

Annual Report 2014-15



PEC LIMITED



PEC LIMITED

Company profile

Board of Directors

Chairman-cum-Managing Director

Shri Rajani Ranjan Rashmi
(from 09.07.2014)

Shri A. K. Mirchandani
(upto 30.06.2014)

Whole-Time Director

Shri J. Ravi Shanker
(from 05.08.2014)

Part-Time Directors

Mrs. Aditi Das Rout
Shri M. C. Luther

Company Secretary

Shri Pardeep Kumar
(from 27.08.2015)

Shri Arvind Kumar
(from 02.12.2014 to 27.08.2015)

Shri Pardeep Kumar
(from 01.08.2014 to 01.12.2014)

Shri Ashok Kumar
(upto 31.07.2014)

Auditors

M/s J.P., Kapur & Uberai
Chartered Accountants
New Delhi

Registered Office

"Hansalaya" 15-Barakhamba Road,
New Delhi-110 001

Bankers

Axis Bank Ltd.

Bank of Baroda
Corporation Bank

HSBC Limited

ICICI Bank Ltd.

IDBI Bank

Indian Bank

Indian Overseas Bank

IndusInd Bank

Punjab National Bank

Societe Generale Bank

State Bank of Bikaner & Jaipur

State Bank of India

State Bank of Travancore

Syndicate Bank

United Bank of India

Vijaya Bank

Board of Directors



Rajani Ranjan Rashmi
CMD
(from 09.07.2014)



A. K. Mirchandani
CMD
(upto 30.06.2014)



J. Ravi Shanker
Director
(from 05.08.2014)



Aditi Das Rout
Director
(upto 18.06.2015)



M. C. Luther
Director



Samir Kumar
Director
(from 20.06.2015)

Key Personnel



Smriti Sharan, IPOS
CVO
(from 01.05.2014)



Kuldeep Kumar, IPS
CVO
(upto 30.04.2014)



J. K. Sanyal
Executive Director



Ravi Kumar
Executive Director



Rajiv Chaturvedi
CGM



S. K. Majumdar
CGM



S. K. Saha
CGM



R. R. Sinha
CGM



H. C. Batra
CGM
(upto 30.10.2014)

Vision

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

Mission

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



Chairman's Statement

Your Company has completed its 44th Year of existence and during 2014-15 the turnover of the Company stood at Rs. 6187 crores as against Rs. 9780 crores achieved last year. The global economy is passing through a sluggish phase impacted by volatility and slowdown and this had an adverse effect on trading of agro-commodities and industrial raw materials.

Your Company has reported a loss during the year mainly due to the heavy interest burden of outstandings from Govt. and private sector. While every effort is being made at the Board Level to monitor and galvanise the company to be aggressive on recoveries, a lot more needs to be done by the employees for quick & effective recoveries from the private sector so that financial health of the company improves.

On the brighter side, your Company has taken several belt tightening measures and reduced its establishment expenditure. It has also bagged Ministry of Commerce & Industry's First prize for excellent performance in promotion of official language.

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

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

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

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

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



(Rajani Ranjan Rashmi)
Chairman-cum-Managing Director

Directors' Report

The Board of Directors has pleasure in presenting the 44th Annual Report on the working of the Corporation together with the audited statements of accounts for the year ended 31st March, 2015 along with the Auditor's Report and Comments on the Accounts by the Comptroller & Auditor General (C&AG) of India.

Financial Results

The performance of the Company during the year 2014-15 vis-à-vis previous year is summarized as below:-

(₹ Crore)

	2014-15	2013-14
SALES TURNOVER		
Export	601.22	2556.03
Import	4972.25	5680.85
Domestic	613.29	1543.49
	6186.76	9780.37
PROFIT		
Profit before extraordinary items and Tax	(179.79)	1.98
Profit after Tax	(208.54)	0.71

Business

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

Your Company achieved sales turnover of ₹ 6186.76 Crore in the financial year 2014-15. Decline in turnover is due to sluggish economy, cessation of wheat exports & general slack in demand.



Stock of Coal imported by PEC

Exports

Engineering and manufactured goods exports include supply of electrical equipment such as Distribution Transformers, Cables, Conductors, and Hardware equipment, etc. to Ethiopia, Tanzania, Liberia and Kenya.

Other major item of export was Rice.



PEC participated in support of Ministry of External Affairs, Govt of India and EEPC India. pavilion displaying PEC's Project Exports.

Imports

PEC achieved import turnover of ₹4972.25 Crore during the year. Gold, Manganese Ore, Coal & Bitumen were the major items of import during the year.

Domestic Sales

PEC has achieved domestic sales of agro commodities, industrial raw material, engineering and manufactured goods amounting to ₹613.29 Crore during the year 2014-15.

Dividend

The Board of Directors have not recommended any dividend for the year 2014-15 as there is a loss during the year.

Transfer to/from Reserves

Board of Directors has transferred ₹208.54 Crore from General Reserves to offset the loss of the current year and closing balance to General Reserve is ₹69.21 Crore. Company is also having ₹25 Crore in its Special Purpose Trading Risk Reserve.

Capital Advance

PEC has given capital advance amounting ₹29.35 Crore to NBCC Ltd. for office, we have to pay further ₹24.39 Crore as Capital Commitment.

Code of Conduct

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

Subsidiary Company

Tea Trading Corporation of India Ltd., a wholly-owned subsidiary of your Company, continues to be under winding up process by Official Liquidator appointed by Hon'ble High Court of Calcutta.

Human Resource

Strengthening the organization is one of the most powerful levers a company can pull to improve its performance. We remain committed to employee development by investing in training and entry level recruitment. The thrust of training programs, both in-house and organized in association with reputed institutions, was in the areas of executive development and business growth. PEC's work force is 169; which includes 146 Managers – 146 and 23 Staff as on 31st March, 2015.

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

Industrial relations remained cordial throughout the year.

Rajbhasha

PEC continued its earnest efforts to promote use of Hindi in official work. Employees were encouraged to work in Hindi through training programs, workshops and improved incentive schemes. Fortnight-long program was organized to mark Hindi Diwas from 16.09.2014 to 30.09.2014.



Chairman cum Managing Director of PEC receiving First prize for excellent performance in official language for the year 2013-14 from Sh. Rajeev Kher, Commerce Secretary, Dept. of Commerce.

For the year 2013-14, PEC bagged Ministry of Commerce & Industry's First prize for excellent performance in promotion of official language.

PEC has been awarded third prize of Indira Gandhi official language for its excellent performance for the year 2012-13 by Honorable President of India Shri Parnab Mukherjee on 14.9.2014.

Vigilance

With a view to create greater awareness among the employees, various initiatives were taken. Vigilance Awareness Week was also observed from 27th October, 2014 to 01st November, 2014 in Corporate as well as Branch Offices.

Management Discussion and Analysis Report

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

Corporate Governance

Your company is fully committed to promoting & strengthening the principles of sound corporate governance norms through the adherence of 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 or the community in general. A separate report on corporate Governance forming part of Annual Report of the Company is placed as Annexure-2. M/s Gupta Meenakshi & Associates, 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.



Sh. Rajeev Kher, Commerce Secretary, Dept. of Commerce with Sh. Rajani Ranjan Rashmi CMD, PEC during MoU signing

Corporate Social Responsibility

With the introduction of Section 135 of the Act, which came into effect during this Financial Year, Company has constituted a Corporate Social Responsibility Committee. The CSR Policy adopted by the Board of Directors is available on the Company's website www.peclimited.com. In furtherance of its commitment towards Corporate Social Responsibility undertook initiatives during 2014-2015. As per the Companies (Corporate Social Responsibility Policy) Rules, 2014, Annual Report on Corporate Social Responsibility Activities is annexed herewith as Annexure-3.

Foreign Exchange

Particulars regarding foreign exchange earnings and expenditure appear as Item No. 39 in the Notes to the Accounts.

Particulars of Employees

In terms of the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, none of the employee was in receipt of remuneration exceeding the limits as laid down.

Directors & Key Managerial Personnel

Smt. Aditi Das Rout, Director Ministry of Commerce & Industry ceased to be Director with effect from 18.06.2015.

The Directors place on record appreciation of the invaluable contribution and guidance provided by Smt. Aditi Das Rout. Shri Sameer Kumar, Additional Economic Advisor, Ministry of Commerce & Industry joined PEC Board with effect from 20.06.2015.

Directors' Responsibility Statement

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

a) in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.

- b) for the financial year ended March 31, 2015, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for the year ended March 31, 2015.
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual financial statements have been prepared on a going concern basis.
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Extract of Annual Return

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

Anti-Sexual Harassment Policy

The Company has laid down an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received in this regard. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No sexual harassment complaints were received during the year 2014-15.

Deposits

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

Conservation of Energy, Technology Absorption, Etc.

The Company is engaged in trading activities so the information required to be disclosed in accordance with the Companies (Accounts) Rules, 2014 is NIL.

Statutory Auditors

M/s J.P., Kapur & Uberai, Chartered Accountants were appointed as Statutory Auditors of the company for the financial year 2014-15 by the C&AG. Their Report, along with replies of the Management is attached herewith and forming part of Annual report.

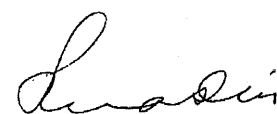
Comments of C&AG

The comments of C&AG under Section 143(6) of the Companies Act, 2013 on the accounts of the Company for the year 2014-15 by C&AG, their Report, along with replies of the Management is attached and forming part of Annual Report.

Acknowledgements

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

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



(Rajani Ranjan Rashmi)
Chairman-cum-Managing Director

Last Ten Years

(₹in Crore)

Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Sales	3725.43	4517.91	5671.57	10274.78	11025.94	9969.94	11041.33	11649.01	9780.37	6186.76
Exports	382.63	356.77	903.68	1261.78	1254.91	1136.25	1036.92	3029.12	2556.03	601.22
Domestic	158.37	330.59	420.81	492.72	889.46	926.89	1798.36	1659.38	1543.49	613.29
Imports	3184.43	3830.55	4347.08	8520.28	8881.57	7906.80	8206.05	6960.51	5680.85	4972.25
Income	46.79	69.40	90.98	149.73	145.55	146.40	159.72	159.63	43.02	-137.61
Expenditure	26.33	27.30	27.79	37.45	42.59	39.84	41.19	46.56	41.04	42.18
Establishment	16.76	11.88	15.85	24.97	20.08	26.69	28.48	27.46	24.73	29.54
Administration	9.57	15.42	11.94	12.48	22.51	13.15	12.71	19.10	16.31	12.64
Prior Period Adjustment	0.22	-0.24	-0.02	0.02	-0.07	0.00	0.00	0.00	0.00	0.01
Profit before Tax	20.68	41.86	63.17	112.26	102.89	106.56	118.53	113.07	1.98	-179.79
Tax	7.43	14.31	21.79	40.09	35.18	35.64	38.98	16.12	1.27	28.75
Profit After Tax	13.25	27.55	41.38	72.17	67.71	70.92	79.55	96.95	0.71	-208.54
Capital Employed	74.65	114.02	338.37	180.74	460.03	479.51	347.63	586.13	1568.51	1453.10
Shareholder's Funds	74.65	95.22	126.07	180.69	232.03	285.51	347.63	362.04	362.75	154.21
Loan Funds	0.00	18.80	212.30	0.05	228.00	194.00	0.00	224.09	1205.76	1298.89

Management Discussion & Analysis Report

World Economy in 2014

The world economy experienced downward growth at 3.4% in 2014. The positive trend in production output and employment augurs well for future though major economies in Europe showed a subdued performance. Global recovery was also hampered by some new challenges, including a number of unexpected shocks, such as heightened geopolitical conflicts in various areas of the world.

Fundamentally strong countries like China have also shown sluggish growth. China is known as the engine of the world so the impact of its slowdown is also having impact on world economy. There are some concerns that even Germany may have been afflicted by the Eurozone economic malaise post Greece debacle.

Japan too had a setback after an increase in the tax on consumer spending and the momentum generated by the fiscal stimulus package and monetary easing introduced in 2013 has receded.

Indian Economy in 2014-15

The Indian economy in 2014–15 has emerged as one of the largest economies in South East Asia with a promising economic outlook on the back of controlled inflation, rise in domestic demand, increase in investments, decline in oil prices and reforms among others.

Exports in 2014-15 recorded a growth of just 0.9 per cent as compared to 7.3 per cent in 2013-14. Imports, on the other hand, remains constant from USD 4.50 billion in 2013-14 to USD 4.48 billion in 2014–15.

PEC's Performance

The Company achieved turnover of ₹6186.76 Crore as against ₹9780.37 Crore in previous year.

Segmentwise Performance:

Export:

PEC achieved export turnover of ₹601.22 Crore as against ₹2556.03 Crore in the previous year. Major product segments of exports during the year were engineering, equipment & manufactured goods and agro commodities. The reduction was attributable to change in Government Policy on wheat exports.

Engineering Equipments and Projects: PEC has continued its efforts to maintain and develop

existing markets for export of engineering equipment and projects. These efforts have resulted in getting repeat orders as well as new contracts won against stiff international competition. With timely execution of contracts and perfect liaison with valuable clients/buyers, PEC has been able to maintain the existing markets such as Nepal, Tanzania and Kenya and getting orders from these markets for supply of Distribution Transformers, Concentric and Communication Cables, Conductors, Cable Terminations, Steel Wires, binding wire, Switchgear Equipment, Insulators, stay rods, bolts and nuts, Overhead Line Accessories etc. PEC's engineering equipment export for the year 2013-14 is ₹27.80 Crore. PEC has also made efforts to penetrate into new markets.

Imports

Import account for 80% of total turnover of PEC for year 2014-15. Driven by the volumes in coal, manganese ore and gold, import during the year aggregated to ₹4972.25 Crore. Areas exhibiting notable performance are:

Industrial Raw Material: Imports of industrial raw material were valued at ₹3089.40 Crore. Major industrial raw materials imported were coal/coke, steel, manganese ore and chemicals & pharmaceuticals.

Bullion: During the year 2014-15, 4044 kgs of gold and 72213 kgs of silver were imported. Bullion turnover of ₹1353 Crore approx accounts to 27% of total PEC's import turnover.

Coal & Coke: The business turnover of coal/coke valued at ₹2580 Crore emerged as largest item of import constituting over 52% of total imports.

Chemicals & Pharmaceuticals: During the year, chemicals imported include 7-ACA, SMIA and MICA ester.

Manganese ore: During the year 205100 MT of manganese ore worth ₹233 Crore was imported. Major sources of imports were South Africa, Australia, Gabon. The strong demand for manganese ore in the domestic sector has lead to imports.

Strengths and Weaknesses

PEC stands on a strong foundation of professional and experienced human resource, 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, ethical values to foster long term relationship with customers and business associates by :

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

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

Opportunities and Threats

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

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

Risks and Concerns

Volatility in prices specially when prices decline, higher level of inventory and sluggish demand over a period of 2-3 months results in pressure on trading margin as sale prices decrease 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 depreciation in rupee against US dollar. These two factors adversely affect imports which accounts almost 80% of business turnover of PEC. Rupee depreciation makes import expensive but does not help export because of global slowdown. The rising inflation further puts interest rates in vicious cycles.

Internal Controls and Procedures

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

The Corporation has well defined delegation

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

Corporate Social Responsibility

PEC recognizes the essence of Corporate Social Responsibility & Sustainability. Significant efforts have been put in for identification of relevant projects that would make a positive and lasting impact on society, in line with the DPE guidelines. During the year, a sum of ₹2.15 Crore was spent on various CSR activities in community welfare initiatives.



Swachh Bharat Abhiyan – Construction of Toilets
Construction of 11WC+1 for PwD toilet complex at JJ Cluster , Block C&D, Distt Centre, Shalimar Bagh, Delhi through Sulabh International keeping in line with the Swachh Bharat Abhiyan.

Way Forward

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

Cautionary Statement

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

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

Report on Corporate Governance

Company's Philosophy on Corporate Governance

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

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

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

Board Of Directors

As on date Board comprises of CMD, One Whole time Director and two part-time Directors nominated by the President of India.

The composition of the Board of Directors, attendance on Board Meetings, Annual General Meeting and other directorship held during the year 2014-15 are as :-

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 Rajani Ranjan Rashmi (CMD w.e.f. 09.07.2014)	5/5	Yes	NIL
2.	Shri A.K. Mirchandani (CMD up to 30.06.2014)	1/1	NR	Nil
3.	J. Ravi Shanker (w.e.f. 05.08.2014)	4/4	Yes	Nil
PART-TIME DIRETORS (Govt. Nominees)				
3.	Mrs. Aditi Das Rout (upto 18.06.2015)	6/6	Yes	1
4.	Shri M.C.Luther	6/6	Yes	Nil
5.	Shri Samir Kumar (w.e.f. 20.06.2015)	NR	NR	NIL

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

Changes in Directorship

Following are the changes in the Board of Directors of your Company since 1st April, 2014:

- Shri Rajani Ranjan Rashmi, Additional Secretary, Department of Commerce & Industry assumed the additional charge of Chairman-cum-Managing Director on 09.07.2014.

- Shri A.K. Mirchandani, CMD, PEC relinquished the charge of CMD on 30.06.2014.
- Shri J. Ravi Shanker, Director, PEC appointed as Director w.e.f. 05.08.2014.
- Shri Samir Kumar, Additional Economic Advisor, Department of Commerce & Industry appointed as Director in place of Mrs. Aditi Das Raut.

Board Meetings and Procedures

Board Meetings

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

Sl. No.	Board Meeting No.	Date	Board strength	No. of Directors present
1	283rd	09.06.2014	3	3
2	284th	18.07.2014	3	3
3	285th	22.08.2014	4	4
4	286th	30.09.2014	4	4
5	287th	02.12.2014	4	4
6	288th	22.01.2015	4	4

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.

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 with CMD as its Chairman, Director, two senior most Chief General Managers at Head Office and Head of Finance as Members and Company Secretary as Secretary to the Committee, with distinct role, accountability and authority.

CSR Committee of Directors

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

Directors Remuneration

Company the terms and conditions of appointment and remuneration of its whole-time functional Directors are fixed by Government through the Ministry of Commerce and Industry. The non-executive part time directors (Government nominees) do not draw any remuneration or sitting fee.

The details of remuneration paid for the year 2014-15 to Directors are as under:-

Sl. No.	Name of Directors	(₹ Crore) Salary & benefits	(₹ Crore) Performance linked incentive	No. of shares of PEC held as on 31.03.2015
FUNCTIONAL DIRECTORS				
1.	Shri Rajani Ranjan Rashmi CMD	0.01	Nil	1
2.	Shri A.K. Mirchandani CMD	0.12	Nil	Nil
3.	Shri J. Ravi Shanker Director	0.23	Nil	Nil
PART-TIME DIRECTORS (Govt. nominees)				
3.	Mrs. Aditi Das Rout, Director, MOC	--	--	1
4.	Shri M.C. Luther, Director(F), MOC	--	--	--
5.	Shri Samir Kumar, Additional Economic Advisor	--	--	--

General Body Meeting

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

Nature of Meeting	Financial year	Date of meeting
Annual General Meeting	2013-14	30.09.2014
Annual General Meeting	2012-13	30.09.2013
Extra Ordinary General Meeting	2012-13	22.02.2013
Annual General Meeting	2011-12	28.09.2012

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 44th Annual General Meeting is scheduled for 21st September, 2015 at 'Hansalaya' 15 Barakhamba Road, New Delhi – 110 001.
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
2011-12	75	15	01-10-2012
2012-13	25	15	17-10-2013
2013-14	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.

Related Party Transactions

Risk Management

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

Particulars Of Loans, 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 9, 10, 15 and 25 respectively of the note forming part of the financial statements.

Shareholding Pattern

The entire paid up equity capital of ₹60 crore divided into 60 lakh shares of Rs.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 Gupta Meenakshi & Associates, Practicing Company Secretaries has examined and certified the compliance of Corporate Governance, the Certificate is attached herewith and forming part of Annual report.



an invincible commitment of excellence

GUPTA MEENAKSHI & ASSOCIATES

A1/127, SushantLok-II, Sector 55, Gurgaon - 122011, Haryana, India, M 8586922839, E mail guptameenakshilandassociates@gmail.com

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

**The Members,
PEC Limited**

We have examined the compliances of the conditions of Corporate Governance by **PEC Limited** ("**The Company**") for the year ended at **31st March, 2015** as stipulated in the guidelines on the Corporate Governance for Central Public Sector Enterprises.

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

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

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

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

For **Gupta Meenakshi & Associates**

**CS Amit Chaturvedi
(Signature)**

C.P. No.:14332

Mem. No. A 28556

Place: **New Delhi**

Date: **21.07.2015**

Annual Report on Corporate Social Responsibility Activities (2014-15)

1. Overview of policy and projects

With the promulgation of new Companies Act 2013 and its mandatory provision under Section 135, PEC Ltd. has adopted 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 major 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, environment and Cultural development of the communities, especially meeting the priority needs of socially/economically backward, marginalized & vulnerable communities, and making them self-reliant.

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

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

- Construction and maintenance of Toilet complex in Delhi-NCR
- Skill Development & Education / Scholarships

Web Links : Web-link of company at which CSR policy is placed - http://peclimited.com/CSR_Sustainability_Policy.pdf

2. The composition of CSR Committee

1. Shri Rajani Ranjan Rashmi, CMD – Chairman
2. Shri J. Ravi Shanker, Director – Member
3. Shri M.C. Luther, Director – Member

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

FY	Net profit (PBT) in Rs. Crores
2011-12	118.53
2012-13	48.07
2013-14	1.98
TOTAL	168.58
AVG. PROFIT	56.19

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

2% of 56.19 = Rs. 1.12 Crores

5. Details of CSR spend during the financial year

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

Provision for FY 2014-15 = Rs. 1.12 Crores

Carried Forward amount = Rs. 1.10 Crores + Rs. 0.75 Crores

Amount unspent, if any

Amount unspent = Rs. 0.82 Crores

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

Amount Spent = Rs. 2.15 Crores

Details placed at Annexure herewith.

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

The Company has spent the allocated Rs. 2.15 Crores as against the available funds of Rs. 2.97 Crores. Therefore, the unspent amount of Rs. 0.82 Crores. This amount is partly on account of projects initiated in the later part of FY 2014-15, which are still in progress.

7. A responsibility statement of the CSR Committee

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

Sd/-
(Rashmi Ranjan Rashmi
CMD & Chairman CSR Committee

Sd/-
(J. Ravi Shanker)
Director

Sd/-
(M.C. Luther)
Director

Annexure to Report on CSR Activities 2014-15

1	2	3	4	5	6	7	8	
Sl.	CSR Projects	Activity Identified	Sector in which project is covered	Projects 1.Local area or 2.Specify state or district of project	Amount outlay project or program wise (₹ Lakhs)	Amount spent on projects 1.Direct expenditure 2.Overheads (₹ Lakhs)	Cumulative expenditure upto reporting period (₹ Lakhs)	Amount spent: Direct or Through implementing agency (IA)
PROJECT INITIATED IN FY 2014-15								
1	Mid-Day Meal Programme under 15 Point Programme of Planning Commission, Project – Children Adoption Initiative	Supporting the Mid Day Meal Programme	Education of Underprivileged	Delhi	27.99	(1)27.99 (2) 0.14*	28.13	IA ISKCON Food Relief Foundation
2	Project Drishti - eye-screening and Cataract Operations camp	Health/ Medical Welfare for Weaker sections	Healthcare	Baran, Rajasthan	10	(1) 5 (2) 0.13*	5.13	IA Anugraha Drishtidaan
3	Education of disabled, Project – Special Education for the Hearing Impaired Children	Education of Disabled	Education of Underprivileged & Disabled	Hyderabad	14.42	(1) 14.42 (2) 0.13*	14.55	IA Ashray Akruti
4	Helping the Disabled Regain Mobility and Dignity	Rehabilitation of differently –abled	Healthcare	Delhi & Jaipur	35	(1) 35 (2) 0.14*	35.14	IA Bhagwan Mahaveer Viklang Sahayati Samiti
5	Education of Weaker / Underprivileged Section of Society, Project - “Free education with Food, Clothing, Study Material and Health Care”	Education of Weaker / Underprivileged Section of Society	Education of Underprivileged	Faridabad, Haryana	25	(1) 25 (2) 0.14*	25.14	IA Shirdi Sai Baba Temple Society
6	Free skill development to poor youth in the trades of tailoring on industrial sewing machines, with placement, beauty culture computer including tally, electrical and mobile repairing	Skill Enhancement/ Vocational Training for SC/ ST/OBC/ Women and other weaker section of society	Vocational Training	Faridabad, Haryana	7.52	(1) 7.52 (2) 0.13*	7.65	IA Shirdi Sai Baba Temple Society
7	Construction of 11WC+1 for PwD toilet complex	Construction and maintenance of Toilet complex in Delhi-NCR	Swachh Bharat Abhiyan	JJ Cluster, Block C&D, Distt Centre, Shalimar Bagh, Delhi	25.36	(1) 17.75 (2) 0.13*	17.88	IA Sulabh International

PROJECTS INITIATED IN FY 2013-14 & PRIOR								
8	Drinking Water Project & Healthcare Project (Project initiated in FY 2013-14)	Healthcare/ Drinking Water in Backward district of Sawai Madhopur, Rajasthan.	Healthcare	Sawai Madhopur, Rajasthan	44.17	(1) 4.35 (2) 1.57*	54.25	IA RK Sansthan
9	Project Drishti - eye-screening and Cataract Operations camps (Project initiated in FY 2013-14)	Healthcare/ Drinking Water in Backward district of Sawai Madhopur, Rajasthan.	Healthcare	Sawai Madhopur, Rajasthan	5	(1) 2.5 (2) included at 8		IA Anugraha Dhrishtidaan
10	Solar Lighting in Rural Areas (Project initiated in FY 2013-14)	Environmental Sustainability (Water/ Waste/Energy management or Biodiversity Conservation)	Environment Sustainability and Green Energy	Mewat, Haryana	50	(1) 20 (2) 0.79*	52.63	IA TERI
11	Residential Project for adults with Autism Spectrum Disorder (project initiated in FY 2011-12)	Support to NGO's working for rehabilitation/ education/ health sector for individuals with Autism Spectrum disorder	Healthcare	Gairatpur Bas, Haryana	130	(1) 44 (2) 0.24*	130.4	IA Action for Autism, National Center for Autism
12	Expenditure on Baseline Study, Monitoring & Evaluation	Budget earmarked towards expenditure on Baseline survey, concurrent audit and final audit by in-house resources and independent agencies and training of officials on CSR and SD	Various	Various Projects	12.15	(1) 11.14 (2) NA	11.14**	External agency Soul Ace Consulting Pvt. Ltd.
	TOTAL				386.61	214.67	370.9	
* included in the figure against item 12.								
**Baseline study, monitoring and evaluation expense as depicted in item 12 has also been included above against various projects, therefore value of column 12 has been ignored in the calculation of final figure so as to avoid double counting.								

Form No. MGT 9

Extract of Annual Return

As on financial year ended on 31.03.2015

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

I. Registration & Other Details:

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

II. Principal Business Activities Of The Company (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Coal	99651251	42%
2.	Gold	99611926	18%
3.	Steel	99611925	10%

III. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	0	0	0	0	0	0	0	0	0
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	60,00,000	60,00,000	100%	0	60,00,000	60,00,000	100%	0%
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)	0	60,00,000	60,00,000	100%	0	60,00,000	60,00,000	100%	0%

B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Non Resident Indians	0	0	0	0	0	0	0	0	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	60,00,000	60,00,000	100%	0	60,00,000	60,00,000	100%	0%

B) Shareholding of Promoter-

S.No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	President of India	59,99,998	100	-	59,99,998	100	-	-
2.	Shri A.K. Mirchandani	1	-	-	0	-	-	-
2	Shri R.R. Rashmi	0	-	-	1	-	-	-
3	Mrs. Aditi Das Raut	1	-	-	1	-	-	-
		60,00,000	100	-	60,00,000	100	-	-

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

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	59,99,998	100	59,99,998	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NA	NA	NA	NA
	At the end of the year	59,99,998	100	59,99,998	100

D) Shareholding Pattern of top ten Shareholders:

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

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

E) Shareholding of Directors and Key Managerial Personnel:

Name & Designation	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
	No. of Shares at the beginning of the Year	% of total shares of the Company				Shares	% of Total shares of the Company
Shri A.K. Mirchandani, CMD (up to 30.06.2014)	1	0	16.09.2014	(1)	Transfer	1	0

Shri Rajani Ranjan Rashmi, CMD (w.e.f. 09.07.2014)	0	0	16.09.2014	1	Nomination by Hon'ble President of India	1	0
Shri J. Ravi Shanker, Director (w.e.f. 05.08.2014)	0	0	NA	0	NA	0	0
Shri M. C. Luther, Director	0	0	NA	0	NA	0	0
Mrs. Aditi Das Rout, Director	1	0	NA	0	NA	1	0
Shri Ashok Kumar, CS (upto 31.07.2014)	0	0	NA	0	NA	0	0
Shri Pardeep Kumar, CS (from 01.08.2014 to 01.12.2014)	0	0	NA	0	NA	0	0
Shri Arvind Kumar, CS (w.e.f. 02.12.2014)	0	0	NA	0	NA	0	0

F) 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	9,81,77,77,551	2,23,97,74,000	-	12,05,75,51,551
ii) Interest due but not paid	20,15,225	-	-	20,15,225
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	9,81,97,92,776	2,23,97,74,000	-	12,05,95,66,776
Change in Indebtedness during the financial year				
* Addition	1,63,91,37,190	-	-	1,63,91,37,190
* Reduction	-	23,02,26,000	-	23,02,26,000
Net Change	1,63,91,37,190	(23,02,26,000)	-	1,40,89,11,190
Indebtedness at the end of the financial year				
i) Principal Amount	11,45,89,29,966	1,53,00,00,000	-	12,98,89,29,966
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	11,45,89,29,966	1,53,00,00,000	-	12,98,89,29,966

XI. Remuneration of Directors and Key Managerial Personnel-

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

(₹)

SN.	Particulars of Remuneration	Shri A. K. Mirchandani CMD (upto 30.06.2014)	Shri R. R. Rashmi CMD (w.e.f. 09.07.2014)	Shri J. Ravi Shanker Director (w.e.f. 05/08/2014)	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,33,871	0	18,79,598	25,13,469
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,20,600	1,22,181	1,01,077	3,43,858
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission - as % of profit - others	0	0	0	0
5	Others	4,85,145	16,174	3,44,397	8,45,716
	Total (A)	12,39,616	1,38,355	23,25,072	37,03,043
	Ceiling as per the Act	NA	NA	NA	NA

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors	NIL	
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)		
2	Other Non-Executive Directors	NIL	
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)		
	Total (B)=(1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(₹)

SN	Particulars of Remuneration	Key Managerial Personnel			
		Shri Ashok Kumar CS (from 01.04.2014 to 31.07.2014)	Shri Pardeep Kumar CS (from 01.08.2014 to 01.12.2014)	Shri Arvind Kumar CS (from 02.12.2014 to 31.03.2015)	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,99,500	2,77,430	2,35,103	2412033
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	44,331	7,573	23,225	75129
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	others	0	0	0	0
5	Others, please specify	5,88,245	59,575	75,332	7,23,152
	Total	25,32,076	3,44,578	3,33,660	32,10,314

XII. Penalties / Punishment/ Compounding of Offences:

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

Balance Sheet As at 31 March, 2015

Particulars	Note No.	As at 31 March, 2015	As at 31 March, 2014
		₹ in Crore	₹ in Crore
A EQUITY AND LIABILITIES			
1 Shareholders Funds			
(a) Share Capital	2	60.00	60.00
(b) Reserves and Surplus	3	94.21	302.75
		154.21	362.75
2 Non-Current Liabilities			
(a) Long-term Provisions	4	22.03	23.59
		22.03	23.59
3 Current Liabilities			
(a) Short-term Borrowings	5	1,298.89	1,205.76
(b) Trade Payables		1,813.39	1,734.55
(c) Other Current Liabilities	6	307.60	553.71
(d) Short-term Provisions	7	3.18	10.25
		3,423.06	3,504.27
TOTAL			
B ASSETS		3,599.30	3,890.61
1 Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	0.60	0.76
(b) Non-current Investments	9	-	0.40
(c) Deferred Tax Assets (net)	37	-	28.74
(d) Long-term Loans and Advances	10	31.76	21.01
(e) Other Non-current Assets	11	-	-
		32.36	50.91
2 Current Assets			
(a) Inventories	12	241.80	242.44
(b) Trade Receivables	13	2,635.94	2,673.74
(c) Cash and Cash Equivalents	14	4.84	13.55
(d) Short-term Loans and Advances	15	682.29	899.86
(e) Other Current Assets	16	2.07	10.11
		3,566.94	3,839.70
TOTAL		3,599.30	3,890.61
Notes to Accounts	1 to 51		

In terms of our Report of even date
For J. P., Kapur & Uberai
Chartered Accountants
Firm Registration No. 000593N

For and on behalf of the Board of
PEC Limited

Sd/-
(Vinay Jain)
Partner
Membership No.: 95187

Sd/-
(R. R. Rashmi)
Chairman-cum-Managing Director
DIN : 02079727

Sd/-
(J. Ravi Shanker)
Director
DIN : 06961483

Place : New Delhi
Date : 27.08.2015

Sd/-
(P.K. Ojha)
General Manager (Finance)

Sd/-
(Pardeep Kumar)
Company Secretary
Membership No.:36128

Statement of Profit & Loss Account

for the year ended 31 March, 2015

Particulars		Note No.	For the year ended	For the year ended
			31 March, 2015	31 March, 2014
			₹ in Crore	₹ in Crore
1	Revenue from Operations	17	6,254.51	10,074.68
2	Other Income	18	69.98	31.04
3	Total Revenue (1+2)		6,324.49	10,105.73
4	Expenses			
	(a) Purchases of Stock-in-trade	19a	5,928.57	8,946.71
	(b) Changes in Inventories of Stock-in-trade	19b	0.64	449.76
	(c) Employee Benefits Expense	20	29.54	24.73
	(d) Finance Costs	21	139.00	56.53
	(e) Depreciation and Amortization Expense	8	0.34	0.36
	(f) Other Expenses	22	310.90	545.80
	Total Expenses [4(a) to 4(f)]		6,408.99	10,023.89
5	Profit / (Loss) before exceptional, extraordinary items and tax (3-4)	23	(84.50)	81.84
6	Exceptional items (net)	24	(95.29)	(79.86)
7	Profit before extraordinary items and tax (5+6)		(179.79)	1.98
8	Extraordinary items (net)		-	-
9	Profit / (Loss) Before Tax (7-8)		(179.79)	1.98
10	Tax Expense:			
	(a) Current Income Tax		-	17.50
	(b) Deferred Tax		28.74	(16.25)
	(c) Wealth Tax		0.01	0.02
11	Profit / (Loss) for the Period		(208.54)	0.71
12	Earnings per Equity Share of ₹ 100 each:			
	Basic (in ₹)		(347.57)	1.18
	Diluted (in ₹)		(347.57)	1.18
	Notes to Accounts	1 to 51		

In terms of our Report of even date

For J. P., Kapur & Uberai

Chartered Accountants

Firm Registration No. 000593N

Sd/-

(Vinay Jain)

Partner

Membership Number : 95187

Place: New Delhi

Date: 27.08.2015

**For and on behalf of the Board of
PEC Limited**

Sd/-

(R. R. Rashmi)

Chairman cum Managing Director

DIN : 02079727

Sd/-

(J. Ravi Shanker)

Director

DIN : 06961483

Sd/-

(P.K. Ojha)

General Manager (Finance)

Sd/-

(Pardeep Kumar)

Company Secretary

Membership No.: 36128

Cash Flow Statement

for the year ended 31 March 2015

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

(₹ in Crore)

PARTICULARS	2014-15	2013-14
Cash flow from operating activities		
Net profit before tax	(179.79)	1.98
Adjustment for		
(Profit)/Loss on sale of fixed Assets	(0.02)	(0.03)
Interest paid (Finance Cost)	139.00	126.77
Rental Income	(0.09)	(0.03)
Dividend Received	-	-
Depreciation	0.34	0.36
Foreign Exchange (Gain)/Loss	(3.78)	(82.30)
Interest Income	(0.39)	(7.75)
Provisions no longer required written back	(5.02)	-
Liability no longer required written back	(55.39)	(10.60)
Bad Debts	0.69	25.05
Provision for Doubtful Debts	98.70	52.80
Provision for Blocked Fund in Foreign Bank	-	0.04
Provision for Impairment in Investment	0.40	-
Claim Recoverable Written Off	0.24	-
Operating profit before working capital changes	(5.11)	106.29
(Increase)/Decrease in Trade & Other receivables	(50.03)	775.14
(Increase)/Decrease in Inventories	0.64	449.76
Increase/(Decrease) in Trade & Other payable	(115.48)	(2,425.57)
(Increase)/Decrease in Loans & advances	210.06	(61.73)
Cash generated from operations	40.08	(1,156.11)
Income tax (paid)/received (net)	(3.22)	(22.38)
Net cash flow from operating activities (A)	36.86	(1,178.49)
Cash flow from Investing activities:		
Purchase of Fixed Assets	(0.22)	(0.39)
Proceeds from sale of Fixed Assets	0.04	0.04
Rental Income	0.09	0.03
Investments in Bank deposits	2.75	311.53
Interest received	0.39	7.75
Net cash from investing activities (B)	3.05	318.96
Cash flow from financing activities		
Borrowings/(Repayments) of loans and credits	93.13	981.67
Interest paid	(139.00)	(126.77)
Dividend paid	-	(15.00)
Dividend tax paid	-	(2.55)
Net cash from financial activities (C)	(45.87)	837.35
Net increase/(decrease) in cash & cash equivalents (A)+(B)+(C)	(5.96)	(22.19)
Cash & cash equivalents at beginning of the period	10.01	32.20
Cash & cash equivalents at end of the period	4.05	10.01

Notes:

- Figures in brackets represents outflow.
- Previous year figures have recasted/restated wherever necessary.
- Balance with bank includes Rs. 0.04 crore lying in National Commercial Bank, Albeida, which is not repatriable.

In terms of our Report of even date

For J. P., Kapur & Uberai

Chartered Accountants

Firm Registration No. 000593N

Sd/-

(Vinay Jain)

Partner

Membership No.: 95187

Place : New Delhi

Date : 27.08.2015

For and on behalf of the Board of

PEC Limited

Sd/-

(R. R. Rashmi)

Chairman-cum-Managing Director

DIN : 02079727

Sd/-

(P.K. Ojha)

General Manager (Finance)

Sd/-

(J. Ravi Shanker)

Director

DIN : 06961483

Sd/-

(Pardeep Kumar)

Company Secretary

Membership No.: 36128

Notes to Accounts as at 31st March, 2015

Note 1 ACCOUNTING POLICIES

a. 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 "Hansalaya", 15, Barakhamba Road, New Delhi. The company also has branch offices at various places across India.

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

The Company's trade activities spans across various countries.

b. Basis of accounting

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

c. Fixed Assets

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

d. Depreciation

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

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

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

e. Purchases and Sales

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

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

f. Revenue recognition

A. Income

Revenue is accounted for on accrual basis except:

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

B. Expenses

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

g. Export Incentives

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

h. Foreign Currency Transactions

1. Transactions denominated in foreign currencies are recorded at exchange rate prevailing at the time of transaction.
2. All monetary items denominated in foreign currencies at the year-end are translated at year-end rates.
3. Non-monetary items other than fixed assets denominated in foreign currencies are reported on exchange rate at the transaction date. Fixed Assets are reported on exchange rate as at the transaction date as increased/reduced by the exchange difference arising on the corresponding foreign currency liability.

- Income or expense on account of exchange difference on settlement or translation is recognized in the Statement of Profit & Loss. Premium or Discount on forward exchange contracts is recognized on pro-rata basis with reference to the life of the forward contract except for forward covers taken at the behest of Business Associates.

i. Stock

- Stocks held by the Company are physically verified/certified by Surveyors and by the management.
- 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.
- Stock in Trade held on Government Account under PDS or otherwise is valued at Cost on weighted average method which includes Purchase Cost, Other Expenses and Financing Cost which are attributable to such Stock.

j. Net Realisable Value

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

k. Taxation on Income

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

l. Employee Benefits

- Short term employee benefits are recognized as an expense at their undiscounted amount in the accounting period in which the employee has rendered services.
- 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.
- Liability for gratuity and leave encashment i.e. earned, half pay and casual leave standing to the credit of employees at the close of the year has been recognized based on actuarial valuation.
- Liability towards post-retirement medical benefits is provided based on actuarial valuation and has been provided in respect of present and retired employees.

m. Use of Estimates

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

n. Provisions, Contingent Liabilities and Contingent Assets

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

o. Cash flow on Operating Activities

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

p. Earnings per share

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

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

q. Investments

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

Current investments are carried at lower of cost or fair value.

r. Impairment of Assets

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

s. Leases

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

t. Prior Period Adjustment

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

Note 2 SHARE CAPITAL

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	₹ in Crore	Number of shares	₹ in Crore
(a) Authorised Equity shares of ₹100 each	60,00,000	60.00	60,00,000	60.00
(b) Issued Equity shares of ₹ 100 each	60,00,000	60.00	60,00,000	60.00
(c) Subscribed and fully paid up Equity shares of ₹ 100 each	60,00,000	60.00	60,00,000	60.00
Total	60,00,000	60.00	60,00,000	60.00

Details of Bonus Shares:-

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

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

Reconciliation of no. of Shares:

Class of Share Capital	Opening as at 01/04/2014	Issued during the year by way of Bonus Share	Bought back during the year	Closing as at 31/03/2015
Equity Share of ₹100/- each	60,00,000	-	-	60,00,000
Previous Year	60,00,000	-	-	60,00,000

Details of Shareholders holding more than 5% shares	As at 31.03.2015		As at 31.03.2014	
	No. of Shares held	% of Shares held	No. of Shares held	% of Shares held
Government of India	60,00,000	100%	60,00,000	100%

Note 3 RESERVES AND SURPLUS

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Special Purpose Trading Risk Reserve		
As per last accounts	25.00	25.00
Add: Addition during the year	-	-
Less: Transferred to Extraordinary item	-	-
Closing balance	25.00	25.00
(b) General Reserve		
As per last accounts	277.75	277.04
Add: Addition during the year	-	0.71
Less: Bonus Shares issued during the year	-	-
Less: Transferred to Surplus in Statement of Profit & Loss	(208.54)	-
Closing balance	69.21	277.75
(c) Surplus in Statement of Profit & Loss		
Opening Balance	-	-
Current Year Profit/(Loss) after tax	(208.54)	0.71
Appropriations:		
Proposed Dividend	-	-
Corporate Dividend Tax	-	-
Transfer to Special Purpose Trading Risk Reserve	-	-
Transfer from/(to) General Reserve	208.54	(0.71)
Closing Balance	-	-
Total (a)+(b)+(c)	94.21	302.75

Note 4 LONG-TERM PROVISIONS

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
Provision for Employees benefits (Refer Note No.38)		
Earned Leave	4.13	3.61
Half Pay Leave	0.74	5.94
Post Retirement Medical Benefits	17.16	14.04
Provision for Others	-	-
Total	22.03	23.59

Note 5 SHORT-TERM BORROWINGS

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
i) Short Term Loan from		
State Bank of Bikaner & Jaipur	153.00	200.00
Vijaya Bank	107.00	200.00
United Bank of India	-	1.82
ii) Working Capital Loan		
a) Cash Credit from		
United Bank of India	100.00	-
Corporation Bank	499.99	330.00
Vijaya Bank	6.93	199.98
b) Overdraft from		
Indian Bank	156.97	249.98
Syndicate Bank	100.00	-
c) Demand Loan		
Punjab National Bank	175.00	-
Deutsche Bank	-	23.98
Total	1,298.89	1,205.76
Break Up of Short Term Loan		
Secured	107.00	201.82
Unsecured	153.00	200.00
Break Up of Working Capital Loan		
Secured	1,038.89	779.96
Unsecured	-	23.98

Working Capital Term Loan from Bank is secured by hypothecation of Stock and Trade Receivables.
Cash Credit /Overdraft /Working Capital Demand Loan secured by hypothecation of Stock and Trade Receivables.

Note 6 OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Interest accrued but not due on Trade Payables	1.32	5.11
(b) Interest accrued but not due on borrowings	-	0.20
(c) Other payables		
(i) Statutory remittances		
Sales Tax/VAT/WCT	1.52	1.05
TDS/Withholding Tax	2.55	2.26
Service Tax	0.36	0.33
Provident Fund	0.38	0.27
Other	-	0.01
(ii) Trade / security deposits received	67.29	64.27
(iii) Margin Money from Customers	154.33	218.86
(iv) Payable to Associates	39.36	211.85
(v) Payable for expenses	3.47	4.01
(vi) Other Liabilities	37.02	45.49
Total	307.60	553.71

Note 7 SHORT-TERM PROVISIONS

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
a) Provisions for Employees Benefits		
(a) Provision for Leave Encashment	1.62	1.69
(b) Provision for Post Retirement Medical Benefit	0.74	0.67
(c) Provision for Pension	-	6.02
b) Others		
(a) Provision for Corporate Social Responsibility & Sustainable Development	0.81	1.85
(b) Provision for Research & Development	-	-
(c) Provision for Wealth Tax	0.01	0.02
Total	3.18	10.25

Note 8 FIXED ASSETS

Tangible assets	Gross block									
	Balance as at 1 April, 2014 ₹ in Crore	Additions ₹ in Crore	Disposals ₹ in Crore	Acquisitions through business combinations ₹ in Crore	Reclassified as held for sale ₹ in Crore	Revaluation increase ₹ in Crore	Effect of foreign currency exchange differences ₹ in Crore	Borrowing cost capitalized ₹ in Crore	Other adjustments ₹ in Crore	Balance as at 31 March, 2015 ₹ in Crore
A. Owned										
(a) Furniture and Fixtures	1.24	0.01	0.07							1.18
(b) Vehicles	0.40	-	-							0.40
(c) Office equipment	1.75	0.09	0.05							1.79
(d) Air Conditioner	0.42	0.02	0.03							0.41
(e) Data Processing (Computer & Accessories)	2.18	0.10	0.05							2.23
B. Leasehold										
(a) Buildings	0.35	-	-							0.35
Total	6.34	0.22	0.20	-	-	-	-	-	-	6.36
Previous year	6.26	0.39	0.29	-	-	-	-	-	-	6.36

Tangible assets	Accumulated Depreciation and Impairment							Net block	
	Balance as at 1 April, 2014 ₹ in Crore	Depreciation / amortisation for the year ₹ in Crore	Eliminated on disposal of assets ₹ in Crore	Eliminated on reclassification as held for sale ₹ in Crore	Impairment losses recognised in statement of profit and loss ₹ in Crore	Reversal of impairment losses recognised in Statement of Profit and Loss ₹ in Crore	Other adjustments ₹ in Crore	Balance as at 31 March, 2015 ₹ in Crore	Balance as at 31 March, 2014 ₹ in Crore
A. Owned									
(a) Furniture and Fixtures	1.16	0.03	0.06					1.13	0.08
(b) Vehicles	0.19	0.06	-					0.25	0.21
(c) Office equipment	1.61	0.08	0.04					1.65	0.15
(d) Air Conditioner	0.35	0.03	0.02					0.36	0.07
(e) Data Processing (Computer & Accessories)	1.96	0.13	0.05					2.04	0.23
B. Leasehold									
(a) Buildings	0.33	0.00	-					0.33	0.02
Total	5.60	0.33	0.17	-	-	-	-	5.76	0.60
Previous year	5.52	0.36	0.28	-	-	-	-	5.60	0.76

Note 9 NON-CURRENT INVESTMENTS

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Unquoted	Unquoted
	₹ in Crore	₹ in Crore
Trade Investments (At cost):		
(a) Investment in property Neelam Gulzar Cooperative Housing Society Ltd., Mumbai (15 Ordinary Shares of ₹ 50/- each fully paid up)	0.00	0.00
Total (a)	0.00	0.00
(b) Investment in equity instruments		
(i) Tea Trading Corporation of India Limited - Subsidiary Company (11,14,193 Equity Shares of ₹100/- each fully paid up)	0.00	0.00
(ii) Indian Bullion Market Association Limited (4,00,000 Equity Shares of ₹ 10/- each fully paid up)	0.40	0.40
Less:- Provision for diminution of investment	0.40	0.40
Total (b)	(0.40)	-
	-	-
Total (a)+(b)	-	0.40
Note:- Investment in Neelam Gulzar Cooperative Housing Society Ltd., Mumbai is valued at ₹750 (Previous Year ₹750)		
Investment in Tea Trading Corporation of India Ltd. is valued at ₹1 (Previous Year ₹1)		

Note 10 LONG-TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Security deposits		
Secured, considered good	0.31	0.33
Unsecured, considered good	0.50	0.53
(I)	0.81	0.86
(b) Loans and advances to employees *		
Secured, considered good	0.31	0.25
Interest Accrued on Advances to Employees but not due	0.15	0.11
Unsecured, considered good	0.72	0.68
Interest Accrued on Advances to Employees but not due	0.42	0.43
(II)	1.60	1.47
(c) Advance to Associates		
Doubtful	36.49	0.45
	36.49	0.45
Less: Provision for doubtful loans and advances	(36.49)	(0.45)
(III)	-	-
(d) Capital Advance	29.35	18.68
(IV)	29.35	18.68
Total (I)+(II)+(III)+(IV)	31.76	21.01
* Long-term loans and advances to employees include amounts due from:		
Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
Directors/Officers	0.05	0.05
Interest Accrued but not due on advances to Officers	0.02	0.01
	0.07	0.06

Note 11 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Long-term trade receivables (including Trade receivables on deferred credit terms)		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	84.76	71.68
	84.76	71.68
Less: Provision for doubtful trade receivables	(84.76)	(71.68)
Total	-	-

Note 12 INVENTORIES

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
(As certified by the Management)		
(a) Stock-in-trade including with handling agents	71.26	117.15
(b) Goods-in-transit	170.54	125.29
Total	241.80	242.44

Note 13 TRADE RECEIVABLES

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good		
(i) Debtors (Secured against ILC, Stock, Bank Guarantee & Margin Money)	162.07	252.31
Unsecured, considered good		
(i) Debtors	335.32	290.59
(ii) Claims Recoverable	923.78	904.91
	1,421.17	1,447.81
Less: Provision for doubtful trade receivables	-	-
	(I) 1,421.17	1,447.81
(b) Other Trade receivables		
Secured, considered good		
(i) Debtors (Secured against ILC, Stock, Bank Guarantee & Margin Money)	939.26	966.00
Unsecured, considered good		
(i) Debtors	275.51	240.51
(ii) Claims Recoverable	-	19.42
	1,214.77	1,225.93
Less: Provision for doubtful trade receivables	-	-
	(II) 1,214.77	1,225.93
Total(I)+(II)	2,635.94	2,673.74

Note 14 CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Cash & Cash Equivalents		
(i) Cash on Hand	-	-
(ii) Cheques, Drafts in hand	-	-
Balances with Banks		
(i) In Current/Cash Credit accounts	4.05	10.01
(ii) In EEFC accounts	-	-
(ii) In deposits account- having maturity within 3 months	-	-
Total	4.05	10.01
Provision for blocked funds in foreign Bank*	(0.04)	(0.04)
	4.01	9.97
(b) Other Bank Balances		
(i) In deposit accounts		
Maturing between 3 - 12 months	0.77	3.54
Maturing after 12 months	0.06	0.04
	0.83	3.58
Total (a)+(b)	4.84	13.55

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

Note 15 SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Security deposits		
Unsecured, considered good	0.26	1.16
(I)	0.26	1.16
(b) Loans and advances to employees*		
Secured, considered good	0.09	0.08
Interest Accrued on Advances to Employees but not due	0.01	0.02
Unsecured, considered good	0.11	0.10
Interest Accrued on Advances to Employees but not due	0.05	0.06
(II)	0.26	0.26
(c) Prepaid expenses	3.77	0.10
(III)	3.77	0.10
(d) Balances with government authorities		
Unsecured, considered good		
(i) TDS	-	-
(ii) Advance Income Tax (Net of Provision of tax - ₹ Crore, P.Y.-₹ 189.08 Crore)	8.37	5.15
(iii) VAT credit receivable	0.01	0.16
(iv) Service Tax credit (CENVAT) receivable	-	0.18
(v) Service Tax deposit under protest	0.52	-
(vi) Custom Duty Receivable	-	0.10
(vii) Mandi Cess	0.01	0.06
(IV)	8.91	5.65
(e) Others		
Loans and Advances to Suppliers		
Secured, considered good	17.61	21.66
Unsecured, considered good	355.83	375.61
Advances to Associates		
Secured, considered good (Against ILC, Stock, BG & Margin Money)	190.19	447.87
Unsecured, considered good	102.97	44.11
Others		
Unsecured, considered good	2.49	3.44
(V)	669.09	892.69
Total (I+II+III+IV+V)	682.29	899.86
*Short-term loans and advances to employees include amounts due from:		
Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
Directors / Officer	-	-
Interest Accrued but not due	-	-
Total	-	-

Note 16 OTHER CURRENT ASSETS

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Accruals		
(i) Interest accrued on bank deposits	0.02	0.12
(ii) Interest accrued on trade receivables	1.99	9.92
(iii) Others	0.06	0.07
Total	2.07	10.11

Note 17 REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Sale of products [Refer Clause (i) below]	6,186.76	9,780.37
(b) Other operating revenues [Refer Clause (ii) below]	67.75	294.31
Total	6,254.51	10,074.68

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ Crore	₹ Crore
Clause (i) Traded goods		
Sales against Imports	4,972.25	5,680.85
Domestic Sales	613.29	1,543.49
Export Sales	601.22	2,556.03
Total - Sale of products	6,186.76	9,780.37
Clause (ii) Other operating revenues		
Subsidy from Government	(0.07)	188.13
Interest Income (Trade)	57.31	100.79
Misc Income	10.51	5.39
Total - Other operating revenues	67.75	294.31

Note 18 OTHER INCOME

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Interest income [Refer Clause (i) below]	0.39	7.75
(b) Other non-operating income [Refer Clause (ii) below]	69.59	23.29
Total	69.98	31.04

Clause	Particulars	₹ in Crore	₹ in Crore
(i)	Interest income:		
	- from Banks on deposits	0.25	7.58
	- from Others	0.14	0.17
	Total - Interest income	0.39	7.75
(ii)	Miscellaneous income	9.32	0.18
	Commission	4.79	12.93
	Rental Income	0.09	0.03
	Reversal of Liability/ Credit Balance Written Back	55.39	10.15
	Total - Other non-operating income	69.59	23.29

Note 19.a PURCHASES

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ in Crore	₹ in Crore
a) Import Purchases	4,662.15	4,927.90
b) Domestic Purchases	578.50	1,540.46
c) Purchases for Export	687.92	2,478.35
Total	5,928.57	8,946.71

Note 19.b CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ in Crore	₹ in Crore
Inventories at the end of the year: Stock-in-trade	241.80	242.44
Inventories at the beginning of the year: Stock-in-trade	242.44	692.20
Net (Increase) / Decrease	0.64	449.76

Note 20 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Employees Benefits Expense		
Salaries and Allowances	16.76	17.54
Leave encashment	3.67	1.99
Employer's Contribution towards Pension Fund	1.08	1.09
Provident Fund & Family contribution	1.77	1.65
Performance Related Pay	-	0.05
Welfare Expenses		
- Medical Expenses	4.93	0.97
- Others	0.42	0.55
Gratuity	0.16	0.02
Total (a)	28.79	23.86
(b) Remuneration to Directors		
Salaries and Allowances	0.22	0.35
Leave encashment	0.05	0.03
Employer's Contribution towards Pension Fund	0.01	0.02
Provident Fund & Family contribution	0.02	0.04
Performance Related Pay	-	0.01
Welfare Expenses		
- Others & Medical Expenses	0.01	0.03
Total (b)	0.31	0.48
(c) Staff welfare expenses	0.44	0.39
Total (c)	0.44	0.39
Grand Total (a)+(b)+(c)	29.54	24.73

Note 21 FINANCE COSTS

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ in Crore	₹ in Crore
(a) Interest expense on:		
(i) Borrowings from Banks	139.00	56.53
Total	139.00	56.53

Note 22 OTHER EXPENSES

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ in Crore	₹ in Crore
ADMINISTRATIVE EXPENSES		
Advertisement & Publicity	0.14	0.18
Books & Periodicals	0.03	0.04
Conveyance & Car Hire	0.51	0.63
Corporate Social Responsibility	1.12	1.31
Donation	-	0.05
Electricity	0.42	0.35
Entertainment	0.27	0.37
Insurance(Non Trade)	0.01	0.09
Lease Rental IT Services	0.31	0.40
Legal Expenses	0.91	2.28
Miscellaneous Expenses	0.38	0.34
Office Maintenance	0.60	0.49
Postage & Courier Charges	0.13	0.14
Printing & Stationery	0.29	0.52
Professional/Consultancy Charges	1.19	1.44
Rate & Taxes	0.05	0.02
Rent	2.99	3.17
Repairs & Renewals (Others)	0.28	0.57
Research & Development	-	0.16
Selection, Training & Seminar	0.28	0.42
Security Charges	0.42	0.51
Subscription & Membership Fees	0.24	0.20
Telephone & Fax	0.40	0.43
Travelling Expenses(Foreign)	0.58	1.03
Travelling Expenses(Inland)	0.95	1.02
Vehicle Running & Maintenance	0.03	0.07
(I)	12.53	16.20
TRADE EXPENSES		
Bank Charges	0.09	0.16
Clearing & Handling Charges	41.46	57.18
Commission	0.60	1.01
Custom Duty	133.48	252.19
Difference in exchange	(3.78)	82.30
Freight	78.30	51.15
Insurance (Trade)	0.16	0.95
L/c & Negotiation Charges	0.01	1.10
Stamp Duty & Octroi	-	0.36
Storage & Warehousing Charges	0.05	0.90
Other Trade Expenses	6.10	11.95
Interest Expense on Trade	41.79	70.24
(II)	298.26	529.49
PAYMENT TO AUDITORS		
- Statutory Audit Fee	0.07	0.07
- Tax Audit Fee	0.03	0.03
- Certification Charges	0.01	0.01
(III)	0.11	0.11
Total (I)+(II)+(III)	310.90	545.80

Note 23 EXCEPTIONAL ITEMS (NET)

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ in Crore	₹ in Crore
Bad Debts	(0.69)	(25.05)
Provision for Doubtful Debts/Advances	(98.70)	(52.80)
Provision for Blocked funds in Foreign Bank	-	(0.04)
Provision for Diminution in value of Investment	(0.40)	-
Profit/(Loss) on disposal of Fixed Assets	0.02	0.03
Litigation Settlement	-	2.46
Interest Paid to Others	(0.29)	-
Employer's Contribution to Pension	-	(4.90)
Provisions no longer required written back	5.02	0.45
Claims Recoverable Written Off	(0.24)	-
Prior Period Adjustments	(0.01)	-
Total	(95.29)	(79.86)

Note 24 EXTRAORDINARY ITEMS (NET)

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ Crore	₹ Crore
Loss due to earthquake	-	-
Loss due to fire	-	-
Total	-	-

Note 25.a CONTINGENT LIABILITIES

(₹ in Crore)

Sl. No.	Particulars	As at 31.3.2015	As at 31.3.2014
A	(i) Guarantees issued by banks on behalf of the Company	67.06	108.32
	(ii) Letters of Credits opened with banks (As certified by banks & management)	96.75	24.95
	(iii) Bill Discounting under Local L/Cs	572.48	257.78
B	Claims against the Company due to legal cases not acknowledged as Debts (excluding legal cases where amounts are unascertainable)	129.78	94.50
C	Demands in respect of Statutory Liabilities against which the Company or the concerned Department has preferred an Appeal*	23.23	12.58
D	Indemnity Bonds given by the Company	45.00	130.75
	Total	934.30	628.88

*"Of the aforesaid amount, ₹9.25 Crore (Previous Year ₹6.25) is recoverable from one of our associate, if, the case is decided against the Company."

25. B) Capital Commitments:

Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advances) ₹24.39 Crore (Previous Year ₹35.06).

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

(₹ in Crore)

Sl. No.	Particulars	As at 31.3.2015	As at 31.3.2014
A	Loss on Import and Sale of Edible Oils in Domestic Market on Government Account which is to be compensated by way of Subsidy from the Government under Old Scheme, subsidies of varied amounts at different point of time were announced by the Central Government but separate accounts have not been maintained for the same.	113.95	113.95
B	Subsidy Recoverable from Government on account of Import and Sale of Edible Oils in Domestic Market under new scheme.	343.66	343.66
C	Loss on Import and Sale of Pulses in Domestic Market on Government Account which is to be compensated by way of Subsidy from the Government. The company has maintained consolidated accounts for the below mentioned schemes:		
	i) Under 15% scheme	345.25	345.32
	ii) Under PDS scheme	0.16	0.16
	Total	803.02	803.09
D	The company had imported pulses on the directives of the Government of India during the years 2007-08 to 2010-11. The Government has allowed reimbursement of losses up to 15% of landed cost. Amount due from the Government of India as at the year-end is ₹345.25 crore (Previous Year ₹345.32 crore). It includes claim of ₹252.32 crore (Previous Year ₹252.32 crore) on account of claim lodged during the financial years 2007-08 to 2013-14 on actual loss and is under active consideration by the Government of India.		
E	Claim for Subsidy claimed from Government of India on account of pulses under 15% scheme for financial year 2007-2008 amounting to ₹26.08 Crore has been filed with the Government of India only in July 2014. Amount due as per books of account is ₹4.39 Crore. The Company has not accounted for differential amount in the books of accounts on a prudent basis, the same will be accounted for on realisation.		

27. In terms of Accounting Policy No. e - 2 for Purchases & Sales, Export Sales worth ₹Nil Crore (Previous Year ₹18.66 Crore) have been executed through Associates to whom LC's have been assigned corresponding to purchases of ₹Nil Crore (Previous Year ₹17.81 Crore).

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

29. Sundry Debtors as at the year end include ₹1507.23 Crore (Previous Year ₹1,089.18 Crore) which matches with equivalent amount of Sundry Creditors and shall be paid after realization from Sundry Debtors.

- 30.** The company had exported iron ore to PS EXIM (HK) Limited and the amount due as at the year end is ₹23.64 Crore (Previous Year ₹22.55 Crore). The buyer has gone into Liquidation. The Company has filed its statement with the Official Liquidator and is hopeful of recovery of the aforesaid debt either from the official liquidator or our Indian associate i.e. Pisces Exim.
- 31.** The Company has ₹120.53 Crore (Previous Year ₹121 Crore) recoverable as on the year end from various borrowers and National Spot Exchange Ltd. (NSEL) arising on account of default in payment obligation of NSEL. An amount of ₹Nil Crore has subsequently been realised up to 24th August 2015. The Company has filed legal suit in Mumbai High Court against NSEL and others and criminal complaint in EOW, Delhi Police which has been transferred to CBI, Mumbai. No provision has been made for the claim outstanding, as the Company is hopeful of recovery of its entire dues based on opinion received from its legal counsels.
- 32.** 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".

33. Related Party Transactions:

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

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

(i) Key Management Personnel

Full-Time Director

I.	Shri R.R. Rashmi	Chairman-cum-Managing Director (from 09.07.2014)
II.	Shri J. Ravi Shanker	Director (from 05.08.2014)
III.	Shri A.K. Mirchandani	Chairman-cum-Managing Director (upto 30.06.2014)

Part Time Director

I.	Mrs. Aditi Das Rout	Part Time Director
II.	Shri M.C. Luther	Part Time Director
III.	Shri Santosh Kumar	Part Time Director (Upto 12.12.2013)
IV.	Mrs. Aastha Khatwani	Part Time Director (Upto 11.03.2014)

Key Management Personnel

I.	Shri Ashok Kumar	Company Secretary (upto 31.07.2014)
II.	Shri Pardeep Kumar	Company Secretary (from 01.08.2014 to 01.12.2014)
III.	Shri Arvind Kumar	Company Secretary (from 02.12.2014)

- (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	2014-15	2013-14
1.	Directors' Remuneration	0.26	0.38
2.	Provident Fund & Family Contribution	0.02	0.04
3.	Other Perquisites and Benefits	0.03	0.03
4.	Rent & Electricity	0.05	0.10
5.	Others	0.01	0.14
Total		0.37	0.69

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

(₹ in Crore)

S. No.	Particulars	2014-15	2013-14
1.	Key Management Personnel (Company Secretary)	0.28	0.18
2.	Provident Fund & Family Contribution	0.02	0.02
3.	Other Perquisites and Benefits	0.02	0.09
4.	Rent & Electricity	-	-
5.	Others	-	-
Total		0.32	0.29

- (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.

34. Earnings Per Share (EPS):

Particulars	31st March, 2015	31st March, 2014
A. Profit available to Equity Shareholders before considering extraordinary items net of tax effect (₹ in Crore)	(208.54)	0.71
B. Adjusted Weighted average number of Equity Shares outstanding during the period	60,00,000	60,00,000
C. Basic and Diluted EPS (A/B) (₹)	(347.57)	1.18
D. Profit available to Equity Shareholders after considering extraordinary items and after tax (₹ in Crore)	(208.54)	0.71
E. Adjusted Weighted average number of Equity Shares outstanding during the period	60,00,000	60,00,000
F. Basic and Diluted EPS (D/E) (₹)	(347.57)	1.18

35. Deferred Tax:

(₹ in Crore)

Particulars	31 st March, 2015	31 st March, 2014
Deferred Tax Assets		
Depreciation	-	0.36
Expenses allowed on payment basis	-	3.82
Provision for Doubtful Debts & Advances	-	24.53
Provision for Pension	-	0.03
Deferred Tax Assets (net)	-	28.74

Note In compliance with Accounting Standard- 22, issued by The Institute of Chartered Accountants of India, Deferred Tax Assets aggregating to ₹Nil Crore (Previous Year ₹28.74 Crore) has been accounted for by the company. As a matter of prudence & conservative principle of accounting, Deferred Tax Assets (net) of ₹28.74 Crore accounted for in earlier years has been reversed in the current year.

36. Employee Benefits:

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

Defined Contribution Plans

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

(₹ in crore)

Particulars	2014-15	2013-14
Employer's Contribution to Provident and Pension Fund	1.80	1.66
Employer's Contribution to PEC Defined Contribution Super Annuation Fund	1.09	6.02

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

B. Post Retirement Medical Facility (PRMF)

The company has Post-retirement Medical Facility (PRMF) under which retired employee and the 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 the actuarial valuation.

C. Leave

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

(i) Reconciliation of opening and closing balances of Defined Benefit Obligation

(₹ in crore)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)		Post Retirement Medical Benefits (Unfunded)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Defined Benefit obligation at beginning of year	8.25	9.20	9.17	9.86	14.71	16.43
Current Service Cost	0.64	0.66	1.02	1.49	-	-
Interest Cost	0.57	0.76	0.56	0.81	1.12	1.45
Actuarial (gain) / loss	-0.35	-0.67	-2.66	-0.97	2.88	-2.57
Benefits paid	-1.92	-1.70	-3.72	-2.01	-0.81	-0.60
Defined Benefit obligation at year end	7.19	8.25	4.37	9.17	17.90	14.71

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

(₹ in crore)

Particulars	Gratuity (Funded)	
	2014-15	2013-14
Fair value of Plan assets at beginning of year	8.23	9.06
Expected return on plan assets	0.63	0.70
Actuarial gain / (loss)	0.08	0.02
Employer contribution	0.18	0.14
Benefits paid	-1.92	-1.70
Fair value of Plan assets at year end	7.19	8.23
Actual return on plan assets	0.70	0.73

(iii) Reconciliation of fair value of assets and obligations

(₹ in crore)

Particulars	Gratuity (Funded)				
	As at 31st March				
	2015	2014	2013	2012	2011
Present value of obligation	7.19	8.25	9.20	8.58	8.80
Fair value of Plan assets	7.19	8.23	9.06	8.96	9.07
Funded Status	-	-0.02	-0.14	0.38	0.27
Experience Adjustment					
Experience Adjustment on Planned Asset Gain/(Loss)	0.08	0.02	0.03	0.07	0.03
Experience Adjustment on Planned Liability (Gain)/Loss	-0.35	-0.67	-0.03	-0.64	-0.16

(₹ in crore)

Particulars	Leave Encashment (Unfunded)				
	As at 31st March				
	2015	2014	2013	2012	2011
Present value of obligation	4.37	9.17	9.86	9.41	7.74
Fair value of Plan assets	-	-	-	-	-
Funded Status	-4.37	-9.17	-9.86	-9.41	-7.74
Experience Adjustment					
Experience Adjustment on Planned Asset Gain/(Loss)	-	-	-	-	-
Experience Adjustment on Planned Liability (Gain)/Loss	-2.66	-0.97	-0.59	0.74	0.11

(₹ in crore)

Particulars	Post Retirement Medical Benefits (Unfunded)				
	As at 31st March				
	2015	2014	2013	2012	2011
Present value of obligation	17.90	14.71	16.43	14.59	12.87
Fair value of Plan assets	-	-	-	-	-
Funded Status	-17.90	-14.71	-16.43	-14.59	-12.87
Experience Adjustment					
Experience Adjustment on Planned Asset Gain/(Loss)	-	-	-	-	-
Experience Adjustment on Planned Liability (Gain)/Loss	2.88	-2.57	1.22	1.07	1.20

iv) Expenses recognised during the year

(₹ in crore)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)		Post Retirement Medical Benefits (Unfunded)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Current Service Cost	0.64	0.66	1.02	1.49	-	-
Interest Cost	0.57	0.76	0.57	0.81	1.12	1.45
Expected return on Plan assets	-0.63	-0.70	-	-	-	-
Actuarial (gain) / loss	-0.42	-0.69	-2.66	-0.97	2.88	-2.57
Net Cost	0.16	0.02	-1.07	1.32	4.00	-1.11

v) Investment Details :

Particulars	% Invested	
	As at 31st March, 2015	As at 31st March, 2014
GOI Securities	26.70	25.40
Public Sector Securities	59.14	60.13
State Government Securities	13.30	13.65
Special Deposits	0.73	0.69
Others (including bank balances)	0.14	0.13

vi) Actuarial assumptions

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)		Post Retirement Medical Benefits (Unfunded)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Mortality Table (LIC)	IAL 2006-08 (Ultimate)	IAL 2006-08 (Ultimate)	IAL 2006-08 (Ultimate)	IAL 2006-08 (Ultimate)	LIC - 1996 -98A (Ultimate)	LIC - 1996 -98A (Ultimate)
Discount rate (per annum)	7.85%	9.10%	7.85%	9.10%	7.80%	9.00%
Expected rate of return on plan assets (per annum)	8.47%	8.51%	-	-	-	-
Rate of escalation in salary (per annum)	10.00%	10.00%	10.00%	10.00%	-	-

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

The above information is certified by the actuary.

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

37. Trade Payables amounting to ₹1,813.39 Crore (Previous Year ₹1,734.55 Crore) includes Buyer's Credit obtained from Banks amounting to ₹ 557.47 Crore (Previous Year ₹502.27 Crore).

38. Foreign Exchange Exposure as on 31.03.2015 and 31.03.2014

(₹ in Crore)

Receivables									
Hedged					Unhedged				
	2014-15		2013-14			2014-15		2013-14	
	Foreign Currency	Equivalent (₹)	Foreign Currency	Equivalent (₹)		Foreign Currency	Equivalent (₹)	Foreign Currency	Equivalent (₹)
US\$	0.00	0.00	0.97	59.65	US\$	0.38	29.98	0.87	51.01

(₹ in Crore)

Payables									
Hedged					Unhedged				
	2014-15		2013-14			2014-15		2013-14	
	Foreign Currency	Equivalent (₹)	Foreign Currency	Equivalent (₹)		Foreign Currency	Equivalent (₹)	Foreign Currency	Equivalent (₹)
US\$	0.88	55.60	5.30	330.77	US\$	18.53	1139.61	8.46	517.82
Pound (£)	0.00	0.00	0.00	0.00	Pound (£)	0.00	0.07	0.01	0.85

(₹ in Crore)

	2014-15				2013-14			
	Receivables		Payables		Receivables		Payables	
	Hedged	Unhedged	Hedged	Unhedged	Hedged	Unhedged	Hedged	Unhedged
*Own Exposure	0.00	0.00	0.00	0.98	0.00	0.00	0.00	2.36
*On behalf of Associate	0.00	23.64	55.60	116.78	59.65	51.01	330.77	516.31

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

(₹ in Crore)

Particulars	2014-15	2013-14
Expenditure in Foreign Currency		
CIF/FOB value of Imported Materials	4,653.21	4,927.90
Foreign Tours	0.71	0.55
Other Expenses	15.37	24.72
Total	4,669.29	4,953.17
Earnings in Foreign Currency		
FOB value of Exports	577.17	2,553.00
Total	577.17	2,553.00

40. In terms of Accounting Standard (AS) 17 – Segment Reporting issued by the Institute of Chartered Accountants of India, the Company has identified business segment 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".
41. As required by the Accounting Standard (AS) 28 - Impairment of Assets notified by the Institute of Chartered Accountants of India, the company has carried out an assessment of impairment of assets and confirm that there has been no impairment loss during the year.
42. Compliance of the Companies (Accounting Standard) Rules 2014 has been made. The Company has large number of transactions and diversified activities, which may have put operational constraints in strictly following the said rules. Deviation if any, has been stated in the accounting policies of the Company.
43. Deposits with Banks includes ₹0.83 Crore (Previous Year ₹1.75 Crore) which are lien marked in favor of Banks for issuing Bank Guarantees to various Krishi Upaj Mandis and other authorities.
44. Present value of obligation in respect of Post Retirement Medical Benefit (PRMB) and half pay and earned leaves amounts to ₹22.27 Crore (Previous Year ₹24.26 Crore) as at 31.03.2015 as per Actuarial Valuation and accordingly liability has been created in terms of AS-15. The company has neither earmarked its investment nor has created any corpus for this purpose.
45. Company had held investment in 4,00,000 Equity Shares of Rs. 10 each fully paid up amounting to ₹0.40 Crores in Indian Bullion Market Association Limited, the latter is a related party of NSEL. Provision for diminution in value of entire Investment to the extent of 100% has been made during the year, as the management considers it as permanent decline and there is no certainty of recovery.

46. 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 of ₹0.09 Crore being charged to the Statement of Profit & Loss account and thereby increasing loss for the year by the aforesaid amount.
47. During the year, as associate i.e. A S Foods had purportedly forged trust receipts and availed finances from the company and has an outstanding balance of ₹36.04 crore. The company has subsequently filed complaint with Sadar Police Station, Nagpur and the matter is under further investigation. The company has made provision of ₹36.04 crore. Further, the company also had inventory of ₹47 crore and similar amount due to the aforesaid associate as at the year-end, which has also been written off and liability reversed, as the stock was not confirmed by the handling agents.
48. 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. It is in the process to obtain approval of the shareholders and apply for compounding in this regard. The Company had not obtained prior approval from its shareholders for loans and advances made to suppliers/associates exceeding threshold limit stated u/s 186 of Companies Act, 2013 during the financial year 2014-15. It is in the process to obtain the approval of shareholders in the current year's Annual General Meeting and would apply for compounding in this regard.
49. Reconciliation of provisions in terms of AS-29 is as under:-

(₹ in Crore)

Particulars of Provision	Opening Balance as on 01.04.2014	Addition during the year	Adjustment during the year	Closing Balance as on 31.03.2015
Provision of Taxation*	189.08	-	-	189.08
Corporate Social Responsibility & Sustainable Development	1.85	1.12	2.16	0.81
Leave Encashment	11.25	-	4.77	6.48
Provision for pension	6.02	-	5.85	0.17
Provision for Wealth Tax	0.02	-	0.01	0.01
Provision for Post Retirement Medical Benefit	14.71	3.19	-	17.90

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

50. Previous year figures have been reclassified/recasted/regrouped and rounded off suitably to make them comparable with figures of the current year.
51. Note 1 to 51 forms an integral part of the Financial Statements for the year ended 31 March, 2015.

In terms of our report of even date

For J. P., Kapur & Uberai

Chartered Accountants
Firm Registration No. 000593N

Sd/-

Vinay Jain

Partner

Membership No. 95187

Place: New Delhi

Date: 27.08.2015

For and on behalf of the Board of PEC Limited

Sd/-

R.R. Rashmi

Chairman-Cum-Managing Director

DIN: 02079727

Sd/-

P.K. Ojha

General Manager (Finance)

Sd/-

J. Ravi Shanker

Director

DIN: 06961483

Sd/-

Pardeep Kumar

Company Secretary
Membership No. 36128

Segment Report for The Year Ended 31st March 2015

In accordance with Accounting Standard 17 issued by the
Institute of Chartered Accountants of India
The company has three primary business segments i.e. Export, Import and Domestic

PARTICULARS	EXPORT		IMPORT		DOMESTIC		UNALLOCATED		CONSOLIDATED	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
Sales										
(India)										
Abroad)	601.22	2,556.03	4,972.24	5,680.85	613.29	1,543.49	-	-	5,585.53	7,224.34
									601.22	2,556.03
Total Revenue	601.22	2,556.03	4,972.24	5,680.85	613.29	1,543.49	-	-	6,186.76	9,780.37
SEGMENT RESULTS	21.79	43.87	67.03	(132.21)	37.13	10.83	(170.46)	(39.23)	(44.51)	(116.75)
Other Operating Revenue										
(India)	4.68		31.76	220.36	31.20	44.54	-	-	67.64	264.90
(Abroad)	0.11	29.41							0.11	29.41
Other Income	2.98	9.15	0.31	5.85	1.97	5.73	64.71	10.31	69.98	31.04
Interest Expense	0.52	(3.95)	(33.91)	(56.25)	(5.34)	(10.04)	(139.00)	(56.53)	(177.72)	(126.77)
PROFIT FROM ORDINARY ACTIVITIES	30.08	78.47	65.20	37.75	64.97	51.06	(244.75)	(85.45)	(84.50)	81.84
Exceptional Items	(36.47)	2.61	(44.11)	(69.04)	(10.60)	(0.03)	(4.11)	(13.40)	(95.29)	(79.86)
Tax Expense	-	-	-	-	-	-	(28.75)	(1.27)	(28.75)	(1.27)
NET PROFIT	(6.38)	81.08	21.09	(31.29)	54.36	51.03	(277.61)	(100.13)	(208.54)	0.71
OTHER INFORMATION										
Segment Assets	578.81	744.37	2,176.67	1,890.14	800.97	1,185.97	42.85	70.13	3,556.45	3,820.48
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	42.85	70.14
TOTAL ASSETS	578.81	744.37	2,176.67	1,890.14	800.97	1,185.97	42.85	70.13	3,599.30	3,890.62
Segment Liability	147.26	313.96	1,818.18	1,396.94	145.23	699.51	1,488.63	1,480.20	2,110.67	2,410.41
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	147.26	313.96	1,818.18	1,396.94	145.23	699.51	1,488.63	1,480.20	3,599.30	3,890.62
Secondary Segments:										

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

Geographical Segments

Particulars	Outside India		Within India		Total	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014
SEGMENT REVENUE						
External Sales	601.22	2,556.03	5,585.53	7,224.33	6,186.76	9,780.36
Inter-Segment Sales	-	-	-	-	-	-
Total Revenue	601.22	2,556.03	5,585.53	7,224.33	6,186.76	9,780.36
Segment Assets	30.03	154.72	3,569.26	3,735.90	3,599.30	3,890.62
Segment Liabilities	1,589.39	1,026.06	2,009.91	2,864.57	3,599.30	3,890.62
Capital Expenditure	-	-	10.88	19.06	10.88	19.06

Composition of Sales 2014-15

PARTICULARS	AMOUNT ₹ in Crore
EXPORT	
AGRO COMMODITIES	
Wheat	236.40
Rice	241.06
Maize	85.33
Soyameal	1.26
Sugar	8.31
TOTAL (A)	572.36
ENGINEERING & MFG. GOODS	
Detcord	0.05
Detonator	0.05
Flare Trip Wire Mk-1	0.06
Insas Round	3.16
Sesame Seed Hulled	1.06
Slab Demolition	0.24
Steel Core	0.19
Aluminium Cable	17.37
Conductors	0.41
Transformers	0.15
Line Hardware	6.12
TOTAL (B)	28.86
Total (A+B)	601.22

Composition of Sales 2014-15

PARTICULARS	AMOUNT (₹ in Crore)
IMPORT	
AGRO COMMODITIES	
Crude Degummed Rapeseed Oil	8.55
Crude Sunflowered Seed Oil	5.71
Green Peas	0.90
Rapeseed	2.91
Rbd Palm Olein	21.61
Toor	1.13
Yellow Peas	307.12
TOTAL(A)	347.93
INDUSTRIAL RAW MATERIAL	
Rock Phospate	42.53
Steam Coal	51.22
Met Coke	22.25
Manganese Ore	236.70
Bitumen	137.72
Ammonium Niterate	70.62
Heavy Aromatic	15.39
Pv Junction Box	0.34
Solar Pv Cell	4.03
Lam Coke	1.72
Coal	2,057.07
Steel Coils	527.27
Iron Ore Lumps	0.24
Zinc	52.95
Ethylene Vinyl Acetate	1.98
Soda Ash	6.97
Pharma Chemical	28.29
Aluminium	4.47
Steel Others (Steel Slab)	8.90
TOTAL (B)	3,270.65
ENGINEERING & MFG. GOODS	
Misc	0.88
TOTAL (C)	0.88
Bullion	
Gold	1,081.99
Silver	270.79
TOTAL (D)	1,352.78
TOTAL (A+B+C+D)	4,972.24

Composition of Sales 2014-15

PARTICULARS	Amount ₹ in Crore
DOMESTIC	
AGRO COMODITIES	
Maize	7.80
Sugar	30.30
Mustered Seed	11.13
TOTAL (A)	49.23
INDUSTRIAL RAW MATERIAL	
Steel	27.62
Coal	448.17
Iron Ore Pellets	37.04
TOTAL(B)	512.83
ENGINEERING & MFG. GOODS	
Advance Weapon Simulator System	0.63
Armour Alloy Steel Plates	0.61
Binocular	0.02
B/P Command Post With Bp Steel Roof	0.44
B/P Mobile Shield	0.03
B/P Morcha	0.24
B/P Observation Post	0.15
B/P Podium	0.08
B/P Security Cum Sentry Post Without Tower	0.08
B/P Security Cum Sentry Post With Tower	0.38
B/P Sentry Post	0.57
Caltrops (Road Spikes)	0.02
Cctv Accessories	0.42
Drone	0.05
Grenade Firing Simulator	0.09
Optical Fibroscope Sets	0.68
Sifcon Panels	0.97
Smart Cabin Portable	0.38
Solar Cells	7.28
Solar Control Cabin	0.09
Solar Power Plant	18.79
Solar Pv Modules	11.11
Cotton	7.63
TOTAL (C)	50.73
BULLION	
Misc. Items (Fibre)	0.36
Gunny Jute	0.14
TOTAL (D)	0.50
TOTAL (A+B+C+D)	613.29

LOWER GROUND FLOOR
C-4/5 SAFDARJUNG
DEVELOPMENT AREA
NEW DELHI - 110016
PHONES : 49562700 (20 lines)
TELEFAX: 26511158
E-MAIL: info@jpku.com

J.P., KAPUR & UBERAI
CHARTERED ACCOUNTANTS

Independent Auditors' Report

To the Members of PEC Limited

Report on the financial statements

We have audited the accompanying financial statements of PEC Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements responsibility for the financial statements

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

Auditors responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters that are required to be included in the audit report under the provisions of the Act and the Rules thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

We draw attention to the following:

- a. *Non-compliance of Accounting Standard – 17 “Segment Reporting” issued by the Institute of Chartered Accountants of India, as the company has not disclosed Financing as a separate business segment, though it being a reportable segment as well as non-disclosure of revenue, results, assets and liabilities of the aforesaid segment. This does not have any effect on the financial result of the company.*
- b. *Non-compliance of section 186 of the Companies Act, 2013, as prior approval from Shareholders of the company for grant of loans aggregating to Rs. 705.58 crores as at the year end was not taken. This is a continuing default (Refer note no. 48 of the Financial Statements).*
- c. *Our observations in respect of inadequacies in the internal control systems, as stated in para (iv) of Annexure to main audit report, which may have consequential effect on the accounts for the year, effect whereof on the financial result of the company is not ascertainable.*
- d. *Inventories include an amount of Rs. 15.50 crores for which confirmation has not been provided to us. Pending confirmation, availability of stock cannot be substantiated and consequential adjustments, if any, on the financial result of the Company cannot be quantified.*
- e. *Non-provision of Trade receivables aggregating to Rs. 35.01 crores pertaining to one associate who has misappropriated/removed pledged stock of yellow peas and the company has subsequently lodged FIR with anti cheating section of Lalbazar Police Station, Kolkata. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount.*
- f. *Non-provision of Trade receivables of Rs. 80.98 crores from 3 associates who have either filed application with/declared sick by the Board of Industrial and Financial Reconstruction (BIFR). This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount.*
- g. *Non-provision of Rs. 23.64 crores on account of export of iron ore to a foreign buyer, which has gone into liquidation. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount(Refer note no. 30 of the Financial Statements).*
- h. *Trade receivables include Rs. 166.37crores pertaining to 3 parties to whom the company has released stock on the basis of PDCs and the company currently holds very less or no security. Considering the lack of adequate security and the age of outstanding dues, the company should make adequate provision against the same. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount.*
- i. *Trade receivables and advances aggregating to Rs. 39.40 crores and Rs. 72.64 crores pertaining to 5 and 4 parties respectively, are unsecured and overdue. Considering there being no security, rate of recovery and the age of outstanding dues, the company should provide for the same. This has resulted in increase in Trade receivables by Rs. 39.40 crores, increase in advances by Rs. 72.64 crores and decrease in loss of the company by Rs. 112.04 crores.*
- j. *Trade receivables of Rs. 6.30 crores and Loans and advances of Rs. 62.36 crores from one of the associate who has stopped operation of its plant, as it has incurred continuous losses and has filed application with Board of Industrial and Financial Reconstruction (BIFR). Non-provision of aforesaid amounts has resulted in increase in Trade receivables by Rs. 6.30 crores, increase in advances by Rs. 62.36 crores and decrease in loss of the company by Rs.68.66 crores.*
- k. *Non-write off of Claims recoverable aggregating to Rs. 113.95 crores towards reimbursement of loss in supply of Edible Oil under PDS Scheme of Government of India for the financial Years 2008-09 and 2009-10. The company has not received any confirmation from the government regarding approval of the aforesaid claim, as the same was over and above the entitlement under PDS scheme. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount(Refer note no. 26 a of the Financial Statements).*

- l. Claims recoverable includes Rs. 120.53 crores, on account of default in payment obligation of National Spot Exchange Limited (NSEL) and consequential filing of legal suit in Mumbai High Court against NSEL and others and filing of criminal complaint with Economic Offences Wing (EOW), Delhi Police which has since been transferred to CBI Mumbai. Considering the rate of recovery and lack of adequate security, the company should provide for the same. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount (Refer note no. 31 of the Financial Statements).
- m. Claims recoverable includes Rs. 252.32 crores towards reimbursement of losses on import of pulses under 15% scheme of Government of India relating to financial years 2007-08 to 2013-14 and is over and above 15% of landed cost, which was provided under the scheme. The aforesaid claim has been lodged with the Ministry of Consumer Affairs, Government of India. Considering that there is no approved budget available with the Government of India and the age of outstanding claims, the company should provide for the same. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount (Refer note no. 26 d of the Financial Statements).
- n. Loans and advances include Rs. 367.16 crores pertaining to 3 associates against which there is no pledged stock available with the company. Considering the lack of adequate security, rate of recovery and the age of outstanding dues, the company should make adequate provision against the same. This has resulted in increase in Loans and advances and decrease in loss of the company by the aforesaid amount.
- o. Trade Payables of Rs. 1,813.39 crores includes Buyer's Credit availed from Banks of Rs. 557.47 crores which results in overstatement of Sundry Creditors and understatement of Secured Loans from Banks by the aforesaid amount (Refer note no. 37 of the Financial Statements).
- p. Balances under Sundry Debtors/ Claims Recoverable/ Loans and Advances (assets)/Sundry Creditors/ Other Current Liabilities are subject to confirmation. Pending confirmation, consequential reconciliations/ adjustments, if any, required upon such confirmation are not ascertainable (Refer note no. 28 of the Financial Statements).
- q. The company provides employee benefits in respect of post retirement medical benefits (PRMB) and earned/half pay leaves. The present value of obligation as per actuarial valuation report in respect of the aforesaid employee benefits as at 31st March 2015 is Rs. 22.27 crores (Refer note no. 44 of the Financial Statements). The company has neither earmarked any investment nor created any corpus for this purpose. This does not have any effect on the financial result of the company.
- r. We are unable to express our opinion on adequacy of service tax liability, as Service tax returns filed by the company are under reconciliation. Pending reconciliation, consequential adjustment, if any, cannot be quantified.
- s. We are unable to express our opinion on adequacy of value added tax receivable/payable, as VAT returns filed by the company with various State authorities are under reconciliation. Pending reconciliation, consequential adjustment, if any, cannot be quantified.
- t. The Company has not obtained confirmation from its Associates and Suppliers in relation to Section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006' compliance to which in the financial reporting of the Company could not be ascertained and reported to (Refer note no. 32 of the Financial Statements).
- u. Reference is invited to Basis for Qualified opinion paragraph, which lists our qualifications; wherein clauses a to d, p to t either have no effect on the financials or the amount whereof is unascertainable. Impact of other clauses will result in increase in Secured Loans by Rs. 557.47 crores, decrease in Trade payables by Rs. 557.47 crores, decrease in Trade receivables by Rs. 838.50 crores, decrease in loans and advances by Rs. 502.16 crores and increase in loss by Rs. 1,340.66 crores and EPS would have been (-) Rs. 2,582 for the year ended on 31st March 2015.

QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified opinion paragraph, the aforesaid financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in case of the balance sheet, of the state of affairs of the Company as at 31 March 2015;
- (b) in case of the statement of profit and loss, of the loss of the Company for the year ended on that date; and
- (c) in case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015, ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for clause o) stated in the Basis for Qualified opinion paragraph;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) except for the effects arising from the matters described in the Basis for Qualified opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) being a Government Company, provisions of section 164(2) of the Act, relating to disqualification of directors is not applicable to the Company in terms of notification no. G.S.R. 463 (E) dated June 5, 2015, issued by the Ministry of Companies Affairs, Government of India; and
 - (f) 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 provided to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts – Refer Note 4 and Note 10 to the financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Sd/-
Vinay Jain
Partner
Membership number: 095187

New Delhi
27 August 2015

The Annexure referred to in paragraph 1 of our Independent Auditor's report to the members of the Company on the financial statements for the year ended 31 March 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) As per information and explanation provided by the management, physical verification of inventories is undertaken by the Company through surveyors, from time to time. In our opinion, verification of goods like coal, iron ore, manganese ore, pulses etc. is not by actual weighment, but by actual receipt and dispatch, without accounting for handling losses. Generally, shortages are identified only after dispatch of entire cargo. Shortages noticed on physical verification are debited to the account of Associates. In respect of goods in the custody of third parties, certificate is obtained from the Clearing and Handling agents or the Warehouse corporations or from the business associates.
- (b) *In our opinion and according to the information and explanation provided to us, procedure of physical verification is not commensurate with the size of the Company and nature of its business, which needs to be strengthened with regard to issuance of guidelines for physical verification of stock, reporting on quality and quantity of stocks by the handling agents, confirmation of stock certificates and/or trust receipts issued by handling agents, physical verification and reporting by employees at periodic intervals.*
- (c) *The Company is maintaining transaction-wise stock details, which are compiled for control over stock and necessary details, are obtained from the custodian of stocks viz. Port Authorities, Warehouse owners, Surveyors, Handling agents, Business Associates etc. However, in our opinion, separate Stock Registers should be maintained by the Company for pledged stock. In few cases of owned and pledged stock, stock confirmation has not been provided to us.*
- (iii) (a) 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, clause 3 (iii) (b) of the Order is not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, clause 3 (iii) (f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets, however, we are of the opinion that internal control procedure regarding the following:
- *obtaining confirmation of balances of Trade receivables and Trade payables and reconciliation thereof,*
 - *verification of underlying market rate for purchases and sales from/to associates in few instances,*
 - *issue of pledged stocks without acceptable security,*
 - *physical verification of own stock and pledged stock at regular intervals,*
 - *insurance of pledged stocks in the name of the company,*
 - *confirmation of stock certificates and/or trust receipts issued by handling agents,*

- review of financial health of associates at regular intervals,
- ex post facto approval by Board and COM in few cases,
- laying down policy for filing of legal cases against overdue debtors and advances,
- fixing credit worthiness of associates,
- laying down procedure for physical verification of stocks
- laying down policy for recovery of overdue debtors, advances and claims,
- laying down policy for disposal of stock where there are inordinate delays in lifting by the associates,
- laying down policy for writing off of debts/advances/claims,
- laying down policy for rotation of employees and consultants,
- laying down anti fraud policy,
- reporting of unauthorized lifting by associates to the Board,
- reconciliation of service tax and vat returns,
- appointment of handling agents, surveyors and security agencies by the Company,
- selection of warehouse(s) for storage of own/pledged stock

need to be strengthened in order to make it commensurate with the size of the Company and the nature of its business. During the course of our audit, we have observed continuing failure to correct major weaknesses in internal controls.

- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Act, for any of the services rendered by the Company.
- (vii)(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, wealth tax, sales tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, and excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, customs duty, sales tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable, except works contract tax of Rs. 1.75 lakhs and professional tax of Rs. 0.18 lakhs.

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

Sl. No.	Name of Statute	Nature of dues	Amount (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
1	Central Sales Tax Act, 1956	Sales Tax (Tax & Penalty)	3.48	2000-01	Madras High Court
2	Income Tax Act, 1961	Income Tax	0.47	2007-08	ITAT, Delhi
3	Income Tax Act, 1961	Income Tax	0.55	2011-12	CIT (Appeals), Delhi
4	Income Tax Act, 1961	Income Tax	0.52	2012-13	CIT (Appeals), Delhi
5	Customs Act, 1962	Customs Duty (Penalty)	0.19	2002-05	Office of Commissioner of Central Excise & Customs, Surat
6	Customs Act, 1962	Customs Duty	0.02	2009-10	Office of Commissioner of Customs, Mumbai
7	Customs Act, 1962	Customs Duty	0.07	2009-10	Office of Commissioner of Customs, Mumbai
8	Customs Act, 1962	Customs Duty	0.07	2009-10	Office of Commissioner of Customs, Mumbai
9	Customs Act, 1962	Customs Duty (Penalty)	6.25	2012-13	CESTAT, Ahmedabad
10	Customs Act, 1962	Customs Duty (Penalty)	3.00	2012-13	CESTAT, Ahmedabad
11	Finance Act, 1994	Service Tax	7.53 *(0.52)	2006-07 to 2010-11	CESTAT, Delhi
		Total	22.15 (0.52)		

* Figures in bracket represents amount deposited under protest

- (viii) The Company's accumulated losses at the end of the financial year are not more than fifty percent of its net worth. It has incurred cash losses in the current financial year, however, it had not incurred any cash loss during the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues to any financial institutions and debenture holders during the year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations provided to us, the company has raised short-term loans from banks during the year, which have been applied for the purposes for which they were obtained.
- (xii) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, as reported by the management, we have noted few instances of misappropriation/removal of pledged stock by associates:

A S Foods had purportedly forged trust receipts and availed finances from the company having an outstanding balance of Rs. 36.04 crores. The company has subsequently filed complaint with Sadar Police Station, Nagpur and the matter is under investigation. Pledged stock of 2,882.343 MT of HR coils in respect of Oshiya Industries Pvt. Ltd. having an outstanding balance of Rs. 10.95 crores, has been purportedly misappropriated/removed. The company has filed FIR with Taloja Police Station, Navi Mumbai and the matter is under investigation. In yet another instance, purported misappropriation/removal of pledged stock aggregating to Rs. 74.46 crores by R Piyarelall Import & Export Ltd. is being further investigated and the company has subsequently lodged FIR with anti cheating section of Lalbazar Police Station, Kolkata.

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

Sd/-

Vinay Jain

Partner

Membership number: 095187

New Delhi
27 August 2015

Directions indicating the areas to be examined by Statutory Auditors during the course of audit of annual accounts of PEC Limited for the financial year 2014-15 issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013.

<p>1. If the company has been selected for disinvestment, a complete status report in terms of valuation of assets (including intangible assets and land) and liabilities (including committed and general reserves) may be examined including the mode and present stage of disinvestment process.</p>	<p>The company has not been selected for disinvestment, hence, this clause is not applicable.</p>															
<p>2. Please report whether there are any cases of waiver/write off debts/loans/interest etc. if yes, the reasons therefore and the amount involved.</p>	<p>During the year, the Company does not have any cases of either waiver/write off of interest. However, it has following cases of waiver/write off of advances and debts:</p> <table border="1" data-bbox="616 739 1457 1272"> <thead> <tr> <th data-bbox="616 739 820 818">Nature of transaction</th> <th data-bbox="820 739 1002 818">Amount (in Crores)</th> <th data-bbox="1002 739 1457 818">Reason</th> </tr> </thead> <tbody> <tr> <td data-bbox="616 818 820 943">Service tax recoverable</td> <td data-bbox="820 818 1002 943">0.18</td> <td data-bbox="1002 818 1457 943">The authorities did not entertain Service tax appeal, as it was time barred.</td> </tr> <tr> <td data-bbox="616 943 820 1068">Input Vat (Maharashtra)</td> <td data-bbox="820 943 1002 1068">0.06</td> <td data-bbox="1002 943 1457 1068">Amount written off as not claimed in Vat Return by the company</td> </tr> <tr> <td data-bbox="616 1068 820 1192">Security Deposit with IL & FS</td> <td data-bbox="820 1068 1002 1192">0.02</td> <td data-bbox="1002 1068 1457 1192">Amount written off, as no confirmation available with the company</td> </tr> <tr> <td data-bbox="616 1192 820 1272">Debtors</td> <td data-bbox="820 1192 1002 1272">0.67</td> <td data-bbox="1002 1192 1457 1272">Amount no longer recoverable, hence written off.</td> </tr> </tbody> </table> <p>Apart from the aforesaid, the company has provided for doubtful debts aggregating to Rs. 98.70 crores in respect of 5 associates and provision for diminution in value of investment by Rs. 0.40 crores in 1 case. Further, recognition of interest income has been deferred in respect of many associates, where it is to be accounted for on realization basis.</p>	Nature of transaction	Amount (in Crores)	Reason	Service tax recoverable	0.18	The authorities did not entertain Service tax appeal, as it was time barred.	Input Vat (Maharashtra)	0.06	Amount written off as not claimed in Vat Return by the company	Security Deposit with IL & FS	0.02	Amount written off, as no confirmation available with the company	Debtors	0.67	Amount no longer recoverable, hence written off.
Nature of transaction	Amount (in Crores)	Reason														
Service tax recoverable	0.18	The authorities did not entertain Service tax appeal, as it was time barred.														
Input Vat (Maharashtra)	0.06	Amount written off as not claimed in Vat Return by the company														
Security Deposit with IL & FS	0.02	Amount written off, as no confirmation available with the company														
Debtors	0.67	Amount no longer recoverable, hence written off.														
<p>3. Whether proper records are maintained for inventories lying with third parties and assets received as gift from Government or other authorities.</p>	<p>The company has not received any asset as gift from the Government or other authorities.</p> <p>The Company has maintained proper records for own inventories lying with third parties except for Rs. 15.50 crores for which confirmation as at the year end is not available with the company. Pending confirmation, availability of stock cannot be substantiated. The Company is maintaining transaction wise stock details, which are complied for control over stock and necessary details, are obtained from the custodian of stocks viz. Port Authorities, Warehouse owners, Surveyors, Handling agents, Business Associates etc. However, in our opinion, separate Stock Registers should be maintained by the Company for pledged stock. In few cases of owned and pledged stock, stock confirmation has not been provided to us.</p> <p>We have qualified our report in the aforesaid respects.</p>															

<p>4. A report on age wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.</p>	<p>Based on the details provided to us by the Company, total number of 26 cases involving a sum of Rs. 519.88 crores has been instituted by the Company as at the year-end. Similarly, 33 cases involving a total sum of Rs. 129.78 crores have been filed against the Company, which the Company is defending in the courts as well as in arbitration. As regards aging analysis, most of the cases are quite old and each case has its own reason for pendency.</p> <p>A. Cases filed against the Company</p> <table border="1"> <thead> <tr> <th>Aging</th> <th>No. of Cases</th> <th>Amount (Rs. in Crore)</th> </tr> </thead> <tbody> <tr> <td>Upto 1 year</td> <td>-</td> <td>-</td> </tr> <tr> <td>1 - 3 years</td> <td>6</td> <td>6.00</td> </tr> <tr> <td>3 - 5 years</td> <td>1</td> <td>4.61</td> </tr> <tr> <td>5 - 10 years</td> <td>11</td> <td>40.73</td> </tr> <tr> <td>Above 10 years</td> <td>15</td> <td>78.44</td> </tr> <tr> <td>Total</td> <td>33</td> <td>129.78</td> </tr> </tbody> </table> <p>B. Cases filed by the Company</p> <table border="1"> <thead> <tr> <th>Aging</th> <th>No. of Cases</th> <th>Amount (Rs. in Crore)</th> </tr> </thead> <tbody> <tr> <td>Upto 1 year</td> <td>7</td> <td>142.37</td> </tr> <tr> <td>1 - 3 years</td> <td>10</td> <td>243.43</td> </tr> <tr> <td>3 - 5 years</td> <td>5</td> <td>124.29</td> </tr> <tr> <td>5 - 10 years</td> <td>-</td> <td>-</td> </tr> <tr> <td>Above 10 years</td> <td>4</td> <td>9.79</td> </tr> <tr> <td>Total</td> <td>26</td> <td>519.88</td> </tr> </tbody> </table> <p>a. An in-depth study is suggested to be carried out about the mounting legal cases both filed by the Company as well as cases filed against the Company pending for long and possibility of a suitable remedial measure in such cases.</p> <p>b. The system also needs to be strengthened for efficient recording as well as reporting of legal cases.</p> <p>c. It may be in the interest of the company, if, the Internal auditor reviews the legal cases.</p> <p>d. The Company has an effective monitoring mechanism for expenditure on all legal cases (foreign and local), as lawyers' fees and appointment are approved by the Board/COM. Expenditure on legal fee for the year under review has been Rs. 0.91 Crores.</p>	Aging	No. of Cases	Amount (Rs. in Crore)	Upto 1 year	-	-	1 - 3 years	6	6.00	3 - 5 years	1	4.61	5 - 10 years	11	40.73	Above 10 years	15	78.44	Total	33	129.78	Aging	No. of Cases	Amount (Rs. in Crore)	Upto 1 year	7	142.37	1 - 3 years	10	243.43	3 - 5 years	5	124.29	5 - 10 years	-	-	Above 10 years	4	9.79	Total	26	519.88
Aging	No. of Cases	Amount (Rs. in Crore)																																									
Upto 1 year	-	-																																									
1 - 3 years	6	6.00																																									
3 - 5 years	1	4.61																																									
5 - 10 years	11	40.73																																									
Above 10 years	15	78.44																																									
Total	33	129.78																																									
Aging	No. of Cases	Amount (Rs. in Crore)																																									
Upto 1 year	7	142.37																																									
1 - 3 years	10	243.43																																									
3 - 5 years	5	124.29																																									
5 - 10 years	-	-																																									
Above 10 years	4	9.79																																									
Total	26	519.88																																									

For J. P., Kapur & Uberai
Chartered Accountants
Firm Registration No. 000593N

Sd/-
(Vinay Jain)
Partner
Membership No. 95187

Palace : New Delhi
Date : 27 August, 2015

Managements Reply to Observations of Statutory Auditor in their Report for the Financial Year 2014-15	
Auditors Observation	Managements Reply
a. Non-compliance of Accounting Standard – 17 “Segment Reporting” issued by the Institute of Chartered Accountants of India, as the company has not disclosed Financing as a separate business segment, though it being a reportable segment as well as non-disclosure of revenue, results, assets and liabilities of the aforesaid segment. This does not have any effect on the financial result of the company.	The segment reporting is prepared consistent with last year based on risk and return under each segment.
b. Non-compliance of section 186 of the Companies Act, 2013, as prior approval from Shareholders of the company for grant of loans aggregating to Rs. 705.58 crores as at the year-end was not taken. This is a continuing default (Refer note no. 48 of the Financial Statements).	The matter will be placed before the shareholders in our Annual General Meeting and accordingly shall go for compounding with Company Law Board.
c. Our observations in respect of inadequacies in the internal control systems, as stated in para (iv) of Annexure to main audit report, which may have consequential effect on the accounts for the year, effect whereof on the financial result of the company is not ascertainable.	The Company has formulated and implemented trade guidelines which incorporates operating procedures for conduct of business and necessary monitoring systems.
d. Inventories include an amount of Rs. 15.50 crores for which confirmation has not been provided to us. Pending confirmation, availability of stock cannot be substantiated and consequential adjustments, if any, on the financial result of the Company cannot be quantified.	We are having stock/title of goods and PEC intends to recover its interest by liquidating the stocks.
e. Non-provision of Trade receivables aggregating to Rs. 35.01 crores pertaining to one associate who has misappropriated/removed pledged stock of yellow peas and the company has subsequently lodged FIR with anti-cheating section of Lalbazar Police Station, Kolkata. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount.	The Company is in discussion with Kolkata Port Trust to obtain lease of the property mortgaged by associate for securing its interest.
f. Non-provision of Trade receivables of Rs. 80.98 crores from 3 associates who have either filed application with/declared sick by the Board of Industrial and Financial Reconstruction (BIFR). This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount.	The Company intends to recover the outstandings, inter alia, through liquidation of stocks.
g. <i>Non-provision of Rs. 23.64 crores on account of export of iron ore to a foreign buyer, which has gone into liquidation. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount(Refer note no. 30 of the Financial Statements).</i>	PEC has already filed its claim with the Liquidator for recovery. Moreover the Indian Associate in this transaction has committed to pay the amount if full due amount is not realized.
h. <i>Trade receivables include Rs. 166.37crores pertaining to 3 parties to whom the company has released stock on the basis of PDCs and the company currently holds very less or no security. Considering the lack of adequate security and the age of outstanding dues, the company should make adequate provision against the same. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount.</i>	In these cases one associate has already started making payments and in respect of others, steps to recover through disposal of properties has been initiated.

Auditors Observation	Managements Reply
<p>i. Trade receivables and advances aggregating to Rs. 39.40 crores and Rs. 72.64 crores pertaining to 5 and 4 parties respectively, are unsecured and overdue. Considering there being no security, rate of recovery and the age of outstanding dues, the company should provide for the same. This has resulted in increase in Trade receivables by Rs. 39.40 crores, increase in advances by Rs. 72.64 crores and decrease in loss of the company by Rs. 112.04 crores.</p>	<p>Efforts are being made to recover outstandings, in some cases, through disposal of stocks and receipt of payments in an agreed timeframe. In others, attachment of properties through Arbitration process has been resorted to, to secure the Company's interest.</p>
<p>j. Trade receivables of Rs. 6.30 crores and Loans and advances of Rs. 62.36 crores from one of the associate who has stopped operation of its plant, as it has incurred continuous losses and has filed application with Board of Industrial and Financial Reconstruction (BIFR). Non-provision of aforesaid amounts has resulted in increase in Trade receivables by Rs. 6.30 crores, increase in advances by Rs. 62.36 crores and decrease in loss of the company by Rs.68.66 crores.</p>	<p>The Company has commenced legal proceedings u/s 9 of Arbitration Act, to attach and dispose the stocks.</p>
<p>k. Non-write off of Claims recoverable aggregating to Rs. 113.95 crores towards reimbursement of loss in supply of Edible Oil under PDS Scheme of Government of India for the financial Years 2008-09 and 2009-10. The company has not received any confirmation from the government regarding approval of the aforesaid claim, as the same was over and above the entitlement under PDS scheme. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount(Refer note no. 26 a of the Financial Statements).</p>	<p>The Central Government had declared various schemes of subsidy for import of edible oil and its sales to various State Governments at different points of time. The edible oil so imported was warehoused under common storage as the import of edible oil was continuous process. We expect to receive the amount of our claim the same is under active consideration of Department of Food and Public Distribution. An amount of Rs. 71.75 crores has been realized on 14.09.2015.</p>
<p>l. Claims recoverable includes Rs. 120.53 crores, on account of default in payment obligation of National Spot Exchange Limited (NSEL) and consequential filing of legal suit in Mumbai High Court against NSEL and others and filing of criminal complaint with Economic Offences Wing (EOW), Delhi Police which has since been transferred to CBI Mumbai.Considering the rate of recovery and lack of adequate security, the company should provide for the same. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount(Refer note no. 31 of the Financial Statements).</p>	<p>PEC has already filed case against NSEL, promoters and other defaulters and the Company is hopeful of its recovery since EOW has already attached properties of defaulter.</p>
<p>m. Claims recoverable includes Rs. 252.32 crores towards reimbursement of losses on import of pulses under 15% scheme of Government of India relating to financial years 2007-08 to 2013-14 and is over and above 15% of landed cost, which was provided under the scheme. The aforesaid claim has been lodged with the Ministry of Consumer Affairs, Government of India. Considering that there is no approved budget available with the Government of India and the age of outstanding claims, the company should provide for the same. This has resulted in increase in Trade receivables and decrease in loss of the company by the aforesaid amount (Refer note no. 26 d of the Financial Statements).</p>	<p>It is understood that the report of Expert committee formed by the Government of India on the issue is under active consideration of the government and accordingly the claim is expected to be honoured.</p>

Auditors Observation	Managements Reply
<p>n. Loans and advances include Rs. 367.16 crores pertaining to 3 associates against which there is no pledged stock available with the company. Considering the lack of adequate security, rate of recovery and the age of outstanding dues, the company should make adequate provision against the same. This has resulted in increase in Loans and advances and decrease in loss of the company by the aforesaid amount.</p>	<p>In one of the cases with an outstanding of Rs. 308.83 Crore, collateral security has also been obtained to protect the interest of PEC. In other cases, the Company has taken up the matter with associates for early payment of dues.</p>
<p>o. Trade Payables of Rs. 1,813.39 crores includes Buyer's Credit availed from Banks of Rs. 557.47crores which results in overstatement of Sundry Creditors and understatement of Secured Loans from Banks by the aforesaid amount (Refer note no. 37 of the Financial Statements).</p>	<p>The Buyer's credit is availed by the Company in cases where either supplier's credit is not available or is available for a limited period. As per RBI Guidelines buyer's credit can be availed upto 360 days. In such cases Indian Bank guarantee to the foreign bank undertaking to make payment at stipulated date, which has been duly disclosed in Note to Accounts.</p>
<p>p. Balances under Sundry Debtors/ Claims Recoverable/ Loans and Advances (assets)/Sundry Creditors/ Other Current Liabilities are subject to confirmation. Pending confirmation, consequential reconciliations/ adjustments, if any, required upon such confirmation are not ascertainable (Refer note no. 28 of the Financial Statements).</p>	<p>While balance confirmation has been obtained from most associates, in some cases confirmation letters have not been received from the parties. The accounts with the associates are settled on completion of each transaction and difference if any, are reconciled.</p> <p>Provision for consequential adjustment of losses is not envisaged.</p>
<p>q. The company provides employee benefits in respect of post retirement medical benefits (PRMB) and earned/half pay leaves. The present value of obligation as per actuarial valuation report in respect of the aforesaid employee benefits as at 31st March 2015 is Rs. 22.27crores(Refer note no. 44 of the Financial Statements). The company has neither earmarked any investment nor created any corpus for this purpose.This does not have any effect on the financial result of the company.</p>	<p>Company is following the norms adopted by other entities in the same Industry. Moreover there is no such statutory requirement of creating a corpus.</p>
<p>r. We are unable to express our opinion on adequacy of service tax liability, as Service tax returns filed by the company are under reconciliation. Pending reconciliation, consequential adjustment, if any, cannot be quantified.</p>	<p>Service Tax Payable as at the Balance Sheet date is subject to reconciliation with Service tax returns filed with the respective authority.</p>
<p>s. We are unable to express our opinion on adequacy of value added tax receivable/payable, as VAT returns filed by the company with various State authorities are under reconciliation. Pending reconciliation, consequential adjustment, if any, cannot be quantified.</p>	<p>VAT Payable/Receivable as at the Balance Sheet date is subject to reconciliation with VAT returns filed with the authorities of various States.</p>
<p>t. The Company has not obtained confirmation from its Associates and Suppliers in relation to Section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006' compliance to which in the financial reporting of the Company could not be ascertained and reported to (Refer note no. 32 of the Financial Statements).</p>	<p>Information regarding classification of all associates & suppliers into Micro, Small and Medium Enterprises is not available with us.</p>
<p>(b) of CARO In our opinion and according to the information and explanation provided to us, procedure of physical verification is not commensurate with the size of the Company and nature of its business, which needs to be strengthened with regard to issuance of guidelines for physical verification of stock, reporting on quality and quantity of stocks by the handling agents, confirmation of stock certificates and/or trust receipts issued by handling agents, physical verification and reporting by employees at periodic intervals.</p>	<p>The Stock position is maintained on residual balance especially in the case of bulk cargoes. Quality of cargo is documented based on independent surveyor's report. Remedial measures are taken as and when there is apparent deterioration in cargo.</p> <p>The trade guidelines implemented by the Company covers all aspects of stock monitoring.</p>

Auditors Observation	Managements Reply
<p>(c)of CARO The Company is maintaining transaction-wise stock details, which are compiled for control over stock and necessary details, are obtained from the custodian of stocks viz. Port Authorities, Warehouse owners, Surveyors, Handling agents, Business Associates etc. However, in our opinion, separate Stock Registers should be maintained by the Company for pledged stock. In few cases of owned and pledged stock, stock confirmation has not been provided to us.</p>	<p>As information on stock is available at the respective nodal points i.e. branch or concerned marketing division at head office the objective of maintaining a separate stock register is already met.</p>
<p>(iv)of CARO In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets, however, we are of the opinion that internal control procedure regarding the following:</p> <ul style="list-style-type: none"> ● obtaining confirmation of balances of Trade receivables and Trade payables and reconciliation thereof, ● verification of underlying market rate for purchases and sales from/to associates in few instances, ● issue of pledged stocks without acceptable security, ● physical verification of own stock and pledged stock at regular intervals, ● insurance of pledged stocks in the name of the company, confirmation of stock certificates and/or trust receipts issued by handling agents, ● review of financial health of associates at regular intervals, ● ex post facto approval by Board and COM in few cases, ● laying down policy for filing of legal cases against overdue debtors and advances, ● fixing credit worthiness of associates, ● laying down procedure for physical verification of stocks ● laying down policy for recovery of overdue debtors, advances and claims, ● laying down policy for disposal of stock where there are inordinate delays in lifting by the associates, ● laying down policy for writing off of debts/advances/ claims, ● laying down policy for rotation of employees and consultants, ● laying down anti-fraud policy, ● reporting of unauthorized lifting by associates to the Board, ● reconciliation of service tax and vat returns, ● appointment of handling agents, surveyors and security agencies by the Company, ● selection of warehouse(s) for storage of own/pledged stock <p>need to be strengthened in order to make it commensurate with the size of the Company and the nature of its business. During the course of our audit, we have observed continuing failure to correct major weaknesses in internal controls.</p>	<p>The Company has already formulated and implemented trade guidelines which cover various aspects of control procedures. The guidelines shall be regularly reviewed for systemic improvement.</p>

Auditors Observation	Managements Reply
<p>(vii)(a) of CARO 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, wealth tax, sales tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, and excise duty.</p> <p>According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, customs duty, sales tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable, except works contract tax of Rs. 1.75 lakhs and professional tax of Rs. 0.18 lakhs.</p>	<p>The listed amounts shall be paid in current year.</p>
<p>(xii)of CARO During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, as reported by the management, we have noted few instances of misappropriation/removal of pledged stock by associates:</p> <p>A S Foods had purportedly forged trust receipts and availed finances from the company having an outstanding balance of Rs. 36.04 crores. The company has subsequently filed complaint with Sadar Police Station, Nagpur and the matter is under investigation. Pledged stock of 2,882.343 MT of HR coils in respect of Oshiya Industries Pvt. Ltd .having an outstanding balance of Rs. 10.95 crores, has been purportedly misappropriated/removed. The company has filed FIR with Taloja Police Station, Navi Mumbai and the matter is under investigation. In yet another instance, purported misappropriation/removal of pledged stock aggregating to Rs. 74.46 crores by R Piyarelall Import & Export Ltd. is being further investigated and the company has subsequently lodged FIR with anti-cheating section of Lalbazar Police Station, Kolkata.</p>	<p>In these cases legal proceedings have already been initiated.</p>

Managements Reply to Observations of Practicing Company Secretary on Comments on Corporate Governance	
Practicing Company Secretarys Comment	Managements Reply
<p>1. Appointment of Director(s) and Independent Director(s) are not in conformity with the Articles of Association of the Company and DPE Guideline respectively. Consequently, the requisite Committee(s) requiring Independent director(s) is/ are not formed.</p>	<p>PEC is a Government Company. Hon'ble President of India has the right to nominate any person for the appointment as Director in Company.</p> <p>For appointment of Independent Directors we have already taken up the matter with the Ministry of Commerce & Industry.</p>

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 2015.

The preparation of financial statements of **PEC LIMITED** for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 27 August 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of **PEC LIMITED** for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under section 143(6)(b) of the Act which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related audit report.

Balance Sheet

Current Assets

Short-term Loans and Advances (Schedule 15) - ₹ 682.29 crore

The above includes loans and advances (Unsecured) amounting to ₹ 7.58 crore, pertaining to M/s Whitefield. The above advances were provided by the company to M/s Whitefield against Turnover financing for stock of rice of ₹ 13.62 crore during 2014-15. However, the company neither possesses stock confirmation from the Clearing and Handling Agents (CHAs) nor copy of the shipping documents. In the absence of these documents, the existence of the above stock cannot be substantiated in Audit. Resultantly, the recovery of advance of ₹7.58 crore is doubtful and requires provision.

Non provisioning of doubtful advances as above has resulted in overstatement of Loans and Advances by ₹ 7.58 crore and understatement of Loss for the year by the same amount.

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



**(Vimalendra Patwardhan)
Principal Director of Commercial Audit
& ex-officio Member, Audit Board-I,
New Delhi.**

Place : New Delhi

Dated : 30 September 2015

Managements Reply to The comments of the Comptroller and Auditor General of India u/s 143(6) (b) of the Companies Act, 2013 for the Financial Year ended 31 st March 2015	
Comments on Balance Sheet, Current Assets	Managements Reply
<p>Short Term Loans and Advances (Schedule 15)- ₹682.29 Crore</p> <p>The above incudes loans and advances (Unsecured) amounting to ₹7.58 Crore, pertaining to M/s Whitefield. The above advances were provided by the company to M/s Whitefield against Turnover financing for stock of rice of ₹13.62 Crore during 2014-15. However, the company neither possesses stock confirmation from the Clearing and Handling Agents (CHAs) nor copy of the shipping documents. In the absence of these documents, the existence of the above stock cannot be substantiated in Audit. Resultantly, the recovery of advance of ₹7.58 Crore is doubtful and requires provision.</p> <p>Non provisioning of doubtful advances as above has resulted in overstatement of Loans and Advances by ₹7.58 Crore and understatement of Loss for the year by the same amount.</p>	<p>During the year 2014-15 PEC had made financing of ₹7.58 Crore against purchase of 5750 MT Rice from M/s Whitefield Overseas Limited for export. The said financing was released against various export contracts and against receipt of material by CHAs. PEC has already started arbitration proceeding against associate and has secured the amount through deposit of Title Deeds by associate to PEC. Hon'ble High Court of Delhi has already ordered status quo with respect to the properties on section 9 of Arbitration Act Proceedings.</p> <p>In the event payment is not recovered from the associate during 2015-16, further steps will be taken to secure PEC's interest, interallia, though Section 9 proceedings and Director's Personal Guarantees.</p> <p>Necessary provisioning shall be made, if required.</p>

Head Office

New Delhi

Hansalaya, 15-Barakhamba Road, New Delhi-110001, India

Phone : +91-11-23313619, 23314426

Fax : +91-11-23315279, 23314797, 23313664

E-mail : pec@peclimited.com

Branch Office

Ahmedabad

103, Kalinga Building, Behind Bata Super Store,
Near Mount Carmel School, Ashram Road,
Navrangpura, Ahmedabad-380009, (Gujrat)

Tel : 079-26585109

Fax : 079-26582972

E-mail : pecahmedabad@peclimited.com

Chennai

76, Greams Road, Thousand Lights,
Chennai-600006 (Tamil Nadu)

Tel : 044-28290590

Fax : 044-28291633

E-mail : pecchennai@peclimited.com

JAIPUR

Flat No.204, Vishnu Apartment,
Sardar Patel Marg, Chomu House Circle,
'C' Scheme, Jaipur - 302001.

Tel: 0142-4021887

Fax: 0142-4021887

E-mail: pecjaipur@peclimited.com

Kandla

D-7, NU-10-B, Shakti Nagar,
Ghandidham, Kutch-370201
(Gujrat)

Tel: 02836-226353

Fax: 02836-236326

E-mail: peckandla@peclimited.com

Kolkata

"Chowringhee Court"
4th Floor, Unit-22, 55, Chowringhee Road,
Kolkata-700071 (West Bengal)

Tel : 033-22824194, 22824842, 22824862

Fax : 033-22824839

E-mail : peckolkata@peclimited.com

Kota

A-69, Rajender Vihar, New Akashwani Colony,
Kota, RAJASTHAN

Tel: 0744-2426390

Fax: 0744-2407849

E-mail: peckota@peclimited.com

Mumbai

204, Arcadia Building, 2nd Floor, 195, NCPA
Marg, Nariman Point, Mumbai-400021,
(Maharashtra)

Tel: 022-22830902, 22029390

Fax: 022-22840241

E-mail: pecmumbai@peclimited.com

Vishakhapatnam

Jagannath Nilayam, Door No-10-27-17-A,
Waltair Uplands, Vishakhapatnam - 530003
(Andhra Pradesh)

Tel: 0891-2730311

Fax: 0891-6642008

E-mail: pecvizag@peclimited.com



PEC LIMITED

(A Government of India Undertaking)

'Hansalaya' 15, Barakhamba Road, New Delhi-110001

Fax : 91-11-23315279, 23314797 & 23320745

E-mail : pec@peclimited.com, Website : www.peclimited.com