



RAJASTHAN STATE FOOD & CIVIL SUPPLIES CORPORATION LIMITED

ANNUAL REPORT

2014-15

Corporate Identity Number (CIN) - U63023RJ2010SGC033489

Registered / Head Office: 501, 5th floor, Kisan Bhawan, Lal kothi, Tonk Road, Jaipur-302015

Phone: Gen. 0141-2744649, 2744692 Fax No. 0141-2741924, E-Mail: rsfsc@gmail.com, website: www.rsfcsc.org

CORPORATION INFORMATION

BOARD OF DIRECTORS

Shri Sudarshan Sethi	Principal Secretary, Rural Development & Panchayati Raj
Smt. Neel Kamal Darbari	Principal Secretary, Agriculture Department
Shri Giri Raj Singh	Managing Director, RSWC
Dr. Subodh Agarwal	Principal Secretary, Food, Civil Supplies & Consumer Affairs Department & Chairman, RSFCSC
Shri Ram Niwas	Managing Director, RSFCSC
Dr. Rekha Gupta	Registrar, Cooperative Societies
Shri Dinesh Sharma	Deputy Secretary, Finance (Exp-1) Department

AUDIT COMMITTEE

Smt. Neel Kamal Darbari, Principal Secretary, Agriculture Department	(Chairman)
Shri Ram Niwas, Managing Director, RSFCSC	(Member)
Dr. Rekha Gupta, Registrar, Cooperative Societies	(Member)
Shri Dinesh Sharma, Deputy Secretary, Finance (Exp-1) Department	(Member)

CSR COMMITTEE

Dr. Subodh Agarwal, Principal Secretary, Food & Civil Supplies Department
Shri Ram Niwas, Managing Director, RSFCSC
Dr. Rekha Gupta, Registrar, Co-operative Societies

MANAGEMENT

Smt. Mamta Rao	General Manager (Marketing)
Shri Umed Singh	General Manager (Finance)
Smt. Sangeeta Meena	Manager (Personnel)
Shri Vikas Yadav	Company Secretary

AUDITORS

M/s H.S. Darda & Company,
Chartered Accountants,
36-A, Suraj Nagar (East), Civil Lines, Jaipur.

BANKERS

State Bank of Bikaner & Jaipur
Punjab National Bank
Central Bank of India
Oriental Bank of Commerce

REGISTERED OFFICE

501, 5th Floor, Lal Kothi, Tonk Road, Jaipur-302015

Director's Report (2014-15)

Dear Shareholders,

The Board of Directors have great pleasure in presenting the 5th Annual Report on the working and affairs of the company together with Audited Financial Statements for the year ended on 31st March, 2015.

In accordance to the Budget announcement of the Hon'ble Chief Minister for the financial year 2010-11, the Rajasthan State Food & Civil Supplies Corporation Ltd. (RSFCSC) was incorporated on 08th December, 2010 under the Companies Act, 1956 and the Corporation commenced its business from 27th December, 2010.

The Authorized Share Capital of the Corporation is Rs. 100/- Crores. Presently, the paid-up share Capital of the Corporation is Rs. 50/- Crores.

1. Financial summary/ Highlights

The Company's financial performances for the year under review along with previous year's figures are given hereunder:

(Amount in crores)

Particulars	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
Revenue from operations	512.06	262.50
Other income	7.45	10.32
Total Expenses	513.09	263.48
Profit/ (Loss) before exceptional items and tax	6.42	9.34
Exceptional & prior period items	0.049	(0.47)
Profit/ (Loss) before tax	6.47	8.87
Tax Expenses	1.32	3.83
Profit / (Loss) from continuing operations	5.15	5.04

2. Change in the nature of business, if any.

There has been no change in the nature of business of Company.

3. Material Changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which financial year relate and the date of the report.

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

4. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

The particulars as required under section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption is not being given, since the company is not engaged in any manufacturing or processing activity. There are no foreign exchange earnings and outgo during the year under review.

5. Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

There are no significant and material orders passed by the regulators or courts or tribunals during the year which can impact the going concern status and Company's operations in future.

6. Share Capital.

The authorized and paid up share capital remained unchanged during Financial Year 2014-15.

7. Particulars of Loans, Guarantees or Investments made Under Section 186 of the Companies Act, 2013.

The Company has not given any loans and guarantees or made any investments pursuant to section 186 of Companies Act, 2013 and hence the said provisions are not applicable to Company.

8. Directors Responsibility Statement.

Pursuant to provisions of Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirms that:

- 8.1 in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 8.2 the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- 8.3 the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 8.4 the directors had prepared the annual accounts on a going concern basis; and
- 8.5 the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

9. Particulars of Employees.

Particulars of employees pursuant to provision of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not applicable to the Company.

10. Particulars of Contracts or Arrangements with Related Parties

Information pertaining to the disclosure of particulars of contracts or arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 be treated as Nil.

11. Personnel & Industrial Relations

During the period under review, the personnel and industrial relations with the employees remained cordial and peaceful in all respects.

12. Extract of Annual Return

The extracts of Annual Return in Form No. MGT-9, as required under Section 92 of the Companies Act, 2013 is annexed hereto as Annexure- I and forms part of this Report.

13. Secretarial Audit

M/s Mahendra Khandelwal & Company, Practising Company Secretaries were appointed to conduct the Secretarial Audit of Company for F.Y. 2014-15, as required under section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit report for Financial Year 2014-15 is annexed hereto as Annexure-II and forms part of this Report.

14. Statutory Auditors

M/S H.S. Darda & Co. Chartered Accountants, Jaipur were appointed as Statutory Auditor of the Company by the Comptroller and Auditor General of India for audit the Company's Annual Accounts for the financial Year 2014-15.

15. Number of Meeting of the Board of Directors.

The Board of Directors of the Company met four times during the financial year 2014-15 on 28th May, 2014, 29th September, 2014, 28th November, 2014 & 24th December, 2014,

The attendance of the Directors at Board meeting is as under:-

Sr. No.	Name of Director	Attendance
1	Shri Ashok Sampatram	3/4
2	Shri Ashok Shekhar	1/4
3	Shri Shreemat Pandey	1/4
4	Dr. Lalit Mehra	4/4
5	Dr. Subodh Agarwal	3/4
6	Shri Anurag Bhardwaj	3/4
7	Shri Siddharth Mahajan	3/4
8	Shri Shrawan Sawhney	2/4
9	Dr. Veena Pradhan	2/4

16. Directors

The details of the Directors who have been appointed and who have ceased during the year under review are as under:-

- Dr. Subodh Agarwal, IAS, has been appointed as Chairman & Director of the Company in place of Shri Ashok Shekhar with effect from 09th June, 2014.
- Dr. Veena Pradhan, IAS, has been appointed as Managing Director of the Company in place of Shri Shrawan Sawhney with effect from 28th October, 2014.

The Board place on the record its deep appreciation for the valuable contribution received from the members of Board, during their tenure as Directors of the Corporation.

17. Audit Committee

The composition of Audit Committee is as under:

1. ACS, Agriculture Department - Chairman
2. Registrar, Co-operative Societies - Member
3. Special Secretary, Finance (Budget) Department - Member

18. CSR Committee

The composition of CSR Committee is as under:

1. Principal Secretary, Food & Civil Supplies - Chairman
2. Registrar, Co-operative Societies - Member
3. Managing Director, RSFCSC - Member

19. Risk Management

The company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Company has introduced several measures to control the risks such as efficient management at all levels and the internal audit methodologies and processes.

20. Acknowledgements

Your Directors wish to place on record their sincere gratitude for the assistance, co-operation and support received from Government of Rajasthan, various Government Departments and authorities, bankers and other autonomous bodies/suppliers. Your Directors also wish to place on record their deep sense of appreciation for the committed services of executives and staff of the Corporation in achieving the improved services during the year under review and confident that officers and staff will continue to strive hard to improve the performance of the Corporation in the years to come.

For and on behalf of the Board of Directors

Place: Jaipur
Date: 13/05/16

Surodh
13/05/16
Chairman

**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	U63023RJ2010SGC033489
2.	Registration Date	08/12/2010
3.	Name of the Company	Rajasthan State Food & Civil Supplies Corporation Limited
4.	Category/Sub-category of the Company	Limited by Shares/ State Government Company
5.	Address of the Registered office & contact details	501, 5th Floor, Kisan Bhawan, Lal Kothi, Tonk Road, Jaipur-302015. Phone:- 0141-2744649, 2744692 Fax:- 0141-2741924 Email:- rsfcsc@gmail.com Website:- www.rsfcsc.org
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

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	Sugar	51225	62.34
2	DCP		30.10

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	NIL		
2	NIL		
3	NIL		

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

i) 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									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)									
Government of Rajasthan & nominees of GOR	-	500000	500000	100	-	500000	500000	100	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)		500000	500000	100		500000	500000	100	-
(2) Foreign									
a) NRIs - Individual	-	-	-	-	-	-	-	-	-
b) Other-Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total A (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) (1) + (A) (2)		500000	500000	100	-	500000	500000	100	-
B. Public Shareholding									
I. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-

g) FII's	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	500000	500000	100		500000	500000	100	-

ii) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Governor of Rajasthan	499300	98.6	-	499300	98.6	-	-
2	Dr. Lalit Mehra	100	0.02	-	100	0.02	-	-
3	Shri Ashok Shekhar	100	0.02	-	-	-	-	-
4	Shri Ashok Sampatram	100	0.02	-	100	0.02	-	-
5	Shri Anurag Bhardwaj	100	0.02	-	100	0.02	-	-
6	Shri Siddharth Mahajan	100	0.02	-	100	0.02	-	-
7	Shri Jassaram Choudhary	100	0.02	-	100	0.02	-	-
8	Shri S. K. Aswal	100	0.02	-	-	-	-	-
9	Dr. Subodh Agarwal	-	-	-	100	0.02	-	-
10	Shri S.C. Sharma	-	-	-	100	0.02	-	-
	Total	500000	100	-	500000	100	-	-

iii) 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	500000	100	500000	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.):				
1	Shares transferred from Shri Ashok Shekhar to Dr. Subodh Agarwal	100	0.02	100	0.02
2	Shares transferred from shri S.K. Aswal to shri S.C. Sharma	100	0.02	100	0.02
	At the end of the year	500000	0.02	100	0.02

iv) 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
1	At the beginning of the year				
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL			
3	At the end of the year				

v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. Lalit Mehra				
	At the beginning of the year	100	0.02	100	0.02
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	100	0.02	100	0.02
2	Shri Ashok Shekhar				
	At the beginning of the year	100	0.02	100	0.02
	Decrease due to transfer on 09.06.2014	100	0.02	0	0
	At the end of the year	-	-	-	-
3	Shri Ashok Sampatram				
	At the beginning of the year	100	0.02	100	0.02
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	100	0.02	100	0.02
4	Shri Anurag Bhardwaj				
	At the beginning of the year	100	0.02	100	0.02
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	100	0.02	100	0.02
5	Shri Siddharth Mahajan				
	At the beginning of the year	100	0.02	100	0.02
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	100	0.02	100	0.02
6	Dr. Subodh Agarwal				
	At the beginning of the year	-	-	-	-
	Increase due to transfer on 09.06.2014	100	0.02	100	0.02
	At the end of the year	100	0.02	100	0.02

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	39,78,00,000	-	39,78,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	39,78,00,000	-	39,78,00,000
Change in Indebtedness during the financial year				
* Addition	8,36,24,139.80	-	-	8,36,24,139.80
* Reduction	-	-	-	-
Net Change	8,36,24,139.80	-	-	8,36,24,139.80
Indebtedness at the end of the financial year				
i) Principal Amount	8,36,24,139.80	39,78,00,000	-	48,14,24,139.80
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	8,36,24,139.80	39,78,00,000	-	48,14,24,139.80

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Shri Shrawan Sawhney	Dr. Veena Pradhan	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,47,537.00	7,56,231.00	16,03,768.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5999.00	154698.00	1,60,697.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	8,53,536.00	9,10,929.00	17,64,465.00

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					
	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		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,78,548.00	-	1,78,548.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	1,78,548.00	-	1,78,548.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of Board of Directors

S. Subroto
Chairman 13/05/16

Place: *Jaipur*

Date: *13/05/16*

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MAHENDRA KHANDELWAL & COMPANY

COMPANY SECRETARIES
ADDRESS:-202, Prism Tower, Infront of PHQ (Jaipur) Behind Nehru Place,
Tonk Road, JAIPUR
Phone No. 0141-4112199, 09828046652
E-Mail:mahendra927@gmail.com

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
**Rajasthan State Food and Civil Supplies
Corporation Limited**
Fifth Floor, Hall No.501, Kisan Bhawan,
Lalkothi, Tonk Road
Jaipur, Rajasthan (302015)

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **RAJASTHAN STATE FOOD AND CIVIL SUPPLIES CORPORATION LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **RAJASTHAN STATE FOOD AND CIVIL SUPPLIES CORPORATION LIMITED** for the financial year ended on 31st March, 2015 according to the provisions of:


Mahendra Khandelwal & Company
CP No. 4199
11/10/2015

CORPORATE LAWS:-

1. The Companies Act, 2013
2. The Competition Act, 2002

LABOUR LAWS:-

1. The Apprentices Act, 1961
2. The Child Labour (Prohibition and Regulation) Act, 1986
3. The Contract Labour (Regulation and Abolition) Act, 1970
4. The Employees Compensation Act, 1923
5. The Employees Provident Funds and Miscellaneous Provisions Act, 1952
6. The Employees State Insurance Act, 1948
7. The Employment Exchange (Compulsory Notifications Of Vacancies) Act, 1959
8. The Maternity Benefit Act, 1961
9. The Minimum Wages Act, 1948.
10. The Payment of Gratuity Act, 1972
11. The Payment of Wages Act, 1936
12. The Personal Injuries (Compensation in Wages) Act, 1963
13. The Right to Information Act, 2005
14. The Sexual Harassment of Women At Workplaces (Prevention, Prohibition And Redressed) Act, 2013
15. The Trade Unions Act, 1926
16. The Indian Fatal Accidents Act, 1885

LAW APPLICABLE TO WAREHOUSING

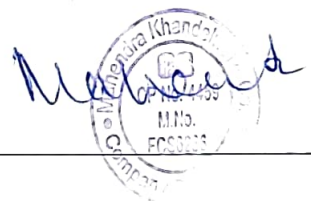
1. Food Safety and Standards Act, 2006
2. Warehousing (Development & Regulations) Act, 2007
3. The prevention of Food Adulteration Act, 1954
4. The Legal Metrology Act, 2009

FINANCIAL AND OTHER LAWS:-

1. The Central Sales Tax, 1956
2. The Finance Act, 1994 (Service Tax)
3. The Income Tax Act, 1961
4. Sale of Goods Act, 1930
5. Rajasthan Service Rules
6. General Financial & Account Rules

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not notified hence Not Applicable to the Company during Audit Process)**



During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

1. As per Section 166 of the Companies Act 1956 AGM should have been held within six months from the date of closure of Financial Year i.e. 31st March, 2012 but it's been held on 28.05.2014. It also resulted in delayed filing of Annual filing forms:
Form 23AC/ACA XBRL
Form 20B
2. As per section 166 of the companies act 1956 AGM should have been held within six months from the date of closure of Financial Year i.e. 31st March, 2013. Further extension was claimed by the company for two months i.e. till 30.11.2013 but it's been held on 29.09.2014. It also resulted in delayed filing of Annual filing forms:
Form 23AC/ACA XBRL
Form 20B
3. Form DIR-12 for the appointment of Director Subodh Agrawal was on 09.06.2014 and DIN was allotted on 04/08/2014
4. Company has appointed Internal Auditor but MGT-14 for its appointment is not filed yet. Procedures are in due process for filing it.
5. Company has not formulated Nomination and Remuneration Committee yet and its under process of formulation.
6. Company has not formulated Internal Complaint Committee yet and its under process of formulation. Further Head office does not come under the criteria of formulation of aforesaid committee only branch offices are covered in its ambit.
7. Company has conducted only one Audit Committee Meeting.
8. Company has yet not disbursed the prescribed profit to the activities mentioned in Schedule VII under provisions of Section 135 regarding Corporate Social Responsibility.
9. Company has conducted its Board Meetings in prescribed manner and in adherence to the minimum number of meetings as the Section 173 of the Companies Act except there is gap of more than 120 days between two board meetings held on 28th May, 2014 and 29th September, 2014 respectively.
10. No Chief Financial Officer was appointed during the F.Y. 2014-15.
11. Company has not appointed Independent Director yet. Thus it did not hold Independent Directors' Meeting. Further Audit Committee, Corporate Social Responsibility Committee lacks Independent Director in their Composition.
12. Directors are liable for retire by rotation but as the Company is a Government Company so directors are appointed by the order of State government and also removed by the same. Hence its not possible to comply with the said provision



I further report that


The Board of Directors of the Company is not duly constituted due to improper balance of Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through unanimously and therefore dissenting members' views are not required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. Company has introduced compliance alert system for applicability of all applicable laws, rules, regulations and guidelines.

For Mahendra Khandelwal & Co.
(Company Secretaries)


(Mahendra Prakash Khandelwal)

FCS No.: 6266

CP No.: 4459



Place: JAIPUR

Date: 25th September, 2015

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure A

To,
The Members,

**Rajasthan State Food and Civil Supplies
Corporation Limited**

Fifth Floor, Hall No.501, Kisan Bhawan, Lalkothi, Tonk Road
Jaipur, Rajasthan (302015)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. The maximum liability of our firm under the secretarial audit in respect of the aggregate of all claims shall not exceed the fee charged by me.

For Mahendra Khandelwal & Co.
(Company Secretaries)

(Mahendra Prakash Khandelwal)

FCS No.: 6266

CP No.: 4459

Place: JAIPUR

Date: 25th September, 2015



Rajasthan State Food & Civil Supplies Corporation Limited
Balance Sheet as on 31st March, 2015

(Amount in Rs.)

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
I. EQUITY AND LIABILITIES			
1 Shareholder's funds			
(a) Share capital	2.1	500,000,000.00	500,000,000.00
(b) Reserves and surplus	2.2	272,176,994.92	220,728,577.04
(c) Money received against share warrants			
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)	2.22	-	571,399.44
(c) Other Long term liabilities	2.3	269,750,140.27	-
(d) Long-term provisions		-	-
4 Current liabilities			
(a) Short-term borrowings	2.4	481,424,139.80	496,632,250.00
(b) Trade payables	2.5	1,757,891,031.58	610,651,939.57
(c) Other current liabilities	2.6	293,709,970.94	827,527,739.29
(d) Short-term provisions	2.7	68,911,076.70	43,650,271.34
TOTAL		3,643,863,354.21	2,699,762,176.67
II. ASSETS			
Non-current assets			
(a) Fixed assets	2.8		
(i) Tangible assets		4,640,685.23	9,708,749.76
(ii) Intangible assets		136,054.27	286,632.22
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances		-	-
(e) Other non-current assets		-	-
2 Current assets			
(a) Current investments		-	-
(b) Inventories	2.9	15,893,236.00	50,255,659.95
(c) Trade receivables	2.10	876,905,815.70	630,308,807.42
(d) Cash and cash equivalents	2.11	1,266,337,599.39	1,635,086,697.49
(e) Short-term loans and advances	2.12	48,677,089.57	52,687,676.85
(f) Other current assets	2.13	1,431,272,874.05	321,427,952.98
TOTAL		3,643,863,354.21	2,699,762,176.67

Significant accounting policies
Notes to Accounts

1
2

In terms of our report of even date attached

For H.S. Darda & Co.

Chartered Accountants

Firm Reg. No. 008889C

JAI PUR

Rajneesh Singhvi

Partner

Membership No. 073506

Place : Jaipur

Date : 15th March, 2016

For and on behalf of

Rajasthan State Food & Civil Supplies

Corporation Limited

Managing Director

Director

General Manager (F)

Company Secretary

Rajasthan State Food & Civil Supplies Corporation Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rs.)

Particulars	March 31, 2015	March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, prior period and Extra Ordinary Items	64,274,269.96	95,050,866.42
Adjustments For:		
Depreciation	6,087,002.54	4,071,099.15
Preliminary Exp. Written Off		
Interest & Finance Charges		
Adjustment for reserve		
Interest Received	-69,828,144.24	-95,977,099.27
Operating Profit Before Working Capital Changes	533,128.26	3,144,866.30
Adjustments For:		
Decrease/(increase) in Trade & Other Receivables	-1,356,441,929.35	50,091,413.89
Decrease/(increase) in Loan & Advances	4,010,587.28	211,651,190.53
Increase/(decrease) in Trade & Other Payables	883,171,463.93	913,863,498.31
Increase/(decrease) in Provision	25,260,805.36	39,701,319.87
Increase/(decrease) in Inventories	34,362,423.95	-50,255,659.95
Cash Generated from Operations	-409,103,520.57	1,168,196,628.95
Taxes (paid) refund / MAT Credit Utilisation(Entitlement)	-13,829,094.50	-40,000,000.00
Cash Flow before extra-ordinary and exceptional item	-422,932,615.07	1,128,196,628.95
Extra-ordinary and exceptional item	485,761.92	-4,697,201.18
NET CASH FROM (USED IN) OPERATING ACTIVITIES	(A) -422,446,853.15	1,123,499,427.77
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Asset Acquired during the year	-922,279.00	-2,002,733.53
Investment		
Interest Received	69,828,144.24	95,977,099.27
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(B) 68,905,865.24	93,974,365.74
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares	-	-
Share Premium	-	-
Proceeds/(Repayment) of Long Term Borrowing	-	-
Short Term Borrowing (net)	-15,208,110.20	-152,200,000.00
Interest & Finance Charges	-	-
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(C) -15,208,110.20	-152,200,000.00
Increase/Decrease in Cash & Cash Equivalents (A+B+C)	-368,749,098.10	1,065,273,793.51
Cash & Cash Equivalents in the beginning of the year	1,635,086,697.49	569,812,903.98
Cash & Cash Equivalents at the end of the year	1,266,337,599.39	1,635,086,697.49
Net Increase in Cash and Cash Equivalent	-368,749,098.10	1,065,273,793.51
(As per notified AS-3)		

In terms of our report of even date attached

For H.S. Darda & Co.

Chartered Accountants

Firm Reg. No. 00889C

JAIPUR

CHARTERED ACCOUNTANTS

Rajneesh Singh

Partner

Membership No. 073506

Place : Jaipur

Date : 15th March, 2016

For and on behalf of

Rajasthan State Food & Civil Supplies

Corporation Limited


Managing Director


Director


General Manager (F)


Company Secretary

Rajasthan State Food & Civil Supplies Corporation Limited
Statement of Profit and loss for the year ended 31st March, 2015

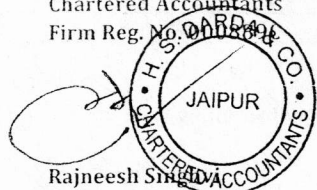
(Amount in Rs.)

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
I. Revenue from operations	2.14	5,120,677,321.30	2,625,071,029.28
ii. Other income	2.15	74,527,236.80	104,807,192.74
III. Total Revenue (I + II)		5,195,204,558.10	2,729,878,222.02
IV. Expenses:			
Cost of materials consumed			-
Purchases of Stock-in-Trade	2.16	4,654,414,687.35	2,356,795,736.29
Changes in inventories	2.17	34,362,423.95	(50,255,659.95)
Employee benefits expense	2.18	60,296,003.92	58,284,523.82
Finance costs	2.19	68,815,354.32	350,461.54
Depreciation and amortization expense	2.8	6,087,002.54	4,071,099.15
Other expenses	2.20	306,954,816.06	265,581,194.75
Total expenses		5,130,930,288.14	2,634,827,355.60
Profit before exceptional and extraordinary items and tax			
V. (III-IV)		64,274,269.96	95,050,866.42
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		64,274,269.96	95,050,866.42
VIII. Add: Prior Period Items		485,761.92	(4,697,201.18)
IX. Profit before tax (VII- VIII)		64,760,031.88	90,353,665.24
X. Tax expense:			
(1) Current tax		22,324,509.00	40,000,000.00
(2) MAT credit (entitlement)		-	-
(3) Deferred tax	2.22	(571,399.44)	(114,033.18)
(3) Income tax relating to prior years		(8,495,414.50)	-
Profit (Loss) for the period from continuing operations (VII- VIII)		51,502,336.82	50,467,698.42
XII. Profit/(loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
Profit/(loss) from discontinuing operations (after tax) (XII- XIII)		-	-
XV. Profit (Loss) for the period (XI + XIV)		51,502,336.82	50,467,698.42
XVI. Earnings per equity share:			
Basic & Diluted	2.21	103.00	100.94

Significant accounting policies
Notes to Accounts


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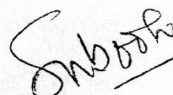
In terms of our report of even date attached
For H.S.DARDA & CO.
Chartered Accountants
Firm Reg. No. 0000000000




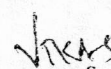
Rajneesh Singh
Partner
Membership No. 073506
Place : Jaipur
Date : 15th March, 2016

For and on behalf of
Rajasthan State Food & Civil Supplies
Corporation Limited


Managing Director


Director


General Manager (F)


Company Secretary

Rajasthan State Food & Civil Supplies Corporation Limited

2. Notes to Financial Statements for the year ended 31st March, 2015

2.1 Share Capital	As at 31 March 2015		As at 31 March 2014	
	Number	(Amount in `)	Number	(Amount in `)
Authorised				
1000000 Equity Shares of ` 1000 each	1000000	1,000,000,000.00	1000000	1,000,000,000.00
Issued, Subscribed & Paid up				
500000 Equity Shares of ` 1000 each	500000	500,000,000.00	500000	500,000,000.00
TOTAL	500000	500,000,000.00	500000	500,000,000.00

Details of Shareholders holding more than 5%

Name of Shareholder	As at 31 March 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
H.E. Governor of Rajasthan and nominees	500000	100.00	500000	100.00

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2015 and March 31, 2014 is set out below:

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number	(Amount in `)	Number	(Amount in `)
Shares outstanding at the beginning of reporting period	500000	500,000,000.00	500000	500,000,000.00
Shares Issued during the period	-	-	-	-
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the reporting	500000	500,000,000.00	500000	500,000,000.00


The Company has only one class of shares referred to as equity shares having a par value of Rs. 1000/-. Each holder of equity shares is entitled to one vote per share. Entire shareholding vests into Government of Rajasthan.

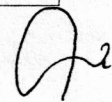
There was no buy back of shares and no calls were unpaid during the F.Y 2014-15

G.M. (Finance)
 Raj. State Food & Civil Supply Corp. Ltd
 JAIPUR

M.D.
 State Food & Civil Supply Corp. Ltd
 JAIPUR

Particulars	As at 31 March 2015	As at 31 March 2014
	Rs.	Rs.
2.2 Reserve & Surplus		
a. Consumer Welfare Fund		
Opening Balance	-	-
Reserve created during the year	-	-
(-) Transfer to Liabilities	-	-
Closing Balance	-	-
b. Surplus		
Opening balance	220,728,577.04	170,260,878.62
(-) Adjustment relating to Fixed Assets(Refer Note No. 2.8)	53,918.94	-
(+) Net Profit/(Net Loss) For the current year as per Statement of Profit & Loss	51,502,336.82	50,467,698.42
Closing Balance	272,176,994.92	220,728,577.04
Total	272,176,994.92	220,728,577.04
2.3 Other Long Term Liabilities		
(a) Trade Payables		
For expenses	8,559,745.00	-
For services	148,485.00	-
For Goods/Materials	-	-
(b) Others		
Payable to State Govt:		
- For Price equalisation funds ¹	30,838,299.00	-
- For Upbhokta kalyan consumer welfare fund society	37,483,237.94	-
- KVSS Kota a/c	428,206.00	-
Consumer Welfare levy payable	192,292,167.33	-
Total	269,750,140.27	-
1 Price Equalization difference amount is received from Kraya Vikraya Sahkari Samiti on behalf of the government on account of difference in transportation expenses/surplus and this is payable back to the State Government of Rajasthan.		
2.4 Short-Term Borrowings		
Secured		
(a) from Bank		
PNB - CC Limit ³	83,624,139.80	-
Unsecured		
(a) Other		
Loan for Sugar Department ¹	97,800,000.00	97,800,000.00
Loan for Wheat Department (State Govt.) ²	300,000,000.00	398,832,250.00
Total	481,424,139.80	496,632,250.00
¹ Unsecured loan of Rs. 9.78 crores was provided by Government of Rajasthan for lifting Levy Sugar (Public Distribution System) for Sugar Department on short term basis, which has become overdue for payment on 20.05.2013. Extension has later been given for Loan repayment of Rs. 9.78 crore upto December, 2015 by Principal Secretary, Food and Civil Supplies Department, as per note sheet dated 07.10.2015.		
² Unsecured loan of Rs. 30 Crore for wheat department for purchases of wheat on Minimum Support Price under decentralized procurement system, granted by Government of Rajasthan is overdue for payment since 31.03.2013.		
³ Securities:		
Cash Credit Hypothecation (Panjab National Bank)		
Fund based Cash Credit Hypothecation limit for Rs. 395 crores against Stock & Book Debt. Margin on security is 25% against inventory of wheat and book debts.		
Primary		
Cash credit limit from PNB is secured against:		
1. First charges by way of hypothecation on stock of wheat and book debts of Company, present & future.		
Collateral		
i. Secured by Guarantee of Government of Rajasthan.		


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 Raj. State Food & Civil Supply Corp. Ltd.
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

2.5 Trade Payables		
For Expense	67,249,284.11	60,750,894.26
For Services	1,983,056.60	695,049.80
For Goods/Materials	1,688,658,690.87	549,205,995.51
Total	1,757,891,031.58	610,651,939.57
2.6 Other Current Liabilities		
a) Bank Balances (Credit) due to timing difference		
Oriental Bank of Commerce (0451)	1,052,454.00	1,282,047.00
Oriental Bank of Commerce (0581)	-	58,402,261.79
PNB - Pali	-	3,349,067.70
PNB - Baran	2,619,254.40	2,005,821.85
PNB - Kota	-	41,013.00
PNB - Ajmer	84,346.65	-
PNB - Alwar	330,404.17	-
PNB - Jhalawad	9,575,833.70	-
PNB - Jaipur Rural	11,170,138.89	-
SBBJ Flexi Banswara	175,000.00	-
SBBJ- Dholpur	248,746.75	772,562.50
SBBJ- Pali	-	327,576.00
b) Outstanding Liabilities		
Security deposit	47,486,807.43	70,588,535.00
Payable to State Govt:		
- For Price equalisation funds ¹	-	30,838,299.00
- For Upbhokta kalyan consumer welfare fund society	-	37,483,237.94
- KVSS Kota a/c	-	428,206.00
Consumer Welfare levy payable	-	192,292,167.33
Advances recd. from DSO & KVSS ¹	7,694,165.98	8,288,858.76
Advances from Mills and Commission Agent	23,535,022.93	12,895,032.12
Statutory Liabilities	6,899,409.86	3,025,793.35
Wheat Revolving Fund	83,330,925.08	99,197,800.88
Kerosene Subsidy	84,051,840.65	87,970,547.65
Daal, Ghee & oil subsidy	5,252,354.00	208,050,506.00
Bonus on Wheat Procurement	14,941.50	14,941.50
Salary & Wages Payable	3,414,405.22	3,659,415.70
Other Outstanding Exp.	6,773,919.73	6,614,048.22
Total	293,709,970.94	827,527,739.29
2.7 Short Term Provisions		
(a) Others		
Provision for EPF and ESI	299,597.45	385,226.45
Auditors' Remuneration	63,680.00	39,443.42
Provision for Sugar Branch expenses	10,254,276.45	3,225,601.47
Provision for Current Tax	22,324,509.00	40,000,000.00
Provision for DCP Schemes	31,117,237.80	-
Provision for Atta Difference	4,851,776.00	-
Total	68,911,076.70	43,650,271.34
Provision for DCP schemes includes provision of Bardana Expenses for Rs. 2.54 crores, which have been taken on loan basis from the Food Corporation of India.		



G.M. (Finance)
 Raj. State Food & Civil Supply Corp. Ltd.
 JAIPUR

M.D.
 Raj. State Food & Civil Supply Corp. Ltd.
 JAIPUR

2.9 Inventories		
a) Stock in trade ¹	15,893,236.00	582,800.00
b) Packing material	-	49,672,859.95
Total	15,893,236.00	50,255,659.95
1 Stock in trade comprises of stock of holograms held by the company for affixing on stock and wheat held by the Food Corporation of India.		
2.10 Trade Receivables		
Unsecured, considered good		
Exceeding six months from the date due for payment	3,458,242.28	6,886,789.76
Other Debts	871,902,052.27	619,140,353.51
Unsecured, considered doubtful		
Exceeding six months from the date due for payment	1,545,521.15	4,281,664.15
Total	876,905,815.70	630,308,807.42
Suspense for Rs. 86,794 (PY Rs. 86,794) has been reduced from Trade Receivables. It reflects the amount directly deposited into bank by parties, details of which are non- traceable.		
2.11 Cash & Cash Equivalents		
a. Balances with banks	744,524,555.33	1,057,700,390.94
b. Cash in hand	6,556.73	689.72
(II) Other Bank Balances		
Interest accrued on Bank Deposits	10,401,898.33	46,807,824.56
Bank deposits with more than 12 months' maturity	78,417,484.00	530,577,792.27
Bank deposits with 12 months' maturity	432,987,105.00	
Total	1,266,337,599.39	1,635,086,697.49
2.12 Short Term Loans & Advance		
Unsecured, considered good		
a. Loans and advances to related parties		
b. Capital Advances ¹		2,400,000.00
c. Others		
Advance to suppliers ²	5,251,066.00	10,000,000.00
Imprest to employees	12,092.00	17,903.00
Other Advance ³	34,972,415.74	35,043,989.23
Unsecured, considered doubtful		
DSO Advance	504,619.00	504,619.00
Other Advance ⁴	7,936,896.83	4,721,165.62
Total	48,677,089.57	52,687,676.85
1 Capital advances includes advance given to NIC for software development in F.Y. 2013-14 under the Decentralised Procurement of Wheat (DCP) Scheme.		
2 Advance to Suppliers consists of advance of Rs. 1 crore to Rajasthan Rajya Sahkari Upbhogta Sangh. The advance of Rs. 4 crores was given on 23.08.2013 for purchase of onion for a period of 10 days, out of which Rs. 3 crores have been received back in previous financial year and Rs. 65 lakh in current financial year. The party is disputing the repayment of total amount. In view of uncertainty, no provision has been created.		
3 Other Advances includes D.S.O. Advances of Rs. 5,04,619 in case of which no recoveries have been made during the year. In some cases, in absence of clarity regarding claim, amount may not be recovered. Such amount being unascertainable, could not be provided for.		
4 Kraya Vikraya Sahkari Samiti (KVSS) are distribution agencies of the corporation. To enable them to lift wheat from Food Corporation of India godowns, certain KVSS have been advanced amounts and the corporation recovers higher commission amount, if KVSS avails such financial assistance.		

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2.13 Other Current Assets		
Amount receivable from Central Govt. under DCP Scheme ¹	647,739,054.29	162,038,327.09
Sugar Subsidy Receivable	687,553,693.09	112,261,215.26
Prepaid Expenses	41,447.00	29,249.00
Security Deposit ²	28,395,000.00	-
Income tax refundable	61,699,460.93	43,914,494.50
Service Tax Receivable	5,844,218.74	3,184,667.13
Total	1,431,272,874.05	321,427,952.98

¹The amount receivable from Central Government under the Decentralised Procurement of Wheat (DCP) Scheme in Alwar District for Wheat Procurement.

²The company has placed security deposit of Rs. 2,83,20,000 with FCI towards the Gunny Bag (Bardana) supplied on Loan Basis.

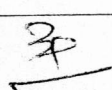
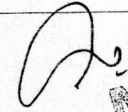
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2.14 Revenue From Operations		
Sales & Subsidy ¹	4,978,981,544.55	2,492,277,382.33
Commission received ²	141,695,776.75	132,793,646.95
Other operating revenues	-	-
Total	5,120,677,321.30	2,625,071,029.28
2.15 Other Income		
Interest Income	69,828,144.24	95,977,099.27
Receipt of Tender fees	161,200.00	1,565,300.00
Other non-operating income	4,537,892.56	7,264,793.47
Total	74,527,236.80	104,807,192.74
2.16 Purchases of Stock-in-trade		
FCI Purchase	222,481,358.00	159,809,612.00
Purchases Sugar Branch	3,184,169,146.35	1,403,896,598.03
Purchases under DCP scheme	1,238,969,426.00	791,228,326.26
Purchase of holograms	1,128,000.00	1,861,200.00
Purchase of Daal (Baran Sahariya)	7,666,757.00	-
Total	4,654,414,687.35	2,356,795,736.29
¹ Sales & Subsidy includes sales of wheat and sugar under various schemes along with subsidies receivable from Govt. of India and Govt. of Rajasthan for purchase of sugar.		
² Commission received includes commission on wheat and sugar under various schemes and commission on non- PDS items- Masala, soap, tea and daal etc.		
2.17 Change in inventories		
a. Inventories (at commencement)		
Stock in trade	582,800.00	-
Packing Material	49,672,859.95	-
	50,255,659.95	-
b. Inventories (at close)		
Stock in trade	15,893,236.00	582,800.00
Packing Material	-	49,672,859.95
	15,893,236.00	50,255,659.95
Net Change in Inventories	34,362,423.95	-50,255,659.95
2.18 Employee benefits expense		
Salaries, wages and Incentives ¹	58,479,896.92	55,987,535.82
Salary NIC	406,641.00	454,156.00
Staff Welfare Expenses	553,179.00	499,446.00
Contribution to Provident fund	193,019.00	342,680.00
Contribution to Pension	663,100.00	1,000,280.00
Contribution to Employer Welfare fund	168.00	426.00
Total	60,296,003.92	58,284,523.82
1. Salary, Wages and Incentives include the salary/contract amount paid to the persons appointed on contract directly or through placement agencies.		



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2.19 Finance Cost		
Bank Charges	791,165.52	350,461.54
Other Borrowing cost	68,024,188.80	-
Total	68,815,354.32	350,461.54
2.20 Other Expenses		
Transportation	72,364,554.48	49,847,232.47
Storage charges ¹	67,783,013.00	83,231,808.00
Advertisement	6,033,856.60	11,533,001.58
Commission	47,187,116.83	24,716,778.15
Rent	4,763,340.00	3,905,298.00
Computer operating & maintenance	3,526,265.00	3,185,664.00
Tours & Travelling Expenses ²	5,386,857.00	4,493,256.00
Accounting Charges	1,412,000.00	1,756,000.00
Repairs & Maintenance	111,690.00	251,468.76
Printing & Stationery	676,626.00	702,344.00
Telephone & Communication	903,115.55	771,415.00
Professional & Consultancy	506,963.00	564,285.00
Internal Audit fees	134,000.00	129,500.00
Security Expenses	1,072,256.00	703,013.00
Other expenses under DCP Scheme ³	90,899,277.00	72,646,354.24
Vehicle Rent	2,479,767.78	3,254,889.35
Miscellaneous expenses ^{#3}	1,615,407.82	3,816,002.20
Payment to Current Auditor as: ⁴		
a. Auditor	40,000.00	20,000.00
b. for tax audit	40,000.00	15,000.00
c. other services & certification	10,000.00	4,005.00
c. Out of Pocket expenses	8,710.00	33,880.00
Total	306,954,816.06	265,581,194.75

¹ Storage expenses include expenses of harddisk storage and other storage charges incurred under the DCP Scheme

² Tour & Travelling Expenses includes petrol expenses of Rs. 1,23,915.00 paid to Managing Director.

³ Other expenses under the DCP Scheme includes expenses incurred towards mandi charges, handling & transporting expenses, mandi tax, gunny bag consumption and administrative expenses incurred by the Rajfed and the Company. The company has taken gunny bags on loan basis, hence the cost of consumption is on estimated basis on the prevailing market price.

⁴ Payment to Auditor is net of service tax input credit

#3 Miscellaneous Expenses	2014-15	2013-14
Books & periodicals	35,383.00	17,144.00
Difference paid to Dealers (Sawai Madhopur)	-	153,957.00
Medical reimbursement expenses	275,199.00	965,699.00
Sample test exp.	-	22,751.00
Processing Fess	-	1,000.00
Misc.Exp.& Rounded off	172,441.82	361,744.00
Office exp.	180,346.00	292,299.00
Training and seminar exp	-	-19,630.00
Tender fees analysis	-	2,400.00
Electricity & water exp.	443,492.00	442,266.00
Interest & Penalty Expenses	78,664.00	1,241,802.00
Postage & telegram	108,920.00	158,822.00
Local Conveyance	-	26,465.00
ROC Fees	38,000.00	-
License Fees	-	7,500.00
HOLOGRAMS	-	-
Vehicle insurance exp.	45,061.00	16,640.20
Gps Maintenance Charges	-	-
Service Tax expenses	-	-
Sugar Lab test exp.	-	96,947.00
Sundry Exp.	9,022.00	25,576.00
Salt Lab Test	-	2,620.00
Internet Data Charges	45,613.00	-
Web Hosting Expenses	2,641.00	-
Designing & Developing of Logo	168,900.00	-
Digital Signature Expenses	11,725.00	-
Total	1,615,407.82	3,816,002.20

2.21 Earning per share		
1) Profit/(Loss) after tax	51,502,336.82	50,467,698.42
2) Number of equity shares	500,000	500,000
3) Nominal value of share	1,000	1,000
Earning Per Share (Basic & Diluted)	103.00	100.94

2.22 Deferred tax liabilities (Net)

Disclosure in accordance with AS-22 "Accounting for Taxes on Income"

Major components of Deferred Tax Balance:

I) Deferred Tax Liability		
Difference between accounting and tax WDV	-	571,399.44
II) Deferred Tax Assets		
Disallowance under IT Act, 1961	-	-
Closing Deferred Tax Asset	-	-571,399.44
Less: Opening Deferred Tax Asset	7,518,623.51	-8,090,022.95
Net Difference credited to Statement of Profit & Loss	-7,518,623.51	7,518,623.51
Closing Deferred Tax Liability	-	571,399.44
Less: Opening Deferred Tax Liability	571,399.44	685,432.62
Net Difference credited to Statement of Profit & Loss	-571,399.44	-114,033.18

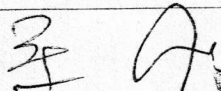
2.23 Contingent Liabilities and Commitments (to the extent not provided for)

(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt ¹	2,247,803.00	2,247,803.00
(b) Guarantees (B/G limit)		
(c) Other money for which the company is contingently liable (as) Liability in respect of bills discounted with Banks		
(d) Other money for which the company is contingently liable ²		6,275,000.00
(ii) Commitments		
(iii) Contingent Incomes ³	10,000,000.00	10,000,000.00
(iv) Contingent Expenses		44,925,000.00
Total	12,247,803.00	63,447,803.00


¹ The corporation has given loan of Rs. 4 crores to Rajasthan Rajya Sahkari Upbhogta Sangh for a period of 10 days towards purchase of onion, out of which only Rs. 3 crores have been repaid in the previous financial year and 15 lacs & 50 lacs were received on 5.06.2014 and 09.03.2015 respectively. The party was disputing the refund of Rs. 35 lacs claiming additional expenses incurred amounting Rs. 22,47,803, due to increase in prices until last financial year

² The details of suit filed against the company are given in point. no. 2.43 of notes on accounts.

³ The company has forfeited security deposit of Rs. 1 crore from Ganesh Khand Udyog, however, since the party is disputing the income, it is disclosed as contingent income. The company has lodged a case against party for which claim is pending. The company has gone into second appeal against the party with the Principal Secretary, Food, Civil Supplies & Consumer Affairs Dept., GoR under Transparency in Public Procurement Act, 2012.


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 M.D.
 Director & Chief Executive Officer
 S.P. Finance
 S.P. Finance & Capital Supply Corp. Ltd.
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1. Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful life as specified in Schedule-II. Accordingly, the unamortised carrying value is being depreciated/amortised over the remaining useful lives. The carrying value of Fixed Assets, whose lives have expired as at 1st April 2014 have been adjusted in the opening balance of Profit & Loss Account amounting to Rs.3918.94.

2. The Fixed Asset Schedule is prepared on the basis of consolidation of accounts at Head Office.

2.8 Fixed Assets	Rate of Depreciation (%)	Balance as at 1 April 2014		Additions		Deductions/ Adjustments		Balance as at 31 March 2015		Gross Block	Depreciation/ Amortisation	Net Block
		Balance as at 1 April 2014	Balance as at 31 March 2015	Balance as at 1 April 2014	Balance as at 31 March 2015	Balance as at 1 April 2014	Balance as at 31 March 2015	Balance as at 1 April 2014	Balance as at 31 March 2015			
a	Tangible Assets	Total (a)		Total (b)		Total (a+b)		Figures for previous year				
		18.10%	4719,503.08	5014,21.00	5,220,924.08	1,319,283.22	973,117.61	2,292,400.83	3,400,219.86	2,928,523.25	635,821.97	139,701.75
	Office equipments	1.91%	1,337,778.26	268,658.00	1,606,436.26	299,333.86	671,280.43	970,614.29	1,038,444.40	635,821.97	139,701.75	936,638.26
	Computers	40.00%	10,664,184.27	152,200.00	10,816,384.27	6,770,203.68	3,873,572.46	10,676,682.52	3,893,980.59	139,701.75	936,638.26	936,638.26
	Motor Car	25.89%	1,823,805.00		1,823,805.00	447,700.09	439,466.65	887,166.74	1,376,104.91			
	Furniture and fixtures	18.10%	4,719,503.08	5,014,210.00	5,220,924.08	1,319,283.22	973,117.61	2,292,400.83	3,400,219.86	2,928,523.25	139,701.75	936,638.26
	Intangible Assets	40.00%	40,500.00		40,500.00	28,412.59	6,047.23	34,459.82	12,087.41	6,040.18		
	SMS based Software	40.00%	40,500.00		40,500.00	28,412.59	6,047.23	34,459.82	12,087.41	6,040.18		
	Web design	40.00%	62,000.00		62,000.00	40,987.44	123,518.16	62,000.00	21,012.56	130,014.09		
	Tally Exp. 9	40.00%	660,691.69		660,691.69	407,159.44	123,518.16	530,677.60	253,532.25	130,014.09		
	Total (b)		763,191.69		763,191.69	476,559.47	129,565.39	627,137.42	286,632.22	136,054.27		
	Total (a+b)		19,308,462.30	922,279.00	20,230,741.30	9,313,080.32	6,087,002.54	15,454,001.80	9,995,381.98	4,776,739.50		
	Figures for previous year		19,308,462.30	2,002,733.53	21,311,195.83	9,313,080.32	4,062,272.49	13,375,352.81	9,995,381.98	7,935,843.02		

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of Financial Statements

1. The financial statements are prepared following the historical cost convention in accordance with generally accepted accounting principles ("GAAP") and in compliance with the Accounting Standards referred to in Section 133 and other requirements of the Companies Act, 2013. The financial statements are maintained on accrual basis except in the following cases:

- Certain benefits to employees, which are determinable only at the time of payment, are accounted for on cash basis as the service rules have not been finalized by the concerned authorities.

1.2 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Actual result could differ from these estimates. Difference between actual results and estimates are recognized in the period in which results materialize.

1.3 Fixed Assets

Tangible Assets

Tangible Assets are stated at cost net of recoverable taxes, trade discounts and rebates and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including finance costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion and impairment loss, if any. The cost comprises purchase price, borrowing cost, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

1.4 Depreciation and amortization

Tangible Assets

Depreciation on fixed assets has been charged on Written down Value basis in accordance with the provisions of section 123(2) of the Companies Act, 2013, based on useful life and in

manner as prescribed in Schedule II with reference to the day in which the asset was brought into use. In respect of additions or extensions forming an integral part of existing assets, depreciation is provided as aforesaid over the residual life of the respective assets.

Intangible Assets

These are amortised as under:

<u>Particular</u>	<u>Amortization / Depletion</u>
SMS Based Software	Over a period of 5 years
Tally ERP 9	Over a period of 5 years

The details of fixed assets completely depreciated during the year based upon determination of useful life is as under-

Name of Fixed Assets	Date of Purchase	Useful Life (in years)	Cost	WDV as on 31/03/2014
Computer	07.03.2011	3	1,39,465.00	29,068.02
	21.12.2011	3	1,74,331.00	55,812.67
HP Laser Jet Printer	21.03.2011	3	17,987.00	3838.96
	21.12.2011	3	10,791.72	9597.24
Laptop HP	31.03.2012	3	99,35,625.00	35,76,825.00

1.5 Impairment

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. In such case the impairment loss is charged to the statement of Profit & Loss in the year in which the asset is identified as impaired.



1.6 Inventories

There was no closing stock of raw materials or work in progress of commodities or finished products in which the company deals. However, during this year, the company had stock of wheat.

The company is holding stock of Holograms and Wheat. The stock of wheat in the books of accounts relates to stock at Dholpur, Baran and Kota, where Company is lifting the wheat and supplying to FPS dealers.

- (a) Stock in holograms (consumables) is valued at cost on FIFO basis and includes freight.
- (b) Stock of wheat is valued at cost on FIFO basis.

1.7 Revenue Recognition



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Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations include commission/subsidy/margin on various services provided by the corporation on behalf of government for lifting, transportation, storage and distribution of food and other essential commodities in public distribution system. Rate of commission is fixed by the State Government.

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

1.8 Employee benefits

Short Term Employee benefits

The undiscounted amount of short-term employee benefit expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services. These benefits include performance incentive and compensated absence.

Post Employment benefits

The Company makes specified monthly contribution towards Provident Fund and Pension Scheme. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

1.9 Provision for Current and Deferred Tax

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing difference of earlier years/period. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same.

Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

1.10 Provisions, Contingent liabilities and contingent assets

Provision is recognized in the accounts when there is a present obligation as a result of the past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

1.11 Government Grant & Subsidies

Government Grants and subsidies are recognized when there is a reasonable assurance that the conditions attached to them will be complied, and grant/subsidy will be received. Government grants & subsidies receivable against expense are recognized as income in the Statement of Profit & Loss.


However, In case of administrative expenses reimbursable from GOI, the Company has recognized expenses of the company and administrative expenses claimed by RAJFED in audited accounts.

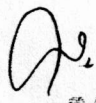
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- 2.24 Number of employees who are in receipt of remuneration exceeding Rs.60 lakhs p.a. or Rs. 5 lakhs p.m., if employed for part of the year. NIL
- 2.25 Current year figures and previous year figures have been regrouped and rearranged where ever necessary.
- 2.26 Provision for bonus for two employees has not been declared by the government and hence not provided for. The amount is not material and is expected to be below Rs. 10,000 and accumulated non-declared bonus of earlier years.
- 2.27 Suspense account amounting to Rs. 86,794 (P.Y. Rs. 86,794) reduced from Trade Receivables reflects amount directly deposited in bank by parties, details of which are non- traceable.
- 2.28 Balance of Trade Receivables, Other Debtors and Trade Payables and Payables for expenses are subject to confirmation.
- 2.29 Management is unable to quantify the defined benefit plans/long term compensated absence in respect of employee benefits scheme in accordance with AS-15 issued by Institute of Chartered Accountants of India as the Service Rules have not been finalized by the Government of Rajasthan. Therefore, no provision has been made thereof.
- 2.30 Consumer Welfare Payable to Govt. for Rs. 19.22 crores has not been deposited by the company in the Govt. Treasury.
- 2.31 Payment of Salary (on contract) against payment to Company Secretary for Rs. 1,78,548 to Shri KarniSevaSamiti, Churu, is through empanelled placement agency. This payment has been made for company secretary services as contractual payment instead of payment of salary to company secretary, a key managerial personnel to be in whole-time employment as per resolution approved by the Board of Director's meeting dated 27.06.2012.
- 2.32 In respect of distribution of Non- PDS items, the company is exercising internal control over actual material supplied by respective suppliers to Fair Price Shops on the basis of Holograms supplied and based upon the details supplied by the parties. The amount of commission deposited by the parties is as follows:


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Non PDS Item	Current Year (Rs.)	Previous Year (Rs.)
Tea Commission	3,10,186.01	30,212,919.86
Saboon Commission	-	314,403.70
Salt Commission	-	889,718.37
Daal Margin	-	37,691.35
Masala Margin	-	8,438,223.57
Total	3,10,186.01	39,892,956.85

2.33 Rs. 24,00,000 has been incurred for development of annual and concurrent software and operation services for handling of DCP Scheme, support system and complete technical support, is debited to NIC for entire scheme operations. There is no amount to be capitalized therein.

2.34 RELATED PARTY TRANSACTIONS

The company has identified all the related parties having transaction during the year as under:

1. Related Party Information


Key Management personnel


- Sh. ShrawanSawhney, Managing Director (Till 03.11.2014)
- Dr. VeenaPradhan, Managing Director (Since 03.11.2014)
- Sh. Ummed Singh, Finance Officer (Since 12.11.2014)
- Sh. Vikas Yadav, Company secretary
- Sh. Balveer Singh Gothwal, General Manager (Finance) (Till 29.10.2014)

2. Transactions carried out with related parties' referred in (1) above in ordinary course of business are as follows:

Transactions with Key Management personnel

Name	Nature of transactions			
	Salary (including DA)	Medical Reimbursements	Newspaper Reimbursements	Misc. Reimbursements
Sh. ShrawanSawhney, M.D	8,47,537.00	-	5,999.00	-
Dr. Veena Pradhan, M.D	756231.00	-	1,463.00	1,53,235.00


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Sh. Balveer Singh Gothwal, F.O. & Signatory to the Annual Accounts	7,01,057.00	4,891.00	1,980.00	6226.00
Sh. Ummed Singh, FO	-	-	-	-
Sh. Vikas Yadav (Company Secretary retained through service provider)	1,78,548	-	-	42,545.00

2.35 The company has not obtained details of Micro, Small & Medium Enterprises (MSMEs). Therefore, details required to be given as per the provisions of the Act are not available:

2.36 The corporation has determined Liquidity Damages for Rs. 10,62,565 during the year and raised claims upon respective parties:

Particulars	Amount
LD Recovery (Districts)	1,86,471.00
LD Recovery H.O.	8,76,094.00

This amount has been credited to treasury account of Government as payable to them.

Particulars	Amount
LD Reversed (Districts)	70,71,166.00

LD of some of the Mills in Jodhpur, Barmer, and Pali district has been waived off and debited to Government treasury.

2.37 For the purpose of distribution of wheat, the Govt. of Rajasthan is reimbursing Rs. 37.50 per qtl. as recovery of reimbursement of transportation expenses incurred at Baran whereas the company is spending approximately Rs. 50.00 per qtl. As such the company is spending Rs. 12.50 extra on transportation which is recovered out of wholesaler's commission of Rs. 15 per quintal. Total purchase and sales is for Rs. 15,589,18,000/- and Rs. 10,76,07,664/- respectively. The company is not earning adequately on this activity.

In case of Kota Branch the company has spent higher amount on transportation expenses whereas the Govt. of Rajasthan has reimbursed lesser amount. The company has spent Rs. 7,43,371/- extra on transportation which is recovered out of wholesaler's commission of Rs. 15 per quintal. The company is not earning adequately on this activity.

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G.M. (Finance)
M.O.

2.38 The corporation is dealing in purchase and sale of wheat and wherein it earns income out of commission and reimbursement of expenses. The corporation has total 34 branches for distribution of food grain and commodities on PDS or non-PDS basis under various schemes of Central and State Government. As such the corporation deals into geographically at 35 locations including Head Office within the state. It has two business model of distribution. One is on commission and reimbursement of expenses basis and another on trading in various commodities. The management opines that segment wise reporting under AS 17 is not applicable upon the Corporation as all locations are within the state, all commodities are distributed under government support schemes. Individual commodity wise inventory value and commission details are maintained by the corporation.

2.39 The company has taken Bardana (Gunny bags) from FCI on loan. The packing material consumed during the year has been expensed at prevailing cost of material in the accounts and corresponding liability has been carried out in the books of account.

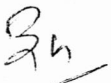

The closing stock at the end of year out of such loan is not recognized in the books of account as it is held by the company as the Third's Party Stock.

As per terms of the loan arrangement, the company will return the material to FCI after receiving back from the supplier along with a stipulation that the increase in cost of the materials, if any, will be borne by the company.

2.40 Accounting for Decentralized Procurement of Wheat DCP Scheme

The company has carried the business of supply of wheat as Nodal Agency under the Decentralized Procurement Scheme (DCP) at Alwar district which was handled by RAJFED, acting as procurement agency, on behalf of the company. All the transactions pertaining to purchases and sales, claims of subsidy and expenses related to procurement and storage of wheat, costs of packing materials and other operational charges incurred upon the scheme have been charged to the Profit and Loss statement based on statement supplied by the RAJFED and certified by Statutory Auditors of that concern, M/s L.D. Sharma & Co., Chartered Accountants on 11.09.2015 as given hereunder.

The company has provided for administrative expenses of RAJFED for Rs. 1,99,90,000 as claimed by RAJFED, the nodal agency for DCP scheme. The company is entitled to reimbursement of administrative charges for Rs. 3,09,74,235.65 being 2.5% of MSP from



G.M. (Finance)
Raj. State Food & Civil Supply Corp. Ltd. Bada Prasad Road
JAIPUR

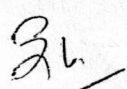
GOI comprising of provision of Administrative expenses of RAJFED of Rs. 199.90 & direct expenditure incurred by RSFCSC on the project.

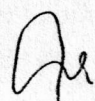
Particulars	Amount (Rs. in lacs)
Purchases	12389.69
Arhatia/ Samiti Commission	247.79
Mandi Labour Charges	86.80
Mandi Tax	198.23
Transportation and handling charges	121.33
Consumption of gunny bags	751.17
Transportation charges of gunny bags	14.61
<u>Administrative exp.</u>	309.74
RAJFED	199.90
RSFCSC	109.84
Transportation charges	246.41
Storage Charges	677.83
Interest on CC Limit	633.56
Government Guarantee Commission	46.68

- 2.41 After availing input credit of Service Tax, amount of Rs. 58.44 lacs is refundable from the Service Tax department towards excess deposit of service tax. The management is of the opinion that this refund will be available for adjustment from Service Tax payable of next financial year.
- 2.42 There is an incidence of Deferred Tax Assets which has not been recognized in absence of virtual certainty of sufficient future taxable income to be available. However the deferred tax liability of Rs. 5,71,399.44 outstanding as on 31.03.2014 has been reversed during the year.

2.43 CONTINGENT LIABILITY

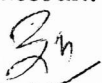
- i. Claims against the Company not acknowledged as debts:



G.M. (Finance)
 Raj. State Food & Civil Supply Corp. Ltd
 JAIPUR


M.D.
 Raj. State Food & Civil Supply Corp.
 JAIPUR

S. No.	Writ No.	Detail	Remarks
1.	16084/13	DholpurMahilaPrathnikSahakari UpbhogtaBhandar Ltd. V/s State (Food & Civil Supplies) and others	For wholesaler handling agent
2.	12054/2013	Uttar Railway KaramchariSangh UpbhogtaSangh Ltd. V/s Rajasthan Sarkar	For cancellation of wholesaler dealership
3.	5892/2014	Kumari Priyanka Saini V/s State (Food & Civil Supplies) and others	For recruitment process
4.	31/2013	Prem Prakash Gujjar V/s Rajasthan State Food and Civil supplies Corporation, Jaipur and others	For recruitment process
5.	10360/14	Ruchi Agarwal & Others V/s Principal Secretary and Rajasthan State Food and Civil supplies Corporation, Jaipur	For making MCS permanent.
6.	37/2015	Heera Lal Gujjar V/s Rajasthan State Food and Civil supplies Corporation, Jaipur	For recruitment process

- ii. The liability arising upon above cases is not ascertainable. The management does not expect any liability thereupon.
- iii. Rajasthan RajyaSahakariUpbhoktaSangh Ltd. has claimed Rs. 22,47,803, towards price increase and has retained the respective money out of the advance given to the party, however the company has not admitted the claim.
- iv. Claim of Rajasthan State Warehousing Corporation for Rs. 4,58,47,960/- towards the expenditure and balance amount recovered reflected as a difference in reconciliation account amounting to Rs. 44,33,892.

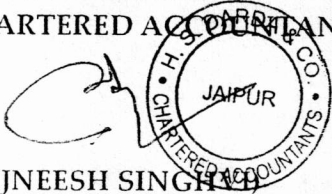

G.M. (Finance)
 Raj. State Food & Civil Supply Corp. RAJ. STATE FOOD & CIVIL SUPPLY CORP.
 JAIPUR


M.D.
 RAJ. STATE FOOD & CIVIL SUPPLY CORP.
 JAIPUR

- v. Penalty proceedings under section 271B of The Income Tax Act initiated against assessee for A.Y. 12-13 (F.Y. 11-12)
- vi. The Income Tax Liability for Rs. 3,35,63,110 for A.Y. 2012-13(F.Y. 11-12), interest and penalty consequent upon assessment order U/S 143(3) of DCIT, Jaipur, disallowing the claims & expenses, and penalty proceeding U/S 271(1)(c) and 271B of the Income Tax Act, 1961 have not been provided for as the management is confident that no liability will arise thereupon. The company has paid an amount of Rs. 15,00,000 during the year. 50% of demand has been stated by CIT(Appeals). The company has preferred an appeal against assessment order U/S 143(3) of the Income Tax Act, 1961 dated 31.01.2015.

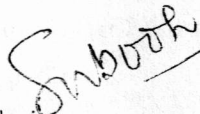
As per our Report attached

For H.S. DARDA & CO.
CHARTERED ACCOUNTANTS

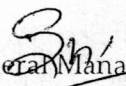


(RAJNEESH SINGH)
PARTNER
Jaipur

For Rajasthan State Food & Civil Supplies
Corporation Limited


Chairman


Managing Director


General Manager (F)


Company Secretary



H.S. DARDA & CO.

Chartered Accountants

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Website : www.hsdarda.com

INDEPENDENT AUDITORS' REPORT

The Shareholders,
Rajasthan State Food & Civil Supplies Corporation Limited

Report On the Financial Statements

We have audited the attached Balance Sheet of M/s. Rajasthan State Food & Civil Supplies Corporation Limited as at 31st March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on date and a summary of significant accounting policies and other explanatory information annexed thereto.

Financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 with respect to the preparation of these financial statements that give a true and fair view of the Financial Position, Financial Performance and Cash Flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the act'), read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, for which we observe that the management has not fully discharged their responsibilities completely and audit committee has not carried out the functions entrusted as per provisions of the law, 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 which are required to be included in the audit report under the provisions of the Act, and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

- 1. The point 2.29 of Notes on Accounts mentioning the fact of non provision of defined benefit plans/long term compensated absence and Gratuity in respect of employee benefit scheme due to non-finalization of Service Rules, amount of which is non quantifiable.*
- 2. The company has not incurred any amount on CSR activities during the year or provided for the same, which is in non-compliance of provision of section 135 of the Companies Act, 2013. Therefore profit is overstated by Rs. 19,14,457 thereby reserves & surplus and Current Assets are overstated by same amount.*
- 3. Non provision of debt of Rs. 6,02,595.15 and interest thereupon(not quantified from 01.07.2014 to 31.03.2015) of Mittal Roller Flour Mills , which has become doubtful, as such profit and thereby reserves & surplus are overstated by Rs. 6,02,595.15 and current assets are overstated by the same amount.*
- 4. Non provision of Income tax liability for Rs. 3,35,63,110 for A.Y. 2012-13 (F.Y.2011-12) and interest and penalty (not quantifiable) as consequent upon assessment order of Assessing Officer referred to in Point No. 2.43 in the Notes on Accounts, due to which profits and thereby reserves & surplus are overstated and the current liabilities are understated by the same amount.*
- 5. Non maintenance of proper Service tax records, which is determined on estimated basis, non balancing of payments & input credit with the Service Tax Returns and non availability of details of input credit and liability of Service tax for audit review, and non-compliance of provision of Tax Deduction at source as per the provisions of the respective Acts and resultant penalty or prosecution upon the company or its officers, effect of which is not quantifiable.*
- 6. The company has not identified any impairment of Fixed Assets as physical verification was not carried out, which is in non compliance of Accounting Standard 28 "Impairment of Assets". Effect thereof cannot be quantified. The management has represented that the company has commenced operation and the Fixed Assets are recently acquired.*

7. The internal control of the company is lax in selected sectors in company's operations as elaborated in Point No. iv of CARO annexed to the auditors report and referred to in point no. 2.32 of the notes to accounts. The effect of the qualification is not quantifiable.
8. Non review by us of (i) the revenue, purchase of materials and expenditure and surplus for wheat distribution of the business conducted, under DCP Scheme at Alwar handled by RAJFED for Rs. 157.24 crores, distribution of payment to bonus to farmers under MSP schemes by RAJFED, RSWC, Tilam Sangh and FCI for Rs. 323.07 crores for which only the certificates of respective companies have been provided to us, as per details in point 2(a)(i) and (ii) of the report and (ii) placing our reliance on internal auditors' report for branches in respect of accounts and internal control, as per details in the Point 2(b)(i) given in the report hereinafter. The effect upon profitability or financial performance of the company is not quantifiable.

Thus, The cumulative consolidated effect on financial statement of above mentioned qualifications is that; the Profit and thereby Reserves & Surplus is overstated by Rs. 3,60,80,162.17; Current Assets are overstated by Rs. 25,17,052.17; Current Liabilities/Provisions are understated by Rs. 335,63,110 and the effect of remaining qualifications are not quantifiable.

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 matter described in the Basis for Qualified Opinion paragraphs, the 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 the case of the Balance Sheet, of the 'State of Affairs' of the Company as at March 31, 2015;
- (b) In the case of the Statement of Profit and Loss, of the 'Profit' for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the 'Cash Flows' for the year ended on that date, subject to limitations mentioned above.

Emphasis on Other Matters

We draw attention to the following matters :

- a) The suppliers at Dhaulpur had engaged into unauthorized stocking of produce. In respect of Mittal Roller Flour Mill, the District Supply Officer had searched the premises and confiscated the records and goods. DSO has filed FIR against the supplier in 2013. The DSO had returned bank guarantee to the party upon transfer of the supplies through RSFCSC. However, the company failed to obtain replacement bank guarantees in place of earlier guarantees and amount of Rs.6,02,595.15 is outstanding from the party and has become doubtful and bad As reported in clause 3of the qualified opinion.
- b) Estimated interest for Rs. 15,13,630.14 relating to bonus distribution for the State Government charged to revenue and claimed from central government, where as the above said interest is not recoverable from central govt. as the amount was not utilized for decentralized procurement of wheat at MSP.

	(Ma.Sa.Vi.)	dated nil	District)	
Tilam Sangh	Managing Director	Certificate No. F-488/CDS/2014-15	Minimum Support Price	43,81,39,030
FCI	Assistant General Manager (Com.)	Certificate No. Procu.4(1)/Raj/Rabi Direct/2014-15 dated 13.11.2014	Minimum Support Price	1,25,81,91,150

- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examinations of these books. This statement is expressed with following exception:
- i. The accounts of branches of the Company furnished to us at HO and have been verified by us without visit to branches. The internal auditors of the company have issued internal audit report for these branches and we have reviewed the same. We had visited two branches and observed deficient and inadequate internal control and the scope of visits could not be expanded by the management.
- (c) The Balance Sheet, Statement of Profit and Loss Account and the Cash Flow Statements dealt with in this report are in agreement with the books of account.
- (d) In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 and in accordance with the accounting principles generally accepted in India.
- (e) On the basis of the written representations received from the directors, none of the directors appointed during 2014-15 is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014;
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as per Note No. 2.43 of Notes to accounts.
 - ii. The Company did not have any long-term contracts including derivative contracts; as such there is no requirement of commenting on any material foreseeable losses thereon;
 - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. Hence, there was no delay for transfer of sums.

		authorized.
4.	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	The list has been given in Annexure 1
5.	Whether the Company has lifted the quantity of food grains allotted by Government, the lifted quantities are released to fair price shops at subsidized rates and the Company has reconciled the total quantity of food grains lifted and distributed.	<p>The company does not maintain quantity of food grains as its own stock. Its stock is directly lifted by millers & KVSS from FCI godown and delivered to fair price shops at subsidized rates. The management has supplied quantitative information based on memorandum register or sheets maintained by them, which have been reconciled. The lifted quantities have been released to fair price shops at subsidized rates. We are unable to comment upon the same as the company has not maintained contemporaneous and proper records in respect of the lifted quantities and distribution thereupon. The internal auditors have also pointed out the deficiencies in the MPR reports submitted by various branches/districts of the company.</p> <p>The lifting of sugar of earlier year was delayed due to non cooperation by the supplier mill, hence GOI had deducted amount of Rs. 1,51,84,800 which has been contested by the company.</p>
6.	Whether the Company has preferred the claim in time for differential cost with the Government and the amount of claim accepted/rejected has been properly accounted for in the books of Company.	<p>The company has claimed the differential cost with the government. As per explanations given to us the company is regularly following up for such outstanding dues and these are timely monitored in report of sugar. It has been informed that claim for F.Y</p>



H.S. DARDA & CO.
Chartered Accountants

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Website : www.hsdarda.com

RAJASTHAN STATE FOOD & CIVIL SUPPLIES CORPORATION LIMITED
ANNEXURE TO THE AUDITORS REPORT

Referred to in Paragraph 1 of "Report on other Legal and Regulatory Requirements" of our report of even date

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

i. In respect of its fixed assets:

- (a) The Company is maintaining records of fixed asset at Head Office, in dead stock asset register showing particulars, including quantitative details and situation of fixed assets. It was not verified or authorized by the concerned official. However, Fixed Assets register at some of the branches is not being maintained.
- (b) The company has not carried out physical verification of fixed assets during the year. Looking to the size of the company and the nature of its business, it is not reasonable. Impairment of fixed assets, if any, has not been assessed in the absence of conducting of physical verification.

ii. In respect of its inventories:

- (a) There was no closing stock of materials, commodities or products in which the company deals primarily. The distributors, agencies, KVSS or fair price shops etc. which are customers of the company receive/lift goods directly from suppliers. The company maintains memorandum inventory detail/sheets for these transactions, which are not available for our detailed review.

The company has carried the business of Decentralized Procurement Scheme (DCP) of wheat at Alwar district in which procurement of wheat was entirely handled by RAJFED and distribution was done by RSFCSC. The stock of wheat, packing materials/ bardana comprising of Gunny bags taken on loan by the company from FCI has not been physically verified by the company's management. The company has not maintained separate inventory records for purchase and sale of wheat or packing material etc. under the DCP scheme and has relied entirely upon certificate and Auditor's report of RAJFED, which as per management's representation maintain the inventory record of wheat procurement on customized software developed for this purpose.

- (b) Rest of the inventories have not been physically verified by the company.

- iii. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. The company's entire shareholding is owned by the State Government and its nominees.
- iv. In our opinion and according to the information and explanations given to us, the company has a mechanism of internal control procedure for purchase of inventory, fixed assets and for sale of goods. However looking to the size and nature of the business, based upon sample scrutiny and observation of internal auditors of Head Office and branches/ districts, the internal control is weak in selected sectors in company's operations.

Our observations given in past years in respect of weakness in internal control, finance and accounts shortcomings have not been attended to or redressed by the management which can be termed as a weakness of internal control and ineffective monitoring. It also creates an area of risk factor for the company.

- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
- vi. The Company is not engaged in any manufacturing activity hence, is not required to maintain the cost records in pursuant to Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 148(1) of the Companies Act, 2013.
- vii. In respect of statutory dues:
 - a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities *ascertained* undisputed statutory dues such as Income Tax, Wealth Tax, Provident Fund, ESI, Income Tax, CENVAT, Excise Duty, Cess, E.S.I. and other Statutory Dues applicable to the company with the appropriate authorities and the outstanding dues in arrears as on the last day of the financial year for a period exceeding six months except delay in deposit of TDS for Rs. 65,02,673. Contribution towards New Pension Scheme and Pension Fund of employees for Rs. 53724/- have not been deposited as the department has not encashed the cheques. TDS deduction & deposit details are not available completely. The company is not maintaining the records of service tax in proper manner, therefore, we are unable to comment if any undisputed liability is outstanding in respect of above.
 - b) On the basis of our examination of the documents and records there are no disputed statutory dues on account of Income Tax, Wealth Tax, Provident Fund, ESI, Income tax, CENVAT, Excise Duty, Cess, E.S.I. and other statutory dues as on 31.03.2015, which have not been deposited, except as reported:

The details of disputed statutory dues on account of disputed matters pending before appropriate authorities are given hereunder. The IT authorities have stayed demand partially and the company has deposited the demand as per the stipulation of the authorities:

Name of Statute	Nature of the disputed dues	Amount in Lacs (Rs.)	Period to which the amount relates (F.Y.)	Forum where disputes are pending
Income-tax Act. 1961	Additions made by Deputy Commissioner of income Tax on various issues	335.63	2011-12 (A.Y. 2012-13)	Commissioner of Income Tax (Appeals)

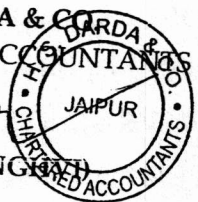
c) As explained to us, no occasion has arisen during the year, warranting the transfer of any sums to the Investor Education and Protection Fund.

- viii. The Company has neither accumulated losses at the end of the financial year nor has incurred cash losses in the current financial year and the immediately preceding financial year under report.
- ix. On the basis of the records examined by us and the information given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holder except as reported hereinafter. The company has taken unsecured loans of Rs. 30 crores for wheat department for purchases of wheat on MSP, from Govt. of Rajasthan on short term basis, which was due on 31.03.2013. This Loan is outstanding and overdue. The company was also granted a loan of Rs. 9.78 crores by Govt. of Rajasthan, due on 20.05.2013, which is still outstanding and overdue as on 31.03.2015. Extension has later been given for Loan repayment of Rs. 9.78 crore upto December, 2015 by Principal Secretary, Food and Civil Supplies Department, as per note sheet dated 07.10.2015 of the company, while there is no formal communication from the department.
- x. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution.
- xi. According to the information and explanation given to us short term loans which were taken from the Government of Rajasthan, were utilized for the purpose for which these were obtained.
- xii. According to our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have come across following instances of fraud or fraud risk factors on or by the Company noticed or reported during the course of our audit or as informed of such instances by the Management.
- a. *As per explanations of management, the suppliers at Dhaulpur had engaged into unauthorized stocking of produce. In respect of Mittal Roller Flour Mill, the District Supply Officer had searched the premises and confiscated the records & goods and lodge FIR with police for irregularities in 2013. The DSO had returned bank guarantee to the party upon transfer of the supplies through RSFCSC.*

However, the company failed to obtain replacement bank guarantees in place of earlier guarantees. An amount of Rs.6,02,595.15 from the party has not been recovered since long and may be termed as doubtful.

Place: Jaipur
Date: 15.03.2016

For H.S. DARDA & CO
CHARTERED ACCOUNTANTS
JAIPUR
(RAJNEESH SINGH)
PARTNER



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF RAJASTHAN STATE FOOD & CIVIL SUPPLIES CORPORATION
LIMITED, JAIPUR FOR THE YEAR ENDED 31 MARCH 2015**

The preparation of financial statements of Rajasthan State Food & Civil Supplies Corporation Limited, Jaipur 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 auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated have been done by them vide their Audit Report dated 15 March 2016.

I, on 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 Rajasthan State Food & Civil Supplies Corporation 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 auditors and is limited primarily to inquiries of the statutory auditors 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 matters under section 143 (6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A. Comments on Profitability

Commission Received ₹ 14.17 crore

The above does not include ₹ 58.23 lakh being commission receivable as the exclusive privilege amount for committed supply of CTC Tea and Spices as Non-PDS item to FPSs for onward sale in general public for the months of February & March 2015.

This has also resulted in understatement of Trade Receivable by ₹ 68.91 lakh and Service Tax Payable by ₹ 7.58 lakh. Consequently, the Profit for the year has been understated by ₹ 58.23 lakh.

B. Comments on Financial Position

Current Assets

Other Current Assets (Note No. 2.13)

Amount receivable from Central Govt. under DCP Scheme - ₹ 64.77 Crore

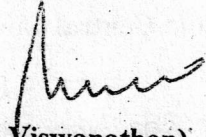
The above includes ₹ 6.07 crore being receivable from Central Government under DCP Scheme for the year 2013-14, which should have been shown as Non-current Assets in accordance with the General Instructions for preparation of Balance Sheet given in Schedule III of the Companies Act.

C. Comments on Disclosure

C.1 Despite being commented upon previous year account, the Company has not disclosed the irregular/unauthorized withdrawal of ₹ 94.34 lakh by Rajas Sang KVSS, Baran from the treasury which was refundable to the Government fund, out of which ₹ 72.43 lakh have been deposited in the Company's account.

C.2 The disclosure under Note no. 2.12 is incorrect to the extent that the party is disputing the repayment of ₹ 22.48 lakh only instead of stating that the party is disputing the repayment of total amount (₹ 400 Lakh) and in view of uncertainty, no provision has been created.

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


(R. G. Viswanathan)

Principal Accountant General
(G&S Sector Audit) Rajasthan,
Jaipur

Place: Jaipur

Date:

Reply of Comments of the Comptroller & Auditor General of India for the year 2014-15

S.No	Brief of Comments	Corporation's Reply
A.	<p>Comments on profitability Commission Received Rs. 14.17 crore</p> <p>The above does not include Rs. 58.23 lakh being commission receivable as the exclusive privilege amount for committed supply of CTC Tea and Spices as Non- PDS item to FPSs for onward sale in general public for the months of February & March 2015.</p> <p>This has also resulted in undersatement of Trade Receivable by Rs. 68.91 lakh and Service Tax Payable by Rs. 7.58 lakh. Consequently, the Profit for the year has been understated by Rs. 58.23 lakh.</p>	<p>It is true that after completing necessary tendering formalities, the rate of Rs. 147.28 per kg was approved by the corporation for supply of CTC Tea as Non-PDS item to Fair Price Shops. The supply order was issued on dated 27.01.2015 in favour of five suppliers after entering agreement with them as well as obtaining the performance security. The selling price (MRP) was fixed Rs. 160/- per kg (Rs. 40/- per 250 gm pack) the suppliers were required to remit margin Money/ Exclusive Privilege Amount (EPA) and Consumer welfare fund amount at the rate of RS. 4.42 per kg (3% of approved rate) and Rs. 0.94 per kg respectively.</p> <p>As per clause 37 of the General terms & conditions of Bid/Contract, Fair average quality tea (India CTC Tea) will be supplied in 250 gms net weight in poly pack. Brand/Name/Logo format will be approved by the RSFCSC and will be printed in multi colour by the Tea supplier on poly packs. Packing material will be as per the design approved by the RSFCSC and it will have to be got approved from the corporation before commencement of delivery at FPS.</p> <p>M/s Godfrey Philips India Ltd, New Delhi packaging design in respect of RAJ TEA supply was approved by the corporation vide letter no. 22638 dated 18.02.2015</p> <p>It clearly shows that margin money/EPA for the month of Feb, 2015 cannot be recognised as income Receivable in the account for the year 2014-15 as poly pack itself was not approved in the first place, which was essential condition before initiation of supply. Moreover, Consumer week starts from 1st to 10th day of the month at FPS when material/Tea may be supplied. Suppliers of Salt, Tea & Spices had represented for grant of exemption from compulsory payment of exclusive privilege amount (EPA) on the minimum quantity on monthly basis. Procurement committee considering the reality that FPS do not remain open throughout the month, no binding/compulsion upon the consumer to purchase RAJ brand products etc. and considered the request of supplier to grant them exemption from payment of EPA is genuine and justified. The procurement committee had recommended for grant of exemption in compulsory payment of EPA on minimum quantity on monthly basis and instead margin money at that approved rates may be recovered on actual supplies.</p>

		<p>This agenda was brought before BOD in the BOD meeting held on 01.07.2015. That is why due to uncertainty, EPA for the month of March, 2015 had not been recognized as income receivable in the account for the year 2014-15.</p> <p>Now, EPA for the month of March, 2015 has been deposited by suppliers along with consumer welfare fund amount which may be verified by the Audit.</p> <p>So, in view of above clarification that there was no supply in Feb '15 and no clarity on recognition of EPA against Mar '15, on prudent basis, this income was not recognized. Since amount of Mar '15 EPA is very small (56.80 lakhs/2=28.40 lakhs) against the overall revenue of Rs 519.52 crores of the Company, it is requested to drop the para.</p> <p>Management assures that this will be rectified in current year.</p> <p>This has already been assured in FY 2015-16 (March, 15 FPA)</p>
B.	<p>Comments on Financial Position Current Assets Other Current Assets (Note No. 2.13)</p> <p>Amount receivable from Central Govt. under DCP Scheme Rs. 64.77 Crore</p> <p>The above includes Rs. 6.07 crore being receivable from Central Government under DCP Scheme for the year 2013-14, which should have been shown as Non-current Assets in accordance with the General Instructions for preparation of Balance Sheet given in Schedule III of the Companies Act.</p>	<p>It is brought to the notice of the AG team that claims for FY 2013-14 has been sent to GOI in FY 2014-15 itself once the audited accounts for 2013-14 were available. At the time of finalization of accounts of FY 2014-15, it was expected to be realized within twelve months after the reporting date of FY 2014-15 and so, it was recognized as current asset.</p> <p>Still, we have noted the AG observation and we assure that proper action would be taken in the current year in this regard.</p>


C. **Comments on Disclosure**

C.1 Despite being commented upon previous year account, the Company has not disclosed the irregular/unauthorized withdrawal of Rs. 94.34 lakh by Rajas Sang KVSS, Baran from the treasury which was refundable to the Government fund, out of which Rs. 72.43 lakh have been deposited in the Company's account.

C.2 The disclosure under note no. 2.12 is incorrect to the extent that the party is disputing the repayment of Rs. 22.48 lakh only instead of stating that the party is disputing the repayment of total amount (Rs.400 lakh) and in view of uncertainty, no provision has been created.

We have noted the same and assure the AG team that appropriate disclosure would be done in this regard in future. Since the amount involved is very small and does not have material impact on financial position of the Company, it is requested to kindly drop the para.

This is a clerical and typo error in Note Since this does not have any adverse effect on the profitability of the Company and the amount involved is very small, we request you to drop the para. We assure you of not repeating such type of mistakes in future.


Managing Director

