of loans, guarantees and securities

According to the information and explanations given to us, and as per the records verified by us, the Company has complied the provisions of Section 185 and 186.

5. Acceptance of Deposits

According to the information and explanations given to us, the Company has not accepted deposits as per the directive issued by the Reserve Bank of India and the provision of Section 73 to 76 or any other relevant provision of the Act and the rules framed there under.

6. Maintenance of Cost Records

As explained to us, maintenance of cost records has not been prescribed by the Central Government for the company under Section 148(1) of the Act.

7. Undisputed & Disputed Statutory Dues

(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.

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 2019 for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us, status of income tax, duty of customs, service tax and sales tax not deposited by the Company on account of disputes is as under:-

Sl. No.	Name of Statute	Nature of dues	Period to which the amount relates	Forum where dispute is pending	Amount (₹ in crores)	Amount Deposited/ under protest / adjusted by tax authorities (in crores)	Amount not Deposited (₹ in crores)
1	Income Tax Act, 1961	Income Tax	2008-09	CIT (Appeals), Delhi	0.02	NIL	0.02
2	Income Tax Act, 1961	Income Tax	2012-13	CIT (Appeals), Delhi	0.52	-	0.52
3	Customs Act, 1962	Customs Duty (Penalty)	2002-05	Office of Commissioner of Central Excise & Customs, Surat	0.19	-	0.19
4	Customs Act, 1962	Customs Duty	2009-10	Office of Commissioner of Customs, Mumbai	0.07	-	0.07

5	Customs Act, 1962	Customs Duty (Penalty)	2012-13	CESTAT, Ahmedabad	6.25	-	6.25
6	Customs Act, 1962	Customs Duty (Penalty)	2012-13	CESTAT, Ahmedabad	3.00	-	3.00
7	Finance Act, 1994	Service Tax	2006-07 to 2010-11	CESTAT, Delhi	7.53	0.56	6.97
8	Central Sales Tax Act, 1956	Sales Tax (Tax & Penalty)	2000-01	Madras High Court	3.48	-	3.48
9	Maharashtra Sales Tax	Sales Tax (Tax & Penalty)	2002-03	Sales Tax Dept. Mumbai	11.36	-	11.36
10	Maharashtra Sales Tax	Sales Tax (Tax & Penalty)	2003-04	Sales Tax Dept. Mumbai	3.75	-	3.75
11	Delhi VAT	VAT (Tax & Penalty	2013-14	Delhi VAT	22.19	-	22.19
12	Rajasthan VAT	VAT (Tax & Penalty	2016-17	Rajasthan VAT	0.54	-	0.54
	Total				**58.90**	**0.56**	**58.34**

8. Loans from Banks/Financial Institutions/Government/Debentures

In our opinion and according to the information and explanations given to us, the Company is in continuing default in repayment of principal amount of bank loan and interest thereon totalling ₹ 1477.70 crore (as on 31.03.2019).

S No.	Name of the Banks	Amount of installment overdue as on 31.03.2019	Date on which declared NPA(Non-Performing Asset) by Banks
1.	Vijaya Bank	293.79	17-03-2019
2.	Syndicate Bank	682.84	17-09-2018
3.	United Bank of India	102.18	30-09-2018
4.	Punjab National Bank	398.89	30-03-2019
	Total	**1,477.70**	

9. Proceeds of Public Issue (including debt instruments)/Term Loans

According to the information and explanations given to us and as per the records verified by us, the Company has not raised any money during the year through initial/further public offer (including debt instruments). Term loans raised by the company during the year is nil.

10. Frauds on or by the Company

Management has not informed any instance of fraud on or by the Company or its officers. However, Company has filed four cases in EOW and ten cases in CBI pertaining to defaults in the financial years 2012-13 to 2015-16 for the outstanding to the tune of ₹ 896.40 crore as on 31.03.2019 in the Books of Accounts (for which provision for doubtful debts has been created in previous years). Further on going through the documents on random basis of some

Business Associates in accordance with generally accepted auditing practices in India, we observed as under :-

a) **MaaTarini Industries Ltd & Tathagat Exports P. Ltd**

In case of MaaTarini Industries Ltd (MTIL) partly material has not been verified even by the Surveyor.

In case of Tathagat Exports P. Ltd, (Allied establishment of MTIL) even the location is not identifiable.

In both cases, trade guidelines whether General or PEC in Specific was overlooked whether with regards to disposal of goods within the period specified or whether for physical verification of stock by PEC officials or otherwise. Further in case of Tathagat Exports neither the existence of material is verifiable nor the so called Lease deed of the location exists nor is the material insured from April 2018 and onwards. In both the cases provision was made in the Accounts of the financial year 2015-16.

Suit under Negotiable Instrument Act were filed against both companies in 2017. The CBI complaint against MaaTarini Industries Ltd. was filed on 22.12.2017 and there are no other efforts for recovery of the same.

b) **KS Oils Ltd & SL Consumers Products Ltd**

In case of KS Oils Ltd (KSOL), imports were made by PEC on behalf of KSOL in the financial year 2012-13, when the KSOL was facing acute financial crises; Lenders of KSOL considered CDR; and three Plants out of 4 Plants were not operating. Further, initially the goods was kept under Pledge but the same was allowed against Post Dated Cheque (PDC) and such PDC were replaced from time to time without enquiring the financial status of the Associate and altogether ignoring the interests of PEC.

As regards so called collateral security of the Allied establishments, neither any required documents were obtained nor were the Compliances made. Even the Annual reports of the establishments having ownership were not obtained. It indicates that the collateral was not capable for recovery of dues since its inception. No recovery was made till now from the so called mortgaged property. Not only this, on the basis of so called collateral security, financial facilities were also made available to the allied establishments SL Consumers Products Ltd. (SLCPL) but no compliances, whatsoever, were made with regards to collateral under the laws of land including registration with Registrar of Companies. Financial limit being availed by KSOL was transferred to SLCPL and that too for the purchase of material to KSOL.

Suit under NIA (Negotiable Instrument Act) were filed in April 2017 & Jan 2017 in case of KSOL & SLCPL respectively after 4/5 years period while the provision for the same was made treating the same doubtful in the year 2015-16 without any legal/other efforts for recovery of the same.

In continuation to the previous auditor's observation, we would like to suggest that a Public Notice should be made in and around Indore clearly stating that nobody shall make any deal with the so called collateral security because the property belongs to PEC. Also periodical inspection of the property must be conducted by the management. The important documents relating to original title deeds of the collateral securities were found to be kept in a safe, which can be operated with a single key. The said key is in the custody of the cashier of the company. Further the key of the premises in which the safe is lying is in the custody of the guard, who has been provided by an outsourced agency. This is highly unsafe to keep these valuable documents in such an unsafe manner and we suggest that the company should develop a system in which these documents should be kept under the joint custody of two personnel of the appropriate levels.

c) **Vinergy International Pvt Ltd**

In case of Vinergy International Pvt. Ltd, summary of proposal dated 21.03.2016 which stated that financial facilities were made available based on the Annual Accounts for F.Y 2014-15. Further, encumbrances on the movable/immovable Assets and other liability/contingent liability due to banks and other parties were overlooked. Later on, a case with High Court of Bombay was filed by Richmond Mercantile Ltd. on Vinergy International Pvt. Ltd for recovery of amount. PEC is additional respondent in this case and was allowed to sell the cargo and deposit the proceeds in the court as it had submitted its stand regarding exclusive charge. The matter was listed for the first time on 10.07.2018 and the next date was 07.08.2018, where the document evidencing the claim was submitted. While, a consortium of banks filed an application with the court for transferring the sale proceeds to the debt recovery tribunal.

The company has filed a complaint u/s 138 of Negotiable Instruments Act totalling ₹ 23 crore in June 2019.

Due to unavailability of sufficient information, we believe that there may a case of fraudulent activities so the matter should be further investigated.

d) **R. Piyarelall Import & Export**

In the case of R Piyarelall Import & Export ₹ 86.40crores has been outstanding as on 31.03.2019 as explained to us, the Calcutta Authorities had allowed the movement of goods from the port in spite of clear instruction by PEC for not releasing the goods. While Calcutta port had taken the plea that in High Sea Sale they will abide the instruction of the importer and not the PEC. The company had lodged a complaint with CBI on 18.05.2017 in which CBI responded to PEC on 15.01.2019 that it was unable to register any case against R. Piyarelall because of withdrawal of general consent of Government of West Bengal to CBI to exercise its power and jurisdiction in the State of West Bengal under DSPE Act.

In this respect we would like to suggest that the company should have filed a FIR with the area police station for initiation of criminal proceedings against the defaulter. In addition to this, future suitable policy should be made to safeguard the assets and this information should be shared with MMTC, STC and other PSUs so that these organisations can learn from the bad experience of the company.

e) **Pisces Exim**

As explained to us, since 2007-08 PEC had entered into around 250 Sales Contracts valued ₹ 1,200 crores approximately. During 2010-12, M/s Pisces Exim approached PEC for 15 Sale Contracts for export of Iron Ore Fines valued ₹ 400 crores, against which ₹ 348 crore were released as advance to the associate.

The advances were given on the pretext of procuring stocks for exports, paying custom duty, paying royalty etc. for these contracts. The export was supposedly done on FOB basis. The details of surveyor or Custom Handling Agent were not available with the company. Also the KYC documents of the business associate were not available in the records.

The total amount outstanding amount due from the associate is ₹ 332.05 crore as at 31.03.2019.

11. Managerial Remuneration

According to the information and explanations given to us Section 197 of the Companies Act, 2013 is not applicable to the Company being Govt. Company vide notification No 463(E) dated 5th June 2015 published in Gazette of India.

12. Nidhi Companies

The Company is not a Nidhi Company during the year under review and hence, the criteria as stipulated under Nidhi Rules 2014 are not applicable to the Company.

13. Related Party Transactions

As per the information and explanations given during the course of our verification, there was no transaction with the related parties pursuant to Section 188 of the Companies Act.

14. Preferential Issue

During the year, the company has not made any preferential allotment or private placement of equity shares or convertible debentures and hence the requirements of Section 42 of the Act are not applicable.

15. Non-Cash Transactions with Director's etc.

As per the information and explanations provided to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors within the purview of section 192 of the Act are not applicable.

16. Provision of 45-IA of the Reserve Bank of India Act, 1934

According to the information and explanations given to us and as per the records verified by us, during the year, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

Place: NEW DELHI
Date: 04-12-2019

For PVRN & CO.
Chartered Accountants
FRN: 004062N

Sd/-
(CA Vinay Kumar Gupta)
Partner
Membership no: 086879

Annexure-2 to the Independent Auditors' Report of even date on the Ind AS standalone financial statements of PEC Ltd.

Report on the Internal Financial Controls over financial reporting under Section 143(3)(i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PEC Ltd. ("the Company") as of March 31, 2019, in conjunction with our audit of the standalone Ind AS 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 (the ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility:

Our responsibility is to express an opinion on the Company's internal financial 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 and the Standards on Auditing, issued by the ICAI deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the Guidance Note 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 exist, 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 judgement, including the assessment of risks of material misstatements of the Ind AS 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 of our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting:

1. 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 Ind AS 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:

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

reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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.

Material weakness

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, 2019:

1. No backup of emails and secondary physical device is maintained for backup of Tally Data outside the organization.

2. Limited Purview of Internal Audit

   Internal audit programs are critical for monitoring and assuring business assets have been properly secured and safeguarded from threats. It is conducted to find out the weaknesses and take corrective action before any material mistakes occur.

   The internal audit for the previous year was conducted by an external auditor while it was done by the employee of the company for the current year.

   It was conducted after the end of the financial year 2018-19. Moreover, the internal auditor has given a disclaimer that the internal auditor will not be questioned for non-reporting of frauds or material misstatements because the internal audit was conducted with paucity of time and no team provided.

3. Lack of Responsibility At Managerial Level:

   a. The vouchers prepared by the subordinate staff are not authorised by any senior officer.

   b. Late recording of bank interests for the period after being declared as NPA by banks by banking department.

4. Absence of Organisational Structure

   a. No teamwork exists among the employees which results in delayed decision making

   b. Absence of organizational chart of the employees.

5. There is no documented policy on rotation of Employees

   No delegation of works to the subordinate or any other employee.

6. Ex- post facto approval by Board and Committee of Management (COM)

   a. In case of RECPDCL, the payment to Lord's Mark Industries was made on 15.12.2017 while the approval for payment was done by the COM on 08.01.2018.

   b. The submission of MoU Evaluation Score 2017-18 to the Department of Public Enterprises was done on 18.03.2019 but it was approved by Board of Directors on 20.03.2019.

7. Non-obtaining confirmation of balances of Trade receivables and Trade payables and reconciliation thereof;
8. Non-physical verification of own stock and pledged stock at regular intervals by employees as per trade guidelines;
9. Non-verification of stock certificates issued by surveyors and handling agents;
10. Non review of financial health of associates at regular intervals;
11. No documented policy
    a. for filing of legal cases against debtors, associates for recovery of dues and advances;
    b. for writing off of debts/advances/ claims;
12. Pending reconciliation of GST Returns;
13. Non maintenance of information under Section-22 of The Micro, Small and Medium Enterprises Development Act, 2006,which attract penal provisions
14. Non maintenance of register in form MBP-4 with regards Directors;
15. Non maintenance of proper register for stocks kept under pledge and valuation thereof;
16. Non-compliance prior to making payment of Medical Expenses in few case;
17. Delay in booking of expenditure;
18. Avoidance of Trade Guidelines by marketing / recovery division; and non-registration of pledge agreement with Registrar of Companies.
19. Pending reconciliation of Income tax provision;
20. Pending updating of Fixed Assets Records;
21. Non accounting treatment of credit balances of Business Associates against their debit balances;
22. Non-accounting of TDS by customers made in time;
23. Non-appointment of handling agents and security agencies by PEC in big default cases like R Piyarelall Import & Export, Pisces Exim, etc.

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.

Opinion:

In our opinion, subject to aforesaid areas in which improvement is required, as discussed and agreed by the management, the Company has, in other material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March, 31st 2019, 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.

Place: NEW DELHI
Date: 04-12-2019

For PVRN & CO.
Chartered Accountants
FRN: 004062N

Sd/-
(CA Vinay Kumar Gupta)
Partner
Membership no: 086879

Annexure-3: To the Independent Auditors' Report of even date on the Standalone Ind AS Financial Statements of PEC Ltd.

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 2018-19 issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013.

1.	Whether the company has system in place to process all the accounting transactions through IT System? If yes, the processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	a. Company is maintaining accounts in Tally ERP Software in which the branches as well as the head office are integrated with the each other. b. Further, stock of inventories and consumables are not being routed through IT System. As, a result of this, there is no system in place for maintaining manual entries that can be integrated with accounting software. c. Company is maintaining Payroll Software but it not integrated with the accounting software. The company is not maintaining Performance Management System (PMS), and Leave Management System (LMS) as a result they are not interfaced with each other as well as with Accounting Software.
2.	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts/ loans/ interest etc., made by the lender to the company due to company's inability to repay the loan?	As per the information given to us, the company is in the process of "one time settlement" (OTS) with the Lender Banks for the dues of banks for which company is in continuing default. Impact, if any, on OTS will be accounted for on its completion.
3.	Whether the fund received / receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per its terms and conditions List of cases of deviation.	As per information & explanation given to us, the Company has not received any fund under any scheme of the Central/State Government during the year.

Place: NEW DELHI
Date: 04-12-2019

For PVRN & CO.
Chartered Accountants
FRN: 004062N

Sd/-
(CA Vinay Kumar Gupta)
Partner
Membership no: 086879

<table>
<tr><th colspan="3">Management's reply to qualifications / observations of statutory auditors in their report for the financial year 2018-19</th></tr>
<tr><th>SL</th><th>Statutory Auditors observations</th><th>Management Replies</th></tr>
<tr><td>1</td><td>
According to the information and explanations given to us, the company is in continuing default in repayment of principal amount of bank loan and interest thereon totalling ₹ 1477.70 crore (as on 31.03.2019). Syndicate Bank has filed a case in NCLT on 28.02.2019; however the same is not admitted till date. The lender wise details and amount of defaults are as under:
<table>
<tr><th>S.No.</th><th>Name of the Banks</th><th>Amount of installment overdue as on 31.03.2019</th><th>Date on which declared NPA(Non-Performing Asset) by Banks</th></tr>
<tr><td>1.</td><td>Vijaya Bank</td><td>293.79</td><td>17-03-2019</td></tr>
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<tr><td>4</td><td>Punjab National Bank</td><td>398.89</td><td>30-03-2019</td></tr>
<tr><td></td><td>Total</td><td>1,477.70</td><td></td></tr>
</table>
We draw attention to Note No. 33 to the Standalone Ind AS financial statements in respect of Contingent Liabilities in which the company has shown the liabilities on account of interest of ₹ 8.17 cr with United Bank of India and ₹ 3.26 cr with Punjab National Bank, as contingent liability. The company has shown the total Finance Cost of ₹ 143.75 cr on accrual basis including interest charged even after becoming NPA in other banks. The company should have followed the same method for the above mentioned banks and should have booked the amount of ₹ 11.43 cr as finance cost. This would have resulted in increase in losses and decrease in current assets by ₹ 11.43 cr.
</td><td>
During the year 2018-19, PEC has account for the interest expenses on Bank dues as per interest amounts debited by the banks as per bank statements.
However, the interest amounting to ₹ 11.43 Cr has not been debited to PEC' bank account, and has conveyed to PEC vide their letters in relation to their dues as on 31.03.2019.
Taking cognizance above ref. letter, PEC has recognised amount payable towards interest to banks as contingent liability of ₹ 11.43 Crore in annual accounts of the Company, considering accounts turned NPA and PEC is not in a position to service the same.
</td></tr>
<tr><td>2</td><td>
A bid was submitted to RECPDCL for supply of material and installation of Solar Home Packs and Solar Street Lights in Arunachal Pradesh along with Business Associate M/s Lord's Mark Industries Pvt. Limited (Lord) for ₹ 27 crore. On back out by the Associate from the Project, PEC decided to execute the project on its own and at the so called risk and cost of Lords and the actual work done by PEC was of ₹ 12.61 crores.
Orders were placed for the materials partially within the price range of the tender and partially exceeding the price range of the Tender. Sales Invoice were also raised for those items exceeding the Tender price, for which RECPDCL has denied in writing to pay any excess price beyond the tender rate, which resulted in booking of excess sale than
</td><td>
PEC executed the project on its own after M/s Lords backed out from the project.
PBG of M/s Lords was invoked by PEC and no payment against any material has been made to M/s Lords to secure PEC interests.
Follow up with RECPDCL for the payments of material procured above
</td></tr>
</table>

	agreed. The loss was incurred by the company amounting to ₹ 0.99 cr. in the said purchase. Further, Company has out pocketed money on account of statement to vendor and incurred loss of interest thereon. The amount outstanding from RECPDCL is ₹ 8.17 crores. As regards installation work, RECPDCL vide its letter dt.13-08-2018 requested PEC to handover the material to APEDA. Then, RECPDCL got the installation of material done directly by APEDA at an additional cost of ₹ 2.48 cr. Prior to back out by the Associate (Lord's), certain material was supplied and the same is lying to credit in its account. Due to non-cooperation of M/s Lord's in speedy execution of project PEC didn't release the balance payment and invoked the Performance Guarantee against anticipated losses of the project of ₹ 90 lakhs. Due to non-payment, M/s Lord's has filed a claim before Delhi International Arbitration Centre (DIAC) on 23rd July 2019 of ₹ 3.37 cr in which PEC has filed a counter claim of ₹ 9.94 cr. The next date of hearing is 03.12.2019. In our opinion, the company should have made a provision of ₹ 3.47 cr (0.99 + 2.48 cr) in the books of account during the year ended 31.03.2019.	contract price is in progress. Part payment from customer is received and the balance is being pursued. The counter claim filed by PEC in arbitration covers all cost associated with the project including addition cost towards purchases and installation, hence same shall be reviewed based on the outcome of the arbitration case.
3	The amount receivable from Vinergy International Pvt. Ltd. is ₹ 17.30 crores. The company is currently additional respondent to a case filed by Richmond International Ltd. The company has deposited the total amount of ₹ 16.04 crores in the High Court of Mumbai after it was allowed to sell the goods pledged with the company and deposit the amount, by the order of high court. Since the maximum amount recoverable by the company in best scenario is ₹ 16.04 crores, in our opinion the company should have made a provision for doubtful debts of ₹ 1.26 crores in books of accounts.	The amount receivable is ₹ 17.30 Crore against the deposit of ₹ 16.04 Crore with Hon'ble High Court of Bombay. As Bailable warrants have been issued against the Directors of M/s Vinergy International Pvt Ltd. under NI Act 1881, in the best case scenario, the amount of ₹ 1.26 Crore may be recovered in due course.
4	Medical Bills of relating to dependent parent of an employee: A provision was created in 2018-19 for ₹ 2.38 lakhs relating to the reimbursement for the medical bill of employee's mother in Australia. *The medical policy of the company is silent for the medical expenses incurred abroad.* The payment for the expenses was made by his brother residing in Australia. The company should obtain additional documents to check the genuineness of the claim such as declaration from his brother that he has not shown his mother as dependent in his company records and received the reimbursement from his company in Australia.	The observation have been noted and suggested safe guard shall be taken before releasing of payment.

5	Policy to make assessment of creditworthiness of the Business Associates has not been followed either at the time of deal or thereafter, in some of the cases, which resulted huge provisions in earlier years. a. During the course of audit, documents pertaining to Business Associates were requisitioned and our observations are as under i. In case of Lord's Mark, neither any record for assessment of credit worthiness nor supporting documents were available;and ii. In case of Vinergy, copy of summary of proposal dated 21.03.2016 was made available to be viewed without any basic evidence. The basis of proposal appears to be made on Annual Accounts for 2014-15, Further there is no mention in the summary proposal with regards encumbrances on Movable / Immovable properties and other liabilities of Vinergy. iii. In case of Pisces Exim no documents relating to the KYC of the associate were available and produced before us despite repeated reminders	Selection and assessment of credit worthiness of associates is done as per prevailing Trade Guidelines based on the Annual report and other documents and exposure limit is decided accordingly. At the time of selection of new associates necessary documents are obtained as per the Trade Guidelines and the same are evaluated. i) & (ii) The same was carried out in case of M/s Lord's Mark and M/s Vinergy International Pvt. Ltd. The stock financed by PEC at cost is considered to be the primary security against the liability payable towards our banks. Hence, the stock financed is considered as the movable property/asset of the associate, held by PEC as underlying security. iii) For the purpose of filing of legal cases, KYC information such as address of the accused company, was sought from RoC and online information, are available in relevant legal files as part of petitions files before relevant legal forums. Passport revocation request has been sent by PEC. CBI case has been filed. It is understood that Look out circular has been issued by MHA.
6	We draw attention to Note No 49 to the Standalone Ind AS financial statements in respect of non-provision of liability, if any, arises in case of non-extension of time/ waiver/write off of GR- 1forms.	Approval for waiver already applied through Authorized Dealer from RBI as the liquidation process is already completed and no more foreign Exchange is expected.

7	We draw attention to Note No. 34 to the Standalone Ind AS financial statements in respect of balances under Sundry Payable/ Sundry Receivable/ Claims receivable/ Loans & Advances/ other liabilities, which have not been confirmed and any adjustments due to consequent reconciliation, if any, required is not ascertainable.	The accounts with the associates are settled on completion of each transaction and difference if any are reconciled. Provision for consequential adjustment of losses is not envisaged.
8	We draw the attention to Note No 36 to the Standalone Ind AS financial statements, where the Company has not obtained confirmation from its Associates and Suppliers required under Section 22 of 'The Micro, Small and Medium Enterprises Development Act,2006'. As explained by the management there is no proper system in place regarding the details of goods/ services received from Medium, Small and Micro Enterprises (MSME) whose return is to be filed as per the notification dated 22nd January 2019 as per "Specified Companies (Furnishing of Information about payment to Micro and Small enterprise Suppliers) Order 2019. Due to the non-maintenance of the above required information, the company is filing the returns required by ROC in MSME-1, either incorrect or incomplete. Further, due to this, there may be default in making payment to the MSME suppliers along with applicable rate of interest if payment is not made within 45 days for which no provision has been created in the books of account. We are unable to comment upon the amount of provision to be made as it is not ascertainable due to non-maintenance of records.	Information regarding classification of all associates & suppliers into Micro, Small and Medium Enterprises is not available with us as almost all the suppliers are from Overseas market only. Further, purchases are made for trading purposes and not for own consumption.
9	We are unable to express our opinion on adequacy of Goods & Services Tax Act (GST) Input/output as GST Returns filed by the company with GST Authorities of various States are under reconciliation. Pending reconciliation consequential adjustments, if any, is not ascertainable.	GST payable/receivable as at Balance Sheet date is subject to reconciliation with GST returns filed with the authorities of various states.
10	Various discrepancies with regards to GST observed are asunder:- a. GST not adjusted/paid properly in GST Returns will result in non -availability of due credit to respective parties. b. Mismatch of GSTR-1 & GSTR-3B of various Branches(States) c. No documentation of address in VAT/GST Registration of various Branches(States)	a. Reconciliation will be done at the time of GST Audit for FY 2018-19. b. Reconciliation will be done at the time of GST Audit for FY 2018-19. c. PEC has already surrendered all GST registrations except in 5 states i.e. Delhi, Andhra Pardesh, Uttar Pardesh, Arunachal Pardesh & Maharashtra. And in process to surrender GST Registration in these states also.

	d. ITC appearing in books not yet claimed fully e. ITC claimed in GSTR-3B not recorded in books of account	d. ITC appearing in books of account are mainly in the nature of common credit of GST and treatment of the same was done in-line with the decision taken by the management. e. Reconciliation will be done at the time of GST Audit for FY 2018-19.
11	We draw attention to Note No 46 to the standalone Ind AS financial statements in respect of provision made for 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 2019 is ₹ 19.82crores. The company has neither earmarked any investment nor has created any corpus for thispurpose.	The company is following the norms adopted by other entities in the industry. Moreover, there is no such statutory requirement of creating corpus towards Post Retirement Medical Benefits
12	Required number of Independent Director was not appointed in the Board of the Company as per provisions of Section 149 (1) of the Companies Act, 2013 during the year.	PEC, being a 100% Govt. of India Enterprises, its board of Directors including Independent directors are appointed by Administrative Ministry i.e. Ministry of Commerce and Industry. The ministry has appointed one independent director during FY 2019-20 and process for appointment of second independent director is under way.
13	**In Respect of its Fixed Assets** i. The Company's proper records in respect of its fixed assets showing full particulars including quantitative details and situation of fixed asset as required under the Companies Act, 2013 are in process of updation. ii. As informed, Company has a regular programme of preparing data of assets lying at Delhi office based on physical verification, but no such exercise is being done at the Branches. The discrepancies, if any, are not ascertainable in absence of reconciliation of physical verification with there cords. iii. Title Deeds of immoveable property are held in the name of the Company based on original documents of Delhi & Mumbai and Duplicate original title deeds of Chennai property. We were not shown any FIR with Police or intimation to registering authority etc. For misplaced original title deeds.	i. Fixed Assets register is updated as on date with full particulars of quantity, location ii. Recently PEC has closed all of its branches except two one at Chennai and one at Mumbai. Assets lying at these camp offices are very old and are of insignificant value. However physical verification at branch office shall be done in current FY. iii. The said documents have been obtained from the Registering Authority at Chennai .Both the flats are under the possession of PEC.

14	**In Respect of its Inventory**	
	a) As per information and explanation provided by the management, physical verification of inventories owned by the Company is undertaken by the Company through surveyors, from time to time. Verification of goods like coal etc. is not by actual weighment, but by actual receipt and dispatch, without accounting for excess quantity and/or for excess handling losses. Generally, excesses/shortages are identified only after dispatch of entire cargo. Shortages noticed on physical verification are on 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. in somecases. 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 improved with regard to implementation of guidelines for physical verification of stock, reporting on quality of stocks by the handling agents, verification of authenticity of stock certificates issued by surveyors and/or handling agents, physical verification of stocks by employees at periodic intervals as stated in the trade guidelines. c) As regards goods kept pledged against outstanding due from Associates, neither business practice in general nor trade guidelines of PEC were followed, whether it relates to physical verification by the PEC officials or relates to legal compliances in order to safeguard the interests of the Company. The same is apparent from the facts that secured debtors against pledge of goods became unsecured and huge provisions were made in F.Y. 2015-16 & 2016-17. d) The Company is maintaining transaction-wise details of stock owned by the Company based on information received from the custodian of stocks viz. Port Authorities, Warehouse owners, Surveyors, Handling agents, Business Associates etc. But in case of inventory pledged with the Company, no consolidated proper or systematic record has been maintained for the inventory pledged with the Company as security against outstanding dues from Debtors. In this connection, it is noticed that trade guidelines in general or PEC in specific for safeguarding the interests of Company (PEC) have been overlooked.	As per trade guidelines of the company, the division is monitoring its stock by HO and Branch offices. Since coal being a bulk cargo, as per universal practice physical verification has been carried out by "Volumetric Analysis" where actual weight can be calculated on the basis of length, width and height of the cargo stored. The Division is following the trade guidelines that are in vogue, however any improvement needs to be carried out time to time will be considered as per the guidelines.

15	**Frauds on or by the Company** Management has not informed any instance of fraud on or by the Company or its officers. However, Company has filed four cases in EOW and ten cases in CBI pertaining to defaults in the financial years 2012-13 to 2015-16 for the outstanding to the tune of ₹ 896.40 crore as on 31.03.2019 in the Books of Accounts (for which provision for doubtful debts has been created in previous years). Further on going through the documents on random basis of some Business Associates in accordance with generally accepted auditing practices in India, we observed as under:-	Management has initiated appropriate action and Statutory Auditors were also provided details of all such cases referred to investigating agencies
	a) Maa Tarini Industries Ltd & Tathagat Exports P. Ltd. In case of Maa Tarini Industries Ltd. (MTIL) partly material has not been verified even by the Surveyor in case of Tathagat Exports P. Ltd. (Allied establishment of MTIL) even the location is not identifiable. In both cases, trade guidelines whether General or PEC in specific was overlooked whether with regards to disposal of goods within the period specified or whether for physical verification of stock by PEC officials or otherwise. Further in case of Tathagat Exports neither the existence of material is verifiable nor the so called Lease deed of the location exists nor is the material insured from April 2018 and onwards. In both the cases provision was made in the Accounts of the financial year 2015-16. Suit under Negotiable Instrument Act were filed against both companies in 2017. The CBI complaint against Maa Tarini Industries Ltd. was filed on 22.12.2017 and there are no other efforts for recovery of the same.	a) For MTIL, the material has been verified jointly by PEC and Surveyor. Approx. 30270 MT was verified above the ground level, wherein some material was also under water which was not verifiable. Various legal actions have been taken against MTIL including counter claim against arbitration claims, cheque bouncing under section 138 of NI Act 1881, attempts made to dispose off material through tender, Sec 9 petition, filing of CBI complaint on 22/12/2017, & insolvency in NCLT is on going. Stock locations of TEPL were not verifiable as per stock visit report. As the surveyors refused to physically locate the stocks without the assistance of associate. The associate also refused for assistance in stock inspection citing deposition of cheques and initiation of Sec 138 proceedings against it. PEC has also filled counter claim against arbitration claims, attempts made to dispose off material through tender, & insolvency in NCLT is being taken up.

	b) KS Oils Ltd. & SL Consumers Products Ltd. In case of KS Oils Ltd (KSOL), imports were made by PEC on behalf of KSOL in the financial year 2012-13, when the KSOL was facing acute financial crises; Lenders of KSOL considered CDR; and three Plants out of four Plants were not operating. Further, initially the goods was kept under Pledge but the same was allowed against Post Dated Cheque (PDC) and such PDC were replaced from time to time without enquiring the financial status of the Associate and altogether ignoring the interests of PEC. As regards so called collateral security of the Allied establishments, neither any required documents were obtained nor were the Compliances made. Even the Annual reports of the establishments having ownership were not obtained. It indicates that the collateral was not capable for recovery of dues since its inception. No recovery was made till now from the so called mortgaged property. Not only this, on the basis of so called collateral security, financial facilities were also made available to the allied establishments SL Consumers Products Ltd. (SLCPL) but no compliances, whatsoever, were made with regards to collateral under the laws of land including registration with Registrar of Companies. Financial limit being availed by KSOL was transferred to SLCPL and that too for the purchase of material to KSOL. Suit under NIA (Negotiable Instrument Act) were filed in April 2017 & Jan 2017 in case of KSOL & SLCPL respectively after 4/5 years period while the provision for the same was made treating the same doubtful in the year 2015-16 without any legal/other efforts for recovery of the same. In continuation to the previous auditor's observation, we would like to suggest that a Public Notice should be made in and around Indore clearly stating that nobody shall make any deal with the so called collateral security because the property belongs to PEC. Also periodical inspection of the property must be conducted by the management. The important documents relating to original title deeds of the collateral securities were found to be kept in a safe, which can be operated with a single key. The said key is in the custody of the cashier of the company. Further the key of the premises in which the safe is lying is in the custody of the guard, who has been provided by an outsourced agency. This is highly unsafe to keep these valuable documents in such an unsafe manner and we suggest that the company should develop a system in which these documents should be kept under the joint custody of two personnel of the appropriate levels.	b) The defaults of KSO/SLCPL have been referred under relevant sections of NI Act 1881 and IBC 2016. As per latest valuation report, done in the FY 2018-2019, the distress sale value is ₹ 54 Crore. Earlier the then board level officers of PEC Limited have inspected the said collateral. A letter was written to the Indore Revenue Officials through PEC's Advocate, advising the concerned department regarding the High Court's Order restraining alienation of the subject third party agricultural land.

	c) Vinergy International Pvt Ltd In case of Vinergy International Pvt. Ltd, summary of proposal dated 21.03.2016 which stated that financial facilities were made available based on the Annual Accounts for F.Y 2014-15. Further, encumbrances on the movable/immovable Assets and other liability/ contingent liability due to banks and other parties were overlooked. Later on, a case with High Court of Bombay was filed by Richmond Mercantile Ltd. on Vinergy International Pvt. Ltd for recovery of amount. PEC is additional respondent in this case and was allowed to sell the cargo and deposit the proceeds in the court as it had submitted its stand regarding exclusive charge. The matter was listed for the first time on 10.07.2018 and the next date was 07.08.2018, where the document evidencing the claim was submitted. While, a consortium of banks filed an application with the court for transferring the sale proceeds to the debt recovery tribunal. The company has filed a complaint u/s 138 of Negotiable Instruments Act totaling ₹ 23 crore in June 2019. Due to unavailability of sufficient information, we believe that there may a case of fraudulent activities so the matter should be further investigated.	c) At the time of selection of new associates necessary documents are obtained as per the Trade Guidelines and the same are evaluated. The same was carried out in case of M/s Vinergy International Pvt. Ltd. The stock financed by PEC at cost is considered to be the primary security against the liability payable towards our banks. Hence, the stock financed is considered as the movable property/asset of the associate, held by PEC as underlying security. The case has been filed under Section 09 of Arbitration Act 1996 where PEC has claimed ₹ 16.04 Crore, deposited with Registry of Mumbai High Court. Case under Section 138 NI Act 1881 has been filed and Bailable Warrants have been issued against the accused.
	d) R. Piyarelall Import &Export In the case of R Piyarelall Import & Export ₹ 86.40 crores has been outstanding as on 31.03.2019 as explained to us, the Calcutta Authorities had allowed the movement of goods from the port in spite of clear instruction by PEC for not releasing the goods. While Calcutta port had taken the plea that in High Sea Sale they will abide the instruction of the importer and not the PEC. The company had lodged a complaint with CBI on 18.05.2017 in which CBI responded to PEC on 15.01.2019 that it was unable to register any case against R. Piyarelall because of withdrawal of general consent of Government of West Bengal to CBI to exercise its power and jurisdiction in the State of West Bengal under DSPE Act. In this respect we would like to suggest that the company should have filed a FIR with the area police station for initiation of criminal proceedings against the defaulter. In addition to this, future suitable policy should be made to safeguard the assets and this information should be shared with MMTC, STC and other PSUs so that these organisations can learn from	d) Currently PEC Limited is not doing any new business. Trade guidelines (for trade financing) were formed and circulated vide circular no DIR 01/02/2014 dated 17.10.2014 and circular no. DIR 01/01/2014 dt 16.10.2014 ie. in 2014 already. Further, as per letter dt 07.11.2019 from the office of Superintendent of Police, CBI, SPE, ACB, Kolkata, stating that complaints have been registered by their office for verification and the verification is under process. Also , the said associate case has been admitted by SBI in the NCLT dated 07.11.2019 and PEC has filed his claim to IRP for ₹ 2,91,53,91,466/- including interest (as on 7.11.19) on

	other PSUs so that these organisations can learn from the bad experience of the company.	20.11.2019. We are pursuing as one of the financial creditors. PEC has already blacklisted this associate and also pursuing cases under section 138 of NI Act.
	e) **PISCES EXIM** As explained to us, since 2007-08 PEC had entered into around 250 Sales Contracts valued ₹ 1,200 crores approximately. During 2010-12, M/s Pisces Exim approached PEC for 15 Sale Contracts for export of Iron Ore Fines valued ₹ 400 crores, against which ₹ 348 crore were released as advance to the associate. The advances were given on the pretext of procuring stocks for exports, paying custom duty, paying royalty etc. for these contracts. The export was supposedly done on FOB basis. The details of surveyor or Custom Handling Agent were not available with the company. Also the KYC documents of the business associate were not available in the records. The total amount outstanding amount due from the associate is ₹ 332.05 crore as at 31.03.2019.	e) For the purpose of filing of legal cases, KYC information such as address of the accused company, was sought from RoC and online information, are available in relevant legal files as part of petitions files before relevant legal forums. Passport revocation request has been sent by PEC. FIR has been registered with EOW Division of CBI, New Delhi. It is understood that Look out circular has been issued by MHA. The case under NI Act 1881 has already been filed.
16	**Material weakness** 1. No backup of emails and secondary physical device is maintained for backup of Tally Data outside the organization.	1. The e-mail services of PEC is G-Suite free application available on Google platform. The data is centrally kept at Google server. We have only one office at Delhi i.e Head Office. We will explore the possibility of keeping the data periodically at online platform (Paid Portal)
	2. Limited Purview of Internal Audit Internal audit programs are critical for monitoring and assuring business assets have been properly secured and safeguarded from threats. It is conducted to find out the weaknesses and take corrective action before any material mistakes occur. The internal audit for the previous year was conducted by an external auditor while it was done by the employee of the company for the current year. It was conducted after the end of the financial year 2018-19. Moreover, the internal auditor has given a disclaimer that the internal auditor will not be questioned for non-reporting of frauds or material	2. The same will be discussed in the Audit Committee Meetings.

	mis-statements because the internal audit was conducted with paucity of time and no team provided.	
	3. Lack of Responsibility At Managerial Level: The vouchers prepared by the subordinate staff are not authorized by any senior officer. Late recording of bank interests for the period after being declared as NPA by banks by banking department.	3. (a) The payment vouchers and Banking Transactions are made as per DOP. (b) Interest are being booked on receipt of actual details from Bank.
	4. Absence of Organisational Structure a. No teamwork exists among the employees which results in delayed decision making b. Absence of organizational chart of the employees.	4. (a) Due to increase in attrition rate and work requirement, job profiles of the employees have been frequently changing. Hence resulting in longer time in decision making. (b) There has been frequent change in reporting structure due to increase in resignation/ retirement cases.
	5. There is no documented policy on rotation of Employees. No delegation of works to the subordinate or any other employee.	5. Employees have been transferred as per job requirement with the approval of competent authority. Work within the division is delegated by the reporting officer and orders are issued accordingly.
	6. Ex- post facto approval by Board and Committee of Management (COM) a. In case of RECPDCL, the payment to Lord's Mark Industries was made on 15.12.2017 while the approval for payment was done by the COM on 08.01.2018. b. The submission of MoU Evaluation Score 2017-18 to the Department of Public Enterprises was done on 18.03.2019 but it was approved by Board of Directors on 20.03.2019.	6. (a) The payment to Lord Mark Industries was made on 15.12.2017. The payment was made on behalf of Lord Mark as per DOP. Approval for payment by The CoM on 08.01.2018 was taken for execution of the project by PEC itself. (b) The MoU Evaluation Score 2017-18 was submitted to meet the deadline, with approval of CMD and the same was ratified in the subsequent Board Meeting.

	7. Non-obtaining confirmation of balances of Trade receivables and Trade payables and reconciliation thereof.	7. The accounts with the associates are settled on completion of each transaction and difference if any are reconciled.
	8. Non-physical verification of own stock and pledged stock at regular intervals by employees as per trade guidelines.	8. Physical verification of own and pledged stocks are carried out as per Trade Guidelines for the FY 2018-19
	9. Non-verification of stock certificates issued by surveyors and handling agents.	9. Stock certificates are issued by Surveyors and is taken care of for The FY 2018-19.
	10. Non review of financial health of associates at regular intervals.	10. Review of financial health of the associates, is done as per Trade Guidelines during FY 2018-19.
	11. No documented policy a. for filing of legal cases against debtors, associates for recovery of dues and advances; b. for writing off of debts/advances/claims.	11. (a & b) The same is done on the merit of the case.
	12. Pending reconciliation of GST Returns.	12. GST returns are subject to reconciliation.
	13. Non maintenance of information under Section-22 of The Micro, Small and Medium Enterprises Development Act, 2006,which attract penal provisions.	13. Mostly suppliers are from Overseas market and hence MSME provisions are not extendable to them.
	14. Non maintenance of Register in form MBP-4 with regards Directors.	14. Questioned register is duly maintained by the company. However during the FY 2018-19, there was no such transaction to be reported in MBP – 4.
	15. Non maintenance of Proper Register for stocks kept under Pledge and valuation thereof.	15. Stock register are maintained at Branch level where branch is there or at HO if no Branch is there and is monitored.
	16. Non-compliance prior to making payment of Medical Expenses in few case.	16. Medical expenses are paid after due approval.

	17. Delay in booking of expenditure.	17. Expenditures are booked as and when incurred. However expenditure incurred at year end was booked while closing the books of account.
	18. Avoidance of Trade Guidelines by marketing / recovery division; and non-registration of pledge agreement with Registrar of Companies.	18. During the F.Y. 2018-19 the Trade Guidelines were generally followed.
	19. Pending reconciliation of Income tax provision.	19. Some of income tax cases are pending at IT Appeal hence provision is carried. The same have been reconciled in the current FY.
	20. Pending updating of Fixed Assets Records.	20. Fixed Assets are updated as and when any asset is purchased.
	21. Non accounting treatment of credit balances of Business Associates against their debit balances.	21. Credit and debit balances are pertaining to different business transactions and are transaction specific
	22. Non-accounting of TDS by customers made in time.	22. TDS is reconciled with Form 26AS.
	23. Non-appointment of handling agents and security agencies by PEC in big default cases like R Piyarelall Import & Export, Pisces Exim, etc.	23. Security agency and handling agents are appointed by associates/PEC in mutual consultation and as per associate ship agreement.

Management's Reply to Observations of Practicing Company Secretary on Comments on Corporate Governance:	
Practicing Company Secretary Comment	**Management's Reply**
1. Appointment Independent Director(s) are not in conformity with the DPE Guidelines. Consequently, the requisite Committee(s) requiring Independent Director(s) is / are not formed.	PEC is a Government Company. Hon'ble President of India has the right to nominate any person for the appointment of Independent Director(s). We have already taken up this matter with the Ministry of Commerce & Industry. However, Smt. Sukhpreet Kaur has been appointed as non-official Independent Director on the Board of PEC Limited, w.e.f. 27th January, 2020, in addition to existing one non-official Independent Director Shri Ashish Kumar Gupta who was appointed on the board of PEC Limited w.e.f. 17th December, 2018.

संख्या / No. PDCA|CHG-II| 27-26| 2019-20| 858

भारतीय लेखापरीक्षा और लेखा विभाग,
कार्यालय प्रधान निदेशक, वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-1, नई दिल्ली
INDIAN AUDIT & ACCOUNTS DEPARTMENT,
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-1, New Delhi

दिनांक / Dated 18|2|2020

सेवा मे,

अध्यक्ष एवं प्रबंध निदेशक
पी.ई.सी लिमिटेड, हसांलय
15-बाराखम्बा रोड,
नई दिल्ली-110001

विषयः कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अन्तर्गत 31 मार्च 2019 को समाप्त वर्ष हेतु पी.ई.सी लिमिटेड के वार्षिक लेखो पर भारत के नियत्रंक महालेखा परीक्षक की टिप्पणियाँ ।

महोदय,

मै इस पत्र के साथ 31 मार्च 2019 को समाप्त वर्ष के लिए पी.ई.सी लिमिटेड के वार्षिक लेखो पर कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अन्तर्गत भारत के नियत्रंक महालेखा परीक्षक की **'शून्य टिप्पणियाँ'** अग्रेषित करती हूँ। इन शून्य टिप्पणियों को कम्पनी की वार्षिक आमसभा मे उसी प्रकार रखा जाए जिस प्रकार वैधानिक लेखा परीक्षको की लेखा परीक्षा रिपोर्ट रखी जाती है।

भवदीया,

प्राची पा.
18.2.20

(प्राची पाण्डेय)
प्रधान निदेशक

संलग्नः शून्य टिप्पणियाँ

तृतीय तल, ए-स्कन्ध, इन्द्रप्रस्थ भवन, इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110002
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E-mail : mabnewdelhi1@cag.gov.in

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 2019

The preparation of financial statements of **PEC LIMITED** for the year ended 31 March 2019 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 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 4 December 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **PEC LIMITED** for the year ended 31 March 2019 under section 143(6) (a) of the Act. 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 auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

Prachi Pandey
18.2.XX

Place: New Delhi
Dated: 18 February 2020

(Prachi Pandey)
Principal Director of Commercial Audit & Ex-officio Member Audit Board-I,
New Delhi