

32nd Annual Report 2013-14
NORTH EASTERN REGIONAL AGRICULTURAL MARKETING
CORPORATION LIMITED

BOARD OF DIRECTORS

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Chairman

Sh. A.M.Singh

Managing Director

Sh. M.I.Meitei

Directors

Prof. Charu Lata Mahanta

Dr. Bidyut Chandan Deka

Sh. Rajan Lohia

Sh. Rajendra Prasad Gurung

Executive Director

Sh. S.Bhattacharjee

Company Secretary

Mrs. Nidhi Sharma

Auditors

M/s Debashis Mitra & Associates,
Harabala Road, Ulubari, Guwahati-781007

Bankers

State Bank of India, United Bank of India,
Axis Bank, UCO Bank, Syndicate Bank,
Punjab National Bank, ICICI Bank

Registered Office

9, Rajbari Path, Ganeshguri, G.S.Road,
Guwahati-781005

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of **NORTH EASTERN REGIONAL AGRICULTURAL MARKETING CORPORATION LIMITED** will be held on Monday the 21st day of September, 2015, at the 9, Rajbari Path, Ganeshguri, G.S.Road, Guwahati-781005 at 11:00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet of the Company as at 31st March, 2014 and Profit and Loss A/c for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To fix the remuneration of Statutory Auditors for the financial year 2014-15.

BY ORDER OF THE BOARD
For NERAMAC Ltd

Place:Guwahati
Date: 17.08.2015

Sd/-
C.L.Mahanta
Director
Date: 31.08.2015
Place: Tezpur

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIM/HER SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. The instrument appointing a proxy, to be effective, must be duly filled, stamped and must reach the company's registered office not later than 48 hours before the commencement of the meeting. A blank proxy form is annexed to this notice.

BY ORDER OF THE BOARD
For NERAMAC Ltd

Place:Guwahati
Date: 17.08.2015

Sd/-
C.L.Mahanta
Director
Date: 31.08.2015
Place: Tezpur

PROXY FORM - MGT - 11
(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the
Companies (Management and Administration) Rules, 2014)

CIN: U01409AS1982GOI001932

Name of the Company: North Eastern Regional Agricultural Marketing Corporation LTD.

Registered Office: 9, Rajbari Path, G S. Road, Ganeshguri, Guwahati – 781 005, Assam, India

Name of the Member (s):

Registered Address:

E-mail Id:

Folio No / Client Id:

DP ID:

I / We, being the member(s) of _____ shares of the above mentioned company, hereby appoint:

1. Name:

Address:

E-mail Id:

Signature:, or failing him/her

2. Name:

Address:

E-mail Id:

Signature:, or failing him/her

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Thirty Second Annual General Meeting of the Company to be held on the 21st day of September 2015 at 11.00 A.M. at the Registered Office of the Company and at any adjournment thereof, in respect of such resolutions as are indicated below:

Resolution No.1:

Adoption of Audited Financial Statements for the financial year ended March 31, 2014

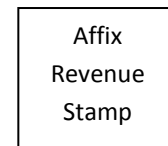
Resolution No. 2:

Fixation of fee of Statutory Auditors for the financial year 2014-15

Signed this day of, 2015

Signature of Shareholder (s)

Signature of Proxy Holder (s)



Note: This form of proxy in order to be effective should be duly completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting

DIRECTORS' REPORT

To

The Shareholders

North Eastern Regional Agricultural Marketing Corporation Ltd.

The Board of Directors has pleasure in placing **32nd Annual Report and Audited Statements of Accounts for the year ended 31st March, 2014.**

FINANCIAL RESULTS

	<u>2013-2014</u>	<u>2012-2013</u>
	(Rupees in Crs.)	
Turnover	54.13	43.70
Gross Profit	1.88	1.66
Net Profit	(12.80)	(2.81)

The Corporation achieved a turnover of Rs.54.13 Crore during 2013-2014 as compared to Rs.43.70 crores during 2012-13, though during the year 2013-14 the Company earned a gross profit of Rs.1.88 crores as compared to that of Rs.1.66 crore during the previous year.

PERFORMANCE

A. PROCESSING ACTIVITIES:

i) FRUIT JUICE CONCENTRATION PLANT, NALKATA

The Fruit Juice Concentration Plant at Nalkata, Tripura was set up in 1988. But the Plant has outlived as the machineries have become old and less efficient. As the processing in the plant has been causing perennial losses, the Management has proposed suitable diversification plan for a Multi-Fruit Processing unit under NLCPR on 13.05.2011 but the same has not been considered by Govt. of Tripura. The proposal was again submitted on 10.05.2013 to Govt. of Tripura to revive the plant under National Mission on Food Processing which was also not considered by Govt. of Tripura

ii) GINGER PROCESING PLANT, BYRNIHAT

This plant could not be operated due to high cost of ginger in the market and not much demand for ginger oil, ginger powder and ginger slices. The management is trying to get job work from any Public Private Industry to run this plant.

iii) CASHEW PROCESSING UNIT, AGARTALA

NERAMAC had put up a Cashew Processing Unit in Agartala. The unit was to be closed due to strictures from Tripura State Pollution Control Board and NERAMAC had submitted a proposal to Govt. of

Tripura to relocate the unit under NLCPR funding which was not cleared by the State Government.

B. PROCUREMENT & MARKETING ACTIVITIES

Main thrust of the Corporation is the Procurement and Marketing Activities. Corporation has procured items like fresh pineapple, ginger, large cardamom, bay leaves, cashew nuts, and marketed them outside the region. Corporation has also marketed various other items like as processed products, maize, Ground Nut Cake, input supplies like fertilizer, assorted seeds, planting materials etc. during this year.

Initiating in the procurement and marketing in the minimum supply was of great importance during this fiscal year through National Horticultural Mission, Horticulture Mission for North East & Hill States (HMNEHH), Integrated Child Development Scheme (ICDS) programmes.

The total turnover on procurement & marketing activities was Rs.54.13 Crores during 2013– 2014 against Rs.43.70 Crores during 2012-13.

OTHER INITIATIVES

E-Auction of Large Cardamom at Sikkim:

NERAMAC in collaboration with Spices Board is organizing large cardamom auction at Singtam, Sikkim which is the first of its kind in the country. Prior to its existence there was no organized market of large cardamom in Sikkim, which is the largest producer of large cardamom in India which was totally controlled by a few private groups and the farmers were given a meager price for their produces. After organizing of the Large Cardamom Auction Centre by NERAMAC, the farmers are being benefitted. Initiative is presently going on to develop e-auction module in association with CDAC under Ministry of Commerce, Govt. of India which is in final stage for adoption.

DIVIDEND

Your Directors after considering the performance of the Company for the Financial Year 2013-14 have decided not to recommend Dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the DPE Guidelines on Corporate Governance, 2010, Management Discussion and Analysis Report is forming integral part of this Annual report.

CORPORATE GOVERNANCE REPORT

A separate section on Corporate Governance in the Annual Report of the Company is forming part of this report, with a detailed compliance report on Corporate Governance as per DPE Guidelines on Corporate Governance, 2010.

DIRECTORS

During the year as on 31.03.2014, the total numbers of Directors in your Company were 8 (eight). Also, there were certain changes in the constitution of the Board during the year 2013-14 which has been described in the Corporate Governance Report forming part of this Annual Report.

Since the last report, the following Directors ceased to be the Directors of NERAMAC Ltd.:

1. Sh. Arvind Madhav Singh
2. Sh. Rohtash Singh
3. Sh. B. Dhar
4. Sh. Samuel Rosanglura
5. Sh. Hage Kojeen
6. Sh. V. H. Kalbande
7. Sh. S. C. Lather
8. Smt. V. R. Syeim

The Board of Directors places on record its deep appreciation for the valuable services rendered by the directors.

As per Ministry of DoNER Order No. 2/33/2002-Prog-I(iii) dated 11.08.2014 Smt. K. Damayanthi was appointed as the ex-officio Chairman and Director on Board of NERAMAC with effect from 11.08.2014.

As per Ministry of DoNER Order No. 1/2014 vide letter no. 12/1/2002-DoNER(Prog.) dated 19.06.2014 Mr. S.Bhattacharjee, Executive Director, NERAMAC was given additional charge of MD, NERAMAC w.e.f.19.06.2014 due to relinquishment of office of Sh. V.H.Kalbande until further orders. However, he ceased to hold the additional charge w.e.f. 04.07.2014 on assuming additional charge of MD by Dr. U.S.Bawa.

Further, as per Ministry of DoNER Order No. 12/1/2002-DoNER(Prog.) dated 04.07.2014 Dr. U. S. Bawa was given additional charge of Managing Director, NERAMAC with effect from 04.07.2014.

Pursuant to Order No. 2/33/2002-Prog-I(ii) dated 04.07.2014 of the Ministry of DoNER, Smt. V. R. Syeim and Sh. S.C.Lather were appointed as the Directors on Board of NERAMAC with effect from 04.07.2014. However, they both now cease to be Directors on Board.

AUDITORS

The Statutory Auditors of the Company M/s Debashis Mitra & Associates, Chartered Accountants, are appointed by the Comptroller and Auditor General of India for the financial year 2013-14. They hold office till the ensuing Annual General Meeting of the Company.

AUDIT COMMITTEE

Your Company has an Audit Committee, in terms of Companies Act, 2013 and that of DPE Guidelines on Corporate Governance for CPSEs 2010. The details of Audit Committee are given in the Corporate Governance Report.

AUDITORS' REPORT

The Statutory Auditors have given a qualified Audit Report on the accounts for the financial year 2013-14. The replies of the Management to the report of the Auditors are part of this Annual Report.

REVIEW OF ACCOUNTS BY COMPTROLLER AND GENERAL OF INDIA

The comments of the Comptroller & Auditor General of India on the Annual Accounts 2013-14 are forming part of this Annual Report. C&AG has issued NIL comments certificate. The Board of Directors in their meeting held on 17.08.2015 took note of the same.

PARTICULARS OF EMPLOYEES

None of the employee of the Company was in receipt of remuneration in excess of the limits laid down in Companies Act, 2013 read with Rules made thereunder.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134 (5) of the Companies Act, 2013, the Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, confirm that they have taken all reasonable steps, as are required to ensure:

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- (b) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimated 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 2013-14 and of the profit and loss of the Company for that period;
- (c) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) that the directors had prepared the annual accounts on a going concern basis;
- (e) that the Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Section 134(3) (m) of the Companies Act, 2013 read with the rules made thereunder are not applicable to the Company.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for significant, untiring efforts and contribution made by the employees at all levels through their dedication, hard work and commitment.

Your Directors take this opportunity to express their deep sense of gratitude to the Central and State Governments and their departments and the local authorities for their continued guidance and support.

We also acknowledge the suggestions received from Government and Statutory Auditors from time to time

Your Directors are also grateful to the shareholders for their confidence and faith reposed in the Company.

For and on behalf of Board of Directors

Place: Guwahati
Date: 17.08.2015

sd/-
M.I.Meitei
Managing Director
Date:01.09.2015
Place: Guwahati

sd/-
C.L.Mahanta
Director
Date:31.08.2015
Place: Tezpur

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure & Development:

NERAMAC Ltd. is working as a marketing organization essentially to support the farmers of North East. It endeavors to give importance to sustain farmers' interest in production by application of post harvest technology hereby arrest decline in prices arising from larger output of farm produces. It is playing a significant role by sourcing, procuring & marketing cash crops like ginger, fresh pineapple, cashew nut etc. from the farmers/growers of the region.

Over the years, NERAMAC has also been actively involved in marketing of cashew nut, spices like ginger, turmeric, large cardamom, bay leaves, black pepper etc., and minor forest produces like 'Jharu'. The corporation has also taken up sourcing and marketing of agro horticultural inputs like fertilizers, pesticides, seeds, agricultural tools and equipments, keeping in view of overall agro-horticultural development. It has few own outlets and few franchises in the North East, where processed foods of tiny and small entrepreneurs are marketed.

Strength & Weakness:

The strength of NERAMAC is that it has its branches in all the eight states thereby having its reach to support farmers and bridge the gap between farmers and market. The weakness of the organization is lack of financial strength and competent professionals to accomplish the desired goals.

Opportunities and Threats:

There are ample opportunities for NERAMAC to emerge as marketing organization considering the huge potential in the North Eastern region where naturally grown agro-horticultural products are available. NERAMAC has the mandate to assist the tiny and small scale units in processing and in value addition of North East to market their products in terminal market. The threats of NERAMAC is lack of Post harvest facilities in the North East Region which is a hurdle to take forward procurement and marketing coupled with lack of competent professionals to take up the responsibility in specialized area of activities like fresh produce processing and marketing.

Performances:

The Corporation achieved a turnover of Rs.54.13 Crores during 2013-2014 as compared to Rs.43.70 Crores during 2012-13. There was a resultant increase of 23.86% in turnover corresponding to last year. However the Net Loss of the Corporation during the year 2013-14 stands at Rs.12.80 Crores as compared to that of Rs.2.81 Crores during the previous year.

Product-wise Turnover during 2013-14

(Rs. in Crs.)

Sl. No.	Item	Amount (Rs.)
A.	Marketing of spices/ Agri-horticultural items:	
(i)	Ginger	0.18
(ii)	Bay Leaves	0.53
(iii)	Orange	0.24
(iv)	Large Cardamom	0.88
(v)	Hill Grass	0.40
B.	Marketing of other items:	
(i)	Poly House, Green House, Planting Materials, Seeds, Fertilizers etc.	51.91
Total		54.14

Internal Control System & their adequacy:

The company formed the Audit Committee as a sub-committee of the Board of Directors on 13/12/2011 after the Ministry of DoNER has reconstituted the Board of Directors. Company has appointed Internal Auditor to put its best endeavour to strengthen the internal control system to keep adequate control.

Present status of processing facilities:

(1) FRUIT JUICE CONCENTRATION PLANT, NALKATA

The Fruit Juice Concentration Plant at Nalkata, Tripura was set up in 1988. But the Plant has outlived as the machineries have become old and less efficient. As the processing in the plant has been causing perennial losses, the Management has proposed suitable diversification plan for a Multi-Fruit Processing unit under NLCPR on 13.05.2011 but the same has not been considered by Govt. of Tripura. The proposal was again submitted on 10.05.2013 to Govt. of Tripura to revive the plant under National Mission on Food Processing which was also not considered by Govt. of Tripura.

(2) GINGER PROCESING PLANT, BYRNIHAT

NERAMAC had set up a project for processing of ginger in Byrnihat, Meghalaya. However, for the last two years, the plant is not being operated due to high cost of ginger at the source of procurement.

(3) CASHEW PROCESSING UNIT, AGARTALA

NERAMAC had put up a Cashew Processing Unit in Agartala. The unit was to be closed due to strictures from Tripura State Pollution Control Board and NERAMAC had submitted a proposal to Govt. of Tripura to relocate the unit under NLCPR funding which was not cleared by the State Government.

Present status of Ongoing Projects:

(1) Cashew Processing Unit, Mankachar:

One Cashew Processing Unit of 4TPD is under commission at Mankachar Assam, to harness the potentiality of Cashew Cultivation of the West Garo Hills Districts of Meghalaya & Dhubri District of Assam. More than 90% of the Civil Works has already been completed and erection of Plant & Machinery is under process.

New Initiative:

(1) E-Auction of Large Cardamom at Sikkim:

NERAMAC in collaboration with Spices Board is organizing large cardamom auction at Singtam, Sikkim which is the first of its kind in the country. Prior to its existence there was no organized market of large cardamom in Sikkim, which is the largest producer of large cardamom in India which was totally controlled by a few private groups and the farmers were given a meager price for their produces. After organizing of the Large Cardamom Auction Centre by NERAMAC, the farmers are being benefitted. Initiative is presently going on to develop e-auction module in association with CDAC under Ministry of Commerce, Govt. of India which is in final stage for adoption.

(2) Construction of Head Office Building at Guwahati.

NERAMAC has taken a plot of approximately 23000 sq. feet at Six Miles in main city of Guwahati for its office building. Initiative is in hand to set up the office there.

For and on behalf of Board of Directors

**Place: Guwahati
Date: 17.08.2015**

**sd/-
M.I.Meitei
Managing Director
Date:01.09.2015
Place: Guwahati**

**sd/-
C.L.Mahanta
Director
Date:31.08.2015
Place: Tezpur**

CORPORATE GOVERNANCE REPORT

I. Company's Philosophy on Corporate Governance

Your Company's philosophy on Corporate Governance strive to meet its business objectives efficiently and accomplishing its responsibility towards its stakeholders. Your Company believes that Corporate Governance is not just complying with regulatory requirements but also to create highest standards of transparency in its every endeavor. In our commitment to practice sound governance principles, we are guided by the following core principles:

- ✓ Transparency
- ✓ Commitment
- ✓ Accountability
- ✓ Ethical conduct
- ✓ Safeguarding Stakeholders' interests

This Corporate Governance Report relates to the Financial year 2013-14. Though the Company has been complying with the DPE Guidelines on Corporate Governance for CPSEs, 2010, but due to change in constitution of the Board of Directors during the year 2013-14, the same could not be complied completely.

II. Board of Directors & their Committees

The Board of your company is constituted by eight venerable members who are a perfect blend of expertise, experience and enthusiasm. Under the pioneer ship of such learned Board, your company has always sustained to look at the forefront and learn to move onward even in its grey days.

A. BOARD OF DIRECTORS

- *Composition & Meetings*

The Board of Directors comprise of One Functional Director, Three Part time Government Directors and Four Part Time Non-Official Directors with a total of Eight Directors in the Board during the year ending 31.03.2014.

The Board of Directors of your company met 4 (Four) times during the year 2013-14 i.e on 29.06.2013, 30.09.2013, 17.12.2013 and 21.03.2014 to transact various businesses. During the year the company also convened an Annual General Meeting (AGM) on 24.12.2013 but no Extra-Ordinary General Meeting was held.

In the year 2013-14 the maximum time gap between two meetings of the Board did not exceed more than three months and have an adequate quorum in every meeting.

Following is the list of Directors of the company showing their categories and also attendance in the Board Meeting and Annual General Meeting of the Company:

S. No	Name of Director	Category	Attendance	
			Board Meeting	AGM
1	Sh. Arvind Madhav Singh*	Part Time Government Director	4/4	No
2	Sh. Rohtash Singh*	Part Time Government Director	1/2	NIL [^]
3	Sh. S.Bhattacharjee*	Functional Director	1/1	NIL [^]
4	Prof. Charu Lata Mahanta	Part Time Non-official Directors	1/4	No
5	Sh. P.R.Meshram*	Part Time Government Director	1/1	NIL [^]
6	Sh. Hage Kojeen*	Part Time Government Director	1/3	NIL [^]
7	Sh.P.Kharkongor*	Part Time Government Director	0/1	NIL [^]
8	Sh. V.H.Kalbande	Functional Director	3/3	Yes
9	Dr. B.C.Deka	Part Time Non-official Directors	2/3	No
10	Sh. Rajan Lohia	Part Time Non-official Directors	0/3	No
11	Sh. R.P.Gurung	Part Time Non-official Directors	2/3	No
12	Sh. I.Meitei	Part Time Government Director	0/2	No
13	Sh. Samuel Rosanglura	Part Time Government Director	0/2	No
14	Sh. B.Dhar**	Part Time Government Director	NIL	NIL [^]

* Their offices as Directors of NERAMAC ceased during the year 2013-14

**The appointment was on 11.11.2013 and the office as Director ceased on the day of Board Meeting held on 17.12.2013 hence the presence was not counted

[^] Their offices as Directors ceased till the AGM

- *Information placed before the Board of Directors*

The Board of your company is regular in conducting Board Meetings periodically to transact various businesses. As sound practice of good corporate governance a

detailed Agenda assisted with relevant Annexures is sent to all the Board Members well before time including the following items:

- a) Annual operating plans and budgets and any updates.
- b) Capital budgets and any updates.
- c) Quarterly results for the company and its operating divisions or business segments.
- d) Minutes of meetings of audit committee and other committees of the board.
- e) The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- f) Show cause, demand, prosecution notices and penalty notices which are materially important
- g) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- h) Details of any joint Venture or collaboration agreement
- i) Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
- j) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- k) Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- l) Any Other information that seek the prior attention of the Board to carry out their responsibilities effectively, etc

- *Code of Conduct*

The Company is committed to conducting business in accordance with the highest standard of business ethics and complying with applicable laws, rules and regulations.

- *Remuneration*

Our company being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by the President of India (delegated power to Ministry of DoNER). Hence, the Board does not decide remuneration of the Directors. Independent Directors are paid only sitting fees for attending the Board Meetings.

B. COMMITTEES OF THE BOARD

In order to carry out the responsibilities & decision making more smoothly and in prudent manner the Board has constituted an Audit Committee which is headed and constituted by an Independent Director of the Board having expertise and reservoir of experience in the field of finance, legal, accounts, marketing, etc.

AUDIT COMMITTEE

On 13.12.2011, your company had constituted an Audit Committee under the Companies Act, 1956 and DPE guidelines for Corporate Governance for CPSEs, 2010, under the Chairmanship of Prof. C.L.Mahanta. The necessary Terms of

Reference of an Audit Committee as prescribed by Companies Act, 2013 have also been conferred by the Board on 08.07.2014. All other members of the committee are financially literate and have decent accounting or related knowledge.

- *Terms of Reference*

The terms of reference of the Audit Committee is in consistency with the DPE Guidelines and other statutory requirements, the gist of terms of reference is as follows:

- a) The Audit Committee has power, to investigate any activity, seek information from any employee and to obtain outside legal or other professional advice when ever consider fit and proper by the Committee.
- b) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- c) Recommending the Board, the fixation of audit fees and other payments payable to Auditor for other services rendered by him.
- d) Reviewing, with the management, the annual financial statements before submission to the Board for approval.
- e) Reviewing, with the management and performance of statutory and internal auditors, and adequacy of the internal control systems and internal audit function, if any, including staffing and seniority of the official heading the department, reporting structure coverage.
- f) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- g) To review the functioning of the Whistle Blower mechanism, in case the same is existing
- h) To review the follow up action on the audit observations of the CAG audit.
- i) The Audit Committee is empowered to review the Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions, submitted by management, internal audit reports relating to internal control weaknesses, etc.

- *Composition*

The Audit Committee is headed by Sh. R.P.Gurung as the Chairman who is also the Independent Director. The Committee comprises of four members as on 31.03.2014 in total from whom three members are Independent and one member is Non-Independent Director.

- *Meetings*

During the Financial year 2013-14 the Audit Committee met 4 (Four) times on 29.06.2013, , 30.09.2013, 17.12.2013 and 20.03.2014. The following table displays the attendance of the members in the said meetings of the committee:

Sl. No.	Name of the Member	Designation in Committee	Category	Attendance
1	Prof. C.L.Mahanta	Chairman(for 29.06.2013) and Member	Independent Director	1/4
2	Sh. P.R.Meshram	Member*	Non-Independent Director	1/1
3	Sh. S.Bhattacharjee	Member*	Non-Independent Director	1/1
4	Sh. R.P.Gurung	Chairman (from 12.09.2013)	Independent Director	2/3
5	Dr. B.C.Deka	Member	Independent Director	2/3
6	Sh. V.H.Kalbande	Member	Non-Independent Director	3/3
7	Sh. Rohtash Singh	Member*	Non-Independent Director	1/2

* The office of the Director ceased during the year 2013-14

Notes:

- The Company Secretary acts as the Secretary to the Committee.
- The nominee of Chairman of the Audit Committee was present in Annual General Meeting for FY 2012-13 to answer the queries of the Shareholders
- By Resolution No. 4/2014 passed by the 116th Board Meeting, Mr. S. Bhattacharjee, Executive Director was appointed as special invitee for the Audit Committee Meetings.

III. GENERAL BODY MEETINGS

- *Annual General Meeting*

The details of the last three AGMs held are as follows:

Sl. No.	Year	Date of AGM	Day & Time	Venue	Details of Special Resolution, if any
1	2010-11	09.09.2011	Friday, 17:00 hrs	Registered Office i.e. at 9, Rajbari Path, Ganeshguri, G.S.Road, Guwahati	Nil
2	2011-12	28.09.2012	Friday, 17:00 hrs	Registered Office i.e. at 9, Rajbari Path, Ganeshguri, G.S.Road, Guwahati	Insertion of new business in Object Clause of Memorandum of Association

3	2012-13	24.12.2013	Tuesday, 11:00 a.m	Registered Office i.e. at 9, Rajbari Path, Ganeshguri, G.S.Road, Guwahati	Nil
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- *Extra-ordinary General Meeting*
No Extra-Ordinary General was held during the Financial Year 2013-14
- *AGM of the Current year:*
The AGM for the financial year 2013-14 is going to be held on 21st September, 2015, at 11:00 A.M. at the registered office of the Company i.e. at 9, Rajbari Path, Ganeshguri, G.S.Road, Guwahati-781005.

IV. DISCLOSURES

There were no transactions of material nature with the promoters or Directors or the Management etc, which have potential conflict with the interest of the Company at large. The Company has been particular in adhering to the provisions of the laws and guidelines of regulatory authorities.

V. MEANS OF COMMUNICATION

The Financial Results & other information about the company are available on its website www.neramac.com

VI. AUDIT QUALIFICATIONS

The qualifications of the Statutory Auditors are forming part of the Auditors report for the review of the members

VII. WHISTLE BLOWER POLICY

Although no Whistle Blower policy exists in your company but the access to the Chairman of the Audit committee is never denied to the employees. They may even contact the management to report about any irregularity, actual or suspected fraud, unethical behavior, etc.

For NERAMAC Ltd

Place: Guwahati
Date: 17.08.2015

sd/-
M.I.Meitei
Managing Director
Date: 01.09.2015
Place: Guwahati

CS Astha Daluja
Company Secretary

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
North Eastern Regional Agricultural Marketing Corporation Limited,
9, Rajbari Path,
Ganeshguri, G.S.Road, Guwahati-781005

We have examined the compliance of the conditions of Corporate Governance by North Eastern Regional Agricultural Marketing Corporation Limited (hereinafter referred as 'the Company') for the year ended 31st March, 2014 as stipulated in 'Guidelines on Corporate' Governance for Central Public Sector Enterprises 2010 vide Notification No.1 No. 18 (18)/ 2005- GM originally issued on 22.06.2007 and revised guidelines vide office memorandum dated 14th May, 2010 by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India and annexures mentioned there under (hereinafter referred to as 'Guidelines').

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions corporate governance as stipulated in above mentioned guidelines. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we hereby certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Guidelines except Clause 3.1.3 relating to appointment of Nominee Directors by Government /other CPSEs, Clause 3.3.3 relating to Compliances of laws to be reviewed; Clause 3.4.2 relating to affirmation of Compliance with Code of Conduct on an annual basis, Clause 3.6-related to Risk Management, Clause 3.7 relating to Training of Directors; Clause 4.2.7 relating to Review of Adequacy of Internal Audit Function; Clause 7.3.1 relating to Board Disclosures-Risk Management; Clause 8.2.2-related to inclusion of Chairman's Speech in the Annual Report. Further the Company does not have a Remuneration Committee & Whistle Blower Mechanism.

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

sd/-
Astha Daluja
Company Secretary
CP No. 11227

Date:31.08.2015
Place: Guwahati

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NORTH EASTERN REGIONAL AGRICULTURAL MARKETING CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2014

The preparation of financial statements of **North Eastern Regional Agricultural Marketing Corporation Limited** for the year ended **31st march 2014** in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their **Revised Audit Report dated 01.06.2015** (Original Report - 10.11.2014).

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of **North Eastern Regional Agricultural Marketing Corporation Limited** for the year ended **31st march 2014**. 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, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619(4) of the Companies Act, 1956.

Sd/-

Place: New Delhi
Date: 10.08.2015

Auditor General of India
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board - IV

DEBASHISH MITRA & ASSOCIATES

Chartered Accountants

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REVISED INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF NORTH EASTERN REGIONAL AGRICULTURAL
MARKETING CORPORATION LIMITED**

We have audited the accompanying **Revised** financial statements of North Eastern Regional Agricultural Marketing Corporation Limited, ("The Company") which comprise the **Revised** Balance Sheet as at 31st March 2014 and the **Revised** Statement of Profit and Loss and **Revised** Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

I. MANAGEMENT'S RESPONSIBILITY FOR THE REVISED FINANCIAL STATEMENTS:

1. Management is responsible for preparation of these **Revised** financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("The Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements to give a true and fair view and is free from material misstatement, whether due to fraud or error.

II. AUDITOR'S RESPONSIBILITY

1. Our responsibility is to express an opinion on these **Revised** financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India. 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 misstatements.
2. 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

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financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 the effectiveness of the company's internal control. 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.

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

III. BASIS FOR ADVERSE OPINION

1. *In the Revised Financial Statement Inventory of Rs. 22,02,737/- has been included even though the said amount was not included in the Original Financial Statements. This inventory broadly consists of :-*

<i>a) Raw Cashew Nut</i>	<i>Rs.21,93,736.95</i>
<i>b) Processed Foods</i>	<i>Rs.9000.00</i>
<i>Total</i>	<i>Rs.22.02.736.95</i>

This inventory was shown as part of the stock of zonal office, Meghalaya as on 31.03.2014.

We had visited the aforesaid office on 09.04.2015 and found that the inventory was not physically present thereat. We were informed that the present location of the aforesaid inventory is mankachar, Dhubri. On a perusal of the records we noted that the raw cashew nut was purchased during the period from 12.06.2012 to 11.07.2012. The date of manufacture of the Processed Foods could not be determined by us because of inadequate records. We have also noted that in the audit committee meeting of the company held on 25th march, 2015 this matter was discussed under Agenda Item no.9. The committee noted that the Processed Stocks were past expiry date. The fact that these stocks were considered realizable in the financial statements was viewed seriously by the committee and further information was sought for. Vide a letter dated 27.04.2015 we were informed that the price realizable

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depends on the price prevailing during the ensuing Cashew Season. In view of the above, we cannot confirm whether the aforesaid inventory is realizable or not.

- 2. We draw attention to a Management Representation dated 30th September, 2014 received from the company which states that no confirmation of balances of loans from Ministry of DoNER/NEDFi, Trade Receivables and Trade Payables are available with the Company. Further trade payables amounting Rs. 7,84,50,697/- have the same balances as 31.03.2013. Trade Receivable include Rs. 2,06,46,145/- of Debts outstanding for more than 3 years for which no Provision for Doubtful Debts has been made in the Accounts.*
- 3. An amount of Rs. 3,43,47,349/- being interest on Working Capital Loan receivable from DONER for the period from 2006-07 to 2011-12 has been written off during the year as not recoverable without any documentary evidence from DONER regarding non - recoverability of the same. This writing off has resulted in Loss being overstated by Rs. 3,43,47,349/-.*
- 4. Additional Amount of Interest Accrued on Fixed Deposits credited in the Revised Financial Statements amounted to Rs. 21,15,326/-. But the entire Interest accrued up to 31.03.2013 has not been distributed amongst the individual Fixed Deposits held by the Company. Hence it is not possible to find out the value of each Fixed Deposit along with Interest Accrued and Tax Deducted at Source thereon as at 31.03.2014. Consequently the Fixed Deposits are subject to reconciliation & adjustments as the Interest & TDS are based solely on Form No. 26AS issued under Income Tax Rules, 1962. Further the Company is yet to obtain Statements relating to individual Fixed Deposits & Interest Accrued thereon as on 31.03.2014 from relevant Banks relating to eleven Fixed Deposits.*
- 5. The Revised Cash Flow Statement for the year ended 31.03.2014 does not indicate the Cash Generated From Operations Before Working Capital Changes correctly as the Prior Period Penal Interest is not included in the Cash Flow From Operating Activities.*
- 6. Cheques pertaining to earlier years amounting to Rs. 2,62,254/- have been disclosed as Cheques in Hand. These Cheques are stale and not supported by any detail. Incorrect inclusion of this amount has resulted in overstatement of Cash and Cheques in Hand as well as understatement of Trade Receivables by the aforesaid amount.*

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7. *Damaged pineapple Juice Concentrate of the value of Rs. 2,21,456/- has been included in the Closing Inventory of Finished Goods. This inventory is being carried from year ending 31.03.2011. Non-recognition of the loss suffered by the Company relating to the damaged Pineapple Juice Concentrate has resulted in understatement of loss for the year by Rs. 2,21,456/-.*

IV. QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanation given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the revised financial statements give the information required by the Act in the manner so required and do not give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In case of the Revised Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) In the case of Revised statement of Profit and Loss, of the Loss for the year ended on that date, and
- c) In case of Revised Cash Flow statement, of the cash flows for the year ended on that date.

V. EMPHASIS OF MATTER

1. We draw attention to Note 21.13 of the Financial Statements regarding pending law suit concerning Sobhayaga Advertising, Kolkata. We have not been informed of the current status of this law suit.
Our report is not qualified in respect of this matter.
2. We draw attention to Note 21.18 of the Financial Statements (Details of Prior Period Adjustment) which states that an amount of Rs. 2,97,94,138/- being Penal Interest on Working Capital Loan has been adjusted during the year.
Our Report is not qualified in respect of this matter.
3. We draw attention to Note 21.18 (Details of Prior Period Adjustments) which states that an amount of Rs. 1,19,45,403/- on account of Gratuity & Rs. 73,36,9721- on account of Leave Encashment have been brought into account during the year under the head Prior Period Adjustment
Our Report is not qualified in respect of this matter.

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VI. OTHER MATTER

Our original Independent Auditor's Report was issued on 19.11.2014. Consequent to this Report the Company amended its Original Financial Statements substantially before approval of the same at the Annual General Meeting & offered the same for audit after obtaining approval of the Board of Directors at its meeting held on 25.03.2015. The Revised Auditor's Report is based on the Revised Financial Statement.

Our opinion is not qualified in respect of this matter.

VII. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under the provisions of section 227(3) of the Act, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Revised Balance Sheet, Revised Statement of Profit and Loss and Revised Cash flow Statement dealt with by this report are in agreement with the books of account;
 - d) *Except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Revised Balance Sheet, Revised Statement of Profit and Loss and Revised Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;*
 - e) The Directors of the Government Companies were exempted from the provisions of Section 274 (1)(g) of the Companies Act, 1956, vide clarification issued by the Ministry of Law, Justice & Company Affairs vide No. 2/5/2001-CL. V; General Circular No. 8/2002 dated 22.03.2002.

Place: Guwahati
Date: 01-06-2015/19-11-2014

For M/s. Debashis Mitra & Associates
Chartered Accountants
Registration No. 318069E
sd/-
(Debashis Mitra)
Partner
Membership No. 053649

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Annexure referred to in Paragraph VII of the report of even date of the Revised Auditor's Report to the members of North Eastern Agricultural Marketing Corporation Ltd, on the accounts for the year ended 31.3.2014.

- (i) The fixed Asset Register of the Company has not been updated. According to the information & explanations provided to us the Fixed Assets are not physically verified at reasonable intervals.
- (ii) a) Physical Verification of Inventory as on 31.03.2014 has not been carried out by the management. The management has carried out verification of Inventories on 20.10.2013, 16.11.2013, 19.11.2013 & 13.12.2013. Further no records of physical verification of Raw Cashew Nut & Processed Foods held by the Meghalaya Office could be produced before us for verification.
- b) The procedures of Physical Verification of Inventories followed by the management are not adequate in relation to the size of the company and nature of its business as such inventories are not verified at regular intervals.
- c) Manual records of inventory are maintained by the management. In the course of physical verification carried out by us on 16.10.2014 at Ginger Processing Plant, Byrnihat, we noted shortage of Ginger Powder of 120.05 Kg.
- (iii) a) The Register to be maintained under section 301 of the Act could not be produced before us for verification & hence we are unable comment on loans granted or taken from companies, firm or other parties listed in such a Register.
- b) The company has taken working capital loan from North Eastern Development Finance Corporation Ltd (NEDFi) and Government of India (DoNER). The Terms and conditions are not prejudicial to the interest of the company. The principal balance outstanding at the end of the year was Rs. 2 Crores from NEDFi & Rs. 16.13 Crores from DoNER. However no repayment of principal or interest has been made by the company during the year.
- (iv) In our opinion and according to the information and explanations given to us, the internal control system is not commensurate with the size o the company and the nature of its business with regard to purchase of inventory, fixed assets,, and sale of goods and services. During the course of our audit, we have observed failure to bring

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into the account inventory of Rs. 22,02,737/- as part of its Closing Stock in the original financial statements.

- (v) a) As stated above the Register required to be maintained under section 301 of the Companies Act, 1956 could not be produced before us for verification.
- b) As the Register under section 301 could not be verified, we are not in a position to comment as to whether the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party, during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public, and, as such, the provisions of section 58A and 58AA of the Companies Act, 1956, or any other relevant provisions of the Act, and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public are not applicable.
- (vii) The Internal Audit system of the company requires further improvement.
- (viii) As explained to us, the Central Government has not prescribed the maintenance of cost records by the company under section 209(1) (d) of the Companies Act, 1956.
- (ix) (a) Undisputed Statutory dues including Provident Fund, VAT and Income Tax have not been regularly deposited with the appropriate Authorities and there have been delays/nonpayment in a large number of cases. We were not explained the reasons for non-payment of ESI dues. The extent of arrears of outstanding statutory dues as on last day of the financial year for a period of more than six months from the date they become payable are given below.

Statement of Arrears of Statutory Dues/ Outstanding for more than 6 months as on 31st March' 14

Sl. No	Name of the Statute	Nature of Dues	Amount Rs.	Period to which the amount relates	Due Dates	Date of Subsequent payment	Amount paid
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1	Income Tax Act, 1961	Income Tax payable	1,09,00,000/-	2009-10 to 2010-11	As laid down under the Income Tax Act, 1961.	No documentary evidence regarding subsequent payment could be produced for verification	
2	Central Sales Tax Act, 1956	C.S.T Payable	35,21,908/-	2012-13 to 2013-14	As laid down under the Central Sales Tax Act, 1956.	16.09.2014	3,47,512/-
3	Manipur VAT Act	VAT Payable	1,32,442/-	2011-12	As per Manipur VAT Act	No documentary evidence regarding subsequent payment could be produced for verification	
4	Arunachal Pradesh Goods Tax Act,	VAT Payable	46,75,449/-	2013-14	As per Arunachal Pradesh Goods	06.02.2015 (Chq.No. 245665)	22,75,449/-

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	2005				Tax Act, 2005	06.02.2015(Chq.No. 245666)	24,00,000/-
5	Income Tax Act, 1961	TDS not deducte d	3,76,700/-	2013-14	2013-14	Nil	Nil

Further, since the Central Government has till date, not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.
- (x) **The accumulated losses of the company exceed fifty percent of its net worth as at 31.3.2014. The company has suffered cash losses during the year under audit as well as in the year ending 31.3.2015.**
- (xi) The company has taken Working Capital Loan NEDFi/ DoNER. No repayment of principal or interest has been made till date.
- (xii) The company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) In our opinion, the company is not a chit fund or nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures & other investments. Accordingly the provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

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- (xv) According to the explanations & information provided to us, the company has not given guarantees for loans taken by others from banks or financial institutions which are prejudicial to the interest of the company.
- (xvi) As the Company has not obtained any term loan hence the provisions of Clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvii) In the absence of details we are not in a position to comment whether funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us, during the period covered by our audit report the company has not issued any debentures.
- (xx) The company had not made any public issue of shares during the year under audit.
- (xxi) The General Manager (F&A) of the Company vide letter dated 30th September, 2014 & 21st March, 2015 has informed us that no fraud on or by the Company for the year ended 31.3.2014 has been noticed or reported by the Management. Records, if any, relating to fraud were not produced before us during the course of audit. Further regarding Fraud relating to Broom Grass as reported by us in our Audit Report dated 07.10.2013 relating to the year ending 31.3.2013, we have been informed by the General Manager (F&A) of the Company vide letter dated 28th October, 2014 that a Report was submitted to the Ministry of Development of North Eastern Region by the then CVO of the Company and the progress of the enquiry is not known to his office. No accounting entry for loss of inventory has been made as the quantum of the fraud could not be determined. No police report relating to the fraud could be produced before us for verification.

For M/s. Debashis Mitra & Associates
Chartered Accountants
Registration No. 318069E
sd/-
(Debashis Mitra)
Partner
Membership No. 053649

Place: Guwahati
Date: 01-06-2015/19-11-2014

**REPLIES OF THE MANAGEMENT ON THE OBSERVATIONS MADE BY THE
STATUTORY AUDITORS IN ANNEXURE TO THEIR REPORT 2013– 2014**

Para of Auditor's Report	Extracts of the concerned Para of Auditors Report	Replies of Management
Para (i) to Auditor's Report	The fixed Asset Register of the Company has not been updated. According to the information & explanations provided to us the Fixed Assets are not physically verified at reasonable intervals.	Noted for compliance.
Para (ii) (a) to Auditor's Report	Physical Verification of Inventory as on 31.03.2014 has not been carried out by the management. The management has carried out verification of Inventories on 20.10.2013, 16.11.2013, 19.11.2013 & 13.12.2013. Further no records of physical verification of Raw Cashew Nut & Processed Foods held by the Meghalaya Office could be produced before us for verification.	Noted.
Para (ii) (b) to Auditor's Report	The procedures of Physical Verification of Inventories followed by the management are not adequate in relation to the size of the company and nature of its business as such inventories are not verified at regular intervals.	Noted.
Para (ii) (c) to Auditor's Report	Manual records of inventory are maintained by the management. In the course of physical verification carried out by us on 16.10.2014 at Ginger Processing Plant, Byrnihat, we noted shortage of Ginger Powder of 120.05 Kg.	Noted.
Para (iii) (a) to Auditor's Report	The Register to be maintained under section 301 of the Act could not be produced before us for verification & hence we are unable comment on loans granted or taken from companies, firm or other parties listed in such a Register.	Noted.
Para (iii) (b) to Auditor's Report	The company has taken working capital loan from North Eastern Development Finance Corporation Ltd (NEDFi) and Government of India (DoNER). The Terms and conditions are not prejudicial to the interest of the company. The principal balance outstanding at the end of the year was Rs. 2 Crores from NEDFi & Rs. 16.13 Crores from DoNER. However no repayment of principal or interest has been made by the company during the year.	Noted.

Para (iv) to Auditor's Report	In our opinion and according to the information and explanations given to us, the internal control system is not commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets,, and sale of goods and services. During the course of our audit, we have observed failure to bring into the account inventory of Rs. 22,02,737/- as part of its Closing Stock in the original financial statements.	Noted.
Para (v) (a) to Auditor's Report	As stated above the Register required to be maintained under section 301 of the Companies Act, 1956 could not be produced before us for verification.	Noted.
Para (v) (b) to Auditor's Report	As the Register under section 301 could not be verified, we are not in a position to comment as to whether the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party, during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.	Noted.
Para (vi) to Auditor's Report	The company has not accepted any deposits from the public, and, as such, the provisions of section 58A and 58AA of the Companies Act, 1956, or any other relevant provisions of the Act, and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public are not applicable.	Noted.
Para (vii) to Auditor's Report	The Internal Audit system of the company requires further improvement.	Noted.
Para (viii) to Auditor's Report	As explained to us, the Central Government has not prescribed the maintenance of cost records by the company under section 209(1) (d) of the Companies Act, 1956.	Noted.
Para (ix) (a) to Auditor's Report	Undisputed Statutory dues including Provident Fund, VAT and Income Tax have not been regularly deposited with the appropriate Authorities and there have been delays/ nonpayment in a large number of cases. We were not explained the reasons for non-payment of ESI dues. The extent of arrears of outstanding statutory	Noted.

dues as on last day of the financial year for a period of more than six months from the date they become payable are given below.

Statement of Arrears of Statutory Dues/ Outstanding
for more than 6 months as on 31st March'14

Further, since the Central Government has till date, not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

i) **Name of the Statute :** Income Tax Act, 1961

Nature of Dues: Income Tax Payable

Amount (Rs.): 1,09,00,000/-

Period to which the amount relates:
2009-10 to 2010-11

Due Dates: As laid down under the Income Tax Act, 1961.

Date of subsequent payment: No documentary evidence regarding subsequent payment could be produced for verification.

Amount Paid : Nil

ii) **Name of the Statute :** Central Sales Act, 1956

Nature of Dues: CST Payable

Amount (Rs.): 35,21,908/-

Period to which the amount relates: 2012-13 & 2013-2014

Due Dates: As laid down under the Central Sale Tax Act, 1961.

Date of subsequent payment: 16.09.2014

Amount Paid : Rs.3,47,512/-

Steps being taken to deposit the dues in consultation with the consultant.

iii) **Name of the Statute :** Manipur VAT Act

Nature of Dues: VAT Payable

Steps being taken to deposit the

	<p>Amount (Rs.): 1,32,442/-</p> <p>Period to which the amount relates: 2011-12</p> <p>Due Dates: As per Manipur VAT Act</p> <p>Date of subsequent payment: No documentary evidence regarding subsequent payment could be produced for verification.</p> <p>Amount Paid : Nil</p>	<p>dues in consultation with the consultant.</p>
	<p>iv) Name of the Statute : Arunachal Pradesh Goods Tax Act, 2005</p> <p>Nature of Dues: VAT Payable</p> <p>Amount (Rs.): 46,75,449/-</p> <p>Period to which the amount relates: 2013-14</p> <p>Due Dates: As per Arunachal Pradesh Goods Tax Act, 2005.</p> <p>Date of subsequent payment: 06.02.2015 (Chq. No. 245665) , 06.02.2015 (Chq. No. 245666)</p> <p>Amount Paid : Rs 22,75,449/- & Rs. 24,00,000/-</p>	<p>Noted.</p>
	<p>iv) Name of the Statute : Income Tax Act, 1961</p> <p>Nature of Dues: TDS not deducted</p> <p>Amount (Rs.): 3,67,700/-</p> <p>Period to which the amount relates: 2013-14</p> <p>Due Dates: 2013-2014</p> <p>Date of subsequent payment: NIL</p> <p>Amount Paid : NIL</p>	
Para (ix) (b) to Auditor's Report	<p>According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.</p>	<p>Noted.</p>
Para (x) to Auditor's Report	<p>The accumulated losses of the company exceed fifty percent of its net worth as at 31.3.2014. The company has suffered cash losses during the year under audit as well as in the year ending 31.3.2015.</p>	<p>Noted.</p>

Para (xi) to Auditor's Report	The company has taken Working Capital Loan NEDFi/ DoNER. No repayment of principal or interest has been made till date.	Noted.
Para (xii) to Auditor's Report	The company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures or other securities.	Noted.
Para (xiii) to Auditor's Report	In our opinion, the company is not a chit fund or nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.	Noted.
Para (xiv) to Auditor's Report	In our opinion, the company is not dealing in or trading in shares, securities, debentures & other investments. Accordingly the provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.	Noted.
Para (xv) to Auditor's Report	According to the explanations & information provided to us, the company has not given guarantees for loans taken by others from banks or financial institutions which are prejudicial to the interest of the company.	Noted.
Para (xvi) to Auditor's Report	As the Company has not obtained any term loan hence the provisions of Clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.	Noted.
Para (xvii) to Auditor's Report	In the absence of details we are not in a position to comment whether funds raised on short term basis have been used for long term investment.	Noted.
Para (xviii) to Auditor's Report	According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year.	Noted.
Para (xix) to Auditor's Report	According to the information and explanations given to us, during the period covered by our audit report the company has not issued any debentures.	Noted.
Para (xx) to Auditor's Report	The company had not made any public issue of shares during the year under audit.	Noted.

Para (xxi) to
Auditor's Report

The General Manager (F&A) of the Company vide letter dated 30th September, 2014 & 21st March, 2015 has informed us that no fraud on or by the Company for the year ended 31.3.2014 has been noticed or reported by the Management. Records, if any, relating to fraud were not produced before us during the course of audit. Further regarding Fraud relating to Broom Grass as reported by us in our Audit Report dated 07.10.2013 relating to the year ending 31.3.2013, we have been informed by the General Manager (F&A) of the Company vide letter dated 28th October, 2014 that a Report was submitted to the Ministry of Development of North Eastern Region by the then CVO of the Company and the progress of the enquiry is not known to his office. No accounting entry for loss of inventory has been made as the quantum of the fraud could not be determined. No police report relating to the fraud could be produced before us for verification.

All available documents were produced during course of audit.

ANNEXURE – II : OBSERVATIONS ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014

Para of Auditor's Report	Extracts of the concerned Para of Auditors Report	Replies of Management						
<p>Para 1 to Auditor's Report</p>	<p>In the Revised Financial Statement Inventory of Rs. 22,02,737/- has been included even though the said amount was not included in the Original Financial Statements. This inventory broadly consists of :-</p> <table border="0" style="margin-left: 40px;"> <tr> <td>a) Raw Cashew Nut</td> <td style="text-align: right;">Rs.21,93,736.95</td> </tr> <tr> <td>b) Processed Foods</td> <td style="text-align: right;">Rs.9000.00</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">Rs.22.02.736.95</td> </tr> </table> <p>This inventory was shown as part of the stock of zonal office, Meghalaya as on 31.03.2014.</p> <p>We had visited the aforesaid office on 09.04.2015 and found that the inventory was not physically present thereat. We were informed that the present location of the aforesaid inventory is mankachar, Dhubri. On a perusal of the records we noted that the raw cashew nut was purchased during the period from 12.06.2012 to 11.07.2012. The date of manufacture of the Processed Foods could not be determined by us because of inadequate records. We have also noted that in the audit committee meeting of the company held on 25th march, 2015 this matter was discussed under Agenda Item no.9. The committee noted that the Processed Stocks were past expiry date. The fact that these stocks were considered realizable in the financial statements was viewed seriously by the committee and further information was sought for. Vide a letter dated 27.04.2015 we were informed that the price realizable depends on the price prevailing during the ensuing Cashew Season. In view of the above, we cannot confirm whether the aforesaid inventory is realizable or not.</p>	a) Raw Cashew Nut	Rs.21,93,736.95	b) Processed Foods	Rs.9000.00	Total	Rs.22.02.736.95	<p>Noted. Regarding the stock of processed foods valued at Rs. 9,000/-, necessary write-off will be made after approval of the competent authority as the stock consist of items beyond expiry date.</p>
a) Raw Cashew Nut	Rs.21,93,736.95							
b) Processed Foods	Rs.9000.00							
Total	Rs.22.02.736.95							
<p>Para 2 to Auditor's Report</p>	<p>We draw attention to a Management Representation dated 30th September, 2014 received from the company which states that no confirmation of balances of loans from Ministry of DoNER/NEDFi, Trade Receivables and Trade Payables are available with the Company. Further trade payables amounting Rs. 7,84,50,697/- have the same balances as 31.03.2013. Trade Receivable include Rs.</p>	<p>Provisions for Doubtful Debts will be made in next year accounts.</p>						

<p>Para 3 to Auditor's Report</p>	<p>2,06,46,145/- of Debts outstanding for more than 3 years for which no Provision for Doubtful Debts has been made in the Accounts.</p> <p>An amount of Rs. 3,43,47,349/- being interest on Working Capital Loan receivable from DONER for the period from 2006-07 to 2011-12 has been written off during the year as not recoverable without any documentary evidence from DONER regarding non - recoverability of the same. This writing off has resulted in Loss being overstated by Rs. 3,43,47,349/-.</p>	<p>Noted.</p> <p>In the accounts for the FY 2006-07 to 2011-12, accrued interest on the Working Capital Loans received from Ministry of DoNER amounting to Rs. 3,43,47,349/- was shown as Receivable from the Ministry on the assumption that the same will be waived off once the capital restructuring is approved. However, in the absence of any waiver till date and as per the suggestion of CAG Auditors on the accounts for the FY 2012-13, this amount is now debited to the P&L Accounts in the current financial year.</p>
<p>Para 4 to Auditor's Report</p>	<p>Additional Amount of Interest Accrued on Fixed Deposits credited in the Revised Financial Statements amounted to Rs. 21,15,326/-. But the entire Interest accrued up to 31.03.2013 has not been distributed amongst the individual Fixed Deposits held by the Company. Hence it is not possible to find out the value of each Fixed Deposit along with Interest Accrued and Tax Deducted at Source thereon as at 31.03.2014. Consequently the Fixed Deposits are subject to reconciliation & adjustments as the Interest & TDS are based solely on Form No. 26AS issued under Income Tax Rules, 1962. Further the Company is yet to obtain Statements relating to individual Fixed Deposits & Interest Accrued thereon as on 31.03.2014 from relevant Banks relating to eleven Fixed Deposits.</p>	<p>Noted for compliance.</p>
<p>Para 5 to Auditor's Report</p>	<p>The Revised Cash Flow Statement for the year ended 31.03.2014 does not indicate the Cash Generated From Operations Before Working Capital Changes correctly as the Prior Period Penal Interest</p>	<p>Noted for compliance.</p>

<p>Para 6 to Auditor's Report</p>	<p>is not included in the Cash Flow From Operating Activities.</p> <p>Cheques pertaining to earlier years amounting to Rs. 2,62,254/- have been disclosed as Cheques in Hand. These Cheques are stale and not supported by any detail. Incorrect inclusion of this amount has resulted in overstatement of Cash and Cheques in Hand as well as understatement of Trade Receivables by the aforesaid amount.</p>	<p>Noted. The amount of Rs. 2,62,254/- is appearing in the books as Cheques-in-hand since FY 2009-10. The matter was brought to the notice of 13th Audit Committee Meeting held on 25.03.2015 and as per it's directives FIR was lodged in Dispur P.S. against the then Cashier Sri S. C. Dey.</p>
<p>Para 7 to Auditor's Report</p>	<p>Damaged pineapple Juice Concentrate of the value of Rs. 2,21,456/- has been included in the Closing Inventory of Finished Goods. This inventory is being carried from year ending 31.03.2011. Non-recognition of the loss suffered by the Company relating to the damaged Pineapple Juice Concentrate has resulted in understatement of loss for the year by Rs. 2,21,456/-.</p>	<p>Matter is being taken up by the Board.</p>

NORTH EASTERN REGIONAL AGRICULTURAL MARKETING CORPORATION LTD.
BALANCE SHEET AS AT 31st MARCH, 2014

<u>Particulars</u>	<u>Note</u>	<u>As on 31st March 2014</u> <u>(Rupees in '000)</u>	<u>As on 31st March</u> <u>2013</u> <u>(Rupees in '000)</u>
<u>I. EQUITY & LIABILITES</u>			
(A) Shareholder's Funds			
(a) Share Capital	2	76,200.00	76,200.00
(c) Reserves and Surplus	3	(188,496.45)	(62,010.97)
(B) Non Current Liabilites			
(a) Long Term Borrowings	4	125,691.54	112,910.00
(C) Current Liabilites			
(a) Trade Payables	5	146,419.99	133,988.04
(b) Other Current Liabilites	6	399,187.25	157,947.03
Total		559,002.33	419,034.10
<u>II. ASSETS</u>			
(A) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	7	16,052.11	17,442.50
(ii) Capital Work-In-Progress	7	26,693.30	23,252.73
(B) Current Assets			
(a) Inventories	8	14,242.54	20,203.12
(b) Trade Receivables	9	145,179.95	142,488.06
(c) Cash & Cash Equivalents	10	138,891.73	57,338.43
(d) Short Term Loans & Advances	11	216,593.36	155,011.60
(e) Others Current Assets	12	1,349.35	3,297.66
Total		559,002.33	419,034.10

The Accompanying Notes 1 to 21 are an integral part of the Financial Statements

For Debashis Mitra & Associates
Chartered Accountants

For and on behalf of the Board

sd/-
Debashis Mitra

Partner(M. No.-053649)
Date: 01.06.2015
Place: Guwahati

sd/-
U.S.Bawa
Managing
Director
DIN: 07097414
25.03.2015
Guwahati

sd/-
Charu Lata Mahanta
Director
DIN:02566552
25.03.2015
Guwahati

sd/-
Nidhi Sharma
Company Secretary
25.03.2015
Guwahati



NORTH EASTERN REGIONAL AGRICULTURAL MARKETING CORPORATION LTD.

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.3.2014

Particulars	Notes	<u>For The Year Ended</u> <u>31st March 2014</u> <u>(Rupees in '000)</u>	<u>For The Year Ended</u> <u>31st March 2013</u> <u>(Rupees in '000)</u>
<u>I. INCOME</u>			
(a) Revenue From Operations	13	546,867.91	437,139.92
(b) Other Income	14	5,716.78	2,958.58
Total Revenue		552,584.70	440,098.50
<u>II. EXPENDITURE</u>			
(a) Cost of Materials Consumed	15	628.84	-
(b) Purchase of Stock-in Trade	16	520,793.00	433,825.50
(c) Changes of Inventories of Finished Goods, Work-in Progress and stock- In-Trade	17	5,483.96	(12,042.68)
(d) Employee Benefits Expenses	18	34,212.02	25,770.93
(e) Finance Costs	19	23,062.65	9,937.43
(f) Depreciation and Amortization Expenses	7	1,875.06	2,126.30
(g) Other Expenses	20	12,422.90	14,523.92
(h) Prior Period Adjustment	21	82,067.32	(5,889.51)
Total Expenses		680,545.76	468,251.89
Profit(Loss) Before Tax (I-II)		(127,961.07)	(28,153.39)
<u>III. TAX EXPENSES</u>			
Current Tax	-	-	-
Profit (Loss) For the year after Tax		(127,961.07)	(28,153.39)

The Accompanying Notes 1 to 21 are an integral part of the Financial Statements

For Debashis Mitra & Associates
Chartered Accountants

sd/-
Debashis Mitra
Partner(M. No.-053649)
Date: 01.06.2015
Place: Guwahati

sd/-
U.S.Bawa
Managing
Director
DIN: 07097414
25.03.2015
Guwahati

For and on behalf of the Board

sd/-
Charu Lata Mahanta
Director
DIN:02566552
25.03.2015
Guwahati

sd/-
Nidhi Sharma
Company Secretary
25.03.2015
Guwahati

NORTH EASTERN REGIONAL AGRICULTURAL MARKETING CORPORATION LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014
For the Year ended 31st March,2014

Particulars	(Rs in '000)	(Rs in '000)
<u>Cash Flows from operating activities</u>		
Net Profit during the year	(127,961.07)	
Add:		
Preliminary Expenses Written off	2,802.85	
Depreciation	1,875.06	
Excess Provision for Outstanding Bills	(5.62)	
Provision for VAT Payable	19.60	
Provision for Gratuity	12,301.21	
Provision for Leave Encashment	7,557.49	
Provision for Tax Audit Fees	20.00	
Provision for Statutory Audit Fees	67.42	
Interest	23,062.65	
Interest Received	(4,208.02)	
Cash Generated from operations before working capital changes	(84,468.43)	
(Increase)/ Decrease in Debtors	(2,691.89)	
(Increase)/ Decrease in Advances	(61,581.76)	
(Increase)/Decrease in Other Current Assets	(854.54)	
Increase/(Decrease) in Trade Creditors	12,431.95	
Increase/(Decrease) in Reserve & Surplus	1,475.59	
Increase/(Decrease) in Current Liabilities	217,601.25	
(Increase)/Decrease in Raw Material(not accounted in P&L)	309.16	
(Increase)/Decrease in Stock	5,960.58	
	88,181.91	
<u>Net Cash Flow from operating activities (A)</u>		88,181.91
<u>Cash Flows from investing activities</u>		
Purchase of Fixed Assets	(894.43)	
Interest Received	4,208.02	
Increase in Capital Work-in- Progress	(3,440.57)	
<u>Net Cash Flow from Investing activities (B)</u>		(126.98)
<u>Cash Flows from Financing activities</u>		
Repayment of long term borrowing	(6,500.84)	
Interest on Long Term Borrowings	-	
<u>Net Cash Flow from financing activities (C)</u>		(6,500.84)
Net Decrease in Cash (A+B+C)		81,554.10
Cash at the beginning of the period		57,338.43
Cash at the end of the period		138,891.73

For Debashis Mitra & Associates Chartered Accountants		For and on behalf of the Board	
sd/- Debashis Mitra Partner(M. No.-053649) Date: 01.06.2015 Place: Guwahati	sd/- U.S.Bawa Managing Director DIN: 07097414 25.03.2015 Guwahati	sd/- Charu Lata Mahanta Director DIN:02566552 25.03.2015 Guwahati	sd/- Nidhi Sharma Company Secretary 25.03.2015 Guwahati

NORTH EASTERN AGRICULTURAL MARKETING CORPORATION LTD, GUWAHATI

NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT 31.03.2014

Note:1

SIGNIFICANT ACCOUNTING POLICIES

a) **BASIS OF PREPARATION OF FINANCIAL STATEMENT:**

Financial statement has been prepared as a going concern basis under historical cost convention, in accordance with the generally accepted accounting principles and the provision of the Companies Act, 1956 as adopted consistently by the company.

b) **USE OF ESTIMATE:**

The preparation of financial statement in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statement and reported amounts of income & expenses during the reporting period. Management believes that the estimates used in the preparation of financial statement are prudent and reasonable. Difference between the actual result and estimates are recognized in the period in which result are known/materialized.

c) **FIXED ASSETS :**

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre operative expenses.

d) **DEPRECIATION :**

Depreciation has been provided pro-rata under the written down value method in accordance with the rates specified under Schedule XIV to the Companies Act, 1956 on single shift basis.

e) **IMPAIRMENT OF ASSETS:**

An Assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired.

f) **INVENTORIES:**

Inventories are valued at their cost or net realizable value whatever is lower.

g) REVENUE RECOGNITION:

Revenue from sale of goods is recognized when significant risk and rewards of ownership of the goods have passed to the buyer. Turnover includes sale of goods inclusive of sales tax and are net of claim. Interest income is recognized on time proportion basis taking into account the amount outstanding & rate applicable.

h) EMPLOYEE BENEFITS:

Short-term employee benefits based on expected obligation on undiscounted basis are recognized as expenses in the statement of Profit and Loss of the period in which the related service is rendered.

Post Employment Benefits:

Defined Contribution Plan:

Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The employees of the Corporation make monthly fixed Contributions to the above schemes equal to a specified percentage of the covered employee's salary.

Defined Benefit Plan:

Gratuity : Provision towards Gratuity is made on the basis of actuarial valuation at the end of the financial year, by an actuary in terms of Accounting Standard (AS) 15 – Employees Benefits issued under the Companies (Accounting Standards) Rules, 2006.

Leave Encashment : Provision towards Leave Encashment is made on the basis of actuarial valuation at the end of the financial year, by an actuary in terms of Accounting Standard (AS) 15 – Employees Benefits issued under the Companies (Accounting Standards) Rules, 2006.

i) EMPLOYEE SEPARATION COST:

Compensation to employees who have opted for retirement under the voluntary retirement scheme of the Company is charged to the Profit & Loss Account in the year of option.

j) BORROWING COST:

Borrowing cost that attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

k) CONTINGENT LIABILITIES:

Contingent liabilities are disclosed in respect of present possible obligation that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

l) SEGMENT REPORTING:

The company has single business segment namely "Processing & marketing of agricultural based products". As such, the company business does not fall under the different segment reporting as defined in AS-7 issued under the Companies (Accounting Standards) Rules, 2006

m) ACCOUNTING FOR INVESTMENT:

Investments are carried at cost. Investments in Fixed deposit represent unutilized funds to be deployed for capital expenditure as well as revenue expenditures.

For Debashis Mitra & Associates
Chartered Accountants

sd/-
Debashis Mitra
Partner(M. No.-053649)

Date: 01.06.2015
Place: Guwahati

sd/-
U.S.Bawa
Managing
Director
DIN:
07097414
25.03.2015
Guwahati

For and on behalf of the Board

sd/-
Charu Lata Mahanta
Director
DIN:02566552
25.03.2015
Guwahati

sd/-
Nidhi Sharma
Company Secretary
25.03.2015
Guwahati

NORTH EASTERN REGIONAL AGRICULTURAL MARKETING CORPORATION LTD.
Notes On Financial Statement For the Year Ended 31st March, 2014

2. SHARE CAPITAL

Particulars	As on 31-03-2014 (Rs in '000)		As on 31-03-2013 (Rs in '000)	
Authorised Share Capital	100,000.00		100,000.00	
100000 equity share of 1000 each (Previous Year 100000 equity share of 1000 each)				
Issued, Subscribed and paid up	76,200.00		76,200.00	
(Previous Year 76200 Equity Shares of Rs. 1000/- each)				
Total	76,200.00		76,200.00	

2.1 Reconciliation of number of shares

Particulars	As on 31-03-2014 (Rs in '000)		As on 31-03-2013 (Rs in '000)	
	No. of Share	Amount	No. of Shares	Amount
Equity Shares				
Opening Balance	76200	76,200.00	76200	76,200.00
Changes During the Year				
Closing Balance	76200	76,200.00	76200	76,200.00

2.2 Par Value of Share

The Company has one class of equity share having par value of Rs. 1000/- Each. Each holder of equity shares is entitled to one vote per share.

2.3 Details of Shareholders holding more than 5% Shares

Particulars	As on 31-03-2014 (Rs in '000)			As on 31-03-2013 (Rs in '000)		
	No. of Share	Amount	(%) of Holding	No. of Shares	Amount	(%) of Holding
Equity Shares						
Opening Balance	76200	76,200.00	100	76200	76,200.00	100
Changes During the Year						
Closing Balance	76200	76,200.00		76200	76,200.00	

3. RESERVES AND SURPLUS

Particulars	As on 31-03-2014 (Rs in '000)		As on 31-03-2013 (Rs in '000)	
Surplus/(Deficit) in statement of Profit & Loss				
Opening Balance		(66,278.29)		(38,124.89)
Profit / (Loss) for the year		(127,961.07)		(28,153.39)
Sub Total		(194,239.35)		(66,278.29)
Capital Reserve				
For Employes Benefit (V.R.S)		915.32		915.32
Subsidy Reserve				
Sale Subsidy		3,852.00		3,352.00
Grants in Aid				
Seminer under NMFP		975.59		-
Total		(188,496.45)		(62,010.97)

4. Non Current Liabilites

Particulars	As on 31-03-2014 (Rs in '000)		As on 31-03-2013 (Rs in '000)	
Long Term Borrowings				
Working Capital Loan from DoNER		106,409.17		112,910.00
Long Term Provisions:				
Provision for Gratuity		11,945.40		
Provision for Leave Encashment		7,336.97		
Total		125,691.54		112,910.00

5. TRADE PAYABLE

Particulars	As on 31-03-2014 (Rs in '000)	As on 31-03-2013 (Rs in '000)
Micro Small And Medium Enterprises	NIL	NIL
Others	146,419.99	133,988.04
Total	146,419.99	133,988.04

6. OTHER CURRENT LIABILITIES

Particulars	As on 31-03-2014 (Rs in '000)	As on 31-03-2013 (Rs in '000)
Interest accrued and due on Borrowings:	79,451.55	59,684.78
Penal Interest accrued and due on Borrowings:	33,090.02	
Other Payables*	211,178.52	39,872.25
Provision for Gratuity	355.81	
Provision for Leave Encashment	220.52	
Current Maturity of Long Term Debt	74,890.84	58,390.00
Total	399,187.25	157,947.03

* Include Statutory Dues, security deposit and advances from customers.

8. INVENTORIES

Particulars	As on 31-03-2014 (Rs in '000)	As on 31-03-2013 (Rs in '000)
Raw Materials	750.04	440.88
Finished Goods	13,041.58	19,275.64
Stores And Spares	103.76	133.84
Others*	347.15	352.76
Total	14,242.54	20,203.12

* Others Includes Stocks of Packing Materials & Stock of Power & Fuel. Inventories are carried at cost.

9. TRADE RECEIVABLES

Particulars	As on 31-03-2014 (Rs in '000)	As on 31-03-2013 (Rs in '000)
Trade Receivables outstanding for a period less than than six months from the date they are due for payment		
Unsecured , considered good	34,530.02	17,903.61
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured , considered good	110,649.93	124,584.45
Total	145,179.95	142,488.06

10. CASH & CASH EQUIVALENTS

Particulars	As on 31-03-2014 (Rs in '000)	As on 31-03-2013 (Rs in '000)
Balances With Bank	23,128.26	18,001.05
Cash & Cheque In Hand	358.12	365.52
Remittance in transit	340.08	1,442.40
Fixed Deposits With Banks	113,102.85	35,567.03
Fixed Deposits held against B.G pledge with P.N.B, Zoo Rd. Brh	1,962.43	1,962.43
Total	138,891.73	57,338.43

11. SHORT TERM LOANS & ADVANCES

Particulars	As on 31-03-2014 (Rs in '000)	As on 31-03-2013 (Rs in '000)
(Unsecured & Considered Good)		
Loans And Advances	4,222.87	4,126.87
Deposits	6,285.85	3,703.12
Others*	206,084.63	147,181.61
Total	216,593.36	155,011.60

* Others Comprises of advances to staff, prepaid expenses.

7. FIXED ASSETS

NORTH EASTERN REGIONAL AGRICULTURAL MARKETING CORPORATION LIMITED, GUWAHATI.
SCHEDULE (4) FORMING PART OF THE BALANCE SHEET AS AT 31.03.2014

Sl. No.	Particulars	% Rate	Gross block				Depreciation Block			Net Block	
			As at 31/03/2013	Transfer to CWIP	Addition During the Year	As at 31/03/2014	Depreciation Upto 31/03/2013	Depreciation during 2013-14	Depreciation Upto 31/03/2014	As at 31/03/2014	As at 31/03/2013
1	Land (Mankachar)		203.93		-	203.93	-	-	-	203.93	203.93
2	Land (Six Mile)		2,250.00		-	2,250.00	-	-	-	2,250.00	2,250.00
3	Vehicle	25.89	1,884.53			1,884.53	1,148.34	190.60	1,338.94	545.59	736.19
4	Air Conditioner	13.91	345.19		28.00	373.19	272.95	13.94	286.89	86.30	72.24
5	Office Equipments	13.91	1,630.56		19.38	1,649.94	1,048.77	94.15	1,142.92	507.02	581.79
6	Furniture & Fixtures	18.10	2,936.89		624.86	3,561.75	2,250.64	224.12	2,474.76	1,087.00	686.26
7	Elect. Equipments	13.91	113.81		64.92	178.73	59.28	12.85	72.13	41.68	54.53
	I.Elect. Equip.(GPP)	13.91	588.38		-	588.38	354.05	32.60	386.65	201.73	234.33
8	Juice dispenser	13.91	1,010.21		-	1,010.21	937.80	10.07	947.87	62.34	72.41
9	Bottle cooler	13.91	20.79		-	20.79	20.29	0.07	20.36	0.43	0.50
10	Lorry	30.00	151.75		-	151.75	151.73	0.01	151.74	0.01	0.02
11	Lab. Equipments	13.91	305.08		-	305.08	291.51	1.89	293.40	11.68	13.57
12	Office & Factory building										
	Silchar	10.00	3,594.55		-	3,594.55	1,324.49	227.01	1,551.50	2,043.05	2,270.06
	FJCP,Nalkata	10.00	15,411.21		-	15,411.21	14,198.89	121.23	14,320.12	1,091.09	1,212.32
	Ginger Plant	10.00	14,935.36		-	14,935.36	8,428.76	650.66	9,079.42	5,855.94	6,506.60
	Office Building, Six Mile	10.00	574.19	574.19	-	-	164.44	-	-	-	409.75
13	Guest House Building	5.00	530.86		-	530.86	383.61	7.36	390.97	139.89	147.25
14	Plant & Machinery	13.91	20,418.21		-	20,418.21	19,864.93	76.96	19,941.89	476.32	553.28
15	Deep Tubewell	5.00	362.56		-	362.56	261.99	5.03	267.02	95.54	100.57
	I. Deep Tubewell(GPP)	5.00	402.28		-	402.28	109.28	14.65	123.93	278.35	293.00
16	Computer	40.00	1,976.91		58.80	2,035.71	1,700.98	138.51	1,839.49	196.22	275.93
17	Auto Cashew Machine	13.91	158.95		-	158.95	144.98	1.94	146.92	12.03	13.97
18	Admn. Buildings (FJCP)	5.00	1,354.85		-	1,354.85	600.86	37.70	638.56	716.29	753.99
19	Xerox Machine	13.91	-		98.47	98.47	-	13.70	13.70	84.77	-
	Total of Current Year		71,161.05		894.43	71,481.30	53,718.55	1,875.06	55,429.19	16,052.11	17,442.49
	Total of Previous year		70,357.92		803.13	71,161.05	51,592.25	2,126.30	53,718.55	17,442.50	18,765.67
	CAPITAL WORK IN PROGRESS									26,693.30	23,252.73

 For Debashis Mitra & Associe
Chartered Accountants

For and on behalf of the Board

sd/-

sd/-

sd/-

sd/-

Debashis Mitra

U.S.Bawa

Charu Lata

Nidhi Sharma

Partner(M. No.-053649)

Managing

Director

Company

Director

Secretary

DIN:

Date: 01.06.2015

07097414

DIN:02566552

Place: Guwahati

25.03.2015

Guwahati

25.03.2015

Guwahati

Guwahati

Guwahati

12. OTHER CURRENT ASSETS

Particulars	As on 31-03-2014 (Rs in '000)	As on 31-03-2013 (Rs in '000)
Misc Expenses (to the extent not w/off or adjusted)	-	2,802.85
Tax Deducted at Source, Refundable	1,349.35	494.81
Total	1,349.35	3,297.66

13. REVENUE FROM OPERATIONS

Particulars	For the year ended 31.03.2014 (Rs in '000)	For the year ended 31.03.2013 (Rs in '000)
Sale From Operation	541,251.76	436,969.52
Sale of Services	62.69	36.59
Other Operating Revenue	5,553.46	133.81
Total	546,867.91	437,139.92

14. OTHER INCOME

Particulars	For the year ended 31.03.2014 (Rs in '000)	For the year ended 31.03.2013 (Rs in '000)
Interest	4,208.02	2,958.58
Other Non Operating Income	1,508.76	-
Total	5,716.78	2,958.58

* Non operating Income Include income from credit for sales subsidy

15.COST OF MATERIALS CONSUMED

Particulars	For the year ended 31.03.2014 (Rs in '000)	For the year ended 31.03.2013 (Rs in '000)
Indigenous	628.84	-
Total	628.84	-

16.PURCHASE OF STOCK IN TRADE

Particulars	For the year ended 31.03.2014 (Rs in '000)	For the year ended 31.03.2013 (Rs in '000)
Purchase	520,793.00	433,825.50
Total	520,793.00	433,825.50

17.CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS & STOCK IN TRADE

Particulars	For the year ended 31.03.2014 (Rs in '000)	For the year ended 31.03.2013 (Rs in '000)
Inventories (At Close)		
Stock in Trade	13,791.62	19,275.58
Inventories (At Commencement)		
Stock in Trade	19,275.58	7,232.90
(Increase) / Decrease in Inventory	5,483.96	(12,042.68)

18. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31.03.2014 (Rs in '000)	For the year ended 31.03.2013 (Rs in '000)
Salaries and Wages	28,954.46	21,760.91
Contribution to Provident and Other Funds	2,818.87	2,361.81
Staff Welfare Expenses *	2,438.70	1,648.21
Total	34,212.02	25,770.93

* Staff Welfare Expenses include Bonus, Gratuity, Medical Expenses, LTC, Leave Encashment etc.

19. FINANCE COST

Particulars	For the year ended 31.03.2014 (Rs in '000)	For the year ended 31.03.2013 (Rs in '000)
Interest on Working Capital Loan	19,766.77	9,937.43
Penal Interest on Working Capital Loan	3,295.88	-
Total	23,062.65	9,937.43

20. OTHER EXPENSES

Particulars	For the year ended 31.03.2014 (Rs in '000)	For the year ended 31.03.2013 (Rs in '000)
Manufacturing Expenses		
Packing Materials		1,120.46
Power & Fuel		95.19
Factory Electricity		279.37
Factory Wages		38.70
Pest Control Treatment	19.10	-
Processing cost	150.24	70.12
Selling and Distribution Expenses		
Sales Tax		1,051.52
Advertisement Expenses	223.62	943.09
Exhibition & Trade Fair	82.26	189.83
Establishment Expenses		
Auction Expenses	6.51	22.25
Audit Expenses	70.40	131.97
Bank Commission	67.64	103.11
Board Meeting Expenses	174.99	39.77
Books & Periodicals	39.97	43.23
Consultant Fees	221.37	7.50
Conveyance	161.56	130.29
Elect. Charges	276.14	208.90
Electrical Fittings	11.90	11.05
Entertainment Expenses	18.00	43.57
Freight & Handling	181.60	307.43
Internal Audit Fee	80.00	15.00
Insurance	58.06	48.27
Legal Expenses	397.42	640.08
Licence Fees	53.70	24.70
Meeting & Conference	184.66	264.13
Membership Fee	3.00	8.91
Miscellaneous Expenses	100.27	160.60
Polution Control Fees	25.00	30.90
Postage & Courier	101.52	137.94
Printing & Stationery	355.06	566.06
Professional Fees	78.11	188.63
Rates & Taxes	143.30	23.24
Registration Fees	-	2.00
Renewal fees	12.76	127.93
Rent	1999.21	1949.61
Repair & Maintenance	315.69	251.78
Seminar Expenses	-	598.32
Stall Expenses	74.16	168.96
Statutory Audit Fee	67.42	67.42
Tax Audit Fees	20.00	15.00
Telephone/Fax/Internet	477.13	527.78
Training Programme	942.56	157.54
Travelling Expenses	1149.21	2024.78
Vehicle Running & Maintenance	1089.22	986.29
Preliminary Expenses W/Off	2,802.85	700.71
Filling Fees at ROC	31.85	-
Office Expenses	140.14	-
Tender Fees	15.29	-
Total	12,422.90	14,523.92

NORTH EASTERN REGIONAL AGRICULTURAL MARKETING CORPORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT 31.03.2014.(contd.)

Note:21 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

1. The figures have been regrouped/reclassified whenever necessary to conform with current year presentation.
2. The Corporation owns 4000 Sq. m. a plot bearing No. 12 in the EPIP, Byrnihat for setting up a Ginger Processing Unit, which has been provisionally allotted by the Govt. of Meghalaya and whose value has been taken as nil.
3. The Corporation owns 1.54 Bighas of land under Dispur Revenue Circle in the District of Kamrup, Assam for construction of Office building which has been allotted by the Govt. of Assam for a total cost of Rs. 22,50,000/-. This payment was released in the month of May 2011 along with land revenue and taxes for twenty five years amounting to Rs. 28,210/-.
4. The Corporation owns 6 bighas 2 khata and 4 lacha land at Mankachar, District Dhubri for setting up of Cashew nut factory which is valued at Rs. 2,03,932/-.
5. Amount paid/payable to the Auditors

	<u>Current Year(Rs. '000)</u>	<u>Previous Year(Rs. '000)</u>
As Statutory Audit (inclusive of Service Tax)	67.42	67.42

6. In the absence of Taxable Profits no deferred Tax liability has been created. Also because of uncertainty of future profits no deferred tax Asset has been created.
7. During the financial year 2004 – 05 the Company has issued two Bank Guarantee drawn on Punjab National Bank, Zoo Road Branch, Guwahati in favour of the Registrar Geneal, Calcutta High Court (Appellate Suite) for an amount of Rs.19,62,430.85 against pledging Term Deposit bearing No. 18/2004 dt. 06.08.2004 and 1/2005 dt. 11.01.2005. Subsequently renewed on yearly basis as the case is still sub-judice.
8. Sales include applicable taxes.
9. AS per AS-18 the disclosure of transactions with the related parties are given below:

The Corporation does not have any related party, save and except Sri V. H. Kalbande, Managing Director as a key managerial personnel to whom the following payments were released:

- | | 2013 – 2014
(Rs. in '000) | 2012 – 2013
(Rs. in '000) |
|---------------------|--|--|
| a) Pay & Allowances | 1054.29 | 0.00 |
| b) TA Expenses | 154.99 | 0.00 |
10. The Corporation has claimed sales subsidy pertaining to the processing and production of pineapple juice concentrate at FJCP, Nalkata during the year 1993–1994 to 2009–2010 amounting to Rs.8.66 Crores. The claim has not yet been settled.
11. In pursuance of the Memorandum & Articles of Association of the Corporation the Corporation has started consultancy works in the food processing sector.
12. The carrying amounts of assets are reviewed at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, an impairment is recognized whenever the carrying amount of an asset exceeds its recoverable amount.
13. Contingent liabilities not provided for (Rs in '000)

Creditors	Amount Claimed	Liabilities Provided	Contingent Liabilities
Sobhayaga Advertising, Kolkata	1,990.00	1,262.00	728.00
Total	1,990.00	1,262.00	728.00

14. Actuarial Valuation of Liability in respect of Gratuity payable to Employees at the time of Retirement has been worked out & provided for as per requirements of AS-15 amounting to Rs.1,23,01,213.00 (Previous Year Nil).
15. DISCLOSURE RELATING TO EMPLOYEE BENEFITS IN RESPECT OF GRATUITY IN ACCORDANCE WITH ACCOUNTING STANDARD 15.

(Rs in '000)

A. <u>Expenses recognized in the Statement of P & L for the period ended 31.03.14</u>	2013-2014	2012-2013
1. Current Service Cost	529.40	Not Provided
2. Interest Cost	810.05	
3. Expected return on plan assets	--	
4. Actuarial Loss/ (Gains)	836.14	
5. Total expenses recognized in the Statement of Profit & Loss	2175.59	
B. <u>Net Asset/(Liability) recognized in the</u>	2013-2014	2012-2013

Balance Sheet – 31.03.2014

1. Present value of Defined Benefit Obligation	12301.21
2. Fair Value of Plan Asset	--
3. Funded Status (Surplus/(Deficit)	(12301.21)
4. Net Asset/ (Liabilities) recognized in the Balance Sheet	(12301.21)

C. Change in Defined Benefit Obligations:

1. Present Value of DBO on 01.04.2013	10125.62
2. Current Service Cost	529.40
3. Interest Cost	810.05
4. Actuarial (Gains)/ Losses	836.14
5. Present Value of DBO on 31.03.2014	12301.21

D. Actuarial Assumption:

1. Discounting Rate	9%
2. Rate of increase in Salaries	5%
3. Expected Rate of Return on Plan Asset	NA
4. Mortality	IALM 06-08 Ultimate
5. Withdrawal Rate	2%

16. Actuarial Valuation of Liability in respect of Leave Encashment payable to Employees at the time of Retirement has been worked out & provided for as per requirements of AS-15 amounting to Rs.75,57,494.00 (Previous Year Nil).

17. DISCLOSURE RELATING TO EMPLOYEE BENEFIT IN RESPECT OF LEAVE ENCASHMENT IN ACCORDANCE WITH ACCOUNTING STANDARD 15:

(Rs in '000)

Expenses recognized in the Statement for the period ended 31.03.14	2013-2014	2012-2013 of P & L
6. Current Service Cost	400.08	Not Provided
7. Interest Cost	480.81	
8. Expected return on plan assets	666.51	
9. Actuarial Loss/ (Gains)	--	
10. Total expenses recognized in the Statement of Profit & Loss	1547.40	

D. Net Asset/(Liability) recognized in the Balance Sheet – 31.03.2014

1. Present value of Defined Benefit Obligation	7557.49
2. Fair Value of Plan Asset	--
3. Funded Status (Surplus/(Deficit)	(7557.49)
4. Net Asset/ (Liabilities) recognized in the Balance Sheet	(7557.49)

E. Change in Defined Benefit Obligations:

1. Present Value of DBO on 01.04.2013	6010.09
2. Current Service Cost	400.08
3. Interest Cost	480.81
4. Actuarial (Gains)/ Losses	666.51
5. Present Value of DBO on 31.03.2014	(6010.09)

D. Actuarial Assumption:

1. Discounting Rate	9%
2. Rate of increase in Salaries	5%
3. Expected Rate of Return on Plan Asset	NA
4. Mortality	IALM 06-08 Ultimate
5. Withdrawal Rate	2%

18. Details of Prior Period Adjustments are as follows:

(Rs in '000)

SL No	Particulars	Amount (Dr.)	Amount (Cr.)
1	Payment of Professional Fees to M/s A. Baruah & Co for the F.Y 2012-13 (A/c H.O)	9.00	
2	Payment of office rent of Zonal Office Nagaland for the F.Y 2012-13 (A/c H.O)	4.50	
3	Reimbursement of office expenses to Anil Das for the F.Y 2012-13 (A/c H.O)	2.42	
4	Adjustment of Lease Rent for the F.Y 2012-13 (A/C GPP)	-	66.10
5	Adjustment of Pollution Control Renewal Fees for the F.Y 2012-13 (A/C GPP)	-	25.00
6	Rectification of Ledger of Sheel Biotech Ltd (A/c Z.O Sikkim)	-	5.83
7	Excess Provision of Outstanding Liabilities adjusted A/c Z.O Sikkim)	-	5.62
8	Payment of Professional Tax for the F.Y 2012-13 A/c Z.O Sikkim)	2.00	
9	Payment of Conveyance for the F.Y 2012-13 A/c Z.O Sikkim)	6.89	
10	Payment of Entry Tax for the F.Y 2012-13 A/c Z.O Sikkim)	16.57	
11	Adjustment of CST Assessment Tax Liability A/c Z.O Sikkim)	0.10	
12	Payment of FJCP, Nalkata Electricity Bill for the F.Y 2012-13 (A/c FJCP Nalkata)	7.92	
13	Payment of Transportation Bill for F.Y 2012-13 (A/c FJCP Nalkata)	9.00	
14	Payment of Professional tax of Employee for the F.Y 2012-13 (A/c FJCP Nalkata)	0.40	
15	Refund of Excess Recovery CPF (A/c Z.O Agartala)	1.92	
16	Payment of Electricity for the F.Y 2012-13 (A/c Z.O Agartala)	1.19	
17	Payment of bill of Agartala Airport Authority for the F.Y 12-13 (A/c Z.O Agartala)	4.94	
18	Payment of Penalty towards VAT for F.Y 2012-13 (A/c Z.O Agartala)	1.24	
19	Payment of Transfer TA Bill of P. Malakar for F.Y 2012-13 (A/c Z.O Agartala)	9.90	
20	Provision of VAT payable for the F.Y 2012-13 (A/c Nagaland)	19.60	
21	Adjustment of Excess provision of VAT (A/c H.O)	-	1.80
22	Adjustment of misappropriation amount of Shri L. Rahman	-	141.00
23	Interest on Working Capital Loan adjusted	34347.35	
24	Penal Interest on Working Capital Loan adjusted	29794.14	
25	Expenses on Office Building earlier charges to revenue now capitalised		1027.69
26	Adjustment of Excess Depreciation charges on Office Building		164.44

27	Non Provision Amount of Gratuity & other retirement benefit	11945.40	
28	TDS deducted from NERAMAC's bills not accounted for now taken into account		16.67
29	Non Provision Amount of Leave Encashment benefit	7336.97	
Total		83521.46	1454.14
Net Total Amount			82067.32

For Debashis Mitra & Associates
Chartered Accountants

For and on behalf of the Board

sd/-
Debashis Mitra
Partner(M. No.-053649)
Date: 01.06.2015
Place: Guwahati

sd/-
U.S.Bawa
Managing Director
DIN: 07097414
25.03.2015
Guwahati

sd/-
Charu Lata Mahanta
Director
DIN:02566552
25.03.2015
Guwahati

sd/-
Nidhi Sharma
Company Secretary
25.03.2015
Guwahati