

Serial No.: [_____]

Addressed to: _____

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Disclosure Document dated: February 28, 2019



FOOD CORPORATION OF INDIA

(A Government of India Undertaking)

(Constituted under The Food Corporations Act, 1964)

Head Quarters: KhadyaSadan, 16-20, Barakhamba Lane, New Delhi- 110 001

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DISCLOSURE DOCUMENT ISSUED IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2008/13/127878 DATED JUNE 06, 2008, AS AMENDED, SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012, AS AMENDED AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2014 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2013-14/43/207 DATED JANUARY 31, 2014, AS AMENDED AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2015 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2014-15/25/539 DATED MARCH 24, 2015, AS AMENDED AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2016 ISSUED VIDE CIRCULAR NO SEBI/ LAD-NRO/GN/2016-17/004. DATED 25 MAY 2016 AND SEBI CIRCULAR NO. CIR/IMD/DF-1/122/2016 DATED NOVEMBER 11, 2016 AND SEBI CIRCULAR NO. SEBI/HO/IMD/DF1/CIR/P/2016/140 DATED DECEMBER 23, 2016 AND SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, ISSUED VIDE CIRCULAR NO. SEBI/LADNRO/ GN/2015-16/013 DATED SEPTEMBER 02 2015, AS AMENDED FROM TIME TO TIME AND SUCH OTHER CIRCULARS APPLICABLE FOR ISSUE OF DEBT SECURITIES ISSUED BY SEBI FROM TIME TO TIME.

PRIVATE PLACEMENT OF GOVERNMENT OF INDIA GUARANTEED REDEEMABLE NON-CONVERTIBLE Taxable BONDS (SERIES VII) IN THE NATURE OF DEBENTURES OF RS. 10.00 LACS EACH (“BONDS”) FOR CASH AT PAR AGGREGATING TO RS. 1,000 CRORE WITH A GREEN SHOE OPTION TO RETAIN RS.1,737.70 CRORE BY FOOD CORPORATION OF INDIA (“FCI” OR THE “ISSUER” OR THE “CORPORATION”)

TRUSTEES FOR THE BONDHOLDERS



IDBI Trusteeship Services Ltd

IDBI Trusteeship Services Limited

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REGISTRAR TO THE ISSUE



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LISTING

The Bonds are proposed to be listed on Wholesale Debt Market (“WDM”) segment of National Stock Exchange of India Limited (“NSE”).

ARRANGERS TO THE ISSUE (in alphabetic order)

A. K. Capital Services Ltd.	Axis Bank Ltd.	Edelweiss Capital Ltd.
HDFC Bank Ltd.	ICICI Bank Ltd.	ICICI Securities Primary Dealership Ltd.
Kotak Mahindra Bank Ltd.	SBI Capital Markets Ltd.	Trust Investment Advisors Pvt. Ltd.
Yes Bank Ltd.		

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I. DISCLAIMER**1. DISCLAIMER OF THE ISSUER**

This Disclosure Document is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide Circular No. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide Circular No. IAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2015 issued vide Circular No. LAD-NRO/GN/2014-15/25/539 dated March 24, 2015, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016 issued vide Circular No. SEBI/ LAD-NRO/GN/2016-17/004 dated 25 May 2016 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 and SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2016/140 dated December 23, 2016 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015, issued vide Circular No. SEBI/LADNRO/ GN/2015-16/013 dated September 02 2015, as amended from time to time and such other circulars applicable for issue of Debt Securities issued by SEBI from time to time. This Disclosure Document does not constitute an offer to public in general to subscribe for or otherwise acquire the Bonds to be issued by Food Corporation of India ("FCI"/ the "Corporation"/ the "Issuer"). This Disclosure Document is for the exclusive use of the addressee and it should not be circulated or distributed to third party(ies). It is not and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds issued by the Issuer. This bond issue is made strictly on private placement basis. Apart from this Disclosure Document, no offer document or prospectus has been prepared in connection with the offering of this bond issue or in relation to the Issuer.

This Disclosure Document is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the Bonds issued by FCI. This Disclosure Document has been prepared to give general information regarding FCI to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. FCI believes that the information contained in this Disclosure Document is true and correct as of the date here of. FCI does not undertake to update this Disclosure Document to reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein with FCI. However, FCI reserves its right for providing the information at its absolute discretion. FCI accepts no responsibility for statements made in any advertisement or any other material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility.

Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscriber to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscriber to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Disclosure Document should be construed as advice or recommendation by the Issuer or by the Arrangers to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

This Disclosure Document is not intended for distribution. It is meant for the consideration of the person to whom it is addressed and should not be reproduced by the recipient. The securities mentioned herein are being issued on private placement basis and this offer does not constitute a public offer/invitation.

This Disclosure Document shall be accompanied by application form serially numbered and addressed specifically to the person to whom the offer is made and shall be sent to him, either in writing or in electronic mode, within thirty days of recording the names of such persons.

2. DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Disclosure Document has not been filed with Securities & Exchange Board of India ("SEBI"). The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Disclosure Document. It is to be distinctly understood that this Disclosure Document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Disclosure Document. The Issue of Bonds being made on private placement basis, filing of this Disclosure Document is not required with SEBI. However SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this Disclosure Document.

3. DISCLAIMER OF THE ARRANGERS TO THE ISSUE

It is advised that the Issuer has exercised self-due-diligence to ensure complete compliance of prescribed disclosure norms in this Disclosure Document. The role of the Arrangers to the Issue in the assignment is confined to marketing and placement of the bonds on the basis of this Disclosure Document as prepared by the Issuer. The Arrangers have neither scrutinized/ vetted nor have they done any due-diligence for verification of the contents of this Disclosure Document. The Arrangers shall use this Disclosure Document for the purpose of soliciting subscription from a particular class of eligible investors in the Bonds to be issued by the Issuer on private placement basis. It is to be distinctly understood that the aforesaid use of this Disclosure Document by the Arrangers should not in any way be deemed or construed that the Disclosure Document has been prepared, cleared, approved or vetted by the Arrangers; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Disclosure Document; nor do they take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer. The Arrangers or any of their directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this Disclosure Document.

4. DISCLAIMER OF THE STOCK EXCHANGE

As required, a copy of this Disclosure Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as "NSE") for hosting the same on its website. It is to be distinctly understood that such submission of the Disclosure Document with NSE or hosting the same on its website should not in any way be deemed or construed that the Disclosure Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Disclosure Document; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange; nor does it take the responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

II. DEFINITIONS/ ABBREVIATIONS

AY	Assessment Year
Allotment/ Allot/ Allotted	The issue and allotment of the Bonds to the successful Applicants in the Issue
Allottee	A successful Applicant to whom the Bonds are allotted pursuant to the Issue, either in full or in part
Applicant/ Investor	A person who makes an offer to subscribe the Bonds pursuant to the terms of this Disclosure Document and the Application Form.
Application Form	The form in terms of which the Eligible Investors shall make an offer to subscribe to the Bonds and which will be considered as the Application for Allotment of Debentures in terms of this Disclosure Document.
APL	Above Poverty Line
Bondholder(s)	Any person or entity holding the Bonds and whose name appears in the list of Beneficial Owners provided by the Depositories
Beneficial Owner(s)	Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996)
Board/ BoD/ BOD	Board of Directors of the Corporation or a Committee constituted thereof
Bond(s)	Government of India Guaranteed Redeemable Non-Convertible Bonds (Series VII) in the nature of Debentures of face value of Rs. 10.00 lacs each ("Bonds") to be issued by Food Corporation of India ("FCI" or "Issuer" or the "Corporation") through private placement route under the terms of this Disclosure Document
BPL	Below Poverty Line
Record Date	Reference date for payment of interest/ repayment of principal
CAG	Comptroller and Auditor General of India
CARE	Credit Analysis & Research Limited
CDSL	Central Depository Services (India) Limited
CMD	Chairman & Managing Director of Food Corporation of India
CRISIL	CRISIL Limited
Debt Securities	Non-Convertible debt securities which create or acknowledge indebtedness and include debenture, bonds and such other securities of a body corporate or any statutory body constituted by virtue of a legislation, whether constituting a charge on the assets of the Issuer or not, but excludes security bonds issued by Government or such other bodies as may be specified by SEBI, security receipts and securitized debt instruments
Deemed Date of Allotment	The cut-off date on which the duly authorized committee approves the Allotment of the Bonds i.e. the date from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholders. The actual allotment of Bonds (i.e. approval from the Board of Directors of Corporation or a Committee thereof) may take place on a date other than the Deemed Date of Allotment.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository participant as defined under Depositories Act
Disclosure Document	Disclosure Document dated February 28, 2019 for private placement of Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds (Series VII) in the nature of Debentures of face value of Rs. 10.00lacs each ("Bonds") by Food Corporation of India ("FCI" or "Issuer" or the "Corporation") aggregating to Rs. 1,000 crore with a green shoe option to retain Rs.1,737.70 crore.
DP	Depository Participant
DRR	Bond/ Debenture Redemption Reserve
FIs	Financial Institutions
FIIs	Foreign Institutional Investors
Financial Year/ FY	Period of twelve months ending March 31, of that particular year
Gol/ GOI	Government of India/ Central Government
Guarantee Agreement	Guarantee Agreement dated February 18, 2019 executed by and between Ministry of Consumer Affairs, Food & Public Distribution (Department of Food & Public Distribution), Government of India, Food Corporation of India and IDBI Trusteeship Services Limited conveying the unconditional and irrevocable guarantee and continuing obligation for payment of principal amount of the Bonds issued by Food Corporation of India, accrued interest thereon and any other amount due towards the Bondholders agreed to be guaranteed by the

	GOI in favour of the Trustees vide letters No.,F.No. 11019/1/2017-FC-II/III dated 28.12.2018 and, F.No. 11019/1/2017-FC-II/III dated 07.01.2019
Trustees	Trustees for the Bondholders in this case being IDBI Trusteeship Services Limited
ICRA	ICRA Limited
Issuer/ FCI/ Corporation	Food Corporation of India, a Corporation constituted under The Food Corporations Act, 1964 and having its Head Quarters at Khadya Sadan, 16-20, Barakhamba Lane, New Delhi – 110001
Listing Agreement	Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated November 26, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-1/2010 dated January 07, 2010
MF	Mutual Fund
MoF	Ministry of Finance
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Notice of Invocation	Notice of invocation shall mean the notice to be issued by the Trustee to the Government of India requiring GOI to fund the Designated Trust & Retention Account, at least 8 days before the Due Date pursuant to the provisions of Guarantee Agreement
PAN	Permanent Account Number
GIR	General Index Registration Number
Rs./ INR/ `	Indian National Rupee
RTGS	Real Time Gross Settlement
Registrar	Registrar to the Issue, in this case being Beetal Financial & Computer Service (P) Ltd
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide Circular No. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide Circular No. IAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2015 issued vide Circular No. LAD-NRO/GN/2014-15/25/539 dated March 24, 2015, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016 issued vide Circular No SEBI/ LAD-NRO/GN/2016-17/004 dated 25 May 2016 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 and SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2016/140 dated December 23, 2016 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015, issued vide Circular No. SEBI/LADNRO/ GN/2015-16/013 dated September 02 2015, as amended from time to time and such other circulars applicable for issue of Debt Securities issued by SEBI from time to time.
TDS	Tax Deducted at Source
The Companies Act, 1956	The Companies Act, 1956, as amended and in force
The Companies Act, 2013	The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India, as applicable
The Companies Act	The Companies Act, 1956, as amended and/or The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India, as applicable
The Act/ FC Act	The Food Corporations Act, 1964, as amended from time to time
The Issue/ The Offer/ Private Placement	Private Placement of Government of India Guaranteed Redeemable Non-Convertible Bonds (Series VII) in the nature of Debentures of face value of Rs. 10.00 lacs each (“Bonds”) by Food Corporation of India (“FCI” or “Issuer” or the “Corporation”) aggregating to Rs. 1,000 crore with a green shoe option to retain Rs.1,737.70 crore.

III. ISSUER INFORMATION

Name of the Issuer	:	Food Corporation of India
Head Office	:	KhadyaSadan, 16-20, Barakhamba Lane, New Delhi – 110 001
Tel. No.	:	(011) 43527310/ 43527311
Fax No.	:	+91-11-23414786
Website	:	www.fci.gov.in
E-mail	:	investor.fci@nic.in; cgmfunds.fci@nic.in
Compliance Officer for the Issue	:	Mr. O. P. Dani Chief General Manager Food Corporation of India Head Quarters Khadya Sadan 16-20, Barakhamba Lane New Delhi - 110 001 Tel. : (011) 43527310/43527311 Fax : +91-11-23414786 E-mail : cgmfunds.fci@nic.in
Chief Financial Officer of the Issuer	:	Mr. B. S. Mohapatra Executive Director (Finance) Food Corporation of India Head Quarters Khadya Sadan 16-20, Barakhamba Lane New Delhi - 110 001 Tel. : (011) 43527494 Fax : +91-11-23413255 E-mail : edf.fci@nic.in
Trustees for the Bondholders	:	IDBI Trusteeship Services Limited Registered Office Asian Building, Ground Floor 17, R Kamani Marg Mumbai - 400 001 Tel. : (022) 40807000 Fax : +91-22-66311776 E-mail : itsl@idbitrustee.co.in
Registrar to the Issue	:	Beetal Financial & Computer Service (P) Ltd. Beetal House, 3 rd Floor, 99 Madangir Behind LSC, New Delhi Tel. : (011) 29961281-83 Fax : +91(011) 29961284 E-mail : beetal@beetalfinancial.com

Credit Rating Agencies	:	CRISIL Limited Registered Office CRISIL House Central Avenue Hiranandani Business Park Powai, Mumbai - 400 076 Tel. : (022) 33423000 Fax : +91-22-33423001 Website : www.crisil.com
		Credit Analysis & Research Limited Corporate Office 4th Floor, Godrej Coliseum Somaiya Hospital Road Behind Everand Nagar Off Eastern Express Highway Sion (East), Mumbai - 400022 (Maharashtra) Tel. : (022) 67543456 Fax : +91-22-67543457 Website : www.careratings.com
Arrangers to the Issue (in alphabetic order)	:	A. K. Capital Services Ltd. Axis Bank Ltd. Edelweiss Capital Ltd. HDFC Bank Ltd. ICICI Bank Ltd. ICICI Securities Primary Dealership Ltd. Kotak Mahindra Bank Ltd. SBI Capital Markets Ltd. Trust Investment Advisors Pvt. Ltd. Yes Bank Ltd.
Statutory Auditors (for FY 2018-19)	:	Comptroller & Auditor General of India C/o. Mr.Rajdeep Singh Principal Director of Commercial Audit & Ex-Officio Member Audit Board - IV 8-9 Floor, CAG Building (Annexe) 10 BahadurshahZafarMarg New Delhi - 110124 Tel. : (011) 23239419/20 Fax : +91-11-23239416 E-mail : mabnewdelhi4@cag.gov.in

IV. DETAILS OF DIRECTORS OF THE ISSUER

1. CURRENT DIRECTORS OF THE ISSUER

The composition of the Board of Directors of the Issuer as on date of this Disclosure Document is as under:

Sr. No.	Name & Designation	Date of Birth	Residential Address	Other companies where he /she is a Board member/ Director	Date of joining in FCI
1.	Shri D.V. Prasad, IAS Chairman & Managing Director <i>Food Corporation of India, Head Quarter, New Delhi</i> Functional Director	15.11.1960	Quarter No.- 4F Tower -4 , Type-7, Kidwai Nager (East), New Delhi	<ul style="list-style-type: none"> • C.W.C. • C.R.W.C. 	01.01.2019
2.	Shri Dharmendra, IAS <i>AS&FA M/o CAF&PD, Krishi Bhavan, New Delhi</i> (Government Nominee)	17.09.1965	V-9, Satya Marg, Satya Sadan, Chanakyapuri, New Delhi	Nil	26.09.2018
3.	Shri Pramod Kumar Tiwari, IAS <i>Joint Secretary (P&FCI) and CVO with additional charge of J.S.(P.D.) M/o CAF&PD, Room No.165, Krishi Bhavan, New Delhi</i> (Government Nominee)	30.10.1965	DI/E-29, C.G.O. Flats, Bapudham, Chanakayapuri, New Delhi-110021	Nil	24.09.2018
4.	Dr. B. Rajender, IAS (BH:95) Joint Secretary (Seeds) Department of Agriculture & Co-operation & Farmer Welfare, <i>Krishi Bhavan, New Delhi</i> <i>Govt. Nominee</i>	25.06.1967	M-21, 5-B, Sector-10, Nivedita Kunj R. K. Puram, New Delhi	Nil	30.09.2016 <u>Aadhar No.:</u> 343391694070
5.	Shri Arun Kumar Shrivastava, IRSE Managing Director, CWC, Hauz Khas, New Delhi, Ex-Officio	26.10.1962	25-C, Railway Officers Enclave, Sardar Patel Marg, Chanakyapuri, New Delhi 110021	<ul style="list-style-type: none"> • Central Railside Warehouse Company Ltd. 	18.6.2018 <u>DIN:</u> 06583208 <u>Pan No.:</u> ABZPS7688A <u>Aadhar No.:</u> 7081 5845 3913
6.	Dr. G. A. Rajkumar, IAS (Retd.) <i>Non-official Director</i>	23.07.1953	AIS housing Society TAISHA Complex, Block B-2-2, Natesan Nagar, End of Second Main Road,	<ul style="list-style-type: none"> • Ind-Bharath Power Gencom Ltd. • Ind-Bharath Power (Madras) Ltd. • Ind-Bharath Energy (Utkal) Ltd. • Ind-Bharath Thermotek Pvt. Ltd. 	31.1.2017 <u>DIN:</u> 00937339

			Virugambakkam, Chennai 600092.		
7.	Sh. KAP Sinha(IAS 1988) Principal Secretary Food, Civil Supplies & Consumer Affairs, Room No.603 Punjab Civil Secretariat-II Chandigarh <i>Part time Other Director</i>	19.12.1967	#54, Sector 7, Chandigarh	<ul style="list-style-type: none"> Punjab State Grains Procurement Corporation Ltd. 	05.07.2017 <u>DIN:</u> 06634494 <u>Aadhar No.:</u> 2423 5163 5249
8.	Smt.NeelamShamiRao, IAS Prl. Secretary, Food, civil Supplies & Consumer Protection, Room No. 325.Mantralaya, VallabhBhawan, Govt. of Madhya Pradesh. Bhopal - 462 004 <i>Non -official Director</i>	30.3.1968	D-4/8 Char Imli Bhopal –MP	<ul style="list-style-type: none"> MPSCSC MPWLC 	w.e.f. 29.5.2018 till further orders <u>PAN No.:</u> ACMPR1737R
9.	Smt. ArchanaRanjan, IRS (Retd.) <i>Non-official Director</i>	09.04.1955	A4/1, Ground Floor, VasantVihar, New Delhi-57	<ul style="list-style-type: none"> Nil 	13.08.2018 <u>DIN :</u> 07181614

None of the current directors of the Issuer appear in the RBI's defaulter list or ECGC's default list.

2. CHANGE IN DIRECTORS OF THE ISSUER SINCE LAST THREE YEARS

Changes in the Board of Directors of the Issuer since 2015-16 to till date are as under:

Sr. No.	Name & Designation	Date of joining in FCI	Date of Tenure Ending	Remarks
1.	Shri C. Viswanath C&MD, FCI	28.05.2013	02.06.2015	Transferred
2.	Smt. ManinderKaurDwivedi C&MD (I/c), FCI	03.06.2015	30.07.2015	Additional Charge
3.	ShriYogendraTripathi, C&MD, FCI	31.07.2015	30.11.2018 (F/N)	Transferred
4.	ShriSyedainAbbasi, C&MD, FCI	30.11.2018 (A/N)	31.12.2018	Additional Charge
5.	Shri D.V. Prasad C&MD, FCI	01.01.2019	Till Further orders	NIL
6.	ShriPrabhas Kumar Jha SS&FA, M/o CAF&PD	29.10.2012	31.05.2016	Transferred
7.	ShriNikhileshJha SS & FA, M/o CAF&PD	14.6.2016	28.2.2018	Superannuated
8.	ShriSaraswati Prasad SS & FA, M/o CAF&PD	16.4.2018	03.07.2018	Transferred
9.	ShriBimbadharPradhan, AS&FA, M/o CAF&PD	09.07.2018	25.09.2018	Transferred
10.	ShriDharmendra, AS&FA, M/o CAF&PD	26.09.2018	Till further orders	NIL
11.	Shri U.K.S. Chauhan JS (Policy), M/o CAF&PD	29.10.2012	03.05.2016	Demise

12.	ShriPrashantTrivedi JS(P& FCI), M/o CAF&PD	14.09.2016	19.05.2017	Repatriation to Parent Cadre of Uttar Pradesh.
13.	ShriR.K.Khandelwal JS(P& FCI), M/o CAF&PD	06.10.2017	23.09.2018	Transferred
14.	ShriPramod Kumar Tiwari, JS(P& FCI), M/o CAF&PD	24.09.2018	Till further orders	Till the time he is holding the Charge of JS (P&FCI), M/o CAF&PD
15.	Shri Sanjay Lohiya JS(Crops) M/o Agriculture	01.08.2014	17.06.2016	Premature Repatriation to his parent cadre Govt.of Assam
16.	Dr. B. Rajender JS(Seeds) M/o Agriculture	30.09.2016	Till further orders	Till the time he is holding the Charge of JS Seeds), M/o Agriculture
17.	ShriHarpreet Singh, MD,CWC	01.10.2014	30.11.2017	MD,CWC
18.	ShriJ.S.Kaushal, MD,CWC, Additional Charge	01.12.2017	31.5.2018	Repatriation to Indian Oil Corporation as CGM (OSD), Northern Region, New Delhi.
19.	Shri S C Mudgarieker MD,CWC, Additional Charge	01.06.2018	17.6.2018	Nil
20.	ShriArun Kumar Shrivastava, MD,CWC	18.06.2018	Till further orders	Nil
21.	ShriAlokShukla Secretary (Food) Govt. of Chattisgarh	13.08.2014	17.02.2015	Transferred
22.	Shri K C Gupta PS (Food, Civil Supplies & Consumer Protection), Govt. of Madhya Pradesh	21.9.2016	01.08.2017	Transferred
23.	Smt. NeelamShamiRao PS (Food, Civil Supplies & Consumer Protection), Govt. of Madhya Pradesh	29.5.2018	Till further orders	Till the time she is holding the charge of PS (Food), Govt. of MP
24.	Shri Ashok Kumar Barnwal PS (Food, Civil Supplies & Consumer Protection), Govt. of Madhya Pradesh	23.04.2015	Relieving date not available	Transferred
25.	Dr. G. Vajralingam PS (Food, Civil Supplies & Consumer affairs), Govt. of Punjab	12.02.2015	29.07.2015	Transferred
26.	Shri Raj Kamal Chaudhuri Principal Secretary (Food, Civil Supplies & Consumer Affairs), Govt. of Punjab	08.09.2015	10.01.2017	Transferred
27.	Dr. RoshanSunkaria PS (Food), Govt. of Punjab	02.02.2017	22.3.2017	Transferred
28.	Shri KAP Sinha Principal Secretary (Food, Civil Supplies & Consumer Affairs), Govt. of Punjab	05.07.2017	Till further orders	Till the time he is holding the charge of PS (Food), Govt. of Punjab
29.	ShriSurendra Singh Khurana Non-official Director,	19.06.2013	18.06.2016	For a period of three years from the date of appointment

	Former Chairman, Railway Board			
30.	Shri A. Gopalakrishnan Non-official Director, Chartered Accountant	19.06.2013	18.06.2016	For a period of three years from the date of appointment
31.	Dr. G.A. Rajkumar (Retd. IAS), Non-official Director	31.01.2017	Till date	For a period of three years from the date of appointment
32.	Smt. ArchanaRanjan, (Retd. IRS), Non-official Director	13.08.2018	Till date	For a period of three years from the date of appointment

V. DETAILS OF STATUTORY AUDITORS OF THE ISSUER

1. CURRENT STATUTORY AUDITORS OF THE ISSUER (FY 2018-19)

Details of the statutory auditors of the Issuer for financial year 2018-19 are as under:

Name of Statutory Auditors	Firm Registration No.	Address & Contact Details	Auditor since
Comptroller & Auditor General of India	Not applicable	Comptroller & Auditor General of India C/o.Mr.Rajdeep Singh Principal Director of Commercial Audit & Ex-Officio Member Audit Board - IV, 8-9 Floor, CAG Building (Annexe), 10 Bahadurshah Zafar Marg, New Delhi - 110124. Tel No. (011) 23239419/20 Fax No. 91-11-23239416 E-mail: mabnewdelhi4@cag.gov.in	FY 1997-98

2. CHANGE IN STATUTORY AUDITORS OF THE ISSUER SINCE LAST THREE YEARS

There has been no change in the statutory auditors of the Issuer during the last three years.

VI. BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF ISSUER AND ITS LINE OF BUSINESS**1. OVERVIEW**

The Food Corporation of India was setup under the Food Corporations Act 1964, in order to fulfill following objectives of the Food Policy:

- Effective price support operations for safeguarding the interests of the farmers.
- Distribution of foodgrains throughout the country for public distribution system.
- Maintaining satisfactory level of operational and buffer stocks of foodgrains to ensure National Food Security

Since its inception, FCI has played a significant role in India's success in transforming the crisis management oriented food security into a stable food security system.

2. VISION & MISSION**i. Vision**

Ensuring Food Security for citizens of the country.

ii. Mission

- Efficient procurement at Minimum Support Price (MSP), storage and distribution of food grains.
- Ensuring availability of food grains through appropriate policy instrument; including maintenance of buffer stocks of food grains.
- Making food grains accessible at reasonable prices, especially to the weaker and vulnerable sections of the society under PDS.

3. OBJECTIVE

The Food Corporation of India was setup under the Food Corporation Act 1964, in order to fulfill following objectives of the Food Policy:

- Effective price support operations for safeguarding the interests of the farmers.
- Distribution of food grains throughout the country for public distribution system
- Maintaining satisfactory level of operational and buffer stocks of food grains to ensure National Food Security

In its 54 years of service to the nation, FCI has played a significant role in India's success in transforming the crisis management oriented food security into a stable food security system. FCI's Objectives are:

- To provide farmers remunerative prices
- To make food grains available at reasonable prices, particularly to vulnerable section of the society
- To maintain buffer stocks as measure of Food Security
- To intervene in market for price stabilization

4. OPERATIONS OF FCI- AN OVERVIEW

A). PROCUREMENT

i. Overview

The Government policy of procurement of food grains has broad objectives of ensuring MSP to the farmers and availability of food grains to the weaker sections at affordable prices. It also ensures effective market intervention thereby keeping the prices under check and also adding to the overall food security of the country.

FCI, the nodal central agency of Government of India, along with other State Agencies undertakes procurement of wheat and paddy under price support scheme . Coarse grains are procured by State Government Agencies for Central Pool as per the direction issued by Government of India on time to time. The procurement under Price Support is taken up mainly to ensure remunerative prices to the farmers for their produce which works as an incentive for achieving better production.

Before the sowing during each Rabi / Kharif Crop season, the Government of India announces the minimum support prices (MSP) for procurement on the basis of the recommendation of the Commission of Agricultural Costs and Prices (CACP) which along with other factors, takes into consideration the cost of various agricultural inputs and the reasonable margin for the farmers for their produce.

To facilitate procurement of food grains, FCI and various State Agencies in consultation with the State Government establish a large number of purchase centres at various mandis and key points. The number of centres and their locations are decided by the State Governments, based on various parameters, so as to maximize the coverage of the MSP operations. For instance for Wheat procurement more than 19,000 procurement centers were operated in RMS 2018-19 & for Rice procurement more than 40,000 procurement centres were operated in KMS 2017-18. Such extensive & effective price support operations have resulted in sustaining the income of farmers over a period and in providing the required impetus for higher investment in agriculture sector for improved productivity.

Whatever stocks which are brought to the Purchase centers falling within the Government of India's specifications in a stipulated procurement period are purchased at the fixed support price. If the farmers get prices better than the support price from other buyers such as traders / millers etc., the farmers are free to sell their produce to them. FCI and the State Government/its agencies ensure that the farmers are not compelled to sell their produce below support price.

ii. Policy and System

- 1) The Central Government extends price support to wheat and paddy through FCI and State Agencies. Procurement at MSP is open ended i.e., whatever foodgrains are offered by the farmers ,within the stipulated procurement period and which conforms to the quality specifications prescribed by Government of India, are purchased at MSP (and bonus/incentive ,if any) by the Government agencies including FCI for central Pool. Some States also declare State bonus on wheat and paddy over and above MSP.

Government agencies undertake MSP operation at mandis/ temporary purchase centres/aggregation points. Location and number of purchase centres to be opened are decided in consultation with /by the State governments.

2) Systems of procurement:

- 2.1) **Wheat** - FCI undertakes direct procurement in non-DCP states. In the major procuring states like Punjab and Haryana, wheat is mainly procured by state agencies and they preserve the stocks under their custody for which carry –over charges are paid to them. FCI takes over the stocks for dispatch to consuming states as per requirement /movement plan. Payments are made to state govt. /agencies as per cost sheets issued by Government of India after taking over the stocks. In the states like UP and Rajasthan, the wheat procured by state agencies is immediately taken over by FCI for storage /dispatch.

In DCP state like M.P, wheat is procured by the State agencies and only the surplus wheat stocks over & above the State's requirement under TPDS/NSFA and Other Welfare Schemes are taken over by FCI to dispatch to other consuming states.

2.2) Rice -

Custom Milled Rice (CMR): CMR is manufactured by milling paddy procured by State govt. /State agencies and FCI. In the states like A.P, Telangana, Punjab, Haryana, Chhattisgarh, Odisha, MP, Tamilnadu, Maharashtra, UP & Bihar paddy is mainly procured by State government /State agencies and the resultant rice is delivered to State Government and FCI by getting the paddy milled from rice millers.

Major responsibility of procurement of wheat and paddy is borne by the State agencies whereas FCI procures almost 70% of total rice procured for Central Pool.

2.3) Coarse Grains - Coarse grains are being procured by the State governments for central pool.

- 3) In major wheat and paddy procuring States like Punjab, Haryana & some parts of Rajasthan procurement from farmers is undertaken by the FCI/State Agencies through Arhatiyas as per APMC Acts of the concerned State for which commission @ 2.5% of MSP is paid in the States of Punjab & Haryana and @2% in Rajasthan. In other States like MP, Chhattisgarh, UP, Uttrakhand, AP, Tamilnadu, Bihar, Jharkhand, Odisha, West Bengal procurement is made through Co-operative societies and they are paid fixed remunerations at following rates-

Wheat: Rs 27.00 /Qtl

Paddy (Grade 'A'): Rs 32/Qtl

Paddy (Common) :Rs 31.25/Qtl

4) Centralized and Decentralized procurement systems:

4.1) Centralized (Non-DCP) procurement system:

Under centralized procurement system, the procurement of foodgrains in Central Pool is undertaken either by FCI directly or State Govt. agencies procures the foodgrains and handover the stocks to FCI for storage and subsequent issue against Government of India allocations in the same State or movement of surplus stocks to other States. The cost of the foodgrains procured by State agencies is reimbursed by FCI as per cost-sheets issued by Government of India as soon as the stocks are delivered to FCI.

4.2) Decentralized (DCP) Procurement

Under DCP system, the State Government of India/its agencies procure, store and distribute (against Government of India's allocation for TPDS & OWS) rice /wheat/coarse grains within the state. The excess stocks (Rice & wheat) procured by the State /its agencies are handed over to FCI in Central Pool. The expenditure incurred by the State Government on procurement, storage and distribution of DCP stocks are reimbursed by Government of India on the laid down principles. The expenses such as MSP, arhatiya/society commission, administrative charges, mandilabour charges, transportation charges, custody & maintenance charges, interest charges, gunny cost, milling charges and statutory taxes are reimbursed on actual basis. The cost of excess stocks handed over to FCI is reimbursed by FCI to the State Government/agencies as per Government of India costs sheet.

As on date the following States are procuring rice/wheat under DCP system.

DCP for Rice		
S.N.	State	With Effect From
1	Uttarakhand	2002-03
2	Chhattisgarh	2001-02
3	Odisha	2003-04
4	Tamilnadu	2002-03
5	West Bengal	1997-98
6	Kerala	2004-05
7	Karnataka	2009-10
8	Madhya Pradesh	2007-08
9	Andhra Pradesh	Fully DCP for KMS 2015-16.
10	Bihar	2013-14

11.	Telangana	Fully DCP from KMS 2014-15.
12.	Maharashtra	2016-17
13.	Jharkhand	2016-17(only for 1 district) 2017-18 (only for 5 District)
14.	Gujarat	2017-18
15.	Andaman Nicobar	2003-04

DCP for Wheat		
S.N.	State	With Effect From
1	Madhya Pradesh	1999-2000
2	Uttarakhand	2003-04
3	Chattisgarh	2001-02
4	Gujarat	2004-05
5	West Bengal	2010-11
6	Bihar	2014-15
7.	Punjab	2014-15
8	Rajasthan#	2013-14 to 2015-16 (for 1 district) and 2016-17 (for 9 districts)

Note: Uttar Pradesh was DCP for KMS 1999- 2000 to KMS 2009-10 and RMS 1999-2000 to RMS 2010-11.

#Rajasthan is Non-DCP for RMS 2017-18 and RMS 2018-19

iii. Procurement Data for Current Marketing Season

1) MSP of Pulses for KMS 2018-19

	CROP	MINIMUM SUPPORT PRICE (Rs/Qtl)
KHARIF PULSES	TUR (ARHAR)	5675
	URAD	5600
	MOONG	6975
	SOYABEAN	3399

2) Procurement of Moong, Urad and Tur during KMS 2016-17

Final Report on Procurement of Kharif Pulses during KMS 2016-17
(Quantity in MTs)

Pulses	FCI	NAFED	SFAC	Total
Moong	64737.05	128886.27	26224.54	219847.86
Urad	18233.91	59601.63	10746.05	88581.59
Tur	175305.46	919666.75	71078.79	1166051.00
Total	258276.42	1108154.65	108049.38	1474480.45

As per GOI direction vide letter dated 11.10.2018, FCI will procure pulses under PSS Scheme for KMS 2018-19 exclusively in the state of Andhra Pradesh and along with NAFED in the state of M.P., Maharashtra, Rajasthan and Karnataka.

Details of Pulses & Oilseeds procured under PSS during KMS 2018-19 by FCI are as under:

(figures as on 01.01.2019)

STATES	KMS 2018-19			Total
	Moong	Urad	Soyabean	
Maharashtra	5909.06	3398.98	408.11	9761.15
M.P.	12.55	10020	0	10032.55
Andhara Pradesh	0.00	115.10	0	115.1
Total	5921.61	13534.08	408.11	19863.80

3) State-wise Procurement of Rice during KMS 2017-18 and KMS 2018-19

(Fig. in LMTs)

S.No.	STATES/ UTs	KMS 2017-18	KMS 2018-19*
1	A.P.	40.00	11.29
2	Telangana	36.18	23.58
3	Assam	0.35	0.02
4	Bihar	7.93	0.02
5	Chandigarh	0.14	0.13
6	Chhattisgarh	32.55	27.32
7	Gujarat	0.00	0.09
8	Haryana	39.92	39.09
9	H.P.	0.00	0.00
10	Jharkhand	1.43	0.07
11	J&K	0.13	0.09
12	Karnataka	0.00	0.00
13	Kerala	3.29	0.58
14	M.P.	10.96	3.52
15	Maharashtra	1.79	1.52
16	Odisha	32.87	8.89
17	Punjab	118.33	113.30
18	Rajasthan	0.00	0.00
19	Tamilnadu	10.11	1.41
20	U.P.	28.75	14.84
21	Uttarakhand	0.38	3.99
22	West Bengal	16.73	0.24
23	NEF(Tripura)	0.00	0.01
Total		381.84	250.00

*Under Progress. Data as on 31.12.2018

4) Agency wise Paddy Procurement during KMS 2017-18 and KMS 2018-19

(Fig. in LMTs)

States	KMS 2017-18				KMS 2018-19*			
	FCI	Private Parties	State AG.	Total	FCI	Private Parties	State AG.	Total
AP	0.00	0.00	59.70	59.70	0.00	0.00	16.86	16.86
Telangana	0.00	0.00	54.00	54.00	0.00	0.00	35.19	35.19
Assam	0.39	0.00	0.14	0.53	0.03	0.00	0.00	0.03
Bihar	0.00	0.00	11.84	11.84	0.00	0.00	0.03	0.03
Chandigarh	0.21	0.00	0.00	0.21	0.19	0.00	0.00	0.19
Chhattisgarh	0.00	0.00	47.87	47.87	0.00	0.00	40.18	40.18
Delhi	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gujarat	0.00	0.00	0.01	0.01	0.00	0.00	0.12	0.12
Haryana	0.20	0.00	59.38	59.58	0.18	0.00	58.17	58.35
Himachal Pradesh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jharkhand	0.41	0.90	0.83	2.14	0.04	0.00	0.07	0.11
J&K	0.19	0.00	0.00	0.19	0.14	0.00	0.00	0.14
Karnataka	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kerala	0.00	0.00	4.84	4.84	0.00	0.00	0.85	0.85
Madhya Pradesh	0.00	0.00	16.35	16.35	0.00	0.00	5.25	5.25
Maharashtra	0.00	0.00	2.67	2.67	0.00	0.00	2.27	2.27
Nagaland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Odisha	0.00	0.00	49.06	49.06	0.00	0.00	13.26	13.26
Puducherry	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Punjab	3.81	0.00	172.80	176.61	2.51	0.00	166.59	169.11
NEF (Tripura)	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.01
Rajasthan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tamil Nadu	0.00	0.00	14.87	14.87	0.00	0.00	2.07	2.07
Uttar Pradesh	2.50	1.41	38.99	42.90	0.37	0.00	21.79	22.15
Uttarakhand	0.00	0.00	0.57	0.57	0.00	0.00	5.97	5.97

West Bengal	0.04	0.04	24.52	24.60	0.30	0.00	0.06	0.36
TOTAL	7.75	2.35	558.44	568.54	3.77	0.00	368.73	372.50

*Under Progress. Data as on 31.12.2018

5) Statewise Procurement of Wheat for RMS 2018-19

(Figures in LMTs)

SL No	STATES/ UTs	RMS 2018-19
1	Punjab	126.92
2	Haryana	87.84
3	UP	52.94
4	M.P.	73.13
5	Bihar	0.18
6	Rajasthan	15.32
7	Uttarakhand	1.10
8	Chandigarh	0.14
9	Gujarat	0.37
10	H.P.	0.01
Total		357.95

6) Agency wise Procurement of Wheat for RMS 2018-19

(Fig. in LMTs)

Sl. No.	STATES/ UTs	RMS 2018-19		
		FCI	State Agency	Total
1	Punjab	15.31	111.61	126.92
2	Haryana	10.55	77.29	87.84
3	UP	3.55	49.39	52.94
4	M.P.	0.00	73.13	73.13
5	Bihar	0.00	0.18	0.18
6	Rajasthan	13.03	2.29	15.32
7	Uttrakhand	0.00	1.10	1.10
8	Chandigarh	0.14	0.00	0.14
9	Gujarat	0.00	0.37	0.37
10	H.P.	0.01	0.00	0.01
Total		42.59	315.36	357.95

7) Minimum Support Price of Wheat and Paddy

(Rs. Per Quintal)

Marketing Year	Paddy		Wheat	Jowar (Maldandi)	Jowar (Hybrid)	Bajra	Ragi	Maize	Barley
	Common	Grade 'A'							
2006-07	580 (+Rs. 40 bonus)	610 (+Rs. 40 bonus)	650 (+ Rs.50/- as bonus)	555	540	540	540	540	550
2007-08	645 (+Rs. 100 bonus)	675 (+Rs. 100 bonus)	Rs.750/- (+Rs.100/- as bonus)	620	600	600	600	620	565
2008-09	850 (+Rs. 50 bonus)	880 (+Rs. 50 bonus)	1000	860	840	840	915	840	650
2009-10	950 (+Rs. 50 bonus)	980 (+Rs. 50 bonus)	1080	860	840	840	915	840	680
2010-11	1000	1030	1100	900	880	880	965	880	750
2011-12	1080	1110	Rs.1120/- (+Rs.50/- as bonus)	1000	980	980	1050	980	780
2012-13	1250	1280	1285	1520	1500	1175	1500	1175	980
2013-14	1310	1345	1350	1520	1500	1250	1500	1310	980
2014-15	1360	1400	1400	1550	1530	1250	1550	1310	1100
2015-16	1410	1450	1450	1590	1570	1275	1650	1325	1150
2016-17	1470	1510	1525	1650	1625	1330	1725	1365	1225
2017-18	1550	1590	1625	1725	1700	1425	1900	1425	1325
2018-19	1750	1770	1735	2450	2430	1950	2897	1700	1410
2019-20			1840						1440

B). STORAGE AND CONTRACT

i. Overview

The storage function assumes paramount importance in organization such as Food Corporation of India because of its requirement to hold huge inventory of foodgrains over a significant period of time. Storage plan of FCI is primarily to meet the storage requirement for holding stocks to meet the requirement of Public Distribution System and Other Welfare Schemes undertaken by the Government of India. Also, buffer stock is to be maintained for ensuring food security of the nation. Adequate scientific storage is pre-requisite to fulfill the policy objectives assigned to Food Corporation of India for which FCI has a network of strategically located storage depots including silos all over India.

Besides having own storage capacity, FCI has hired storage capacities from Central Warehousing Corporation, State Warehousing Corporations, State Agencies and Private Parties for short term as well as for guaranteed period under Private Entrepreneurs Guarantee Scheme.

New Godowns are being constructed by FCI mainly through Private Participation under Private Entrepreneurs Guarantee Scheme. FCI is also augmenting and modernizing its storage capacity in the form of silos through Public Private Partnership.

Storage Capacity for Central Pool Stocks for the last seven Years:

(Fig in Lakh MT)

As on	Capacity with FCI	Capacity with State Agencies	Total
01.04.2014	368.90	379.18	748.08
01.04.2015	356.63	352.27	709.22
01.04.2016	357.89	456.95	814.84
01.04.2017	352.71	420.22	772.93
01.04.2018	362.50	480.53	843.03
30.09.2018	392.90	484.94	877.84
31.12.2018	390.04	461.50	851.54

ii. Contract

To carry out handling and transportation of foodgrains for appropriate distribution for ensuring adequate availability of foodgrains throughout the country, large numbers of contracts are to be put in place at various stages of movement. Accordingly, various Model Tender forms have been devised for facilitating field offices in appointment of service providers in a fair and transparent manner.

iii. Model Tender Form (MTF) for Outsourcing the management of FCI godowns

As per the recommendations of High Level Committee (HLC) - (Shanta Kumar Committee), FCI may outsource the management of newly constructed godowns under Plan Scheme. An MTF was prepared in this regard with the approval of Board of Directors of FCI.

Ministry directed CWC to take over the newly constructed godowns under Plan Scheme in NE states. Accordingly, 19 depots of NE having capacity 61,580 MT, have been offered to CWC for carrying out the Preservation and Maintenance Services. Out of which, capacity of 5000 MT at Karimganj has already been taken over by CWC and Jogigopa (7000 MT) and Lalbazar (5000 MT) is under repair by Engg. division which will be handed over to CWC after repair work.

iv. Private Warehousing Scheme

Under PWS scheme, godowns are hired by FCI from private parties on lease + services basis through open tender enquiry minimum for a period of two years extendable by maximum another one year (can be de-hired in the extended period after giving three months' notice). GMs (Region), FCI can sanction rates uptoRs. 6.76 per quintal per month, EDs (Zone), FCI uptoRs. 8.60 per quintal per month and HQs beyond this. This scheme has been extended upto 31.03.2021.

C). MOVEMENT

i. Overview

Movement plays a very important role in the working of FCI as well as in fulfilling the objectives of Food Policy and National Food Security Act.

FCI undertakes movement of foodgrains in order to:

- Evacuate stocks from surplus regions
- Meet the requirements of deficit regions for NFSA/ TPDS and Other Schemes
- Create buffer stocks in deficit regions

Punjab, Haryana and Madhya Pradesh are the surplus States in terms of wheat procurement vis-a-vis their own consumption. Punjab, Haryana, Andhra Pradesh/ Telengana, Chhattisgarh and Odisha are surplus States in terms of rice procurement vis-à-vis their own consumption. Surplus stocks of wheat and rice available in these States are moved to deficit States to meet the requirements under NFSA/ TPDS and other schemes as well as to create buffer stocks.

On an average 40 to 42 million tonnes of foodgrains are transported by FCI across the country in a year. FCI undertakes massive movement operation of foodgrains all over the country encompassing around 1906 FCI owned & hired depots/Slios, 557 rail-heads (owned by Indian Railways and others) and 98 FCI own sidings.

Movement Plan is prepared on monthly basis keeping in view:

- Quantity available in surplus regions
- Quantity required by deficit regions
- Likely procurement
- Vacant storage capacity both in consuming as well as procuring regions
- Monthly allotment/ off take of foodgrains

ii. Mode of Transportation

Movement of foodgrains is undertaken by Rail, Road and Waterways. Around 85% of stocks are moved by rail to different parts of the country. Inter-State movement by road is mainly undertaken in those parts of the country which are not connected by rail. A small quantity is also moved by ocean vessels to Lakshadweep and A&N Islands as well as through coastal shipping and riverine movement to Kerala/Agartala (Tripura).

FCI has 98 own Rail sidings, where foodgrain rakes are placed directly at FCI depots. Other than that, foodgrain stocks are transported 'to and fro' from the nearest rail-heads of Indian Railways.

FCI has been able to ensure availability of sufficient foodgrain in all States by proper planning. About a decade back, nearly 90% of stocks were moved Ex-North mainly from Punjab & Haryana, which has now come down to 72% due to increase in procurement of rice in Andhra Pradesh, Chhattisgarh, Odisha & West Bengal and wheat in Madhya Pradesh, Uttar Pradesh and Rajasthan.

iii. Other Initiative in Movement of Foodgrains

FCI has been exploring the feasibility of moving food grains through multimodal costal/ riverine mode so as to supplement rail/road movement particularly for North Eastern States and Kerala and has made the following achievements:

- 1) During 2013-14, 2014-15, 2015-16 and 2016-17, 12778 MT, 97754 MT, 18677 MT and 13915 MT Rice moved from Andhra Pradesh to Kerala through multi-modal coastal movement.
- 2) FCI moved 10,000 MT of raw rice (as a pilot project) through multimodal riverine movement from Andhra Pradesh to Tripura (NE) via Ashuganj Port in Bangladesh during 2014-15.
- 3) FCI moved 9691 MT and 2267 MT Raw Rice during 2015-16 and 2016-17 respectively through multimodal riverine movement from West Bengal to Tripura (NE) via Ashuganj Port in Bangladesh.

- 4) Recently, a multi-modal tender was finalized for coastal movement from Andhra Pradesh to Kerala and movement started in Nov'18 and 7474 MT rice was moved during Nov'18 and 5753 MT was moved during Dec'18.
- 5) FCI is also exploring containerized movement of foodgrains on certain routes through Container Corporation of India Ltd (CONCOR) wherever it is found to be economical in comparison to conventional Railway rakes. In 2016-17, 13 such containerized movement was undertaken which led to freight savings of around Rs.44 lakhs. During 2017-18, FCI has moved 134 container rakes against the target of 100 and approx. freight savings of Rs. 662 lakhs. During 2018-19 upto Dec.18, 101 containerized rakes moved with approx. freight savings of Rs. 481 lakhs
- 6) FCI is effectively optimizing movement in association with Railways, while minimizing cost. Demurrage and Wharfage were brought down from Rs. 195.73 Cr in 2012-13 to Rs. 38.22 Cr in 2017-18. During 2018-19, upto Dec'18, Rs 29.38 Cr Demurrage and Wharfage has been incurred. No. of Rebooking(s)/ Diversion(s) have been reduced from 904 rakes (Rs 77.97 Cr) in 2012-13 to 11 rakes in 2017-18 (Rs 0.08 Cr). During 2018-19 upto Dec'18, rebooking(s)/Diversion(s) is reduced to 02 racks (Rs.0.05 cr). The Demurrage charges per MT has been reduced from Rs. 25.10/ MT in 2012-13 to Rs. 5.27/MT in 2017-18. During the year 2018-19(Till Dec't'18), the same has been Rs 6.65/MT.

D). FINANCE

i. Overview

The functions of Finance and Accounts Division is primarily maintenance of Accounts and preparation of annual reports, preparation of Budget Estimates, claim subsidy from Government of India, Funds Management, Taxation, Debt collection and Financial evaluation of commercial proposals.

FCI is a statutory Organization constituted under Food Corporations Act, 1964 and has been carrying out its operations since 1965 with an objective to trade in food grains and other foodstuffs and for matters connected therewith and incidentals thereto. At present FCI is only implementing Government of India food programme and not involved in any commercial venture.

Main operation of FCI includes procurement of foodgrains at minimum support price declared by Government Of India, store foodgrains so procured, transport the surplus foodgrains to deficit states and issue it to State Governments under Public Distribution System at a price decided by the Government Of India. Since, the issue prices declared by Government Of India under different schemes are much lower than the cost of foodgrains procured, the differential amount is reimbursed to FCI as food subsidy by the Government Of India. FCI also maintains buffer stocks of foodgrains as mandated by the Government of India and intervene in the domestic market to control the rising prices of the foodgrains.

Year	Subsidy (Rs.in crore)	Sales Proceed (Rs. in crore)	Total turnover (Rs. in crore)
2014-15	105007	29757	134764
2015-16	102425	29287	131712
2016-17	109136	22115	131251
2017-18	116282	18035	140437

ii. Sources of Finance

Working Capital requirement and other expenses are met through following sources of finance

(As on 31st March) (Rs. In crore)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Equity Capital subscribed by GOI	2,649.67	2,672.95	2,675.95	2,762.79	2,830.49	2,861.08	2,884.58
CC Limit Sanctioned by Banks as on 31st March	44,495.00	54,495.00	54,495.00	54,495.00	54,495.00	9,495.00*	8,995.00
Gol Guaranteed Redeemable Non-Convertible Bonds	3,914.50	8,914.50	16,914.50	16,121.00	13,000.00	13,000.00	13,000.00
Unsecured Short Term Loan Limit Sanctioned	15,000.00	20,000.00	20,000.00	30,000.00	30,000.00	40,000.00	50,000.00
Ways & Means Advance**	10,000.00	10,000.00	10,000.00	10,000.00	20,000.00	23,000.00	50,000.00

National Small Saving Funds (NSSF) Loan	-	-	-	-	-	-	70,000.00***	1,21,000--
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* reduced from Rs.54495 crore to Rs..9495 crore on receipt of NSSF loan of Rs.45000 crore on 22.02.2017. Out of reduced limit of Rs.9,495 crore, a limit of Rs.500 crore is earmarked for pulses operations.

** WMA is released and recovered by the Government of India in the same Financial Year.

*** NSSF Loan of Rs.45000 crore received on 22.02.2017 and NSSF Loan of Rs.25000 crore was converted from subsidy of F.Y.2016-17 (Book Adjustment). In 2017-18, another NSSF loan of Rs.25,000 crore was sanctioned in the year 2017-18 and Rs.40,000 crore subsidy released to FCI was converted into NSSF Loan by the Department of Economic Affairs, Ministry of Finance.

iii. Economic Cost

A. Financial Year Wise Economic Cost(Final) (Rs./qtl.)

Year	Wheat	Rice
Rabi 2018-19(01.04.2018-31.03.2019)	2445.62	-
Kharif 2018-19(01.04.2018-31.03.2019)	-	3310.28

B. Accounting Year-Wise opening Stock adjusted weighted Economic Cost and Acquisition Cost (Rs./qtl.)

Year	Status	Pooled Cost of grain		Procurement Incidentals		Acquisition Cost		Distribution Cost		Economic Cost		Annual rate of Buffer Carrying Cost Wheat & Rice
		Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	
2001-02	Audited	591.61	911.53	134.68	66.81	726.29	978.34	126.65	119.62	852.94	1097.96	205.52
2002-03	Audited	600.86	945.64	137.63	61.67	738.49	1007.31	145.51	157.72	884.00	1165.03	286.86
2003-04	Audited	610.80	990.89	138.20	30.68	749.00	1021.57	169.69	214.52	918.69	1236.09	289.02
2004-05	Audited	613.47	988.60	182.74	58.48	796.21	1047.08	222.80	256.51	1019.01	1303.59	303.37
2005-06	Audited	636.11	1028.20	171.20	39.12	807.31	1067.32	234.54	272.37	1041.85	1339.69	337.76
2006-07	Audited	728.27	907.94	180.15	193.66	908.42	1101.60	269.36	289.58	1177.78	1391.18	407.42
2007-08	Audited	903.30	1037.13	164.02	214.91	1067.32	1252.04	244.43	297.82	1311.75	1549.86	326.77
2008-09	Audited	955.54	1233.10	179.62	226.87	1135.16	1459.97	245.42	280.76	1380.58	1740.73	450.41
2009-10	Audited	1017.36	1346.55	206.88	288.60	1224.24	1635.15	200.37	184.92	1424.61	1820.07	405.14
2010-11	Audited	1064.32	1446.53	212.38	313.09	1276.70	1759.62	217.65	223.49	1494.35	1983.11	408.42
2011-12	Audited	1119.18	1512.20	235.68	350.00	1354.86	1862.20	240.39	260.74	1595.25	2122.94	426.42
2012-13	Audited	1219.41	1633.83	263.35	383.76	1482.76	2017.59	269.81	287.28	1752.57	2304.87	474.46
2013-14	Audited	1271.11	1762.01	286.41	463.53	1557.52	2225.54	350.80	389.97	1908.32	2615.51	446.28
2014-15	Audited	1317.82	1851.44	346.57	594.72	1664.39	2446.16	386.85	497.42	2051.24	2943.58	523.37
2015-16	Audited	1406.15	2004.06	367.08	618.17	1773.23	2622.23	354.16	503.24	2127.39	3125.47	440.15
2016-17	Audited	1467.49	2075.16	367.26	597.21	1834.75	2672.37	362.23	432.59	2196.98	3104.96	524.80
2017-18	Audited	1587.90										
			2291.03	303.91	481.55	1891.81	2772.58	406.11	507.73	2297.92	3280.31	512.30
2018-19	Revised Estimate	1684.24	2500.98	317.67	423.49	2001.91	2924.47	433.32	548.47	2435.23	3472.94	500.66
2019-20	Budgeted Estimate	1771.78	2631.20	304.92	439.54	2076.70	3070.74	428.97	531.17	2505.67	3601.91	507.56

E). SALES

i. Overview

A. Operations

In order to achieve the food security of the country, the Sales Division looks after one of the most important operation i.e. distribution of foodgrains under TPDS/NFSA & Other Welfare Schemes.

Government of India fulfills the objectives of food security through the Public Distribution System. Public Distribution System strives to meet the twin objectives of price support to the farmers for their product and

supply of foodgrains at affordable prices. PDS is against the stocks procured under price support, Government releases a certain quantity of foodgrains in each State under the Public Distribution System. This mission of the Government of India is translated into reality by the FCI. In order to implement the food policy of Government, FCI has to fulfil certain objectives which are as follows:

- To ensure and equitable distribution of available foodgrains at reasonable prices to the vulnerable sections of society throughout the year;
- To maintain stability in foodgrains prices throughout the country during the year;
- To maintain an adequate buffer stock of foodgrains to deal with fluctuations in production and to meet unforeseen exigencies and natural calamities.

B. Functions

The functions of Sales Division are as follows:

- a) Management of allocation and offtake of wheat, rice, and coarse grains under different schemes of Ministry of CAF&PD at Central Issue Price which are as under:-
 - TPDS (NFSA & Tide over/Other than NFSA) and Special additional allocations for TPDS.
 - Other Welfare Schemes (OWS) viz. Mid-Day Meal, Annapurna, Welfare Institutions & Hostels, Wheat Based Nutrition Programme and Scheme for Adolescent Girls.
 - Defence/ Para-Military Forces (CRPF/BSF/ITBP).
 - Open Market Sales Scheme (Domestic).
 - Natural calamities and festivals.
- b) Matters related to Stocking Norms of foodgrains for Central Pool.
- c) Disposal of issuable old stocks of foodgrains through open tender.
- d) Identification & declaration of Base Depot in consultation with the State Govts.
- e) Policy matter related to reimbursement of Hill Transport Subsidy (HTS) to the entitled States/UTs being cost of transportation of foodgrains from base depots to Principal Distribution Centres (PDCs) on actual basis.
- f) Reimbursement of Road Transportation Charges (RTC) to State/UT Govts. where stocks are lifted from other depots instead of base depot.
- g) Issues relating to National Food Security Act (NFSA).
- h) Matter related to Direct Benefit Transfer (DBT) to States
- i) Release of wheat at pre-determined prices in the open market from time to time to enhance the supply of wheat especially during the lean season to moderate the open market prices.
- j) Disposal of pulses through normal channel and through tenders.

ii. PUBLIC DISTRIBUTION SYSTEM

The concept of Public Distribution System in the country was evolved around 1942 due to shortage of foodgrains during 2nd World War and Government intervention in distribution of food started. This intervention of Government in distribution of foodgrains in the food scarcity period and, thereafter, continued in major cities, towns & certain food deficit areas. This policy of Public Distribution System/Rationing System has undergone several changes with every lap of Five Year Planning System in the country. The Seventh Five Year Plan assigned to it a crucial role by bringing the entire population under Public Distribution System and became a permanent feature in the country's economy.

The Government of India fulfills certain objectives of food security through Public Distribution at an affordable price. In the present scenario, Public Distribution System strives to meet the twin objectives - the price support to the farmers for their product and maintenance of stocks. It is against these stocks procured under price support that every month Government releases a prescribed quantity, in each State for distribution under Public Distribution System. This mission of the Government of India is brought into the reality at the operational level by FCI. The Sales Division communicates the said allocation to its Regional Offices. On receipt of sub-allocation from the State Government, the Regional Offices issue the instructions to the District Offices for releasing the stocks to the respective State Government /their nominees on prepayment basis at district level.

iii. TARGETED PUBLIC DISTRIBUTION SYSTEM (T.P.D.S.)

Public Distribution System was widely criticized for its failure to serve the population below the poverty line, its urban bias, negligible coverage in the States with the highest concentration of the rural poor and lack of transport and accountable arrangements for delivery. Realizing this, the Government of India introduced the TPDS scheme w.e.f. 1.6.1997 (w.e.f. 1.5.1997 for the states of Tripura, Haryana and Gujarat) to streamline the PDS by issuing special cards to the families below the poverty line (BPL) and selling essential articles under PDS to them at a specially subsidized prices with better monitoring of the delivery system. The families belonging to above the poverty line were categorized as APL families.

During the year December, 2000, Government of India decided to issue rice and wheat at the rate of Rs. 3/per Kg. And Rs. 2/-per Kg., respectively to the poorest of the poor population out of the earlier identified BPL population and were categorized as Antyodaya families.

Hence, w.e.f. the year December, 2000, the TPDS has three categories of families viz. APL, BPL, and AAY families. There are different category-wise Central Issue Prices under TPDS.

vi. NATIONAL FOOD SECURITY ACT, 2013

An Act to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity and for matters connected therewith or incidental thereto.

a) COMMENCEMENT: 5th July 2013

b) PROVISIONS FOR FOOD SECURITY:

➤ Coverage / Identification of Beneficiaries

To the extent of up to 75% population of Rural and up to 50% population of Urban areas may be identified as eligible households for food security. The eligible households will be identified in two categories –

- Households covered under Antyodaya Anna Yojana (Identified to the extent as may be specified by the central government for each state in accordance with the guidelines of Antyodaya Anna Yojana Scheme launched by Central government on 25th December 2000).
- Priority Households (to be identified in accordance with such guidelines as the State Government concerned may specify).

➤ Entitlements for General People

- The households covered under Antyodaya Anna Yojana shall be entitled to get 35 Kg. of foodgrains per household per month.

- Every person belonging to priority household shall be entitled to get 5 kg. of foodgrains per person per month.
- The said foodgrains will be provided at the prices of Rs. 3 per Kg. for rice, Rs. 2 per Kg. for wheat and Rs. 1 per Kg. for coarsegrains.

➤ **Entitlements for Women**

Every pregnant woman and lactating mothers except those who are in regular employment with Central or State Government or Public Undertaking or those who are in receipt of similar benefits under any law, shall be entitled to:-

- Meal, free of charge, during pregnancy and six months after the child birth, through the local anganwadi.
- Maternity benefits of not less than Rs. 6000/-, in such installments as may be prescribed by Central Government.

➤ **Entitlements for Children**

Every child upto the age of fourteen years shall be entitled to have entitlements for his nutritional needs:-

- Every child from the age of six months to age of six years shall be entitled to get appropriate meal, **free of charge**, through local **anganwadi**.
- In case of children, upto class 8 or within the age group of six years to fourteen years shall be entitled to have one mid-day meal, **free of charge**, every day, except on school days, in schools run by local bodies, government and government aided schools

The state government shall, through the local **anganwadi**, identify and provide meals, free of charge, to children who suffer from malnutrition, so as to meet nutritional standards.

c) FOOD SECURITY ALLOWANCE:

In case of non-supply of entitled quantities of foodgrains or meals to entitled persons, such person shall be entitled to receive such foodgrains security allowance from the concerned State Government to be paid to each person. For this, in case of short supply of foodgrains from the central pool to State, The Central Government shall provide Funds to the extent of short supply to the State Government for meeting obligations.

d) REQUIREMENT OF FOODGRAINS UNDER NFSA:

Total requirement of foodgrains under NFSA has been estimated at 614.26 lakh MTs. This includes 549.26 lakh MTs for PDS and 65.00 lakh MTs for Other Welfare Schemes.

NFSA has been implemented in all the 36States/UTs.

v. Role of FCI in PDS

The role of Food Corporation of India is to ensure supply of foodgrains to the States/UTs as per the allotment made by the Government of India at the applicable Central Issue Prices. The stock of foodgrains under PDS is issued through joint sampling method. Further, FCI has no control over the stock once lifted and taken out of FCI premises.

The responsibility of distributing the foodgrains to the targeted beneficiaries through Fair Price Shops rests with the respective State/UT Government.

vi. PRICING

The Government of India, Ministry of CA,F&PD has been fixing Central Issue Prices of wheat and rice from time to time which is uniform throughout the country. The present Central Issue price of wheat and rice effective from 05.07.2013 are as under:

(Rate: Rs./Quintal.)

Commodity	NFSA	Other thanNFSA / Tide over
Wheat	200	610
Rice	300	830

The NFSA came into force w.e.f. 05.07.2013 and the period of three years from its commencement ended on 04.07.2016. The issue prices of Rs. 1/2/3 per Kg. of coarsegrain/wheat/rice were however continued upto March 2017 and then upto June 2017 and 30.06.2018. The Ministry has now decided to continue with these prices upto 30.06.2019.

vii. VALIDITY FOR LIFTING OF STOCKS

Govt. of India is allocating foodgrains (wheat and rice) under Targeted Public Distribution System on monthly basis and issues allocation order for the financial-year wise and makes further revision, if any, from time to time.

Ministry of Consumer Affairs, Food and Public Distribution during 28th July 2014 has revised the instructions to streamlining of procedure regarding issuance and revalidation/extension of validity period for lifting of foodgrains under TPDS. The validity period for lifting of allocated foodgrains under TPDS will be 30 days for each allocation month separately, starting from 1st day of the month preceding the allocation month and ending on last day of the month preceding the allocation month. For example, the validity period for the allocation for April will be from 1st March to 31st March.

Ministry of Consumer Affairs, Food and Public Distribution has made it mandatory for State and UT Govt. to deposit the cost of foodgrains to FCI so much in advance so that the lifting is completed by end of the previous month. Further, power delegated for extension of 15 days each by General Manager (Region) & Executive Director (Zone), FCI, both for depositing cost and lifting of foodgrains shall continue. For the period beyond 30 days after the prescribed validity period, the matter will have to be referred to the Ministry by the concerned State/UTs. Further, Ministry vide letter No. 8-10/2014-BP-III dated 06.01.2017 has further decided that General Manager, FCI of North-Eastern States, Sikkim and J&K may be delegated the power of granting extension upto 30 days for deposit of cost and lifting of delayed stock of foodgrains. The concerned General Manager, FCI may exercise his initial 15 days power as before. If the General Manager grants extension beyond 15 days for depositing of cost and lifting of delayed stocks of foodgrains, he may do so, however, he/she will ex-post facto inform the concerned Executive Director, FCI explaining the reasons for his/her granting extension beyond 15 days.

viii. Various Schemes at a Glance

S. No.	Name of Scheme/Nodal Ministry/Issue Price	Beneficiaries	Scale of allotment	Periodicity of Allotment	Validity of allotment	Website of nodal Ministry
1.	TPDS (NFSA & Other than NFSA/Tide over) (Ministry of Consumer Affairs, Food & Public Distribution) (Rs. / quintal) NFSA-Wheat: 200/- NFSA-Rice : 300/- Other than NFSA- Wheat : 610/- Other than NFSA-Rice : 830/-	Ration Card holder of a State/UT.	TPDS- 35 kg of food grain per family per month NFSA- AAY families 35 Kg. per family per month. Priority household- 5kg. foodgrains per person per month	Monthly allotment	Allotment for a month is valid for 30 days starting from the 1 st day of the month preceding the allocation month and ending on last day of the month preceding the allocation month. For example, the validity period for the allocation for April will be from 1 st March to 31 st March.	www.dfpd.nic.in
2.	Mid-Day Meal	Students upto	Upto 5 th Class	Quarterly	Allotment for a	www.mhrd.gov.in

	(Ministry of HRD) Free of cost to States Bills are raised at AAY price by the FCI with Ministry of HRD.	5 th class of Government schools. However, allocation of foodgrains has also been made from Oct. 2007 for the students from 6 th to 8 th in the Educationally backward blocks.	100 Gms of foodgrains per child per school day. From 6 th to 8 th Class 150 Gms of foodgrains per child per school day.	allotment.	quarter is valid from 1 st day of the month preceding the allocation quarter and upto 25 th of the last month of the allocation quarter.	
3.	Annapurna (Ministry of Rural Development) Wheat:415/-per Qtl. Rice :565/-per Qtl.	Old aged person eligible for Pension but are not getting the same	10 kg of foodgrains per month.	Monthly allotment.	Allotment for a month is valid for 50 days starting from the 1 st of the month preceding to the month of allocation and ending on the 20 th day of the allocation month or as specified by the Ministry from time to time.	www.rural.nic.in
4.	Welfare Institutions & Hostels (Ministry of Consumer Affairs, Food & Public Distribution/Ministry of Social Justice & Empowerment) Wheat:415/-per Qtl. Rice :565/-per Qtl.	For Welfare Institutions & hostels of the States/UTs	5 Kg. per head per month or as prescribed by Ministry from time to time.	Monthly allotment	Allotment for a month is valid for 50 days starting from the 1 st of the month preceding to the month of allocation and ending on the 20 th day of the allocation month or as specified by the Ministry from time to time.	www.dfpd.nic.in
5.	Wheat Based Nutrition Programme (WBNP) (Ministry of Women & Child Development) Wheat:200/-per Qtl. Rice :300/-per Qtl.	State run Child Development Projects	Not given.	Quarterly allotment	Allotment for a quarter is valid from 1 st day of the month preceding the allocation quarter and upto 25 th of the last month of the allocation quarter.	www.wcd.nic.in
6.	Scheme for Adolescent Girls-SAG (Ministry of Women & Child Development) Wheat:415/-per Qtl. Rice :565/-per Qtl.	State run Women Welfare Projects Earlier it was known with the name AGPLM, NPAG and Rajiv Gandhi Scheme for Empowerment of Adolescent Girls-'SABLA'.	6 kg per month.	Quarterly allotment	Allotment for a quarter is valid from 1 st day of the month preceding the allocation quarter and upto 25 th of the last month of the allocation quarter.	www.wcd.nic.in
7.	Defefenc/Para Military Forces. (Ministry of Consumer Affairs, Food & Public Distribution) At economic cost.	Foodgrains are allocated to Battalions State-wise.	--	Quarterly allotment	225 days (including 15 days prior to allocation quarter+ 90 days of the quarterly allocation+ 120 days after the last day of the last month of allocation quarter)	www.mod.nic.in
8.	Additional Allocations (Ministry of Consumer Affairs, Food & Public Distribution) At MSP/CIP/Economic Cost of FCI/Open Sale rate	Victims of natural calamities, additional requirement for festivals etc.	Not fixed.	As specified by the Ministry from time to time.	As specified by the Ministry from time to time.	www.dfpd.nic.in

ix. QUALITY CONFIRMATION

The foodgrains stocks are lifted by the State Government/their nominees. Before issue of the stocks, they are allowed to inspect the stocks and get themselves satisfied about the quality. The stock of foodgrains proposed to be issued to the State Governments, Fair Price Shops, Cooperatives etc. is jointly inspected to ensure that the stock conform to the standards for such issues. A representative sample is drawn in the presence of the authorized representative of the agency taking delivery. This sample is well mixed and divided into three equal parts and these samples are sealed jointly. One of such jointly sealed sample is given to the authorized representative taking delivery, one is sent to FCI District Office and one is retained in the depot from where the delivery is affected. Samples of issued foodgrains are retained for a period of 3 months in token to quality released.

Besides above, the recipient is also required to furnish a certificate to the FCI depot to the effect that he is satisfied with the quality of foodgrains issued.

x. ACHIEVEMENTS DURING 2018-19**a. E-auction of wheat under OMSS (D)**

The e-auction of foodgrains under Open Market Sale Scheme (Domestic) is being undertaken during 2018-19 through the e-platform of service provider. A quantity of 48.02 lakh MT of foodgrains (wheat 43.22 lakh MT & Rice 4.80 lakh MT) sold through this electronic platform upto 31.12.2018.

FCI could able to save lot of man hours which were being used in the manual operation of sale of foodgrains under OMSS(D) and also reduced human interface thus bringing more transparency in the system through e-Auction of foodgrains.

b. Disposal of pulses

A quantity of 1.69 lakh MT of pulses comprising of 1.35 lakh MT through e-auction and 0.34 lakh MT to State Govt. was disposed off during 2018-19 (Upto 31.12.2018).

c. Availability of stocks during natural calamity

Adequate supplies of foodgrains maintained during natural calamity like flood in Assam, Manipur, Maharashtra and Kerala during 2018-19.

d. Excellent rating in MoU 2018-19 (Upto 3rd Quarter)

One of the targets in the MoU 2018-19 was to maintain 45 days of allocation of foodgrains in number of Godowns (97% godowns- Criteria for excellent rating). FCI achieved excellent rating as 45 days allocation of foodgrains was maintained in 99.51% of godowns.

F). STOCKS**i. Overview**

Food grain stocking norms refers to the level of stock in the Central Pool that is sufficient to meet the operational requirement of foodgrains and exigencies at any point of time. Earlier this concept was termed as Buffer Norms and Strategic Reserve.

Presently stocking norms fixed by Government of India vide OM dated 22.01.2015 comprises:

- Operational stocks: for meeting monthly distributional requirement under TPDS and OWS.
- Food security stocks/reserves: for meeting shortfall in procurement.

Stocking norms are for a quarter and consist of operational stock for the quarter and strategic reserve to take care of short fall in production or natural calamities.

ii. Foodgrains Stocking Norms

Buffer Norms w.e.f. 22.01.2015.

Part II

Stocking Norms of wheat were relaxed by Govt. of India on 3rd November 2016 for the period from November 2016 to June 2017 by reducing strategic reserve of wheat to the tune of 10 LMT and increase same quantity of rice which were again revised in terms of Govt. of India's OM dated 22.01.2015. Accordingly, Stocking Norms of Foodgrains w.e.f. 01.07.2017 are as under:

(Figure in lakh MT)

As on	Operational Stock			Strategic Reserve		Grand Total
	Rice	Wheat	Total	Rice	Wheat	
1st April	115.80	44.60	160.40	20.00	30.00	210.40
1st July	115.40	245.80	361.20	20.00	30.00	411.20
1st October	82.50	175.20	257.70	20.00	30.00	307.70
1st January	56.10	108.00	164.10	20.00	30.00	214.10

iii. Total Stocks of Foodgrains in Central Pool (as on 01.01.2019)

Part-II

(Figure in lakh MT)

Region	STOCK WITH FCI			STOCK WITH STATE AGENCIES			TOTAL CENTRAL POOL STOCK		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
	2	3	4	5	6	7	8	9	10
Bihar	1.83	3.36	5.19	0.01	0.00	0.01	1.84	3.36	5.20
Jharkhand	1.63	0.66	2.29	0.00	0.00	0.00	1.63	0.66	2.29
Odisha	1.05	1.98	3.03	2.06	0.00	2.06	3.11	1.98	5.09
West Bengal	0.73	4.85	5.58	1.83	0.00	1.83	2.56	4.85	7.41
Zonal Total	5.24	10.85	16.09	3.90	0.00	3.90	9.14	10.85	19.99
Assam	1.57	0.06	1.63	0.00	0.00	0.00	1.57	0.06	1.63
Arunachal Pr.*	0.17	0.01	0.18	0.00	0.00	0.00	0.17	0.01	0.18
Tripura	0.12	0.00	0.12	0.00	0.00	0.00	0.12	0.00	0.12
Mizoram	0.17	0.00	0.17	0.00	0.00	0.00	0.17	0.00	0.17
Meghalaya	0.20	0.01	0.21	0.00	0.00	0.00	0.20	0.01	0.21
Manipur	0.30	0.00	0.30	0.00	0.00	0.00	0.30	0.00	0.30
Nagaland	0.22	0.00	0.22	0.00	0.00	0.00	0.22	0.00	0.22
Zonal Total	2.75	0.08	2.83	0.00	0.00	0.00	2.75	0.08	2.83
Delhi	0.13	2.43	2.56	0.00	0.00	0.00	0.13	2.43	2.56
Haryana	14.44	27.69	42.13	0.00	27.52	27.52	14.44	55.21	69.65
Himachal Pr.	0.10	0.33	0.43	0.00	0.00	0.00	0.10	0.33	0.43
J&K	1.29	0.63	1.92	0.00	0.00	0.00	1.29	0.63	1.92
Punjab	62.12	19.02	81.14	0.00	69.40	69.40	62.12	88.42	150.54
Rajasthan	0.13	13.42	13.55	0.00	0.00	0.00	0.13	13.42	13.55
Uttar Pr.	13.87	22.79	36.66	0.00	0.00	0.00	13.87	22.79	36.66
Uttarakhand	0.55	0.42	0.97	0.63	0.01	0.64	1.18	0.43	1.61
Zonal Total	92.63	86.73	179.36	0.63	96.93	97.56	93.26	183.66	276.92
Andhra Pr.	5.79	0.19	5.98	9.28	0.00	9.28	15.07	0.19	15.26
Karnataka	5.75	0.49	6.24	0.00	0.00	0.00	5.75	0.49	6.24
Kerala	2.73	0.88	3.61	0.28	0.00	0.28	3.01	0.88	3.89
Tamil Nadu	9.48	1.09	10.57	1.99	0.00	1.99	11.47	1.09	12.56
Telangana	12.67	0.31	12.98	6.89	0.00	6.89	19.56	0.31	19.87
Zonal Total	36.42	2.96	39.38	18.44	0.00	18.44	54.86	2.96	57.82
Gujarat	0.40	4.90	5.30	0.00	0.00	0.00	0.40	4.90	5.30
Maharashtra	4.93	11.96	16.89	0.00	0.00	0.00	4.93	11.96	16.89
Madhya Pr.	0.08	2.62	2.70	4.30	51.62	55.92	4.38	54.24	58.62
Chhattisgarh	2.23	0.46	2.69	6.61	0.00	6.61	8.84	0.46	9.30
Zonal Total	7.64	19.94	27.58	10.91	51.62	62.53	18.55	71.56	90.11
Total	144.68	120.56	265.24	33.88	148.55	182.43	178.56	269.11	447.67
*Wheat lying in mandies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Stock in Transit	4.35	2.10	6.45	0.00	0.00	0.00	4.35	2.10	6.45
Total (All India)	149.03	122.66	271.69	33.88	148.55	182.43	182.91	271.21	454.12

* Stock position of Arunachal Pradesh is of 01.11.2018

1. Transit figures are estimated.
2. Rice does not include unmilled paddy with FCI/State Agencies in terms of rice.
3. Total quantity of unmilled paddy with FCI and State Agencies =274.16 LMT (FCI 0.80 LMT; State Agencies 273.36 LMT). CMR that could be derived taking out-turn ratio as 67% = 183.69 LMT.

iv. Stock Position of Paddy & Coarse Grain with FCI and State agencies (as on 01.01.2019)

Part-II Region	(Figure in lakh MT)						
	PADDY			COARSE GRAIN			SUGAR WITH FCI
	FCI	State Agencies	Total	FCI	State Agencies	Total	
Bihar	0.00	0.51	0.51	0.00	0.00	0.00	0.000
Jharkhand	0.07	0.11	0.18	0.00	0.00	0.00	0.000
Odisha	0.00	12.07	12.07	0.00	0.00	0.00	0.000
West Bengal	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Zonal (E) Total	0.07	12.69	12.76	0.00	0.00	0.00	0.000
Assam	0.03	0.00	0.03	0.00	0.00	0.00	0.000
Arunachal Pr.	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Tripura	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Mizoram	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Meghalaya	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Manipur	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Nagaland	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Zonal (NE) Total	0.03	0.00	0.03	0.00	0.00	0.00	0.000
Delhi	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Haryana	0.16	39.76	39.92	0.00	1.62	1.62	0.000
Himachal Pr.	0.00	0.00	0.00	0.00	0.00	0.00	0.000
J&K	0.06	0.00	0.06	0.00	0.00	0.00	0.000
Punjab	0.48	131.11	131.59	0.00	0.00	0.00	0.000
Rajasthan	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Uttar Pr.	0.00	13.41	13.41	0.00	0.00	0.00	0.000
Uttarakhand	0.00	4.73	4.73	0.00	0.00	0.00	0.000
Zonal (N) Total	0.70	189.01	189.71	0.00	1.62	1.62	0.000
Andhra Pr.	0.00	6.54	6.54	0.00	0.00	0.00	0.000
Karnataka	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Kerala	0.00	0.91	0.91	0.00	0.00	0.00	0.000
Tamil Nadu	0.00	0.62	0.62	0.00	0.00	0.00	0.000
Telangana	0.00	23.57	23.57	0.14	0.00	0.14	0.000
Zonal (S) Total	0.00	31.64	31.64	0.14	0.00	0.14	0.000
Gujarat	0.00	0.08	0.08	0.00	0.01	0.01	0.000
Maharashtra	0.00	2.58	2.58	0.00	0.24	0.24	0.000
Madhya Pr.	0.00	8.99	8.99	0.00	0.00	0.00	0.000
Chhattisgarh	0.00	28.37	28.37	0.00	0.00	0.00	0.000
Zonal (W) Total	0.00	40.02	40.02	0.00	0.25	0.25	0.000
GRAND TOTAL	0.80	273.36	274.16	0.14	1.87	2.01	0.000

G). QUALITY CONTROL

i. Overview

The Quality Control (QC) wing of FCI manned by qualified and trained personnel is entrusted with enormous task of procurement & preservation of foodgrains. The foodgrains are procured as per laid down Specifications of Government of India and inspected regularly during storage to monitor the quality. Representative samples of the stocks are drawn for physical and chemical analysis to ensure whether the quality standard meets the parameters of laid down Specifications of Government of India. Foodgrain samples are also referred to NABL accredited laboratories and get tested for its conformity of parameter under FSS Act also.

Food Corporation of India's testing laboratories spread across the country for effective monitoring of quality of foodgrains providing quality assurance as per FSS Act 2006, leading to improved satisfaction level to the customers (consumers).

Laboratories across the country are being upgraded with latest equipment. The IFS (Institute of Food Security) Lab, Gurgaon is in process of upgradation to a State of Art Lab.

FCI's testing laboratories spread across the country (192) ensure that the stored foodgrains retain their essential nutritional qualities as per FAQ.	District Labs	160
	Regional Labs	25
	Zonal Labs	5
	IFS Lab	1
	Hqrs Lab	1

In order to strengthen its quality control infrastructure and to enhance transparency, computerized Rice Analyzer was introduced in rice procurement operation during KMS 2016-17 onwards and presently computerized analysis of foodgrains has started in major procurement regions in 30 depots.

ii. Scientific Management

Quality Control and Scientific Preservation

The Food Corporation of India has an extensive and scientific stock preservation system. An on-going programme sees that both prophylactic and curative treatment is done timely and adequately. Foodgrain stock in storage is periodically inspected, if required fumigated and aerated by qualified trained and experienced personnel.

The preservation of foodgrain starts, the minute it arrives in the godowns. The bags are kept on proper dunnage material to facilitate aeration. Further till the bags are dispatched/ issued, prophylactic (preventive) treatment to the stocks is done on an average every 15 days with MALATHION and once in three months with DELTAMETHRIN. In case of any infestation, curative treatment is imparted to the stock with AI. PHOSPHIDE.

iii. QUALITY POLICY

FCI, as the nodal organization for implementing the National Food Policy, is committed to provide credible, customer focused services, for efficient and effective food security management in the country. Our focus shall be:

- Professional excellence in Management of food grain
- Service quality and stake holder orientation
- Transparency and accountability in transactions
- Optimum utilization of resources
- Continual improvement of systems, processes and resources

iv. QUALITY OBJECTIVES

- Fulfillment of all the targets set as per Government of India Food Policy from time to time.
- Monitoring of Quality in all major transactions, processes leading to improved customer satisfaction level
- Accountability for efficiency, responsiveness, performance and minimization of all losses & Wastes
- Need based up gradation of infrastructure and work environment
- Need based enhancement of knowledge & skills.

H). ENGINEERING

i. Overview

Engineering Wing of Food Corporation of India is responsible for following activities

Civil:

- a. Construction and Maintenance of covered godowns, plinths and ancillary structures like office block, weigh bridge, canteen, tiffin room, isolation shed, cycle stand, toilets, roads, drains, hand pumps etc.
- b. Up-gradation & maintenance of own railway sidings.
- c. Construction of cement concrete roads in view of heavy vehicles plying in the godowns.
- d. Maintenance of FCI flats, Guest Houses spread throughout the country.
- e. Implementation of CSR activities in FCI complexes by providing Female Lav. Block, Labour Shed, Safe drinking water facilities and Divjangjan access to toilets.

Electrical/Mechanical Activities:

- a. Providing Internal & External electrification to all new buildings and maintenance of existing Internal & External Electrical installation in godowns & complexes including HT & LT installations at various locations.
- b. Replacement with LED lightings (Internal & External) for saving electric energy and effective/long life of electrical installations system in all the godowns & offices.
- c. Installation of Solar roof top panels for generation of solar energy to save electrical energy to get more efficiency and clean environment in all depots/offices to recognize our contribution to save power & get efficiency towards building our nation great.
- d. Up-gradation of existing lorry weighbridges to fully electronic, enhancement of capacity of weigh-bridges as well as installation of new/additional weighbridges as per requirement.
- e. Operation and maintenance of 90,160 MT capacity of existing old RCC silos at Lucknow, Hapur, Mandi Gobindgarh, Moga & Jagraon.

Others:

- a. Introduction of new technologies in FCI like installation of Turbo ventilators, Galvalume sheets etc.

There is significant addition in infrastructure of FCI after taking over of assets from Department of Food Government of India in 1965, the engineering activities were started in 1969. There is considerable addition to the assets of FCI was contributed by Engg division.

Description of Item	At the time of inception of FCI	Addition	Total as on 31.12.2018
Storage Capacity	5.68 Lac MT	125.09 Lac MT	130.77 Lac MT
Weighbridges	12 Mech.	649 weigh bridges	661 Fully Electronic
Railway Sidings	7 depots	100 Depots	107 Depots
Staff Quarters/Office Buildings	- Nil-	FCI HQ & Institute of Food Security 3 Zonal Offices 12 Regional Offices 11 District Offices	FCI HQ & Institute of Food Security 3 Zonal Offices 12 Regional Offices 11 District Offices

I). IMPORT AND EXPORT

Import & Export Division undertakes the work of Export and Import of foodgrains as per the guidelines, policy and instructions of Government of India. Details of various activities of I&E Division is given hereunder:-

- Import and Export of food grains (mainly Wheat and Rice) and issue of stocks under various schemes of World Food Program/ Government aid on donation basis to other countries.
- Assisting the Ministry of CAF&PD in formulation of policies regarding import and export of wheat and rice. Formulating guidelines/procedures to be followed in import/export of foodgrains in accordance with policy decision of Government of India and forwarding the same to all concerned field offices for necessary compliance.
- Maintaining liaison with concerned agencies like STC, MMTC, PEC, Railways, Ministry of shipping, Ministry of External Affairs (MEA) and Port Trusts etc. prior, during and post import/ export/ Govt. Aid operations.
- Preparation of agenda/Information/data for meeting of High Level Committee for day to day monitoring and resolving of operational issues during import/export of foodgrains.
- Preparation of daily bulletin/statement depicting port-wise vessel's Arrival, Dispatch and Movement of imported stocks during imports and Port/CPSU/Country wise quantity of foodgrains lifted and shipped during export of foodgrains.
- Keeping watch on International demand and supply situation as well as price, in relation to Wheat and Rice.

J). SILOS

Ministry of Consumer Affairs, Food and Public Distribution has approved 100 LMT capacity for construction of steel Silos. Action Plan for construction of Silos.

Mode of Construction of Silos

- Viability Gap Funding (VGF) under NitiAayog mode. (DBFOT)
- VGF under DEA mode. (DBFOT)
- Non- VGF mode. (DBFOO)

(Figures in LMTs)

Agency Wise- State Wise Details of Target and Achievement of Construction of SILOS				
Year	Selection of Silo Operator (LMT)		Silo Completion (LMT)	
	Target	Achievement	Target	Achievement
2016-17	36.25 LMT (Phase – 1)	36.75	5 LMT	4.5
2017-18	29.00 LMT (Phase – 2)	5.00	15 LMT	1.75
2018-19	34.75 LMT (Phase – 3)		30 LMT	
2019-20			50 LMT	
Total	100 LMT	41.75	100 LMT	

PHASE-I (2016-17)				
Agency/ State	Selection of silo operator		Completion of silo	
	Target	Achievement	Target	Achievement
FCI				
Punjab	4.25	4.25		
Haryana	3.00	2.50		
UP	3.50	3.00		
Delhi	0.50	0.50		

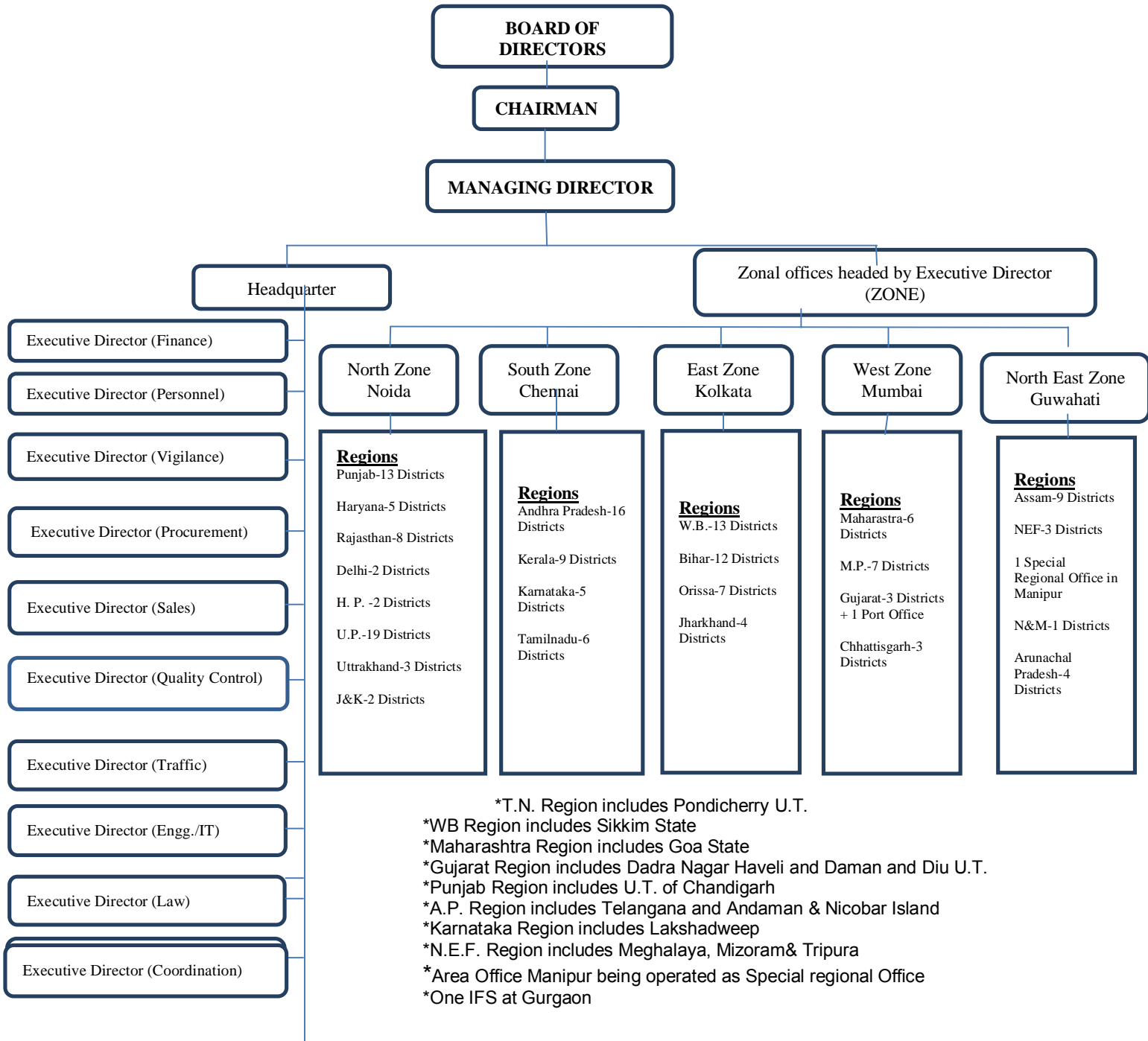
Maharashtra	0.50	0.00		
Bihar	2.50	1.50		
Gujarat	1.00	1.00		
West Bengal	2.00	2.00		
Assam	0.50	0.50		
Karnataka	0.25	0.00		
Total	18.00	15.25		
State Govt/Agency				
Punjab	12.25	17.00		
Maharashtra	0.50	0.00		
MP	5.00	4.50	5.00	4.50
Total	17.75	21.50	5.00	4.50
CWC				
Punjab	0.50	0.00		
Total	0.50	0.00		
Grand Total	36.25	36.75	5.00	4.50

PHASE-II (2017-18)				
Agency/ State	Selection of silo operator		Completion of silo	
	Target	Achievement	Target	Achievement
FCI				
Punjab			0.00	0.25
UP	3.50	2.00		
Delhi	0.50	0.00		
Rajasthan	1.50	0.00		
Maharashtra	0.50	0.5		
Bihar	2.00	1.0		
Gujarat	0.00	1.5		
West Bengal	2.00	0.00		
Total	10.00	05.00	0.00	0.25
State Govt/Agency				
Punjab	7.00	0.00	15.00	1.50
Haryana	2.00	0.00		
Bihar	5.00	0.00		
Rajasthan	3.50	0.00		
Total	17.50	0.00	15.00	1.50
CWC				
Punjab	1.50	0.00		
Grand Total	29.00	5.00	15.00	1.75

PHASE-III (2018-19)				
Agency/ State	Selection of silo operator		Completion of silo	
	Target	Achievement	Target	Achievement
FCI				
Chhattisgarh	1.00			
UP				
West Bengal				
Gujrat				
Total	1.00			
State Govt/Agency				
Punjab	5.00			
Haryana	4.50			
UP	5.00			
MP	5.00			
Gujarat	2.00			
West Bengal	3.50			
Rajasthan	1.25			
AP &Telangana	5.00			
Odisha	2.00			
Total	33.25			
CWC				

Punjab	0.50			
Total	0.50			
Grand Total	34.75		30.00 LMT in 2018-19 & 50 LMT in 2019-20	State wise targets not fixed Study entrusted to M/s PWC consultants for assessing long term storage requirement.
Total of Three Phases	100			

5. ORGANISATION STRUCTURE



Summary: Zonal Office – 5
 Regional Office – 24
 Sub-Regional Office – 1
 Area office - 163

6. KEY OPERATIONAL & FINANCIAL PARAMETERS OF THE ISSUER FOR THE LAST 4 AUDITED YEARS

(Rs. in lacs)

Sr. No.	Parameters	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
1.	Net worth	286365.19	284015.32	280956.32	274186.32
2.	Total Debt				
	of which:				
a.	Non Current Maturities of Long Term Borrowing	10700000.00	6905706.57	1303912.39	1305040.47
b.	Short Term Borrowing	8237648.42	5736724.36	7697804.19	7835310.93
3.	Fixed Assets	93632.09	88624.69	79524.13	67724.73
4.	Non Current Assets	232954.61	559349.76	478544.32	398998.27
5.	Cash and Cash Equivalent	444.39	560.87	422.29	386.23
6.	Current Assets	21433337.22	14648911.1	11368319.56	11400097.36
7.	Current Liabilities	2536354.70	8018538.97	10261995.17	10219868.84
8.	Sales	1803519.69	2211478.16	2928694.04	2975701.37
9.	Other Income(subsidy on Food grains+otherReceipts+Other Income/(Accretion)in Inventories)	13046807.59	11415203.01	11320001.35	10447757.13
10.	Total Income	14850327.28	13626681.17	14248695.39	13423458.5
13.	Interest Expense	890,661.08	689851.9	864755.92	824430.89
14.	Loss/(Profit)Before Tax	0.00	0.00	0.00	0.00
15.	Loss/(Profit)carried to Balance Sheet	0.00	0.00	0.00	0.00

7. GROSS DEBT EQUITY RATIO OF THE ISSUER

(Rs. in lacs)

Particulars	Pre-Issue (as on 31- Dec-2018)	Post Issue of Bonds of Rs. 273770 lacs *
TOTAL DEBT		
Total Debt (Long Term)	10700000.00	10937370
SHAREHOLDERS' FUNDS		
Net Worth	289865.19	289865.19
GROSS DEBT/ EQUITY RATIO		
Gross Debt/ Equity Ratio (times)	36.19	37.73

* after adding the proposed Bonds of Rs. 273770 lacs to the figures of 31-Mar-2018.

8. PROJECT COST AND MEANS OF FINANCING, IN CASE OF FUNDING OF NEW PROJECTS

The funds being raised by the Issuer through present issue of Bonds are not meant for financing any particular project. The Issuer shall utilise the proceeds of the Issue for its regular business activities and other associated business objectives such as discharging existing debt obligations which were generally undertaken for business operations.

9. SUBSIDIARIES OF THE ISSUER

The Corporation does not have any subsidiary as on the date of this Disclosure Document.

VII. BRIEF HISTORY OF ISSUER SINCE INCORPORATION, DETAILS OF ACTIVITIES INCLUDING ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS

1. BRIEF HISTORY OF THE ISSUER

Food Corporation of India (FCI) was constituted under The Food Corporations Act 1964, in order to fulfill following objectives of the Food policy of Government of India namely:

1. Effective price support operations for safeguarding the interests of the farmers,
2. Distribution of foodgrains throughout the country for Public Distribution System and;
3. Maintaining satisfactory level of operational and buffer stocks of foodgrains to ensure National Food Security.

Since its inception in 1965, having handled various situations of plenty and scarcity, FCI has successfully met the challenge of managing the complex task of providing food security for the nation. A strong food security system which has helped to sustain the high growth rate and maintain regular supply of wheat and rice right through the year. The efficiency with which FCI tackled one of the worst droughts of the century not only cemented its role as the premier organization in charge of food security in India, but also brought it accolades from international organizations. Today it can take credit for having contributed a great deal in transforming India from a chronically food deficit country to one that is self-sufficient.

In its 52 years of service to the nation, FCI has played a significant role in India's success in transforming the crisis management oriented food economy into a stable food security system. To provide an effective food security system in the country, FCI, through a series of operations, simultaneously provides market and price assurance for the surplus foodgrains, giving impetus to sustain higher yields in a post-green revolution era and ensures stability in food supplies to the people all over the country, specially the vulnerable sections.

Further the Government of India regularly provides funds to FCI to meet the cost of fixed assets like Godowns, Silos, Railway Sidings and Weighbridges and for financing the foodgrains and sugar operations entrusted to Corporation by the Government of India. The working capital requirements of the Corporation are met through a consortium of 62 Bankers and loans from Government of India.

The Corporation purchases the foodgrains for the Central Pool at the 'Procurement Prices' and issues the same at the 'Central Issue Prices' fixed by the Government of India. The issue price so fixed does not cover the full cost incurred by the Corporation in the procurement, storage, movement and distribution of foodgrains. The difference represents the consumer subsidy for the Public Distribution System, and is paid to the Corporation by the Government of India. The Corporation also maintains buffer stock of foodgrains on behalf of the Government of India and the carrying charges of the buffer stocks are also reimbursed by the Government to the Corporation.

2. CAPITAL STRUCTURE

(as on 31.03.2018)

(Rs. in lacs)

Particulars	Amount
1. SHARE CAPITAL	
a. Authorised Equity Share Capital	350000.00
b. Issued Equity Share Capital	288457.64
c. Subscribed & Paid-up Equity Share Capital	288457.64
2. SHARE PREMIUM ACCOUNT	Nil

3. EQUITY SHARE CAPITAL HISTORY OF THE ISSUER FOR LAST FIVE YEARS & UPTO 31.03.2018

Sl. No.	Financial Year	Capital Infusion* (Rs. in lacs)	Cumulative Capital (Rs. in lacs)
1.	2013-14	300	267595
2.	2014-15	8684	276279
3.	2015-16	6770	283049
4.	2016-17	3059	286108
5.	2017-18	2350	288458

* Capital has been contributed by the Government of India out of planned funds.

4. CHANGES IN AUTHORISED SHARE CAPITAL OF THE ISSUER FOR LAST FIVE YEARS & UPTO 31.03.2018

Particulars of change	Amount	Date of change (AGM/ EGM)
Authorised Capital increased by Government of India	Rs. 100000 lacs	07.05.2008 as published in the Gazette of India

5. DETAILS OF ANY ACQUISITION OR AMALGAMATION IN THE LAST 1 YEAR

None

6. DETAILS OF ANY REORGANIZATION OR RECONSTRUCTION IN THE LAST 1 YEAR

None

7. SHAREHOLDING PATTERN OF THE ISSUER AS ON 31.03.2018

Entire paid up equity capital of Rs. 288458lacs was held by the Government of India.

8. TOP 10 EQUITY SHARE HOLDERS OF THE ISSUER (as on 31.03.2018)

Entire paid up equity capital of Rs. 288458lacs was held by the Government of India.

9. PROMOTER HOLDING IN THE ISSUER (as on 31.03.2018)

Entire paid up equity capital of Rs. 288458lacs was held by the Government of India.

10. BORROWINGS OF THE ISSUER (as on 31.03.2018)

a) SECURED LOAN FACILITIES

Lender's Name	Type of Facility	Amount Sanctioned (Rs. in lacs)	Principal Amount Outstanding (Rs. in lacs)	Repayment Date/ Schedule	Security
Food Credit Consortium	Cash credit limit with SBI	9,49,500		Not applicable	Stock/ Guarantee from the Government of India

b) UNSECURED LOAN FACILITIES

Details of Unsecured Govt. of India guaranteed Bonds issued and outstanding are as under:

I. Nation small saving Fund loans (NSSF) :-

- a. Department of Economic Affairs, Ministry of Finance, Govt. Of India has sanctioned loan of Rs. 1,35,00,000.00 lakh to FCI during the F.Y 2016-17 (70,00,000 lacs) and F.Y 2017-18 (65,00,000 lacs) out of Nation small saving Fund (NSSF) out of which loans of Rs. 14,00,000 lacs has been paid to GOI on due date 28/02/2018 and outstanding loan as on 31.12.2018 is 1,21,00,000 lacs. Details of outstanding NSSF loan are as under:-

Lender's Name	Type of Facility	Amount of Loan (Rs. in lacs)	Principal Amount Outstanding (Rs. in lacs)	Repayment		Security
				Date	Schedule	
Department of Economic Affairs, Ministry of Finance, Govt. Of India	Investment by Govt. of India in FCI out of National Small Saving Fund	1,21,00,000	1,21,00,000	27,00,000	28.02.2019	Unsecured
				27,00,000	28.02.2020	
				27,00,000	28.02.2021	
				27,00,000	28.02.2022	
				13,00,000	28.02.2023	

II. NON-CONVERTIBLE BONDS/ DEBENTURES

Bond/ Debenture Series	Deemed Date of Allotment	Tenure (in Yrs)	Coupon Rate (% p.a.)	Amount Outstanding (Rs. in lacs)	Redemption Date	Credit Rating	Secured/ Unsecured
Series-V(B)	22.03.2013	15	8.80	470000	22.03.2028	AAA(SO) by CRISIL & ICRA	Unsecured*^
Series-V(A)	22.03.2013	10	8.62	30000	22.03.2023	AAA(SO) by CRISIL & ICRA	Unsecured*^
Series-VI	07.03.2014	8	9.95	800000	07.03.2022	AAA(SO) by CRISIL&CARE	Unsecured*
Total				1300000.00			

* Government of India Guaranteed Bonds.

^ A pari passu charge is created on the FCI Regional Office Building situated at Vejalpur, Ahmedabad in favour of M/s IDBI Trusteeship Services Limited -Trustee to Bonds issued by FCI against Bonds series VA and VB.

11. TOP 10 BONDHOLDERS

(as on 22.02.2019)

Sr. No.	Name of bondholder	Total No. of Bonds held	Total amount of bonds held (Rs. in crore)
1.	CBT EPF-11-D-DM	36840	3684.00
2.	Templeton Income Trust- Templeton Global Bond Fund	22550	2255.00
3.	SBI Life Insurance Co. Ltd	9099	909.90
4.	NPS Trust - A/C HDFC Pension Management Company Limited Scheme C - Tier I	6289	628.90
5.	HDFC Trustee Company Ltd. A/C HDFC Hybrid Debt Fund	5050	505.00
6.	The Nomura Trust And Banking Co. Ltd. As The Trustee Of Indian Local Currency Denominated Bond Mother Fund	3609	360.90
7.	Bajaj Allianz Life Insurance Company Ltd.	2837	283.70
8.	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Credit Risk Fund	2226	222.60
9.	Bajaj Allianz General Insurance Company Limited-Policyholder Fund	2100	210.00
10.	Templeton Global Bond Fund (A Sub-Fund Of Franklin Templeton Investment Funds)	1800	180.00
	Total	92400	9240.00

* Top 10 holders' of bonds have been shown on a cumulative basis for all outstanding bonds.

12. AMOUNT OF CORPORATE GUARANTEES ISSUED BY THE ISSUER IN FAVOUR OF VARIOUS COUNTER PARTIES INCLUDING ITS SUBSIDIARIES, JOINT VENTURE ENTITIES, GROUP COMPANIES ETC.

The Issuer has not issued any corporate guarantee in favour of any counterparty including its subsidiaries, joint venture entities, group companies etc.

13. COMMERCIAL PAPER ISSUED BY THE ISSUER (as on 31.03.2018)

Nil

14. OTHER BORROWINGS (INCLUDING HYBRID DEBT LIKE FOREIGN CURRENCY CONVERTIBLE BONDS ("FCCBs"), OPTIONALLY CONVERTIBLE BONDS/ DEBENTURES/ PREFERENCE SHARES)

(as on 31.03.2018)

The Issuer has not issued any hybrid debt like Foreign Currency Convertible Bonds ("FCCBs"), Optionally Convertible Debentures, Preference Shares etc.

15. SERVICING BEHAVIOUR ON EXISTING DEBT SECURITIES, DEFAULT(S) AND/OR DELAY(S) IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE ISSUER, IN THE PAST 5 YEARS

- a) The main constituents of the Issuer's borrowings are generally in the form of loans from banks, GOI, bonds etc.
- b) The Issuer has been servicing all its principal and interest liabilities on time and there has been no instance of delay or default since inception.
- c) The Issuer has neither defaulted in repayment/ redemption of any of its borrowings nor affected any kind of roll over against any of its borrowings in the past.
- d) The Issuer has not defaulted in any of its payment obligations arising out of any corporate guarantee issued by it to any counterparty including its subsidiaries, joint venture entities, group companies etc in the past.

16. OUTSTANDING BORROWINGS/ DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, AT A PREMIUM OR DISCOUNT, OR IN PURSUANCE OF AN OPTION

The Issuer confirms that other than and to the extent mentioned elsewhere in this Disclosure Document, it has not issued any debt securities or agreed to issue any debt securities or availed any borrowings for a consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.

17. AUDITED FINANCIAL INFORMATION OF THE ISSUER

Since the Corporation does not have any subsidiary Company, the standalone and consolidated financials of the Corporation shall be the same.

a) STATEMENT OF PROFIT & LOSS

(Rs. in lacs)

Sr. No.	Particulars	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
I.	INCOME				
1.	Revenue				
	(a) Sale	1803519.69	2211478.16	2928694.04	2975701.37
	(b) Subsidy on Foodgrains	11628168.50	10913592.87	10242507.44	10500702.83
	(c) Other Receipts	22128.59	-4508.33	-234.83	19.3
2.	Other Income	211741.55	245118.61	105248.91	145959.5
3.	Accretion/ Decretion in Inventories	1184768.95	260999.86	972479.83	-198924.5
	Total (I)	14850327.28	13626681.17	14248695.39	13423458.5
II.	EXPENDITURE				
1.	Purchase	11997166.75	11137561.43	11650852.92	10680412.21
2.	Milling Charges	49746.20	41818.67	48373.26	51279.2
3.	Freight	869021.51	812974.95	804680.86	893987.09
4.	Storage Cost	271339.91	235960.02	202186.35	237660.05
5.	Handling Expenses	366185.24	362328.58	405232.48	464893.78
6.	Employees Remuneration and Benefits	227701.02	252507.71	174865.18	201989.68
7.	Other Expenses	174043.16	79316.69	83563.17	56604.91
9.	Depreciation and Amortization on:				
	(a) Fixed Assets	10428.08	9484.21	8005.17	7169.83
	(b) Intangible Assets	408.67	283.42	287.62	604.16
9.	Interest	890661.08	689851.9	864755.92	824430.89
10.	Expense pertaining to Prior Years (Net)	-6374.34	4593.59	5892.46	4426.7
	Total (II)	14850327.28	13626681.17	14248695.39	13423458.5
	Excess of Expenditure over Income	0.00	0.00	0.00	0.00
	Income pertaining to Prior Years (Net)				
11.	Loss/(Profit) Before Tax	0.00	0.00	0.00	0.00
12.	Loss/(Profit) carried to Balance Sheet	0.00	0.00	0.00	0.00

b) STATEMENT OF ASSETS & LIABILITIES

(Rs. in lacs)

Sr. No.	Particulars	As on 31-03-2018	As on 31-03-2017	As on 31-03-2016	As on 31-03-2015
I.	LIABILITIES				
1.	Shareholders' Funds				
	(a) Share Capital	288457.64	286107.77	283048.77	276278.77
	(b) Reserves and Surplus	-2092.45	-2092.45	-2092.45	-2092.45
2.	Non-Current Liabilities				
	Long-Term Borrowings	10700000.00	6905706.57	1303912.39	1305040.47
3.	Current Liabilities				
	(a) Short-Term Borrowings	8237648.42	5736724.36	7697804.19	7835310.93
	(b) Trade Payables	1999112.46	1864043.24	2384740.61	2198302.80
	(c) Other Current Liabilities	537242.24	417771.37	179450.37	186255.11
	TOTAL (1+2+3)	21760368.31	15208260.86	11846863.88	11799095.63
II.	ASSETS				
1.	Non-Current Assets				
	a) Fixed Assets				
	i) Tangible Assets	88125.78	83472.76	73061.58	55365.24
	ii) Intangible Assets	276.73	369.52	204.02	442.61
	iii) Capital Work in Progress	5229.58	4782.41	6258.53	11916.88
	b) Long Term Loans and Advances	229659.35	467076.85	394917.96	329087.46
	c) Other Non-Current Assets	3295.26	3648.22	4102.23	2186.08
2.	Current Assets				
	a) Inventories	7367988.18	6183219.96	5922229.56	4949756.03
	b) Trade Receivables	13919405.65	8458523	5361408.8	6315290.81
	c) Cash and Cash equivalents	444.39	560.87	422.29	386.23
	d) Short-Term Loans and Advances	29399.98	5818.8	84104.04	134509.42
	e) Other Current Assets	116543.41	788.47	154.87	154.87
	TOTAL (1+2)	21760368.31	15208260.86	11846863.88	11799095.63

c) CASH FLOW STATEMENT

(Rs. in lacs)

Particulars	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Cash Flow Operating Activities				
Net Profit/(Loss) before Taxation	0.00	0.00	0.00	0.00
Adjustments for:				
Depreciation	10428.08	9484.21	8005.17	7169.83
Amortization	408.67	283.42	287.62	604.16
Interest Expense	890661.08	689851.9	864755.92	824430.89
Debts written off	6645.49	39237.45	30849.87	12538.63
Deferred Revenue Expenditure written off	98.13	69.2	34.32	38.34
Loss on Sale of Asset	-453.34	-589.07	-1125.88	85.42
Foreign Exchange Variance	0.06	0.02	0.04	0.02
Operating profit before working capital changes in	907788.17	738337.13	902807.06	844867.29
Inventories	-1184768.22	-260990.4	-972473.53	198931.25
Trade Receivable	-5467528.14	-3136351.65	923032.14	-1336948.56
Other Current Assets	77490.63	522.63	499.18	637.93
Loans and Advances Deposits & Other Claim Receivables	21293.53	-71600.22	-70756.66	16976.04
Trade Payable	1064425.67	827725.21	-58015.84	1617766.75
Sugar Price Equalisation Fund	-220.00	96928.7	53040.12	51156.82
Deposits Repayable	-31976.16	-18382.69	-24318.8	-3236.7
Other Current Liability	-42092.45	46596.18	-16483.38	
Interest Payable	127065.22	-20488.44	19342.63	10915.44
Misc. Expenditure (to the extent not written off or adjusted)	-446.66	-166.6	-158.23	-117.64
Price Stabilisation Fund	28931.17	74360.58	14980.34	
Advance Payment of Income Tax			0	-4.87
Net Cash generated from operating activities	-4500037.24	-1723509.57	771495.03	1400943.75
Cash flow from Investing activities:				
Sale of Fixed Assets	548.44	872.21	1267.7	39.96
Purchase of Fixed Assets	-15939.25	-19151.33	-20234.01	-20391.53
Net Cash used in Investing activities	-15390.81	-18279.12	-18966.31	-20351.57
Cash Flow from Financing activities:				
Capital subscribed by Government of India	2349.87	3059	6770	8683.57
Long Term Borrowing through GOI	5100000.00	0	-312100	-79350
Loans & Advances from Banks	303624.06	-4571279.83	417593.26	-485445.02
Interest Expense	-890661.08	-689851.9	-864755.92	-824430.89
Net cash used in financing activities	4515312.85	1741927.27	-752492.66	-1380542.34
Net increase in cash and cash equivalents	-115.20	138.58	36.06	49.84
Cash and cash equivalents at the beginning of the year	253.84	422.29	386.23	336.39
Cash and cash equivalents at the end of the year	138.64	560.87	422.29	386.23

18. MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE

The Issuer hereby confirms that there has been no material event, development or change having implications on the financials/ credit quality of the Issuer (e.g. any material regulatory proceedings against the Issuer/ promoters of the Issuer, tax litigations resulting in material liabilities, corporate restructuring event etc) at the time of Issue which may affect the Issue or the investor's decision to invest/ continue to invest in the debt securities of the Issuer.

19. Disclosures pertaining to wilful default**1. In case of listing of debt securities made on private placement, the following disclosures shall be made:**

- (a) Name of the bank declaring the entity as a wilful defaulter
- (b) The year in which the entity is declared as a wilful defaulter
- (c) Outstanding amount when the entity is declared as a wilful defaulter
- (d) Name of the entity declared as a wilful defaulter
- (e) Steps taken, if any, for the removal from the list of wilful defaulters
- (f) Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions
- (g) Any other disclosure as specified by the Board

"None of the above is applicable in the case of FCI, as FCI has never defaulted in any of its payment obligations".

2. The fact that the issuer or any of its promoters or directors is a wilful defaulter shall be disclosed prominently on the cover page with suitable cross-referencing to the pages.

"Not Applicable"

VIII. SUMMARY TERM SHEET

Issuer	Food Corporation of India ("FCI"/ the "Corporation"/ the "Issuer").	
Issue Size	Rs. 1,000 crore	
Option to retain oversubscription	Rs.1,737.70 crore	
Objects of the Issue	Augmenting long-term resource of the Issuer	
Instrument	Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures ("Bonds")	
Issuance Mode	In demat mode only	
Trading Mode	In demat mode only	
Credit Rating	"CRISIL AAA(SO)/Stable" by CRISIL and "CARE AAA(SO)/ Stable" by CARE	
Seniority	Senior and Unsubordinated	
Mode of Issue	Private Placement	
Government Guarantee	The Government of India has unconditionally and irrevocably guaranteed the repayment of principal amount of Bonds to be issued by FCI for an aggregate nominal amount of Rs. 8,000 crore and interest thereon. The said guarantee has been executed vide Guarantee Agreement dated February 18, 2019 by and between Ministry of Consumer Affairs, Food & Public Distribution (Department of Food & Public Distribution), Government of India, Food Corporation of India and IDBI Trusteeship Services Limited in the capacity of Trustees for the Bondholders.	
Security	The Bonds are secured by way of unconditional and irrevocable guarantee from the Government of India towards repayment of principal amount of the Bonds and interest thereon. Since full face value amount of Bonds along with interest thereon are secured by way of unconditional and irrevocable guarantee from the Government of India towards repayment of principal amount of the Bonds and interest thereon, there shall be a minimum security cover of one time of the aggregate face value amount of Bonds outstanding at all times.	
Structured Payment Mechanism	The Guarantee Agreement provides for a Structured Payment Mechanism whereby a Designated Trust & Retention Account ("TRA") in the name of "Food Corporation of India [FCI]-Bond Account" shall be opened exclusively for the benefit of the Trustee (on behalf of the Bondholders). The following payment structure (wherein "T1" is assumed to be the due date for interest payments and "T2" is assumed to be the due date for principal repayment of the Bonds) is envisaged for meeting the obligations on the rated Bonds.	
	Interest Payments	
	Trigger Date	Action Point
	(T1-30)th day*	Trustees to inform FCI and the GOI in writing regarding the due date for payment of interest amount so that necessary arrangements could be made for meeting the interest payment obligations on the Bonds.
	(T1-8)th day*	The Designated Trust and Retention Account is to be funded by FCI to the tune of the interest obligations on the Bonds.
	(T1-7)th day*	If the Designated Trust and Retention Account is not funded to the requisite extent by (T1-8)th day, the Trustees shall forthwith invoke the GOI Guarantee by sending a Notice of Invocation to GOI.
	(T1-3)th day*	Last date by which GOI shall deposit requisite funds in the Designated Trust and Retention Account as per the Notice of Invocation served by the Trustees.
* If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the following working day in line with SEBI circular No CIR/IMD/DF-1/122/2016 dated November 11, 2016.		

	Principal Repayment	
	Trigger Date	Action Point
	(T2-30)th day*	Trustees to inform FCI and the GOI in writing regarding the due date for repayment of principal amount so that necessary arrangements could be made for meeting the principal repayment obligations on the Bonds.
	(T2-8)th day*	The Designated Trust and Retention Account is to be funded by FCI to the tune of the principal obligations on the Bonds.
	(T2-7)th day*	If the Designated Trust and Retention Account is not funded to the requisite extent by (T2-8)th day, the Trustees shall forthwith invoke the GOI Guarantee by sending a Notice of Invocation to GOI.
	(T2-3)th day*	Last date by which GOI shall deposit requisite funds in the Designated Trust and Retention Account as per the Notice of Invocation served by the Trustees.
	* If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.	
Face Value	Rs. 10 lacs per Bond	
Premium/ Discount on issue	Nil	
Issue Price	At par (Rs. 10 lacs) per Bond	
Premium/ Discount on redemption	Nil	
Redemption Amount	At par (Rs. 10 lacs) per Bond	
Minimum Application	1 bonds (Rs. 10 lacs) and then in multiples of 1 bonds (Rs. 10 lacs) thereafter	
Security Name	8.95%-FCI-2029	
Tenor	10 Years from the Deemed Date of Allotment	
Put & Call Option	None	
Put Option Price	Not applicable	
Put Option Date	Not applicable	
Put Notification Time	Not applicable	
Call Option Price	Not applicable	
Call Option Date	Not applicable	
Call Notification Time	Not applicable	
Redemption/ Maturity	At par at the end of 10th year from the Deemed Date of Allotment	
Redemption Date	March 01, 2029	
Coupon Rate	8.95% p.a.	
Step Up/ Step Down Coupon Rate	None	
Coupon Payment Frequency	Annual	
Coupon Payment Date	Annually on March 01, of each year till maturity of Bonds	
Coupon Type	Fixed	
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc)	None	

Default Interest Rate	In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid
Day Count Basis	Actual/ Actual Interest shall be computed on an "actual/actual basis". Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis
Interest on Application Money	Interest at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer's Bank Account upto one day prior to the Deemed Date of Allotment
Listing	Proposed on the Wholesale Debt Market (WDM) Segment of National Stock Exchange of India Ltd. ("NSE")
Trustees	IDBI Trusteeship Services Limited
Depository	National Securities Depository Limited and Central Depository Services (India) Limited
Registrars	Beetal Financial & Computer Service (P) Ltd
Settlement	Payment of interest and repayment of principal shall be made by way of credit through direct credit/ NECS/ RTGS/ NEFT/Cheque mechanism and any other electronic payment mode.
Business Day/ Working Day Convention	Working Days shall be all days on which commercial banks are open for business in the city of Mumbai. Further, Sundays, have also been considered as non-Business Days. We have not considered the effect of public holidays as it is difficult to ascertain for future dates. If any of date(s) defined in the Disclosure Document, except the Deemed Date of Allotment, the next working day shall be considered as the effective date(s) in line with SEBI circular No CIR/IMD/DF-1/122/2016 dated November 11, 2016.
Record Date	15 days prior to each Coupon Payment Date and Redemption Date.
Effect of holidays	If the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security in line with SEBI circular No CIR/IMD/DF-1/122/2016 dated November 11, 2016. If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.
Mode of Subscription	As per SEBI circular dated January 5th, 2018 and operational guidelines of NSE.
Eligible Investors	All QIBs, and any non-QIB Investors specifically mapped by the Issuer on the NSE BOND – EBP Platform, are eligible to bid / invest / apply for this Issue. All investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in this Issue.
Transaction Documents	The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: <ol style="list-style-type: none"> 1. Letter appointing Trustees to the Bondholders; 2. Bond/ Debenture Trusteeship Agreement; 3. Rating Agreement with CRISIL; 4. Rating Agreement with CARE; 5. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; 6. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 7. Letter appointing Registrar and Agreement entered into between the Issuer and the Registrar;

	<p>8. Application made to NSE for seeking its in-principle approval for listing of Bonds;</p> <p>9. Listing Agreement with NSE;</p> <p>10. Letters appointing Arrangers to the Issue;</p> <p>11. Designated Trust and Retention Account Agreement.</p>
Conditions precedent to subscription of Bonds	<p>The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following:</p> <ol style="list-style-type: none"> 1. Rating letters from CRISIL and CARE not being more than one month old from the issue opening date; 2. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); 3. Letter from NSE conveying its in-principle approval for listing of Bonds.
Conditions subsequent to subscription of Bonds	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Disclosure Document:</p> <ol style="list-style-type: none"> 1. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment; 2. Making listing application to NSE within 15 days from the Deemed Date of Allotment of Bonds and seeking listing permission within 20 days from the Deemed Date of Allotment of Bonds in pursuance of SEBI Debt Regulations. In case of delay in listing of the Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest at the rate of 1.00% p.a. over the respective Coupon Rates of the Bonds from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the bondholders. <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document.</p>
Events of Default	<p>"Default" shall mean failure to make Adequate Funds (amount of monies required for payment of principal amount of the Bonds issued by FCI, accrued interest thereon and any other amount due towards the Bondholders on each of the due dates) available for the Designated Trust & Retention Account at least 8 (Eight) days before each of the Due Dates for repayment of Principal and 8 (Eight) days before each of the Due Dates for payment of Interest. The payment mechanism for repayment of principal and interest has been set out in the Annexure I of the Guarantee Agreement.</p> <p>Besides, it would also constitute a "Default" by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in this Disclosure Document and Bond/ Debenture Trusteeship Agreement which in opinion of the Trustees is incapable of remedy.</p>
Remedies	<p>Upon occurrence of a Default as defined in the Guarantee Agreement, the Trustee shall forthwith invoke the guarantee as per the terms of the Guarantee Agreement.</p>
Cross Default	<p>The Trustee/ Bondholders would not be in a position to accelerate all payments due under the Bonds if the Issuer defaults on its other debt obligations.</p>
Role and Responsibilities of Trustees	<p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Bond/ Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.</p> <p>The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis.</p> <p>The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May11,</p>

	2009 as amended. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all 'Qualified Institutional Buyers' (QIBs) and other existing Bondholder(s) within two working days of their specific request.	
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Delhi	
Additional Covenants	<ol style="list-style-type: none"> Security Creation: The Issuer states that it has executed the necessary documents for creation of the charge, including the Debenture/ Bond Trust Deed and will be submitting the same with stock exchange within five working days of execution of the same for uploading on its website. Default in Payment: In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the respective Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid. Delay in Listing: The Issuer shall make listing application to NSE and/or BSE within 15 days from the Deemed Date of Allotment of the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds. In case of delay in listing of the Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s). <p>The interest rates mentioned in above two covenants shall be independent of each other.</p>	
Issue Schedule*	Issue Opening Date	February 28, 2019
	Issue Closing Date	February 28, 2019
	Pay-in Date	March 01, 2019
	Deemed Date of Allotment	March 01, 2019

* The Issuer reserves its sole and absolute right to modify (pre-poned/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Dates is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.

IX. TERMS OF OFFER (DETAILS OF DEBT SECURITIES PROPOSED TO BE ISSUED, MODE OF ISSUANCE, ISSUE SIZE, UTILIZATION OF ISSUE PROCEEDS, STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED, REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION, DISCOUNT AT WHICH OFFER IS MADE AND EFFECTIVE YIELD FOR INVESTOR)

PRIVATE PLACEMENT OF GOVERNMENT OF INDIA GUARANTEED REDEEMABLE NON-CONVERTIBLE TAXABLE BONDS (SERIESVII) IN THE NATURE OF DEBENTURES OF FACE VALUE OF RS. 10.00 LACS EACH ("BONDS")AGGREGATING TO RS. 1,000 CRORE WITH A GREEN SHOE OPTION TO RETAIN RS.1,737.70 CRORE BY FOOD CORPORATION OF INDIA ("FCI"/ THE "CORPORATION"/ THE "ISSUER")

1. ISSUE SIZE

Food Corporation of India ("FCI"/ the "Corporation"/ the "Issuer")proposes to raise aggregating to Rs. 1,000 crore with a green shoe option to retain Rs.1,737.70 crore through issue of Government of India Guaranteed Redeemable Non-Convertible Bonds (Series VII) in the nature of Debentures of face value of Rs. 10.00 lacs each ("Bonds")(the "Issue").

2. ELIGIBILITY TO COME OUT WITH THE ISSUE

The Issuer or the person in control of the Issuer, or its promoter, has not been restrained or prohibited or debarred by SEBI/any other Government authority from accessing the securities market or dealing in securities and such direction or order is in force.

3. REGISTRATION AND GOVERNMENT APPROVALS

Ministry of Consumer Affairs, Food & Public Distribution (Department of Food & Public Distribution), Government of India has executed a Guarantee Agreement dated February 18, 2019 with the Corporation and IDBI Trusteeship Services Limited in the capacity of Trustees for the Bondholders, conveyingits unconditional and irrevocable guarantee for the repayment of principal amount of Bonds of FCI for an amount of Rs. 8,000 crore (including green-shoe option) and interest thereon. The Corporation can issue Bonds in view of the present approvals and no further approval from any government authority(ies) is required by the Corporation to issue the proposed Bonds.

4. AUTHORITY FOR THE ISSUE

The present issue of Bonds is being made pursuant to the resolution of the Board of Directors of the Issuer, passed at its meeting held on July 18, 2018 and the delegation provided there under. The current issue of Bonds is within the overall borrowings limits set out in resolution passed under section 27(1) of The Food Corporations Act, 1964. The Issuer can issue the Bonds proposed by it in view of the present approvals and no further internal or external permission/ approval(s) is/are required by it to issue the proposed Bonds.

5. OBJECTS OF THE ISSUE

The present issue of Bonds is being made by the Corporation for augmenting its long-term resource base. The expenses of the present issue would also be met from the proceeds of the Issue. The proceeds of this Issue after meeting all expenses of the Issue will be used by the Corporation for meeting issue objects. Section 13 of the Food Corporations Act, 1964 enables it to undertake the activities for which the funds are being raised through the present issue.

The main objects ofthe Issuer as provided in the Food Corporations Act, 1964, enablesit to undertake the activities for which the funds are being raised through the present Issue of Bonds.

6. UTILISATION OF ISSUE PROCEEDS

The funds being raised by the Issuer through present issue of Bonds are not meant for financing any particular project. The Issuer shall utilise the proceeds of the Issue for its regular business activities and other associated business objectives such as discharging existing debt obligations which were generally undertaken for business operations. The Issuer is subject to a number of regulatory checks and balances as stipulated in its regulatory environment. The Issuer is a Government of India undertaking under the administrative control of Ministry of Consumer Affairs, Food & Public Distribution, (Department Food & Public Distribution), Government of India and is managed by professionals under the supervision of the Board of Directors. The management of the Issuer shall ensure that the funds raised via the present Issue shall be utilized only towards satisfactory fulfilment of the Objects of the Issue.

The Issuer undertakes that proceeds of the present Issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the RBI/ SEBI/ ROC/ Stock Exchange(s).

In accordance with the SEBI Debt Regulations, the Issuer undertakes that it shall not utilise the proceeds of the Issue for providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management. However, the Issuer is a public sector enterprise and, as such, it does not have any identifiable 'Group Companies' or 'Companies under the same Management'. The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any acquisition, including by way of a lease, of any property.

Further, the Issuer undertakes that Issue proceeds from the present issue of Bonds allotted to banks shall not be used for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

The main objects of the Issuer as provided in the Food Corporations Act, 1964, enables it to undertake the activities for which the funds are being raised through the present Issue of Bonds.

7. MINIMUM SUBSCRIPTION

In terms of the SEBI Debt Regulations, the Issuer may decide the amount of minimum subscription which it seeks to raise by issue of Bonds and disclose the same in the offer document. The Issuer has decided not to stipulate any minimum subscription for the present Issue and therefore the Issuer shall not be liable to refund the issue subscription(s)/ proceed(s) in the event of the total issue collection falling short of issue size or certain percentage of issue size.

8. UNDERWRITING

The present Issue of Bonds is not underwritten.

9. NATURE OF BONDS

The Bonds are to be issued in the form of Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds (Series VII) in the nature of Debentures ("Bonds").

10. FACE VALUE, ISSUE PRICE, EFFECTIVE YIELD FOR INVESTOR

Each Bond has a face value of Rs.10 lacs and is issued as well as redeemable at par i.e. for Rs. 10 lacs. The Bonds shall be redeemable at par i.e. for Rs.10 lacs per Bond. Since there is no premium or discount on either issue price or on redemption value of the Bonds, the effective yield for the investors shall be the same as the Coupon Rate on the Bonds.

11. SECURITY

The Bonds are secured by way of unconditional and irrevocable guarantee from the Government of India towards repayment of principal amount of the Bonds and interest thereon. Copy of the Guarantee Agreement is enclosed elsewhere in this Disclosure Document. Since full face value amount of Bonds along with interest thereon are secured by way of unconditional and irrevocable guarantee from the Government of India towards repayment of principal amount of the Bonds and interest thereon, there shall be a minimum security cover of one time of the aggregate face value amount of Bonds outstanding at all times.

12. STRUCTURED PAYMENT MECHANISM

The Guarantee Agreement provides for a Structured Payment Mechanism whereby a Designated Trust & Retention Account ("TRA") in the name of "Food Corporation of India [FCI]-Bond Account" shall be opened exclusively for the benefit of the Trustee (on behalf of the Bondholders). The following payment structure (wherein "T1" is assumed to be the due date for interest payments and "T2" is assumed to be the due date for principal repayment of the Bonds) is envisaged for meeting the obligations on the rated Bonds.

Interest Payments	
Trigger Date	Action Point
(T1-30)th day*	Trustees to inform FCI and the GOI in writing regarding the due date for payment of interest amount so that necessary arrangements could be made for meeting the interest payment obligations on the Bonds.
(T1-8)th day*	The Designated Trust and Retention Account is to be funded by FCI to the tune of the interest obligations on the Bonds.
(T1-7)th day*	If the Designated Trust and Retention Account is not funded to the requisite extent by (T1-8)th day, the Trustees shall forthwith invoke the GOI Guarantee by sending a Notice of Invocation to GOI.
(T1-3)th day*	Last date by which GOI shall deposit requisite funds in the Designated Trust and Retention Account as per the Notice of Invocation served by the Trustees.
* If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the following working day in line with SEBI circular No CIR/IMD/DF-1/122/2016 dated November 11, 2016.	
Principal Repayment	
Trigger Date	Action Point
(T2-30)th day*	Trustees to inform FCI and the GOI in writing regarding the due date for repayment of principal amount so that necessary arrangements could be made for meeting the principal repayment obligations on the Bonds.
(T2-8)th day*	The Designated Trust and Retention Account is to be funded by FCI to the tune of the principal obligations on the Bonds.
(T2-7)th day*	If the Designated Trust and Retention Account is not funded to the requisite extent by (T2-8)th day, the Trustees shall forthwith invoke the GOI Guarantee by sending a Notice of Invocation to GOI.
(T2-3)th day*	Last date by which GOI shall deposit requisite funds in the Designated Trust and Retention Account as per the Notice of Invocation served by the Trustees.
* If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.	

13. TERMS OF PAYMENT

The full face value of the Bonds applied for is to be paid along with the Application Form. Investor(s) need to send in the Application Form along with proof of RTGS/ Fund Transfer for the full value of Bonds applied for.

Face Value per Bond	Minimum Application for	Amount Payable on Application per Bond
Rs. 10 lacs	1 bonds (Rs. 10 lacs) and then in multiples of 1 bonds (Rs. 10 lacs) thereafter	Rs. 10 lacs

14. DEEMED DATE OF ALLOTMENT

Interest on Bonds shall accrue to the Bondholder(s) from and including Deemed Date of Allotment. All benefits relating to the Bonds will be available to the investor(s) from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. The Company reserves the right to modify allotment date/ deemed date of allotment at its sole and absolute discretion without any notice. In case if the issue closing date is changed (pre-poned / postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Company at its sole and absolute discretion.

15. LETTER(S) OF ALLOTMENT/ BOND CERTIFICATE(S)/ REFUND ORDER(S)/ ISSUE OF LETTER(S) OF ALLOTMENT

The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within 2 working days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Bond Certificate.

16. ISSUE OF BOND CERTIFICATE(S)

Subject to the completion of all statutory formalities within timeframe prescribed in the relevant regulations/act/rules etc, the initial credit akin to a Letter of Allotment in the Beneficiary Account of the investor would be replaced with the number of Bonds allotted. The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of The Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof. The Bonds shall be allotted in dematerialized form only.

17. DEPOSITORY ARRANGEMENTS

The Issuer has appointed Beetal Financial & Computer Service (P) Ltd, Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062, Tel: (011)29961281-83, Fax: +91 (011) 29961284 as the Registrar ("Registrar") for the present Bond Issue. The Issuer has entered into necessary depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of the Bonds offered under the present Issue, in accordance with the Depositories Act, 1996 and regulations made thereunder. In this context, the Issuer has signed two tripartite agreements as under:

- Tripartite Agreement between the Issuer, National Securities Depository Limited ("NSDL") and the Registrar for dematerialization of the Bonds offered under the present Issue.
- Tripartite Agreement between the Issuer, Central Depository Services (India) Limited ("CDSL") and the Registrar for dematerialization of the Bonds offered under the present Issue.

Investors can hold the bonds only in dematerialised form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

18. PROCEDURE FOR APPLYING FOR DEMAT FACILITY

- a) Applicant(s) should have/ open a Beneficiary Account with any Depository Participant of NSDL or CDSL.
- b) The applicant(s) must specify their beneficiary account number and depository participants ID in the relevant columns of the Application Form.
- c) If incomplete/incorrect beneficiary account details are given in the Application Form which does not match with the details in the depository system, the allotment of Bonds shall be held in abeyance till such time satisfactory demat account details are provided by the applicant.
- d) The Bonds shall be directly credited to the Beneficiary Account as given in the Application Form and after due verification, allotment advice/refund order, if any, would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the Bonds to the applicant's Depository Account will be provided to the applicant by the Depository Participant of the applicant.
- e) Interest or other benefits with respect to the Bonds would be paid to those bondholders whose names appear on the list of beneficial owners given by the depositories to the Issuer as on the Record Date. In case, the beneficial owner is not identified by the depository on the Record Date due to any reason whatsoever, the Issuer shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the depository and intimated to the Issuer. On receiving such intimation, the Issuer shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation.
- f) Applicants may please note that the Bonds shall be allotted and traded on the stock exchange(s) only in dematerialized form.

19. FICTITIOUS APPLICATIONS

Any person who makes, in fictitious name, any application to a body corporate for acquiring, or subscribing to, the Bonds, or otherwise induced a body corporate to allot, register any transfer of Bonds therein to them or any other person in a fictitious name, shall be punishable as per provisions of extant laws.

20. MARKET LOT

The market lot will be one Bond ("Market Lot"). Since the Bonds are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of Bonds.

21. TRADING OF BONDS

The marketable lot for the purpose of trading of Bonds shall be 1 (one) Bond of face value of Rs.10 lacs each. Trading of Bonds would be permitted in demat mode only in standard denomination of Rs.10 lacs and such trades shall be cleared and settled in recognised stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be reported on a recognized stock exchange having a nationwide trading terminal or such other platform as may be specified by SEBI.

22. MODE OF TRANSFER OF BONDS

The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Issuer.

Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do so, will be governed by the then prevailing guidelines of RBI.

23. DETERMINATION OF COUPON

The Coupon has been decided based on bids received on EBP.

24. BASIS OF ALLOCATION / ALLOTMENT

Allotment to the bidders shall be done on yield priority basis in the following manner as per SEBI circular dated January 5, 2018 and operational guidelines of NSE:-

- a) All the bids shall be arranged in the ascending order of the yields, and a cut-off yield shall be determined.
- b) All the bids below the cut-off yield shall be accepted and full allotment should be made to such bidders.
- c) For all the bids received at cut-off yield, allotment shall be made on pro-rata basis.

25. COMMON FORM OF TRANSFER

The Issuer undertakes that it shall use a common form/ procedure for transfer of Bonds issued in dematerialised form under terms of this Disclosure Document.

26. INTEREST ON APPLICATION MONEY

- a. In case of change in deemed date of allotment and in respect of investors who get allotment in the bond issue, interest on application money shall be paid at the coupon rate applicable for bond series (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) from the date of receipt of application money in FCI's account till one day prior to the date of allotment on the aggregate face value amount of Bonds. The interest on Application Money shall be computed as per "Actual/Actual" day count convention. The payment shall be made only through electronic mode. However, in case of rejection of electronic mode, due to incomplete / in correct detail provided by applicant payment may be made through cheque /demand draft. The cheque /demand draft for interest on application money shall be dispatched by the Issuer within 15 days from the Deemed Date of Allotment by registered post to the sole/ first applicant, at the sole risk of the applicant.
- b. No interest on Application Money will be paid in respect of applications which are rejected due to any reason.

27. INTEREST ON THE BONDS

The face value of the Bonds outstanding shall carry interest at the coupon rate from deemed date of allotment and the coupon rate & frequency of payment (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) are mentioned at summary term sheet.

The interest payment shall be made through electronic mode to the bondholders whose names appear on the list of beneficial owners given by the depository participant to R&TAAs on the record date fixed by Issuer in the bank account which is linked to the demat of the bondholder. However, in absence of complete bank details i.e. correct/updated bank account number, IFSC/RTGS code /NEFTcode etc., issuer shall be required to make payment through cheques / DDs on the due date at the sole risk of the bondholders. Interest or other benefits with respect to the Bonds would be paid to those Bondholders whose names appear on the list of beneficial owners given by the depository participant to R&TA as on the Record Date.

28. COMPUTATION OF INTEREST

Interest for each of the interest periods shall be computed as per Actual/ Actual day count convention on the face value amount of Bonds outstanding at the Coupon Rate rounded off to the nearest Rupee as per the Fixed Income Money Market and Derivatives Association ("FIMMDA") handbook on market practices. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the face value amount of Bonds outstanding.

29. RECORD DATE

The Record Date i.e. the reference date for payment of interest/ repayment of principal shall be the date falling 15 days prior to the relevant Coupon Payment Date on which interest or the Redemption Date on which the Maturity Amount is due and payable. In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the Redemption Date. Interest payment and principal repayment shall be made to the person whose name appears as beneficiary with the Depositories as on Record Date. In the event of the Issuer not receiving any notice of transfer at least 15 days before the Coupon Payment Date and at least 15 days prior to the Redemption Date, the transferees for the Bonds shall not have any claim against the Issuer in respect of interest so paid to the registered Bondholders.

30. DEDUCTION OF TAX AT SOURCE

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source out of interest payable on Bonds.

Interest payable subsequent to the Deemed Date of Allotment of Bonds shall be treated as "Interest on Securities" as per Income Tax Rules. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under Section 193 of the Income Tax Act, 1961, if any, with the Registrars, or to such other person(s) at such other address(es) as the Issuer may specify from time to time through suitable communication, at least 45 days before the payment becoming due. However, with effective from 01.06.2008, tax is not to be deducted at source under the provisions of section 193 of Income Tax Act, 1961, if the following conditions are satisfied:

- a. interest is payable on any security issued by a company
- b. such security is in dematerIALIZED form
- c. such security is listed in a recognised stock exchange in India

Present issue of Bonds fulfils the above conditions and therefore, no tax would be deducted on the interest payable. However, the Issuer shall pursue the provisions as amended from time to time with respect to applicability of TDS at the time of payment of interest on Bonds. Regarding deduction of tax at source and the requisite declaration forms to be submitted, applicants are advised to consult their own tax consultant(s).

31. PUT & CALL OPTION

Neither the bondholder(s) shall have any right to exercise Put Option nor the Issuer shall have right to exercise Call Option to redeem the Bonds, in whole or in part, prior to the Redemption Date.

32. REDEMPTION

The face value of the Bonds shall be redeemed at par, on the Redemption Date. The Bonds will not carry any obligation, for interest or otherwise, after the Redemption Date. The Bonds shall be taken as discharged on payment of the redemption amount by the Issuer on the Redemption Date to the registered Bondholders whose name appear in the Register of Bondholders on the Record Date. Such payment will be a legal discharge of the liability of the Issuer towards the Bondholders.

If any Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

33. DEFAULT INTEREST RATE

In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid.

34. EVENTS OF DEFAULT & REMEDIES

"Default" shall mean failure to make Adequate Funds (amount of monies required for payment of principal amount of the Bonds issued by FCI, accrued interest thereon and any other amount due towards the Bondholders on each of the due dates) available for the Designated Trust & Retention Account at least 8 (Eight) days before each of the Due Dates for repayment of Principal and 8 (Eight) days before each of the Due Dates for payment of Interest. The payment mechanism for repayment of principal and interest has been set out in the Annexure I of the Guarantee Agreement.

Besides, it would also constitute a "Default" by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in this Disclosure Document and Bond/ Debenture Trusteeship Agreement which in opinion of the Trustees is incapable of remedy.

Upon occurrence of a default as defined in the Guarantee Agreement, the Trustee shall forthwith invoke the guarantee as per the terms of the Guarantee Agreement.

35. ADDITIONAL COVENANTS

- a) **Allotment of Bonds:** The Issuer shall allot the Bonds within sixty days from the date of receipt of the application money for such Bonds and if the Issuer is not able to allot the Bonds within such period, it shall repay the application money to the subscribers within fifteen days from the date of completion of sixty days and if the Issuer fails to repay the application money within the aforesaid period, it shall be liable to repay such money with interest at the rate of 12% p.a. from the expiry of the sixtieth day.
- b) **Default in Payment:** In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the respective Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid.
- c) **Delay in Listing:** The Issuer shall make listing application to NSE and/or BSE within 15 days from the Deemed Date of Allotment of the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds. In case of delay in listing of the Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).

The interest rates mentioned in above two covenants shall be independent of each other.

36. SETTLEMENT/ PAYMENT ON REDEMPTION

Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism in the name of the Bondholders whose name appear on the List of Beneficial Owners given by Depository to the Issuer as on the Record Date.

The Bonds shall be taken as discharged on payment of the redemption amount by the Issuer on the Redemption Date to the list of Beneficial Owners as provided by NSDL/ CDSL/ Depository Participant as on Record Date. Such payment will be a legal discharge of the liability of the Issuer towards the Bondholders. On such payment being made, the Issuer shall inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Bondholders with NSDL/ CDSL/ Depository Participant shall be adjusted.

The Issuer's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further the Issuer will not be liable to pay any interest or compensation from the Redemption Date. On the Issuer's dispatching/ crediting the amount to the Beneficiary(ies) as specified above in respect of the Bonds, the liability of the Issuer shall stand extinguished.

37. EFFECT OF HOLIDAYS

Should any of date(s) defined in the Disclosure Document, excepting the Deemed Date of Allotment, fall on a Saturday, Sunday or a Public Holiday, the next working day shall be considered as the effective date(s). If any of the trigger date mentioned in the Annexure-I of the Guarantee Agreement falls on a non-Business Day, the said action points shall be performed on the immediately preceding Business Day.

If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the following working day in line with SEBI circular No CIR/IMD/DF-1/122/2016 dated November 11, 2016.

If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record date.

An illustration for guidance in this regard is as tabled below:

The following table is indicative and only for illustration, does not reflect actual amount and dates. For convenience the cash flows have been reflected for face value of security i.e. of Rs. 10 lakh each. Also only Sundays have been considered as holidays, the actual holidays may differ from year to year.

Illustration

Name of Issuer	Food Corporation of India
Face Value of Bonds	Rs. 10,00,000
Deemed Date of Allotment	March 01, 2019
Redemption Date	March 01, 2029
Coupon Rate	8.95 % per cent per annum
Frequency of Coupon Payment with specified dates	Annually on March 01, of each year till maturity of Bonds. The first coupon payment would be made on March 01, 2020 which shall include interest from and including the Deemed Date of Allotment i.e. March 01, 2019 upto but excluding the first coupon payment date i.e. March 01, 2019. The second and subsequent coupon payments shall be made on March 01, 2021, each year upto the Redemption Date i.e. March 01, 2029, including the first date but excluding the last date. Coupon on Bonds will cease on the Redemption Date in all events.
Day Count Convention	Actual/ Actual Coupon shall be computed on an "actual/actual basis". Where the coupon period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis

Cash Flows

Coupon Payment	Actual Dates	Revised Dates	No. of days	Amount per Bond payable (in Rs.)
1st Coupon Payment Date	Sunday, March 01, 2020	Monday, March 02, 2020	366	89500
2nd Coupon Payment Date	Monday, March 01, 2021	Monday, March 01, 2021	365	89500
3rd Coupon Payment Date	Tuesday, March 01, 2022	Tuesday, March 01, 2022	365	89500
4th Coupon Payment Date	Wednesday, March 01, 2023	Wednesday, March 01, 2023	365	89500
5th Coupon Payment Date	Friday, March 01, 2024	Friday, March 01, 2024	366	89500
6th Coupon Payment Date	Saturday, March 01, 2025	Monday, March 03, 2025	365	89500
7th Coupon Payment Date	Sunday, March 01, 2026	Monday, March 02, 2026	365	89500

8th Coupon Payment Date	Monday, March 01, 2027	Monday, March 01, 2027	365	89500
9th Coupon Payment Date	Wednesday, March 01, 2028	Wednesday, March 01, 2028	366	89500
10th Coupon Payment Date	Thursday, March 01, 2029	Thursday, March 01, 2029	365	89500
Redemption Date	Thursday, March 01, 2029			10,00,000

38. LIST OF BENEFICIAL OWNERS

The Issuer shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

39. SUCCESSION

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Issuer shall recognize the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Issuer shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.

Where a non-resident Indian becomes entitled to the Bond by way of succession, the following steps have to be complied:

- a) Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.
- b) Proof that the NRI is an Indian National or is of Indian origin.

Such holding by the NRI will be on a non-repatriation basis.

40. WHO CAN APPLY

All QIBs, and any non-QIB Investors specifically mapped by the Issuer on the NSE BOND – EBP Platform, are eligible to bid / invest / apply for this Issue.

All investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in this Issue.

Eligible participants bidding on proprietary basis, for an amount equal to or more than Rs.15 crore or 5% of the base issue size, whichever is lower, shall bid directly i.e. shall enter the bids directly on EBP platform.

Provided that the foreign portfolio investors may bid through their custodians.

41. DOCUMENTS TO BE PROVIDED BY SUCCESSFUL BIDDER(S)

Successful bidder(s) need to submit the following documents, along with the Application Form, as applicable:

- Certified true copy of the Memorandum and Articles of Association
- Certified true copy of the Board Resolution / letter authorizing the investment
- Certified true copy of the Power of Attorney
- Form 15G/ 15H for investors seeking exemption from TDS –on interest payments
- Relevant certificate(s)/ order(s)/ declaration(s)/ document(s) including order under Section 195/ 197 of the Income-tax Act, 1961 on which the Debenture Holder wishes to place reliance for non-deduction of tax at source
- SEBI registration certificate
- IRDA registration certificate
- Specimen signature of the authorised signatories, duly certified by an appropriate authority
- Certified true copy of PAN

42. HOW TO APPLY

This Disclosure Document is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the Bonds issued by the corporation. The document is for the exclusive use of the institution(s) to whom it is delivered and it should not be circulated/ distributed to third parties. This being a private placement Issue, the eligible investors who have been addressed through this communication directly, only are eligible to apply. Applications for the Bonds must be in the prescribed form and completed in BLOCK LETTERS in English and as per the instructions contained therein.

43. FORCE MAJEURE

The Issuer reserves the right to withdraw the issue prior to the Issue Closing Date in the event of any unforeseen development adversely affecting the economic and regulatory environment.

44. APPLICATION PROCESS

All Eligible Investors will have to register themselves as a one-time exercise (if not already registered) under the NSEBOND – EBP Platform offered by NSE for participating in the electronic book mechanism. Eligible Investors will also have to complete the mandatory KYC verification process. Investors should refer to the Operational.

I. Guidelines

The details of the Issue shall be entered on the NSEBOND – EBP Platform by the Issuer at least 2 (two) working days prior to the Issue / Bid Opening Date, in accordance with the Operational Guidelines.

The Issue will be open for bidding for the duration of the bidding window that would be communicated through the Issuer's bidding announcement on the NSE BOND – EBP Platform, at least 1 (one) working day before the start of the Issue / Bid Opening Date.

A bidder will only be able to enter the amount & percentage while placing their bids in the NSE BOND. Some of the key guidelines in terms of the current Operational Guidelines on issuance of securities on private placement basis through an electronic book mechanism, are as follows:

(a) Modification of Bid:

Investors may note that modification of bid is allowed during the bidding period / window.

However, in the last 10 minutes of the bidding period / window, revision of bid is only allowed for upward revision of the bid amount placed by the Investor.

(b) Cancellation of Bid

Investors may note that cancellation of bid is allowed during the bidding period / window. However, in the last 10 minutes of the bidding period / window, no cancellation of bids is permitted.

(c) Multiple Bids

Investors may note that multiple bid is not permitted. If multiple bids are entered by the same Investor, only the first bid will be considered as valid.

(d) Withdrawal of Issue

The Issuer may, at its discretion, withdraw the issue process on the following conditions:

- i. non-receipt of bids upto the Issue Size;
- ii. bidder has defaulted on payment towards the allotment, within the stipulated timeframe, due to which the Issuer is unable to fulfil the Issue Size.

Provided that the Issuer shall accept or withdraw the Issue on the NSE BOND – EBP Platform within 1 (one) hour of the closing of the bidding window, and not later than 6 pm on the Issue/Bidding Closing Date.

However, Investors should refer to the Operational Guidelines as prevailing on the date of the bid.

II. Provisional/ Final Allocation

Allocation shall be made on a pro rata basis in the multiples of the bidding lot size, i.e., in multiples of Rs. 10,00,000 (Rupees Ten Lakhs).

Post completion of bidding process, the Issuer will upload the provisional allocation on the NSE BOND – EBP Platform. Post receipt of investor details, the Issuer will upload the final allocation file on the NSE BOND – EBP Platform.

III. Payment Mechanism

Subscription should be as per the final allocation made to the successful bidder(s) as notified by the Issuer by 10:30am next date of Closing Date.

Successful bidders should do the funds pay-in in the bank account of as appearing on EBP Platform of NSE.

Successful bidders must do the funds pay-in to the Designated Bank Account as mentioned above in accordance with operational guidelines of NSE EBP PLATFORM. Successful bidders should ensure to do the funds pay-in from their same bank account which is updated by them in the NSE BOND - EBP Platform while placing the bids. In case of mismatch in the bank account details between NSE BOND – EBP Platform and the bank account from which payment is done by the successful bidder, the payment would be returned back.

Note: In case of failure of any successful bidder to complete the funds pay-in by the Pay-in Time or the funds are not received in the NSCCL's Designated Bank Account by the Pay-in Time for any reason whatsoever, the bid will liable to be rejected and the Issuer shall not be liable to the successful bidder.

Funds pay-out on March 01, 2019 would be made to the bank account as appearing on the EBP Platform of NSE.

IV. Application by Successful Bidder(s)

All Application Forms, duly completed, must be delivered by the Pay-in Time to the Issuer by the successful bidder(s), to the attention of Mr. Deepak Sinha, General Manager (Funds) at Food Corporation of India, 16-20 Barakhamba Lane, New Delhi-110001 India. Applications for the Debentures must be in the prescribed form and completed in BLOCK LETTERS in English and as per the instructions contained therein.

For further instructions about how to make an application for applying for the Bonds and procedure for remittance of application money, please refer to the Summary Term Sheet and the Application Form.

45. APPLICATIONS UNDER POWER OF ATTORNEY

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to the Registrars or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

46. APPLICATION BY MUTUAL FUNDS

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

47. ACKNOWLEDGEMENTS

Since full amount is to be remitted through RTGS/ fund transfer, hence no acknowledgement is required. However, applicants may take the UTR No. from Banks to track the payment. A copy of RTGS/ fund transfer must be enclosed with the application form as an acknowledgement of depositing the money in the account.

48. RIGHT TO ACCEPT OR REJECT APPLICATIONS

The Issuer reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. Interest on application money will be paid from the date of realization of application money in Issuer's bank account till one day prior to the date of refund. The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- a) Number of Bonds applied for is less than the minimum application size;
- b) Applications exceeding the issue size;
- c) Bank account details not given;
- d) Details for issue of Bonds in electronic/ dematerialized form not given;

- e) PAN/GIR and IT Circle/Ward/District not given;
- f) In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

49. PAN/GIR NUMBER

All applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1961 and the Income Tax Circle/ Ward/ District. Application Forms without PAN will be considered incomplete and shall be liable to be rejected.

50. SIGNATURES

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/ Notary Public under his/her official seal.

51. NOMINATION FACILITY

As per extant provisions of law, only individuals holding the Bonds as Sole/Joint holder of Bonds, can nominate, in the prescribed manner, a person to whom his/ their Bonds shall vest in the event of his/ their death. Non-individuals including holders of Power of Attorney cannot nominate.

52. RIGHT OF BONDHOLDER(S)

Bondholder is not a shareholder. The Bondholders will not be entitled to any other rights and privilege of shareholders other than those available to them under statutory requirements. The principal amount and interest on the Bonds will be paid to the registered Bondholders only, and in case of Joint holders, to the one whose name stands first. Besides, the Bonds shall be subject to the provisions of The Food Corporations Act, 1964, the terms of this Disclosure Document and other terms and conditions as may be incorporated in the Bond/ Debenture Trusteeship Agreement and other documents that may be executed in respect of these Bonds.

53. MODIFICATION OF RIGHTS

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Issuer where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Issuer.

54. FUTURE BORROWINGS

The Issuer shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue Bonds/ Debentures/ Notes/ other securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as the Issuer may think appropriate, without the consent of, or intimation to, the Bondholder(s) or the Trustees in this connection.

55. BOND/ DEBENTURE REDEMPTION RESERVE ("DRR")

The Corporation is a statutory corporation constituted under The Food Corporations Act, 1964 and is not a public/ private limited company incorporated under The Companies Act, 1956. Therefore creation of Bond/ Debenture Redemption Reserve is not envisaged for the proposed issue of Bonds. The Bonds are fully secured by way of unconditional and irrevocable guarantee from the Government of India for timely payment of principal amount of Bonds and interest thereon. The Corporation has also appointed a Trustee to protect the interest of the Bondholders.

56. NOTICES

All notices required to be given by the Issuer or by the Trustees to the Bondholders shall be deemed to have been given if sent by ordinary post/ courier to the original sole/ first allottees of the Bonds and/ or if published in one All India English daily newspaper and one regional language newspaper.

All notices required to be given by the Bondholder(s), including notices referred to under "Payment of Interest" and "Payment on Redemption" shall be sent by registered post or by hand delivery to the Issuer or to such persons at such address as may be notified by the Issuer from time to time.

57. JOINT-HOLDERS

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to provisions of law.

58. DISPUTES & GOVERNING LAW

The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Delhi.

59. INVESTOR RELATIONS AND GRIEVANCE REDRESSAL

Arrangements have been made to redress investor grievances expeditiously as far as possible, the Issuer endeavours to resolve the investor's grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Bonds applied for, amount paid on application and details of collection centre where the Application was submitted, may be addressed to the Compliance Officer at the Head Office of the Issuer. All investors are hereby informed that the Issuer has appointed a Compliance Officer who may be contacted in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s) in the demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this Disclosure Document.

60. DATE OF SUBSCRIPTION

The Date of Subscription shall be the date of realisation of proceeds of subscription money in the Designated Bank Account as appearing in the EBP Platform of NSE.

61. SETTLEMENT PROCESS

Upon final allocation by the Issuer, the Issuer or the Registrar on behalf of the Issue shall instruct the depositories within 1 (one) day of the Date of Subscription, and the Depositories shall accordingly credit the allocated Debentures to the demat account of the successful bidder(s).

Within 2 (two) days of the Date of Subscription, the Depositories shall confirm to NSCCL the transfer of debentures in the demat account(s) of the successful bidder(s).

62. POST-ALLOCATION DISCLOSURES BY THE EBP

Upon final allocation by the Issuer, the Issuer shall disclose the Issue Size, coupon rate, ISIN, number of successful bidders, category of the successful bidder(s), etc., in accordance with the SEBI EBP Circular. The EBP shall upload such data, as provided by the Issuer, on its website to make it available to the public.

X. CREDIT RATING FOR THE BONDS

CRISIL Limited (“**CRISIL**”) vide its letter no. FOCOLTD/217299/Bond/02202019 dated February 20, 2019, has assigned a credit rating of “**CRISIL AAA(SO)/Stable**”(pronounced “CRISIL Triple A structured obligations rating with stable outlook”) for the present issue of Bonds aggregating upto Rs. 8,000 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of rating letter from CRISIL is enclosed as Annexure A in this Disclosure Document.

Credit Analysis & Research Limited (“**CARE**”) vide its letter dated February 19, 2019, has assigned a credit rating of “**CARE AAA(SO)**”[Triple A (Structured Obligation)] for the present issue of Bonds aggregating to Rs. 8000 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of rating letter from CARE is enclosed as Annexure B in this Disclosure Document.

Other than the credit ratings mentioned hereinabove, the Issuer has not sought any other credit rating from any other credit rating agency(ies) for the Bonds offered for subscription under the terms of this Disclosure Document.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

XI. TRUSTEES FOR THE BONDHOLDERS

In accordance with the provisions of (i) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, (ii) Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended, (iii) Section 117B of the Companies Act, 1956 (1 of 1956) and (iv) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time and such other circulars applicable for issue of debt securities issued by SEBI from time to time, the Issuer has appointed IDBI Trusteeship Services Limited, to act as Trustees ("Trustees") for and on behalf of the holder(s) of the Bonds. The address and contact details of the Trustees are as under:

IDBI Trusteeship Services Limited

Registered Office

Asian Building, Ground Floor

17, R Kamani Marg, Ballard Estate

Mumbai – 400 001

Tel No. (022) 40807000

Fax No. 91-22-66311776

E-mail: itsl@idbitrustee.co.in

A copy of letter from IDBI Trusteeship Services Limited conveying their consent to act as Trustees for the current issue of Bonds is enclosed as Annexure C in this Disclosure Document.

The Issuer hereby undertakes that it shall execute a Bond/ Debenture Trusteeship Agreement in favour of the Trustees. The Bond/ Debenture Trusteeship Agreement shall contain such clauses as may be prescribed under section 117A of the Companies Act, 1956 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Further, the Bond/ Debenture Trusteeship Agreement shall not contain a clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Issuer in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 and circulars, regulations or guidelines issued by SEBI and (iii) indemnifying the Trustees or the Issuer for loss or damage caused by their act of negligence or commission or omission.

The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Bonds. Any payment made by the Issuer to the Trustees on behalf of the Bondholder(s) shall discharge the Issuer pro tanto to the Bondholder(s). The Trustees shall protect the interest of the Bondholders in the event of default by the Issuer in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of the Issuer. No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustees, having become so bound to proceed, fail to do so.

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Bond/ Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.

The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis.

XII. STOCK EXCHANGE WHERE BONDS ARE PROPOSED TO BE LISTED

The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited ("NSE"). The Issuer has made an application to NSE for seeking its in-principle approval for listing of Bonds offered under the terms of this Disclosure Document.

The Issuer shall complete all the formalities and seek listing permission from NSE within 20 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).

In connection with listing of Bonds with NSE, the Issuer hereby undertakes that:

- a) it shall comply with the conditions of listing as specified in the Listing Agreement for the Bonds;
- b) the credit ratings obtained for the Bonds shall be periodically reviewed by the credit rating agencies and any revision in the ratings shall be promptly disclosed by the Issuer to NSE;
- c) any change in credit ratings shall be promptly disseminated to the Bondholder(s) in such manner as NSE may determine from time to time;
- d) The Issuer, the Trustees and NSE shall disseminate all information and reports on the Bonds including compliance reports filed by the Issuers and the Trustees regarding the Bonds to the Bondholder(s) and the general public by placing them on their websites;
- e) Trustees shall disclose the information to the Bondholder(s) and the general public by issuing a press release and placing on the websites of the Trustees, the Issuer and NSE, in any of the following events:
 - i. default by Issuer to pay interest on the Bonds or redemption amount;
 - ii. failure to create charge on the assets;
 - iii. revision of the credit ratings assigned to the Bonds.
- f) The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May11, 2009 as amended. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all Qualified Institutional Buyers ("QIBs") and other existing Bondholder(s) within two working days of their specific request.

XIII. MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER

By very nature of its business, the Issuer is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts and agreements involving financial obligations of the Issuer. However, the contracts referred to in Para A below (not being contracts entered into in the ordinary course of the business carried on by the Issuer) which are or may be deemed to be material have been entered into by the Issuer. Copies of these contracts together with the copies of documents referred to in Para B may be inspected at the Head Office of the Issuer between 10.00 a.m. and 2.00 p.m. on any working day until the issue closing date.

A. MATERIAL CONTRACTS

- a) Copy of letters appointing Arrangers to the Issue.
- b) Copy of letter appointing Registrars and copy of MoU entered into between the Issuer and the Registrars.
- c) Copy of letter appointing Trustees to the Bondholders.

B. DOCUMENTS

- a) The Food Corporations Act, 1964
- b) Board Resolution dated July 18, 2018 authorizing issue of Bonds offered under terms of this Disclosure Document.
- c) Letter of consent from the Trustees for acting as trustees for and on behalf of the holder(s) of the Bonds.
- d) Letter of consent from the Registrars for acting as Registrars to the Issue.
- e) Application made to the NSE for grant of in-principle approval for listing of Bonds.
- f) Letter no. Ref No: FOCOLTD/217299/Bond/02202019 dated February 20, 2019 from CRISIL conveying the credit rating for the Bonds.
- g) Letter dated February 19, 2019 from CARE conveying the credit rating for the Bonds.
- h) Guarantee Agreement dated February 18, 2019 executed by and between Ministry of Consumer Affairs, Food & Public Distribution (Department of Food & Public Distribution), Government of India, Food Corporation of India and IDBI Trusteeship Services Limited in the capacity of Trustees for the Bondholders.
- i) Tripartite Agreement between the Issuer, NSDL and Registrars for issue of Bonds in dematerialised form.
- j) Tripartite Agreement between the Issuer, CDSL and Registrars for issue of Bonds in dematerialised form.

XIV. DECLARATION

The Issuer undertakes that this Disclosure Document contains full disclosures in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, Securities and Exchange Board of India (Issue and Listing of Debt Securities)(Amendment)Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide Circular No. LAD-NRO/GN/2013-14/43/207 Dated January 31, 2014, as amended from time to time and such other circulars applicable for issue of debt securities issued by SEBI from time to time.

The Issuer also confirms that this Disclosure Document does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading. The Disclosure Document also does not contain any false or misleading statement.

The Issuer accepts no responsibility for the statement made otherwise than in the Disclosure Document or in any other material issued by or at the instance of the Issuer and that any one placing reliance on any other source of information would be doing so at his own risk.

Signed pursuant to internal authority granted.

for **Food Corporation of India**

(B.S. Mohapatra)
Executive Director (Finance)

Place: New Delhi
Date: February 28, 2019

XV. ANNEXURES

- A. COPY OF RATING LETTER FROM CRISIL LIMITED**
- B. COPY OF RATING LETTER FROM CREDIT ANALYSIS AND RESEARCH LIMITED**
- C. COPY OF CONSENT LETTER FROM IDBI TRUSTEESHIP SERVICES LIMITED**
- D. COPY OF CONSENT LETTER FROM BEETAL FINANCIAL & COMPUTER SERVICE (P) LTD.**
- E. COPY OF GUARANTEE AGREEMENT DATED FEBRUARY 18, 2018 EXECUTED BY AND BETWEEN MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DEPARTMENT OF FOOD & PUBLIC DISTRIBUTION), GOVERNMENT OF INDIA, FOOD CORPORATION OF INDIA AND IDBI TRUSTEESHIP SERVICES LIMITED**
- F. COPY OF BOARD RESOLUTION DATED JULY 18, 2018**
- G. AUDITORS' QUALIFICATIONS FOR HALF YEAR ENDED 30.09.2018**
- H. AUDITORS' QUALIFICATIONS FOR FY 2016-17**
- I. AUDITORS' QUALIFICATIONS FOR FY 2015-16**
- J. AUDITORS' QUALIFICATIONS FOR FY 2014-15**

CONFIDENTIAL

FOCOLTD/217299 /BOND/02202019
February 20, 2019

Mr. Deepak Sinha
General Manager
Food Corporation of India
Khadya Sadan
16-20 Barakhamba Lane
Delhi - 110001
Tel: 9111 23413396

Dear Mr. Deepak Sinha,

Re: CRISIL Rating on the Rs.8000 Crore Bonds of Food Corporation of India (FCI)

CRISIL has reviewed the executed documents for the captioned transaction. Based on this review, the Provisional rating for the rated instruments has been converted into a final rating, as given below:

Sl. No.	Company Name	Rated amount (in Rs. Crore)	Rating
1	Food Corporation of India	8000	CRISIL AAA (SO)/Stable

Instruments with "CRISIL AAA(SO)/Stable" (pronounced as CRISIL double A plus structured obligation rating with stable outlook) rating to the captioned debt instrument. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry very lowest credit risk. Rating factors in the strength of the transaction structure as set out in Annexure A and the strength of the warranties given by FCI.

Please note that, in arriving at the ratings, CRISIL has assumed that the representations made by FCI are true and that the structure, shall work and operate as represented by FCI. CRISIL does not guarantee the accuracy, adequacy, or completeness of the representations made by you to CRISIL and/or the representations made in the transaction documents. CRISIL is not responsible for any acts of commission or omission of the FCI and/or the Trustee.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

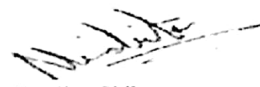
Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Nitesh Jain
Director - CRISIL Ratings



Nivedita Shibu
Associate Director - CRISIL Ratings



A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL or its associates may have other commercial transactions with the company/entity. Ratings CRISIL issues and when circumstances so warrant, CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1800, CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400076. Phone: +91 22 3342 3000 | Fax: +91 22 4040 5800

www.crisil.com

Food Corporation of India

February 19, 2019

Ratings

Instrument	Amount (Rs. crore)	Rating ¹	Remarks
Proposed Bond Issue (Series VII)	8000.00 (Rs. Eight Thousand crore)	CARE AAA (SO); Stable [Triple A (Structured Obligation); Outlook: Stable]	Final Rating [^]

Details of instruments/facilities in Annexure-1

[^] Pursuant to receipt of copy of executed guarantee deed between GOI/ President of India, IDBI Trusteeship Services Limited and Food Corporation of India.

Detailed description of the key rating drivers

The rating assigned to the proposed bond issue (Series VII) of Food Corporation of India (FCI) takes into consideration credit enhancement in the form of unconditional and irrevocable guarantee of Government of India (GoI), supported by a structured payment mechanism. The ratings continue to factor in the 100% ownership of FCI by GoI, its strategic role in India's food program system through established and diversified operations including its role as an agent for executing food policies of GoI.

Going forward, the continued support from GoI and the ability of the Corporation to perform its role as a facilitator for food security, while managing its liquidity position, would be the key rating sensitivities.

Key Rating Strengths

Credit Enhancement for the Bond issue in the nature of unconditional & irrevocable guarantee from GoI

The bond issue of Rs.8,000 crore (Series VII) is backed by an unconditional and irrevocable guarantee for servicing of the entire bond issue (both principal amount as well as the accrued interest) from GoI through the Ministry of Consumer Affairs, Food and Public Distribution. A trustee-monitored payment mechanism is in place to ensure the timely payment of the interest & principal obligations on the bond issue through a tripartite agreement between FCI, Trustee (IDBI Trusteeship Services Limited.) and GOI/ President of India. The trustee will facilitate timely servicing of FCI's obligations by GOI if FCI does not have sufficient funds to do so.

Ownership and support of GoI

FCI is a 100% Government of India (GoI) owned undertaking and has been operating for over five decades. The management of FCI is vested in the Board of Directors appointed by the Central Government. FCI has a track record of receiving regular support from the government in form of equity infusion and guarantee for the borrowings of the Corporation.

Established track record and experienced management

FCI plays a significant role in maintaining India's stable/ surplus food security system by acting as a facilitator for food security by providing price & market assurance to the farmers, ensuring steady food grain supplies to Fair Price Shops for PDS, food-for-all and other welfare schemes. FCI undertakes purchases of 50 to 60 million tonnes of food grains annually, and is the largest buyer in the world and undertakes effective market intervention to stabilize prices.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Strategic role of FCI and its established and diversified operations including its role as an agent for executing food policies of GoI

FCI, the nodal central agency of GoI, plays a significant role in maintaining India's stable/ surplus food security system by acting as a facilitator for food security by providing price & market assurance to the farmers, ensuring steady food grain supplies for Public Distribution System (PDS), National Food Security Act (NFSA) and other welfare schemes undertaken by GoI. FCI, along with other State Agencies is engaged in procurement of food grains at minimum support price declared by Government of India, store food grains so procured, transport the surplus food grains to deficit states and issue it to State Governments under Public Distribution System at a price decided by the GOI.

Unique Business Model

FCI, the nodal central agency of Government of India, operates through unique business model which run on the basis of zero profit and zero loss.

The operation of FCI includes procurement of food grains at minimum support price declared by Government of India, store food grains so procured, transport the surplus food grains to deficit states and issue it to State Governments under Public Distribution System at a price decided by the Government of India. Since, the issue prices declared by Government of India under different schemes are much lower than the cost of food grains procured, the differential amount is reimbursed to FCI as food subsidy by the Government of India. FCI also maintains buffer stocks of food grains as mandated by the Government of India and intervene in the domestic market to control the rising prices of the food grains.

Key Rating Weaknesses***Moderate Liquidity and financial risk profile***

During FY18, the GOI infused equity of of Rs.23.50 crore to be utilized towards building storage capacity. The equity share capital of FCI stood at Rs. 2884.58 crore (tangible networth of Rs.2853.37 crore) as on March 31, 2018 and stood at Rs.2919.58 crore as on December 31, 2018. During FY18, FCI has availed a loan of Rs. 65,000 crore from the National Small Saving Funds (NSSF) through GoI, repayable in 5 equal annual installments amounting Rs. 13,000 crore starting from FY19 and for the repayment of NSSF loan, GoI will make an additional subsidy allocation of Rs. 13000 crore each year. Total outstanding loan as on March 31, 2018 from NSSF is Rs.121,000 crore (Rs. 70,000 crore was sanctioned in FY17, with 5 equal annual repayments of Rs. 14,000 starting from FY18). As a result of increase in long term loan, the overall gearing of the company, which was already high on account of high level of borrowings, further increases to 66.37x as on March 31, 2018 from 44.61x as on March 31, 2017.

Since FCI needs to maintain buffer stock of close to 6 months in order to ensure National Food Security, as well as high level of recoverable from GOI, amounting Rs. 139010.47 crore out of total receivable of Rs.139194.06 crore as on March 31, 2018 (Rs.84474.29 crore of receivable from GoI out of total receivable of Rs. 84585.23 crore as on March 31, 2017), it has high reliance on external borrowing to support its operation. Utilization of working capital limits remains on a higher side and FCI avails multiple short term loans with various banks for supporting its working capital requirement. Further, the corporation has raised long term bonds and loans, guaranteed by GOI, to augment its working capital requirements.

Analytical approach: Credit enhancement in the form of unconditional and irrevocable letter of guarantee from GoI for servicing of the Rs. 8000 crore bond issue (Series VII).

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Factoring Linkages in Ratings](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Food Corporation of India (FCI) was constituted under The Food Corporations Act 1964, in order to fulfil objectives of the Food policy of Government of India through effective price support operations for safeguarding the interests of the farmers, distribution of food grains throughout the country for Public Distribution System (PDS) and maintaining satisfactory level of operational and buffer stocks of food grains to ensure National Food Security. FCI operates through a country-wide network with its Corporate Office in New Delhi, 5 Zonal Offices in major metros, 24 Regional Offices in State capitals and 166 District Offices.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (Prov.)
Total operating income	131819.74	136081.29
PBILDT	5211.52	8382.15
PAT	0.00	0.00
Overall gearing (times)	44.61	66.37
Interest coverage (times)	0.76	0.94

A: Audited; Prov.: Provisional

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

Name: Mr Gaurav Dixit

Tel: 011- 45333235

Mobile: +91 9717070079

Email: gaurav.dixit@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Bonds	-	-	-	8000.00	CARE AAA (SO); Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Bonds	LT	8000.00	CARE AAA (SO); Stable	1) CARE AAA (SO); Stable (24-Jan-19)	1) CARE AAA (SO); Stable (26-Mar-18) 2) CARE AAA (SO); Stable (05-Apr-17)	-	1) CARE AAA (SO) (24-Feb-16)
2.	Bonds	LT	8000.00	CARE AAA (SO); Stable	1) Provisional CARE AAA (SO); Stable (24-Jan-19)	-	-	-

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 Tel: +91-20- 4000 9000
 E-mail: pratim.banerjee@careratings.com

HYDERABAD

Mr. Ramesh Bob

CIN - L67190MH1993PLC071691

Annexure A

i) The Issuer Company confirms that all necessary disclosures have been made in the Information Memorandum/Disclosure document including but not limited to statutory and other regulatory disclosures. Investors should carefully read and note the contents of the Information Memorandum/Disclosure document. Each prospective investor should make its own independent assessment of the merit of the investment in NCDs/Bonds Issue and the Issuer Company. Prospective Investor should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the NCDs/ Bonds and should possess the appropriate resources to analyze such investment and suitability of such investment to such investor's particular circumstance. Prospective investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in such instruments.

ii) The Trustees, "ipso facto" do not have the obligations of a borrower or a Principal Debtor or a Guarantor as to the Monies paid/invested by investors for the Debentures/Bonds.

iii) The Company agrees and undertakes to create the securities wherever applicable over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture/Bond holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture/ Bond Trust Deed and other necessary security documents for each series of debentures/ bonds as approved by the Debenture/ Bond Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document in any case not exceeding 3 months from the date of closure.

iv) The Company agrees & undertakes to pay to the Debenture/ Bond Trustees so long as they hold the office of the Debenture/ Bond Trustee, remuneration as mutually agreed for their services as Debenture/ Bond Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture/ Bond Trustee or their officers, employees or agents may incur in relation to execution of the Debenture/ Bond Trust Deed and all other Documents affecting the Security till the monies in respect of

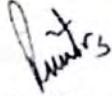



D.P. DANI
मुख्य निदेशक (विशेष एवं सामान्य/विशेष)
CGM (B & CC/Pension/Funds)
भारतीय खाद्य निगम, मुख्यालय / FC/ Hqrs.
16-20 वाराणसी लेन / 16-20 B. K. Lane
नई दिल्ली-110001 / New Delhi - 110001

the Debentures/ Bonds have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

v) The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/IMD/DOF-1/Bond/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 26th November, 2009, the Companies Act, 1956 and other applicable provisions as amended from time to time and agrees to furnish to Trustees such information in terms of the same on regular basis.

For IDBI Trusteeship Services Limited,



Authorized Signatory.



ओ.पी. डानो / O.P. DANI
मुख्य महाप्रबन्धक (ग्रेंट एवं संचयन/पेंशन/निधि)
CGM (B & CC/Pension/Funds)
भारतीय खाद्य निगम, मुख्यालय / FCI Hqrs.
16-20 काराखम्बा लेन / 16-20 B. K. Lane
नई दिल्ली-110001 / New Delhi - 110001

REF: BTL/MD/AC/607

25.02.2019

The General Manager
Food Corporation of India
16-20, Barakhamba Lane
New Delhi-110 001

Dear Sir,

**Subject: - Our Appointment as Registrar & Transfer Agent (RTA)
for the proposed issue of Govt. of India Guaranteed Bonds to
Rs.8000 crores:-**

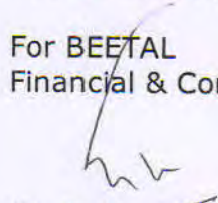
We thank to acknowledge receipt of your letter no. Funds/Bonds/S-VII/2018-19 Apptt.of Agencies/ dated 18.02.2019 regarding above captioned subject.

We hereby give our consent to act as Registrar & Transfer Agent for your esteemed organization.

Thanking you and assuring our best services at all the times.

Yours faithfully,

For BEETAL
Financial & Computer Services Pvt. Ltd.


(S. P. Gupta)
Vice President



BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD.

BEETAL HOUSE, 3rd Floor,
99 Madangir, Behind LSC, New Delhi - 110062

T: 011 2996 1281-83
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beetal@beetalfinancial.com
www.beetalfinancial.com

Registrars & Share Transfer Agent

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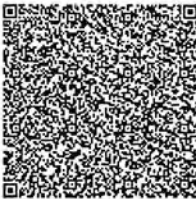
सत्यमेव जयते

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No. : IN-DL44410471367753R
Certificate Issued Date : 14-Feb-2019 02:13 PM
Account Reference : IMPACC (IV)/ dI960303/ DELHI/ DL-DLH
Unique Doc. Reference : SUBIN-DL96030393981692081464R
Purchased by : DFPD
Description of Document : Article 5 General Agreement
Property Description : Not Applicable
Consideration Price (Rs.) : 0
(Zero)
First Party : DFPD
Second Party : IDBI TRUSTEESHIP SERVICES LIMITED AND OTHERS
Stamp Duty Paid By : DFPD
Stamp Duty Amount(Rs.) : 100
(One Hundred only)



Please write or type below this line.

GUARANTEE AGREEMENT

THIS DEED OF GUARANTEE (the "Deed") is made at New Delhi, on this 16th day of February, of the year Two Thousand and Nineteen.

Among

THE PRESIDENT OF INDIA, on behalf of the GOVERNMENT OF INDIA and acting through Joint Secretary, Ministry of Consumer Affairs, Food & Public Distribution and Government of India, Department of Food & Public Distribution (hereinafter referred to as "GOI", which expression shall, unless

Statutory Alert:

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2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.



be repugnant to the subject or context thereof, includes his/her successor in office) of the First Part.

And

IDBI Trusteeship Services Limited, a company registered under the Companies Act, 1956, having its registered office at Asian Building, Ground Floor, 17, R Kamani Marg, Ballard Estate, Mumbai - 400 001; Tel. No. (022) 40807000; Fax No. 91-22-66311776; E-mail: itsl@idbitrustee.co.in and branch at 11th Floor, 1105, Arunachal Building, Barakhamba Road, New Delhi - 110001 (hereinafter referred to as the "Trustee", which expression shall, unless be repugnant to the subject or context thereof, include the Trustee(s) for the time being and their successors, assignees, transferees, novatees and assigns) of the Second Part.

And

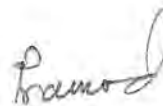
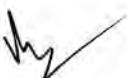
Food Corporation of India, a Statutory Corporation incorporated under the Food Corporations Act, 1964, having its head office at 16-20, Barakhamba Lane, New Delhi-110001 (hereinafter referred to as the "Corporation", which expression shall, unless be repugnant to the subject or context thereof, include their successors, assignees, transferees, novatees and assigns) in its capacity as a "Confirming Party", of the Third Part.

WHEREAS:

1. The Corporation has vide Disclosure Document, offered for subscription of the Bonds on private placement basis (defined hereinafter) for the purposes mentioned in the Disclosure Document.
2. The Trustee has agreed to act as a Trustee for the Holders of the Bonds on the condition that the Corporation shall approach GoI to issue an unconditional and irrevocable guarantee in favour of the Trustee as security for the obligations of the Corporation to the Holders of the Bonds and the Trustee.

NOW THIS DEED WITNESSETH AS FOLLOWS:

3. For the purpose of providing sufficient security to the Investors proposing to subscribe to the said Bonds about the ability of Corporation to service the said Bonds, the following course has been proposed to be undertaken:
 - (a) GoI shall unconditionally and irrevocably guarantee the servicing of the said Bonds in terms of this Agreement (both principal amount as well as the accrued interest) as and when the default occurs on the part of the Corporation.



- (b) The IDBI Trusteeship Services Ltd. shall be the Trustee for the Bonds issued and upon request being made by the Trustees in accordance with this Agreement for invoking the guarantee offered; the GoI shall make available the requisite funds into the designated Trust and Retention account for servicing the Bonds and duly complying with the commitments undertaken thereunder.
- (c) The Disclosure Document to the extent not being in conflict with this Agreement shall form part of this Agreement.

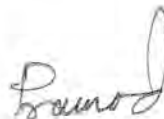
AND WHEREAS in the circumstances recited above, the Parties hereto are entering into and executing the present Agreement with a view to provide for various matters and obligations to be undertaken by the Parties to make funds available in the designated Trust and Retention account as may be required for servicing and redemption of the Bonds.

NOW THEREFORE IN CONSIDERATION OF THE PREMISES, COVENANT AND CONDITIONS HEREIN CONTAINED, IT IS HEREBY AGREED BETWEEN THE PARTIES AS FOLLOWS :-

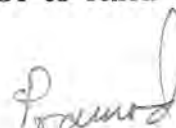
1. DEFINITIONS

For the purpose of this Deed, the following expressions listed below shall have the meanings hereinafter mentioned, that is to say:

- (i) "AGREEMENT" shall mean this written Agreement including the Annexures annexed hereto and made part thereof.
- (ii) "ADEQUATE FUNDS" means the amount of monies required for payment of principal amount of the Bonds issued by the Corporation, accrued Interest thereon and any other amount due towards the Holders of the Bonds on each of the due dates.
- (iii) "APPROPRIATE AUTHORITY" shall mean appropriate official of GOI, being the Secretary of the Ministry of Consumer Affairs, Food & Public Distribution, Department of Food and Public Distribution, GOI, or failing him, any person duly authorized by GOI or in case of re-designation, such other re-designated person or such other official as designated by Competent Authority. --
- (iv) "BANK" means State Bank of India.

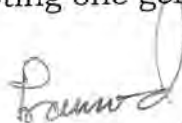


- (v) "BONDS" shall mean Government of India Guaranteed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures of the face value of Rs.10 lakhs each for cash at par of the aggregate nominal value of upto Rs. 8000 crore (Rupees eight thousand crores only) issued by the Corporation on a private placement basis in one or more tranches during the financial year 2018-19.
- (vi) "BOND HOLDER(S)" or "Holders of the Bonds" shall mean the person(s)/ entity(ies) holding the Bond(s) in dematerialized form (Beneficial Owners of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996.
- (vii) "COUPON RATE" shall mean the rate of interest payable to the bondholders at a defined periodicity on the face value of bonds for the period commencing from the deemed date of allotment and ending on the date of maturity.
- (viii) "DUE DATE" shall mean any or all dates during the term of the Bonds on which any payment of Principal and/or Interest in relation to the Bonds falls due for payment by the Corporation to the Bond Holders and/or to the Trustees under this Agreement and/or the Disclosure Document and/or the Trustee Agreement or other Agreements entered/to be entered into in pursuance thereof.
- (ix) "DESIGNATED TRUST AND RETENTION ACCOUNT " shall mean the no lien account opened/to be opened by the Corporation with the Bank for the specific purpose mentioned herein;
- (x) "DEFAULT" shall mean failure to make Adequate Funds available for the Designated Trust & Retention Account at least 8 (Eight) days prior to each of the Due Dates for repayment of Principal and 8 (Eight) days before each of the Due Dates for payment of Interest. The payment mechanism for repayment of Principal and Interest has been set out in the **Annexure I**.
- (xi) "GUARANTEE" or "GOVERNMENT GUARANTEE" shall mean unconditional and irrevocable guarantee and continuing obligation for payment of principal amount of the Bonds issued by the Corporation, accrued Interest thereon and any other amount due towards the Bond Holders agreed to be guaranteed by the GOI in favour of the Trustees vide orders bearing F.No.11019/1/2017-FC-II/III dated 28.12.2018 (**Annexure II enclosed**) and dated 07.01.2019 (**Annexure III enclosed**) and in terms of this Agreement.
- (xii) "NOTICE OF INVOCATION" shall mean the Notice to be issued by the Trustee to GOI requiring GOI to fund the Designated Trust &



Retention Account, at least 3 days before the Due Date pursuant to the provisions of this Agreement.

- (xiii) "DISCLOSURE DOCUMENT" shall mean the Disclosure Document for Private Placement of Bonds issued/to be issued by the Corporation in conformity with extant SEBI guidelines and other document(s) for inviting subscription to the Bonds.
 - (xiv) "OUTSTANDING" from time to time shall mean, the actual aggregate outstanding towards the Principal and Interest accrued in relation to the Bonds being due and payable to the Bondholder(s).
 - (xv) "PRINCIPAL" means the principal amount of the Bonds.
 - (xvi) "TRUSTEES" shall mean the Trustees for the Bondholders and shall in the first instance mean IDBI Trusteeship Services Limited and in the event of any change or substitution of Trustees, such Trustees as approved by the Bondholders, shall mean such substituted Trustees who shall be appointed with prior approval of the Bondholders.
 - (xvii) "INTEREST" shall mean the interest at the coupon rate as set out in the Disclosure Document for issue of Bonds. The first Interest payment shall be made one year after the Issue Date and the subsequent Interest payments shall be made annually thereafter;
 - (xviii) "TRUSTEE AGREEMENT" shall mean the Agreement to be entered into, between the Trustee and the Corporation.
 - (xix) "GUARANTOR'S PAYMENT DATE" shall mean a date not later than at least three days prior to Due Date, as set out in Annexure I.
 - (xx) "ISSUE DATE" shall mean the Deemed Date of Allotment for the Bonds;
 - (xxi) "TRANSACTION DOCUMENTS" shall mean and include this Agreement, the Disclosure Document, the Trustee Agreement or any other Agreements entered into in relation to the issuance of the Bonds and
- 1.1 Capitalised terms used but not defined in this Agreement shall have the respective meaning ascribed to them in the Disclosure Document or the Trustee Agreement, as the case may be. The principles of construction set forth in the Trustee Agreement, shall apply to this Agreement. Words denoting singular number only shall include plural number and vice-versa. Words denoting one gender only shall include



the other gender. Words denoting persons only shall include companies and bodies corporate.

1.2 All references in these presents to any provisions of any statute shall be deemed also to refer to the Statute, modification or re-enactment thereof or any Statutory Rule, Order or Regulation made thereunder or under such re-enactment.

1.3 All references in these presents to Annexures, Schedules, Clauses, Sub-clauses, Paragraphs or Sub-paragraphs shall be construed as reference respectively to the Annexures, Schedules, Clauses, Sub-clauses, Paragraphs and Sub-paragraphs of these presents.

2. **GOI'S REPRESENTATIONS AND WARRANTIES:**

GOI represents and warrants that:

2.1 GOI has obtained all consents, approvals and permissions as are necessary for or in connection with the execution, performance, validity and enforceability of this Agreement.

2.2 GOI has full power to execute, deliver and enter into this Agreement and to perform the obligations expressed to be assumed by it herein,

2.3 This Agreement constitutes a direct and general obligation of the GOI as contained herein.

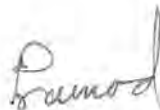
2.4 The liability of GOI under this Agreement shall not be affected nor shall the Guarantee be discharged or diminished by reason of:

i) any renewal, variation, modification of the terms of the Bonds between the Corporation and the Trustees and/or Bondholders, provided, however, the prior written concurrence or consent of GOI shall always be obtained for any variation, alteration or modification of the terms and conditions of the Bonds which shall result in change in the redemption period and interest rate of the Bonds and/or result in enhancement of liability or guarantee obligations of GOI.

ii) the granting of time or any indulgence to the Corporation by the Trustees and/or Bondholders; and/or

iii) any forbearance by the Trustees to sue the Corporation or to defer the recovery of the servicing of Bonds from the Corporation: and/or

iv) any litigation/ legal process/dispute/arbitration proceedings or claims of any nature between the Corporation and the Trustee and/or the



Bondholders, their Agents, Servants or any persons acting on their behalf.

3. GOI's CONFIRMATIONS:

GOI agrees, declares, and confirms that during the subsistence of the Bonds and the Trustee Agreement-

- 3.1 Upon receipt of Notice of Invocation from the Trustees as stated in Clause 4.4 herein below, GOI shall, at least 3 day prior to the Due Date, transfer into the "Designated Trust & Retention Account", Adequate Funds due and payable to the Bondholders to the extent outstanding and notified by the Trustees.

4. OBLIGATIONS OF THE GOI:

- 4.1 The GOI shall cause the Corporation to open a no lien Designated Trust & Retention Account with the State Bank of India for meeting the debt servicing obligations to the Bondholders. The "Designated Trust & Retention Account" shall be held by the Bank to the order of the Trustees.
- 4.2 The Trustees shall within 30 days before the due date inform the Corporation and the GOI in writing regarding the due date of the Bonds and the corresponding principal and accrued interest amount so that the necessary arrangements could be made for meeting the Principal and accrued Interest repayment obligation.
- 4.3 The Designated Trust & Retention Account is to be funded adequately by the Corporation as per Schedule set out in Annexure I before the Due Date to the tune of the Principal and/or accrued Interest repayment obligation of the Bonds.
- 4.4 In case the Designated Trust & Retention Account is not funded by the Corporation to the requisite extent as per the Schedule set out in Annexure I before the due date for payment of Interest and/ or Principal, the Trustee shall forthwith invoke the GOI Guarantee by sending Notice of Invocation of the Guarantee to the GOI.
- 4.5 The GOI shall without demur, reservations and recourse, at least 3 (three) day before the due date, deposit/ transfer the Principal and/or accrued Interest amount in the Designated Trust & Retention Account as per the Notice of Invocation of Guarantee by the Trustee.
- 4.6 The Trustee may make more than one demand under the Guarantee.



Pranod



4.7 In case of default by the Corporation, the Trustees shall invoke the GOI Guarantee forthwith so that GOI can transfer the fund to the Designated Trust & Retention Account before the Due Date but the Invocation should be within 60 days from the commencement of default. In case, the Guarantee is not invoked within the stipulated period of 60 days, GOI shall not be liable to pay any interest beyond the commencement of default. Further, in case the Guarantee is not invoked within the stipulated period of 60 days, the Guarantee shall cease to exist only for that portion of demand for which the GOI Guarantee has not been invoked.

4.8 The Trustee shall intimate the GOI, through the Secretary, Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution or any other designated official to pay the amounts as may be required for servicing of the Bonds on the relevant due date. The change in the address of the Secretary, Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution or any other designated official will be intimated to the Trustees by the GOI. In the event of the change of address not being communicated to the Trustees, Notice sent at the old address shall be valid and binding. The address for the purpose of Notice is as under :

Secretary,

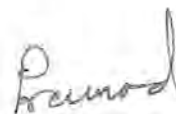
Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution,
Government of India, Krishi Bhawan, New Delhi 110 001.
Email: secy-food@nic.in

4.9 The Designated Trust & Retention Account shall not be discontinued/ closed during the subsistence of the Trustee Agreement and/or until the entire servicing of Bonds is completed, without the prior written approval of the Trustee.

4.10 The Bonds and all due and payable outstanding related thereto shall be secured by this unconditional, absolute and irrevocable guarantee by the GOI.

5. Obligations of FCI:

In event of Government of India making payment to the Trustee in terms of the said Guarantee Agreement for defaults of the issuer, the FCI shall save and keep the Government of India indemnified against all losses and payments in respect of the Bond Issue.



6. MISCELLANEOUS

- i) This Agreement shall be effective on and from the date of Bond issue and shall be in force till all the obligations in respect of the Bonds under this Agreement have been fully paid and discharged and thereafter all the Parties will be released of their respective rights and obligations.
- ii) The Courts at Delhi shall have the exclusive jurisdiction in respect of any matter, claim or dispute arising out of or in any way relating to this Agreement.
- iii) It is hereby expressly agreed that any modification, amendments, alteration and/ or variation in the terms of this Agreement shall be made only after obtaining the written consent of the Parties regarding the proposed amendments to this Agreement.

7. ARBITRATION:-

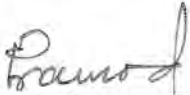
- (i) In event of any dispute or difference between the parties hereto, such disputes or differences shall be resolved amicably by mutual consultation. If such resolution is not possible, then the unresolved dispute or difference shall be referred to arbitration of the sole Arbitrator to be appointed by the Secretary, Ministry of Consumer Affairs, Food and Public Distribution (Department of Food & Distribution) on the recommendation of the Secretary, Department of Legal Affairs ("Law Secretary"), and Government of India. The provisions of Arbitration and Conciliation Act, 1996 (No.26 of 1996) shall be applicable to the arbitration. The venue of such arbitration shall be at Delhi or any other place, as may be decided by the Arbitrator. The language of arbitration proceedings shall be English. The Arbitrator shall make a reasoned award (the "Award"), which shall be final and binding on the parties." The cost of the arbitration shall be shared equally by the parties to the agreement. However, expenses incurred by each party in connection with the preparation, presentation shall be borne by the party itself.
- (ii) Pending the submission of and/or decision on a dispute, difference or claim or until the arbitral award is published; the Parties shall continue to perform all of their obligations under



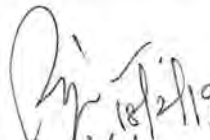
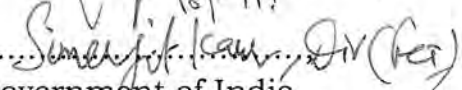
this Agreement without prejudice to a final adjustment in accordance with such award.

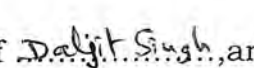
IN WITNESS WHEREOF this Agreement executed in triplicate and all the three the Parties hereto have caused to be executed the same by their respective officials/ Constituted Attorney on the day, month and year first above written.

SIGNED AND DELIVERED BY the
For and on behalf of President of India,

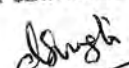



(Pramod Kumar Tiwari),
Joint Secretary (Policy),
Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution,
Government of India, Krishi Bhawan, New Delhi 110 001.
in the presence of:

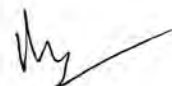
1. ()
..... 
Government of India,
Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution,
Government of India, Krishi Bhawan, New Delhi 110 001.

SIGNED AND DELIVERED BY
IDBI TRUSTEESHIP
SERVICES LTD by the hand of , an
authorised signatory (Trusteeship Company)
in the presence of :-

For IDBI TRUSTEESHIP SERVICES LTD.


AUTHORISED SIGNATORY

1. 
(DEEPAK SINHA)



SIGNED, DELIVERED AND CONFIRMED BY

The within named Food Corporation of India

By the hand of

Shri B S Mohapatra

Executive Director (Finance)

Food Corporation of India,

16-20, Barakhamba lane,

New Delhi-110001,

an authorised Signatory of the Food Corporation of India,

in the presence of

B. S. Mohapatra

श्री. एच. दत्तवर्मा / B. S. Mohapatra
कार्यकारी निदेशक (वित्त) / E. D. (Fin.)
भारतीय खाद्य निगम, मुख्यालय / FCI Hqrs.
16-20 बरखम्बा लेन / 16-20 B. K. Lane
नई दिल्ली - 110001 / New Delhi-110001

Pawar

O. P. Dani

1. Shri O P Dani,

Chief General Manager(Funds)

Food Corporation of India, 16-20, Barakhamba lane, New Delhi-110001



ANNEXURE-I

STRUCTURED PAYMENT MECHANISM

A Designated Trust & Retention Account in the name of "Food Corporation of India (FCI)-Bond Account" is to be opened exclusive for the benefit of the Trustee (on behalf of the bondholders). The following payment structure (wherein "T1" is assumed to be the due date for interest payments and "T2" is assumed to be the due date for principal repayment of the bonds) is envisaged for meeting the obligations on the rated bonds.

Interest Payments

Trigger Date	Action Point
(T1-30)th day*	Trustees to inform FCI and the GOI in writing regarding the due date for payment of interest amount so that the necessary arrangements could be made for meeting the interest payment obligations on the Bonds.
(T1-8)th day*	The Designated Trust and Retention Account is to be funded by FCI to the tune of the interest obligations on the Bonds.
(T1-7)th day*	If the Designated Trust and Retention Account is not funded to the requisite extent by (T1-8)th day, the Trustees shall forthwith invoke the GOI Guarantee by sending a Notice of Invocation to GOI.
(T1-3)th day*	Last date by which GOI shall deposit requisite funds in the Designated Trust and Retention Account as per the Notice of Invocation served by the Trustees.

If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the following working day in line with SEBI circular No.CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Principal Repayment

Trigger Date	Action Point
(T2-30)th day*	Trustees to inform FCI and the GOI in writing regarding the due date for repayment of Principal amount so that the necessary arrangements could be made for meeting the Principal repayment obligations on the Bonds.
(T2-8)th day*	The Designated Trust and Retention Account is to be funded by FCI to the tune of the Principal obligations on the Bonds.
(T2-7)th day*	If the Designated Trust and Retention Account is not funded to the requisite extent by (T2-8)th day, the Trustees shall forthwith invoke the GOI Guarantee by sending a Notice of Invocation to GOI.



(T2-3)th day*	Last date by which GOI shall deposit requisite funds in the Designated Trust and Retention Account as per the Notice of Invocation served by the Trustees.
---------------	--

* If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.



Most Immediate

F.No.11019/1/2017-FC-II/III
 Government of India
 Ministry of Consumer Affairs, Food & Public Distribution
 (Department of Food & Public Distribution)

Krishi Bhavan, New Delhi
 Dated the 1st December, 2018

To,
 The Chairman & Managing Director,
 Food Corporation of India,
 16-20, Barakhamba Lane,
 New Delhi-110001.

{Kind attention: ED(Finance)}

Subject :- Issue of Government of India Guarantee Long Term Bonds of Rs.8,000 crore by FCI during 2018-19 – Regarding.

Sir,

I am directed to refer to Food Corporation of India's letter No.Funds/Bonds/S-VII/2018-19/Corresp with GOI/633 dated 23.10.2018 on the subject cited above and to say that after due examination of the proposal, Department of Economic Affairs vide its I.D.Note No.12(27)-B(SD)/2004(Pt.) dated 20.12.2018 has agreed subject to the following terms and conditions:-

- i. It has been advised that a spread of 10-20 bps over G-Sec rates is suggested for recent raising of Extra Budgetary Resources by NABARD, PFC, REC etc. The same yardstick may be followed. However, the actual rate may be decided as per prevailing market conditions at the time of issue. We have also to make every effort to reduce the cost of borrowing by appropriate timing and tranche size depending on the prevailing market conditions.
- ii. The Government of India would only cover the principal amount and the normal interest.
- iii. Guarantee given by Government of India shall be non-transferable and would cease to exist in case the ownership of the entity is changed, unless the Guarantee is re-confirmed by the Budget Division.
- iv. In case of default, the lending agency may invoke the guarantee until 60 days of settlement of claims by the Government. Therefore, if pledged stocks have been liquidated and loss claim thereon settled by the Government, the lenders will be free to keep the guarantee current until 60 days of loss claim being settled and paid by the Government to the lending agency.

Yours faithfully,



(Gautam Kumar Yadav)
 Under Secretary to the Govt. of India
 Tele No.011-23383943

Copy to: CGM (Accounts), FCI, Headquarters, 16-20 Barakhamba Lane, New Delhi.





Most Immediate

F.No.11019/1/2017-FC-II/III

Government of India

Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)

Krishi Bhavan, New Delhi
Dated the 07th January, 2019

To,

The Chairman & Managing Director, ED (Fin)
Food Corporation of India,
16-20, Barakhamba Lane,
New Delhi-110001.BY/ Diary No. 35
BY/ Date 08-01-1908⁷⁸-1-19

{Kind attention: ED(Finance)}

Subject :- Issue of Government of India Guarantee Long Term Bonds of Rs.8,000 crore by FCI during 2018-19 – Regarding.**Ref:-** Letter no. 11019/1/2017-FC-II/III dated 28.12.2018.

Sir,

In continuation to this Departments letter of even no. dated 28.12.2018 on the subject cited above, the undersigned is directed to say that following terms & conditions must be complied with in connection to the issue of long term bonds of Rs.8000 crore:-

- CMD 4/8/19
ED(F)
CEM/Synder
A.M./Kumar
BTI
- DFPD should review proper utilization of the guaranteed funds and will also review the guarantees annually to ensure that there is no risk of default in repayment of loans together with interest thereon.
 - The obligations of the borrower to service the loan and the monitoring of the utilization of the guaranteed loans and adherence to the terms and conditions of the guarantee by the borrower shall be ensured by DFPD through back-to-back agreement with FCI which may be drawn up and implemented to the satisfaction of the DFPD. For this purpose, necessary record to monitor the guarantee shall be maintained by DFPD.
 - Review of the Guarantee shall be ensured as provided under Rule 281 of GFR 2017.

Yours faithfully,

(Gautam Kumar Yadav)
Under Secretary to the Govt. of India
Tele No.011-23383943

Copy to: CGM (Accounts), FCI, Headquarters, 16-20 Barakhamba Lane, New Delhi.

तार : 'फूडकोर्प'
Gram : 'FOODCORP'
फैक्स नं. : एचएफसीआई एनडी
००६९९९२३४९३२४९
००६९९९२३४९३९६२

भारतीय
खाद्य
निगम



FOOD
CORPORATION
OF INDIA

मुख्यालय
नई दिल्ली
Headquarters
New Delhi

Fax No. : HFCI ND
00911123413241
00911123413162

१६-२०, बाराखम्बा लेन, नई दिल्ली-११०००१, दूरभाष : ४३५२७६६७, ४३५२७६६८
16-20, BARAKHAMBA LANE, NEW DELHI-110001, PHONE : 43527697, 43527698

Extracts of the Resolution passed in 387th meeting of Board of Directors held on 18.07.2018 at FCI, Hqrs, New Delhi

“FURTHER RESOLVED THAT the Chairman & Managing Director and/or Executive Director (Finance) and/or Chief General Manager (Accounts) of the Corporation be and are hereby jointly and severally authorized to take all further actions, do all necessary acts/ deeds, sign all necessary documents/ contracts/ agreements/ deeds incidental thereto. Amongst other things, Chairman & Managing Director and/or Executive Director (Finance) and/or Chief General Manager (Accounts) of the Corporation shall be authorized to do the following:

- i. draw-up, finalize and sign the Disclosure Document for the bonds issue and execute all other necessary documents/ agreements/ contracts/ deeds related to the issue(s) of bonds.
- ii. accept the application money received as subscription for the bonds and decide upon the basis of allotment, approve allotment of bonds and other functions incidental thereto for the proposed issue(s) of bonds.
- iii. apply and follow-up to seek all required approvals from the concerned authorities/ regulatory bodies/ agencies such as seeking unconditional and irrevocable guarantee from Ministry of Finance, Government of India, execute Listing Application and Listing Agreement with the stock exchange(s) i.e. BSE Limited and/or National Stock Exchange of India Limited for registration on EBP and listing of the bonds, invite bids on EBP of BSE and / or NSE, execute Agreement(s) with the Registrar, National Securities Depository Ltd. (“NSDL”) and Central Depository Services (India) Ltd. (“CDSL”) for dematerialization of bonds and execute other necessary document(s)/ agreement(s) on behalf of the Corporation in relation to the issue(s) of bonds.
- iv. Execute Trusteeship Agreement and Trust Deed with the Bond Trustee and other document.
- v. designate and appoint one or more Collecting Banker(s) for collection of application monies against subscription for the bonds.
- vi. prepare, sign, file and execute the Master Creation Form, Corporate Action Form and other necessary documents/ agreements with National

सचिव / Secretary
भारतीय खाद्य निगम, मुख्यालय / FCI Hqrs.
16-20 बाराखम्बा लेन / 16-20 B. K. Lane
नई दिल्ली-110001 / New Delhi - 110001

तार : 'फूडकोर्प'
Gram : 'FOODCORP'
फैक्स नं. : एचएफसीआई एनडी
००६९९९२३४९३२४९
००६९९९२३४९३९६२

भारतीय
खाद्य
निगम



FOOD
CORPORATION
OF INDIA

मुख्यालय
नई दिल्ली
Headquarters
New Delhi

Fax No. : HFCI ND

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१६-२०, बाराखम्बा लेन, नई दिल्ली-११०००१, दूरभाष : ४३५२७६६७, ४३५२७६६८
16-20, BARAKHAMBA LANE, NEW DELHI-110001, PHONE : 43527697, 43527698

Securities Depository Ltd. ("NSDL") and Central Depository Services (India) Ltd. ("CDSL") and the Registrars for dematerialization of bonds.

- vii. designate a compliance officer for compliance with related regulatory/ statutory issues and for redressal of any pre-issue/ post-issue investor problems such as non-credit of letters of allotment/ bond certificates in the demat account, non-receipt of refund orders, interest warrants etc.
- viii. affix the common seal of the Corporation as may be required for the proposed issue(s) of bonds, dematerialization and listing thereof.
- ix. delegate all or some of the powers vested in them by the Board to any executive of the Corporation as may be deemed necessary.
- x. take decision on any other matter(s) relating to and incidental to the proposed issue(s) of bonds".

Certified true copy

सचिव / Secretary
भारतीय खाद्य निगम, मुख्यालय / FCI Hqrs.
16-20 बाराखम्बा लेन / 16-20 B. K. Lane
नई दिल्ली-110001 / New Delhi - 110001

AUDITOR'S QUALIFICATIONS FOR HALF YEAR ENDED 30TH SEPTEMBER 2018

1. Depreciation in the financial statements relating to the half year ended 30th September, 2018 has been provided as per the rates determined through the internal technical evaluation by the Corporation, and the half year depreciation figures are a half of the previous financial year's figures.
2. Closing stock has been valued at Budgeted Rates approved by the Board.
3. No provision has been made towards:
 - Deferred Tax Assets/Liabilities as per Accounting Standard-22 issued by the Institute of chartered Accountants of India.
 - Liability towards employee Benefits as per Accounting Standard-15 issued by the Institute of Chartered Accountants of India.
4. Subsidy on food grains from Govt. of India has been booked on estimated basis based on the shortfall in revenue from operations during the period.
5. Interest on Bonds guaranteed by the Government of India for the period has been booked on accrual basis 30th September, 2018.
6. Interest on National Small Savings Fund Loan granted by the Government of India for the period has been booked on accrual basis upto 30th September, 2018.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view (or are not presented fairly, in all material respects) in accordance with the Financial Reporting Standards.

For Lopa Verma and Associates
Chartered Accountants FRN 325977E
Lopa Verma Partner
M.no.060349

Place: New Delhi

Date: 14/11/2018

Notes:

1. The Financial Statements have been compiled on basis of Consolidated Trial Balance received from the respective Region/Controlling Offices. (Through ERP system in some of the regions.)
2. The Closing Stock has been valued at Budgeted rates approved by the Board of Directors.

**AUDIT REPORT ON THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE
ACCOUNTS OF FOOD CORPORATION OF INDIA FOR THE YEAR ENDED 31ST MARCH 2017**

Comments	Reply
<p>We have audited the attached Balance Sheet of Food Corporation of India (Corporation) as at 31 March 2017, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto under section 34(2) of the Food Corporations Act, 1964 (FC Act) as amended vide Notification No. 315 dated 2 June 2000. These accounts include the accounts of 201 units/branches out of which 38 units (Area Offices) were selected for audit on rotational basis and 30 units (Regional Offices/Zonal Offices/Headquarters unit/Consolidation) were covered in audit on annual basis. These financial statements are responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.</p> <p>We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that</p>	

we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit, we report that:

(I) 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; and

(II) In our opinion, proper books of accounts and other relevant records have been maintained by the Corporation as required under Section 34 (1) of the FC Act, 1964 in so far as it appears from our examination of such books subject to the following observations:

<p>A. BALANCE SHEET</p> <p>(I) EQUITY AND LIABILITIES</p> <p>(a) Shareholder's Fund</p> <p>Reserves and Surplus (Note No. 2): (-) `2092.45 lakh</p> <p>The Note no. 2 does not disclose the following and therefore is deficient to the extent as under:</p> <p>The negative figure amounting to `2092.45 lakh represents loss incurred by the Corporation on account of net deficit of commercial operation, loss on handling gifts (other than Indo-US) and other item, adjustment of prior period income/expenditure & provision for bad & doubtful debts written off, net off investment allowance, payment of income tax for earlier years, provision for taxation for earlier years, balance transferred from reserve fund, refund/excess provision of income tax for earlier year and transferred from development rebate reserve.</p>	<p>Noted.</p>
<p>(b) Current Liabilities</p> <p>Trade Payables (Note No. 6)</p> <p>(1) Trade Payables for goods and services- `1627235.35 lakh</p> <p>The above is overstated by the inclusion of `634.06 lakh being funds of different schemes (Benevolent scheme, Employee Funded Contributory Social Security Scheme (EFCSS), Post-Retirement Medical Scheme (PRMS) Fund, Medical Assistance Fund and Natural Calamity Fund). These heads</p>	<p>Same classification has been consistently followed in the past years. It will be depicted separately as suggested from 2017-18.</p>

<p>being not related to trade payables should have been shown under the head Other Current Liabilities. This resulted in understatement of Other Current Liabilities by ₹634.06 lakh with corresponding overstatement of Trade Payables.</p>	
<p>(2) Trade Payables for Other Finances – ₹70305.24 lakh</p> <p>(i)The above includes market fee liability of ₹3474.69 lakh payable to Agriculture Produce Market Committee on account of the activity of export of wheat undertaken by Govt. of India during the year 2012-13 and 2013-14 and the wheat was exported from the central pool stock. Market fee being a statutory payment should have been booked under other Current Liabilities - liability for statutory dues. This has resulted in overstatement of Trade Payables for other finances and understatement of Other Current Liabilities- liability for statutory dues by ₹3474.69 lakh.</p>	<p>Same classification has been consistently followed in the past years. It will be depicted separately as suggested from 2017-18.</p>
<p>(ii) The above is understated due to non-inclusion of lease rent amounting to ₹569.63 lakh payable to Mormugao Port Trust for the period July 2006 to March 2017. This has resulted in understatement of Trade Payables for Other Finances by ₹569.63 lakh and corresponding understatement of Other Expenses by the same amount. FCI has disclosed rent payable under Contingent Liabilities. Therefore, Contingent Liabilities are overstated by ₹569.63 lakh.</p>	<p>FCI agreed to pay the rent with simultaneous signing of lease Agreement for next 30 years. Mormugao Port Trust (MPT) claimed interest also before finalization of lease agreement. Being disputed, at the end of the year, it was disclosed as contingent liability. The issue was resolved during 2017-18 and payment of rent of Rs.593.91 lakh has been made for the period upto 31.12.2017.</p>

<p>(iii) The above is understated by `638.31 lakh representing short booking of hill transport subsidy (HTS) in respect of Area Office, Dimapur for period April to June 2016. National Food Security Act (NFSA) was implemented in the state of Nagaland in July 2016 and HTS was not payable after its implementation w.e.f July 2016. However the estimated liability of `2553.23 lakh provided for the year 2016-17 was withdrawn fully instead of the provision w.e.f. July 2016. This resulted in the understatement of Trade Payables for other finances as well as Expenditure by `638.31 lakh.</p>	<p>Past practice shows that State Govt. of Nagaland did not claim the HTS, so it would be accounted on cash basis.</p>
<p>(iv) The above is overstated by `110.63 lakh due to inclusion of HTS amount payable to Tripura State Government in respect of Area Office, Agartala. National Food Security Act (NFSA) was implemented in the state of Tripura in September 2015. Therefore, this amount was not payable after implementation of NFSA. This resulted in the overstatement of Trade Payables for other finances as well as Expenditure by `110.63 lakh.</p>	<p>As per the NFSA, the Hill Transport Subsidy was not payable from 01.04.2017 so there is no overstatement of expenditure and trade payables.</p>
<p>II ASSETS</p> <p>Non-Current Assets</p> <p>Long Term Loans and Advances (Note No. 9)</p> <p>1. Other advances including advances to staff - `52369.21 lakh</p>	

<p>The above head is overstated by `52079.86 lakh due to inclusion of advances which are in the nature of short term i.e. advances for travelling, festival advances, drought/flood advances, pay advance, pay revision advance, advance against productivity linked incentive (PLI), travelling advances to Management Trainees, medical advances, other advances, prepaid expenses and advances to family of deceased. This has also resulted in the corresponding understatement of Short Term Loans and Advances by the same amount.</p>	<p>Same classification has been consistently followed in the past years. It will be depicted separately as suggested from 2017-18.</p>						
<p>2. Claims receivables - `190021.45 lakh</p> <p>(i) The above was overstated by `13006.77 lakh due to inclusion of the following doubtful claims:</p> <p style="text-align: right;">(in lakh)</p> <table border="1" data-bbox="143 890 1108 1407"> <tr> <td data-bbox="143 890 219 1126">(i)</td> <td data-bbox="219 890 920 1126">Claims lodged on rice millers towards payment of double machine stitching charges in respect of levy procurement, the recovery of which was stopped due to stay order.</td> <td data-bbox="920 890 1108 1126">3160.54</td> </tr> <tr> <td data-bbox="143 1126 219 1407">(ii)</td> <td data-bbox="219 1126 920 1407">Claims recoverable from employees in Punjab region for misappropriation/ shortage/ defalcation of stocks and spares in Punjab region who had retired/been terminated and their entire dues were cleared/ employees whose</td> <td data-bbox="920 1126 1108 1407">120.20</td> </tr> </table>	(i)	Claims lodged on rice millers towards payment of double machine stitching charges in respect of levy procurement, the recovery of which was stopped due to stay order.	3160.54	(ii)	Claims recoverable from employees in Punjab region for misappropriation/ shortage/ defalcation of stocks and spares in Punjab region who had retired/been terminated and their entire dues were cleared/ employees whose	120.20	<p>The matter is subjudice. Suitable disclosure has been made at point no.c(ii) of Note no.9.</p> <p>Further action would be taken during the year 2017-18.</p>
(i)	Claims lodged on rice millers towards payment of double machine stitching charges in respect of levy procurement, the recovery of which was stopped due to stay order.	3160.54					
(ii)	Claims recoverable from employees in Punjab region for misappropriation/ shortage/ defalcation of stocks and spares in Punjab region who had retired/been terminated and their entire dues were cleared/ employees whose	120.20					

	whereabouts are not known.		
(iii)	Claims recoverable from a handling contractor in Arunachal Pradesh region on account of fraudulent payment (₹7174.93 lakh) made to him and interest (₹1338.64 lakh) on such fraudulent / excess payment.	8513.57	The issue is under investigation by the CBI. Suitable disclosure has been given at point no.(e) Note No.9.
(iv)	Claim recoverable from 38 parties in Punjab region in respect of mis-appropriation of paddy which occurred during 1995-96. As no progress could be made in recovery of amount and the chances of recovery being unlikely, the amount should have been written off.	55.67	Further action would be taken during the year 2017-18.
(v)	Claims recoverable in Punjab region from State Government Agencies/Railways/ Others which are long pending.	1156.79	Further action would be taken during the year 2017-18.
	Total	13006.77	
This also resulted in understatement Other Expenses (debt/claims written-off) by ₹13006.77 lakh.			
(ii)	The above is understated by ₹118.99 lakh due to incorrect writing off of the amount of claims against Railways for missing wagons of		Noted and necessary correction has been done in the accounts of

<p>foodgrains pending since the year 1999-2000 in pursuance of the new Accounting Policy No. 16. The settlement of railway claims is subject to the match adjustment procedure and hence should not be brought under the ambit of more than five years periodicity without carrying out analysis about the recoverability of the claims. Correspondingly Other Income is also overstated by the same amount.</p>	<p>2017-18.</p>
<p>3. Deposit and other receivables ` 224646.81 lakh</p> <p>(i) This is overstated due to inclusion of `191477.88 lakh as deposit input tax, deposit input tax adjustment against output tax, deposit for sales tax, deposit input tax refund claims etc. which are not in the nature of Loan and Advances but being receivables which had already become due on the date of Financial Statement i.e. 31 March 2017 and therefore, should have been included under the head Other Current Assets. Thus, this has resulted in overstatement in Long Term Loans and Advances by `191477.88 lakh and understatement of Other Current Assets by the same amount.</p>	<p>Same classification has been consistently followed in the past years. It will be depicted separately as suggested from 2017-18.</p>
<p>(ii) The above is overstated by `426.39 lakh due to inclusion of amount recoverable from transport contractors towards risk and cost invoked against them due to failure on their part to adhere to the contractual obligations. The amount recoverable is long pending and doubtful of</p>	<p>Same classification has been consistently followed in the past years. It will be depicted separately as suggested from 2017-18.</p>

<p>recovery. Consequently Other Expenses (debt/claims written off) are understated by the same amount.</p>	
<p>B. STATEMENT OF PROFIT & LOSS</p> <p>(I) INCOME</p> <p>Other Income (Note-D)</p> <p>Miscellaneous Income- `243003.09 lakh</p> <p>(i) The above is understated due to non accountal of `105.04 lakh being the amount of penalty levied on M/s Ricoh India Limited in 2016-17 for non achievement of contractual obligations in contract awarded for implementation of online depot system in FCI. Correspondingly Current Liabilities (trade payables) is also overstated by `105.04 lakh.</p>	<p>Noted and necessary correction has been done in the accounts of 2017-18.</p>
<p>(ii) The above includes `121001.80 lakh being the amount recovered/recoverable from departmental labourers on account of recovery of excess incentive paid w.e.f. 2004-05 in pursuance of order passed by Central Government Industrial Tribunal cum Labour Court (CGIT) in July 2016. An amount of `24628.67 lakh has been recovered till March 2017. The labour union have filed writ petitions in September 2016 before Delhi High Court against CGIT award. The decision on writ petition is still pending as on date. As the matter is sub judice and involve uncertainty on outcome of the matter, `121001.80 lakh should not have been recognised as the income. This has resulted into</p>	<p>The amount recoverable has been accounted for based on CGIT order which has not been dismissed by any other Court order. Though stay has been granted by few High Courts. The main order has not been reversed till date. Thus the accountal is in order. However, appropriate disclosure would be made in the year 2017-18.</p>

<p>overstatement of income by `121001.80 lakh. Consequently Claims Receivables are overstated by `96373.13 lakh and Other Current Liabilities are understated by `24628.67 lakh.</p>	
<p>(II) EXPENDITURE</p> <p>(a) Purchase (Note-F) `11137561.43 lakh</p> <p>(i) The Corporation has disclosed in Note – F {b(i)} that custody and maintenance charges in respect of custom milled rice of Haryana region for the period 2008-09 to 2015-16 amounting to `6913.42 lakh payable to state government agencies were neither paid nor provided as liability in the books of accounts. However, the correct amount was `2161.60 lakh. So the above Note-F is incorrect to that extent.</p>	<p>Noted.</p>
<p>(b) Handling Expenses (Note-I) `362328.58 lakh</p> <p>(i) The above is understated by `1017.76 lakh due to non-inclusion of contribution under the ESI Act on wages paid to labours deployed under "No Work No Pay Scheme (`36.92 lakh) and Direct Payment System (`980.84 lakh)" in Punjab region during 2016-17. This has also resulted in understatement of Other Current Liabilities by `1017.76 lakh.</p>	<p>High Court of Madras, Madurai Bench vide its judgement dated 06.11.2017 upheld that ESIC is applicable only to contract and casual workers, not to regular workers.</p>
<p>(c) Employees Remuneration & Benefits (Note-J)</p> <p>(i) Contribution to DCPS (Defined Contribution Pension Scheme)-</p>	

<p>₹67704.85 lakh</p> <p>The above is understated by ₹553.72 lakh due to non-provision of liability on account of 50 per cent of employer's share for arrear of pension for the period from 1 December 2008 to 31 March 2017 in cases of retired employees who opted out of the new pension scheme. This has also resulted in understatement of other current liabilities by the same amount.</p>	<p>Noted and necessary accountal has been done in the accounts of 2017-18.</p>
<p>(ii) Notes to Accounts</p> <p>Department of Public Enterprises (DPE) vide OM dated 26 November 2008, fixed maximum ceiling of 50 per cent of the Basic Pay on the allowance and perks admissible to different categories of executives. FCI approved perks and allowances to Category I and Category II staff upto 40 per cent of Basic Pay under "Cafeteria Approach". FCI further circular dated 17August 2015allowed Productivity Linked Incentive (PLI) at the rate of 15 per cent to all the eligible employees, which exceeded the overall limit of 50 per cent fixed by DPE.</p> <p>However, FCI vide circular dated 3 August 2017 directed for recovery of PLI paid in excess of 50 per cent of the basic pay to the employees from the financial year 2010-11 onwards. It was observed that 40 per cent of Basic Pay under cafeteria approach and 7 per cent of Basic Pay for leave travel concession and medical reimbursement is being already granted to employees. As such, PLI payment should be restricted to 3 per cent of</p>	<p>Noted.</p>

<p>the basic pay. The excess amount paid has to be recovered from the salary and allowances of the executives. This should be disclosed by way of Notes to Accounts under Employees Remuneration and Benefits (Note-J) alongwith amount of recovery.</p>	
<p>(d) Depreciation and Amortization</p> <p>(i) The depreciation for the year (₹9767.63 lakh) was understated due to incorrect adoption of useful life of assets which were acquired prior to 1 April 2013 instead of residual life as prescribed under the Companies Act 2013 (Part C, Schedule II). As such, balance life of existing assets could not be ascertained and consequently the undercharging of depreciation could not be quantified in audit.</p>	<p>Disclosure in this regard has been given in Note No. 8A(i) & 2 in the Annual Account of 2016-17.</p>
<p>(ii) The above is understated by ₹325.98 lakh due to short charging of depreciation on railway track at Jinjira Pool depot due to capitalization of asset on 1 April 2016 instead of actual date of completion of 13 April 2014. This has also resulted into overstatement of Fixed Assets by the same amount.</p>	<p>Noted and the accountal has been done in 2017-18.</p>
<p>(e) Interest (Note-L) ₹689851.90 lakh</p> <p>The GoI modified (November 2015) the principle for payment of interest charges from 'fixed basis' to 'actual delivery basis' on the rice delivered by State Government/Agencies from KMS 2013-14 onwards. Non provisioning of these interest charges in light of modified principle in</p>	<p>Noted, appropriate disclosure would be made in 2017-18.</p>

<p>Haryana Region resulted in understatement of Expenditure as well as Trade Payables. The financial impact in this regard was not ascertained; hence, the facts should be disclosed by way of Notes to Accounts.</p>	
<p>C. SIGNIFICANT ACCOUNTING POLICIES (NOTE NO. 16)</p> <p>Based on direction from Ministry of Consumer Affairs, Food and Public Distribution, FCI had made Accounting Policy No. 8 for accounting of Employee Benefits (gratuity and leave encashment) on cash basis. The said accounting policy is in violation of Accounting Standard 15 and needs to be revisited. In accordance with Accounting Policy No. 8, FCI has provided liability towards gratuity and leave encashment on cash basis and the understatement of liability on this account to the extent of ₹ 321845.34 lakh has been disclosed in Note No. 17(3).</p>	<p>The issue of gratuity has been taken up with Ministry of Consumer Affairs, Food & Public Distribution.</p>
<p>D. CASH FLOW STATEMENT</p> <p>As per the para-6 of Accounting Standard 3, cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only</p>	<p>Same classification has been consistently followed in the past years. It will be depicted separately as suggested from 2017-18.</p>

<p>when it has short maturity of, say, three months or less from the date of acquisition. While preparing the cash flow statement, Corporation has taken the cash and bank balances (including fixed deposit receipts of maturity more than 3 months and as lien in courts – `307.03 lakh) at the end of the financial year 2016-17 as `560.87 lakh which violates the provision of Accounting Standard 3 whereas it should be taken as `253.84 lakh (`560.87 lakh- `307.03 lakh) in 2016-17. Thus this has resulted in understatement of Cash from Operating Activities by `307.03 lakh and overstatement of Cash and Cash Equivalents by the same amount.</p>	
<p>General</p> <p>Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.</p> <p>In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and the Notes thereon and subject to the significant matters in A to D stated above and other matters mentioned in the Annexure to the Audit Report give a true and fair view:</p>	

- | | |
|---|--|
| <ul style="list-style-type: none">• In so far as it relates to the Balance Sheet, of the state of affairs of the Corporation as at 31 March 2017;• In so far as it relates to the Statement of Profit and Loss, of the profit of the Corporation for the year ended on that date; and• In so far as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date. | |
|---|--|

ANNEXURE TO THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF FOOD CORPORATION OF INDIA FOR THE YEAR ENDED 31ST MARCH 2017

Comments	Reply
<p>The Corporation is the main agency responsible for implementation of food policies of the Government of India and its primary functions are purchase, storage, movement and distribution of food grains on behalf of Government of India. The Corporation procures food grains at the Minimum Support Price and these are issued at the Central Issue Price, both fixed by the GOI. The difference between total sales realization and cost of the food grains is reimbursed by the GOI as subsidy. Besides, GOI also reimburses the cost of carrying of buffer stock of food grains maintained by FCI as subsidy.</p> <p>The Corporation procured 459.73 lakh MT of foodgrains including pulses valuing `110727.31 crore, sold 474.48 lakh MT and realized `22087.69 crore during the year 2016-17. The carrying cost of buffer stock of food grains, unregularized transit and storage losses reimbursable on regularization, difference between economic cost¹and sales realization of foodgrains sold i.e., `109135.93 crore was claimed as subsidy from the Government of India and an amount of `78334.61crore² was received during the year out of which `53334.61 crore pertains to the year 2016-17. Besides, the arrear of subsidy claims of `11418.80 crore for the year 2015-16 was outstanding as on 31 March 2017.</p> <p>The Corporation had 352.71 lakh MT storage capacities (owned 154.21 lakh MT plus hired 198.50 lakh MT) as on 31 March 2017 against 357.89 lakh MT at the close of the previous</p>	Factual.

¹Economic cost is the sum of Minimum Support Price, procurement incidentals and distribution cost.

²Subsidy received includes claim for subsidy of ` 53334.61 crore for 2016-17, `25000.00 crore for 2015-16 , and ` 427.25 crore against previous years shortages regularized.

year. The utilization of the storage capacity was 65 percent during the year 2016-17 which was less than storage capacity utilization of 69 percent achieved during the year 2015-16.

Out of total expenditure of ₹136266.81 crore, the Corporation spent approximately ₹111375.61 crore (81.73 percent) on procurement of foodgrains and the balance expenditure of ₹24891.20 crore (18.27 percent) was mainly on freight – ₹8129.75 crore, interest – ₹6898.52 crore, handling – ₹3623.28 crore and storage cost – ₹2359.60 crore etc. The working capital requirement of FCI was met out of cash credit limit (CCL) of ₹54495 crore raised from consortium of 66 banks secured by GoI guarantee and hypothecation of stock held by FCI. However during the year, GoI sanctioned and released a term loan of ₹70000 crore to FCI at the rate 8.80 per cent. So the CCL was reduced by ₹45000 crore to ₹9495 crore w.e.f. from 22 February 2017. Interest cost of ₹4806.51 crore was incurred on bank borrowing and short term loans constituted approximately 19.31 percent of the operating expenditure excluding procurement.

The Management of the Corporation is responsible for preparation of its Annual Financial Statement under the Food Corporation Act, 1964 as amended in the year 2000. It is imperative that there are adequate and effective internal controls in the Corporation. The controls should facilitate compliance with the applicable statutes and regulations and should provide reasonable assurance that probity and propriety are observed in decision making and that the annual financial statements are free from material misstatements. As auditors we have the responsibility of making recommendations to the audited entity where controls as observed on test check basis, appear to be inadequate or ineffective. The observations in the following paragraphs may be viewed accordingly.

(I) General

<p>(i) Debts, deposits, advances, claims and current liabilities include transactions pending decision/ reconciliation/ adjustments.</p>	<p>Reconciliation is a continuous process. Based on reconciliation action to write back/write-off is taken regularly. Confirmation letters are issued.</p>
<p>(ii) The balances under debts, claims, deposits, closing stock of food grains, gunnies, stores and spares etc. loaned to/held by other parties and credit balances were subject to confirmation.</p>	
<p>(iii) An amount of ₹245296.47 lakh was receivable from Ministry of Rural Development, Govt. of India on account of food grains issued under Sampoon Gramin Rozgar Yojna which was closed on 31 March 2008.</p>	<p>This matter was referred to the Ministry of Expenditure. On their direction, FCI has submitted part duplicate bills to Ministry of Rural Development and pursuing the matter through Ministry of Food & Public Distribution.</p>
<p>(iv) Deposits for Sales Tax (Account Head-2919) include an amount of ₹261.35 lakh pertaining to input tax credit (ITC) transferred from the Regional Office Lucknow in 2008 due to decentralization of VAT. This ITC was disallowed by VAT department and subsequently FCI Aligarh/Jhansi had to deposit the same to VAT department. During the year 2011 VAT was again centralized by RO Lucknow, as such the above mentioned ITC should have been transferred to accounts of the Regional Office Lucknow.</p>	<p>The assessment of financial year 2014-15 has started and further necessary action to transfer to Regional Office would be taken on finalisation of the same.</p>
<p>(v) Despite final fixation of demurrages up to January 2017 reconciliation of the same was not done in respect of Area Office, Agartala.</p>	<p>Concerned Region is expediting reconciliation of all such cases in the year 2017-18.</p>
<p>Financial statements (Consolidated)</p>	

A) On the basis of the preliminary audit observations, the Management had carried out corrections to the accounts to the extent of ₹191219.64 lakh as Inter-Head Adjustment and ₹92289.58 lakh as Intra-Head Adjustment as stated below:

INTER HEAD ADJUSTMENT

(in lakh)

Head	Debit	Credit
Assets	79037.62	19225.11
Liabilities	32129.19	38862.07
Expenditure	73222.17	16348.01
Income	6830.66	116784.45
Total	191219.64	191219.64

Factual.

INTRA HEAD ADJUSTMENT

(in lakh)

Head	Amount of Adjustment
Assets	9180.56
Liabilities	2957.57
Expenditure	78662.93
Income	1488.52
Total	92289.58

Factual.

<p>B) The schedule of Contingent Liabilities has been revised upwards by `3898.60 lakh and downwards by `114.51 lakh and has net impact of `3784.09 lakh on the Contingent Liabilities.</p>	<p>Factual.</p>
<p>(II) Adequacy of Internal Controls</p> <p>Internal control is a mechanism to provide reasonable assurance about achievement of an entity's objective with regard to reliability of financial reporting, effectiveness and efficiency of operations, safeguarding of assets and compliance with applicable laws and regulations.</p> <p>Internal Control System was not adequate and commensurate with the size and nature of business of the Corporation and it needs to be strengthened in the area of compilation/ preparation/ finalization of accounts. Briefly, based on test check, the important findings are as under:</p> <p>(i) Control Environment - Board of Directors</p> <p>Besides the Chairman and Managing Director, there were only nine Directors on the Board of Directors (BoD) of the Corporation as on 31 March 2017 as against twelve prescribed under Section 7 of the Food Corporation Act, 1964 as amended in the year 2000. It is observed that out of them only one director was independent director and others were officials of FCI/Ministry/State Government. As per the requirement of the section 7 of the FC Act, 1964, as amended 2000, there should be two directors, one each from Ministry of Finance and Ministry of Co-operation (Ministry of Agriculture and</p>	<p>Shri Nikhilesh Jha, Special Secretary & Financial Advisor of Ministry of Food is a member in the Board who represents the Ministry of Finance and Dr. B. Rajendra, Joint Secretary represents the Ministry of Agriculture and Cooperative in FCI Board. As regards appointment of Independent Directors, the matter has been taken up with the Min. of Consumer Affairs,</p>

<p>Farmers Welfare). However it was observed that BoD does not have any directors from the Ministry of Finance and Ministry of Agriculture & Co-operation as on 31 March 2017 which has bearing on exercise of oversight of the development and performance of internal control and independence from the Management.</p>	<p>Food & Public Distribution.</p>
<p>(ii) Risk Assessment</p> <p>FCI has 201 units viz. two Headquarter units, 5 Zonal Offices, 25 Regional Offices, and 169 District Offices along with 539 owned and 1265 hired depots. The selection of units for internal audit is done at ZO level on random basis depending upon the staff availability and feasibility of outsourcing. The selection criteria are not based on risk analysis but on random.</p>	<p>FCI conducts the Internal Audit of all the units on an annual basis for which an annual plan is drawn up before the commencement of the financial year. The plan takes into consideration the units uncovered at the beginning of the year and further units to be covered during the year into consideration.</p> <p>Considering the inadequate staff strength in the Internal Audit Division, FCI has out-sourced, the Internal Audit activities in three Zones namely East, North-east and South, to firms of Chartered Accountants.</p> <p>The Internal Audit Division of FCI, however, conducts the physical verification of stocks on random basis following ISI method. This procedure has been adopted considering the fact that there are three other type of physical verification carried out in the Corporation i.e. Quarterly PV, Annual PV & Zero PV. While in the quarterly & annual PV, all the bags are counted and the weighment is done of certain randomly selected stacks and all the baby stacks, in the</p>

	<p>Zero PV, 100% physical weighing of stocks by process of issuing out the same is followed.</p> <p>Taking into consideration all the above four types of physical verification followed in the organization, the coverage is quite adequate and covers the entire risk.</p>																								
<p>(iii) Control activities</p> <p>A. Adequacy of Internal Audit System</p> <p>Internal Audit is conducted by the team of FCI's own staff as well as by outsourcing the task to the outside agencies. Out of the sanctioned strength of 385, the men in position were only 126 as on 31 March 2017 resulting in shortfall of 259 (67 per cent). Considering the shortfall Executive Directors (Zone) were authorized to outsource internal audit and physical verification work to chartered accountants/cost & management accountants firms on need basis. The all India audit coverage/outstanding paras position is given as under:</p> <table border="1" data-bbox="215 986 1205 1225"> <thead> <tr> <th colspan="3">Audit Coverage of offices and depots as on 31 March 2017</th> </tr> <tr> <th>Planned Units</th> <th>Actual coverage</th> <th>Arrears</th> </tr> <tr> <th>Office/Depot</th> <th>Office/Depot</th> <th>Office/Depot</th> </tr> </thead> <tbody> <tr> <td>713</td> <td>537</td> <td>176</td> </tr> </tbody> </table> <table border="1" data-bbox="215 1286 1240 1402"> <thead> <tr> <th colspan="4">Outstanding internal audit paras as on 31 March 2017</th> </tr> <tr> <th>Opening</th> <th>Raised during</th> <th>Settled during</th> <th>Closing</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Audit Coverage of offices and depots as on 31 March 2017			Planned Units	Actual coverage	Arrears	Office/Depot	Office/Depot	Office/Depot	713	537	176	Outstanding internal audit paras as on 31 March 2017				Opening	Raised during	Settled during	Closing					<p>Keeping the depleting staff strength in the Internal Audit Division, the Corporation decided to out-source the internal audit activities in Regions where adequate internal audit staff were not in a position. The out sourcing activity started from the year 2011-12 on pilot basis and gradually was expanded to other regions. On date, internal audit work in three Zones namely East, North-East and South has been out-sourced to firms of Chartered Accountants.</p> <p>The coverage of audit during 2016-17 is higher than that in 2011-12, 2012-13 & 2013-14. Similarly, the number of paras raised and settled in the year under audit is also higher compared to above three years when the internal audit work started to be out-sourced for the first time.</p> <p>The internal audit of Zonal Office (South) was carried out in 2016-17 for the year 2015-16. The audit of the said office for the years 2016-17 & 2017-18 would be taken up in March, 2018 by the Headquarters Internal Audit Team.</p>
Audit Coverage of offices and depots as on 31 March 2017																									
Planned Units	Actual coverage	Arrears																							
Office/Depot	Office/Depot	Office/Depot																							
713	537	176																							
Outstanding internal audit paras as on 31 March 2017																									
Opening	Raised during	Settled during	Closing																						

Balance	the year	the year	balance
3925	3563	4241	3247

Internal audit system was not adequate/commensurate with the size and nature of the Corporation and it need to be strengthened. A few observations made during audit are given below:

(i) The internal audit of zonal office Chennai was not carried out in 2016-17. The functioning of internal audit wing in Andhra Pradesh Region was not effective and was understaffed and it was observed that there was not a single observation on the deficiencies, misclassifications, under/overstatements in the accounts for 2016-17 by the internal audit wing.

(ii) Internal Audit of District Office Allahabad for the year 2016-17 was not conducted by visiting the unit by internal audit team and no internal audit report was made available for review.

The internal audit in AP Region has been out-sourced to firms of Chartered Accountants who would undertake audit of accounts for the year 2017-18 before it is submitted to audit.

The internal audit of D.O. Allahabad for the year 2016-17 was conducted at R.O. level by the review of accounts and reports generated from the financial accounting package and audit observations were, accordingly, issued. Further strengthening of the audit of accounts of the said district would be done, in course of audit of accounts of 2017-18.

B. Adequacy of Physical Verification of Fixed Assets

Fixed Assets Register is not being maintained properly and physical verification of assets was not being conducted periodically as detailed below:

<p>(i) As per Assets Book Report of District Office, the dates placed in service of various assets purchased prior to 1 April 2013 were shown as 1 April 2013. However, as per manual register of assets, the actual dates of acquisition/asset placed in service of these assets are prior to 1 April 2013 (March 1969 to March 2013). Thus, the date mentioned in the books of account of various assets are not in order and need to be corrected in accordance with the actual date of acquisition/placed in service.(DO Saga and AP Region- PC No. of B1)</p>	<p>The Accounts of the Corporation were computerised w.e.f. 01.04.2013. In case of Fixed Assets, it was decided to consider the date of commissioning of all Assets purchased prior to 01.04.2013 as 01.04.2013 in FAP system. However, the actual date of purchase of such old assets are available in the manual Asset Register of field offices.</p>
<p>(ii) The assets head (capital work in progress - 2191) in Regional Office, Punjab depicts a negative balance of ₹102.92 lakh.</p>	<p>This amount was appearing in auto generated report and the same was corrected at the time of finalization of accounts.</p>
<p>C. Adequacy of Physical Verification of Inventory</p> <p>Audit associated itself in 26 depots out of the 63 depots selected by FCI for annual physical verification at year end. FCI selects depots for conducting physical verification at year end based on method recommended (ISI-PV) by Indian Statistical Institute. During the audit of annual accounts for the year 2016-17 and association with the Corporation for annual physical verification of selected 26 depots, following significant observations were noticed:</p> <ol style="list-style-type: none"> 1. There was a delay in the finalization of the ISI PV report by FCI in pursuance of instructions of Hqrs circular no. STK/ 37/1/(32)/ISI PV/2017/762 dated 14.03.2017 (Delhi Region, Mayapuri, FSD Hanumangarh, Rajasthan Region, FSD Tuticorin, FSD Raichur, RO Jharkhand, FSD Ranchi, RO West Bengal, FSD Rangpo, UP FSD Kasganj. 	<p>Depot Online System has now become operational, it will facilitate in overcoming the deficiencies related to Physical Verification process.</p> <p>As regards observation at SI. No. 10 MOU limit is for All India average and it does not define the range of the storage losses. However all cases were reviewed and found justified except at Jammikunta, Kilikollur.</p>

<p>2. The audit team was not associated while opening the list of stacks of wheat and rice for ISI PV (Delhi Region, Mayapuri, and FSD Hanumangarh Rajasthan Region).</p>	<p>Action has been initiated against the erring officials.</p>
<p>3. Despite opening the sealed cover on 1 April 2017, the actual physical verification was delayed by more than 5-6 days thereby losing the entire purpose of confidentiality (Delhi region, Mayapuri, Haran FSD Kaithal, FSD Hanumangarh Rajasthan Region).</p>	<p>With respect to, observation at Sl. No. 11 Penalty of withholding of two increments for a period of one year without cumulative effect was imposed on the concerned official.</p>
<p>4. The calibration of moisture meter was not done before ISI PV so its results were not reliable (Delhi region, Mayapuri, FSD Hanumangarh Rajasthan, FSD Ranchi, RO Jharkhand).</p>	<p>The other observations are related to operational issues and noted for improvement.</p>
<p>5. Moisture Meter does not generate the printed report of the moisture content. (Delhi Region, Mayapuri, Punjab Region, FSD Dhuri-1, FSD Hanumangarh Rajasthan, FSD Raichur, RO Maharashtra FSD Panvel).</p>	
<p>6. Due to the weak gunny bags, leakage of foodgrains were noticed (FSD Dhuri-1, Punjab Region).</p>	
<p>7. Due to the loading of more than one truck simultaneously, the physical verification work could not be observed effectively (FSD Machhhiwara, FSD Dhuri-1, Punjab Region).</p>	
<p>8. The work of annual PV through peripheral counting of bags was not over before conducting the ISI PV (FSD Hanumangarh, Rajasthan).</p>	
<p>9. While killing the stack number U 11/ A2/ 93, 6 trucks were loaded with 250 number of bags whereas 7th and 8th truck was loaded with 500 and 516 units of bags respectively in violation of the instruction of FCI Hqrs which states that number of</p>	

bags loaded in all the trucks should be uniform except the last truck (RO Chennai, FSD Coimbatore).	
10. Storage loss above MoU limit (0.12 per cent) was noticed in one rice stack (RO Chennai, FSD Coimbatore, FSD Tuticorin, FSD Raichur, RO AP-BSC Jammikunta, FSD Sanathnagar, FSD Peddapalli, RO Kerala FSD Angamaly, FSD Kilikollur).	
11. Four full bags shortages were noticed (FSD Sanathnagar).	
12. Most of the stacks were not maintained upto desired heights i.e. 20 feet resulting in non-utilization of storage space upto optimum level (RO Odisha, FSD Dhenkanal).	
13. Depot records were not maintained properly (RO Bihar, FSD Gaya, RO Bihar, and FSD Darbhanga).	
14. Hooks were used in handling of bags by labour which has been banned by FCI Headquarters. (FSD Agra)	
15. There were no crates under the three stacks of wheat (2A/2, 2B/7 AND 1D/6) out of 6 selected stacks. (FSD Kasganj)	
D. Regularity in payment of statutory dues	
The Corporation was not regular in payment of statutory dues as evident from below: (i) An amount of statutory dues of `187.97 lakh, `90.30 lakh and `15.47 lakh were not paid by the due date for the year 2014-15, 2015-16 and 2016-17 respectively.	Total statutory dues paid by the Corporation in these three years were Rs.15380.69 Lakh. This late payment part is 1.87% of the total statutory dues.
(ii) General Note No. 17 revealed that the following statutory dues are outstanding against the Corporation which have not been acknowledged as debt and hence neither	These are disputed demands which are being contested in various courts/fora.

<p>paid not provided for:</p> <p>(a) Purchase/ Sales Tax/ Vat & Income Tax- `189800.71 lakh</p> <p>(b) Property Tax and allied taxes- ` 7862.29 lakh</p>	<p>For Accounting requirements of disclosure of claims raised by various authorities but not acknowledged as liabilities are disclosed as contingent liabilities.</p> <p>In compliance of this accounting practice, this amount has been disclosed at Note No. 17(1) (iv) & (vii) with other details.</p>
<p>E. Operational Issues</p> <p>(a) Non-regularization of storage loss amounting to `278.84 lakh in 9 cases due to non-availability of original records in Punjab region pertaining to the period 1972 to 1998.</p> <p>(b) Non-reconciliation of 476 gunny bales being short and booked against railway/CONCOR during the year 2012-13 for short supply of gunny bales in Karnal District.</p> <p>(c) Non-reconciliation of gunnies amounting to `379.70 lakh and `213.60 lakh unloaded at stations under the jurisdiction of the District offices at Rohtak and Karnal respectively pertaining to the period from 2009-10 to 2013-14.</p> <p>(d) External/third party confirmation was not obtained for debtors/creditors appearing in the accounts.</p> <p>(e) In the absence of taking confirmation/reconciliation in case of gunnies given on</p>	<p>The observations on the operational issues are noted for improvement.</p>

<p>loan/taken on loan from various State agencies, gunnies reflected in form XIII/6 and XIII/9 could not be verified in audit in Punjab region.</p>	
<p>(f) The expense on account of supervision charges (8 per cent) payable to Punjab State Warehousing Corporation (PSWC) and CWC on labour needs to be booked separately. As no head has been prescribed under FAP, a new head for the same may be introduced for separate depiction of supervision charges.</p>	
<p>(g) The Account head 6303 (Contract labour at inland depot) at district office Mandi and Regional office Punjab includes amount relating to expenditure incurred on labour operations at private entrepreneur godowns in absence of specific head for such an expense.</p>	
<p>(h) A test check of available records revealed that there was a difference between the issuable closing stocks of wheat, rice and paddy held by FCI, as portrayed by the Stock Ledger Summary (SLS) and stock position reported under Integrated Information System for Food Grains Management (IISFM) Rapid Reporting Services.</p>	
<p>F. Vigilance/Court and Arbitration cases</p> <p>The Corporation has not disclosed the number and age wise details of Vigilance/Court and arbitration cases along with their financial impacts.</p>	<p>The details of vigilance cases initiated & disposed of during the year is available in the para no. 13.2 & 13.3 in Director's Report.</p> <p>As far as court cases/arbitration cases against the</p>

	Corporation are concerned, the financial impact is given in the Note 17 (the Contingent Liabilities of the Corporation).										
<p>G. Information Technology</p> <p>The Corporation has switched over to computerized accounting from financial year 2013-14 in place of manual accounting. During audit of accounts for the year 2016-17, the following deficiencies/weaknesses were noticed in the accounting through computerized Financial Accounting Package (FAP):</p> <p>a) It was observed that age-wise analysis report is not being generated through FAP. Hence, the amount outstanding for more than three/ five years in respect of book debts, loans and advances, claims receivable, deposits, interest receivable, trade payable, deposits repayable and interest repayable could not be verified due to non-availability of age wise report in Headquarter level through FAP.</p>	Age wise analysis report is generated through FAP. However, when FAP was implemented the opening balances were taken in the system w.e.f. 01.04.2013, so old age wise analysis of transactions prior to that date are not covered in FAP report. However these are available in manual form.										
<p>b) While reviewing the Consolidated Trial Balance with Schedule for the year 2016-17, it was observed in test check that there are differences in the balances shown in the Trial Balance and Schedule in respect of the following heads of Account:</p> <p style="text-align: right;">(Amount in `)</p> <table border="1" data-bbox="125 1225 1335 1396"> <thead> <tr> <th>Sr. No</th> <th>Account Head</th> <th>Balance as per Consolidation Trial Balance (FAP)</th> <th>Balance as per Consolidation Schedule (FAP)</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>4731(Sundry debtors against</td> <td>10,70,31,031.84</td> <td>46,26,01,884.50</td> <td>-35,55,70,853</td> </tr> </tbody> </table>	Sr. No	Account Head	Balance as per Consolidation Trial Balance (FAP)	Balance as per Consolidation Schedule (FAP)	Difference	1	4731(Sundry debtors against	10,70,31,031.84	46,26,01,884.50	-35,55,70,853	Noted and necessary corrections will be done in the accounts of 2017-18.
Sr. No	Account Head	Balance as per Consolidation Trial Balance (FAP)	Balance as per Consolidation Schedule (FAP)	Difference							
1	4731(Sundry debtors against	10,70,31,031.84	46,26,01,884.50	-35,55,70,853							

	state Govt.)				
2	1432 (Sundry Creditors for other sundries)	-702,24,89,803.94	7,02,24,16,161.00	-73,642.94	
3	1431 (Recoveries from pay & allowances pending disbursement)	-30,24,03,197.52	30,24,77,546.50	74,348.98	
4	1415 (Sundry Creditors for Estimated)	-51,33,13,57,489.71	51,43,12,66,129.00	9,99,08,639.29	
5	1401 (Sundry Creditors for goods and services)	-1,11,02,46,22,568.81	1,11,02,40,86,655.89	-5,35,912.92	
6	1801 (Earnest Money Deposits)	-85,07,83,224.56	85,08,76,059.00	92,834.44	
c) Regional Office, Arunachal Pradesh has carried out rectification entries through invoices/credit memos. Invoice so generated contains a clause "passed for payment" for those transactions also which was not payable at the year-end viz. provision of estimated liability and cancellation of invoices.					Noted for correction.
d) The Bank Reconciliation Statement (BRS) of Area Office, Silchar generated through FAP was showing un-reconciled receipt of ₹3.55 lakh Though the amount represents missing credit on account of demand draft deposited by Area Office in March 2014 against which credit has not been given by the bank even after a lapse of more than 3 years.					Same process is followed. However, the Bank has given credit of the DD in month of November, 2017.
(III) SUGAR PRICE EQUILIZATION FUND (SPEF) (Note 7 A)					
(i) The SPEF Account is being maintained on cash basis except FCI operations which was					SPEF is maintained on behalf of Directorate of Sugar

<p>recorded on accrual basis, which has resulted in inconsistency in maintaining the said account as all the rest of FCI accounts are maintained on accrual basis.</p>	<p>(Ministry of Food & Public Distribution) and not involve operation of FCI. Thus it is maintained on cash basis with due disclosure.</p>
<p>(ii) Enhanced Price Paid to Sugar Mills- `691.81 lakh.</p> <p>The above does not include an amount of `177.12 lakh being the amount payable to M/s. Harinagar Sugar Mill Limited in pursuance of Supreme Court of India decision dated 30 March 2017 in the Curative Civil Petition No. 81 of 2017 The Ministry of Consumer Affairs, Food & Public Distribution has agreed vide letter dated 16 August 2017 to reimburse the recovered amount of `56.96 lakh for sugar seasons 1975-76 to 1977-78 along with interest of `120.16 lakh. Hence, necessary disclosure of this fact should be given in the footnote of SPEF Account.</p>	<p>As explained above, the SPEF account is maintained on cash basis. So it will be accounted at the time of payment.</p>
<p>(iii) Losses other than missing wagons of sugar amounting to `981.46 lakh were claimed from Government of India without regularization thereof.</p>	<p>Sugar is a separate operation. Unlike food operation, no procedure of regularisation is prescribed for sugar. Thus, the claim from Govt. of India for losses on sugar operation is rightly claimed and received by FCI. Moreover, sugar operation is discontinued since 1st June, 2013.</p>

**REPLIES TO THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF FOOD CORPORATION
OF INDIA FOR THE YEAR ENDED 31 MARCH 2016**

COMMENTS	REPLY
<p>We have audited the attached Balance Sheet of Food Corporation of India (Corporation) as at 31 March 2016, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto under section 34(2) of the Food Corporations Act, 1964 (FC Act) as amended vide Notification No. 315 dated 2 June 2000. These accounts include the accounts of 201 units/branches out of which 38 units (Area Offices) were selected for audit on rotational basis and 31 units (ROs/ZOs/Hqrs unit/Consolidation) were covered in audit on annual basis. These financial statements are responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.</p> <p>We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.</p> <p>Based on our audit, we report that:</p> <p>(I) 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; and</p> <p>(II) In our opinion, proper books of accounts and other relevant records have been maintained by the Corporation as required under Section 34 (1) of the Food Corporation Act, 1964 in so far as it appears from our examination of such books subject to the following observations:</p>	

<p>A. BALANCE SHEET</p> <p>I. EQUITY AND LIABILITIES</p> <p>3. Non-Current Liabilities</p> <p>(a) Long Term borrowings (Note 3) – Rs.1303912.39 Lakh</p> <p>1. The above was overstated due to inclusion of Rs.3912.39 lakh as trade payable for other finances. As the amount was held by the Corporation on behalf of employees under contributory welfare scheme, this should be depicted below Other long term liabilities. This resulted in overstatement of Long term borrowings and understatement of Other long term liabilities by Rs.3912.39 lakh.</p>	<p>The same classification has been followed consistently in the past years. The amount of Rs.3912.39 lakh is held by FCI on behalf of employees under contributory welfare schemes.</p> <p>It will be depicted separately as suggested from the year 2016-17.</p>
<p>4. Current Liabilities</p> <p>(b) Trade Payables (Note No.5) – Rs.2384740.61 lakh</p> <p>1. The above was understated due to non inclusion of Rs.47.43 lakh on account of punitive charges imposed and demanded by Railway during 2015-16 on the rakes of food gains received at Nagaur, Pali, Marwar and Hamirpur depots under District office Ajmer and at Bharat depot under DO Alwar of the Corporation. This has resulted in understatement of current liabilities and expenditure/subsidy by Rs.47.43 lakh.</p>	<p>Punitive charges are always disputed by FCI with Railways. Since the claims are not firm it is accounted on cash basis.</p>
<p>2. The above was overstated by Rs.117.29 lakh on account of unconnected wagons against gunny bales received in DO Hisar during the year 2009-10, for which IOG was still awaited even after a lapse of six years.</p>	<p>Linking of missing and un-connected wagons is a continuous process. Suitable action is being taken to resolve the issue.</p>
<p>3. The above was overstated due to inclusion of Rs.5569.01 lakh being recoverable from contractors on account of Income tax, Cess and other taxes, State and Central tax collection/Non-vat States, Output tax, TDS of vat on purchases, Service tax on transportation and others. These statutory due should be depicted under the head Other Current liabilities and can't be mingled with trade payables. Hence, this resulted in overstatement of Trade payables and understatement of Other Current liabilities by Rs.5569.01 lakh each.</p>	<p>The same classification has been followed consistently in the past years. However, it will be depicted separately as suggested from the year 2016-17.</p>

<p>4. The above is overstated due to inclusion of Rs.4666.97 lakh being CPF part/final payments, interest paid on CPF final payment, liability for contribution to EPS, liability for contribution to employees' CPF. These liabilities on account of employees' dues should be depicted under the head Other Current liabilities-Liability for Employees' Statutory dues. Hence, this resulted in overstatement of Trade payable and understatement in the head of Other Current liabilities by Rs.4666.97 lakh each.</p>				
<p>5. The trade repayables were overstated by Rs.1095.60 lakh due to excess booking of provision (HOA-1401) on account of procurement of food grains (CMR) from Jharkhand State Food & Civil Supplies Corporation during KMS 2012-13 and KMS 2013-14.</p> <p>This resulted in overstatement of Expenditure and understatement of subsidy by Rs.1095.60 lakh each.</p>	<p>This payment is withheld due to non-production of document prescribed in the cost sheet issued by Govt. of India. Matter is being followed up with Food & Civil Supplies Corporation, Jharkhand to submit the relevant documents, so that the amount can be released to the State Agencies.</p>			
<p>6. The trade repayables were overstated due to the inclusion of Rs.107809.74 lakh being deposits payable which were not in the nature of trade payables. These deposits repayable relate to other contractual obligations which were no longer to be included in the trade payables. This should have been shown under the head other Current Liability.</p> <p>This resulted in understatement of Other Current Liability with corresponding overstatement of Trade payables by Rs.107809.74 lakh.</p>	<p>The same classification has been followed consistently in the past years. However, it will be depicted separately as suggested from the year 2016-17.</p>			
<p>5. Non Current Assets (d). Long term Loans and Advances (Note No. 8) – Rs.394917.96 Lakh 3. Claims receivables - Rs.128756.63 lakh a. The above were overstated by Rs.22891.81 lakh due to inclusion of the following doubtful claims:</p> <p style="text-align: right;">(Rs. in lakh)</p> <table border="1" data-bbox="259 1315 1115 1391"> <tr> <td style="width: 5%;">(i)</td> <td style="width: 85%;">Claims lodged on rice millers towards erroneous payment of double machine</td> <td style="width: 10%; text-align: right;">3160.54</td> </tr> </table>	(i)	Claims lodged on rice millers towards erroneous payment of double machine	3160.54	<p>The matter is subjudice. Accounting action would be taken based on the Court decision. Suitable disclosure has been made at point no.c(i)</p>
(i)	Claims lodged on rice millers towards erroneous payment of double machine	3160.54		

	stitching charges in respect of levy procurement, the recovery of which was stopped due to stay order.		of Note no.8.
(ii)	Claims recoverable from employees for misappropriation/ shortage/ defalcation of stocks and spares in Punjab region who had retired/had been terminated and their entire dues were cleared/ employees whose whereabouts were not known. These include sub-judice cases amounting to Rs.182.38lakh.	403.43	Appropriate action is being taken to resolve the issue.
(iii)	Claim on account of deductions made by the Insurance Companies as per terms and condition of the policy/claims repudiated /interest on delayed payment which were refused by the insurance companies. The matter was sub-judice, yet not disclosed by the Corporation.	6852.81	The matter is subjudice.
(iv)	Claim booked by Area Office, Bankura (HOA-2905/2807/2809) for which no supporting records were available/traceable.	356.37	Appropriate action would be taken during the year 2016-17.
(v)	Claims recoverable (HOA -2807) from Sri Krishna Industries, ex-storing agent on account of loss of foodgrains lying under party's custody during the period from 1989 to 1992. A money suit was filed against the party in August 2010 after that no further development was available on record.	180.05	Appropriate action would be taken during the year 2016-17.
(vi)	Claims recoverable (HOA-2807) from SWC, Jalpaiguri on account of misappropriation of stock lying unrealized since December 1995.	127.17	Appropriate action would be taken during the year 2016-17.
(vii)	Claims recoverable from a handling contractor on account of fraudulent payment (Rs.7174.93 lakh) made to him and interest (Rs.1338.64 lakh) on such fraudulent / excess payment.	8513.57	The issue is under investigation by the CBI. Till completion of the process the amount will remain in claims receivable for which suitable disclosure has been given at point no.(I) Note No.8.

	(viii)	Claims for transit shortages recoverable from employees valuing Rs.2949.09 lakh in Punjab region for which advices were received during 2001-02 to 2005-06.	2949.09	Appropriate action would be taken during the year 2016-17.
	(ix)	Claim lying pending regularisation in DO Jalandhar for Rs.22 lakh from 1990 to 2012-13 and in DO Ferozpur for Rs.197.45 lakh from 2005-06 to 2008-09.	219.45	Appropriate action would be taken during the year 2016-17.
	(x)	Claims and counter claims between the Corporation and MMTC arising out of various import and export transaction since 1995 and 1996. The disputes were already settled in May 2005 and approved by regional competent authority.	129.33	Appropriate action would be taken during the year 2016-17.
		Total	22891.81	
<p>This resulted in understatement of consumer subsidy on food grains reimbursable by Government of India by Rs.22891.81 lakh.</p>				
<p>4. Deposits and Other Receivables – Rs. 208723.74 Lakh</p>				
	(i)	The above were overstated due to inclusion of Rs.27655.93 lakh being recoverable from Haryana Sales Tax Authorities on account of excess of input tax paid over output tax payable in Haryana region which is not refundable under Section 20 of The Haryana Value Added Tax Act, 2003. Besides, the chances of its adjustment against future liabilities of the Corporation are also remote in the present price mechanism for PDS in which procurement cost is high and sale is at subsidized rates. This resulted in overstatement of deposits receivables and understatement of expenditure by Rs.27655.93 lakh.		This is as per the provision of Haryana VAT Act, 2003.
	(ii)	The above were overstated due to inclusion of Rs.120.30 lakh being claims booked against railway/ CONCOR for short supply of gunny bales during 2010-11 and 2012-13. This has resulted		Appropriate action will be taken during the year 2016-17.

<p>in overstatement of deposits recoverable and understatement of expenditure by Rs.120.30 lakh.</p>	
<p>(iii) This was overstated due to inclusion of Rs.169.45 lakh being deposited in Delhi High Court in October 2009 as per direction of Hon'ble High Court Delhi for making payment to a shipping company. The special leave petition filed in this regard was also dismissed in August 2014. This resulted in overstatement of deposit recoverable and understatement of expenses/subsidy by Rs.169.45 lakh.</p>	<p>Appropriate action will be taken during the year 2016-17.</p>
<p>6. Current Assets (1) Stores and Spares – Gunnies – Rs. 39805.31 Lakh <p>This is overstated due to inclusion of Rs.8555.74 lakh in respect of gunny bills received (29 April 2016) from DGS&D upto March 2016. Due to non-issuance of debit IOGAs to the Area Offices, this head is overstated and expenditure is understated by Rs.8555.74 lakh.</p> </p>	<p>The IOGAs have been issued during the financial year 2016-17.</p> <p>The bills are received belatedly in 2016-17. The receiving units provide liabilities for gunnies received upto 31.03.2016 on estimated basis. Thus the expenditure is booked in 2015-16 by receiving offices.</p>
<p>(d) Cash and Cash Equivalent (Note 12) – Rs.422. 29 Lakh <p>The above was overstated by Rs.378.49 lakh being deposits/securities given as guarantees in court cases against the Corporation. In pursuance of the Companies Act, 2013 these should be separately disclosed under the head of other bank balances.</p> <p>This resulted in understatement of Other Bank balances and overstatement of Cash and Cash equivalents by Rs.378.49 lakh. Moreover, the above FDRs were not verifiable as neither the original FDRs nor authenticated copies were produced by the Corporation for verification.</p> </p>	<p>The same classification has been consistently followed in the past years. It will be depicted separately as suggested from the year 2016-17.</p> <p>FDRs have been made on the orders of various courts and deposited with courts. Thus original FDRs are not available with FCI. However Bank Certificates in support of FDRs are obtained from Banks for verification.</p>
<p>(e) Short term loans & advances (Note 13) - Rs.84104.04 Lakh <p>(i) The above was overstated by Rs.105.19 lakh being interest on fixed deposit. In pursuance of the Companies Act, 2013 these should have been separately disclosed under Other current assets.</p> <p>This resulted in overstatement of Short term Loan and advances</p> </p>	<p>The same classification has been followed in the past years. It will be depicted separately as suggested from the year 2016-17.</p>

<p>and understatement of Other Current assets by Rs.105.19 lakh.</p>	
<p>(ii) This was overstated due to inclusion of Rs.194.85 lakh being 10 <i>per cent</i> of interest receivables on advances to staff. The remaining 90 <i>per cent</i> amount was treated as Other Non-current assets. As such 10 <i>per cent</i> of the interest receivable should be treated as Other Current assets. This resulted in overstatement of Short term Loan and advances and understatement of Other Current Assets by Rs.194.85 lakh.</p>	<p>Keeping in view of operation of the organization it was decided to consider 90% of Assets & Liabilities as non-current & 10% as current which is disclosed by the way of notes to Accounts.</p> <p>This practice has been consistently followed in past years also.</p>
<p>B. Profit and Loss Account a. Income 1. Revenue (b) Revenue subsidy on food grains (Note B) – Rs.1024507.44 lakh (Cr) The above was overstated by Rs.26508.52 lakh being unregularised transit shortages (Net of gains) as on 31 March 2016 pertaining to the year 2015-16. Subsidy is not reimbursable on the unregularised shortages. This resulted in over statement of Subsidy on Food grains (Note B) as well as Trade Receivable (Note 11) by Rs.26508.52 lakh each.</p>	<p>This matter is clarified and disclosed in Note 11A by adding words “Unregularised shortages reimbursable on regularisation”.</p>
<p>2. Other Income (Note D) – Rs.105248.91 Lakh The above was understated by Rs.2725.69 lakh due to not accounting for gunnies given to State Government as sale, in three Districts viz. Karnal, Kurukshetra and Hisar. This resulted in understatement of income as well as debtors by Rs.2725.69 lakh.</p>	<p>It is expected that gunny issued would be return back to FCI by agencies. Therefore no sale has been booked. It is appearing in gunny stock of the Corporation.</p>
<p>(6). Misc. income Rs. 96834.53 (Note no. D1) The above head includes an amount of Rs.43314.64 lakh on account of liabilities written back as they had become time barred. As the Corporation had not framed any accounting policy in this regard as such these should have been disclosed as exceptional item as per AS-5. This resulted in overstatement of Other Income and understatement of Exceptional Item by Rs.43314.64 lakh.</p>	<p>Suitable disclosure has been given under the Note D to clarify the issue. It does not impact the net income, rather subsidy of current year is reduced to that extent which was claimed in past years.</p>

<p>b. Expenditure (5). Handling Expenses (Note I) – Rs.405232.48 lakh</p> <p>The above were understated due to non inclusion of contribution under the ESI Act on wages paid to labour deployed under "No Work No Pay (NWNP) Scheme and Direct Payment System (DPS)" in the Punjab region during 2015-16.</p> <p>This resulted in understatement of liabilities towards ESI and expenditure/subsidy by Rs.1365.01 lakh apart from non-compliance of statutory provisions.</p>	<p>The matter is pending as labours are not agreeing with the scheme. Efforts are being made to resolve the issue in consultation with labour unions and legal forums.</p>
<p>(6). Employees Remuneration and Benefits (Note J) – Rs.174865.18 lakh (Dr)</p> <p>The above were understated due to non inclusion of Rs.12552 lakh being short PLI provision for the year 2014-15 and 2015-16 required as per recommendations of the VII pay commission. This resulted in understatement of Employee Remuneration and benefits as well as Current liabilities by Rs.12552.00 lakh.</p>	<p>This fact has been disclosed under Note J at S. No. (a) & (b).</p>
<p>C. Significant Accounting Policies (Note 15)</p> <p>The Corporation had started trading in pulses during the year 2015-16 but had not disclosed the Accounting policy for recording sales in the significant Accounting policies-4(b) sales.</p>	<p>There was no sale of pulses in the year 2015-16. Accounting policy would be framed in 2016-17.</p>
<p>D. GENERAL NOTES (Note No. 16)</p> <p>(i) Based on directions of the Government of India, the Corporation has provided for liability towards gratuity and leave encashment on cash basis and the understatement of liability on this account to the extent of Rs.296051.74 lakh has been disclosed in Note No. 16(3). The disclosure for departure from Accounting Standard 15 is deficient to the extent that it did not disclose the liability for leave encashment based on actuarial valuation as required under section 129(5) of the Companies Act, 2013 and impact of the deviation from Accounting Standard 15 on the subsidy to be claimed from the Government of India. Further, the Corporation did not disclose the reasons for not accounting for terminal benefits based on actuarial valuation.</p> <p>The accounting policy number 8 for accounting of Employee benefits on cash basis is also in violation of Accounting Standard</p>	<p>The valuation of liability for leave encashment is not based on actuarial valuation, it is based on management estimate as did in earlier years. The actuarial valuation will be done in 2016-17.</p>

15 issued by ICAI and needs to be revisited.	
(ii) Estimated amount of contracts remaining unexecuted on capital account was understated by Rs.502.46 lakh.	The amount has been revised in the Annual Report.
(iii) Department of Public Enterprises (DPE) fixed maximum ceiling of 50 <i>per cent</i> of the Basic Pay on the allowance and perks admissible to different categories of executives. The same was reiterated by DPE on 29 June 2012 and on 11 June 2013. The Corporation approved perks and allowances to Category I and Category II staff upto 40 <i>per cent</i> of Basic Pay under “Cafeteria Approach”. Further vide FCI’s circular dated 17 August 2015, i) PLI was to be given at the rate of 15 <i>per cent</i> of (Basic Pay + IDA/CDA) to all the eligible employees, which exceeded the overall limit of 50 <i>per cent</i> which needs ratification by the DPE. The disclosure (Note I) was deficient to the extent that it did not disclose that approval for extending PLI benefit beyond the overall maximum ceiling of 50 <i>per cent</i> was yet to be obtained from DPE.	Noted.
(iv) According to schedule III of the Companies act, 2013 an asset shall be classified as current asset only when it is held for the purpose of trade or is expected to be realised or is intended for sale or consumption within normal operating cycle of the enterprise. The Corporation treated 90 <i>per cent</i> of assets as Non-current Assets and the remaining 10 <i>per cent</i> as Current Assets in violation of the classification prescribed in the Companies Act, 2013.	Keeping in view of nature of transaction, it was decided to consider 90% of Assets (Interest receivable on Advances to Staff) as non-current & 10% as current which is disclosed by the way of notes to Accounts. This practice has been consistently followed in past years also.
(v) Sagar District Office, FCI is having various plots of land at Bina, Tikamgarh, Harpalpur and Niwari. However, it was not clear whether title deeds had been executed or not and whether the land was freehold or leasehold.	District Office, Sagar has freehold land of Rs.29131.00, out of which title deed executed for Rs.2453.00 and non-executed for Rs.26678.00. Further out of leasehold amounting to Rs.230743.00, title deed executed for Rs.141387 & non executed for Rs.89356.00. Moreover, this detail of non-execution has been included in disclosure made at Sl. No. 2a(i) of Note 7A.
(vi) As per note no. d(i) to Note No. 8 – Long Term Loans and Advance, pending reconciliation, an amount of Rs.1703.27 lakh was receivable from Railways against missing wagons. However, as per the movement division an amount of Rs.3664 lakh was recoverable from Railways on this account. The difference of Rs.1961 lakh needs reconciliation.	The claims and counter claims on account of missing and unconnected wagons of foodgrains upto 1999-00 has been reconciled with Railways and the net result Rs.3664.56 lakh is receivable to FCI from Railways. Such claims/counter claims for the period from 2000-01 onwards are yet to be finally reconciled with Railways. These un-reconciled figure comes to Rs.1961.29 lakh payable to Railways by FCI.

	The net position of above period comes to Rs.1703.27 lakh. This would be disclosed separately in notes of 2016-17.
<p>(vii)The depreciation for the year (Rs.8292.79 lakh) was understated due to incorrect adoption of full useful life of existing assets as base instead of residual life as prescribed under the Companies Act 2013 (Part C, Schedule II).</p> <p>The Corporation has not maintained records of historical data viz date of acquisition and cost etc. in respect of all depreciable assets. As such, balance life of existing assets could not be ascertained and consequently the undercharging of depreciation could not be quantified in audit.</p>	This has been suitable disclosed at S. No. 1 at Note 7A.
<p>General</p> <p>Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts</p> <p>In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and the Notes thereon and subject to the significant matters in A to D stated above and other matters mentioned in the Annexure to the Audit Report give a true and fair view:</p> <ul style="list-style-type: none"> • in so far as it relates to the Balance Sheet, of the state of affairs of the Corporation as at 31st March 2016; • in so far as it relates to the Statement of Profit and Loss, of the profit of the Corporation for the year ended on that date; and • in so far as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date. <p style="text-align: right;">Sd/- (Ritika Bhatia) Principal Director of Commercial Audit & Ex-Officio Member Audit Board – IV, New Delhi.</p> <p>Place: New Delhi Dated:09.02.2017</p>	

**Annexure to the Audit Report of the Comptroller and Auditor General of India on the accounts of Food Corporation of India
for the year ended 31 March 2016**

COMMENTS	REPLY
<p>The Corporation is responsible for implementation of food policies of the Government of India and its primary functions are purchase, storage, movement and distribution of food grains on behalf of Government of India. The Corporation procures food grains at the Minimum Support Price and these are issued at the Central Issue Price, both fixed by the GOI. The difference between total sales realization and cost of the food grains is reimbursed by the GOI as subsidy. Besides, GOI also reimburses the cost of carrying of buffer stock of food grains maintained by the Corporation as subsidy.</p> <p>The Corporation procured 513.00 lakh MT of food grains including sugar & pulses valuing Rs.116072.35 crore, sold 490.99 lakh MT and realized Rs.29269.19 crore during the year 2015-16. The carrying cost of buffer stock of food gains, unregularized transit and storage losses reimbursable on regularization, difference between economic cost¹ and sales realization of food grains sold i.e., Rs.102425.07 crore was claimed as subsidy from the Government of India and an amount of Rs.111946.46 crore² was received during the year out of which Rs.66,366.59 crore pertained to the year 2015-16. Besides, the arrear of subsidy claims of Rs.12923.08 crore for the year 2014-15 was outstanding as on 31st March 2016.</p> <p>The Corporation had 357.89 lakh MT storage capacity (owned 154.07 lakh MT plus hired 203.82 lakh MT) as on 31st March 2016 against 356.63 lakh MT at the close of the previous year. The utilization of the storage capacity was 69 <i>per cent</i> during the year 2015-16 which was less than storage capacity utilization of 70 <i>per cent</i> achieved during the year 2014-15.</p> <p>Out of total expenditure of Rs.142486.95 crore, the Corporation spent approximately Rs.116508.53 crore (81.77 <i>per cent</i>) on procurement of food grains and the balance expenditure of Rs.25978.42 crore (18.23 <i>per cent</i>) was mainly on freight – Rs.8046.81 crore, interest – Rs.8647.56 crore, handling – Rs.4052.32 crore and storage cost –</p>	

¹ Economic cost is the sum of Minimum Support Price, procurement incidentals and distribution cost.

² Subsidy received includes claim for subsidy of Rs.66366.60 crore for 2015-16, Rs.30000.00 crore for 2014-15, Rs.14871.23 crore for 2013-14, Rs.708.63 crore for 2012-13, Rs.53.54 crore claims for differential payment to State Government on behalf of GoI and Rs.625.42 crore against previous years shortages regularized.

<p>Rs.2021.86 crore etc. The working capital requirement was met out of the cash credit amounting to Rs.50603.03 crore from SBI and the consortium of 68 banks secured against the closing stock. Interest cost of Rs.6356.56 crore was incurred on bank borrowing and short term loans constituted approximately 24.47 <i>per cent</i> of the operating expenditure excluding procurement.</p> <p>Composition of Board of Directors Besides the Chairman and Managing Director, there were eight Directors on the Board of Directors of the Corporation as on 31 March 2016 against twelve prescribed under Section 7 of the Food Corporation Act, 1964.</p> <p>Financial Statements The Management of the Corporation is responsible for preparation of its Annual Financial Statement under the Food Corporation Act, 1964. It is imperative that there are adequate and effective internal controls in the Corporation. The controls should facilitate compliance with the applicable statutes and regulations and should provide reasonable assurance that probity and propriety are observed in decision making and that the annual financial statements are free from material misstatements. As auditors we have the responsibility of making recommendations to the audited entity where controls as observed on test check basis, appear to be inadequate or ineffective. The observations in the following paragraphs may be viewed accordingly.</p>	
<p>General</p> <p>(i) Debts, deposits, advances, claims and current liabilities include transactions pending decision/ reconciliation/ adjustments.</p> <p>(ii) The balances under debts, claims, deposits, closing stock of food grains, gunnies, stores and spares etc. loaned to/held by other parties and credit balances were subject to confirmation.</p> <p>(iii) An amount of Rs.245296.47 lakh was receivable from Ministry of Rural Development, Govt. of India on account of food grains issued under Sampoon</p>	<p>Balance confirmation letters for debtors/creditors have been issued by the field offices. Closing stock of foodgrains, gunnies, stores & spares etc., loaned to/ held by other parties amounts to Rs.10140.55 lakh, against which certificates have been obtained for Rs.8330.61 lakh and for balance amount disclosure is given as Sl. no. 6 of Note 10.</p> <p>This matter was decided by the Ministry of Finance. Accordingly FCI has submitted duplicate bills with</p>

Gramin Rozgar Yojna which was closed on 31-3-2008.	Ministry of Rural Development and pursuing the matter through Ministry of Food.																												
<p>(iv) There were differences between Financial Accounting Package schedule of Productivity Linked Incentive and the Trial Balance (TB) of the respective district as mentioned below:</p> <p style="text-align: right;">(Rs.)</p> <table border="1" data-bbox="349 300 1330 651"> <thead> <tr> <th>Name of District Office</th> <th>Balance as per TB</th> <th>Balance as per schedule</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>Indore</td> <td>11,67,120</td> <td>20,46,028</td> <td>-8,78,908</td> </tr> <tr> <td>Satna</td> <td>28,51,978</td> <td>25,11,355</td> <td>3,40,623</td> </tr> <tr> <td>Jabalpur</td> <td>28,20,750</td> <td>16,63,750</td> <td>11,57,000</td> </tr> <tr> <td>Bhopal</td> <td>90,49,936</td> <td>67,52,000</td> <td>22,97,936</td> </tr> <tr> <td>RO Unit</td> <td>18,78,750</td> <td>17,87,917</td> <td>90,833</td> </tr> <tr> <td>DO Sagar</td> <td>19.65 lakh</td> <td>10.07 lakh</td> <td>9.57 lakh</td> </tr> </tbody> </table> <p>The advances should be reconciled and adjusted to reflect correct position both in Trial Balance and FAP Schedule. The Management replied that the matter was reported to the Corporation HQ and the same was pending.</p>	Name of District Office	Balance as per TB	Balance as per schedule	Difference	Indore	11,67,120	20,46,028	-8,78,908	Satna	28,51,978	25,11,355	3,40,623	Jabalpur	28,20,750	16,63,750	11,57,000	Bhopal	90,49,936	67,52,000	22,97,936	RO Unit	18,78,750	17,87,917	90,833	DO Sagar	19.65 lakh	10.07 lakh	9.57 lakh	<p>The amount depicted in the Trial Balance is the correct figure. The depiction in schedule was an ERP issue which has been rectified.</p>
Name of District Office	Balance as per TB	Balance as per schedule	Difference																										
Indore	11,67,120	20,46,028	-8,78,908																										
Satna	28,51,978	25,11,355	3,40,623																										
Jabalpur	28,20,750	16,63,750	11,57,000																										
Bhopal	90,49,936	67,52,000	22,97,936																										
RO Unit	18,78,750	17,87,917	90,833																										
DO Sagar	19.65 lakh	10.07 lakh	9.57 lakh																										
<p>(v) As per Assets Book Report of District Office, FCI, Sagar, the dates placed in service of various assets purchased prior to 1 April 2013 were shown as 01 April 2013. However, as per manual register of assets, the actual dates of acquisition/asset placed in service of these assets are prior to 01 April 2013 (March 1969 to March 2013). Thus, the date mentioned in the books of account of various assets are not in order and need to be corrected in accordance with the actual date of acquisition/placed in service.</p>	<p>FCI implemented ERP (FAP) w.e.f. 2013-14. Thus, the Assets purchased before 01.04.2013 were migrated to ERP on one date i.e. 01.04.2013. However information related to fixed Assets purchased prior to 01.04.2013 are available in the shape of manual records.</p>																												
<p>(vi) Deposits for Sales Tax (Account Head-2919) includes an amount of Rs.261.35 lakh pertaining to Input Tax Credit (ITC) transferred from the Regional Office Lucknow in 2008 due to decentralization of VAT. This ITC was disallowed by VAT department and subsequently FCI Aligarh/Jhansi had to deposit the same to VAT department. During 2011 VAT was again centralized by RO Lucknow, as such the above mentioned ITC should have been transferred to accounts of the</p>	<p>Noted.</p>																												

Regional Office Lucknow.																																					
<p>(vii) Trade payable (Note-5) Rs. 2384740.61 lakh Trade Receivable (Note-11) Rs. 5361408.80 lakh</p> <p>Trade payable amounting to Rs.2384740.61 lakh and Trade receivables amounting to Rs.5361408.80 lakh were not classified in Current and Non Current.</p>	<p>FCI is a trading organization. Hence, Trade Payable & Trade Receivable are presumed to be liquidated within one operating cycle i.e. 12 months. Therefore total amount of Trade Payable & Trade Receivable are taken as current liabilities/Assets following the same concept.</p>																																				
<p>Financial statements (Consolidated)</p> <p>A. On the basis of the Audit observations, the Management had carried out corrections to the accounts to the extent of Rs.107200.06 lakh as Inter-Head Adjustment and Rs.197667.47 lakh as Intra-Head Adjustment as stated below:</p> <p>(a) INTER HEAD ADJUSTMENT (Rs. in lakh)</p> <table border="1" data-bbox="250 592 1068 823"> <thead> <tr> <th>Particulars</th> <th>Debit</th> <th>Credit</th> </tr> </thead> <tbody> <tr> <td>Assets</td> <td>23679</td> <td>48863.37</td> </tr> <tr> <td>Liabilities</td> <td>14372.88</td> <td>24868.77</td> </tr> <tr> <td>Expenditure</td> <td>64626.55</td> <td>25238.67</td> </tr> <tr> <td>Income</td> <td>4521.63</td> <td>8229.25</td> </tr> <tr> <td>Total</td> <td>107200.06</td> <td>107200.06</td> </tr> </tbody> </table> <p>(b) INTRA HEAD ADJUSTMENT (Rs.in lakh)</p> <table border="1" data-bbox="250 938 1068 1171"> <thead> <tr> <th>Particulars</th> <th>Debit</th> <th>Credit</th> </tr> </thead> <tbody> <tr> <td>Assets</td> <td>22724.4</td> <td>22724.4</td> </tr> <tr> <td>Liabilities</td> <td>4900.42</td> <td>4900.42</td> </tr> <tr> <td>Expenditure</td> <td>111092.34</td> <td>111092.34</td> </tr> <tr> <td>Income</td> <td>58950.31</td> <td>58950.31</td> </tr> <tr> <td>Total</td> <td>197667.47</td> <td>197667.47</td> </tr> </tbody> </table>	Particulars	Debit	Credit	Assets	23679	48863.37	Liabilities	14372.88	24868.77	Expenditure	64626.55	25238.67	Income	4521.63	8229.25	Total	107200.06	107200.06	Particulars	Debit	Credit	Assets	22724.4	22724.4	Liabilities	4900.42	4900.42	Expenditure	111092.34	111092.34	Income	58950.31	58950.31	Total	197667.47	197667.47	<p>Factual.</p> <p>Factual.</p>
Particulars	Debit	Credit																																			
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<p>(c) The contingent liabilities were revised upwards by Rs.1670.96 lakh and downwards by Rs.40525.21 lakh) at the instance of Audit resulting in net decrease by Rs.38854.25 lakh (net).</p>	<p>Factual.</p>																																				
<p>(d) Statement of unexpired capital commitment was revised upward by Rs.282.22 lakh at the instance of audit.</p>	<p>Noted.</p>																																				

<p>B. Internal Control System</p> <p>Internal control is a mechanism to provide reasonable assurance about achievement of an entity's objective with regard to reliability of financial reporting, effectiveness and efficiency of operations, safeguarding of assets and compliance with applicable laws and regulations.</p> <p>Internal Control System was not adequate and commensurate with the size and nature of business of the Corporation and it needs to be strengthened in the area of compilation/ preparation/ finalization of accounts. Briefly, based on test check, the important findings are as under:</p> <p>(i) The Internal Audit of RO Chennai was not carried out in accordance with Section 138 with the Companies Act, 2013 (Section 138) wherein it has been stated that Internal Audit should be conducted in Intervals/ Periodically.</p>	<p>The Internal Audit of FCI is governed by the internal policy of FCI, which includes preparation of Annual Audit Programme for all offices and its execution. In case of Regional Office, Chennai the programme was to conduct 21 number of audit and PV in 2015-16. This has been completed by outsource agency.</p>
<p>(ii) The functioning of Internal Audit wing in Andhra Pradesh Region was not effective and was grossly understaffed.</p>	<p>Due to large scale retirement, there is a manpower shortage in the current year. However, FCI has recruited 5596 number of persons in 2016-17 which would improve the manpower position. However, the Internal Audit work of Regional Office, AP has been outsourced.</p>
<p>(iii) Non-regularization of claims with respect to transit shortages pertaining to the period 2001-02 to 2005-06.</p>	<p>This would be completely addressed in 2016-17.</p>
<p>(iv) Non-regularization of storage loss amounting to Rs.899.46 lakh in 37 cases due to non-availability of original records in Punjab region pertaining to the period 1972 to 1998.</p>	<p>Noted for compliance.</p>
<p>(v) Non-reconciliation of 550 gunny bales amounting to Rs.93.82 lakh being short and booked against railway/CONCOR during 2012-13 for short supply of gunny bales in Karnal District.</p>	<p>The process of reconciliation is now complete and the statement related to same has been submitted to ZO (East) for the final checking of reconciliation figures including missing and unconnected gunny</p>
<p>(vi) Non-reconciliation of gunnies amounting to Rs.744.88 lakh and Rs.907.71 lakh</p>	

unloaded at stations under the jurisdiction of the District offices at Rohtak and Karnal respectively pertaining to the period from 2009-10 to 2013-14.	bales. Further action will be taken after final checking by ZO(E).
(vii). Non-reconciliation of amount appearing in schedule of Deposit from Customer for sale generated through Creditors Trial Balance with the Trial Balance.	Noted for compliance.
(viii) Non-reconciliation of the figures of sundry debtors for issue of food grains under MDM scheme as appearing in the records of commercial section (Rs.726.97 lakh) and as per trial balance (Rs.488.65 lakh).	This relates to audit report of 2014-15 on Regional Office, Assam. The figures are reconciled and intimated to Audit.
(ix) Non-accountal of losses / gains detected during physical verification in Area Office, Purnea and these were shown as normal storage gain / loss in the Stock Ledger Summary (SLS).	These losses are currently accounted as storage gain/loss in the SLS.
(x) External/third party confirmation were not obtained for debtors/creditors appearing in the accounts as on 31 March 2016.	The confirmation letter issued to third party itself stipulates that unless it is confirmed within stipulated time period, the figures in books are deemed to be confirmed.
(xi) Inventory includes Goods in Transit of Rs.84517.28 lakh which were inter-unit transfers. However, there does not exist a sound mechanism to keep a strict watch and control over these goods in transit, as these inter unit stock in transit continue to appear in the depot inventory.	SLS already stipulates separate Head of Account to capture these transactions for monitoring. However a disclosure for the Good in transit is there at Sl. no. d in Note No.10.
(xii) The deficiencies relating to Financial Accounting package are given in subsequent paragraphs.	Replies are given at subsequent paragraphs.

C. Physical Verification of Inventory	
<p>According to method recommended by the Indian Statistical Institute (ISI) Audit associated itself in 27 depots. Following significant observations were noticed during audit of annual accounts for the year 2015-16, transaction audit of units of the Corporation during 2015-16 and during association with the Corporation for annual physical verification of selected 27 depots:</p> <p>(i) Delay in conducting Physical Verification and submission of list of stacks by Regional offices.</p>	
<p>(ii) Non- rotation of Staff at Weighbridge and Gate.</p>	
<p>(iii) The stack cards at the depot were not properly maintained which depict total no. of bags, total quantity of the stack instead of date-wise receipt of the food grains in the stacks.</p>	
<p>(iv) The moisture at the time of PV was recorded high when compared to the moisture recorded on the date of receipt, which is abnormal.</p>	<p>FCI has now implemented “Depot online System” which would capture all operations of depots and facilitate preparation of required documents and reports through system and it will help in to overcome the issues referred in the para.</p>
<p>(v) Non-availability of dunnage material/Release order/Trucks and labourers resulting in delay in conducting of PV.</p>	
<p>(vi) Non-availability/ poor planning of Release orders resulting in delay in carrying out the PV.</p>	
<p>(vii) The loose grains were not collected and weighed separately. Hence, the details of such loose grains to be entered separately in the Proforma –I could not be verified by the Physical Verification team.</p>	
<p>(viii) Weigh bridge computer system neither had the provision of entrance of stack no. nor had provision for calculation of weight of gunny bags. These two entries were being done manually on the weigh bridge receipt after the same was being generated from the weigh bridge computer system.</p>	
<p>(ix) As more than one truck was loaded simultaneously from different sheds, hence the audit team could not observe 100 <i>per cent</i> loading process.</p>	

<p>(x) The Moisture content recorded by Moisture meter does not generate a printed report. As such Moisture content recorded against each truckload were not verifiable.</p>	
<p>(xi) The leakage of food grains was noticed from gunnies due to existence of weak gunny bags in stacks. These leakages were plugged by putting back the spilled grain in the made up bags and stitching the same.</p>	
<p>(xii) In IRRS model, daily receipts and issue figures of stock are required to be fed by the depot staff on daily basis. However there was a delay of two to three days in feeding of such data. As a result, the IRRS figure was not fed in time and therefore was not uptodate.</p>	
<p>(xiii) Storage loss above MOU limit (0.20 <i>per cent</i>) was noticed in a few selected stacks at eight locations.</p>	
<p>D. Financial Accounting Package (FAP)</p> <p>The Corporation has switched over to computerized accounting from financial year 2013-14 in place of manual accounting. During audit of accounts for the year 2015-16, the following deficiencies/weaknesses were noticed in the accounting through computerized Financial Accounting Package.</p> <p>(i) There was system in FAP for preparation of Bank Reconciliation Statements (BRSs). However, the BRSs were prepared manually and not through the FAP.</p>	<p>Majority of field offices are preparing BRS through FAP. However, instructions are issued to all field offices to prepare the Bank Reconciliation Statement (BRS) through FAP only.</p>
<p>(ii) The FAP does not have the mechanism to prevent the accounting entries, other than the rectifications entries, made after cut-off date.</p>	<p>FAP has the mechanism, when a month is closed no further entry can be passed, in that month.</p>
<p>(iii) The advance payments released to the Contractor (M/s Sehee Donyi Enterprises) were not entered through prepayment invoice, therefore, the adjustment of advances with the actual expenditure after receipt of bills from the contractor could not be verified in audit.</p>	<p>This issue has been taken care of in the up-gradated R 12 version of FAP.</p>

E. SUGAR PRICE EQUALISATION FUND (SPEF) ACCOUNT	
<p>Note C 1 and C 2</p> <p>(i) Liabilities for un-connected wagons for Rs.8309.20 lakh and claims for missing wagons for Rs.4571.54 lakh in respect of sugar were being carried forward for more three decades which have remote chances of adjustment.</p>	<p>This would be addressed in the account for the year 2016-17.</p>
<p>(ii) Losses other than missing wagons of sugar amounting to Rs.981.46 lakh were claimed from Government of India without regularisation thereof.</p>	<p>Sugar is a separate operation. Unlike food operation, no procedure of regularisation is prescribed for sugar. Thus, the claim from Govt. of India for losses on sugar operation is rightly claimed and received by FCI. Moreover, sugar operation is discontinued since 1st June, 2013.</p>

Sd/-
(Ritika Bhatia)
Principal Director of Commercial Audit
& Ex-Officio Member Audit Board – IV,
New Delhi.

Dated:09.02.2017
Place: New Delhi

REPLY OF THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF FOOD CORPORATION OF INDIA FOR THE YEAR ENDED 31 MARCH 2015

We have audited the attached Balance Sheet of Food Corporation of India (Corporation) as at 31 March 2015, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto under section 34(2) of the Food Corporations Act, 1964 (FC Act) as amended vide Notification No. 315 dated 2 June 2000. These accounts include the accounts of 199 units/branches out of which 49 units (Area Offices) were selected for audit on rotational basis and 31 units (ROs/ZOs/Hqrs unit/Consolidation) were covered in audit on annual basis. These financial statements are responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit, we report that:

(I) 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; and

(II) In our opinion, proper books of accounts and other relevant records have been maintained by the Corporation as required under Section 34 (1) of the FC Act in so far as it appears from our examination of such books subject to the following observations:

A. BALANCE SHEET II. ASSETS 5.d) Long term Loans and Advances (Note No. 8) 1. Purchase of Food Grains, Sugar and Others- Rs.2388.90 lakh The above was overstated by Rs.2340.10 lakh on account of unadjusted amount of computerization project relating to DCP States. Non-adjustment of advance to DCP States also resulted in overstatement of equity capital to that extent.			Suitably disclosure at point no. I of Note No.8 has been incorporated.
(b) Claims receivables Rs.113962.09 lakh The above were overstated by Rs.11,910.30 lakh due to inclusion of the following doubtful claims:			
(Rs. in lakh)			
(i)	Claims lodged on rice millers towards erroneous payment of double machine stitching charges in respect of levy procurement, the recovery of which was stopped due to stay order.	3177.28	The matter is subjudice. Accounting action would be taken base on the Court decision. Suitable disclosure has been made at point no. c(i) of Note no. 8.
(ii)	Claims recoverable from employees for misappropriation/ shortage/ defalcation of stocks and spares in Punjab region who had retired/been terminated and their entire dues were cleared/ employees whose whereabouts are not known. These include subjudiced cases amounting to Rs.181.83lakh.	425.32	Appropriate action would be taken during the year 2015-16.
(iii)	Refund of excess payment of freight claim lodged with Railways pertaining to UP region – Rs.24.11 lakh and for Haryana region – Rs.32.68 lakh.	56.79	Appropriate action would be taken during the year 2015-16.
(iv)	Unconfirmed claims on railways (net amount i.e. Rs.8682.19lakh claims for missing wagon – Rs.7515.69 lakh liabilities for unconnected wagon) for short receipt of sugar since 1986-87 due to missing and unconnected wagons.	1166.50	Appropriate action would be taken during the year 2015-16.
(v)	Claim received from State Government on account of food grains but disputed with Bank and State Government for not getting credit of	31.60	The matter has been taken up with the bank. Necessary action would be taken after confirmation of Bank.

	24 instruments through which payments were received.		
(vi)	Amount of Bank Guarantee already invoked by the Railway but erroneously exhibited under Claim on Railways instead of charging under expenditure head.	200.00	Appropriate accountal would be done during the year 2015-16.
(vii)	Amount on account of deductions made by the Insurance Companies as per the terms and condition of the policy/claims repudiated /interest on delayed payment which has been refused by the insurance company. The matter is sub-judiced yet not disclosed by the Corporation.	6852.81	The matter is subjudice. Appropriate disclosure is made at point no. c(ii) of Note No. 8.
This resulted in understatement of consumer subsidy on food grains reimbursable by Government of India by Rs.11,910.30 lakh.			
B. Significant Accounting policy (Note 15) During the year 2014-15, the Corporation has written back an amount of Rs.105807.15 lakh from sundry creditors for goods and services for which the Corporation had not framed any accounting policy.			Appropriate disclosure is made in the accounts at Note No. D. Accounting policy would be framed in the year 2015-16.
C. GENERAL NOTES (Note No. 16) Based on directions of the Government of India, the Corporation has provided for liability towards gratuity and leave encashment on cash basis and the understatement of liability on this account to the extent of Rs.201562.29 lakh has been disclosed in Note No. 16(3). The disclosure for departure from Accounting Standard 15 is deficient to meet the requirement of Section 129(5) of the Companies Act, 2013 to the extent that it did not disclose the liability for leave encashment based on actuarial valuation and impact of the deviation from Accounting Standard 15 on the subsidy to be claimed from the Government of India. The accounting policy number 8 for accounting of Employee benefits on cash basis is also in violation of Accounting Standard 1 & 5 and needs to be revisited.			Suitable action will be taken and disclosure would be made during the accounts for the year 2015-16
D. General The Depreciation for the year (Rs.7773.99 lakh-Note 7) was understated due to incorrect adoption of full useful life of the existing assets as base instead of residual life as prescribed under the Companies Act, 2013 (Part -			This has been suitably disclosed at 2(i) of Note No. 7A. The matter will further be reviewed.

<p>C Schedule - II).</p> <p>FCI has not maintained records of historical data viz. date of acquisition and cost etc. of all the depreciable assets. As such, balance life of existing assets could not be ascertained and consequently quantum of depreciation undercharged could not be quantified in Audit.</p>	
<p>Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and the Notes thereon and subject to the significant matters in A to D stated above and other matters mentioned in the Annexure to the Draft Audit Report give a true and fair view:</p> <ul style="list-style-type: none"> • in so far as it relates to the Balance Sheet, of the state of affairs of the Corporation as at 31st March 2015; • in so far as it relates to the Statement of Profit and Loss, of the profit of the Corporation for the year ended on that date; and • in so far as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date. <p style="text-align: right;">Sd/- (Dr Ashutosh Sharma) Principal Director of Commercial Audit O/o PDCA & Ex-officio Member Audit Board-IV, New Delhi</p> <p>Place : New Delhi Date :</p>	

**Annexure to the Audit Report of the Comptroller and Auditor General of India on the accounts of Food Corporation of India
for the year ended 31 March 2015**

The Corporation is the main agency responsible for implementation of food policies of the Government of India and its primary functions are purchase, storage, movement and distribution of food grains on behalf of Government of India. The Corporation procures foodgrains at the Minimum Support Price and these are issued at the Central Issue Price, both fixed by the GOI. The difference between total sales realization and cost of the food grains is reimbursed by the GOI as subsidy. Besides, GOI also reimburses the cost of carrying of buffer stock of food grains maintained by FCI as subsidy.

The Corporation procured 482.85 lakh MT of foodgrains including sugar, valuing Rs.106804.12 crore, sold 504 lakh MT and realized Rs.29757.01 crore during the year 2014-15. The carrying cost of buffer stock of food gains, unregularized transit and storage losses reimbursable on regularization, difference between economic cost¹ and sales realization of foodgrains sold i.e., Rs.105007.03 crore was claimed as subsidy from the Government of India out of which an amount of Rs.92335.13 crore² was received during the year. Besides, the arrear of subsidy claims of Rs.871.23 crore for the year 2013-14 was outstanding as on 31st March 2015.

The Corporation had 356.60 lakh MT storage capacity (owned 153.20 lakh MT plus hired 203.40 lakh MT) as on 31 March 2015 against 368.90 lakh MT at the close of the previous year. The utilization of the storage capacity was 70 percent during the year 2014-15 which was less than storage capacity utilization of 75 percent achieved during the year 2013-14.

Out of total expenditure of Rs.134234.58 crore, the Corporation spent approximately Rs.106804.12 crore (79.57 percent) on

¹ Economic cost is the sum of Minimum Support Price, procurement incidentals and distribution cost.

² Subsidy received included claim for food subsidy of Rs.61995.35 crore for 2014-15, Rs.22000.00 crore for 2013-14, Rs.8000.00 crore for 2012-13, ` Nil claims for differential payment to State Governments on behalf of GOI and Rs.339.78 crore against previous years shortages regularized.

<p>procurement of foodgrains and the balance expenditure of Rs.27430.46 crore (20.43 percent) was mainly on freight – Rs.8939.87, interest – Rs.8244.31 crore, handling – Rs.4648.94 crore and employee cost – Rs.2019.90 crore etc. The working capital requirement was met out of the cash credit amounting to Rs.46427.10 crore from SBI and the consortium of 66 banks secured against the closing stock. Interest cost of Rs.6018.00 crore was incurred on bank borrowing and short term loans constituted approximately 21.94 percent of the operating expenditure excluding procurement.</p>	
<p>Composition of Board of Directors Besides the Chairman and Managing Director, there were eight Directors on the Board of Directors of the Corporation as on 31 March 2015 against twelve prescribed under Section 7 of the Food Corporation Act, 1964.</p>	
<p>Financial Statements The Management of the Corporation is responsible for preparation of its Annual Financial Statement under the Food Corporation Act, 1964. It is imperative that there are adequate and effective internal controls in the Corporation. The controls should facilitate compliance with the applicable statutes and regulations and should provide reasonable assurance that probity and propriety are observed in decision making and that the annual financial statement are free from material misstatements. As auditors we have the responsibility of making recommendations to the audited entity where controls as observed on test check basis, appear to be inadequate or ineffective. The observations in the following paragraphs may be viewed accordingly.</p>	
<p>General (1) Amounts outstanding for more than five years in respect of book debts, loans and advances, claims receivable, deposits, un-regularized transit and storage shortages, interest receivable,</p>	<p>The Corporation started computerization of accounts from the year 2013-14. Though the opening balances of Current Assets & Current Liabilities were transferred to computerized platform but the date of individuals</p>

trade payable, deposits repayable and interest repayable could not be verified due to non-availability of age wise details in certain Zones/regions.	transactions were not available in manual schedules. This transition issue would be resolved gradually. Age-wise analysis of Current Assets/Current Liabilities for last 2 years is now available.
(2) Debts, deposits, advances, claims and current liabilities include transactions pending decision/ reconciliation/ adjustments.	Balance confirmation letters have been obtained, to ensure the authenticity of such Current Assets/Current Liabilities
(3) The balances under debts, claims, deposits, closing stock of food grains, gunnies, stores and spares etc. loaned to/held by other parties and credit balances were subject to confirmation.	
(4) An amount of Rs.245296.47 lakh was receivable from Ministry of Rural Development, Govt. of India on account of foodgrains issued under Sampoon Gramin Rozgar Yojna which was closed on 31-3-2008.	The matter is being monitored by Ministry of Food & Public Distribution (MoF&PD) and was taken up with Committee of Secretaries (COS) on 09.12.2014. Committee of Secretaries (COS) constituted a committee of AS&FAs of Ministry of RD and MoCAF&PD. The committee has referred the issue to Department of Expenditure, Ministry of Finance.
(5) Deposit from Customer included Rs.34.52 lakh representing amount received on account of food grains issued under Sampoon Gramin Rozgar Yojna/ National Food For Work Programme Scheme, which was closed on 31.03.2008 without adjustment.	Amount was deposited by State Government of Bihar for tax payable by it on SGRY issues. Excess deposit would be adjusted against the outstanding dues in other Schemes of State Govt. of Bihar.
(6) Non-adjustment of adhoc payment of Rs.1173.00 lakh paid to Central Warehousing Corporation by FCI, Head Office in April 2008 towards outstanding amount of storage and marketing facilities charges.	The amount has been adjusted in the accounts of the year 2015-16.
(7) The accounting entries were carried out by all regions under North East Zone which indicated that accounts submitted for audit were in incomplete shape without matching/ linking the transaction after due checking and reconciliation.	Noted for future guidance.
Financial statements (Consolidated) A. On the basis of the Audit observations, the Management had carried out corrections to the accounts to the extent of Rs.373935.37 lakh as Inter-Head Adjustment and Rs.283099.94 lakh as Intra-Head Adjustment as stated below:	Factual

(a) INTER HEAD ADJUSTMENT			(Rs. in lakh)	
Particulars	Debit	Credit		
Assets	5928.08	170010.54		
Liabilities	11047.47	172546.71		
Expenditure	346935.44	21395.44		
Income	10024.38	9982.68		
Total	373935.37	373935.37		
(b) INTRA HEAD ADJUSTMENT			(Rs. in lakh)	Factual.
Particulars	Debit	Credit		
Assets	39726.71	39726.71		
Liabilities	928.00	928.00		
Expenditure	238485.24	238485.24		
Income	3959.99	3959.99		
Total	283099.94	283099.94		
(c) The contingent liabilities were revised upwards by Rs.46983.16 lakh and downwards by Rs.1178.09 lakh) at the instance of Audit resulting in net increase by Rs.45805.07 lakh (net).				Factual.
(d) Statement of unexpired capital commitment was revised upward by Rs.983.48 lakh at the instance of audit.				Factual.

B. Physical Verification of Inventory

According to method recommended by the Indian Statistical Institute (ISI) FCI selected 69 depots for annual physical verification (APV) out of which audit associated itself in 31 depots. Following significant observations were noticed during Accounts/Transaction audit of units of FCI during 2014-15 and association with FCI for annual physical verification of 31 depots:

- i. Delay in conducting of Physical Verification and submission of list of stacks by Regional offices.
- ii. Non-rotation of Staff at Weighbridge and Gate.
- ii. The stack cards at the depot were not properly maintained which depict total no. of bags, total quantity of the stack instead of date-wise receipt of the food grains in the stacks.
- iv. The moisture at the time of PV was recorded high when compared to the moisture recorded on the date of receipt, which is abnormal.
- v. Non-maintenance of proper record in the depots.
- vi. Non-availability of Dunnage material/Release order/Trucks and labourers resulting in delay in conducting of PV.
- vii. Non-availability/ poor planning of Release orders resulting in delay in carrying out the PV.
- viii. The loose grains were not collected and weighed separately. Hence, the details of such loose grains to be entered separately in the Proforma –I could not be made by the Physical Verification team.
- ix. In few depots list of stack selected for PV was sent to District Manager under unsealed cover and handed over to the PV team.
- x. Weigh bridge computer system neither had the provision of entrance of stack no. nor had provision of calculation of weight of gunny bags. These two entries were being done manually on the weigh bridge receipt after the same was being generated from the weigh bridge computer system.

The instructions of FCI, Hqrs. on Annual Physical Verification are generally followed by all Offices. However, in few cases due to operational constraints and shortage of manpower, the Annual PV was delayed. Priority to PDS operations also leads to such issues.

FCI is in the process of implementing “Depot online System” which would capture all operations of depots and facilitate preparation of required documents and reports through system.

<p>C. Internal Control System</p> <p>Internal control is a mechanism to provide reasonable assurance about achievement of an entity's objective with regard to reliability of financial reporting, effectiveness and efficiency of operations, safeguarding of assets and compliance with applicable laws and regulations.</p> <p>Based on test check it was noticed that the Internal Control System was not adequate and commensurate with the size and nature of business of the Corporation. It needs to be strengthened in the area of compilation/ preparation/ finalization of accounts particularly in the area of –</p>	<p>M/s Deloitte has been appointed to study and suggest policy to be put in place to strengthen the Internal Control System in the Corporation. The report is likely to be received shortly. Further action will be taken accordingly.</p>
<p>i) Regularization of claims with respect to transit shortages pertaining to the period 2001-02 to 2005-06.</p>	<p>Regularization of the pending claims are in progress.</p>
<p>ii) Reconciliation of closing stock of rice/wheat – issuable and non-issuable as per Stock Ledger Summary and stock position reported under Integrated Information System for Food Grains Management Rapid Reporting Services.</p>	<p>Necessary reconciliation has been done during the year 2015-16</p>
<p>iii) Regularization of storage loss cases (85) amounting to Rs.1038.77 lakh due to non-availability of original records in Punjab region pertaining to the period 1980 to 1998.</p>	<p>Instruction on regularization of storage losses where original records are not available are in place. It is monitored at FCI, Hqrs. on periodic interval.</p>
<p>iv) Reconciliation of 550 gunny bales amounting to Rs.93.82 lakh being short and booked against railway/CONCOR during 2012-13 for short supply of gunny bales in Karnal District.</p>	<p>The process of reconciliation is going on to resolve the matter.</p>
<p>v) Reconciliation of gunnies amounting to Rs.744.88 lakh and Rs.907.71 lakh unloaded at stations under the jurisdiction of the District offices at Rohtak and Karnal respectively pertaining to the period from 2009-10 to 2013-14.</p>	<p>The process of reconciliation is going on to resolve the matter.</p>
<p>vi) Writing-off claims against which provisions were made to settle long pending cases of claims/loss.</p>	<p>Necessary instructions are issued to address the matter.</p>
<p>vii) There was a difference of Rs.238.32 lakh between figures of sundry debtors for issue of foodgrains under MDM scheme as per records of commercial section (Rs.726.97 lakh) and the same as per trial balance (Rs.488.65 lakh).</p>	<p>Reconciliation of the records has been done during the year 2015-16</p>
<p>viii) The Internal Audit of Zonal office Chennai was not carried out from the year 2011-12 onwards.</p>	<p>Internal Audit shall be strengthened by positioning more manpower from the direct recruitments and outsourcing of audit to Chartered Accountancy firms.</p>

ix) Trade receivables from the Ministry of External affairs as per accounts (Rs.15700.83 lakh) and as per Import and Export division (Rs.15671.81 lakh) depicted a difference of Rs.29.02 lakh.	Reconciliation of the figure are being done in 2015-16.
x) Balance as per cash book under Bank Reconciliation Statement (A/c head 4531) is (Dr Balance Rs.29.89 lakh and Cr. Balance Rs.14910.83 lakh) whereas closing balance as per trial balance is Rs.14755.44 lakh. The difference between cash book and trial balance was not reconciled.	The difference in cash book and Trial Balance has since been rectified
xi) Non-reconciliation of amount appearing in schedule of Deposit from Customer for sale generated through Creditors Trial Balance with the Trial Balance. The schedule is generated through Debtors TB, however, the A/c Head relates to Creditors TB and should have been generated through Creditors TB.	The amount deposited by customer for sale is adjusted against debtors raised from sales, so this head (deposit from customer) is generated through Debtors Trial Balance.
<p>D. Financial Accounting Package (FAP)</p> <p>The Corporation has switched over to computerized accounting from financial year 2013-14 in place of manual accounting. During audit of accounts for the year 2014-15, the following deficiencies/weaknesses were noticed in the accounting through computerized Financial Accounting Package.</p> <p>i). There was system in FAP for preparation of Bank Reconciliation Statements (BRSs). However, the BRSs were prepared manually and not through the FAP.</p>	All the field offices have been again directed advised to prepare the Bank Reconciliation Statement (BRS) through FAP only.
ii). The FAP does not have the mechanism to prevent the accounting entries, other than the rectifications entries, made after cut-off date.	All the accounting entries made after cut-off date are rectification entries only. No original accounting entry has been made after cut-off date.
iii). The FAP does not reflect the historical data of all the assets owned by the Corporation resulting in incompleteness of record. Thus, the assurance on fixed assets can't be provided in Audit.	The opening Balance data of Assets as on 01.04.2013 has been migrated in FAP. All the report related to fixed Assets prior to 01.04.2013 are available in the shape of manual records.
<p>E.SUGAR PRICE EQUALISATION FUND (SPEF) ACCOUNT Note C 1 and C 2 (Closing Stock- Rs.26.35 lakh)</p> <p>(i) Liabilities for un-connected wagon for Rs.13,347.35 lakh and claims for missing wagon for Rs.13,168.08 lakh in respect of sugar were being carried forwarded for more three decades having remote chance of adjustment.</p>	Suitable action is being taken.
(ii) Losses other than missing wagons of sugar amounting to	The Govt. of India Order issued in April, 1980 envisages the procedure

Rs.981.46 lakh were claimed from Government of India without regularisation thereof.	for claiming of Food Subsidy which inter-alia defines the modalities for regularization of losses in foodgrains only and not for sugar operation.								
(iii) Interest of Rs.13782.42 lakh paid (2013-14) for the amount of Food Fund utilized in sugar represents the amount of interest paid for money borrowed from the Food Fund in order to make the payment of the differential claims of the State Governments/Union Territories/Sugar Mills for their losses incurred in distribution of the levy sugar under Public Distribution System when adequate funds are not available in Sugar Fund Account. However, such payment of interest was not admissible vide letter no. F.No.19-1/2004-SP-I (Vol.II) (pt.) dated 28.2.2013 issued by the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution). In view of the above, the inclusion of the claim of Rs.13782.42 lakh in respect of interest paid for the amount of Food Fund utilized in Sugar Operation has resulted in overstatement of deficit in sugar Account for the year 2013-14 and overstatement of Short Term Loan and Advances by Rs.13782.42 lakh. Above matter is still pending with the Administrative Ministry.	Sugar operation has been closed since 1 st June, 2013, FCI has also stopped making payment on account of sugar operations out of funds of food operations w.e.f. January 2015. Old claims are taken up with Govt. of India for settlement. No new claim has been raised in the accounts for the year 2014-15.								
(iv) The state Govt./Union territories/ Sugar mills submitted bills worth Rs 3169.57 lakh on account of differential cost claims pertaining to the period prior to 2014-15. These bills were processed and ready for payment as on 31.03.2015 as detailed below: <table border="1" data-bbox="416 1002 949 1241"> <thead> <tr> <th>Unit</th> <th>Bill passed for (Rs)</th> </tr> </thead> <tbody> <tr> <td>Rajasthan</td> <td>2,75,38,576.05</td> </tr> <tr> <td>Maharashtra</td> <td>24,88,19,504.00</td> </tr> <tr> <td>Total</td> <td>27,63,58,080.05</td> </tr> </tbody> </table> <p>The above facts and amount should have been disclosed by way of Notes to (SPEF) account.</p>	Unit	Bill passed for (Rs)	Rajasthan	2,75,38,576.05	Maharashtra	24,88,19,504.00	Total	27,63,58,080.05	Disclosure given at note no. 'C-1'.
Unit	Bill passed for (Rs)								
Rajasthan	2,75,38,576.05								
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Total	27,63,58,080.05								