

Annual Report

2019-20



THE STATE TRADING CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)

VISION



To be a leading world class trading organization, continuously diversifying and delivering Excellence in all areas of its operations thereby enhancing stakeholders' value.



ANNUAL REPORT
2019-20



THE STATE TRADING CORPORATION OF INDIA LIMITED

REGISTERED & CORPORATE OFFICE

(CIN: L74899DL1956GOI002674)

Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001

Tel.: #011-23313177, Fax #011-23701123, 23701191

Email: co@stclimited.co.in Website:www.stclimited.co.in

BOARD OF DIRECTORS

CMD AND FUNCTIONAL DIRECTORS

Shri Rajiv Chopra, Director (Marketing) [Addl. Charge of CMD] (upto 31.07.2020)
Shri Sanjeev Kumar Sharma, Director (Personnel) [Addl. Charge of CMD] (from 01.08.2020)
Shri Umesh Sharma, Director (Finance), MMTC with Addl. Charge of STC (upto 31.05.2020)
Shri Kapil Kumar Gupta, Director (Finance), MMTC with Addl. Charge of STC (from 03.06.2020)
Shri N.A.N. Jeyakumar, Director (Marketing)

PART-TIME OFFICIAL DIRECTORS

(GOVERNMENT NOMINEES)

Shri Subhash Chandra Pandey, SS&FA, Dept. of Commerce (from 27.03.2018 upto 30.06.2019)
Shri Sunil Kumar, AS, Dept. of Commerce (upto 21.01.2020)
Shri Keshav Chandra, Joint Secretary, DoC (from 21.01.2020 & upto 10.02.2020)
Shri Shashank Priya, Additional Secretary & Financial Advisor, DoC (from 13.08.2019)
Shri Shyamal Mishra, Joint Secretary, DoC (from 10.02.2020)

PART-TIME NON-OFFICIAL DIRECTORS

(INDEPENDENT DIRECTORS)

Dr. N.Sundaradevan (upto 14.06.2019)
Dr.K.Rangarajan (upto 14.06.2019)
Shri Sunil H. Trivedi (upto 14.06.2019)
Shri Arvind Gupta (upto 14.06.2019)
Dr. Amitabh Rajan (upto 26.01.2020)
Shri Mohan Lal Pareek (upto 26.01.2020)
Ms. Bharathi Magdum (upto 26.01.2020)
Shri Bharatsinh Parmar (upto 26.01.2020)

COMPANY SECRETARY

Shri Vipin Tripathi

REGISTRAR & SHARE TRANSFER AGENT

MCS Shares Transfer Agent Limited
F-65, 1st Floor, Okhla Industrial Area,
Phase-I, New Delhi 110020
Tel: 011-41406150
E-mail: admin@mcsregistrars.com

BANKERS

| | |
|---------------------|----------------------|
| State Bank of India | Allahabad bank |
| Bank of Baroda | Bank of India |
| Canara Bank | Indian Overseas Bank |
| Indian Bank | ICICI Bank |
| UCO Bank | Syndicate Bank |
| Vijaya Bank | Union Bank of India |
| HDFC Bank | ICBC Bank |
| Indusind Bank | Axis Bank |
| Exim Bank | IDBI Bank |

STATUTORY AUDITORS

M/s. HDSG & Associates
K-61, Basement Jangpura
Extension New Delhi-110014

SECRETARIAL AUDITORS

M/s. P.C. Jain & Co,
Company Secretaries,
2382, 1st Floor,
Sector-16 Faridabad-121002



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BOARD'S REPORTS

The Board of Directors presents the 64th Annual Report on the business and operations of the Company and its Audited Statement of Accounts for the year ended March 31, 2020 together with the Auditors' Report and Comments on the Accounts by the Comptroller and Auditor General (CAG) of India.

FINANCIAL RESULTS

The performance of the Company during the year 2019-20 vis-à-vis the previous year is summarized in the table below:
(₹ in Crore)

| TURNOVER | 2019-20 | 2018-19 |
|--------------------|--------------|--------------|
| Exports | 11 | 11 |
| Imports | 2536 | 8437 |
| Domestic | 383 | 445 |
| Grand Total | 2930 | 8893 |
| FINANCIALS | | |
| Profit Before Tax | (114) | (897) |
| Profit After Tax | (114) | (881) |
| Net Worth | (946) | (805) |

OPERATIONS AND BUSINESS PERFORMANCE

During the year 2019-20, the Company achieved a total turnover of ₹2,930 crore as against ₹8,893 crore achieved in the previous year. The decline in turnover was mainly due to lower import of bullion as well as inability of the Company to undertake trade transactions due to non-availability of working capital. Therefore, in view of the financial crisis being faced by STC, the Company continued to refrain from undertaking trade involving STC's funds / banking limits and undertook business with central/state government departments and their entities only, where there was no involvement of STC's funds.

The Company reported a net loss (after tax) of ₹114 crore during the year 2019-20 as compared to net loss (after tax) of ₹881 crore during the year 2018-19. The net loss reported during the year was mainly due to creation of liability amounting to ₹104 crore (approx.) as a matter of abundant caution and financial prudence in respect of some lost court cases. Since the awards under reference are bad under law, therefore the same have been challenged before the higher authorities prescribed under the law.

FINANCIAL RESULTS

STC's account continued to remain NPA since Mar/Jun'18. The Lender Banks have jointly filed the case in DRT against STC for recovery of their dues, which was crystallized at ₹1906.24 crore (approx.) and the proceedings at DRT are going on. Subsequently, the dues were reviewed and further crystallized in a meeting held on 29.08.2019. One of the Lender Bank had also filed a case in NCLT which has since been withdrawn by the Bank. The company is in the process of completing One Time Settlement with the lender banks in line with the decision taken during the high level meeting held on 29.08.2019 regarding One Time Settlement of dues of STC with the banks. An amount of ₹1100 crore has already been paid to the lender banks and with transfer of identified immovable properties worth ₹300 crore (approx.) to the banks preferably through Power of Attorney (POA) process and adhering to the

provisions of Rule 309 etc. of GFR-2017, the OTS will be completed.

DIVIDEND

During the year 2019-20, STC has reported net loss of ₹114 crore and the Company has a negative net worth of ₹946 crore approx. (excluding revaluation reserves) as on 31.03.2020. The Company had earlier reported net loss of ₹881 crore during the year 2018-19. Therefore, the cumulative losses as on 31.03.2020 have increased to ₹121.51 crore from ₹8.64 crore as on 31.03.2019. Thus, the Board of Directors have not recommended any dividend for the year 2019-20.

(OTHER EQUITY) RESERVES

An amount of (-) ₹8.64 Crore (including revaluation reserve of ₹884.60 Crore) was available in the other equity of the company as on 01.04.2019. An amount of (-) ₹112.84 Crore (PAT: (-) ₹113.63 Crore and other comprehensive income: ₹0.79 Crore) has been transferred to retained earnings. Accordingly, as on 31st March, 2020, the other equity stood at (-) ₹121.51 Crore.

HUMAN RESOURCE

Manpower

STC had 334 employees on its rolls as on 31.03.2020, which included 214 managers and 120 staff.

Recruitments

The Company did not make any recruitment during the year 2019-20.

Industrial Relations

During the year 2019-20, the company continued to maintain harmonious industrial relations. No man days were lost. Personnel policies and welfare schemes were suitably improved / amended so as to bring them in line with the overall business interests/financial condition of the company.

Recruitment of SC/ST/OBC/PWD

The Company has been implementing the Government of India's directives and guidelines for SC/ST/OBC/PWD issued from time to time with regard to recruitment of SC/ST/OBC and differently abled candidates.

Human Resource Development

During the year 2019-20, due to precarious financial position of the company, no budget was allocated for Training and Development.

OFFICIAL LANGUAGE

All efforts are being made in order to ensure implementation of official language Hindi in the Company in accordance with the Official Language Policy of the Govt. of India. Mostly the employees possess minimum working knowledge of Hindi in terms of Official Languages Rules, 1976. However, necessary training is being imparted to the employees on official language through Hindi Workshops on regular basis.

Compliance of all the directions with regard to official language given by the Govt. of India from time-to-time is being ensured across the Company. With a view to promote the use of official language Hindi in day-to-day official work, the Official Language Incentive Scheme is in vogue in the Company.

In addition, "Rajbhasha Pakhwada" was celebrated in the month of September, 2019 wherein various Hindi Competitions/ Programmes were organised with a view to encourage the employees to make use of Hindi language in their day-to-day working. Training on use of Hindi on computer is being provided to the employees from time-to-time.

Thus, as a result of all these efforts, the use of Hindi in the official work is increasing progressively. The Company is regularly awarded with Official Language Shield by the Department of Commerce, Govt. of India for the progress made in the direction of implementation of the official language Hindi.

VIGILANCE ACTIVITIES

The Vigilance administration in any organization is an integral function like any other function of the Management and ensures functioning of other segments in an efficient manner. It comprises of preventive and punitive anti-corruption measures, including detecting irregularities, analyzing and finding out reasons for irregularities and making effective system improvements. The vigilance plays an important role in ensuring transparency, fair play, objectivity and ethics in the day-to-day functioning of the Company.

Efforts were made to expedite timely completion of investigations and disciplinary proceedings as per CVC's instructions. Based on the observations and systematic deficiencies noticed on conclusion of the various preliminary enquiries/ investigations, instructions/ guidelines for systemic improvement in various areas were issued during the year.

During the year, surprise inspections were carried out at the Corporate Office of the Company to check whether the implementation of the instructions and guidelines issued from time to time are being adhered to. Surprise inspection was also conducted by the CVO, STC at Chennai Branch of the Company

During the year, CVO attended training programme at CBI Academy, Ghaziabad and ISTM, New Delhi. In addition, JGM (Vigilance) also attended an In-service Vigilance Training Course at ISTM, New Delhi.

The Company observed Vigilance Awareness Week 2019 from 28th October 2019 to 2nd November 2019 on the theme "Integrity – A way of life (ईमानदारी – एक जीवन शैली)". During this period, the Company conducted various in-house activities such as Essay Writing, Debate Competition, Quiz Competition on Vigilance matters to enhance the awareness level among officers/staff of the Company. A lecture/interactive workshop on 'Prevention of Corruption (Amendment) Act 2018 was also organized for the officials/executives of the Company on 1st November 2019. The employees and citizen were encouraged to take E-pledge/Integrity Pledge to fight corruption.

With a view to sensitize employees about the critical aspects to be kept in view and to disseminate information about new developments in the area of procurement, trade and vigilance, an in-house e-newsletter "NAL

DISHA" containing articles on vigilance, ethics, CVC circulars and various circulars issued by the company from time to time was circulated through e-mail to all the employees of the Company.

During the year 2019-20, Vigilance clearances have been given to 397 employees for various purposes such as promotion, foreign visit, retirement, VRS, etc. Out of 31 complaints received during the year, 28 complaints were disposed off. Further, 7 disciplinary proceedings cases have been disposed off during the year and action on remaining 10 cases is in progress as on 31.03.2020. In addition, sanction for prosecution accorded in respect of four retired officials of the company and three appeal/review petitions have been disposed off. A total no. of 81 files of Annual Property Returns (i.e. 24% approx.) have been scrutinized during the year (20% as per DPE guidelines).

PERFORMANCE OF SUBSIDIARY COMPANY

STCL Limited (Formerly, Spices Trading Company Limited)

In view of extraordinary losses suffered by STCL leading to erosion of its net worth and remote possibility of its turnaround, the Union Cabinet had, in August 2013, decided to wind up STCL. Accordingly, a winding up petition was filed by STCL before the Hon'ble High Court of Karnataka and the same continues to be pending due to objections raised by Banks and 9 employees.

At present, STCL has 11 employees. As a result of the above development, no business operations were undertaken by STCL during the year.

The company incurred a loss of 0.47 crore during 2019-20 mainly on account of the establishment expenses and had a negative net worth of ₹4565 crore as on 31.03.2020.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per the requirement of Regulation 34(2) (e) and Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, a detailed Management Discussion and Analysis Report forming part of the Annual Report of the Company is placed at Annexure-I.

EXTRACT OF THE ANNUAL RETURN

As required under Section 134(3) (a) of the Companies Act, 2013, an extract of the Annual Return pursuant to Section 92(3) of the Act is given as Annexure-II. The same is also available on the website of the Company: www.stclimited.co.in.

ANTI SEXUAL HARASSMENT POLICY

The Company has laid down an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received in this regard. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No Sexual Harassment complaints were received during the year 2019-20.

RIGHT TO INFORMATION

In order to promote transparency and accountability, an appropriate mechanism has been put in place in the Company to provide information to citizens under the provisions of Right to Information (RTI) Act, 2005. For this purpose, the Company has, in line with the RTI Act, nominated Central Public Information Officers at all its Divisions at New Delhi and at Branch Offices across the country. For the convenience of public, a coordinating CPIO has also been nominated. First Appellate Authority has also been nominated for considering the appeals of information seekers against the orders of Public Information Officers.

DEPOSITS

The Company did not accept any public deposits during the year under review. Therefore, the requirements of Chapter V of the Companies Act, 2013 are not applicable to it.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the year, the Company did not provide/give any loans, guarantees or made any investment as specified under section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 IN THE PRESCRIBED FORM

The Company did not enter into any contracts or arrangements with related parties as referred to in sub-section (1) of section 188 of the Companies Act, 2013, during the year under review.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY

The Companies Act 2013 enables provisions for creating funds for CSR & Sustainability. It states that every company having net worth of Rupees Five Hundred crore or more, or turnover of Rupees One Thousand crore or more or a net profit of Rupees Five crore or more during any financial year shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years. In an eventuality of negative Net Worth in a particular financial year, the Company shall not be mandated to earmark specific funds for CSR and Sustainability activities.

As per Section 135 of the Companies Act, 2013, the Company is not mandated to allocate CSR budget for the year 2019-20 due to average net loss of last three preceding financial years. However, an amount of Rs. 1.40 lakh (including ₹0.75/- allocated for Emergency Need and ₹0.65 lakh accrued from completed project) was carried forward from previous years. The amount has been utilised towards contribution to PM CARES Fund as eligible CSR activity under item no. (viii) of the Schedule VII of Companies Act, 2013.

An annual report on Company's CSR activities in prescribed format as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 is placed at Annexure-III.

PUBLIC PROCUREMENT POLICY

In pursuance of the amendment of Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012 implementation notified by the Ministry of Micro, Small and Medium Enterprises vide their Order dated 9.11.2018, the Company made efforts to achieve an annual target of making a minimum 25 percent of its annual procurement of goods and services from MSEs including 4 percent from MSEs owned by SC/ST entrepreneur and 3% by women entrepreneur.

During the year 2019-20, the Company made procurement worth ₹2.69 crore from MSEs, which accounted for 61.32% percent of total value of annual procurement made by STC of goods produced and services being rendered by MSEs as against 25% target specified in the guidelines. Out of this, procurement from SC/ST and women entrepreneur was ₹0.23 crore i.e 8.71% & ₹1.35 crore i.e 50.16% as against a sub-target of 4% and 3% respectively.

During the year 2020-21 also, the Company shall strive to achieve the annual procurement target of 25 percent of goods and services produced/rendered by MSEs, including 4 percent from MSEs owned by SC or ST entrepreneur and 3% by women entrepreneur.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

The information required to be disclosed in accordance with the Companies (Accounts) Rules, 2015 is 'nil' as the Company is mainly engaged in trading activities.

FINANCIAL ACCOUNTING

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, comply in all material aspects with the relevant provisions of the Companies Act, 2013 and other accounting principles generally accepted in India.

The financial statements have been prepared under the historical cost convention on accrual basis except certain financial assets and liabilities which are measured at fair value of amortized cost at the end of each financial year. Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses and actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates wherever necessary are recognized prospectively.

INTERNAL FINANCIAL CONTROLS

The Company has in place well-established internal financial controls. The Company has a well-defined delegation of powers (DOP), which lays down the financial powers available to various levels of company's executives. The DOP helps facilitate faster and prudent decision-making by executives at various levels. During the year 2019-20, the DOP was suitably amended from time to time to match accountability with authority considering the prevailing requirements.

The Company has an Internal Audit Division, supported by an outsourced professional Chartered Accountant firm, which conducts internal audit of Company's Corporate Office as well as branches and suggests various preventive and corrective steps. The audit observations are periodically reviewed by the Management Audit Committee and the Audit Committee of the Board of Directors and necessary directions are issued, wherever required.

NUMBER OF MEETINGS OF THE BOARD

During the financial year 2019-20, four (4) meetings of the Board of Directors were held and the interval between any two Board meetings did not exceed 120 days.

DECLARATIONS GIVEN BY INDEPENDENT DIRECTOR

All the Part-time Non-official Directors (Independent Directors) have affirmed that they meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ending 31.03.2020.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION ETC.

STC being a Government company, all members of the Board are appointed by the President of India through Administrative Ministry i.e., the Ministry of Commerce & Industry, Government of India, which, inter-alia, fixes the remuneration through their respective appointment orders/pay fixation orders.

The non-executive part-time official Directors (Government nominees) are not entitled to any remuneration or sitting fees. The part-time non-official (Independent) Directors are paid sitting fee for each Board / Committee meetings attended by them as approved by the Board from time to time as per the limits laid down in Companies Act, 2013 and the related rules.

The eligibility criterion for appointment of Independent Directors is laid down by the Department of Public Enterprises, Government of India which is as per the relevant provisions of Companies Act and the SEBI Regulations. The positive attributes expected to be exhibited by the Independent Directors are conveyed to them on their appointment and a declaration in the prescribed format is obtained from them every year to confirm that they continue to qualify as Independent Directors.

ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

As per Section 134(3)(p) of the Companies Act, 2013, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors should form part of the Board's Report of every listed Company. Further, Regulation 17(10) & 25(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Code for Independent Directors pursuant to Section 149 (8) of the Companies Act, 2013 require that performance evaluation of Independent Directors also be done.

However, the Ministry of Corporate Affairs vide its notification No. GSR 463(E) dated June 5, 2015 exempted Government Companies from certain provisions of the Companies Act, 2013, which include, inter-alia, sub section (6) of Section 149, subsections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration. As per the said notification, Section 134(3)(p) regarding performance evaluation of directors also shall not apply to Government Companies in case the directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company.

The appointment of Chairperson, Functional Directors, Part-time Official Directors as well as Part-time non-Official Directors (Independent Directors) on the Board of STC is made by Government of India through the Ministry of Commerce & Industry. Further, the terms and conditions of appointment as well as tenure of all directors are also decided by the Government and there is a procedure for evaluation of performance of Chairperson and Functional Directors by the Administrative Ministry. Further, the performance of the Company and Board of Directors is also evaluated by the Department of Public Enterprises vis-à-vis MOU entered into with the Government of India.

RISK MANAGEMENT POLICY

A Risk Management Framework is in place in the company to add objectivity to the process of risk assessment while taking a decision on accepting or rejecting a trade proposal. The Risk Management Framework measures the risk involved in a business proposal in the form of a total risk score which is weighed vis-à-vis available risk mitigation measures.

Further, the company has implemented an Anti-Fraud policy in order to enforce controls and to aid in prevention and detection of frauds in the company. The Policy intends to promote consistent legal and ethical organizational behaviour by assigning responsibility for the development of controls, and providing guidelines for reporting and conduct of investigations of suspected fraudulent behaviour.

HEDGING

The Company does not take exposure in volatile commodities/market condition. Generally, it makes purchases only against confirmed orders backed by appropriate margin money by way of EMD. However, no such transactions are being undertaken by the Company at present.

Guidelines are in place requiring forward foreign exchange cover to be taken in respect of transactions involving STC funds.

CORPORATE GOVERNANCE

The Company believes that Corporate Governance is at the root of the shareholders' value creation. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises (DPE), Government of India, a Report on Corporate Governance for the year 2019-20 forming part of this report is placed at Annexure-IV

The Company has complied with the conditions of Corporate Governance as stipulated in the above referred Regulations and DPE guidelines on Corporate Governance for CPSEs in so far as the same are within its ambit. Compliance certificate from the practising Company Secretary in this regard, forming part of this report, is placed at Annexure -V.

The Company has got its Secretarial Audit for the financial year ended 31st March, 2020 conducted by M/s P.C. Jain & Co., practising Company Secretaries and their report along with Management replies to the observations made by the Secretarial Auditors, forming part of this Annual Report, is placed at Annexure-VI

In line with the best practices, your Company has made available all information of interest to its investors on the Company's website, namely, www.stclimited.co.in.

The Company has also put in place various policies such as:

- Whistle Blower Policy
- Web Archival Policy
- Policy on Preservation of Documents
- Policy on Materiality of Related Party Transactions and dealings with Related Party Transactions.
- Code of Conduct regarding prohibition of Insider Trading and Code of Fair Disclosure and Conduct
- Policy for determination of materiality of events and information and their disclosures.
- Policy for determining material subsidiaries.

The above policies are also available on STC's website.

The separate meeting of Independent Directors was not held during the year 2019-20 due to non-availability of Independent Directors on the Board of the Company.

COST RECORDS

The Central Government has not prescribed the maintenance of cost records for the Company under Section 148(1) of the Companies Act, 2013.

STATUTORY AUDITORS

M/s HDSG & Associates, Chartered Accountants were appointed as Statutory Auditors of the company for the FY 2019-20 by Comptroller & Auditor General of India (C&AG). Their report, alongwith replies of management is attached and form part of this report.

COMMENTS OF C&AG

The comments of C&AG under Section 143(6) of the Companies Act, 2013, on the accounts of the company for the year 2019-20 and replies of the management thereto are attached and form part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, in relation to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) In the preparation of the annual accounts for the year ended 31st March, 2020, the applicable Indian Accounting Standards (Ind-AS) have been followed along with proper explanation relating to material departures.
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to

give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the year 2019-20.

- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) the Directors have prepared the annual accounts on a going concern basis for the year ended 31st March, 2020.
- (e) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively except the qualified opinion of independent auditor's report at Annexure- C. The management replies of these qualifications are covered in the Annual Report.
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

BOARD OF DIRECTORS

Appointment

Since the last Annual General Meeting, the following changes have taken place in the Board of Directors of the Company:

1. Shri Shashank Priya, Additional Secretary & Financial Advisor, Department of Commerce, Ministry of Commerce & Industry was appointed as part time Official Director on the board of STC w.e.f. 13.08.2019, pursuant to Office Order No. 11/36/2001-FT (M&O) dated 13.08.2019 issued by Government of India, Ministry of Commerce & Industry, Department of Commerce and as per provisions of Companies Act, 2013.
2. Shri Keshav Chandra, Joint Secretary , Department of Commerce, Ministry of Commerce & Industry was appointed as part time Official Director on the board of STC w.e.f. 21.01.2020, pursuant to Office Order No. 11/36/2001-FT (M&O) dated 21.01.2020 issued by Government of India, Ministry of Commerce & Industry, Department of Commerce.
3. Shri Shyamal Misra, Joint Secretary Department of Commerce, Ministry of Commerce & Industry was appointed as part time Official Director on the board of STC w.e.f. 10.02.2020, pursuant to Office order No. 11/36/2001-FT (M&O) dated 10.02.2020 issued by Government of India, Ministry of Commerce & Industry, Department of Commerce.
4. Shri Kapil Kumar Gupta, Director (Finance), MMTC was assigned the additional charge of Director (Finance), STC w.e.f. 01.06.2020 in addition to his existing duties, pursuant to Office Order No.12022/5/2017-E.IV issued by Government of India, Ministry of Commerce, Department of Commerce.

- 5 Shri S.K. Sharma, Director (Personnel), STC was assigned the additional charge of Chairman & Managing Director, STC w.e.f. 01.08.2020 in addition to his existing duties, pursuant to Office Order No.A-12022/12/2012-E.IV dated 12.06.2020 issued by Government of India, Ministry of Commerce, Department of Commerce.

The Board welcomes the new Directors and hopes that the Company shall immensely benefit from their rich and varied experience.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri S.K Sharma Director (Personnel), STC with additional charge of Chairman & Managing Director would retire by rotation at the ensuing Annual General Meeting and being eligible, have offered himself for re-appointment.

As per regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief resume of the Directors seeking appointment /re-appointment are given in the notice convening the 64th Annual General Meeting of the Company.

Cessation

1. Shri Amitabh Rajan, Shri Mohan Lal Pareek, Shri Bharatsinh Parmar and Ms. Bharati Magdum were appointed as Independent Directors pursuant to order dated 27.01.2017 issued by Government of India, Ministry of Commerce & Industry, Department of Commerce for a period of 3 years and accordingly they ceased to be the Directors of the Company w.e.f. 26.01.2020.
2. Shri Sunil Kumar, Special Secretary Dept. of Commerce, Ministry of Commerce & Industry ceased to be a Director (Government Nominee) w.e.f. 21.01.2020, pursuant to Office order No. 11/36/2001-FT (M&O) dated 21.01.2020 issued by Government of India, Ministry of Commerce & Industry, Department of Commerce.
3. Shri Keshav Chandra, Joint Secretary Dept. of Commerce, Ministry of Commerce & Industry ceased to be a Director (Government Nominee) w.e.f. 10.02.2020, pursuant to Office order No. 11/36/2001-FT (M&O) dated 10.02.2020 issued by Government of India, Ministry of Commerce & Industry, Department of Commerce.
4. On attaining the age of superannuation, Shri Umesh Sharma, Director (Finance) MMTC with additional charge of Director (Finance), STC ceased to be a Director w.e.f. 01.06.2020 pursuant to Office order No. A-12024/05/2017-E-IV dated 09.04.2020 issued by Government of India, Ministry of Commerce & Industry, Department of Commerce.
5. On attaining the age of superannuation, Shri Rajiv Chopra, Director (Marketing), STC with additional charge of Chairman & Managing Director, STC ceased to be a Director w.e.f. 31.07.2020, pursuant to Office order No. A-12022/12/2012-E.IV dated 12.06.2020 issued by Government of India, Ministry of Commerce & Industry, Department of Commerce.

The Board appreciates the valuable guidance and contributions made by Shri Amitabh Rajan, Shri Mohan Lal Pareek, Shri Bharatsinh Parmar, Ms. Bharati Magdum, Shri Sunil Kumar, Shri Keshav Chandra, Shri Umesh Sharma and

Shri Rajiv Chopra during their tenure as Members of the Board.

KEY MANAGEMENT PERSONNEL

The Company has nominated its CMD, all Functional Directors, Company Secretary and CFO as Key Management Personnel (KMP) pursuant to Section 203 of the Companies Act, 2013. Details regarding appointments of Functional Directors are given elsewhere in this report. No Functional Director resigned during the year.

During the year under review, Shri Deepak C.S (FCS No.5060) resigned as Company Secretary & KMP from the Company. Subsequently, Shri Vipin Tripathi was appointed as Company Secretary & KMP of the Company w.e.f. 20.12.2019.

COMMITTEES OF DIRECTORS

Pursuant to the provisions of various Sections of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has constituted various Committees of Directors like Audit Committee, Stakeholders Relationship Committee, CSR Committee and Nomination & Remuneration Committee. The composition of these committees and other details are mentioned in the Corporate Governance Report forming part of and annexed to the Board's Report

CODE OF CONDUCT

Pursuant to the requirements of Regulation 17(5) and Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and DPE guidelines on Corporate Governance for CPSEs, the Board Members and Senior Management Personnel have affirmed compliance to the Code of Conduct for the financial year ending 31st March 2020.

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation of the continued patronage and the confidence posed by business associates and customers during the year.

The Board expresses its gratitude for the continued co-operation and support provided by the Ministry of Commerce & Industry, other Ministries and Departments of the Government of India, various state governments, financial institutions, banks, railways, ports, regulatory and statutory authorities, shareholders, legal advisers and consultants from time to time.

The Board also acknowledges the constructive suggestions received from Comptroller & Auditor General of India, Statutory Auditors and Internal Auditors.

Last but not the least, the Board places on records its appreciation for the hard work and dedication of all the employees.

For and on behalf of the Board of Directors

Sd/-

(S.K. Sharma)

Director (Personnel)

New Delhi
Date: 15.09.2020

with Additional Charge of CMD
DIN: 06942536

MANAGEMENT DISCUSSION & ANALYSIS REPORT

WORLD ECONOMIC OVERVIEW

The global economic growth in 2019 is estimated to be slowest since the global financial crisis of 2009 and is projected to grow at 2.9 percent in 2019, declining from 3.6 percent in 2018 and 3.8 percent in 2017. The deceleration is widespread, affecting both advanced economies particularly Euro area and also the Emerging Markets & Developing Economies (EMDEs).

The growth of advanced economies is estimated to decline from 2.2 percent in 2018 to 1.7 percent in 2019. The larger group of Organisation for Economic Co-operation and Development (OECD) countries is also estimated to drop in their growth from 2.3 percent in 2018 to 1.7 percent in 2019. Stabilising, yet uncertain, trade tensions between China & USA have mainly contributed to the decline of world output & trade.

Similar to Advanced Economies, growth in EMDEs also declined to 3.7 per cent in 2019. About a third of EMDEs are expected to decelerate. It is largely predicated on a rebound in a small number of large EMDEs, most of which are emerging from deep recessions or sharp slowdowns but remain fragile. However, growth in EMDEs is projected to increase to 4.4 percent in 2020, nonetheless, the recovery in aggregate EMDE growth this year which assumes continued monetary policy support in many economies, no major swings in commodity prices, and generally benign borrowing costs is not envisioned to be broad-based.

Along with the weakening of global economic activity, inflation the world over also remained muted in 2019. Inflation softened in advanced and emerging economies reflecting a slack in consumer demand. From the supply side, lower energy prices in 2019 also contributed to softening of inflation. The global slackness in consumer demand affected industrial activity, which slumped in most of the major economies in 2019. In particular, global production in automobile industry fell sharply due to a decline in demand, which was caused by changes in technology and emission standards in many countries. As a result, there was a drop in growth of manufacturing exports from major economies. Increasing trade barriers as well as trade uncertainty stemming from growing trade tensions also weakened business confidence and further limited trade.

The effects of substantial monetary easing across advanced and emerging market economies in 2019 are expected to continue working their way through the global economy in 2020. The global growth estimate for 2019 and projection for 2020 would have been 0.5 percentage point lower in each year without this monetary stimulus.

OVERVIEW OF INDIAN ECONOMY

Global headwinds and challenges in the domestic financial sector moderated the growth of Indian economy in 2019-20. The real GDP growth moderated to 4.2 percent in 2019-20 as compared to 6.8 percent in 2018-19.

Fiscal situation remained close to the consolidation path

and consumer price inflation was within the targeted limits set by the monetary policy committee of Reserve Bank of India (RBI). Despite continuing sluggishness in global demand, the Current Account Deficit (CAD) narrowed to 1.5 percent of GDP in first half of 2019-20 from 2.1 percent in 2018-19. Global confidence in the Indian economy improved as reflected in growing inflows of net Foreign Direct Investment (FDI) and an all-time high accumulation of foreign exchange reserves of US\$ 457.5 billion as in end December, 2019. India moving up by 14 positions to 63rd rank in 2019 World Bank's Ease of Doing Business 2020 Report, has among others, contributed to the increase in global confidence in Indian economy. India has emerged as an important player in the world on the back of high GDP growth and announcement /implementation of critical measures in the current year and last few years.

In an attempt to boost investment, consumption and exports, the government in 2019-20 has taken important reforms towards speeding up the insolvency resolution process under Insolvency and Bankruptcy Code (IBC), easing of credit, particularly for the stressed real estate and NBFC sectors, and announcing the National Infrastructure Pipeline 2019-2025 amongst other measures.

Consumer Price Index (Combined) (CPI-C) inflation averaged 3.7 percent in 2019-20 in comparison to 3.4 percent in 2018-19. Food inflation based on Consumer Food Price Index (CFPI) averaged 6.7 percent in 2019-20 in comparison to 0.1 percent in 2018-19.

The Index of Industrial Production (IIP) grew at 0.6 percent during 2019-20 as compared to 3.8 percent in 2018-19. Mining, manufacturing and electricity sectors in IIP grew at (-) 0.1 percent, 0.9 percent and 0.8 percent respectively during 2019-20, in comparison to 2.9 percent, 3.9 percent and 5.2 percent respectively in 2018-19.

The eight core infrastructure supportive industries, viz. coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity that have a total weight of nearly 40 percent in the Index of Industrial Production (IIP) remained stagnant during 2019-20 as compared to a growth of 4.4 percent in 2018-19. The production of fertilizers, steel, electricity and refinery products increased by 2.7 percent, 3.4 percent, 1.0 percent and 0.2 percent respectively during 2019-20 while the production of coal, crude oil, natural gas and cement contracted by 0.4 percent, 5.9 percent, 5.6 percent, and 0.1 percent respectively during the same period.

In 2019-20, value of India's exports was US\$ 313.21 billion as against US\$ 330.08 billion in 2018-19, registering a negative growth of 5.11 percent over the previous year. Non-petroleum and Non Gems & Jewellery exports during 2019-20 were valued at US\$ 236.07 billion as compared to US\$ 243.28 billion in 2018-19, a decrease of 2.96 percent. Imports for 2019-20 were US\$ 473.99 billion as against US\$ 514.08 billion, registering a negative growth of 7.80 percent over the previous year.

Oil imports during 2019-20 were valued at US\$ 130.55 billion, which was 7.36 per cent lower than the oil imports of US\$ 140.92 billion in the previous year. Non-oil and Non-gold imports during 2019-20 were valued at US\$ 315.21 billion, which was 7.36 per cent lower than the level of such imports (US\$ 340.25 billion) in 2018-19.

The trade deficit for 2019-20 is estimated at US\$ 160.78 billion, as compared to US\$ 184.00 Billion in 2018-19.

According to the estimates released by Department of Industrial Policy and Promotion (DIPP), the total FDI investments in India during 2019-20 stood at US\$ 73.46 billion, as against US\$ 62.00 billion in the previous year indicating that government's effort to improve ease of doing business and relaxation in FDI norms is yielding results. Data for 2019-20 indicates that the service sector attracted the highest FDI equity inflow of US\$ 7.85 billion, followed by computer software and hardware - US\$ 6.67 billion, trading US\$ 4.57 billion and telecommunications US\$ 4.45 billion. During 2019-20, India received the maximum FDI equity inflows from Singapore (US\$ 14.67 billion), followed by Mauritius (US\$ 8.24 billion), Netherlands (US\$ 6.50 billion), USA (US\$ 4.33 billion) and Japan (US\$ 3.231 billion)

Foreign exchange reserves stood at US\$ 477.81 billion as on 31st March 2020, as compared to US\$ 412.87 billion at end-March 2019.

OPPORTUNITIES AND THREATS

The COVID-19 pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to cope with the prevailing situation have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activity. In addition, many countries now face multiple crisis - a health crisis, a financial crisis, and a collapse in commodity prices, which interact in complex ways.

As a result of the pandemic, the global economy is projected to contract sharply by (-) 2.0 percent in 2020, much worse than during the 2008-09 financial crisis. Growth across advanced economies is projected at (-) 8 percent in 2020-21. In the United States also the growth is expected to decline sharply from 2.3 percent in 2019 to (-) 8 percent in 2020. The moderation reflects a return to a neutral fiscal stance and anticipated waning support from further loosening of financial conditions.

In China, where the recovery from the sharp contraction is underway, growth is projected at 1.0 percent in 2020, supported in part by policy stimulus. This will depend to an important extent on avoiding further escalation in the US-China trade tensions.

Whereas, growth in the euro area is projected to decline from 1.3 percent in 2020 to (-) 10.2 percent in 2021. In the United Kingdom, growth is expected to stabilize at 1.4 percent in 2020 and decline to (-) 10.2 percent in 2021. Japan's growth rate is projected to moderate from an estimated 1.0 percent in 2019 to 0.7 percent in 2020. The growth rate in the Middle East and Central Asia region is expected at 1.0 percent in 2020 and is expected to decline sharply to (-) 4.7 percent in 2021.

India is likely to record GDP growth of (-) 4.5 percent during 2020-21 – the worst ever in past many decades.

However, India's economy is expected to bounce back in 2021-22 with a robust 6 percent growth.

The growth of the economy appears to have bottomed out and is expected to pick up in the last quarter of 2020-21. The prospects for Indian economy for the year 2020-21 need to be assessed in the light of emerging global and domestic challenges and opportunities. Major challenges for the economy arising from the external front are geo-political tensions in Middle East and fluctuating crude oil prices due to supply disruption which may decelerate growth and increase inflation. Challenges in the domestic front are revival of investments and savings. The positive prospects for the economy are continuation of structural reforms that will revive growth and expected normalization of credit flow as investment picks up induced by a cut in the corporate tax rate and anticipated transmission of repo rate cuts earlier implemented by the Monetary Policy Committee. Global economic growth is expected to pick up in 2021 which could also support India's growth.

The measures announced/implemented in 2019-20 include hike in minimum support price of agricultural crops for 2019-20; reduction in corporate tax rate; outreach programme for growth, expansion and facilitation of micro, small and medium enterprises; incentives for start-ups in India; recapitalization of public sector banks, revised Priority Sector Lending (PSL) norms for exports; and streamlining of many labour laws at the central government level, etc. Apart from this, various steps were taken to boost manufacturing; employment generation; financial inclusion; digital payments; improving ease of doing business via schemes such as Make in India, Skill India and Direct Benefit Transfer. Government has also announced the National Infrastructure Pipeline (NIP) of projects worth ₹102 lakh crore, which will commence in phases from 2020-21 to 2024-25.

Indian economy also became the fifth largest economy in the world, as measured using GDP at current US\$ prices, moving past United Kingdom and France. The size of the economy is estimated at US\$ 2.9 trillion in 2019. In July 2019, the Union Budget 2019-20 had articulated the vision of the Hon'ble Prime Minister to make India a US\$ 5 trillion economy by 2024-25. The march towards this milestone has, however, been challenged by less than expected growth of India's GDP so far in the year 2019-20, on the back of a decline in world output. Yet, given India's record of growth with macroeconomic stability over the last five years (annual average growth rate of 7.5 per cent and annual average inflation of 4.5 per cent), the economy is poised for a rebound towards the US\$ 5 trillion goal.

STC's PERFORMANCE

During the year 2019-20, the Company achieved a total turnover of ₹2,930 crore as against ₹8,893 crore achieved in the previous year. The decline in turnover was mainly due to lower import of bullion as well as inability of the Company to undertake trade transactions due to non-availability of working capital. Therefore, in view of the financial crisis being faced by STC, the Company continued to refrain from undertaking trade involving STC's funds / banking limits and undertook business with central/state government departments and their entities, where there was no involvement of STC's funds.

The performance of the company during the year 2019-20 vis-a-vis the previous year is summarized below:

(₹ in Crore)

| TURNOVER | 2019-20 | 2018-19 |
|--------------------|----------------|----------------|
| Exports | 11 | 11 |
| Imports | 2536 | 8437 |
| Domestic | 383 | 445 |
| Grand Total | 2930 | 8893 |
| FINANCIALS | | |
| Profit Before Tax | (114) | (897) |
| Profit After Tax | (114) | (881) |
| Net Worth | (946) | (805) |

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS:

Details of significant changes in key financial ratios are given as under:

| S.No. | Particulars | 2019-20 | 2018-19 | Variation (%) | Remarks |
|--------------|-----------------------------|----------------|----------------|----------------------|--|
| 1 | Debtors Turnover | 2.63 | 4.17 | (36.86) | Reduction in debtors due to settlement |
| 2 | Inventory Turnover | - | - | - | Minor/no change in inventory during the year |
| 3 | Interest Coverage Ratio | (14.63) | (4.77) | 206.71 | Reduction in profitability |
| 4 | Current Ratio | 0.35 | 0.51 | (32.19) | Reduction in current assets due to litigation settlements |
| 5 | Debt Equity Ratio | (18.39) | 25.56 | (171.94) | Reduction in equity due to litigation settlement with consequential provisioning. Equity in negative |
| 6 | Operating Profit Margin (%) | (3.98) | (3.28) | 21.20 | Due to lower trade margin |
| 7 | Net Profit Margin | (3.85) | (9.88) | (61.02) | Reduction in profit due to litigation settlement and other operating loss |
| 8 | Return on Net Worth | N.A | | | Net worth is negative |

SEGMENT-WISE PERFORMANCE & OUTLOOK

Exports

During the year 2019-20, the Company exported agro pesticides worth ₹11 crore to Iran. The Company also signed the following MOUs during the year under review:

- (i) MoU with CENABAST, Government of Chile for exports of pharmaceutical items.
- (ii) MOU with the Far Eastern Mining Company, Moscow to cooperate with each other and form a joint working group in order to identify, source, consider, negotiate, finalize and execute mutually beneficial investment opportunities in the metals & mining sector in the Russian Far East.
- (iii) MOU with Indian Railway Construction Company

(IRCON) for associating STC for barter trade of palm oil from Malaysia against supply of equipment by IRCON.

Imports

During the year 2019-20, the Company achieved an import turnover of ₹2,536 crore as against ₹8,437 crore in the year 2018-19. Though bullion continued to be the single largest item of import during 2019-20, the sales of bullion declined significantly from ₹8428 crore during the year 2018-19 to ₹2518 crore during the year under review.

The Company also imported instruments/equipment worth ₹18 crore during the year 2019-20 on behalf of various state govt. departments/entities as against import of ₹9 crore in the previous year.

Domestic Sales

The domestic sales of the company amounted to ₹383 crore. During the year 2019-20, the Company continued to undertake supply of edible oils in 1 litre pouches to Tamil Nadu State Civil Supplies Corporation Ltd. (TNSCSC) for distribution under PDS and made supplies worth approx. ₹261 crore. The Company also supplied pulses worth approx. ₹69 crore and sugar worth approx. ₹42 crore to TNSCSC for distribution under PDS.

Besides above, the Company also supplied instruments/equipment (₹9 crore) and dry fruits & spices (₹1 crore) in the domestic market.

PROFITABILITY

The Company reported a net loss (after tax) of ₹114 crore during the year 2019-20 as compared to net loss (after tax) of ₹881 crore during the year 2018-19. The net loss reported during the year was mainly due to creation of liability amounting to ₹104 crore (approx.) as a matter of abundant caution and financial prudence in view of some court cases lost by the Company. Since the awards under reference are bad under law, therefore the same have been challenged before the higher authorities prescribed under the law.

INTERNAL CONTROLS AND PROCEDURES

STC has a sound system of internal controls which ensures compliance with statutory requirements, regulations and various policies and guidelines of the Company. Besides Statutory Audit and Audit by the C&AG, regular and exhaustive internal audits are conducted through professional agencies in close coordination with STC's Internal Audit Division to ensure that a proper system of checks and balances is in place in the Company to take care that all the assets are safeguarded and protected against any possible loss and all the transactions are authorized, recorded and reported properly.

Internal Audit is conducted as per the Accounting Standards and Rules/policies formulated by the Company from time to time. Annual Audit Programme is approved by the Audit Committee of Directors. The observations/recommendations made by the auditing agencies are reported to Management Audit Committee and the Audit Committee of Directors along with a report on compliance of directions issued in the past. The quarterly financial statements as also reports of statutory and Government audit are reviewed by the Audit Committee of Directors before these are submitted to the Board of Directors.

The Company has a well-defined Delegation of Powers (DoP) in place, which lays down the powers for different managerial levels and Committees to facilitate faster decision making. The DOP was suitably amended from time to time to match accountability with authority considering the prevailing requirements. The systems and procedures laid down by the Company ensure maximum transparency in all commercial deals. The various policies, procedures and guidelines are continuously reviewed and modified from time to time based on experience gained in the past transactions so as to improve the effectiveness of the systems of due diligence of associates and risk mitigation. A risk management

framework has been put in place with the approval of Board of Directors to assess the risk involved in a trade proposal before it is approved. Also, with a view to expedite the process of recovery in respect of all overdues of less than ₹10 crore through out-of court settlement, One Time Settlement Policy has been put in place by the company. The company has also implemented policy for Debarring of Parties and Know Your Customer (KYC) policy.

The Company has a full-fledged Vigilance Division to oversee that the guidelines of the Government and the rules/procedures of the company are strictly adhered to/implemented in all matters. The Vigilance Division also conducts inspection of Branch Offices of the Company and makes suggestions for taking corrective / preventive action.

WAY FORWARD

The Company continues to pass through difficult financial phase. In view of non-availability of working capital due to choked banking limits, losses booked in the recent years and negative net worth, the Company has, through the administrative Ministry, sought exemption from signing of MOU for the year 2020-21 from Department of Public Enterprises and the same is awaited. However, the Company is continuing to undertake business on behalf of state government departments/entities without the involvement of STC's funds/banking limits.

To overcome the current liquidity crisis, the Company is continuously reviewing potential areas of cost reduction and is taking appropriate steps for reduction in avoidable expenses. The Company is proposing to further reduce the manpower strength by way of VRS and thereby achieve reduction in fixed establishment costs. Simultaneously, the Company is also laying greater emphasis on recovery of dues from various associates.

The lender banks had initiated proceedings in NCLT and DRT against STC for recovery of their dues. While the proceeding in NCLT Court has since been withdrawn, proceeding in DRT is going on. The company is in the process of completing One Time Settlement with the lender banks in line with the decision taken during the high level meeting held on 29.08.2019 regarding One Time Settlement of dues of STC with the banks.

CAUTIONARY STATEMENT

Certain statements contained in this Annual Report may constitute forward-looking statements within the meaning of applicable laws and regulations. These statements are based on management's views and assumptions at the time information was prepared and involve known and unknown risks and uncertainties that could cause actual results or performance to differ materially from those expressed or implied in such statements made in this Annual Report. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the Financial Year ended 31st March, 2019
(Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS

- (i) CIN : L74899DL1956GOI002674
- (ii) Registration Date : 18.05.1956
- (iii) Name of the Company : The State Trading Corporation of India Limited
- (iv) Category/ Sub-category of the Company : Government Company
- (v) Address of the Registered Office and Contact Details : Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001
Tel.:011-23313177 /011-23701006 Fax-01123701098
Email: cs@stclimited.co.in
- (vi) Whether Listed Company : Yes
- (vii) Name, address , and contact details of Registrar and Share Transfer Agents : MCS Share Transfer Agents Ltd.
F-65, 1st Floor,
Okhla Industrial Area, Phase-I, New Delhi-110020
Tel.No.: 91-11-41406149/50/51/52
Fax: 91-41709881
e-mail: admin@mcsregistrars.com
Website: www.mcsregistrars.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and description of the main products/services | NIC code of the Product/service | % of total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1. | Basic Precious metals like Gold and Silver | 99611926 | 85.93% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held | Applicable section |
|---------|---------------------------------|-----------------------|----------------------------------|------------------|--------------------|
| 1. | STCL Limited | U85110KA1982GOI005013 | Subsidiary | 100% | Section2(87) |

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

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | %Change during the year |
|---|---|----------|--------------------|------------------|---|----------|--------------------|-------------------|-------------------------|
| | Demat | Physical | Total | %of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| (b) Central Government | 5,40,00,000 | - | 5,40,00,000 | 90.00 | 5,40,00,000 | - | 5,40,00,000 | 90.00 | - |
| (c) State Governments | - | - | - | - | - | - | - | - | - |
| (d) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| (e) Banks/FI | - | - | - | - | - | - | - | - | - |
| (f) Any other | - | - | - | - | - | - | - | - | - |
| (2) Foreign | - | - | - | - | - | - | - | - | - |
| (a) Individual (NRI/ Foreign Individual) | - | - | - | - | - | - | - | - | - |
| (b) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| (c) Institutions | - | - | - | - | - | - | - | - | - |
| (d) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter(A) | 5,40,00,000 | - | 5,40,00,000 | 90.00 | 5,40,00,000 | - | 5,40,00,000 | 90.00 | - |
| B. Public Share holding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| (a) Mutual Funds | 17,186 | - | 17,186 | 0.03 | 303 | - | 303 | - | 0.03 |
| (b) Banks/ FI | 15,929 | - | 15,929 | 0.03 | - | - | - | - | 0.03 |
| (c) Central Govt (IEPF) | 13535 | - | 13,535 | 0.02 | 13,510 | - | 13,510 | 0.02 | - |
| (d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| (e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (f) Insurance Companies | 11,49,320 | - | 11,49,320 | 1.92 | 11,49,320 | - | 11,49,320 | 1.92 | - |
| (g) FIs | - | - | - | - | - | - | - | - | - |
| (h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (i) Others | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(1):- | 11,95,970 | - | 11,95,970 | 1.99 | 11,63,133 | - | 11,63,133 | 1.93 | 0.06 |
| 2. Non-Institutions | | | | | | | | | |
| (a) Bodies Corp. | 5,85,610 | - | 5,85,610 | 0.98 | 3,03,434 | - | 3,03,434 | 0.51 | 0.47 |
| (i) Indian | - | - | - | - | - | - | - | - | - |
| (ii) Overseas | - | - | - | - | - | - | - | - | - |
| (b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto ₹2 lakh | 39,51,154 | 9,608 | 39,60,762 | 6.60 | 43,02,134 | 8,883 | 43,10,997 | 7.18 | 0.58 |
| (ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh | 1,14,309 | - | 1,14,309 | 0.19 | 1,21,490 | - | 1,21,490 | 0.20 | 0.01 |

| Category of Shareholders | | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--------------------------|---|---|----------|-------------|------------------|---|----------|-------------|------------------|--------------------------|
| | | Demat | Physical | Total | %of Total Shares | Demat | Physical | Total | %of Total Shares | |
| (c) | NBFCs registered with RBI | - | - | - | - | 325 | - | 325 | - | - |
| (d) | Others | | | | | | | | | |
| | Non Resident Indians | 1,42,349 | - | 1,42,349 | 0.24 | 99,621 | - | 99,621 | 0.17 | 0.07 |
| | Overseas Corporate Bodies | - | - | - | - | | | | - | - |
| | Foreign Nationals | - | - | - | - | | | | - | - |
| | Clearing Members | - | - | - | - | | | | - | - |
| | Trusts | 1,000 | - | 1,000 | - | 1,000 | - | 1,000 | - | - |
| | Cooperative Society | - | - | - | - | | | | - | - |
| | Foreign Bodies-DR | - | - | - | - | | | | - | - |
| | Sub-total(B)(2):- | | | | | | | | | |
| | Total Public Shareholding (B)=(B)(1)+(B)(2) | 59,90,392 | 9,608 | 60,00,000 | 10.00 | 59,91,117 | 8,883 | 60,00,000 | 10.00 | - |
| C. | Shares held by Custodian for GDRs & ADRs | - | - | - | - | | | | - | - |
| | Grand Total (A+B+C) | 5,99,90,392 | 9,608 | 6,00,00,000 | 100.00 | 5,99,91,117 | 8,883 | 6,00,00,000 | 100.00 | - |

(ii) Shareholding of Promoter(s)

| Sl. No. | Shareholders' Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|--------------------|---|---------------------------------|---|-------------------------------------|---------------------------------|---|--|
| | | No. of Shares | %of total Shares of the company | %of Shares Pledged/encumbered to total shares | No. of Shares | %of total Shares of the company | %of Shares Pledged/encumbered To total shares | |
| 1. | President of India | 5,40,00,000 | 90 | - | 5,40,00,000 | 90 | - | - |
| | Total | 5,40,00,000 | 90 | - | 5,40,00,000 | 90 | - | - |

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

| Sl. No. | President of India | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 5,40,00,000 | 90 | 5,40,00,000 | 90 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase | NA | NA | NA | NA |
| | Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | NA | NA | NA | NA |
| | At the end of the year (or on the date of separation, if separated during the year) | 5,40,00,000 | 90 | 5,40,00,000 | 90 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No. | For Each of the Top 10 Shareholders | | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|-------------------|--------------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | LIFE INSURANCE CORPORATION OF INDIA | | | | | | |
| | At the beginning of the year | | | 5,44,790 | 0.91 | 5,44,790 | 0.91 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | NA | NA | NA | NA |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 5,44,790 | 0.91 | 5,44,790 | 0.91 |
| 2 | THE NEW INDIA ASSURANCE COMPANY LIMITED | | | | | | |
| | At the beginning of the year | | | 5,35,000 | 0.89 | 5,35,000 | 0.89 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ Decrease (e.g. allotment /transfer /bonus/sweat equity etc.) | | | NA | NA | NA | NA |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 5,35,000 | 0.89 | 5,35,000 | 0.89 |
| 3 | THE ORIENTAL INSURANCE COMPANY LIMITED | | | | | | |
| | At the beginning of the year | | | 40,936 | 0.07 | 40,936 | 0.07 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/ transfer/bonus/sweat equity etc.) | | | NA | NA | NA | NA |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 40,936 | 0.07 | 40,936 | 0.07 |
| 4 | PRAVEENCHAND NAHAR | | | | | | |
| | At the beginning of the year | | | 33,100 | 0.06 | 33,100 | 0.06 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/ transfer /bonus/sweat equity etc.) | | | NA | NA | NA | NA |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 33,100 | 0.06 | 33,100 | 0.06 |
| 5 | HASUMATI SHANTILAL MEMAYA | | | | | | |
| | At the beginning of the year | | | 32,000 | 0.05 | 32,000 | 0.05 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/ transfer /bonus/sweat equity etc.) | | | NA | NA | NA | NA |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 32,000 | 0.05 | 32,000 | 0.05 |
| 6 | DIVAKAR RAWALA | | | | | | |
| | At the beginning of the year | | | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/ transfer /bonus/sweat equity etc.) | | | | | | |
| | Date | Increase/Decrease | Reasons for Change | | | | |
| | 14.02.2020 | 45,645 | Purchase | | | 45,645 | 0.08 |
| | 28.02.2020 | -14,529 | Sale | | | 31,116 | 0.05 |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 31,116 | 0.05 | 31,116 | 0.05 |
| 7 | NATIONAL INSURANCE COMPANY LTD | | | | | | |
| | At the beginning of the year | | | 28,594 | 0.05 | 28,594 | 0.05 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/ transfer /bonus/sweat equity etc.) | | | NA | NA | NA | NA |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 28,594 | 0.05 | 28,594 | 0.05 |

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|---|--|---|----------------------------------|---|----------------------------------|------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company | |
| 8 | PRAKAASH SEVANTILAL SHAH | | | | | |
| | At the beginning of the year | | 15,000 | 0.03 | 15,000 | 0.03 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/ transfer /bonus/sweat equity etc.) | | | | | |
| | Date | Increase/Decrease | Reasons for Change | | | |
| | 20.12.2019 | 10,274 | Purchase | | 25,274 | 0.08 |
| At the end of the year (or on the date of separation, if separated during the year) | | 25,274 | 0.04 | 25,274 | 0.04 | |
| 9 | KALI KRIPA AGRO INVESTMENTS PVT LTD | | | | | |
| | At the beginning of the year | | 0.00 | 0.00 | 0.00 | 0.00 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/ transfer /bonus/sweat equity etc.) | | | | | |
| | Date | Increase/Decrease | Reasons for Change | | | |
| | 10.01.2020 | 1,826 | Purchase | | 1,826 | 0.00 |
| | 13.03.2020 | 19,122 | Purchase | | 20,948 | 0.03 |
| | 20.03.2020 | 3,619 | Purchase | | 24,567 | 0.04 |
| At the end of the year (or on the date of separation, if separated during the year) | | 24,567 | 0.04 | 24,567 | 0.04 | |
| 10 | THE OMNISCIENT SECURITIES PVT. LTD | | | | | |
| | At the beginning of the year | | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/ transfer /bonus/sweat equity etc.) | | | | | |
| | Date | Increase/Decrease | Reasons for Change | | | |
| | 27.03.2020 | 21,000 | Purchase | | 21,000 | 0.04 |
| At the end of the year (or on the date of separation, if separated during the year) | | 21,000 | 0.04 | 21,000 | 0.04 | |

(iv) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|------------------------|--|---|----------------------------------|---|----------------------------------|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company | |
| 1 | Shri Rajiv Chopra, Director (Marketing) with additional charge CMD (upto 31.07.2020) | | | | | |
| | At the beginning of the year | | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | | |
| | At the end of the year | | 0 | 0 | 0 | 0 |
| 2 | Shri Sunil Kumar, Director (upto 21.01.2020) | | | | | |
| | At the beginning of the year | | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | | |
| At the end of the year | | 0 | 0 | 0 | 0 | |

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 3 | Shri S.C Pandey, Director (upto 30.06.2019) | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 4 | Shri Shashank Priya, Director (w.e.f 13.08.2019) | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 5 | Shri Keshav Chandra, Director (w.ef 21.01.2020 upto 10.02.2020) | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 6 | Shri Shyamal Misra, Director (w.e.f 10.02.2020) | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 7 | Shri S.K.Sharma, Director (Personnel) & Additional Charge of CMD w.e.f 01.08.2020 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 8 | Shri Umesh Sharma, Director (Finance) MMTC with additional charge of Director(Finance) STC upto 31.05.2020 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 9 | Shri N.A.N Jeyakumar, Director (Marketing) w.e.f 12.06.2019 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 10 | Shri Kapil Kumar Gupta, Director (Finance) MMTC with addl. Charge of STC w.e.f 03.06.2020 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 11 | Dr. N Sundaradevan (Independent Director) upto 14.06.2019 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 12 | Dr. K Rangarajan (Independent Director) upto 14.06.2019 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 13 | Shri Sunil H Trivedi (Independent Director) upto 14.06.2019 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 14 | Shri Arvind Gupta (Independent Director) upto 14.06.2019 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 15 | Shri Mohan Lal Pareek (Independent Director) upto 26.01.2020 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 16 | Dr. Amitabh Rajan (Independent Director) upto 26.01.2020 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 17 | Shri Bharatsinh Prabhatsinh Parmar (Independent Director) upto 26.01.2020 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 18 | Ms. Bharati Magdum (Independent Director) upto 26.01.2020 | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 19 | Ms. Rooma Nagrath , Chief Financial Officer | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 20 | Shri Deepak C.S, Company Secretary (upto 19.12.2019) | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 21 | Shri Vipin Kumar Tripathi, Company Secretary (w.e.f 20.12.2019) | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | | |
| | At the end of the year | 0 | 0 | 0 | 0 |

(V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|------------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 10,242,383,600 | - | - | 10,242,383,600 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total(i+ii+iii) | 10,242,383,600 | - | - | 10,242,383,600 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | | - | - | |
| • Reduction | 2,180,055,417 | | | 2,180,055,417 |
| Net Change(+) | (2,180,055,417) | - | - | (2,180,055,417) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 8,062,328,183 | - | - | 8,062,328,183 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total(i+ii+iii) | (8,062,328,183) | - | - | (8,062,328,183) |

(V) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

| Sl. no. | Particulars of Remuneration | Shri Rajiv Chopra | Shri S.K. Sharma | Shri N.A.N Jeyakumar | Total |
|---------|---|-------------------|------------------|----------------------|--------------------|
| | Gross salary | | | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 35,55,075 | 39,79,015 | 23,79,215 | 99,13,305 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | 20,000 | 6,204 | 4,627 | 30,831 |
| (c) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | | | | |
| 3. | Sweat Equity | | | | |
| 4. | Commission - as % of profit - others, specify... | | | | |
| 5. | Others, please specify PF, Pension | 5,68,704 | 6,20,479 | 3,81,285 | 15,70,468 |
| | Provisions | -4,82,874 | 8,01,264 | 7,00,996 | 10,19,386 |
| | Total(A) | 36,60,905 | 54,06,962 | 34,66,123 | 1,25,33,990 |
| | Ceiling as per the Act | | | | |

B. Remuneration to other Directors:

(Amount in ₹)

| Sl. no. | Particulars of Remuneration | Dr. N. Sundara devan | Dr. K. Ranga rajan | Shri Sunil Trivedi | Shri Arvind Gupta | Dr. Amitabh Rajan | Shri M.L. Pareek | Ms. Bharathi Magdum | Shri Bharatsinh Parmar | Total Amount |
|---------|--|----------------------|--------------------|--------------------|-------------------|-------------------|------------------|---------------------|------------------------|-----------------|
| 1. | Independent Directors | | | | | | | | | |
| | • Fee for attending board committee meetings | 40,000 | 40,000 | 20,000 | | 20,000 | 1,40,000 | 1,20,000 | 40,000 | 4,20,000 |
| | • Commission | - | - | - | | - | - | - | - | - |
| | • Others, please specify | | | | | | | | | |
| | Total(1) | - | - | - | | - | - | - | - | - |
| 2. | Other Non-Executive Directors | - | - | - | | - | - | - | - | - |
| | • Fee for attending board committee meetings | - | - | - | | - | - | - | - | - |
| | • Commission | | | | | | | | | |
| | • Others, please specify | | | | | | | | | |
| | Total(2) | - | - | - | | - | - | - | - | - |
| | Total(B)=(1+2) | 40,000 | 40,000 | 20,000 | | 20,000 | 1,40,000 | 1,20,000 | 40,000 | 4,20,000 |
| 3. | Total Managerial Remuneration (A+B) | | | | | | | | | |
| | Overall Ceiling as per the Act | Not applicable | | | | | | | | |

C. Remuneration to Key Managerial Personnel other than MD /Manager/

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|---------|---|---|--|---|------------------|
| | | Ms. Rooma Nagarath Chief Financial Officer (w.e.f 21.12.2018) | Shri Deepak C S Company Secretary (upto 19.12.2019) | Shri Vipin Tripathi, Company Secretary (w.e.f 20.12.2019) | |
| 1. | Gross salary | | | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 21,15,587 | 12,24,154 | 2,40,558 | 35,80,299 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | 2,08,638 | 4,498 | - | 2,13,136 |
| (c) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission-as % of profit-others, specify... | - | - | - | - |
| 5. | Others, please specify PF & Pension | 3,60,831 | 1,95,283 | 38,745 | 5,94,859 |
| | Provisions | 4,30,309 | - | 1,83,439 | 6,13,748 |
| | Total | 31,15,365 | 14,23,935 | 4,62,742 | 50,02,042 |

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding of offenses | Authority (RD/NCLT/ Court) | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | NOT APPLICABLE | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. Directors | | | | | |
| Penalty | NOT APPLICABLE | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. Other Officers in default | | | | | |
| Penalty | NOT APPLICABLE | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

THE STATE TRADING CORPORATION OF INDIA LIMITED: NEW DELHI

CSR ACTIVITIES: 2019-20

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

The Company has framed CSR and Sustainability Policy, Process & Procedure of STC and it is in force from the year 2014. The policy is a set of comprehensive guidelines to contribute to inclusive growth and equitable development of marginalized and underprivileged sections/communities, within the broad geographical area in which STC has business activities.

STC's efforts are to undertake CSR initiatives to benefit the weaker/marginalized sections of the society. Weaker sections would include SC, ST, OBC, minorities, women and children, BPL families, old aged and differently-abled persons etc. Subject to availability of funds, CSR project(s) would be designed into short-term, medium-term and long term projects, by defining the annual target of the activities, funds earmarked and periodicity for execution. CSR Policy is uploaded in the Company's website: www.stclimited.co.in

Overview of projects or programs proposed to be undertaken in FY-2020-21

The Corporation has posted an average net loss of ₹326.01 Crore during the last three immediately preceding financial years {₹32.25 Crore (FY2017-18), (-)₹897.12 Crore (FY2018-19) and (-)₹113.16 Crore (FY2019-20)}, it is not mandated to allocate CSR budget for the year 2020-21. Thus, no new projects or programs proposed to be undertaken in FY-2020-21.

2. The Composition of the CSR Committee

The present CSR Committee consists of the following members:

- | | |
|---|---------------|
| i. Shri Shashank Priya , AS&FA, DoC | - Chairperson |
| ii. Shri Shyamal Misra, JS, DoC | - Member |
| iii. Shri N.A.N Jeyakumar, Director (Marketing) | - Member |

3. Average net profit of the company for last three financial years, 2019-20

| Year | Profit (₹ in Crore) |
|-------------------------------------|---------------------|
| 2016-17 | (148.37) |
| 2017-18 | 32.25 |
| 2018-19 | (897.12) |
| Average net profit for last 3 years | (337.74) |

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

In view of the average net loss of ₹337.74 Crore, the prescribed CSR expenditure for the year 2019-20 was Nil.

5. Details of CSR spent during the financial year

a) Total amount to be spent for the financial year

In view of 4 above, the Company was not mandated to allocate CSR fund for the year 2019-20. However, an unspent amount of ₹1.40 lakh was carried forward to financial year 2019-20 and the amount has been spent towards contribution to PM CARES Fund.

b) Amount unspent, if any;

Nil

THE STATE TRADING CORPORATION OF INDIA LIMITED: NEW DELHI
CSR ACTIVITIES: 2019-20

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

| S. No. | CSR Project or activity identified | Sector in which the project is covered | Projects and Location | Amt. Outlay (₹ in Lakh) | Amount spent on the projects or programs Sub heads: (1) Direct Expenditure on project or program (2) Overheads (₹ in lakh) | Cumulative expenditure upto the reporting period (₹ in Lakh) | Amount Spent: Direct or through implementing agency |
|--------|------------------------------------|--|-----------------------|-------------------------|--|--|---|
| 1 | Contribution towards PM CARES Fund | Emergency | India | 1.40 | 1. 1.40 2. Nil | 1. 1.40 2. Nil | Govt. of India |
| | Total | | | 1.40 | 1.40 | 1.40 | |

d) **Reasons for not spending two per cent of the average net profit of the last three financial years or any part thereof.**

The Company was not mandated to allocate CSR funds for the financial year 2019-20 in view of average net loss of ₹337.74 Cr. for the three immediately preceding financial years.

e) **Responsibility statement on CSR Committee**

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

Sd/-

(Shri D.P. Mishra)
CGM-Personnel &
Nodal Officer (CSR)

Sd/-

(Shri. N.A. Nainar Jeyakumar)
Director-Marketing
Member (CSR Committee)
DIN: 08479171

Sd/-

(Shri Shashank Priya)
AS&FA, DoC
Chairperson (CSR Committee)
DIN: 08538400

Date: 15/09/2020

Place: New Delhi

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is essentially an ethos which guides and directs the management of a Company in handling its affairs in the best interest of all the stake holders and promotes fairness, transparency and integrity.

SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [SEBI (LODR)] deals with Corporate Governance requirements. Also the Department of Public Enterprises (DPE) of the Government of India has issued Guidelines on Corporate Governance which are applicable to all Central Public Sector Enterprises (CPSEs) so as to achieve the highest standards of fairness, transparency, trust, integrity, responsibility and accountability with a strong emphasis on ethical and professional conduct.

STC believes that Corporate Governance is not a mere compliance of statutory requirements but rather a prerequisite to maximizing value for all stakeholders. It strives to adopt such corporate practices that are based on transparency and proper disclosures and ensure accountability of the persons in key positions thereby benefiting investors, customers, creditors, employees and the society at large.

As a first step towards Corporate Governance, the Company has laid down desirable codes and policies such as Code of Conduct for Board Members and Senior Management Personnel, Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy, Anti-Fraud Policy, Web Archival Policy, Policy on preservation of documents, Policy on Materiality of Related Party Transactions and dealings with Related Party Transactions, Policy for determination of materiality of events & Information and their disclosure and Policy for determining Material Subsidiaries etc. The policies are displayed on the website of the Company, www.stclimited.co.in under the section 'Corporate Commitments'.

The internal control systems and their adequacy is overseen by the Audit Committee so as to bring transparency in decision making. A consolidated compliance report on all laws applicable to the Company is periodically put up to the Board.

The Company adheres to good corporate practices and constantly strives to improve the same.

1. BOARD OF DIRECTORS

1.1 The Company is managed by the Board of Directors, which formulates strategies and policies, oversees their implementation and also reviews Company's performance periodically. Board of Directors is at the core of the Company's corporate governance practices and oversees how the management serves and protects the long term interest of the stakeholders.

1.2 Composition of Board

STC being a Government Company, all its Directors are appointed by the President of India, through the Ministry of Commerce & Industry. The Articles of Association of the Company stipulated that the number of Directors shall not be less than four and more than sixteen. As on 31st March, 2020, there were six (6) Directors on the Board comprising, Four (4) whole time Functional Directors and Two (2) part-time official Directors, who are the Government nominees. Consequent upon superannuation of Shri Rajiv Chopra, Director (Marketing) with additional charge of CMD on 31.07.2020, Shri S.K.Sharma Director (personnel) was entrusted with the Additional charge of CMD w.e.f 01.08.2020 by Orders of the Ministry of Commerce and Industry, Dept. of Commerce. All the Directors except CMD and Independent Directors are liable to retire by rotation. At least one third of such Directors retire every year and if eligible, qualify for reappointment.

Apart from CMD and Functional Directors, who receive directors' remuneration, other Directors of the Board do not have any material pecuniary relationships or transactions with the Company, its promoters or its subsidiary, which in judgment of the Board may affect independence of Directors.

1.3 Board Meetings

The meetings of the Board are generally held at the registered office of the Company and are convened by giving appropriate advance notice after approval of the Chairman of the Board. The Board of STC meets regularly at least once in a quarter. The meetings of the Board are conducted as per a structured agenda and members of the Board have complete access to all information of the Company and are also free to recommend inclusion of any subject matter in the agenda for discussion. Detailed agenda containing the management reports and other explanatory statements are circulated in advance amongst the members of the Board for facilitating meaningful, informed and focussed decisions at the meetings. Where it is not practicable to circulate any document or the agenda note for a particular item of business, the same is tabled with the approval of Chairman and majority of the Board members. Senior officials are called to provide additional inputs to the items being discussed by the Board, as and when necessary.

1.3.1 Attendance

The details of the Directors with regard to their category, directorship in other companies, membership/ chairmanship in committees of the boards of other companies as well as attendance at Board Meetings/ Annual General Meeting during 2019-20 are as follows:

| Name & Designation | No. of Board Meetings held during the tenure | No. of Board Meetings attended | Whether attended last AGM held on 24.09.2019 | As on 31.03.2020 | |
|---|--|--------------------------------|--|--|--|
| | | | | No. of Directorships in other Public Limited Companies & Names of Listed Companies | Memberships/ Chairmanship in Committees of the Boards of other Companies |
| Functional Directors | | | | | |
| Shri Rajiv Chopra Director (Marketing) with additional charge of CMD (upto 31.07.2020) | 4 | 4 | Yes | 1 Listed Companies: NIL | Nil |
| Shri S.K. Sharma Director(Personnel) with additional charge of CMD w.e.f 01.08.2020 | 4 | 4 | Yes | 1 Listed Companies: NIL | Nil |
| Shri N.A.N Jeyakumar Director (Marketing) w.e.f 12.06.2019 | 3 | 3 | Yes | NIL Listed Companies: NIL | Nil |
| Shri Umesh Sharma Director(Finance) MMTC with additional charge of Director (Finance),STC (upto 31.05.2020) | 4 | 4 | Yes | 3 Listed Companies: MMTC Limited | Nil |
| Shri Ashwani Sondhi Director(Marketing) MMTC with additional charge of Director (Marketing) STC w.e.f 01.04.2019 to 16.06.2019 | 1 | 1 | NA | NA | NA |
| Part-time official Directors - Government Nominee | | | | | |
| Shri Sunil Kumar Special Secretary, DoC (upto 21.01.2020) | 3 | 3 | NO | NA | NA |
| Shri S.C.Pandey Additional Secretary & Financial Advisor, DoC (upto 30.06.2019) | 1 | 1 | NA | NA | NA |
| Shri Shashank Priya Additional Secretary & Financial Advisor DoC w.e.f 13.08.2019 | 2 | 2 | NO | 6 Listed Companies : 1. Bharat Heavy Electricals Limited 2. HMT Limited 3. MMTC Limited | Nil |
| Shri Keshav Chandra, Joint Secretary, DoC w.e.f 21.01.2020 & upto 10.02.2020 | 1 | 1 | NA | NA | NA |
| Shri Shyamal Mishra, Joint Secretary, DoC w.e.f 10.02.2020 | NA | NA | NA | 1 Listed Companies: MMTC Limited | NA |

| Name & Designation | No. of Board Meetings held during the tenure | No. of Board Meetings attended | Whether attended last AGM held on 24.09.2019 | As on 31.03.2020 | |
|---|--|--------------------------------|--|--|--|
| | | | | No. of Directorships in other Public Limited Companies & Names of Listed Companies | Memberships/ Chairmanship in Committees of the Boards of other Companies |
| Part-time Non-Official Directors – Independent Directors | | | | | |
| Dr. N Sundara devan, Independent Director (upto 14.06.2019) | 1 | 1 | NA | NA | NA |
| Dr. K Rangarajan, Independent Director (upto 14.06.2019) | 1 | 1 | NA | NA | NA |
| Shri Sunil Trivedi, Independent Director (upto 14.06.2019) | 1 | 1 | NA | NA | NA |
| Shri Arvind Gupta, Independent Director (upto 14.06.2019) | 1 | 1 | NA | NA | NA |
| Dr. Amitabh Rajan, Independent Director (upto 26.01.2020) | 3 | 1 | No | NA | NA |
| Shri Mohan Lal Pareek Independent Director (upto 26.01.2020) | 3 | 3 | Yes | NA | NA |
| Ms. Bharathi Magdum Independent Director (upto 26.01.2020) | 3 | 3 | Yes | NA | NA |
| Shri Bharatsinh Parmar Independent Director (upto 26.01.2020) | 3 | 2 | No | NA | NA |

Notes:

- (i) The Company being a Government Company, all Directors are appointed by the President of India.
- (ii) Directors are not inter se related to each other.
- (iii) Directors do not have any pecuniary relationships or transactions with the Company except receipt of remuneration by CMD and functional directors from the Company.
- (iv) The Directorships /Committee Membership are based on the latest Disclosures received.
- (v) Only Chairmanship / Membership of the Audit Committee and Shareholders' Relationship Committee of public limited companies are taken into account.
- (vi) None of the Directors is a Director in more than eight listed entities and is an independent director in more than seven listed entities.
- (vii) None of the Directors is a member of more than 10 Committees or Chairman of more than 5 Committees, across all the Companies in which he/she is a Director.

1.3.2 Details of Board Meetings

During the financial year 2019-20, Four (4) meetings of the Board were held at the registered office of the company, the details of which are as below:

| Sr. No. | Meeting No. | Date of Board Meeting |
|---------|-------------|-----------------------|
| 1. | 629 | 28.05.2019 |
| 2. | 630 | 09.08.2019 |
| 3. | 631 | 08.11.2019 |
| 4. | 632 | 10.02.2020 |

The maximum interval between any two Board meetings did not exceed 120 days.

1.4 Changes in the Board of Directors

Shri Ashwani Sondhi, Director (Marketing), MMTC Limited vide order dated 28.03.2019 of Ministry of Commerce & Industry, Department of Commerce, assumed the charge of the posts of Director (Marketing) STC on 01.04.2019, in addition to his existing charge, for a period of six months w.e.f 01.04.2019 to 30.09.2019 or till such time the posts are filled up on regular basis or until further orders.

Ministry of Commerce & Industry (MoC) vide its order dated 12.06.2019 conveyed the approval for the appointment of Shri N.A.N Jeyakumar, Chief General Manager (Marketing), STC to the post of Director (Marketing), STC and he assumed the charge w.e.f 12.06.2019.

Vide an order dated 23.07.2019, MoC conveyed that Shri N. A. N. Jeyakumar would hold the additional charge of the post of Director (Marketing). Accordingly Shri Ashwani Sondhi ceased to be a director of the Company w.e.f. that date.

On attaining the age of superannuation, Shri S. C. Pandey, AS&FA, DoC retired from the services on 30.06.2019 and consequently ceased to be a Director (Government Nominee) of the Company w.e.f. that date.

Shri Arvind Gupta, Dr. N. Sundaradevan, Dr. K. Rangarajan and Shri Sunil Trivedi ceased to be Independent Directors of the Company on 14.06.2019 on completion of the tenure. They had been appointed by the Department of Commerce, Ministry of Commerce & Industry, Government of India vide order No. 14/13/97 -FT(ST) dated 15.06.2016 for a period of three years.

Ministry of Commerce & Industry, Department of Commerce (DoC) vide its Office Order No. 11/36/2001-FT (M&O) dated 13.08.2019 appointed Shri Shashank Priya, Additional Secretary & Financial Advisor, as part time official director on the Board of STC.

Ministry of Commerce & Industry, Department of Commerce (DoC) vide its Office Order No. 11/36/2001-FT (M&O) dated 21.01.2020 appointed Shri Keshav Chandra, Joint Secretary, Department of Commerce, Ministry of Commerce & Industry, as Part time Official Director of STC vice Shri Sunil Kumar, Special Secretary, Department of Commerce and he was appointed as Additional Director on the Board of STC w.e.f. 21.01.2020.

Dr. Amitabh Rajan, Shri Mohan Lal Pareek, Shri Bharatsinh Parmar and Ms. Bharati Magdum ceased to be Independent Directors of the Company on 26.01.2020 on completion of the tenure. They had been appointed by the Department of Commerce, Ministry of Commerce & Industry, Government of India vide order No. 14/13/97 -FT(ST) dated 27.01.2017 for a period of three years.

Ministry of Commerce & Industry, Department of Commerce (DoC) vide its Office Order No. 11/36/2001-FT (M&O) dated 10.02.2020 appointed Shri Shyamal Misra, Joint Secretary, Department of Commerce, Ministry of Commerce & Industry, as Part time Official Director of STC vice Shri Keshav Chandra, Joint Secretary, Department of Commerce and he was appointed as Additional Director on the Board of STC w.e.f. 10.02.2020.

On attaining the age of superannuation, Shri Umesh Sharma Director (Finance), MMTC Limited as Director (Finance) STC, in addition to his existing charges with additional charge of State Trading Corporation of India Limited, retired from MMTC Limited w.e.f 31.05.2020 and hence ceased to be the Director of the Company w.e.f. that date.

Ministry of Commerce & Industry, Department of Commerce (DoC) vide its Office Order No. 12022/5/2017-E.IV dated 01.06.2020 has appointed Shri Kapil Kumar Gupta, Director (Finance), MMTC Limited as Director (Finance)STC, in addition to his existing charges and he was appointed as Additional Director on the Board of STC w.e.f. 03.06.2020.

On attaining the age of superannuation, Shri Rajiv Chopra, Director (Marketing) having additional charge of CMD retired from the services on 31.07.2020 and consequently ceased to be a Director of the Company w.e.f. that date.

Ministry of Commerce & Industry, Department of Commerce (DoC) vide its Office Order No. A-12022/12/2012 -E.IV dated 12.06.2020 has conveyed that Shri Sanjeev Kumar Sharma, Director (Personnel), State Trading Corporation of India Limited (STC Ltd.) is assigned the additional charge of the post of Chairman & Managing Director (CMD), STC Ltd., under Department of Commerce, for the period from 01.08.2020 to 31.01.2021, or until further orders, whichever is earlier, vice Shri Rajiv Chopra, CMD (Additional Charge).

As per Section 149, 161 and other applicable provisions of the Companies Act, 2013, the Additional Directors will hold office up to the next Annual General Meeting (AGM) of the Company and will be regularized as Directors at the ensuing AGM.

2. RESUME OF DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED

As per Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief resumes of all Directors retiring by rotation and seeking appointment /re-appointment indicating nature of their experience in specific functional areas, names of Companies in which they hold directorship and membership/ chairmanship of Boards/ Committees are appended to the notice calling the 64th Annual General Meeting of the Company.

3. SKILLS, EXPERTISE AND COMPETENCE OF THE BOARD

Skills, expertise and competence identified by the Board in the context of the business of the company. The Board of Directors oversees the functioning of the management comprising the executives at various levels of the organisation and provides necessary guidance and direction towards the attainment of corporate business objectives.

The Company is mainly engaged in the domestic trading and import and export of rice, wheat, sugar, pulses, edible oils, fertilisers, coal, bullion, etc. The skill sets required for such business and the industry in general are the overall experience in trading of these items, commercial knowledge relevant for such trading, knowledge of foreign trade policy, Customs regulations, international trade agreements, tax treaties, financial knowledge, ability to analyse financial statements, awareness of tax laws, dealing with financial institutions and banks for arranging funds, negotiation skills etc.

The above skill sets, expertise and competence are largely available with the Board of Directors of the Company at present.

4. INDEPENDENT DIRECTORS

Part-time Non-official (Independent) Directors are appointed by the Board of Directors pursuant to the order of the Department of Commerce, Government of India, for a period of three years or until further orders, whichever is earlier.

Independent Directors are required to comply with the requirements of the "Code of Business Conduct & Ethics for Board Members and Senior Management Personnel", "Code of Conduct to Regulate, Monitor and Report Trading by Insiders" and the "Charter for Board of Directors" approved by the Board of Directors of STC. The Independent Director shall always act in accordance with the Memorandum & Articles of Association of the Company and in furtherance of objects of the Company.

All the Part-time Non-official Directors (Independent Directors) have affirmed that they meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, in the opinion of the board, the independent directors fulfil the conditions specified in these regulations and are independent of the management.

5. BOARD COMMITTEES

The Company has the following Committees of the Board:

5.1 Audit Committee

The terms of reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Guidelines on Corporate Governance for CPSEs issued by DPE from time to time. The Audit Committee is responsible for the effective supervision of the financial reporting processes to ensure proper disclosure of financial statements, their credibility, compliance with the accounting standards, stock exchanges and other legal requirements, reviewing internal control systems, reviewing findings of internal audit and ensuring follow up action on significant findings, and reviewing quarterly, half yearly and yearly accounts etc.

The Audit Committee was reconstituted by the Board of Directors by means of resolution dated 23.07.2019 passed by circulation, with Shri M. L. Pareek as Chairperson, Shri B. P. Parmar and Ms. Bharathi Magdum as Members of the Committee. Post completion of tenure of the said three Independent Directors, the Audit Committee was again reconstituted by the Board of Directors by means of resolution dated 30.01.2020 passed by circulation, with Shri Shashank Priya, AS&FA as Chairperson, Shri Keshav Chandra, JS and Shri S K Sharma, Director (Personnel) as the Members of the Committee. However, due to the cessation of Shri Keshav Chandra, JS as Additional Director of the company, the Audit Committee was again reconstituted by means of resolution dated 23.06.2020 passed by circulation with Shri Shashank Priya, AS&FA as Chairperson, Shri S K Sharma and Shri N.A.N Jeyakumar as the members of the Committee and further the audit committee has been recently reconstituted by means of resolution dated 20.08.2020 passed by circulation with Shri Shashank Priya, AS&FA as Chairperson, Shri Shyamal Misra, Shri S K Sharma and Shri N.A.N Jeyakumar as the members of the Committee.

Besides above, all other Functional Directors, Finance Divisional Head and Statutory Auditors are special invitees to the meetings. Details of Attendance & Meetings held during FY 2019-20 are as follows:-

Details of Attendance & Meeting held during FY 2019-20 are as follows:-

5.1.2 Attendance:

| Member | No of Meetings held during the period | No of Meetings attended |
|---|---------------------------------------|-------------------------|
| Shri S.C.Pandey, AS& FA, DoC (upto 30.06.2019) | 1 | 1 |
| Dr.K.Rangarajan (upto 14.06.2019) | 1 | 1 |
| Dr.N.Sundaradevan (upto 14.06.2019) | 1 | 1 |
| Shri M.L.Pareek (upto 26.01.2020) | 3 | 3 |
| Ms.Bharathi Magdum (upto 26.01.2020) | 2 | 2 |
| Shri Bharatsinh Parmar (upto 26.01.2020) | 2 | 0 |
| Shri Shashank Priya, AS& FA, DoC | 1 | 1 |
| Shri Keshav Chandra, JS, DoC (upto 10.02.2020) | 1 | 1 |
| Shri S.K.Sharma | 1 | 1 |

5.1.2 Details of Audit Committee Meetings:

During the financial year 2019-20, Four (4) meetings of Audit Committee were held. The details of Audit Committee meetings are as follows:

| Sr. No. | Meeting No. | Date of the Audit Committee Meeting |
|---------|-------------|-------------------------------------|
| 1. | 90 | 28.05.2019 |
| 2. | 91 | 09.08.2019 |
| 3. | 92 | 07.11.2019 |
| 4. | 93 | 10.02.2020 |

5.2 Nomination and Remuneration Committee

The term of reference of the Nomination and Remuneration Committee are as per Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Ministry of Corporate Affairs, through notification dated 05.06.2015, has exempted the Government Companies from applicability of Section 178(2), (3) and (4) of the Companies Act, 2013 except with regard to appointment of senior management employees.

STC being a Government Company, the terms and conditions of appointment and remuneration of whole-time Functional Directors including CMD are determined by the Government through administrative ministry, the Ministry of Commerce and Industry. Non-Executive part-time official Directors (Government nominees) do not draw any remuneration or sitting fee. Non-executive part-time non-official Directors (Independent Directors) are paid sitting fees of ₹20,000/- for each Board/ Committee meeting attended by them which has been approved by the Board and are within the prescribed limit as per Companies Act, 2013.

The Nomination and Remuneration Committee was reconstituted by the Board of Directors by means of resolution dated 23.07.2019 passed by circulation, with Dr. Amitabh Rajan as Chairperson, Ms. Bharathi Magdum & Shri M.L Pareek as members of the Committee. However, due to the completion of the tenure of the said Independent Directors, the Nomination and Remuneration Committee has been reconstituted by the Board of Directors by means of resolution dated 20.08.2020 passed by circulation, with Shri Shashank Priya, AS&FA as Chairperson, Shri Shyamal Misra and Shri S K Sharma as the members of the Committee

No meeting of Nomination and Remuneration Committee was held during the FY 2019-20.

5.3 Stakeholders Relationship Committee:

The Company has a "Stakeholders Relationship Committee" at the Board level to deal with various matters relating to redressal of grievances of the shareholders' including complaints related to transfer of shares, non- receipt of balance sheet, non-receipt of declared dividends. The Stakeholders Relationship Committee was reconstituted on

28.05.2019 comprising four members viz, Shri Sunil Kumar, SS, DOC, as Chairman and Shri Rajiv Chopra, Director (Marketing) with additional charge CMD, Shri S. K. Sharma, Director (Personnel) and Dr. K. Rangarajan, Independent Director were the members of the Committee.

The Stakeholders Relationship Committee was reconstituted again by the Board of directors by means of resolution dated 23.07.2019 passed by circulation and Shri M. L. Pareek (Chairperson), Ms. Bharathi Magdum, Shri S. K. Sharma and Shri N. A. N. Jeyakumar were the members of the Committee.

However, due to the completion of the tenure of the Independent Directors, the Stakeholders Relationship Committee has recently been reconstituted by the Board of Directors by means of resolution dated 20.08.2020 passed by circulation, with Shri Shashank Priya, AS&FA as Chairperson, Shri Shyamal Misra and Shri N. A. N. Jeyakumar as the members of the Committee

No meeting of Stakeholders Relationship Committee was held during the FY 2019-20.

5.4 CSR Committee of the Board of Directors:

The terms of reference of the Committee include formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on such activities and monitoring the implementation of Corporate Social Responsibility Policy of the Company from time to time.

The CSR Committee was reconstituted by the Board of directors by means of resolution dated 23.07.2019 passed by circulation and Ms. Bharathi Magdum (Chairperson), Shri M. L. Pareek, Shri B. P. Parmar, Shri S. K. Sharma and Shri N. A. N. Jeyakumar were the members of the Committee.

However, due to the completion of the tenure of the Independent Directors, the CSR Committee has recently been reconstituted by the Board of Directors by means of resolution dated 20.08.2020 passed by circulation, with Shri Shashank Priya, AS&FA as Chairperson, Shri Shyamal Misra and Shri N. A. N. Jeyakumar as the members of the Committee

During the FY 2019-20, one meeting of the CSR committee of Directors was held on 09.08.2019 which was attended by all the members except Shri Bharatsinh Parmar, Independent Director.

5.5 Separate Meeting of Independent Directors:

Pursuant to the Provisions of Section 149(6) read with Schedule IV to the Companies Act, 2013, a separate meeting of the Independent directors is required to be held during the year to inter-alia review the performance of non-independent directors and the Board as a whole, review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors and to assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

No separate meeting of Independent Directors was held during the FY 2019-20 due to the non-availability of Independent Directors on the Board of the Company.

6. DIRECTORS' REMUNERATION

6.1 Remuneration of Directors' for the year ended 31.03.2020 was as follows:

(a) Functional Directors:

(₹ in Lakh)

| Sr. No. | Names | Salary incl. DA | Other perquisites & Benefits | P. F + Pension | Provision (2019-20) | Total |
|---------|----------------------|-----------------|------------------------------|----------------|---------------------|-------|
| 1. | Shri Rajiv Chopra | 35.55 | 0.20 | 5.68 | - 4.80 | 36.60 |
| 2. | Shri S.K.Sharma | 39.79 | 0.06 | 6.20 | 8.01 | 54.06 |
| 3. | Shri N.A.N Jeyakumar | 23.79 | 0.04 | 3.81 | 7.00 | 34.66 |
| 4. | Shri Umesh Sharma # | - | - | - | - | - |
| 5. | Shri Ashwani Sondhi# | - | - | - | - | - |

Shri Umesh Sharma, Director(Finance) MMTC Limited & Shri Aswani Sondhi, Director, (Marketing) MMTC Limited held only additional charge in STC and they did not draw any remuneration from STC.

(b) Part-time Non-Official Directors/ Independent Directors

Non-Executive non-official Directors are paid sitting fees at the rate of ₹20,000/- for attending each meeting of the Board / Committee thereof. Details of payments made to Independent Directors during the year 2019-20 are given:-

| Sr. No. | Name of Independent Director | Sitting Fee (Excluding Service Tax) (₹ in Lakh) |
|---------|------------------------------|---|
| 1. | Dr. N Sundaradevan | 0.40 |
| 2. | Dr. K. Rangarajan | 0.40 |
| 3. | Shri Sunil Trivedi | 0.20 |
| 4. | Shri Arvind Gupta | Nil |
| 5. | Dr. Amitabh Rajan | 0.20 |
| 6. | Shri Mohan Lal Pareek | 1.40 |
| 7. | Ms. Bharathi Magdum | 1.20 |
| 8. | Shri Bharatsinh Parmar | 0.40 |

6.2 Stock Options

The Company has not issued any Stock Options to its Directors / Employees.

6.3 Equity Shares held by Directors

None of the Directors hold any equity shares in the Company.

6.4 Service contracts, notice period, severance fee.

The Chairman & Managing Director and other whole-time Directors are generally appointed for a period of five years from the date of taking over the charge or until the date of superannuation of the incumbent, or until further orders from the Govt. of India, whichever event occurs earliest. Based on the performance, the tenure of the whole-time director can be extended further till the date of superannuation or until further order from the Government of India, whichever event occurs earlier. The age limit for the Chairman & Managing Director and other whole-time Directors is 60 years.

Independent Directors are appointed by the Govt. of India generally for a tenure of three years.

The terms and conditions of the services of the Functional Directors including that of the Chairman & Managing Director are decided by the Government of India.

7. COMPLIANCE OFFICER

| Sr. No. | Name | Period |
|---------|---------------------|-------------------------|
| 1. | Shri Deepak C S | 13.11.2018 - 19.12.2019 |
| 2. | Shri Vipin Tripathi | 20.12.2019 - continuing |

The Compliance Officer is primarily responsible for ensuring compliance with applicable statutory requirements and is the interface between the management, stake holders and the regulatory authorities.

8 REDRESSAL OF INVESTORS' GRIEVANCES

The company addresses all complaints, suggestions and grievances of the investors expeditiously and usually resolves the issues within 7-10 days except in case of dispute over facts or other legal constraints.

Generally, no request for share transfer is pending beyond 15 days except those that are disputed or sub-judice. All requests for de-materialization of shares are likewise processed and confirmation communicated to investors and Depository Participants within 10 working days.

During the year, a total of 17 complaints /queries/ correspondence were received and all the 17 were replied / attended to the satisfaction of the shareholders. No complaint is pending as on 31st March, 2020.

8.1 Settlement of Grievances

Investors may register their grievances in the manner stated below:

| Sr. No. | Nature of Complaint | Contact Office | Action to be taken |
|---------|---|--|--|
| 1. | For Shares in Physical form – Change of address, status, Bank account, Mandate, ECS Mandate transfer/ transmission of shares, bonus shares etc. | MCS Share Transfer Agents Ltd. F-65,1st Floor, Okhla Industrial Area, Phase-I, NewDelhi-110020 Tel.No.91-11 41406149/50/51/52 Fax: 91 - 41709881. Website: www.stclimited.co.in. e-mail: admin@mcsregistrars.com | Letter on plain paper stating the nature of complaint, Folio No., lodging of original shares and other documents/ instruments as the case may be |
| 2. | For Shares in Demat form- Change of address, status, Bank account, Mandate, ECS mandate etc. | Concerned Depository Participant (DP) where share holder is maintaining his/ her account. | As per procedure prescribed by the DP. |

| Sr. No. | Nature of Complaint | Contact Office | Action to be taken |
|---------|--|--|--|
| 3. | Dividend from Financial year 2012-13 (Final) and renewal of individual dividend warrants | Company Secretary, The State Trading Corporation of India Limited, Jawahar Vyapar Bhawan, Tolstoy Marg, NewDelhi-110001 Phone: 23701006 Email: cs@stclimited.co.in | Letter on plain paper stating the nature of complaint Folio No./ DPID, client ID, and other documents/instruments as the case may be. Members are requested to apply for renewal of individual dividend warrants or issue of duplicate warrants for the dividend 2012-13 (Final) before 30.10.2020 The unpaid/unclaimed dividend amount for the year 2012-13 (final) will be transferred on or before 30.11.2020 by the Company to the Investor Education & Protection Fund (IEPF) setup by Govt. of India and no claim will lie neither against IEPF nor against the Company. |

9. FAMILIARIZATION PROGRAMME OF THE INDEPENDENT DIRECTORS

The details regarding familiarization programme of Independent Directors are available on the website of the Company under Investor Desk and with the heading of 'Familiarisation Programme for Independent Directors'. No such programmes have been held during 2019-20.

10. CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT.

The Company is committed to conducting its business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A Code of Conduct was adopted by the Board for Board Members and Senior Management in line with the model code of conduct for Board Members and Senior Management stipulated in the Guidelines on Corporate Governance for CPSEs issued by DPE. A copy of the Code has been placed on the Company's website: www.stclimited.co.in.

All the Members of the Board and senior management have confirmed compliance with the Code of Conduct for the year under review. A declaration by Chairman & Managing Director is annexed.

10.1 CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Board in its meeting held on 11.02.2019 has approved the amended 'Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons – Insider Trading Code' and also 'Code of Fair Disclosure and Conduct – Practices and Procedures for Fair Disclosure of Unpublished price Sensitive Information' (effective from 01.04.2019) in line with the SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018. The objective of the Code is to prevent purchase and/or sale of shares of the company on the basis of unpublished price sensitive information. Under this Code, the 'designated persons' as defined under the Code are prohibited from dealing in the Company's shares during the closure of Trading Window and other specified period(s). To deal in securities beyond specified limit, permission of Compliance Officer is required. All Directors and designated employees are required to disclose related information periodically as stipulated in the Code. The Code has been circulated to all Directors and Employees and has been hosted on the Company website: www.stclimited.co.in.

10.2 CEO / CFO CERTIFICATION

In terms of Regulation 17(8) specified in Part B of schedule II Corporate Governance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certification by the CEO / CFO on the financial statements and internal controls relating to financial reporting for the year 2019-20 was submitted to the Board on 20.07.2020 and is annexed to this Report.

11 SUBSIDIARY COMPANY

The Company has one wholly owned unlisted subsidiary Company, STCL Limited. The said subsidiary is a Board managed company with its Board having the rights and obligations to manage the Company in the best interest of its stakeholders. The Directors on the Board are appointed by the President of India through Administrative Ministry, Ministry of Commerce and Industry. The composition of the Board as on 31.03.2020 is as follows:

- | | | | |
|-------|---|---|---|
| (i) | Shri Rajiv Chopra, CMD (Additional charge), STC | : | Chairman |
| (ii) | Shri Durga Shakti Nagpal, Deputy Secretary, DOC | : | Part time Official Director / Government Director |
| (iii) | Shri S.K.Sharma, Director Personnel, STC | : | Managing Director |
| (iv) | Smt. Rooma Nagrath, CFO, STC | : | Director |

The performance of the subsidiary is reported to the Board periodically.

The subsidiary is not a 'material subsidiary', in terms of Regulation 24 of SEBI (LODR) Regulations, 2015. The corporate governance requirements as are applicable to a 'non-material subsidiary' are being complied with.

12. GENERAL BODY MEETINGS

The Annual General Meetings of the Company are held at the Registered Office of the Company i.e. Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001. The details of such meetings held during the last three years are as under:

| Nature of Meeting | Financial Year | Date & Time |
|------------------------|---------------------|-------------------------|
| Annual General Meeting | 2018-19 | 24.09.2019 – 04:00 P.M. |
| Annual General Meeting | 2017-18 (Adjourned) | 13.11.2018 – 05:00 P.M. |
| Annual General Meeting | 2017-18 | 26.09.2018 – 04:00 P.M. |
| Annual General Meeting | 2016-17 | 26.09.2017 – 03:00 P.M. |

All resolutions moved at the last Annual General Meeting were passed by requisite majority of members through e-voting and through Ballot Papers.

No Special Resolution had been passed at last three years' Annual General Meetings.

However the following special resolution was passed through postal ballot during the financial year 2019-20

| | | |
|------------------------------|---|-------------------------|
| Date of postal ballot notice | : | 10.06.2019 |
| Voting Period | : | 16.06.2019 - 15.07.2019 |
| Declaration of results | : | 17.07.2019 |

| Resolution | No. of votes in favour | Percentage | No. of votes against | Percentage |
|--|------------------------|------------|----------------------|------------|
| To sell, assign or otherwise dispose of the immovable properties of the Company as part of one time settlement of dues with banks, to the extent of ₹350 Crore | 15451 | 94.37 | 922 | 5.63 |

Procedure of postal ballot

Pursuant to provision of Section 110 of the Companies Act, 2013 and Rules made thereunder, the Postal Ballot Notice dated 10th June, 2019 was sent to all the members of the Company, either in physical or electronic form, for seeking their approval by means of special resolution through postal ballot. The dispatch of the aforesaid notice to the Members of the Company was completed on 14th June, 2019 and an advertisement in this regard was published in the newspaper, in English and Hindi on 15th June, 2019. The voting period commenced on Sunday, 16th June, 2019 (9:00 A.M. IST) and ended on Monday, 15th July, 2019 (05:00 P.M. IST).

The Company had appointed Shri Parveen Rastogi, M/s Parveen Rastogi & Co., Practising Company Secretary as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. The Postal Ballot Forms and self-addressed business reply envelopes were sent for casting of votes by the Members. E-Voting facility through NSDL was also provided to the Members of the Company. The Members were requested to return the physical postal ballot forms duly completed along with the assent (for) or dissent (against), so as to reach the scrutinizer not later than on 05:00 P.M. (IST) on Monday, 15th July, 2019. In case of electronic voting, Members were requested to cast their votes electronically up to 05:00 P.M. (IST) on Monday, 15th July, 2019.

After due scrutiny of all the postal ballot forms received electronically and physical up to 05:00 P.M. (IST) on Monday, 15th July, 2019 (being last date fixed for return of the postal Ballot Electronically and physical forms filled in by Members), Shri Parveen Rastogi, Practicing Company secretary presented his report dated 17th July, 2019, based on which the results were declared on 17th July, 2019.

13 DISCLOSURES

Under Regulation 23 of SEBI Regulation, all related party transactions require approval of the Audit Committee. Further, all material Related Party Transactions shall require approval of the shareholders through special resolution. As per section 188 of the Companies Act, 2013, certain contract / arrangement with related party requires approval of the Board of Directors. Further, if these transactions cross the limit prescribed under the Rules,

the approval of Shareholder through special resolution is required. The Company has formulated a Policy on Materiality of Related Party Transactions (RPT) and also on Dealing with Related Party Transactions. 'Related Party Transactions Policy' was amended by the Board on 28.05.2019 by including 'clear threshold limits' as per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- The RPT Policy is available at the web link: <http://www.stclimited.co.in/content/related-party-transactions-policy>. The Company has a 'policy for determining material subsidiaries' which is available on the weblink: <http://www.stclimited.co.in/content/policy-determining-material-subsidiaries>
- During the year, there were no transactions of material nature with the Directors or the Management or the subsidiary or relatives that had potential conflict of interest with the company.
- The details of "Related Party Disclosures" have been disclosed at serial no.46 in the Notes Forming Part of Accounts in the Annual Report.
- The applicable accounting standards have been followed in the preparation of financial statements along with proper explanation relating to material departures.
- The Company has complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Directors are nominated on training programmes organized by DPE & SCOPE from time to time.
- The Company does not have any shares in the demat suspense account or unclaimed suspense account.

14 MEANS OF COMMUNICATION

- **Quarterly / Annual Results:** The Company regularly intimates un-audited as well as audited financial results to the stock exchanges immediately after these are approved by the Board. These financial results are normally published in the leading English and vernacular dailies having wide circulation across the country. The results are also displayed on the website of the Company www.stclimited.co.in. The results are not sent individually to the shareholders
- **Limited Review Reports:** "Limited Review Reports" of the unaudited financial results for the respective quarter(s) obtained from statutory auditors of the company are filed with the Stock Exchange(s) from time to time.
- **News Release:** The official news releases are displayed on the Company's website www.stclimited.co.in.
- **Website:** The Company's website www.stclimited.co.in contains a separate section where the shareholders information is available. Full Annual Report, Shareholding Pattern and Corporate Governance Report etc. are also available on the website in a user friendly manner.
- **Annual Report:** Annual Report containing inter-alia, Audited Annual Accounts, Directors' Report, Management Discussion and Analysis (MD&A) Report, Auditors' Report, Corporate Governance Report including information for the Shareholders and other important information is circulated to the members and others entitled thereto.

15 SHAREHOLDERS' INFORMATION

15.1 Forthcoming AGM – Date, Time and Venue

The Annual General Meeting for the Financial Year 2019-20 is scheduled to be held on December 17, 2020 at 2.00 P.M. at, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi - 110001 through Video Conferencing.

15.2 Financial Year & Calendar:

The company adopts the financial year from 1st April to 31st March. Quarterly accounts are adopted by the Board by dates indicated below:

| Adoption of Quarterly results for the quarter ending | Last date for adoption of Financial Results |
|--|--|
| June 30, 2019 | 14th August, 2019 |
| September 30, 2019 | 14th November, 2019 |
| December 31, 2019 | 14th February, 2020 |
| March 31, 2020 (Audited) | 30th May, 2020 but due to COVID – 19 extended upto 31st July, 2020 |

15.3 Book Closure Period:

The Register of Members shall remain closed from 10 December, 2020 to 17 December, 2020 (both days inclusive) for the purpose of Annual General Meeting and Dividend, If any.

15.4 Listing on Stock Exchanges

The equity shares of the company are listed on the following Stock Exchanges:

| Name, address and contact details | Security Code | Type of Security |
|---|---------------|------------------|
| The Bombay Stock Exchange Limited (BSE) P.J. Towers, Dalal Street, Mumbai-400 001 Telephone : 022-22721233/4 Fax:022-22723121/3719/2037/2039 E-mail: info@bseindia.com Website: www.bseindia.com | 512531 | Equity |
| National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No.1, G - Block, Bandra - Kurla Complex, Bandra (East), Mumbai-400 051. Telephone: 022-26598100-8114 Fax: 022-26598237/38 E-mail: cc_nse@nse.co.in Website: www.nseindia.com | STCINDIA -EQ | Equity |

15.5 Listing Fee

The Annual Listing Fee for the listed equity shares pertaining to the year 2020 - 21 has been paid to the concerned Stock Exchanges.

15.6 Payment of Annual Custody Fee to NSDL and CDSL Stock code: INE655A01013

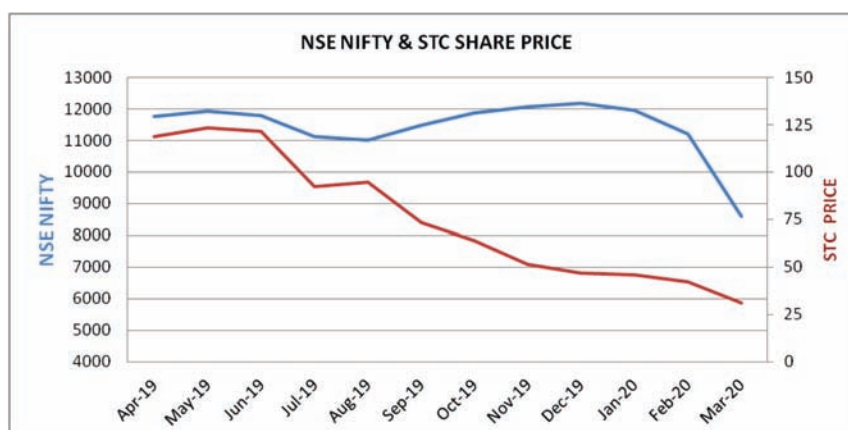
The Company has paid Annual Custody Fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year 2020-21 based on the Folio/ ISIN positions as on 31.03.2020.

15.7 Stock Market Data: High/Low during each month in last financial year and with comparison with BSE Sensex and NSE Nifty

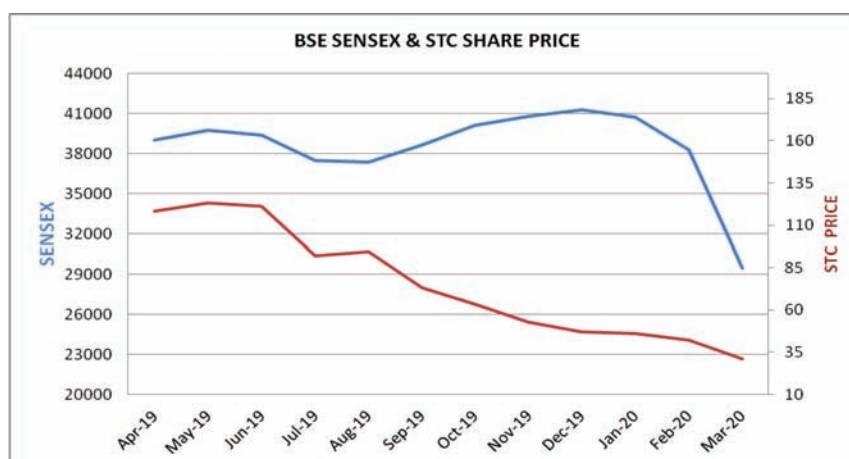
| Month | National Stock Exchange | | | | Bombay Stock Exchange | | | | NIFTY | SENSEX |
|--------|-------------------------|------------------|----------------------|---------------------------|-----------------------|------------------|----------------------|---------------------------|----------|----------|
| | High Price (in ₹) | Low Price (in ₹) | Closing Price (in ₹) | Volume (in no. of shares) | High Price (in ₹) | Low Price (in ₹) | Closing Price (in ₹) | Volume (in no. of shares) | | |
| Apr-19 | 146.5 | 117.3 | 118.6 | 36,81,274 | 146.8 | 117.6 | 118.2 | 506079 | 11748.15 | 39031.55 |
| May-19 | 132.55 | 106.05 | 123.15 | 28,76,618 | 132.4 | 107 | 123.05 | 486514 | 11922.8 | 39714.2 |
| Jun-19 | 126.4 | 104.2 | 121.35 | 22,25,382 | 125.9 | 104.15 | 121 | 341394 | 11788.85 | 39394.64 |
| Jul-19 | 122.7 | 88.7 | 92.45 | 16,29,346 | 122.75 | 88.6 | 92.2 | 261139 | 11118 | 37481.12 |
| Aug-19 | 103.7 | 80.7 | 94.5 | 39,82,409 | 103.55 | 81.35 | 94.35 | 532091 | 11023.25 | 37332.79 |
| Sep-19 | 141.5 | 73.1 | 73.1 | 1,81,58,121 | 141.5 | 73 | 73 | 2494120 | 11474.45 | 38667.33 |
| Oct-19 | 71.8 | 41.65 | 63.9 | 17,08,825 | 71.7 | 41.7 | 63.7 | 333587 | 11877.45 | 40129.05 |
| Nov-19 | 68.6 | 50 | 51.65 | 5,48,829 | 68.6 | 51.3 | 52.8 | 129818 | 12056.05 | 40793.81 |
| Dec-19 | 53.5 | 44.15 | 46.95 | 3,95,930 | 53 | 44 | 46.95 | 94749 | 12168.45 | 41253.74 |
| Jan-20 | 51.95 | 45.5 | 46.2 | 5,67,636 | 52.25 | 46 | 46.05 | 139002 | 11962.1 | 40723.49 |
| Feb-20 | 57.2 | 41.2 | 42.2 | 11,31,830 | 57.1 | 41.45 | 42.05 | 199538 | 11201.75 | 38297.29 |
| Mar-20 | 45.55 | 28 | 30.95 | 4,43,094 | 46.25 | 28.25 | 31 | 112555 | 8597.75 | 29468.49 |

15.8 Performance of the share price of the Company in comparison to the NSE Nifty and BSE Sensex:

(I) NSE NIFTY and STC Share Price



(ii) BSE Sensex and STC Share Price



16 Share Transfer System

MCS Share Transfer Agents Limited is the Registrar and Share Transfer Agent (RTA) for the physical shares and is the depository interface of the Company with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shares of the company are traded compulsorily in dematerialized form. Shares received for transfer in physical form are normally processed within a period of 15 days from the date of lodgement of valid share transfer deed along with share certificate. A Share Transfer Committee comprising two whole time Directors is in place. Two Directors of the Share Transfer Committee of the Board and Company Secretary are empowered to approve the transfers. No share transfer request was pending as on 31.03.2020. Share transfers in physical form has been discontinued by SEBI w.e.f.01.04.2019.

Pursuant to the Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates from practicing Company Secretary confirming due compliance of share transfer formalities by the Company, certificates for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 are sent to Stock Exchanges on half yearly basis.

In addition, Report on 'reconciliation of share capital audit' confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL is placed before the Board on a quarterly basis. A copy of the Audit Report is also submitted to the Stock Exchanges.

16.1 Shareholding Pattern as on 31st March, 2020

| Category | No. of Shareholders | No. of Shares | Percentage of Shareholding |
|--|---------------------|-----------------|----------------------------|
| President of India (Government of India) | 1 | 54000000 | 90.0000 |
| Mutual Funds/UTI | 2 | 303 | 0.0000 |
| Financial Institutions / Banks | - | - | - |
| Insurance Companies | 4 | 1149320 | 1.9155 |
| Foreign Institutional Investors | - | - | - |
| Bodies Corporate | 285 | 303434 | 0.5100 |
| Indian Public | 25820 | 4432487 | 7.3800 |
| Non Resident Indians | 212 | 99621 | 0.1700 |
| NBFC's | 1 | 325 | 0.0000 |
| Trust | 1 | 1000 | 0.0000 |
| IEPF Authority | 1 | 13510 | 0.0200 |
| Total | 26327 | 60000000 | 100.0000 |

16.2 Top 10 Shareholders as on 31st March, 2020

| Category | No. of Shares Held | % of Total Shares |
|---|--------------------|-------------------|
| President of India (Government of India) | 5,40,00,000 | 90.0000 |
| Life Insurance Corporation of India Limited | 5,44,790 | 0.9080 |
| The New India Assurance Company Limited | 5,35,000 | 0.8917 |
| The Oriental Insurance Company Limited | 40936 | 0.0682 |
| Praveen Chand Nahar | 33100 | 0.0552 |
| Hasumati Shantilal Memaya | 32000 | 0.0533 |
| Divakar Rawala | 31116 | 0.0518 |
| National Insurance Company | 28594 | 0.0477 |
| Prakaash Sevantilal Shah | 25274 | 0.0421 |
| Kali Kripa Agro Investments Pvt Ltd | 24567 | 0.0409 |

16.3 Distribution of Shareholding by Size as on 31st March, 2020

| Category (No. of Shares) | Number of Shares | % of Shareholding | Total number of Shareholders | % of Shareholders |
|--------------------------|------------------|-------------------|------------------------------|-------------------|
| 1-500 | 2110396 | 3.5173 | 24674 | 93.7213 |
| 501-1000 | 777482 | 1.3958 | 980 | 3.7224 |
| 1001-2000 | 604133 | 1.0069 | 397 | 1.5080 |
| 2001-3000 | 303194 | 0.5053 | 121 | 0.4596 |
| 3001-4000 | 139696 | 0.2328 | 39 | 0.1481 |
| 4001-5000 | 207782 | 0.3463 | 44 | 0.1671 |
| 5001-10000 | 325390 | 0.5423 | 46 | 0.1747 |
| 10001-50000 | 452137 | 0.7536 | 23 | 0.0874 |
| 50001-100000 | 535000 | 0.8917 | 1 | 0.0038 |
| 100001 and above | 54544790 | 90.9080 | 2 | 0.0076 |
| Total | 60000000 | 100.0000 | 26327 | 100.0000 |

16.4 Corporate Benefits

Dividend History

| Year | Interim/Final | Rate (%) | Per Share (₹) | Amount (₹ in lakh) |
|---------|---------------|----------|---------------|--------------------|
| 2012-13 | Final | 20 | 2.00 | 1200.00 |
| 2013-14 | | Nil | | |
| 2014-15 | | Nil | | |
| 2015-16 | | Nil | | |
| 2016-17 | | Nil | | |
| 2017-18 | | Nil | | |
| 2018-19 | | Nil | | |
| 2019-20 | | Nil | | |

16.5 Transfer of Unpaid/ Unclaimed Dividend to Investors' Education and Protection Fund (IEPF)

(a) Transfer of Unpaid/Unclaimed dividend

In accordance with Section 124 of the Companies Act, 2013 requiring transfer of dividend remaining unclaimed and unpaid for a period of 7 years from the due date to the IEPF, during the year, an amount of ₹ 2,33,228.00 pertaining to unpaid/unclaimed final dividend for the year 2011-12 (Final) was transferred to the Investor Education and Protection Fund (IEPF) set up by the Central Government on 28.11.2019.

The unpaid / unclaimed final dividend for the FY 2012-13 which is due for transfer to IEPF, should be claimed by the members before 31.10.2020 after which no claim shall lie against the Fund/Company in respect of said amount. The due dates of transfer of unpaid/ unclaimed dividend to IEPF for the financial year is as under:

| Sl. No | Year | Type of Dividend | Dividend Rate (%) | Last date for claiming unpaid Dividend | Due date for transfer to IEPF |
|--------|---------|------------------|-------------------|--|-------------------------------|
| 1. | 2012-13 | Final | 20 | 31.10.2020 | 30.11.2020 |

Members, who have not yet encashed their dividend warrant, may approach the Registrars and Share Transfer Agents / Company for issuance of demand draft upon completion of necessary formalities in this behalf in lieu of such warrant.

(b) Transfer of unclaimed shares

Pursuant to the provisions of section 124 (6) of the Companies Act, 2013 read with the IEPF Rules, 2016 as amended from time to time, the Company is mandated to transfer all the shares in respect of which dividends have not been paid or claimed for seven consecutive years or more, in the name of Investor Education and Protection Fund.

(c) Refund of Claimants from IEPF Authority

Any person, whose shares, unclaimed dividend, matured deposits, matured debentures, application money due for refund, or interest thereon, sale proceeds of fractional shares, redemption proceeds of preference shares, etc. has been transferred to the Fund, may claim the shares under provision to sub-section (6) of section 124 or apply for refund under clause (a) of sub-section (3) of section 125 or under proviso to sub-section (3) of section 125, as the case may be, to the Authority by submitting an online application in form IEPF-5 available on the website www.iepf.gov.in along with fee specified by the Authority from time to time in consultation with the Central Government.

16.6 Dematerialization of Shares and Liquidity

| Description | No. of Shareholders | Shares | % of Equity |
|-------------|---------------------|----------|-------------|
| CDSL | 11328 | 56099403 | 93.16 |
| NSDL | 14913 | 3891714 | 6.82 |
| Physical | 86 | 8883 | 0.02 |
| Total | 26327 | 60000000 | 100.00 |

The shares of the company are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. As on 31st March, 2020, 5,99,91,117 equity shares forming 99.98 % of the shareholding, stood dematerialized.

16.7 OUTSTANDING GDRs /ADRs /WARRANTS OR CONVERTIBLE INSTRUMENTS

No GDRs/ ADRs /Warrants or Convertible Instruments have been issued by the Company.

16.8 ADDRESSES FOR SHAREHOLDERS' CORRESPONDENCE

These have been given at 8.1 above.

17. RISK MANAGEMENT

A Risk Management Framework has been instituted to add further objectivity to the process of risk assessment while considering trade proposals. The Risk Management Framework measures the risk involved in a business proposal in the form of a total risk score which is weighed vis-à-vis available risk mitigation measures.

18. HEDGING

The Company does not take exposure in volatile commodities. Generally, it makes purchases only against confirmed orders backed by appropriate margin money.

Guidelines are in place requiring forward foreign exchange cover to be taken in respect of transactions involving STC funds.

19. WHISTLE BLOWER POLICY

SEBI Listing Regulations provides that a listed company shall establish a vigil mechanism for directors and employees to report concern about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Also, in terms of Clause 8 of the DPE Guidelines on Corporate Governance for CPSEs issued in 2010, Company may establish a mechanism for employees to report to the management concerns of unethical behaviour etc. Further, as per Section 177 of Companies Act, 2013, every listed company or such class or classes of companies, as may be prescribed, shall establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed. The vigil mechanism shall provide for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

Accordingly, the Company had framed a Whistle Blower Policy with the approval of the Board and the same had been implemented w. e. f. 10th May, 2012. However in order to comply with the statutory amendments and to

make the vigil mechanism in consonance with the various requirements a mentioned above, the Whistle Blower Policy was amended and adopted by the Board of Directors on 28.05.2019.

Further, a suitable mechanism has been put in place to protect the whistle blowers from any kind of harm or harassment. Further it is confirmed that no personnel has been denied access to the Audit Committee. The amended 'Whistle-blower Policy' is available on the website of the Company: www.stclimited.co.in.

20. DETAILS OF FEES TO STATUTORY AUDITORS

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, is as follows:

| Type of service | Year 2019-20 |
|--|---------------------|
| Statutory Audit fees | ₹ 10,77,000.00 +GST |
| Tax Audit fees | ₹ 5,38,500.00+GST |
| Others (including Quarterly review Audit fees) | ₹ 2,52,558.00+GST |

21. DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has laid down an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received in this regard. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

| SI No | Details | Number |
|-------|--|--------|
| 1 | Complaints filed during the financial year | Nil |
| 2 | Complaints disposed of during the financial year | Nil |
| 3 | Complaints pending as on end of the financial year | Nil |

22. OTHER DISCLOSURES

No funds was raised by the Company through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A), during the year under review.

There were no instances where the board did not accept any recommendation of any committee of the Board which is mandatorily required, during the year under review.

23. Adoption of discretionary requirements as specified in Part E of Schedule II

The company is examining the implementation of discretionary requirements as specified in Part E of Schedule II, wherever possible.

24. GUIDELINES ON CORPORATE GOVERNANCE BY DPE

The Board of Directors of STC has adopted Guidelines on Corporate Governance, 2010 for CPSEs issued by the Department of Public Enterprises (DPE) on mandatory basis as the Board approved policy on Corporate Governance.

25. QUARTERLY CORPORATE GOVERNANCE REPORT

The Company regularly submits a quarterly compliance report on corporate governance in the prescribed format to the BSE and NSE within fifteen days from the end of the quarter, in terms of Regulation 27.

26. SECRETARIAL AUDIT REPORT

Secretarial Audit was got conducted from M/s. P. C. Jain & Co, Practising Company Secretaries confirming compliance to the applicable provisions of the Companies Act, 2013, SEBI Regulations, SEBI guidelines, DPE guidelines and all other related rules and regulations relating to Capital Market. The Certificate issued by the Secretarial Auditors as noted by the Board and Management Replies to the observations made by the Secretarial Auditors as approved by the Board, forms part of the Directors' Report and annexed hereto

27. COMPLIANCE CERTIFICATE FROM AUDITORS / PRACTICING COMPANY SECRETARY

A Certificate from the Practising Company Secretary of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises (DPE Guidelines) is annexed to the Directors' Report forming part of the Annual Report.

CODE OF CONDUCT

To
The Board of Directors of
The State Trading Corporation of India Limited

Sub.: Code of Conduct–Declaration under Regulation 34(3) specified in Para D of Schedule V Annual Report of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sirs,

This is to certify that:

1. In pursuance of the Regulation 17(5) and Regulation 34(3) specified in Para D of Schedule V Annual Report of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Code of Conduct has been laid down by the Company for all the Board Members and the Senior Management Personnel of the Company.
2. The said Code of Conduct is also uploaded on the website of the Company at www.stclimited.co.in
3. All Board Members and Senior Management Personnel have affirmed having complied with the said Code of Conduct of board of directors and senior management, during the year ended 31st March, 2020.

Place: New Delhi
Date: 21.08.2020

Sd/-
(S.K. Sharma)
Director (Personnel)
Additional Charge of CMD

COMPLIANCE CERTIFICATE

Compliance Certificate by the CEO and CFO under Regulation 17(8) specified in Part B of schedule II Corporate Governance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Board of Directors of

The State Trading Corporation of India Ltd.

We, Rooma Nagrath, General Manager(Finance) & CFO and Rajiv Chopra, Director (Marketing) having additional charge of CMD certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2020 and that to the best of our knowledge and belief:
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee that:
1. There has not been any significant change in the internal control over financial reporting. during the year under reference.
 2. There has not been significant change in accounting policies during the year except those disclosed in the notes to the financial statements; and
 3. There has not been any instances during the year of significant fraud except to the extent disclosed in notes to the accounts, of which we had become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Sd/-
(R. CHOPRA)
Director (Marketing)
Additional Charge of CMD

Sd/-
(ROOMA NAGRATH)
General Manager (Finance)
& CFO

Place: New Delhi
Date: 20/07/2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
The State Trading Corporation of India Limited
Jawahar Vyapar Bhawan, Tolstoy Marg
New Delhi-110001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **THE STATE TRADING CORPORATION OF INDIA LIMITED having CIN- L748990DL1956GOI002674 and registered office at JAWAHAR VYAPAR BHAWAN, TOLSTOY NEW DELHI-110001** (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| SI No | Name of Director | DIN | Date of Appointment in Company | Date of Cessation |
|-------|--|----------|--------------------------------|-------------------|
| 1. | Shri. Mohan Lal Pareek | 00027693 | 14/02/2017 | 26/01/2020 |
| 2. | Shri. Umesh Sharma | 03298909 | 04/01/2018 | 31/05/2020 |
| 3. | Dr. Amitabh Rajan | 05299866 | 14/02/2017 | 26/01/2020 |
| 4. | Shri. Rajiv Chopra | 06466326 | 01/01/2013 | 31/07/2020 |
| 5. | Shri. Sanjeev Kumar Sharma | 06942536 | 16/07/2014 | - |
| 6. | Shri. Sunil Kumar | 07592258 | 21/10/2017 | 21/01/2020 |
| 7. | Ms. Bharathi Magdum | 07775091 | 24/03/2017 | 26/01/2020 |
| 8. | Shri. Bharatsinh Prabhatsinh Parmar | 07781550 | 31/03/2017 | 26/01/2020 |
| 9. | Shri. Nainar Arumugam Nainar Jeyakumar | 08479171 | 12/06/2019 | - |
| 10. | Shri. Shashank Priya | 08538400 | 19/08/2019 | - |
| 11. | Shri. Shyamal Misra | 03073323 | 10/02/2020 | - |
| 12. | Shri. Kapil Gupta | 08751137 | 03/06/2020 | - |
| 13. | Shri. Keshav Chandra | 02025075 | 21/01/2020 | 10/02/2020 |
| 14. | Shri. Subhash Chandra Pandey | 01613073 | 27/03/2018 | 30/06/2019 |
| 15. | Shri. Sundaradevan Nanjiah | 00223399 | 15/06/2016 | 14/06/2019 |
| 16. | Shri. Sunil Harshadray Tridevi | 01670280 | 15/06/2016 | 14/06/2019 |
| 17. | Dr. Krishnamachari Rangarajan | 07579562 | 03/08/2016 | 14/06/2019 |
| 18. | Shri. Arvind Gupta | 00090360 | 15/06/2016 | 14/06/2019 |
| 19. | Shri. Ashwani Sondhi | 02653076 | 01/04/2019 | 24/07/2019 |

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date :- 22.10.2020
Place :- New Delhi
UDIN :- F004764B001028182

For Parveen Rastogi & Co.
Company Secretaries

Praveen Rastogi
M.No.-4674
C.P. No. -2883

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

**TO,
THE MEMBERS
THE STATE TRADING CORPORATION OF INDIA
LIMITED,
JAWAHAR VYAPAR BHAWAN, TOLSTOY MARG,
NEW DELHI-110001**

We have examined the compliance of conditions of Corporate Governance by "THE STATE TRADING CORPORATION OF INDIA LIMITED" for the year ended 31st March, 2020, as stipulated in Regulations 17 to 27, 46(2) (b) to (i) and Para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 executed with the Stock Exchanges and guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination has been limited to review the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said regulations and guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and based on representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that as on 31st March, 2020, the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, 46(2) (b) to (i) and Para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 executed by the Company with the Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by Department of Public Enterprises (DPE), Government of India except:

- i) Regulation 17(1) of SEBI (LODR) Regulations, 2015 and Para 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance requires that in case the Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors. At present, the Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board

members, however, during the majority part of the year, Company did not have required number of Independent Directors.

- ii) Regulation 17(10) & 25(4) of SEBI (LODR) Regulations, 2015, requires that the performance evaluation of Independent Directors shall be done by the entire Board of Directors and review of performance of Non Independent Directors and the board of directors in the meeting of Independent Directors.
- iii) Regulation 18(1)(b) and 18(2)(b) and Para 4.1.1 of the DPE Guidelines on Corporate Governance requires that two-thirds of the members of Audit Committee shall be Independent Directors and quorum for Audit Committee shall either be two members or one third of the members of audit committee, whichever is greater, with at least two independent directors. Whereas, Company is not fulfilling such requirement w.e.f. 27.01.2020.
- iv) Regulation 19(1)© and Regulation 20(2)(a) of SEBI (LODR) Regulations, 2015 requires that at least fifty percent of the directors shall be independent directors of Nomination and Remuneration Committee and the chairperson of this committee shall be a non executive director. Whereas, Company is not fulfilling such requirement w.e.f. 27.01.2020.

The appointment of Chairman, Functional Directors, Part-time Official Directors as well as Part-time Non-Official Directors (Independent Directors) on the Board of the Company is made by GOI. Further, terms & conditions of appointment as well as tenure of Directors are also decided by GOI and there is a well laid down procedure for evaluation/assessment of the performance of Chairman, Functional Directors and Independent Director by GOI.

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

**For PARVEEN RASTOGI & CO.
COMPANY SECRETARIES**

PRAVEEN RASTOGI
M NO.: 4674
COP. NO. 2883

PLACE: NEW DELHI
DATE: 22.10.2020
UDIN: F004764B001028160

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE YEAR ENDED AS ON 31st March, 2020
[Pursuant to section 204(1) of the Companies Act, 2013 and rule
No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
The State Trading Corporation of India Limited
Jawahar Vyapar Bhawan,
Tolstoy Marg,
New Delhi- 110 001

Dear Members,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The State Trading Corporation Of India Limited **CIN: L74899DL1956GOI002674** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period commencing from **April 1st, 2019 to March 31st, 2020** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **March 31st, 2020** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under to the extent of regulation 55 A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015

- (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable during the audit period)**
- (e) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; **(Not applicable during the audit period)**
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable during the audit period)**
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of Securities issued;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable during the audit period)**
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable during the audit period)**
- (vi) As Confirmed and Certified by the management, following laws specifically applicable to the Company based on the Sectors/ Businesses.
 - 1) The Custom Act, 1962
 - 2) Reserve Bank of India Guidelines of Import of Gold by Nominated Banks
 - 3) Policy and Guidelines prescribed by Directorate General of Foreign Trade.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.
- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange and National Stock Exchange read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Subject to the following Observation:

Observation 1:

Under Regulation 17(10) & 25(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015. The company has not carried out the performance evaluation of the directors.

Observation 2:

- (a) **The composition of the Board of Director and the Nomination and Remuneration Committee did not comprise sufficient number of Independent Directors including woman independent director as required under regulation 17 (1) of the SEBI (LODR), 2015 with effect from June 15, 2019 to March 31, 2020.**
- (b) **The composition and quorum for the meeting of the Audit Committee was not in accordance with the requirement of Regulation 18(1) (b) and 18(2) (b) and Regulation 19(1)(c) and Regulation 20(2)(a) with the requirement of SEBI LODR from January 27, 2020 to March 31, 2020.**
- (c) **Under Regulation 19(3)(a) and Regulation 20(3)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, the meeting of Nomination and Remuneration Committee and Stakeholder Relationship Committee respectively did not meet during the period under audit.**

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

The company has been generally regular in filing of e-forms/ documents with the Regulatory Authorities under the Companies Act, 2013 and the rules made thereunder.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no specific events/ actions were taken by the Company which has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except the following-

- a. **Syndicate Bank, a financial creditor had filed a petition before the Honorable, National Company Law Tribunal, Principal Bench, New Delhi on 21.02.19, under Section 7 of Insolvency and Bankruptcy Code, 2016 for initiating Corporate Insolvency Resolution Process (CIRP) against the Company, for an amount of Rs. 625.32 crore. The proceedings before the Honorable National Company Law Tribunal have since been withdrawn by the Syndicate Bank (now Canara Bank).**

**For P. C. Jain & Co.
Company Secretaries
(FRN: P2016HR051300)**

**(P C Jain)
Managing Partner
M. No: F4103
COP No: 3349**

**Place: Faridabad
Date: 19th August, 2020**

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

**To,
The Members,
The State Trading Corporation of India Limited
Jawahar Vyapar Bhawan,
Tolstoy Marg,
New Delhi- 110 001**

Sir,

Our Secretarial Audit Report for the year ended as on 31st March, 2020 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and our report is not

covering observations/ comments/ weaknesses already pointed out by the other Auditors.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For P. C. Jain & Co.
Company Secretaries
(FRN: P2016HR051300)**

**(P C Jain)
Managing Partner
M. No: F4103
COP No: 3349**

**Place: Faridabad
Date: 19th August,2020**

Management's Replies to the Secretarial Auditor's Comments for the Financial Year 2019-2020

| S.No | Secretarial Auditor's Comments | Management's Replies |
|------|---|---|
| 1. | Under Regulation 17(10) & 25(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015. The company has not carried out the performance evaluation of the directors. | Being a Govt. Company, Directors of the Company are appointed/nominated by Govt. of India and performance evaluation are carried out by Administrative Ministry. |
| 2. | <p>(a) The composition of the Board of Director and the Nomination and Remuneration Committee did not comprise sufficient number of Independent Directors including woman independent director as required under regulation 17 (1) of the SEBI (LODR), 2015 with effect from June 15, 2019 to March 31, 2020.</p> <p>(b) The composition and quorum for the meeting of the Audit Committee was not in accordance with the requirement of Regulation 18(1) (b) and 18(2) (b) and Regulation 19(1)(c) and Regulation 20(2)(a) with the requirement of SEBI LODR from January 27, 2020 to March 31, 2020.</p> <p>(c) Under Regulation 19(3)(a) and Regulation 20(3)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, the meeting of Nomination and Remuneration Committee and Stakeholder Relationship Committee respectively did not meet during the period under audit.</p> | <p>Being a Govt. Company, Directors (including independent directors) of the Company are appointed/nominated by Govt. of India through the Administrative Ministry i.e. Ministry of Commerce & Industry.</p> <p>Due to non-availability of Independent Directors (including one Woman Director during part of the year 2019 – 20, the composition and quorum requirements as well as holding of the meetings of various committees of Board as per SEBI (LODR) Regulation, 2015 could not be fulfilled.</p> <p>It is understood that the appointment of Independent Directors (including one Woman Director) is under active consideration of the Ministry.</p> |

Highlights: Ten Years at a Glance

₹ in Crore

| PARTICULARS | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|----------------------------------|-----------------|-----------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operating Results | | | | | | | | | | |
| Sales | | | | | | | | | | |
| Exports | 11.32 | 10.50 | 265.54 | 788.86 | 1,110.47 | 1,884.27 | 1,781.02 | 1,563.49 | 344.32 | 491.93 |
| Imports | 2536.10 | 8,437.49 | 10,216.50 | 6,381.69 | 8,735.29 | 12,041.81 | 13,545.80 | 17,015.28 | 29,961.20 | 18,938.22 |
| Domestic | 382.55 | 445.24 | 343.00 | 581.61 | 633.40 | 471.13 | 47.16 | 119.73 | 138.78 | 554.69 |
| Total | 2929.97 | 8,893.23 | 10,825.04 | 7,752.16 | 10,479.16 | 14,397.21 | 15,373.98 | 18,698.50 | 30,444.30 | 19,984.84 |
| Profits | | | | | | | | | | |
| Trading | 8.64 | 14.92 | 26.06 | 35.03 | 33.11 | 101.64 | 182.84 | 118.53 | 89.73 | 177.87 |
| Before tax | (113.63) | (897.12) | 32.25 | (148.37) | 22.70 | 31.40 | (492.38) | 14.42 | 17.80 | 79.63 |
| After tax | (113.63) | (881.08) | 37.52 | (165.54) | 17.86 | 26.19 | (492.20) | 17.95 | 16.47 | 56.43 |
| Overheads (Note 1) | 102.58 | 135.22 | 130.74 | 134.66 | 134.61 | 131.76 | 159.87 | 134.04 | 126.29 | 145.52 |
| Interest Outgo (Net) | (22.83) | 91.38 | (90.18) | (78.23) | (75.31) | (55.74) | (30.04) | (69.88) | (69.57) | 18.43 |
| Dividend | - | - | - | - | - | - | - | 12.00 | 12.00 | 18.00 |
| Net Worth | | | | | | | | | | |
| Share Capital | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 |
| Reserves | (121.51) | (8.64) | 870.81 | 831.25 | 996.79 | 978.92 | 37.73 | 529.93 | 621.98 | 619.46 |
| Less: Revaluation Reserve | 884.60 | 884.60 | 884.60 | 872.05 | 884.62 | 897.51 | - | - | - | - |
| Total | (946.11) | (833.24) | 46.21 | 19.20 | 172.17 | 141.41 | 97.73 | 589.93 | 681.98 | 679.46 |
| Bank Borrowings | 806.23 | 1,024.24 | 1,769.59 | 1,657.08 | 1,439.44 | 1,304.14 | 1,287.80 | 1,505.39 | 2,030.32 | 1,549.09 |
| Working Capital (Note 2) | | | | | | | | | | |
| Inventories | 0.22 | 0.16 | 0.25 | 39.70 | 0.42 | 5.50 | 0.97 | 43.50 | 543.71 | 1,313.75 |
| Trade Receivables | 171.09 | 120.67 | 2,220.89 | 2,112.49 | 2,640.98 | 2,425.25 | 1,968.44 | 2,289.11 | 3,454.85 | 4,507.94 |
| Other (Net) | (969.33) | (912.44) | (2,165.03) | (1,988.23) | (2,477.75) | (2,108.23) | (1,841.76) | (2,111.53) | (3,826.51) | (3,718.43) |
| Total | (798.02) | (791.61) | 56.11 | 163.96 | 163.65 | 322.52 | 127.65 | 221.08 | 172.05 | 2,103.26 |
| Capital Employed | (61.51) | 51.36 | 930.81 | 891.25 | 1,056.78 | 1,038.71 | 97.42 | 589.62 | 681.67 | 676.43 |
| Significant Ratios | | | | | | | | | | |
| Trading Profit : Sales (%) | 0.29 | 0.17 | 0.24 | 0.45 | 0.32 | 0.71 | 1.19 | 0.63 | 0.29 | 0.89 |
| Profit Before Tax : Sales (%) | (3.88) | (10.09) | 0.30 | (1.91) | 0.22 | 0.22 | (3.20) | 0.08 | 0.06 | 0.40 |
| Profit Before Tax : Networth (%) | 12.01 | 107.67 | 69.79 | (772.76) | 13.18 | 22.20 | (503.82) | 2.44 | 2.61 | 11.72 |
| Sales : Capital Employed (Times) | (47.63) | 173.15 | 11.63 | 8.70 | 9.92 | 13.86 | 157.81 | 31.71 | 44.66 | 29.54 |
| Inventories : Sales (%) | 0.01 | 0.00 | 0.00 | 0.51 | 0.00 | 0.04 | 0.01 | 0.23 | 1.79 | 6.57 |
| Trade Receivables : Sales (%) | 5.84 | 1.36 | 20.52 | 27.25 | 25.20 | 16.85 | 12.80 | 12.24 | 11.35 | 22.56 |
| Overheads : Sales (%) | 3.50 | 1.52 | 1.21 | 1.74 | 1.28 | 0.92 | 1.04 | 0.72 | 0.41 | 0.73 |

Note 1 : Overheads excludes Rent related expenditure from 2011-12 onwards

Note 2 : Excludes Non Current Items from 2011-12 onwards

Note 2 : Figure from 2017-18 onwards are as per Ind AS



STANDALONE FINANCIAL RESULTS 2019-20

Independent Auditor's Report

To

The Members of

The State Trading Corporation of India Limited,
New Delhi

Report on the Audit of the Standalone Financial
Statements

Qualified Opinion

We have audited the Standalone Financial Statements of The State Trading Corporation of India Limited ("STC" or "the Company"), which comprise the Standalone Balance Sheet as at 31st March 2020, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone statement of Changes in Equity and the Standalone Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information in which the Accounts of Branches for the year ended on that date audited by the Branch Auditors of the Company's location at Mumbai, Kolkata, Bengaluru, Chennai & Ahmedabad are incorporated (hereinafter referred to as "The Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section [refer (a), (b) and (c) below] of our report, the aforesaid Standalone Financial Statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (India Accounting Standards) Rule 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2020 and its loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

a. Non provision in respect of the items / matters as indicated below, has resulted in the loss being shown lower by Rs. 231.27 crore for the year

- i. Refer note no.39(9) for not providing firm liability of ₹3.92 Crores from one of the party, M/s Lichen Metals Private Limited, after adjusting the deposit of ₹27.95 crores from Holding Company of the Party. The said Holding Company had approached for arbitration against the adjusted deposit and the arbitration award was in favour of holding Company. STC had filed an appeal before the Hon'ble single bench of High Court against the arbitration award. However, under the Order passed by the Hon'ble Calcutta High Court, STC has deposited an amount of ₹31.92 Crores on losing the case being the adjusted deposit with interest and made a provision for ₹27.95 Crores in the books of accounts in the current year.

Considering the above circumstances, the non-

provision of the balance amount of ₹3.92 crores has resulted in the loss being shown lower by ₹3.92 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount.

- ii. Refer note 39(1) for not providing liability of ₹3.51 Crores (net of carrying value of pledged stocks) where the Company had supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the LCs amounting to approx. 12.05 Crore (LC value ₹10.05 Crore and interest & other expenses of ₹2.00 Crore). The Company has filed civil applications and criminal complaint under various sections of India Penal Code. The material sold to the associate was pledged to the Company and kept under the custody of CWC. However, another PSU viz. M/s. Metal and Scrap Trading Corporation (MSTC) had also made a claim of ownership of stock. Hence, STC has filed declaratory suit in the lower court, Panvel, Navi Mumbai. Meantime, the Hon'ble Court has asked MSTC to conduct the sale of pledged stock and deposit the sale proceeds with the Hon'ble Court. The matter is still pending. Further, the Lender Institutions have initiated proceeding at NCLT against the associate, STC has filed its claim of ₹28.70 Crore (including interest of ₹16.65 Crore shown as contingent assets) before NCLT on 21.08.2018.

Considering the above circumstances, the non-provision of the balance amount of ₹3.51 crores has resulted in the loss being shown lower by ₹3.51 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount.

- iii. Refer Note 15 where inventory includes ₹0.05 Crores at Bangalore Branch, which has not been written down to its realizable value though the Company has discontinued this line of business for the past 3 years.

Considering the above circumstances, loss for the year is understated by ₹0.05 Crores, with consequential effect on 'Retained earnings' by the same amount and overstatement of 'inventories' by Rs. 0.05 Crores.

- iv. Refer note no. 38(ii), "Contingent Liabilities", which includes an amount as shown as a contingent liability ₹4.98 Crores against which the Company has not provided firm liability though the Company has lost the court case.
- v. Refer note 12 & 55, the Company has Deferred Tax Asset of ₹86.49 Crores, however there is no virtual certainty of profits in the future considering the high value of contingent liabilities, significant decrease in the sales value and negative net current assets of the Company. As a result of matter above, loss for the year is understated by ₹86.49 Crores, with consequential effect on 'Retained

earnings' by the same amount and overstatement of assets.

- vi. Refer foot note of note no 38, for non-provision of a demand of ₹132.32 Crores received from Land and Development Office - New Delhi, which has resulted in understatement of loss by ₹132.32 Crores and understatement of liabilities.

b. The Company has not complied with:

- i. Ind AS 40 (regarding Fair Value Measurement of Investment Property) by not performing fair valuation of investment property as on balance sheet date. (refer foot note of note no.6)
- ii. Ind AS 21 (regarding Effects of Changes in Foreign Exchange) by not revaluing the carrying amounts, in most cases, of foreign currency receivables and payables which are under litigation/disputed. (refer note no. 58)
- iii. Ind AS 109, (regarding impairment of financial assets and recognition of expected credit loss) by not making credit impairment on undisputed trade receivable of ₹164.64 crore. The impact of the same is not ascertainable (refer note no 9).
- iv. Ind AS 116, (regarding Leases) by not ascertaining the carrying value of leasehold properties in case of Jawahar Vyapar Bhawan, Malviya Nagar Housing Colony and Agra Office. Due to unavailability of the lease period in these cases impact of the same is not ascertainable (refer note no 4).
- v. Ind AS 16, (regarding Revaluation of Property Plant and Equipment) by not complying with the requirement of the Revaluation. Accordingly, the balance of the Revaluation Reserve is overstated by ₹14.33 Crores which is subject to the Fair Valuation, yet to be performed by the Company. (refer note no 4 & 19).

c. The impact of the following is not ascertainable:

- i. Note No 20 and 55 where the Company owed substantial amount to the bank for which lender banks initiated the action of recovery by filing O.A. No. 148/2019 before DRT on 18/02/2019. However, subsequently Syndicate Bank (now Canara Bank), one of the constituent lender also filed insolvency petition in NCLT under section 7 of the IBC Code, 2016, on 21/02/2019. In response to the above action by Bank, company for the settlement of its debt payable to the bank offered One Time Settlement (OTS) vide letter dated 20/03/2019 to which Syndicate Bank (now Canara Bank-the lead banker) responded on 22/05/2019 giving a counter offer of settlement of which principle terms, inter alia, were as under: -
 - Payment of ₹1100 Crores immediately.
 - Payment of ₹300 Crores by sale of STC immovable properties.
 - Balance amount of ₹506.24 Crores by assigning 50% of realized trade receivable within 5 years from 1st Jan 2019.

Syndicate Bank (now Canara Bank) by their offer dated 22/05/2019 proposed to sign MOU not later than 30/06/2019. Syndicate Bank (now Canara Bank) also confirmed vide letter dated 22/05/2019 that as part of settlement, Rs. 900 Crores were already received from STC and balance amount of Rs. 200 Crores were to be remitted, based on balances arrived on 31/12/2018. On verification of documents, it is found that Rs. 200 Crores were remitted on 27/05/2019 but without executing any MOU and till date revised MOU/OTS Agreement, if any, has not been executed.

Based on the information and explanations provided to us, in our opinion, non-execution of MOU/OTS Agreement to bind the banker in terms of final settlement is a lapse on the part of the company. Such irregularity may lead to uncalled for enquiries later on with regard to non-execution of MOU to bind the bankers in terms of final settlement.

Further, subsequently a meeting was held on 29/08/2019 under the Chairmanship of Hon'ble Minister, Commerce & Industry, regarding settlement of dues of PEC and STC. PEC is an unlisted company 100% owned by Government whereas STC is a listed company, listed with Bombay Stock Exchange and National Stock Exchange and as on date of our report 10% of shares are held by the public at large and remaining 90% is held by the Central Government. As per minutes of the meeting held on 29/08/2019 and communicated by letter dated 09/09/2019 by Under Secretary, Govt. of India, it was resolved that since PEC does not have meaningful assets to pay its present outstanding except certain flats /homes having value approximately of Rs. 10 Crores therefore in order to repay debt of PEC of Rs 1390.01 Crores so that public sector bank do not suffer, a decision was taken in the meeting to sell/transfer Jawahar Vyapaar Bhawan, New Delhi, an immovable property owned by the STC, after due process of taking exemption from Land & Development office, the lessor of the plot of land on which Jawahar Vyapaar Bhawan is constructed, title will be transferred and lender bank will dispose off the properties in transparent manner. It was further decided that Syndicate Bank (now Canara Bank) will revise the agreement of OTS with STC and include PEC in its ambit so as to swiftly conclude the full and final settlement of pending dues of these companies to banks.

The meeting under the Chairmanship of Hon'ble Minister, Commerce & Industry also decided that Government was going to close down STC and PEC.

Based on minutes of the meeting dated 29/08/2019, Syndicate Bank (now Canara Bank) vide letter dated 11/10/2019 communicated about the opinion that they have obtained from

their counsel namely M/s Cyril Amarchand Mangaldas about possible way out to save the payment of stamp duty on transfer / assignment of Jawahar Vyapaar Bhawan through binding agreements in favor of buyer.

Thereafter, an opinion has been sought by the company from M/s Shardul Amarchand Mangaldas wherein they have opined, inter-alia, that merger with any other profitable company namely MMTC could be another option, other than closer.

We have been informed that NCLT proceedings have been withdrawn by Syndicate Bank (now Canara Bank) but the DRT withdrawal process is still pending. In the Consortium meeting held at Stressed Asset Management branch, Delhi of the Syndicate Bank (now Canara Bank) on 13.01.2020, it was unanimously suggested by the Lenders that instead of withdrawing the case from DRT, possibility may be explored to obtain a consent decree based upon the broad settlement arrived during the high level meeting dated 29.08.2019.

Further we have not been provided any document to substantiate that the Company has countered the claim of the consortium banks to takeover Jawahar Vyapaar Bhawan for settlement of liabilities pertaining to the PEC Limited, where as it is understood that the Company has instead started the process of clearing the title deed of Jawahar Vyapaar Bhawan from L&DO so that transfer can be executed in favor of the Bank.

Considering the provisions of the Companies Act, 2013, and the fact that 10% shareholding of STC is held by public at large, the decision of Ministry of taking over the liability of PEC amounting to Rs 1,390.01 Crores by STC in the meeting held on 29/08/2019 are in contravention to section 180 and 186 of the Companies Act, 2013, and would also be prejudicial to the interest of the minority shareholders which is public at large because STC by taking the liability is not gaining in any manner and this will also be contrary to the settled accounting principles because the liability is being fastened on the company without any corresponding asset. We are of the considered opinion that the decision taken in the meeting held on 29/08/2019 and insistence of the bankers to sell/transfer the Jawahar Vyapaar Bhawan for settlement of remaining liabilities of the Company along with PEC's debts in the consortium meeting held on 13.01.2020 is prejudicial to the interest of the minority shareholders and is taken without following due process of law, is not in the interest of the company and its members and is also contrary to the corporate structure envisaged under the provisions of the Companies Act, 2013. Such decision taken, without the consent of the shareholders, firstly by not convening meeting of the members is also affecting adversely the

fundamental of the company being its ability to continue as a going concern.

- ii. Refer note no. 54 for non-availability of confirmation of balances of certain receivables and payables (including certain direct & indirect taxes).
- iii. Refer foot note no. (b) of note no 4 for non-adjustment of value/area in Fixed Assets Register against areas acquired by DMRC for construction of Metro Station & by L&DO for widening of the Road during Asian Game, as well as the flats/area of land sold by the company to HHEC for its Housing colony.
- iv. Refer note no. 9, 11 & 39 for not making credit impairment of trade receivables Rs. 973.19 Crore & Claim Receivables Rs. 6.78 Crore, making a total of Rs. 979.97 crore since the company feels that even if no amount would eventually be recovered, provision is not required as the creditor will be paid by the company only to the extent the amount is realized against such trade receivables, though in most of the cases agreements are not tripartite.

Further in case of M/s Rajat Pharmaceuticals Ltd (RPL) who drew bills of exchange on STC which were accepted upon receipt of overseas buyer's pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payments against the export bills and have gone into liquidation. A sum of Rs.527.86 crores has been admitted by the liquidator of one of the foreign buyer's i.e. Loben Trading Co. Pte. Ltd, Singapore. A Decree of Rs 62.47 Crs. approx. has been passed by Hon'ble Bombay High Court in favour of STC against the dues from another foreign buyer i.e Sweetland Trading Pte Ltd., Singapore. As of current date, RPL has gone into liquidation and official liquidator is appointed by Hon'ble High Court Bombay. The matter is also under investigation by CBI. Banks & Financial institution have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 476.47 Crore.

Further refer to note 39, "Major Legal Cases (Trade Receivables)", for matters other than RPL, as all these matters are sub-judice and/or under investigation of CBI we are unable to comment upon the same.

- v. Refer foot note to note no. 24, Customer at credit includes amount payable to U.P. Government amounting to Rs 6.03 Crores. As informed by the Branch management, Branch has made various other claims on U.P Government and accordingly dues of Rs. 39.11 Crores is recoverable from U.P. Government for which debit note dated March 10, 2014 was raised. However, the said claim was not recognised in the financial statements of the branch till date, as its ultimate collection was not certain. In absence of information on acceptability of the said claim by UP Government, we are unable to ascertain its possible impact, if any, on the financial statement of the Company.

As a result of matters contained in paras (a) (i) to (vi) above, loss for the year is understated by Rs. 231.27 crore, with consequential effect on 'Retained earnings' by the same amount, understatement of 'liabilities' by Rs.141.22 crore and overstatement of claim recoverable by Rs. 90.05 crore.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for opinion (including the basis for the qualified opinion).

Emphasis of Matters:

- a. Refer note 38(ii), "Contingent Liabilities which includes an amount of Rs. 1.30 Crores in respect of pending sales tax liability. The Company has not complied in carrying out corrective actions as suggested by Government Audit Party (GAP) for F.Y. 2014-15 in the accounts as on 31st March, 2016 and for F.Y. 2015-16 in the accounts as on 31st March, 2017 amounting to Rs. 0.19 Crores and Rs. 1.11 Crores respectively.
- b. In respect of litigation matters, their present status and provisioning, if any, required and on-going investigations into the alleged irregularities; further, the Company's past operations have exposed it to the risk of extensive litigation and contractual claims from third parties with increased litigation costs not fully provided for. Due to the range of potential outcomes and the significant uncertainty around the resolution of various claims, the amount of ultimate liabilities, if any, to be recorded in the financial statements as a provision is not ascertainable and hence it is concluded that it was appropriate to include an Emphasis of Matter related to these uncertainties.
- c. Refer note no 48(b) wherein one of the Investment, "NSS Satpura Agro Development Company Limited", of the Company in the Financial Statement has a status of "striked-off" as per the data available at the Ministry of Corporate Affairs. The impact, though immaterial, of the same hasn't been undertaken by the Company in its Financial Statement.

Our opinion is not modified in respect of these matter

Material Uncertainty related to Going Concern:

The Company has incurred a net loss of Rs.879.45

crore during the year ended March 31, 2019 and Rs. 112.84 crores during the year ended March 31, 2020 and, as of that date, the Company's liquidity position is not strong enough as is evident from the fact that the current liabilities exceeded its Current assets by Rs 922.68 crore and (the fact that equity shows a positive figure only on account of revaluation reserve). Also considering the high value of Contingent Liability amounting to Rs. 825.84 Crores, significant decrease in the sales volume of the company and the matter of continuous losses and negative net current assets, there could be material uncertainty for the company to continue as going concern. However, in spite of these events or conditions which may cast a doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate having regard to the facts mentioned in Note No. 55.

Key Audit Matters :

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section, we have determined the matters described below to be the key audit Matters to be communicated in our report.

1. Accuracy of recognition, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from contracts with customers" (new revenue accounting standard)

The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over the period. Additionally, new revenue accounting standard contains disclosures which involve collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

Principal Audit Procedures followed:

We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.

Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- Evaluated design of internal control relating to the implementation of the new revenue accounting standard.
- Selected sample for continuing and new contracts,

and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls.

- Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.
- Selected a sample of continuing and new contracts and performed the following procedures:
 - Read, analyzed and identified the distinct performance obligations in these contracts.
 - Compared these performance obligations with those identified by the company.
 - Considered terms of the contract to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.
 - Samples in respect of revenue were tested with the performance obligations specified in the underlying contracts.
 - Performed analytical procedures for reasonableness of revenue disclosed by type and service offerings.
 - We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

2. Evaluation of uncertain tax position :

The company has uncertain material tax provisions including matters under dispute which involves significant judgment to determine the possible outcomes of these disputes.

Principal Audit procedures followed:

We evaluated management's judgment of tax risks, estimates of tax exposures and contingencies by testing the design implementation and operating effectiveness of the related controls. We obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. We involved in the detailed discussions with the management for underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our team also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions as at April 1, 2019 to

evaluate whether any change was required to management's position on these uncertainties.

3. Adoption of Ind AS 116 – Leases:

The Company has adopted Ind AS 116 Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the Company has a large number of leases with different contractual terms.

Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition. Refer Note 3.6 and Note 4 to the financial statements.

However audit addressed the key audit matter

Our audit procedures on adoption of Ind AS 116 include:

- Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116);
- Assessed the Company's Evaluation on the identification of leases based on the contractual agreements and over knowledge of the business;
- Involved our specialists to evaluate the reasonableness of the discount rates applied in determining the lease liabilities;
- Upon transition as at 1st April 2019:
 - o Evaluated the method of transition and related adjustments;
 - o Tested completeness of the lease data by reconciling the Group's operating lease commitments to data used in computing ROU asset and the lease liabilities.
- On statistical samples, we performed the following procedures:
 - o Assessed the key terms and condition of each lease with the underlying lease contracts; and
 - o Evaluated computation of lease liabilities and challenged the key estimates such as discount rates and the lease term.
- Assessed and tested the presentation and disclosures relating to Ind AS 116 including, disclosures relating to transition.

Management's Responsibility for the Standalone Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of 5 Branches included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs. 236.14 Crores as at 31st March, 2020 and Gross total revenues of Rs. 1,824.74 Crores for the year ended on that date, as considered in the standalone financial statements. The financial statements of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - i. We have sought and obtained all the information and explanations, except for the matters referred in "Basis for Qualified Opinion", which to the best of our knowledge and belief were necessary for the purposes of our audit
 - ii. In our opinion, proper books of account as required by law have been kept by the group, except for the matters referred in "Basis for Qualified Opinion", so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - iii. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - iv. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the accounts received from the branches not visited by us.
 - v. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards, except for the para (b) of Basis for Qualified opinion, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - vi. The going concern matter described under "Material uncertainty in relation to Going Concern" paragraph above, in our opinion, may have an adverse effect on the functioning of the company.

- vii. We have been informed that the provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the Company, being a Government company in terms of notification no. G.S.R.463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India;
- viii. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- ix. As informed, the provisions of Section 197 relating to managerial remuneration are not applicable to the Company, being a Government Company, in terms of MCA Notification no. G.S.R. 463 (E) dated 5th June 2015.
- x. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements, refer note 38 & 39 to the financial statements.
 - b. The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - c. No case is identified for delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund (IEPF) by the Company during the period under review.
3. We are enclosing our report in terms of Section 143 (5) of the Act, on the directions and sub-directions issued by the Comptroller and Auditor General of India, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in Annexure- C.

For and on behalf of
HDSG & Associates
Chartered Accountants
Firm Reg. No. 002871N

Arun Saini

Partner

M.No. 082070

Place: New Delhi

Date: 27.07.2020

UDIN: 20082070AAAAAM6735

ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

The State Trading Corporation of India Ltd.

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

1. Fixed Assets

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, the records are not updated for the financial year under audit and except for the areas of lease hold land and building of Jawahar Vayapar Bhawan at Janpath, New Delhi and Housing Colony at Aurbindo Marg, New Delhi (refer foot note no.4). Therefore, we are not in a position to comment upon the same.
- b) The company has a Programme of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. However, the fixed assets have not been physically verified by the management during the year under audit due to Covid-19 (refer note no 53(i)). Therefore, we are not in a position to comment upon whether there are any discrepancies.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for immovable properties referred below whose title deeds are pending for execution in the company:

| Location | Description | Area | Audit observations | Gross Block/ Revalued amount (₹ in Crore) |
|-----------|---|---------------------------------|---|---|
| New Delhi | Lease hold Land at Tolstoy Marg, Jawahar Vayapar Bhawan, New Delhi. | 2.599 Acre | Execution of lease deed is pending since 1975. Further, out of total area, physical position of land measuring 714.60 sqmtrs is not now with STC (i.e. 388.91 sqmtrs. acquired by DMRC for construction of Metro and 325.69 sqmtrs. by NDMC for widening of the Road during Asian Game) and value the same has not been updated in FAR / FAS. Measurement for area under physical position is yet to be done. | 431.77 |
| New Delhi | STC / MMTC Housing Colony, Aurobindo Marg, New Delhi | 16.17 Acre | Execution of lease deed (for 50% share of total land measuring 32.33 acre) allotted for housing colony is still pending. Further, records / details for area given by STC from its own share to HHEC for its housing colony is to be adjusted in the FAR / FAS. Measurement for area under physical position of the company is yet to be done. | 116.56 |
| New Delhi | Flats at AGVC, Khel Gaon Marg, New Delhi. | 8 Flats (measuring 14424 sqfts) | Execution of lease / conveyance deed is still pending. | 25.28 |
| Mumbai | 7 nos. of Flats (refer foot note of note no.4) | 7997 sqfts. | Execution of lease / conveyance deed is still pending. | 33.19 |

2. Inventories

According to information and explanations given to us physical verification of inventories is done by the management at a reasonable interval along with the inventories lying with third parties and pledge stock have been physically verified through surveyor from time to time. However, the same has not been physically verified during the year due to Covid-19 (refer note no 53(ii)). Therefore, we are not in a position to comment whether material discrepancies are there or not.

3. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses (iii) (a), (b) & (c) of paragraph 3 of the Order are not applicable to the Company.

4. According to the information and explanations given to us, the Company has not given any loans, or made any investments or provided any guarantees or security to the parties covered under sections 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
5. The Company has not accepted any deposits from the public during the year and consequently, the directives issued by Reserve Bank of India, the provisions of sections 73 to 76 of the Act and rules framed there under are not applicable to the Company. However certain old amounts are outstanding in advances from customers/credit balance in customer accounts in the nature of deposits, which as explained to us, is not material and is subject to reconciliation and adjustment, if any.
6. As informed by the management, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Company Act.
- 7. Statutory Dues :**
 - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, un-disputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, goods and service tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have generally been deposited regularly with the appropriate authorities within the due date except in the case of professional tax of Rs. 0.004 crore of Mumbai Branch which are outstanding for more than six months as on balance sheet date from the date they became payable.
 - (b) According to the information and explanations given to us and as per books of account, there are dues outstanding of Sales Tax, Wealth Tax , Custom Duty Excise Duty , Value Added Tax , Service Tax, Goods & Service Tax and Cess which have not been deposited as on 31st March 2020 by the company , on account of any dispute are as under :

| Name of the statute | Nature of dues | Amount (₹ in Crore) | Period to which the amount relates | Forum where dispute is pending |
|---|----------------------|---------------------------|---|---|
| Income Tax | | | | |
| Income Tax Act | Income Tax | 1.73 | 2008-09 | DCIT (A), Delhi |
| Income Tax Act | Income Tax | 0.86 | 2010-11 | ITAT, Delhi |
| Income Tax Act | Income Tax | 3.00 | 2011-12 | ITAT, Delhi |
| Income Tax Act | Income Tax | 1.19 | 2012-13 | ITAT, Delhi |
| Income Tax Act | Income Tax | 1.90 | 2013-14 | ITAT, Delhi |
| Income Tax Act | Income Tax | 0.08 | 2016-17 | CIT(A), Delhi |
| Sales Tax & Custom Duty | | | | |
| TNGST/AST/CST | Sales Tax | 0.83 | 1974-75, 1975-76, 1985-86 to 1987-88, 1989-90 & 1991-92 | Hon'ble Madras High Court |
| Sales Tax | Sales Tax | 0.50 | 1986-87 | Kerala High Court |
| Central Sales Tax Act | Central Sales Tax | 0.01 | 1987-88 | Appellate Tribunal |
| Custom Act | Custom Duty | 4.16 | 2017-18 | CESTAT |
| Custom Act | Custom Duty | 1.69 | 2011-12 | CESTAT |
| Custom Act | Custom Duty | 0.06 | | Commissioner Appeal |
| Bihar Sales Tax Act | Sales Tax | 0.01 | 1989-90 | Sales Tax Appellate Tribunal |
| Orissa Sales Tax Act | Sales Tax | 0.01 | 1988-89 | Commissioner (Appeals), Orissa |
| Central Sales Tax Act | Central Sales Tax | 0.02 | 1993-94 to 1995-96 | Hon'ble Assam High Court |
| Central Sales Tax Act | Central Sales Tax | 0.23 | 2003-04 | Joint Commissioner, Sales Tax |
| West Bengal Vat Act / Central Sales Tax Act | Vat & CST | 0.02 | 2011-12 (A.Y.) | Joint Commissioner, Commercial Tax |
| Maharashtra Sales Tax Act | Sales Tax | 0.69 | 1992-93 & 1996-97 | Maharashtra Sales Tax Tribunal |
| Maharashtra Sales Tax Act | BST, CST & MVAT | 47.48 | 1993-94, 2000-01, 2003-04 & 2006-07 | Joint Commissioner, Sales Tax |
| Maharashtra Sales Tax Act | BST, CST & MVAT | 389.92* | 2004-05, 2009-10 & 2011-12 | Joint Commissioner, Sales Tax |
| Maharashtra Sales Tax Act | CST | 0.50* | 2008-09 | Maharashtra Sales Tax Tribunal |
| Maharashtra Sales Tax Act | TDS on Work Contract | 0.21* | 2012-13 | Sales Tax Appellate Tribunal, Mumbai |
| Service Tax | | | | |
| Finance Act, 1994 | Service Tax | 4.37** | 01.04.12-31.03.15 | CESTAT |
| Finance Act, 1994 | Service Tax | 7.29 | 2005-06 & 2006-07 | CESTAT (Stay Granted) |
| Finance Act, 1994 | Service Tax | 6.02 | 2007-08 to 2016-17 | CESTAT |

| | | | | |
|-----------------------------------|----------------------------|-------|-----------------------------|--|
| Finance Act, 1994 | Service Tax | 0.13@ | 01.04.2011 to 31.03.2012 | Service Tax Appellate Tribunal Mumbai |
| Finance Act, 1994 | Service Tax | 24.72 | 01.10.04 to 31.03.11 | Supreme Court, Delhi |
| Finance Act, 1994 | Service Tax | 1.24# | 01.04.2015 to 30.06.2017 | Joint Commissioner of CGST & Central Excise Mumbai |
| Certificate Dues Liability | | | | |
| BPDRA | Certificate Dues Liability | 0.06 | 1971-72, 1976-77 to 1978-79 | Concerned Department |

* A stay order has been received against the amount disputed

** The Company has received an order in original vide order of Principal Commissioner of CGST & Central Excise, Mumbai South against which, Company has filed appeal with the Custom Excise and Service Tax Appellate Tribunal (CESTAT)

@ The appeal filed by the Company against Service Tax Appellate Authority, Mumbai is rejected and the Company has contested the order of Service Tax Appellate Authority with Service Tax Appellate Tribunal

The Company has received a show-cause notice for levy of Service Tax under business auxiliary service category. Being similar nature of matter being contested by the Company for earlier years with the appropriate authorities, the Company has requested service tax authorities to keep the assessment proceedings on hold till disposal of matters for earlier years.

8. According to information and explanations given to us, the Company has defaulted in the repayments of Loans/ Borrowings of Banks (refer note 20 & Qualified Opinion Para of our report). However, the company does not have loans/borrowings from financial institution or Government or dues to Debenture Holders. The lender-wise details of amount and period of defaults are as under :

| Name of the Banks | Amount of installment and interest overdue## | Due date of payments | Payments status as on balance sheet date | Period of Delay (in days) |
|----------------------|--|----------------------|--|---------------------------|
| Syndicate Bank | 280.71 | Overdue | ## | 731 |
| Indian Overseas bank | 188.02 | Overdue | ## | 731 |
| Union Bank of India | 140.72 | Overdue | ## | 762 |
| Indian Bank | 94.81 | Overdue | ## | 762 |
| Exim Bank | 74.43 | Overdue | ## | 731 |
| Bank of Baroda | 26.27 | Overdue | ## | 650 |
| UBI (Kumily) | 1.28 | Overdue | ## | 762 |

Balances are after adjustment of a lump sum payment of Rs. 1,100/- crore made by the company to lead banker of Joint Lender Forum Banks for settlement.

9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and hence the application of such money for specified purposes is not applicable.

10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit except for all the cases which have been reported elsewhere in the financial statements.

11. As informed, the provisions of Section 197 relating to managerial remuneration are not applicable to the Company, being a Government Company, in terms of MCA Notification no. G.S.R. 463 (E) dated 5th June 2015.

12. The company is not a Nidhi Company and hence the clause is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable. The details of Related Parties Transactions have been disclosed in the Financial Statement, as required by the applicable Ind AS (refer note no.47).

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. As per records of the company and according to the information and explanations given to us, the Company has not entered into non -cash transactions with Directors or Persons connected with him and hence the clause is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For and on behalf of
HDSG & Associates**

Chartered Accountants
Firm Reg. No. 002871N

Arun Saini

Partner

M.No. 082070

Place: New Delhi

Date: 27.07.2020

UDIN: 20082070AAAAAM6735

“Annexure B” to INDEPENDENT AUDITOR’S REPORT

The State Trading Corporation of India Ltd, New Delhi

Referred to Clause (viii) of Paragraph 2 under the heading of “Report on other Legal and Regulatory Requirements” of our report of even date on Standalone Financial Statements for the year ended 31st March 2020

We have audited the internal financial controls over financial reporting of **The State Trading Corporation of India Limited** (“the Company”) as on 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the

assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting (IFCFR)

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

i. Company is maintaining Accounts in Tally ERP Software. However, the Tally ERP Software on which accounts are being maintained by the Branches and Divisions are not integrated/ interfaced with the each other or with the server at Head office. Further, Inventories and Consumables, except for Bullion, are not being maintained on the Tally ERP, instead it is maintained manually.

Further, company is maintaining “Performance Management System”, Payroll Software and “Leave Management System” which are not interfaced with each other as well as the accounting software.

As a result of above, Manual Accounting entries are being made on periodical basis in the Tally ERP Accounting software, and consolidation of the Financial Statements/Accounts of various Branches and Divisions which are made in MS-Excel.

- ii. Lack of control over release of advance to parties 'in-comparison with the targeted performance / milestone to be provided by the parties. For Instance, in the case of installation of 5 Lifts, advance given by the company against all the 5 lifts, out of which 4 lifts are still under installation even after long delay from the scheduled date.
- iii. Lack of effective Internal control over inventory pledged with the company as in most of the cases periodic physical verification reports have not been submitted by the parties and in certain cases parties are not allowing STC to conduct the physical verification.
- iv. In certain cases, reconciliations of receivables & payables are pending since long. As informed to us Bankers got receivable audit done during the year under audit, the report of which has not been shared with us. Thus the impact of same is neither considered nor verifiable.
- v. With respect to Mumbai branch of the Company, the Branch auditor has reported for the inadequate internal audit system, weakness in the system of customer acceptance, credit evaluation and establishing customer credit limits, inventory management, safeguarding of assets including execution of conveyance of immovable properties/ lease agreements and assets lying in flats assigned to employees needs to be strengthen and other related controls are not in place.
- vi. Lack of Control over legal expenses due to non-maintenance of proper records showing case wise and advocate wise details.
- vii. Delay in replying to the comments of the internal auditor as mentioned in his Audit Report.
- viii. Manner of maintenance of the Fixed Asset Schedule and Register to be strengthened
- ix. Non-availability of requisite information and documentations in respect of old outstanding security deposits, EMDs, advances and other deposits received and paid.
- x. Lack of control over the renewal of Rent/lease Agreements on timely basis.
- xi. Lack of control over contingent liability and contingent assets due to non-maintenance of proper records showing fact of the case, latest status of the case and probability of expected outcome in the opinion of management.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, the Company has, except for effects of the material weaknesses described above on achievement of the objectives of the control criteria, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have, to the extent possible, considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 standalone Ind AS financial statements of the Company, and these material weaknesses are not likely to affect our opinion on the standalone financial statements of the Company.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to Branches at Ahmedabad, Bangalore, Chennai, Kolkata and Mumbai is based on the corresponding reports of the auditors of such branches and management replies to the observations of the branch auditors.

For and on behalf of
HDSG & Associates
Chartered Accountants
Firm Reg. No. 002871N

Arun Saini

Partner

M.No. 082070

Place: New Delhi

Date: 27.07.2020

UDIN: 20082070AAAAAM6735

Annexure-‘C’ to the INDEPENDENT AUDITORS’ REPORT

The State Trading Corporation of India Ltd, New Delhi

Referred Paragraph 3 under the heading of “Report on other Legal and Regulatory Requirements” of our report of even date on Standalone Financial Statements for the year ended 31st March 2020

| | | |
|---|--|--|
| 1 | Whether the company has system in place to process all the accounting transactions through IT System? If yes, the processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | <p>a. Company is maintaining accounts in Tally ERP Software. However, the Tally ERP Software on which accounts are being maintained by the branches as well as by the head office including all divisions is not integrated with the each other. As a result of this, compilation of accounts of all branches & divisions are made on excel sheet manually at the year end.</p> <p>b. Further, stock of inventories and consumables, except for bullion, are not being routed through IT System. Hence, periodic manual entries are being made in the accounting software.</p> <p>c. Company is maintaining software for Performance management system (PMS), Payroll software and leave management system which are not interfaced with each other as well as with Accounting Software.</p> <p>As a result of this, manual entries are being made on periodic basis in the respective software as well as in accounting software.</p> |
| 2 | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc., made by the lender to the company due to company’s inability to repay the loan? | The company is in the process of “one time settlement” (OTS) with the Lender Banks for the dues of banks for which Company is in continuing default. Impact, if any, on OTS will be accounted for on its completion. (Refer notes to account and Qualified Opinion Para of our Audit Report). |
| 3 | Whether the fund received/receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its terms and condition? List of cases of deviation. | As per information & explanation given to us, the Company has not received any fund under any scheme of the Central/State Government during the year under report. |

For and on behalf of
HDSG & Associates
Chartered Accountants
Firm Reg. No. 002871N

Sd/-
Arun Saini
Partner
M.No. 082070
Place: New Delhi
Date: 27.07.2020
UDIN: 20082070AAAAAM6735

Compliance Certificate

We have conducted the audit of Standalone Ind AS financial statements of The State Trading Corporation of India Ltd. for the year ended March 31, 2020 in accordance with the directions / sub-directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013 and certify that to the best of knowledge and belief we have complied with all the directions/sub-directions issued to us.

For and on behalf of

HDSG & Associates

Chartered Accountants

Firm Reg. No. 002871N

Sd/-

Arun Saini

Partner

M.No. 082070

Place: New Delhi

Date: 27.07.2020

UDIN: 20082070AAAAAM6735

BALANCE SHEET AS AT MARCH 31, 2020

(₹ Crore)

| Particulars | Note No | As at March 31, 2019 | As at March 31, 2018 |
|--|---------|----------------------|----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, Plant and Equipment | 4 | 584.01 | 593.60 |
| (b) Capital work-in-progress | 5 | 0.45 | 0.37 |
| (c) Investment property | 6 | 302.68 | 307.44 |
| (d) Other intangible assets | 7 | 0.01 | 0.02 |
| (e) Financial Assets : | | | |
| (i) Investments | 8 | 0.01 | 0.01 |
| (ii) Trade receivables | 9 | 966.85 | 967.02 |
| (iii) Loans | 10 | 5.90 | 6.91 |
| (iv) Other Financial Assets | 11 | 54.76 | 19.77 |
| (f) Deferred tax assets (net) | 12 | 86.49 | 86.49 |
| (g) Other non-current assets | 14 | 6.32 | 6.46 |
| Sub total | | 2,007.48 | 1,988.09 |
| Current Assets | | | |
| (a) Inventories | 15 | 0.22 | 0.16 |
| (b) Financial Assets : | | | |
| (i) Trade receivables | 9 | 171.09 | 120.74 |
| (ii) Cash & cash equivalents | 16 | 23.17 | 123.35 |
| (iii) Bank Balances other than (ii) above | 17 | 23.26 | 3.54 |
| (iv) Loans | 10 | 14.56 | 2.23 |
| (v) Other Financial Assets | 11 | 216.37 | 521.85 |
| (c) Tax Assets (Net) | 13 | 32.60 | 27.90 |
| (d) Other Current Assets | 14 | 6.54 | 15.21 |
| (e) Other non current assets held for disposal | | 0.01 | 0.01 |
| Sub total | | 487.82 | 814.99 |
| Total Assets | | 2,495.30 | 2,803.08 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share Capital | 18 | 60.00 | 60.00 |
| (b) Other Equity | 19 | (121.51) | (8.64) |
| Sub total | | (61.51) | 51.36 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 20 | - | - |
| (ii) Trade payables -MSME | | - | - |
| (iii) Trade payables -Others | 21 | 989.09 | 991.18 |
| (iv) Other Financial Liabilities | 22 | 36.91 | 38.36 |
| (b) Provisions | 23 | 113.14 | 109.00 |
| (c) Other non-current liabilities | 24 | 7.17 | 7.36 |
| Sub total | | 1,146.31 | 1,145.90 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 20 | 806.23 | 1,024.24 |
| (ii) Trade payables -MSME | | - | - |
| (iii) Trade payables -Others | 21 | 197.17 | 184.82 |
| (iv) Other Financial Liabilities | 22 | 287.96 | 309.54 |
| (b) Provisions | 23 | 54.71 | 23.74 |
| (c) Other current liabilities | 24 | 64.43 | 63.48 |
| Sub total | | 1,410.50 | 1,605.82 |
| Total Equity and Liabilities | | 2,495.30 | 2,803.08 |

Significant Accounting Policies and the accompanying notes 1 to 62 form an integral part of accounts.

As per our report of even date attached

For HDSG & Associates

Chartered Accountants
Firm Reg. No. 002871N

**Sd/-
(ARUN SAINI)**

Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

**Sd/-
(RAJIV CHOPRA)**

Director (Marketing)
with additional charge of CMD
DIN -06466326

**Sd/-
(VIPIN TRIPATHI)**

Company Secretary
ACS -29378

**Sd/-
(ROOMA NAGRATH)**
GM-F & CFO

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ Crore)

| Particulars | | Note No. | For the Year Ended March 31, 2020 | For the Year Ended March 31, 2019 |
|---|---|----------|--------------------------------------|--------------------------------------|
| Income | | | | |
| i) | Revenue from Operations | 25 | 2936.74 | 8903.44 |
| ii) | Other Income | 26 | 78.24 | 109.48 |
| Total Income | | | 3014.98 | 9,012.92 |
| Expenses | | | | |
| i) | Cost of materials consumed | 27 | - | |
| ii) | Purchases of Stock in trade | 28 | 2927.06 | 8886.80 |
| iii) | Change in Inventory | 29 | (0.10) | 0.02 |
| iv) | Employees' Benefit Expenses | 30 | 81.33 | 100.09 |
| v) | Finance Cost | 31 | 7.27 | 155.59 |
| vi) | Depreciation & Amortization Expenses | 32 | 15.26 | 15.14 |
| vii) | Other Expenses | 33 | 22.40 | 37.95 |
| Total expenses | | | 3053.22 | 9,195.59 |
| Profit before exceptional items and tax | | | (38.24) | (182.67) |
| | Exceptional Items -Expense/(Income) | 34 | 75.39 | 714.44 |
| Profit Before Tax | | | (113.63) | (897.11) |
| | Tax expense | 35 | | |
| | (i) Current tax | | - | |
| | (ii) Tax related to earlier years | | - | (16.04) |
| Profit for the Year from continuing operations | | | (113.63) | (881.07) |
| Profit from discontinued operations after tax | | | - | - |
| I | Profit for the Year | | (113.63) | (881.07) |
| II | Other Comprehensive Income | | | |
| i) | Items that will not be reclassified to profit or loss | | | |
| | - Remeasurements of the defined benefit plans | | 0.79 | 3.40 |
| | Less: Income Tax on Above | | - | 1.78 |
| ii) | Items that will be reclassified to profit or loss | | - | - |
| | Other Comprehensive Income | | 0.79 | 1.62 |
| Total Comprehensive Income for the Year | | | (112.84) | (879.45) |
| Earnings per equity share | | | | |
| | (1) Basic | | (18.81) | (146.58) |
| | (2) Diluted | | (18.81) | (146.58) |

Significant Accounting Policies and the accompanying notes 1 to 62 form an integral part of accounts.

**As per our report of even date attached
For HDSG & Associates**

Chartered Accountants
Firm Reg. No. 002871N

**Sd/-
(ARUN SAINI)**

Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

**Sd/-
(RAJIV CHOPRA)**
Director (Marketing)
with additional charge of CMD
DIN -06466326

**Sd/-
(ROOMA NAGRATH)**
GM-F & CFO

**Sd/-
(VIPIN TRIPATHI)**
Company Secretary
ACS -29378

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ Crore)

| Particulars | For the year ended March 31, 2020 | | For the year ended March 31, 2019 | |
|---|--------------------------------------|-----------------|--------------------------------------|-----------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | | | |
| Net Profit /(Loss) Before Tax | | (113.63) | | (897.12) |
| Adjustment for: | | | | |
| -Interest on loans | - | | 155.49 | |
| -Depreciation | 15.26 | | 15.14 | |
| -Net write back of Debts/Advances/claims/Liabilities/Assets | (30.01) | | 628.06 | |
| -Income/Expenditure relating to let out property | (41.31) | | (41.41) | |
| - Interest Income on fixed deposits/Investments | (28.02) | | (17.84) | |
| -Loss on sale of asset | 0.01 | | 0.03 | |
| -Profit on sale of assets | (0.02) | (84.09) | (0.10) | 739.37 |
| Operating Profit Before Working Capital Changes | | (197.72) | | (157.75) |
| Adjustment for: | | | | |
| -Trade and other receivables | | (88.84) | | 1,585.86 |
| -Inventories | | (0.06) | | 0.09 |
| -Trade and other payables | | (169.39) | | (39.63) |
| Changes In Working Capital | | (456.01) | | 1,388.57 |
| Income Tax Paid | | 4.70 | | (18.12) |
| Net Cash Generated/Used In Operating Activities (A) | | (451.31) | | 1,370.45 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | | | |
| -Purchase of Fixed Assets | | (0.14) | | (0.65) |
| -Sale of Fixed Assets | | 0.02 | | 0.75 |
| -Proceeds Received from T-Bills/Deposits | | 306.65 | | (32.73) |
| -Interest received | | 28.02 | | 17.84 |
| -Let out properties (net) | | 41.31 | | 41.41 |
| Net Cash From Investing Activities (B) | | 375.86 | | 26.62 |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | | | |
| -Increase in loans | | (200.00) | | (745.34) |
| -Interest Paid | | - | | (155.49) |
| Net Cash From Financing Activities (C) | | (200.00) | | (900.83) |
| Net Increase/Decrease In Cash And Cash Equivalents (A+B+C) | | (275.45) | | 496.24 |
| Reconciliation of Cash & Cash Equivalents | | | | |
| Closing Cash & Bank Balances as per Balance Sheet | | 241.38 | | 516.83 |
| Opening Cash & Bank Balances as per Balance Sheet | | 516.83 | | 20.59 |
| Cash & Bank Balances as per Cash Flow Statement | | (275.45) | | 496.24 |
| Cash & cash equivalents as per Balance Sheet* | | 241.38 | | 629.99 |
| Less : Non readily convertible Bank Deposits | | 218.18 | | 506.64 |
| Cash & cash equivalents as per cash flow statement | | 23.17 | | 123.35 |
| Cash & cash equivalents includes unpaid dividend | | 0.03 | | 0.05 |

* Refer note no. 11, 16 & 17

Significant Accounting Policies and the accompanying notes 1 to 62 form an integral part of accounts.

**As per our report of even date attached
For HDSG & Associates**

Chartered Accountants
Firm Reg. No. 002871N

**Sd/-
(ARUN SAINI)**

Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

**Sd/-
(RAJIV CHOPRA)**
Director (Marketing)
with additional charge of CMD
DIN -06466326

**Sd/-
(ROOMA NAGRATH)**
GM-F & CFO

**Sd/-
(VIPIN TRIPATHI)**
Company Secretary
ACS -29378

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(i) Equity Share Capital

(₹ Crore)

| Particulars | No. of shares (in Crore) | Face Value (₹) | Amount |
|---|--------------------------|----------------|--------|
| Balance as at April 1, 2018 | 6.00 | 10.00 | 60.00 |
| Changes in share capital during 2018-19 | - | - | - |
| Balance as at March 31, 2019 | 6.00 | 10.00 | 60.00 |
| Changes in share capital during 2019-20 | - | - | - |
| Balance as at March 31, 2020 | 6.00 | 10.00 | 60.00 |

(ii) Other Equity

| Particulars | Reserves and Surplus | | | | | | Total |
|---|----------------------|-----------------|-------------------|------------------------------|---------------|---------------------|----------|
| | General Reserve | Capital Reserve | Retained Earnings | Exchange Fluctuation Reserve | Bonus Reserve | Revaluation Reserve | |
| Balance at April 1, 2018 | 59.88 | 1.00 | (81.16) | 6.50 | - | 884.60 | 870.82 |
| Total Comprehensive Income for the year | - | - | (879.46) | - | - | - | (879.46) |
| Transfer to Bonus Reserve (Set on) | - | - | - | - | - | - | - |
| Transfer from Bonus Reserve (Set off) | - | - | - | - | - | - | - |
| Adjustments | 0.04 | - | - | - | - | (0.05) | (0.01) |
| Balance at March 31, 2019 | 59.92 | 1.00 | (960.62) | 6.50 | - | 884.55 | (8.64) |
| Total Comprehensive Income for the year | - | - | (112.84) | - | - | - | (112.84) |
| Transfer to Bonus Reserve (Set on) | - | - | - | - | - | - | - |
| Transfer from Bonus Reserve (Set off) | - | - | - | - | - | - | - |
| Adjustments | (0.05) | - | (0.02) | - | - | 0.05 | (0.01) |
| Balance at March 31, 2020 | 59.87 | 1.00 | (1,073.48) | 6.50 | - | 884.60 | (121.51) |

**As per our report of even date attached
For HDSG & Associates**

Chartered Accountants
Firm Reg. No. 002871N

**Sd/-
(ARUN SAINI)**

Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

**Sd/-
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DIN -06466326

**Sd/-
(ROOMA NAGRATH)**
GM-F & CFO

**Sd/-
(VIPIN TRIPATHI)**
Company Secretary
ACS -29378

NOTES TO THE FINANCIAL STATEMENTS 2019-20

1. Corporate Information :

The State Trading Corporation of India Ltd. (STC) is a public limited company registered in India under the provisions of Companies Act applicable in India. Its shares are listed in two recognised stock exchanges in India. The registered office of the company is located at Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001. The Company is engaged in the Trading Business i.e. import and export in bulk commodities of rice, wheat, sugar, pulses, edible oils, fertilisers, coal, bullion, etc. either on behalf of Government/s or Private parties.

2. Basis of Preparation of Financial statement :

i) Statement of Compliance:

The financial statements have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules comply in all material aspects with the relevant provisions of the Companies Act 2013 and other accounting principle generally accepted in India.

ii) Basis of measurement:

The financial statements have been prepared under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair value or amortized cost at the end of each financial year.

iii) Critical Accounting Estimates/Judgements:

In preparing these standalone financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates where necessary are recognized prospectively.

Significant areas of estimation and judgments (as stated in the respective Accounting Policies) that have the most significant effect on the Financial Statements are as follows:

- a. Impairment of Assets
- b. Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized.
- c. Recognition and measurement of defined benefit obligations
- d. Measurement of Fair Values and Expected Credit Loss (ECL)
- e. Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

iv) Operating cycle & classification of Current & Non Current :

The Company is in Trading Business, there is no specific operating cycle; however, 12 months period has been adopted as "the Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial liabilities and assets.

v) Functional Currency :

The stand alone financial statements are presented in Indian Rupee (INR) which is company's presentation and functional currency and all values are in nearest Crores (up to two decimal) unless otherwise stated.

3. Significant Accounting Policies :

3.1 Property, Plant & Equipments (PPE) :

- a) The cost of an item of PPE is recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The cost of an item of PPE is the cash price equivalent at the recognition date. The cost of an item of PPE comprises:
 - i) Purchase price, including import duties and non-refundable purchase taxes, after deducting tax recoverable, trade discounts and rebates.
 - ii) Costs directly attributable to bringing the PPE to the location and condition necessary for it to be capable of operating in the manner intended by management.
 - iii) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the company incurs either when the PPE is acquired or as a consequence of having used the PPE during a particular period for purposes other than to produce inventories during that period.
- b) Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing items of PPE, including day-to-day repair and maintenance expenditure, are charged to the statement of profit and loss for the period during which such expenses are incurred.
- c) Gains or losses arising from derecognition of items of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- d) The company has elected to continue with carrying value of PPE from the date of transition.

3.2 Intangible Assets

- a) Identifiable intangible assets are recognized when the company controls the asset; it is probable that future economic benefits expected with the respective assets will flow to the company for more than one economic period; and the cost of the asset can be measured reliably.
- b) Intangible assets acquired separately are measured on initial recognition at cost. Cost comprises purchase price, import duties, non-refundable purchase tax, after deducting tax recoverable, trade discount, rebate and any cost directly attributable to bringing the asset to location and condition necessary for it to be capable of operating in the manner intended by Management. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.
- c) All Intangible Assets (Computer Software's) are stated at carrying value from the date of transition.

3.3 Investment Property :

Investment Properties are properties held to earn rentals and / or for capital appreciation. Investment properties are measured initially at cost including transaction cost, Subsequently, Investment property are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided as per policy of the company for the same . Any gain or loss on disposal is recognized in Statement of Profit & Loss.

3.4 Depreciation / Amortization :

Depreciation is provided on Straight Line Method over the useful life of assets as per Schedule II of Companies Act 2013, keeping a residual value of 5% of the original cost except for the assets mentioned below:

- i. Intangible items are depreciated / amortized over a period of 2.5 years.
- ii. Land on perpetual lease is not amortised.
- iii. In case, life has not been prescribed under Schedule II of the Companies Act, the same have been determined by technically qualified person and approved by the Board of Directors keeping a residual value of 5% of the original cost. The details of such assets & estimated useful life are as under :

| S. No. | Description of Assets | Estimated life in years |
|--------|--------------------------|-------------------------|
| 1. | Components: HVAC plant:- | |
| a) | Chiller Unit | 15 |
| b) | Piping work | 15 |
| c) | Air handling work | 10 |
| d) | Other components | 15 |

- iv. Lease hold assets are amortised over the lease period.

Depreciation method, useful lives and residual value are reviewed by the management at each year end.

3.5 Impairment of Non-Financial Assets :

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3.6 Leases

W.e.f 01.04.2019, Ind AS 116 "Leases" will be applicable for accounting of leases:-

1. As a Lessee:-

a. Right to Use Asset:-

- Initial Recognition and treatment- on the date of commencement of lease, the company shall measure the right of use (ROU) asset at present value of lease payments discounted at the interest rate implicit in the lease or the incremental borrowing rate.
- Subsequent measurement and treatment- The ROU asset will be depreciated as per the depreciation requirements in Ind AS 16 Property, Plant & Equipment. If the ownership will be transferred by the company at the end of the lease term or if there is a certainty that the purchase option will be exercised by the company, the ROU asset will be depreciated over the useful life of the asset. In any other case, the ROU asset will be depreciated over the useful life of the asset or the lease term whichever is shorter. Depreciation on the ROU asset will be reflected as a charge in the profit & loss account

b. Lease Liability:-

- Initial Recognition and treatment- on the date of commencement of lease, the company shall measure the lease liability at present value of lease payments discounted at the interest rate implicit in the lease or the incremental borrowing rate.
- Subsequent measurement and treatment- The carrying amount of the lease liability will increase by the amount of interest accrued on the lease liability. The carrying amount will be reduced on account of the payments made towards the lease liability. The interest expense on lease liability, being a component of finance cost will be presented separately as a charge in the profit & loss account.

2. As a lessor:-

Lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

a. Financial lease:-

- i. Recognition of the asset- Assets held under financial lease to be presented as a receivable at an amount equal to the net investment in the lease.
- ii. Recognition of the income- Finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the company's net investment in the lease.

b. Operating lease:-

- i. Recognition of the asset- Assets held under operating lease shall have to be capitalised in the books.
- ii. Recognition of the income- The lease

payments from operating leases shall have to be recognised as income on either a straight line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

- iii. Recognition of expenses- the expenses associated with earning of lease income, like depreciation shall have to be recognised as expense.

3.7 Inventories

- a) Inventories are carried at lower of cost and net realizable. Cost is determined as under :
- b) Inventories are valued on yearly weighted average method except items handled on back to back basis which are valued on actual cost as per specific identification method.
- c) Goods-in-transit is valued at CIF cost.
- d) Cost of inventory comprises cost of purchases, cost of conversion and other cost incurred including manufacturing overheads net of recoverable taxes incurred in bringing them in their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable value are based on the most reliable evidence available at the time of estimation as to the amount the inventories are expected to realize.

3.8 Revenue Recognition

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

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

- i. Neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained.
- ii. Significant risk and rewards of ownership of the goods have been transferred to the buyer.
- iii. The amount of revenue is measured reliably.
- iv. It is probable that the economic benefits associated with the transactions will flow to the company.
- v. The cost incurred or to be incurred in respect of transaction can be measured reliably.
- vi. If there are any trade discounts and volume rebate, with respect to revenues from the sale of products and commodities are deducted from revenues.
- vii. Revenues are measured at fair value of consideration received or recoverable.

a) Revenue from Operating Activities :

- Revenues from operating activities include revenues relating to various trading transactions in which the company is act as principal, carries commodity inventories. These revenues are mainly from sale of fertilisers, food grains, metals and other products.
- **Margins on Operating Transactions :**
Margins on operating transactions also include revenue from various trading activities in which company acts as a principal or an agent. Through its trading activities, the company facilitates its customers' purchase and sale of commodities/bullion and other products and charge a fixed margin as agreed.
- The company also facilitates conclusion of the contracts between suppliers / manufacturers and customers and delivery of the products between suppliers and customers. Revenue from such activities are recognised when the contracted services are rendered / goods are supplied to third parties / customers pursuant to the agreements.

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

i. Dividend and Interest Income

Dividend income is recognized when the Company's right to receive dividend is established.

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

ii. Claims

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

iii. Revenue Recognition on Actual Realization

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

- a) Export benefits.
- b) Interest realisable from the items handled on Government account.

b. Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate prevailing at the dates of the

transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and Loss except to the extent of exchange difference which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalised as cost of assets. Additionally, exchange gains or losses on foreign currency borrowings taken prior to April 1, 2016 which are related to the acquisition or construction of qualifying assets are adjusted in the carrying cost of such assets.

Non-monetary items that are measured in terms of historical costs in a foreign currency are recorded using the exchange rates at the date of the transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item. (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or Statement Of Profit and Loss are also recognised in OCI or Statement Of Profit and Loss, respectively).

c. Borrowing Costs

Finance cost include exchange differences arising from foreign currency borrowing to the extent they are regarded as an adjustment to the interest cost.

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing cost directly attributable to the acquisition & construction qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

d. Employee benefits

i. Short term employee benefits expected to be paid are recognized at their undiscounted amount in the accounting period in which they are incurred.

ii. Post-retirement benefits :

a. Defined contribution plan : Employees' benefit, under defined contribution plan comprising provident fund (administered through separate trust) and pension fund

(administered through defined contribution to LIC) are recognized based on the undiscounted obligation of the company to contribute to the plan in the period in which the employee renders the related service. The same is paid to funds administered through separate Trust.

b. Defined Benefit plan:

- i) Provision for gratuity, leave encashment and half pay leave are determined on the basis of actuarial valuation using the projected unit credit method.
- ii) Liability towards post retirement medical benefit is provided based on actuarial valuation as at the year end.

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

e. Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments consist of:

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

Initial Recognition

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

Subsequent Measurement

Subsequent to initial recognition, non derivative financial instruments are measured as described below:

- i. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, at banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered

part of the Company's cash management system. In the statement of financial position, bank overdrafts are presented under borrowings within current liabilities.

- ii. Investments in liquid mutual funds, equity securities (other than Subsidiaries, Joint Venture and Associates) are valued at their fair value. These investments are measured at fair value and changes therein, other than impairment losses, are recognized in statement of profit and loss and presented within equity, net of taxes. The impairment losses, if any, are reclassified from equity into statement of income. When an available for sale financial asset is derecognized, the related cumulative gain or loss recognised in equity is transferred to the statement of income.

- iii. Loans and receivables

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

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

- iv. Security Deposits

Security Deposits are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method, less any impairment losses.

- v. Trade and other payables

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

- vi. Investments in Subsidiary, Associates and Joint Venture

The company accounts investment in subsidiary, joint ventures and associates at cost. An entity controlled by the company is considered as a subsidiary of the company. Investments in subsidiary company outside

India are translated at the rate of exchange prevailing on the date of acquisition. Investments where the company has significant influence are classified as associates. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement is classified as a joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Impairment of financial assets

Financial assets, other than those at Fair Value through Profit and Loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For Available for Sale (AFS) equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty;
- Breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on individual basis. Objective evidence of impairment for a portfolio of receivables could include Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of zero days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such

impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables; such impairment loss is reduced through the use of an allowance account for respective financial asset. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

De-recognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

f. Taxation

Tax expense:-

Tax expense for the period comprises current tax and deferred tax. Tax recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case the tax is also recognised in other comprehensive income or equity.

1. Current tax

Current tax comprises the accepted tax payable / receivable only taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates and laws enacted or substantially enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company;

- a. As a legal enforceable right to set off the recognised amounts and
- b. Intends either to settle on a net basis, over to realise the assets and settle the liability simultaneously.

2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statement and corresponding tax basis used in computation of taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

g. Provisions, Contingent Liabilities and Contingent Assets

General:-

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

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects when appropriate, the risk specific to the liability. When discounting is used, the increase in provision due to passage of time is recognised as a finance cost.

Contingent liabilities:-

Contingent liabilities are not recognized but disclosed in Notes to the Accounts when the company has possible obligation due to past events and existence of the obligation depends upon occurrence or non-occurrence of future events not wholly within the control of the company or when estimates cannot be made of the amount of the obligations.

Contingent liabilities are assessed continuously to determine whether outflow of economic resources have become probable. If the outflow becomes probable then relative provision is recognized in the financial statements.

Where an entity is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability. The entity recognizes a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent Assets:-

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

Provision for Doubtful Debts/Advances/Claims

Provision for doubtful debts / advances / claims is made where there is uncertainty of realization irrespective of the period of its dues. For outstanding over three years (except government dues), provision is made unless the amount is considered realizable as per management estimate.

3.9 Earnings per share

A basic earnings per equity is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.10 Segment Information

The Chief Operational Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on their revenue growth and operating income.

The Company has identified its Operating Segments as Exports, Imports and Domestic.

The Assets and liabilities used in the Company's business that are not identified to any of the operating segments are shown as unallocable assets/liabilities.

As per our report of even date attached For HDSG & Associates

Chartered Accountants
Firm Reg. No. 002871N

(ARUN SAINI)

Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

Sd/-
(RAJIV CHOPRA)
Director (Marketing)
with additional charge of CMD
DIN -06466326

Sd/-
(ROOMA NAGRATH)
GM-F & CFO

Sd/-
(VIPIN TRIPATHI)
Company Secretary
ACS -29378

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

4 Property, Plant and Equipment

(₹ Crore)

| Particulars | GROSS BLOCK | | | DEPRECIATION & AMORTIZATION | | | ACCUMMULATED IMPAIRMENT | | | NET BLOCK |
|--|---|-------------|-----------------------|---|---|--------------|-------------------------|----------------------|----------------------|-------------------------------------|
| | Gross carrying value as at April 01, 2019 | Additions | Disposal/ adjustments | Gross carrying value as at March 31, 2020 | Accumulated depreciation as at April 01, 2019 | Additions | Disposal/ (adjustments) | As on April 01, 2019 | As at March 31, 2020 | Carrying Value as at March 31, 2020 |
| Tangible Assets - Freehold | | | | | | | | | | |
| Land | 9.90 | - | - | 9.90 | - | - | - | - | - | 9.90 |
| Building | 108.27 | - | - | 108.27 | 16.07 | 5.35 | - | 0.19 | 0.19 | 86.66 |
| Plant & Machinery | 9.64 | 0.03 | 0.17 | 9.50 | 1.96 | 0.71 | 0.16 | - | - | 6.99 |
| Furniture & Fixtures | 1.05 | - | - | 1.05 | 0.44 | 0.13 | - | - | - | 0.48 |
| Motor Vehicle | 1.00 | - | - | 1.00 | 0.35 | 0.12 | - | - | - | 0.53 |
| Office Equipment | 0.42 | - | - | 0.42 | 0.26 | 0.06 | - | - | - | 0.10 |
| Computers, data processing units & communication equipment | 0.86 | 0.02 | - | 0.88 | 0.67 | 0.03 | 0.01 | - | - | 0.19 |
| Electrical Installations & Equipment | 3.48 | - | 0.02 | 3.45 | 1.02 | 0.37 | 0.01 | - | - | 2.07 |
| Other Assets held for Disposal | 0.01 | - | - | 0.01 | - | - | - | - | - | 0.01 |
| Total (A) | 134.63 | 0.05 | 0.19 | 134.48 | 20.77 | 6.77 | 0.18 | 0.19 | 0.19 | 106.93 |
| Tangible Assets - Leasehold | | | | | | | | | | |
| Land | 388.75 | - | 3.78 | 384.97 | 0.62 | 0.10 | 0.29 | - | - | 384.54 |
| Building | 99.04 | - | - | 99.04 | 9.71 | 2.84 | - | - | - | 86.49 |
| Roads, culverts & sewerage etc | 0.17 | - | - | 0.17 | 0.06 | 0.02 | - | - | - | 0.09 |
| Plant & Machinery | 3.39 | - | - | 3.39 | 1.03 | 0.34 | - | - | - | 2.01 |
| Right to use (Ind AS 116) | - | 0.88 | (3.48) | 4.36 | - | 0.40 | - | - | - | 3.96 |
| Total (B) | 491.35 | 0.88 | 0.30 | 491.93 | 11.42 | 3.70 | 0.29 | - | - | 477.09 |
| Total (A+B) | 625.98 | 0.93 | 0.49 | 626.41 | 32.19 | 10.47 | 0.47 | 0.19 | 0.19 | 584.02 |
| Previous year | 624.17 | 1.84 | 0.03 | 625.98 | 22.06 | 10.22 | 0.09 | 0.19 | - | 593.60 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(a) Title/Lease deed in respect of following properties is pending for execution:-

i. Leasehold Land:-

- Land measuring 2.599 acres allotted by L&DO vide "Memorandum of Agreement for Lease" dated 05.12.1975 for construction of office building i.e. Jawahar Vyapar Bhawan at Janpath, New Delhi for which lease deed is expected to be executed in the name of the Company.
- Land measuring 16.17 acre (50% share of total Land 32.33 acre allotted in the joint name of STC & MMTC) by L&DO/DDA vide Memorandum of Agreement dated 05th Feb, 1968 for construction of Housing Colony at Aurbindo Marg, New Delhi. The lease deed demarcating 50% area of allotted leasehold land in the name of the company is in process.
- Includes a plot at Mallet Bunder, Mumbai Port Trust (where STC has a Tank Farm Installation) for which lease period has expired and company is in process of surrendering the plot.

ii. Freehold Building:-

- Freehold Building includes house building at Asian Games Village Complex (AGVC) allotted by DDA vide allotment letter dated 30.05.1984 for which title deed is likely to be executed in the name of the Company.
- Free hold building includes 7 apartments in Mumbai (Located 2 at Wallace Apartment Grant Road , 3 at Mandar Apartment, 1 at Shyamsadan at Khar (West) and 1 at Las Palmas, Malabar hills) for which conveyance deed in the name of company is likely to be executed.

(b) 325.685 square meters taken by NDMC for widening of roads during Asian Games and 388.91 square meters taken by DMRC for construction of Metro / Metro Station out of the total leasehold land allotted by L&DO to STC for construction of office building at (Jawahar Vyapar Bhawan) Tolstoy Marg, Janpath, New Delhi. The Company has taken up the matter with L&DO for reduction of both the area and value and is to be updated in Fixed Assets register/Schedule after receipt of response.

(c) 4 blocks having 64 flats located at STC housing colony, Aurbindo Marg, New Delhi were sold to HHEC. Further, the measurement of area under occupancy of STC/HHEC has been carried out. DDA has been approached to execute the lease deed of STC and sub-lease deed of HHEC.

(d) As approved in the 436th Board Meeting dated 12th August 1991 for the sale of "Office Space in the Jawahar Vyapar Bhawan Building" total Office Space measuring 67,418 sq.ft. were sold to CCIC & HHEC. However, execution of lease deed by L&DO, the sale deed for sale of office space in the name of CCIC & HHEC will be done on receipt of outstanding dues from CCIC & HHEC.

5 Capital Work- In- Progress

(₹ Crore)

| Particulars | Balance as at April 01, 2019 | Additions/ (Adjustments) during the year | Capitalized during the year | Balance as at March 31, 2020 |
|-------------------------------------|------------------------------|--|-----------------------------|------------------------------|
| Office Building | - | - | - | - |
| Plant & Equipment | 0.05 | 0.08 | - | 0.13 |
| Office Equipment | 0.03 | - | - | 0.03 |
| Others | - | - | - | - |
| Intangible Assets under Development | 0.29 | - | - | 0.29 |
| Total | 0.37 | 0.08 | - | 0.45 |
| Previous Year | 2.10 | (1.19) | 0.54 | 0.37 |

6 Investment Property

| Particulars | FREEHOLD | | LEASEHOLD | | Total |
|--|--------------|-------------|---------------|--------------|---------------|
| | Land | Building | Land | Building | |
| Gross carrying value as at April 1, 2019 | 16.14 | 4.01 | 204.05 | 97.72 | 321.92 |
| Additions | - | - | - | - | - |
| Disposal/adjustments | - | - | - | - | - |
| Gross carrying value as at March 31, 2020 | 16.14 | 4.01 | 204.05 | 97.72 | 321.92 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | FREEHOLD | | LEASEHOLD | | Total |
|--|----------|----------|-----------|----------|--------|
| | Land | Building | Land | Building | |
| Accumulated depreciation as at April 1, 2019 | - | 0.24 | 1.88 | 12.34 | 14.46 |
| Additions | - | 0.08 | 0.57 | 4.09 | 4.74 |
| Disposal/(adjustments) | - | (0.01) | - | - | (0.01) |
| Accumulated depreciation as at March 31, 2020 | - | 0.33 | 2.45 | 16.43 | 19.22 |
| Impairment as at April 1, 2019 | - | 0.02 | - | - | 0.02 |
| Additions | - | - | - | - | - |
| Disposal/adjustments | - | - | - | - | - |
| Impairment as at March 31, 2020 | - | 0.02 | - | - | 0.02 |
| Carrying Value as at March 31, 2020 | 16.14 | 3.66 | 201.60 | 81.29 | 302.68 |
| Previous Year (Net) | 16.14 | 3.75 | 202.18 | 85.37 | 307.44 |

*No fair value measurement of Investment property could be carried out due to restrictions imposed by effects of COVID-19. However, process of fair valuation of Investment Property has been initiated, valuer has been appointed but valuation could not be completed.

Amounts recognized in the statement of profit & loss for investment properties

| Particulars | for the year ended March 31, 2020 | for the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Rental income derived from Investment Properties | 49.51 | 48.60 |
| Direct operating expenses from property that generated rental income | (8.20) | (7.19) |
| Profit from investment properties before depreciation | 41.31 | 41.41 |
| Depreciation | (4.75) | (4.85) |
| Profit from investment properties | 36.56 | 36.56 |

7 Intangible Assets

| Particulars | Computer Softwares | Others (specify Nature) | Total |
|--|-----------------------|----------------------------|-------|
| Gross carrying value as at April 1, 2019 | 0.14 | - | 0.14 |
| Additions | - | - | - |
| Disposal/adjustments | - | - | - |
| Gross carrying value as at March 31, 2020 | 0.14 | - | 0.14 |
| Accumulated amortisation as at April 1, 2019 | 0.12 | - | 0.12 |
| Additions | 0.01 | - | 0.01 |
| Disposal/adjustments | - | - | - |
| Accumulated amortisation as at March 31, 2020 | 0.13 | - | 0.13 |
| Carrying Value as at March 31, 2020 | 0.01 | - | 0.01 |
| Previous Year (Net) | 0.02 | - | 0.02 |

8 Investments

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Non Current | | |
| Long Term | | |
| Unquoted Investments | | |
| Investment in Equity instrument ~ Subsidiary * | | |
| STCL Limited (100% Holding) | | |
| 1,50,000 (Fully paid up Equity shares of ₹100 each) | 2.82 | 2.82 |
| Less: Impairment in value of Investment | 2.82 | 2.82 |
| Net | - | - |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Investment in Equity instrument ~ Joint Ventures ** | | |
| NSS Satpura Agro Development Co. Ltd. | | |
| 1,00,000 (Fully paid up Equity shares of ₹10 each) | 0.10 | 0.10 |
| Less: Impairment in value of Investment | 0.10 | 0.10 |
| Net | - | - |
| Others | | |
| Sea Lac Agro Ventures Limited | | |
| 1,00,000 (Fully paid up Equity shares of ₹10 each) | 0.10 | 0.10 |
| Less: Impairment in value of Investment | 0.10 | 0.10 |
| Net | - | - |
| Maharashtra Small Scale Industries Development | | |
| 10,000 (Fully paid up Equity shares of ₹100/-each) | 0.10 | 0.10 |
| Less: Impairment in value of Investment | 0.10 | 0.10 |
| Net | - | - |
| Andhra Pradesh Trade Promotion Corporation Limited | | |
| 100 (Fully paid up Equity shares of ₹1000/-each) | 0.01 | 0.01 |
| Less: Impairment in value of Investment | - | - |
| Net | 0.01 | 0.01 |
| Sindhu Resettlement[#] | | |
| 4 (Fully paid up Equity shares of ₹1000/-each) | - | - |
| Less: Impairment in value of Investment | - | - |
| Net | - | - |
| Total | 0.01 | 0.01 |

* The union cabinet has approved in its meeting dated 13th August, 2013 for winding up of Subsidiary M/s. STCL Limited. Accordingly, the subsidiary has filed winding up petition on 26.11.2013 before Hon'ble High Court of Karnataka. The Co. does not have any liability with respect to STCL beyond the investment amount which is fully eroded.

** Investment of Rs. 0.10 Crore (Rs. 0.10 Crore) in a Joint Venture Company (NSS Satpura Agro Development Co. Ltd.) has been fully provided for, as the Net Worth of the Company has been eroded completely.

Nominal Value of Rs. 4000/-

9 Trade Receivables

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| A. Non Current | | |
| i. Secured ~ Considered good * | 11.34 | 11.33 |
| ii. Unsecured Considered good | 955.46 | 955.64 |
| iii. Having Significant increase in credit risk ** | 3.72 | 3.71 |
| iv. Credit Impaired | 614.58 | 616.77 |
| Sub-total | 1585.10 | 1587.46 |
| Less: Allowance for bad and doubtful receivables | 618.25 | 620.44 |
| Total (A) | 966.85 | 967.02 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| B. Current | | |
| i. Secured, Considered good * | 6.96 | 6.96 |
| ii. Unsecured Considered good | 164.13 | 113.78 |
| iii. Having Significant increase in credit risk ** | - | 3.62 |
| iv. Credit Impaired | 8.75 | 5.13 |
| Sub-total | 179.09 | 129.49 |
| Less: Allowance for bad and doubtful debts | 8.75 | 8.75 |
| Total (B) | 171.09 | 120.74 |
| Total (A+B) | 1137.94 | 1087.76 |

* Trade receivables are secured against pledged stock and immovable property etc. However, Physical verification of pledged stocks in the third party premises could not be done due to COVID 19.

** Out of Trade Receivables of Rs. 1137.94 Crore includes Rs. 973.19 Crore "having significant increase in credit risk" being under dispute/litigation (for details of major legal cases refer note no. 39).

Trade receivables, against which dispute/legal proceedings are under process, have been considered as "Having Significant increase in credit risk". The company feels that even if no amount would eventually be recovered, no credit impairment is required for the credit risk since the creditor will be paid by the company only to the extent the amount is realized from the debtors. Further, for remaining balance of Rs.164.64 Crore is recoverable hence no provision is considered necessary.

10 Loans

| | | |
|---|-------------|-------------|
| Non-current | | |
| A. Security Deposits | | |
| I. Secured, considered good | 0.28 | 0.28 |
| II. Unsecured, considered good | 2.01 | 2.19 |
| III. Having Significant increase in credit risk | 0.19 | 0.19 |
| IV. Credit Impaired | 5.47 | 4.97 |
| Sub-total | 7.95 | 7.63 |
| Less: Allowance for bad and doubtful advances | 5.66 | 5.66 |
| Less: Fair value Adjustment-SD | 0.01 | 0.03 |
| Total (A) | 2.28 | 1.94 |
| B. Loan to Employees | | |
| I. Secured, considered good * | 1.55 | 2.19 |
| II. Unsecured, considered good | 0.03 | 0.06 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | - | - |
| V. Interest accrued | 3.63 | 4.53 |
| Sub-total | 5.21 | 6.78 |
| Less: Allowance for bad and doubtful advances | - | - |
| Less: Fair value adjustments (Loans to employees) | 1.58 | 1.83 |
| Total (B) | 3.63 | 4.97 |
| Total (A+B) | 5.90 | 6.91 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Current | | |
| A. Security Deposits | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 13.54 | 1.05 |
| III. Having Significant increase in credit risk | - | - |
| IV Credit Impaired | - | - |
| Sub-total | 13.54 | 1.05 |
| Less: Allowance for bad and doubtful advances | - | - |
| Less: Fair Value Adjustment-SD | 0.01 | 0.01 |
| Total (A) | 13.53 | 1.04 |
| B. Loan to Employees | | |
| I. Secured, considered good * | 0.39 | 0.57 |
| II. Unsecured, considered good | 0.07 | 0.13 |
| III. Having Significant increase in credit risk | - | - |
| IV Credit Impaired | - | - |
| Add: Interest accrued | 0.64 | 0.62 |
| Sub-total | 1.10 | 1.32 |
| Less: Allowance for bad and doubtful advances | - | - |
| Less: Fair value adjustments (Loans to employees) | 0.07 | 0.13 |
| Total (B) | 1.03 | 1.19 |
| Total (A+B) | 14.56 | 2.23 |

* Secured against Hypothecation of motor car & house property

11 Other Financial Assets

| | | |
|--|---------------|---------------|
| Non-current | | |
| A. Term deposit with maturity more than 12 months | | |
| - Term Deposit with Bank* | 10.97 | 10.27 |
| - Term Deposits with others | 0.40 | - |
| (A) | 11.37 | 10.27 |
| B. Claims Recoverable | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 11.14 | 9.17 |
| III. Having Significant increase in credit risk | 6.79 | 6.78 |
| IV Credit Impaired | 89.21 | 89.17 |
| Sub-total | 107.14 | 105.12 |
| Less: Allowance for bad and doubtful advances | 96.00 | 95.95 |
| (B) | 11.14 | 9.17 |
| C. Deposits | 32.25 | 0.33 |
| D. Other Misc. advance | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | - | - |
| III. Having Significant increase in credit risk | | |
| IV Credit Impaired | 0.36 | 0.36 |
| Sub-total | 0.36 | 0.36 |
| Less: Allowance for bad and doubtful advances | 0.36 | 0.36 |
| (D) | - | - |
| Total (A+B+C+D) | 54.76 | 19.77 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Current | | |
| A. Interest accrued on | | |
| - Term deposits with maturity more than 3 and upto 12 months | 0.19 | 0.03 |
| - Other Deposits (Flexi Deposits) | - | 0.37 |
| - Interest Accrued but not due on deposits/T Bills | 1.48 | 0.14 |
| B. Investment in Treasury Bills | 194.95 | 503.10 |
| Sub-total | 196.62 | 503.64 |
| C. Other | - | - |
| D. Claims Recoverable | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 19.75 | 18.21 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | - | - |
| Sub-total | 19.75 | 18.21 |
| Less: Allowance for bad and doubtful advances | - | - |
| (D) | 19.75 | 18.21 |
| Total (A+B+C+D) | 216.37 | 521.85 |
| Total (Other Financial Assets)** | 271.13 | 541.62 |

* Under Lien

** For details on major cases refer note no. 39

12 Deferred tax assets (Net)

| | | |
|--|--------------|--------------|
| Deferred tax assets and liabilities are attributable to the following: | | |
| A. Deferred Tax Liability | | |
| Property, plant and equipment | 2.07 | 2.07 |
| Sub Total | 2.07 | 2.07 |
| B. Deferred tax Assets | | |
| Provisions | 75.08 | 75.08 |
| Sub Total | 75.08 | 75.08 |
| C. MAT Credit Entitlement | 13.48 | 13.48 |
| Net Deferred Tax (Liabilities) / Assets | 86.49 | 86.49 |

Movement in deferred tax balances during the year ended 31.03.2020

| Particulars | Balance as at April 01, 2019 | Recognised in profit & loss |
|---------------------------|---------------------------------|--------------------------------|
| Opening Balance | 73.01 | 73.01 |
| Additions during the year | - | - |
| Deletions during the year | - | - |
| Closing Balance | 73.01 | 73.01 |

Unrecognised Deferred tax assets

Deferred tax assets have not been recognised in respect of the following items

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|-------------------------|-------------------------|
| Deferred Tax Assets | | |
| Provisions | 257.78 | 257.53 |
| Carry Forward losses | 177.20 | 158.30 |
| Other Disallowances | 15.57 | 15.96 |
| Sub Total | 450.55 | 431.79 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Deferred Tax Liabilities | | |
| Property, Plant & Equipment | 77.81 | 86.55 |
| Sub Total | 77.81 | 86.55 |
| Change in tax rate effect not recognized | - | 4.07 |
| Total | 372.74 | 349.31 |

Recognized MAT credit available to Company in future years

| | | |
|--|--------------|--------------|
| 2014-15 (Credit available up to Financial Year 31.03.2025) | 4.01 | 4.01 |
| 2016-17 (Credit available up to Financial Year 31.03.2027) | 7.59 | 7.59 |
| 2017-18 (Credit available up to Financial Year 31.03.2028) | 1.88 | 1.88 |
| Total | 13.48 | 13.48 |

14 Other Assets (Non-Financial)

| | | |
|---|--------------|--------------|
| Non-Current | | |
| A. Trade Advances | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | - | - |
| III. Having Significant increase in credit risk | 0.08 | 0.08 |
| IV. Credit Impaired* | 92.28 | 92.22 |
| Sub-total | 92.36 | 92.30 |
| Less: Allowance for bad and doubtful advances | 92.36 | 92.30 |
| (A) | - | - |
| B. Other Misc. Advances | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 0.08 | 0.29 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | 0.01 | - |
| Sub-total | 0.09 | 0.29 |
| Less: Allowance for bad and doubtful advances | 0.01 | - |
| (B)* | 0.08 | 0.29 |
| C. Security Deposits | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 4.69 | 4.37 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | 0.37 | 0.37 |
| Sub-total | 5.06 | 4.74 |
| Less: Allowance for bad and doubtful advances | 0.37 | 0.37 |
| (C) | 4.69 | 4.37 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | | As at March 31, 2020 | As at March 31, 2019 |
|----------------|--|-------------------------|-------------------------|
| D. | Deferred Employee cost due to Fair Valuation | 1.54 | 1.78 |
| E. | Deferred Fair Valuation Loss- Deposit Receivable | 0.01 | 0.03 |
| F. | Claims Recoverable | | |
| I. | Secured, considered good | - | - |
| II. | Unsecured, considered good | - | - |
| III. | Having Significant increase in credit risk | - | - |
| IV | Credit Impaired | 4.18 | 4.18 |
| | Sub-total | 4.18 | 4.18 |
| | Less: Allowance for bad and doubtful advances | 4.18 | 4.18 |
| | (F) | - | - |
| | Total (A to F) | 6.32 | 6.46 |
| Current | | | |
| A. | Capital Advances | | |
| I. | Secured, considered good | - | - |
| II. | Unsecured, considered good | 1.18 | 0.99 |
| III. | Having Significant increase in credit risk | - | - |
| IV | Credit Impaired | - | - |
| | Sub-total | 1.18 | 0.99 |
| | Less: Allowance for bad and doubtful advances | - | - |
| | (A) | 1.18 | 0.99 |
| B. | Trade Advances | | |
| I. | Secured, considered good | - | - |
| II. | Unsecured, considered good | 0.01 | - |
| III. | Having Significant increase in credit risk | - | - |
| IV | Credit Impaired | - | - |
| | Sub-total | 0.01 | - |
| | Less: Allowance for bad and doubtful advances | - | - |
| | (B) | 0.01 | - |
| C. | Other Misc. Advances | | |
| I. | Secured, considered good | - | - |
| II. | Unsecured, considered good | - | 3.80 |
| III. | Having Significant increase in credit risk | - | - |
| IV | Credit Impaired | 0.26 | 0.26 |
| | Sub-total | 0.26 | 4.06 |
| | Less: Allowance for bad and doubtful advances | 0.26 | 0.26 |
| | (B) | - | 3.80 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | | As at March 31, 2020 | As at March 31, 2019 |
|-------------|--|-------------------------|-------------------------|
| D. | Other | | |
| | Prepaid Expenses | 0.45 | 0.44 |
| | TA Advances | 0.02 | 0.02 |
| | Advances for expenses | 0.24 | 2.21 |
| | GST Input | 4.25 | 7.36 |
| | VAT Receivable - Input/Service Tax Credit | 0.01 | 0.01 |
| | Other | 0.23 | 0.20 |
| | Deposits | 0.02 | - |
| | D | 5.22 | 10.24 |
| E. | Deferred Employee cost due to Fair Valuation | 0.11 | 0.17 |
| F. | Deferred Fair Valuation Loss- Deposit Receivable | 0.01 | 0.01 |
| G. | Claims Recoverable | | |
| I. | Secured, considered good | - | - |
| II. | Unsecured, considered good | 0.01 | - |
| III. | Doubtful | - | - |
| | Sub-total | 0.01 | - |
| Less: | Allowance for bad and doubtful claims | - | - |
| | (G) | 0.01 | - |
| | Total (A to G) | 6.54 | 15.21 |

For details refer note no. 39

15 Inventories

| | | | |
|----|---|-------------|-------------|
| A. | Stock in trade including with handling agents/local agent | 0.10 | - |
| B. | Stores and spares | 0.04 | 0.06 |
| C. | Packing Materials | 0.05 | 0.05 |
| D. | Stationery | 0.03 | 0.05 |
| | Total | 0.22 | 0.16 |

16 Cash & Cash Equivalents

| | | | |
|--|---|--------------|---------------|
| | Stamps & Stamp Papers* | - | - |
| | Balances with Banks | - | - |
| | - Cash Credit account - Debit Balance | 0.01 | 0.21 |
| | - Current Accounts | 5.34 | 13.52 |
| | Sub-total | 5.35 | 13.73 |
| | Other Bank Balances | | |
| | - Term Deposits with maturity upto 3 months | 17.82 | 109.62 |
| | Sub-total | 17.82 | 109.62 |
| | Total | 23.17 | 123.35 |

*Nominal Value of Rs. 9,425/-

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

17. Bank Balances

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Current | | |
| a. Balances with Banks | | |
| - Unpaid Dividend Balance Account | 0.03 | 0.05 |
| - As Margin money/under lien | 23.23 | 1.05 |
| - In term deposits with maturity more than 3 and upto 12 months | - | 2.44 |
| Total | 23.26 | 3.54 |

18. Equity Share Capital

| | | |
|---|--------------|--------------|
| Authorized | | |
| Equity shares | | |
| 20,00,00,000 equity shares of Rs. 10/- each | 200.00 | 200.00 |
| Issued, subscribed and fully paid | | |
| Equity shares | | |
| 6,00,00,000 equity shares of Rs. 10/- each | 60.00 | 60.00 |
| | 60.00 | 60.00 |
| Reconciliation of Share Capital: | | |
| Opening Equity Shares | 60.00 | 60.00 |
| Add: -No. of Shares, Share Capital issued/ subscribed during the year | - | - |
| Closing balance | 60.00 | 60.00 |
| Shares in the company held by shareholder holding more than 5 percent | | |
| Name of the Shareholder | | |
| - President of India (90% shareholding) | 54,000,000 | 54,000,000 |
| - Others | | - |

19. Other Equity

| | | |
|--|-------------------|-----------------|
| General Reserve | | |
| Balance as per last financial statements | 59.92 | 60.13 |
| Less: Opening balance transferred to CO | (0.04) | (0.19) |
| Add: Transfer to General Reserve on account of revaluation of Fixed Asset. | (0.01) | - |
| Add: Amount Transferred from surplus Balance in the statement of Profit & Loss | - | (0.02) |
| Closing Balance | 59.87 | 59.92 |
| Capital Reserve | | |
| Balance as per last financial statements | 1.00 | 1.00 |
| Closing Balance | 1.00 | 1.00 |
| Retained Earnings | | |
| Balance as per last financial statements | (960.62) | (76.52) |
| Add: Profit for the year | (112.84) | (879.46) |
| Prior Period Adjustment | (0.02) | - |
| Closing Balance | (1,073.48) | (960.62) |
| Revaluation Reserves | | |
| Balance as per last financial statements | 884.55 | 884.55 |
| Add: other adjustments | 0.05 | - |
| Closing Balance | 884.60 | 884.55 |
| Exchange Fluctuation Reserves | | |
| Balance as per last financial statements | 6.50 | 6.50 |
| Closing Balance | 6.50 | 6.50 |
| Total | (121.51) | (8.64) |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

20. Borrowings

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------|-------------------------|-------------------------|
| Current | | |
| I. Term Loans: | | |
| a. From banks | 100.70 | 128.01 |
| II. Working Capital Loans: | - | - |
| a. From banks | | |
| - Cash Credit | 703.55 | 854.64 |
| - Working Capital Demand Loan | 1.98 | 41.59 |
| Total | 806.23 | 1,024.24 |

- i. Bank borrowings are secured against current assets of the Company on pari-passu basis.
- ii. "In view of the default by the company in paying due interest amount to the banks, STC was declared NPA. The lender banks have initiated DRT proceedings against the company which is likely to be withdrawn soon and Syndicate bank also initiated NCLT proceedings, which have been withdrawn on 11.12.2019. The company is in the process of finalizing the OTS proposal with the lender banks and has already paid Rs.1100 crore against the dues of Rs.1906.24 crore as on 31.12.2018. Consequent on the high level meeting dated 29.08.2019."

| Name of Banks | Amount defaulted (principal & intt. thereon) | Period of default (no. of days) |
|----------------------------------|--|---------------------------------------|
| Syndicate Bank | 280.71 | 731 |
| Indian Overseas Bank | 188.02 | 731 |
| Union Bank of India | 140.72 | 762 |
| Indian Bank | 94.81 | 762 |
| EXIM Bank | 74.43 | 731 |
| Bank of Baroda | 26.27 | 650 |
| UBI (Kumily) | 1.27 | 762 |
| Balance as on 31.03.2020* | 806.23 | |

- * This amount is being firming up at Rs. 300 Crore as full & final settlement by way of transfer of property worth Rs 300 Crores as discussed during the meeting at MOC&I along with banks, consequently no interest is accountable thereafter. The DRT proceedings are in the process of being withdrawn and OTS agreement is in final stage and is being vigorously followed up by the Company at appropriate level.

21. Trade Payable

| | | |
|---------------------|-----------------|-----------------|
| Non Current | | |
| a) Bill Acceptances | 14.29 | 13.08 |
| b) Trade Payables | 974.80 | 978.10 |
| Total (A) | 989.09 | 991.18 |
| Current | | |
| a) Trade Payables | 197.17 | 184.82 |
| Total (B) | 197.17 | 184.82 |
| Total (A+B)* | 1,186.26 | 1,176.00 |

- * Above Trade payable includes Rs. 1081.22 crore to be paid only on realization from the outstanding receivables due to back to back payment arrangement. (for major legal cases refer note no. 39).

22. Other Financial Liabilities

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Non Current | | |
| a. Advance from customer** | 1.80 | 1.80 |
| b. Customers at Credit | 5.94 | 5.14 |
| c. Other liabilities | | |
| - Outstanding liabilities for goods & services received | 3.46 | 7.90 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| - Deposits | 9.33 | 8.76 |
| - Security Deposits from: | | |
| : Others | 1.58 | 1.70 |
| Less : Security Deposit Payable Adjustment | (0.06) | (0.15) |
| - Earnest money deposits | 2.78 | 1.07 |
| d. Employees' dues: | | |
| - Pay & Allowances | - | 0.70 |
| - Earned leaves | 11.80 | 11.43 |
| e. Lease Liability | 0.28 | - |
| Total | 36.91 | 38.36 |
| Current | | |
| a. Advance from customers** | 28.76 | 59.32 |
| b. Customers at Credit | 59.72 | 72.21 |
| c. Unclaimed dividend | 0.03 | 0.05 |
| - Outstanding liabilities for goods & services received | 138.30 | 130.31 |
| - Deposits | 31.40 | 31.57 |
| - Security Deposits from: | | |
| : Others | 2.52 | 3.93 |
| - Earnest money deposits | 18.48 | 6.57 |
| d. Employees' dues: | | |
| - Pay & Allowances | 0.63 | 0.09 |
| - Other expense | 0.14 | 0.38 |
| - Dues to employees on accrual basis | 4.47 | 2.60 |
| - Earned leaves | 3.03 | 2.42 |
| - STC's Officers' Association | - | 0.01 |
| - Salary Saving scheme | 0.01 | 0.01 |
| - Thrift Society | - | 0.02 |
| - Undisbursed Salary | 0.09 | 0.04 |
| - Others (Recreational Club) | 0.06 | - |
| e. Lease liability | 0.32 | - |
| Total | 287.96 | 309.54 |

** Includes advances of Rs. 23.01 Crore from Andhra Pradesh Police, Forest Department and State Disaster Response for supply of weaponry and equipment and Rs. 59.78 Crore for General Imports.

23. Provisions

| | | |
|-------------------------------------|---------------|---------------|
| Non Current | | |
| Provisions for Employee Benefits | | |
| Encashment of Half pay leave | 7.30 | 7.95 |
| Post Retirement medical benefits | 105.84 | 101.05 |
| Total | 113.14 | 109.00 |
| Current | | |
| A. Provisions for Employee Benefits | | |
| Encashment of Half pay leave | 1.59 | 2.34 |
| Post Retirement medical benefits | 8.99 | 8.46 |
| Performance Related Pay | 0.01 | 0.01 |
| Others | 0.12 | 0.11 |
| Sub Total (A) | 10.71 | 10.92 |
| B. Other Provisions | | |
| Contingencies | 44.00 | 12.82 |
| Sub Total (B) | 44.00 | 12.82 |
| Total(A+B) | 54.71 | 23.74 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

24. Other Liabilities (Non-Financial)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Non Current | | |
| a. Advance from customers | 0.41 | 0.46 |
| b. Customers at Credit* | 6.03 | 6.03 |
| c. Other liabilities | | |
| - Outstanding liabilities for goods & services received | 0.72 | 0.72 |
| - Deferred Fair Valuation gain-Deposit Payable | 0.01 | 0.15 |
| Total | 7.17 | 7.36 |
| Current | | |
| a. Advance from customers** | 59.84 | 49.30 |
| b. Other liabilities:- | | |
| - Outstanding liabilities for goods & services received | 0.47 | 0.48 |
| - Liability for CSR | - | 0.01 |
| - Security Deposits (Deferred fair value gain) | 0.06 | - |
| c. Remittances: | | |
| - Professional Tax | 0.02 | 0.01 |
| - Income Tax deducted at source | 0.84 | 1.09 |
| - Goods & Service Tax (GST) | 2.18 | 9.99 |
| - Contribution to Provident Fund | 0.74 | 2.20 |
| - Contribution to Employees Pension Scheme - 95 | 0.03 | 0.08 |
| - Contribution to Employees Pension Fund | 0.25 | 0.30 |
| Total | 64.43 | 63.48 |

* Amount payable of Rs. 6.03 Crore to U.P, Government is adjustable against claims of interest and carrying charges amounting Rs. 39.11 Crore (shown as contingent asset) which is under dispute and the company is in the process of initiating proceedings under AMRCD.

** Includes advances of Rs. 23.01 Crore from Andhra Pradesh Police, Forest Department and State Disaster Response for supply of weaponry and equipment and Rs. 59.78 Crore for General Imports.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

25. Revenue From Operations

(₹ Crore)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|------------------------------------|--------------------------------------|--------------------------------------|
| (a) Sales | | |
| Export | 11.32 | 10.50 |
| Imported Goods | 2,536.10 | 8,437.49 |
| Domestic | 382.55 | 445.24 |
| Sub total | 2,929.97 | 8,893.23 |
| (b) Other operating revenue | - | - |
| Claims: | | |
| From Others | 0.02 | 0.02 |
| Others | 6.74 | 10.18 |
| Sub total | 6.76 | 10.21 |
| Total | 2,936.74 | 8,903.44 |

26. Other Income

| | | |
|---|--------------|---------------|
| (a) Interest income:- | | |
| Advance to Employees | 0.41 | 0.39 |
| Deposits pledged / under Lien as margin money | 1.10 | 0.22 |
| Other bank Deposits | 5.96 | 11.09 |
| Interest on Investments | 22.06 | 6.14 |
| Interest on Trade Finance/Associates : | | |
| - Other than PCFC / EPC | - | 46.30 |
| Other Miscellaneous interest | 0.57 | 0.07 |
| Sub Total | 30.10 | 64.21 |
| (b) Miscellaneous income:- | | |
| Security Deposits forfeited | 0.02 | 0.08 |
| Rent received from Employees | 0.17 | 0.21 |
| Other Receipts | 2.19 | - |
| Sub Total | 2.38 | 0.29 |
| (c) Rental income:- | | |
| Rent Received from let-out property | 43.56 | 42.49 |
| Recoveries for common services from tenants | 5.95 | 6.11 |
| Sub Total | 49.51 | 48.60 |
| Less: Expenses related to let out property | | |
| Property tax/Municipal tax | 6.14 | 5.94 |
| Ground Rent | 0.34 | 0.28 |
| Electricity & Water charges | 0.20 | 0.16 |
| Rates and Taxes | - | - |
| Insurance Premium | 0.09 | 0.08 |
| Maintenance Charges | 0.79 | 0.89 |
| Administrative Expenses | 0.64 | - |
| Sub Total | 8.20 | 7.35 |
| Net rental income (c) | 41.31 | 41.24 |
| (d) Other Receipts:- | | |
| Difference in exchange other than commodity items | 0.32 | 0.22 |
| Misc. non Trade receipts | 3.73 | 1.91 |
| Amortisation income of Deferred employee advances | 0.22 | 0.33 |
| Amortisation income of Deferred Security deposit | 0.18 | 1.28 |
| Sub Total | 4.45 | 3.74 |
| Total | 78.24 | 109.48 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

27. Cost of Materials Consumed

(₹ Crore)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Opening balance of material | - | - |
| Add: Purchases made during the Year | - | - |
| Less: Closing balance of material | - | - |
| TOTAL | - | - |

28. Cost of Materials Consumed

| | | |
|--|-----------------|-----------------|
| Export Purchase | 11.02 | 10.23 |
| Import Purchase | 2,291.60 | 7,641.68 |
| Domestic Purchase | 379.39 | 439.89 |
| Freight -Road | - | - |
| -Marine | 0.06 | 0.04 |
| Exchange fluctuation -loss | | |
| - On Business Associate's Account | 1.90 | 1.48 |
| Insurance - General | 0.23 | 0.27 |
| - Marine | - | 0.01 |
| Customs Duty, Clearing, handling and other charges | 242.85 | 793.19 |
| Other Expenses | 0.01 | - |
| Octroi/Purchase Tax Reimbursement | - | 0.01 |
| Total | 2,927.06 | 8,886.80 |

29. Changes in Inventory

| | | |
|-----------------------------|---------------|-------------|
| Stock-In-Trade | | |
| At the beginning of Year | 0.05 | 0.07 |
| Less : At the end of Year | 0.15 | 0.05 |
| Changes in Inventory | (0.10) | 0.02 |

30. Employees' Benefit Expenses

| | | |
|---|--------------|--------------|
| (a) Remuneration to Staff & Managers | | |
| Salaries and Allowances | 41.57 | 54.46 |
| Encashment of Earned Leave | 3.80 | 3.13 |
| Encashment of Half Pay Leave | 0.03 | (0.69) |
| Provident fund | 3.36 | 5.44 |
| Employees pension scheme 95 (EPS 95) | 0.48 | 0.64 |
| Welfare Expenses: | | |
| - Medical Expenses on regular employees (OPD) | 0.51 | 0.74 |
| - Medical Expenses on regular employees (IPD) | 1.17 | 1.83 |
| - Medical Expenses on retired employees (OPD) | 2.07 | 2.65 |
| - Medical Expenses on retired employees (IPD) | 1.38 | 1.22 |
| - Medical Expenses on Actuarial liability | 5.40 | 4.67 |
| - Others | 0.21 | 0.57 |
| Gratuity | 1.21 | 2.21 |
| Pension | 2.88 | 3.52 |
| Voluntary retirement benefit* (VRS) | 15.36 | 17.87 |
| Amortisation expense | 0.05 | 0.29 |
| Overtime allowance to staff | 0.01 | - |
| Sub Total | 79.52 | 98.57 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| (b) Remuneration to Directors | | |
| Salaries and Allowances | 1.04 | 1.13 |
| Encashment of Earned Leave | 0.22 | 0.08 |
| Encashment of Half Pay Leave | 0.20 | 0.05 |
| Provident fund | 0.09 | 0.08 |
| Welfare Expenses: | | |
| - Medical Expenses on regular employees (OPD) | - | 0.01 |
| - Medical Expenses on regular employees (IPD) | 0.09 | - |
| - Medical Expenses on retired employees (OPD) | 0.05 | 0.05 |
| - Medical Expenses on retired employees (IPD) | - | - |
| - Medical Expenses on Actuarial liability | 0.02 | 0.02 |
| Gratuity | 0.04 | 0.02 |
| Pension | 0.07 | 0.06 |
| Sub Total | 1.81 | 1.52 |
| TOTAL | 81.33 | 100.09 |

*VRS was introduced in STC on 29.03.2019 with the eligibility criteria covering all employees in staff cadre irrespective of length of service and managers from Assistant Manager (E1) to Chief Manager (E4) level, who had completed 10 years of service in the Corporation (including professionals). 45 employees opted for VRS, out of which 43 employees were relieved for which STC's own funds were utilized. In remaining 03 cases, request of VRS were not accepted for want of Vigilance Clearance/ineligibility. VRS was again introduced with same conditions on 20.06.2019, effective till the closing hours of 31.03.2020. This time 37 employees opted during the period 20.06.2019 to 31.03.2020, all 37 employees have already been relieved.

31. Cost of Materials Consumed

| | | |
|--|-------------|---------------|
| Bank Loan : (Refer foot note (iii) to Note no. 20) | | |
| - Working capital Demand Loan(WCDL) | - | 43.91 |
| - Cash Credit | - | 110.88 |
| - BAS/External Commercial borrowing | - | 0.70 |
| VAT | - | 0.03 |
| Others | 7.27 | 0.06 |
| TOTAL | 7.27 | 155.59 |

32. Depreciation And Amortization Expenses

| Depreciation on Property Plant & Equipment (PPE) | | |
|---|--------------|--------------|
| Freehold Building | 5.35 | 5.34 |
| Plant & Machinery | 0.71 | 0.61 |
| Furniture & Fixtures | 0.13 | 0.15 |
| Motor Vehicle | 0.12 | 0.12 |
| Office Equipment | 0.06 | 0.08 |
| Computers, data processing units & communication equipment | 0.05 | 0.19 |
| Electrical Installations & Equipment | 0.37 | 0.40 |
| Leasehold Land | 0.10 | 0.20 |
| Leasehold Building | 2.84 | 2.75 |
| Roads, culverts & sewerage etc (Leasehold) | 0.02 | 0.02 |
| Plant & Machinery (Leasehold) | 0.34 | 0.34 |
| Others (Incl. Right to Use) | 0.41 | 0.02 |
| Sub Total | 10.50 | 10.22 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Depreciation on investment property : | | |
| Freehold Building | 0.08 | 0.09 |
| Leasehold Land | 0.57 | 0.63 |
| Leasehold Building | 4.09 | 4.14 |
| Sub Total | 4.75 | 4.85 |
| Amortisation on intangible Assets | | |
| Computer software | - | 0.08 |
| Sub Total | - | 0.08 |
| TOTAL | 15.26 | 15.14 |

33. Other Expenses

| | | |
|---|--------------|--------------|
| (a) Other Operating Expenses | | |
| L/C Negotiation & Bank Charges | 0.11 | 0.42 |
| Godown, Plot, Tank Rent | 0.81 | 1.03 |
| Claims Paid | 0.01 | - |
| Delivery charges | - | 0.02 |
| Cost of Tender | 0.21 | 0.22 |
| Sub total | 1.15 | 1.69 |
| (b) Administration expenses | | |
| Office Rent | 0.11 | 1.82 |
| Rates and Taxes: | | |
| - Property Tax to Municipal Corporation | 5.73 | 5.14 |
| - Others | 0.03 | 0.01 |
| Electricity and Water Charges | 1.94 | 2.55 |
| Printing and Stationery | 0.14 | 0.12 |
| Postage, Telegram, Teleprinter & Telex | 0.05 | 0.12 |
| Telephones | 0.42 | 0.57 |
| Repairs | | |
| - Building | 0.08 | - |
| - Others | 0.05 | 0.23 |
| Travelling Expenses | 0.33 | 0.62 |
| Housing Colony Expenses | 2.10 | 2.54 |
| Service Vehicle Expenses | 0.24 | 0.27 |
| Insurance Premium | 0.39 | 0.22 |
| Auditors' Remuneration | | |
| - Statutory Audit Fees | 0.13 | 0.14 |
| - Tax Audit Fees | 0.07 | 0.07 |
| - Certification fees | 0.03 | 0.03 |
| Information Technology Expenses | 0.27 | 0.17 |
| Conveyance Expenses | 0.02 | 0.02 |
| Maintenance of Office Building | 0.14 | 0.22 |
| Misc. Office expenses | 2.70 | 4.00 |
| Sub total | 14.97 | 19.04 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| (c) Trade Expenses | | |
| Legal & Professional Expenses | 4.27 | 14.54 |
| Advertisement & Publicity | 0.12 | 0.28 |
| Exchange Fluctuations other than commodity items | 1.45 | 0.87 |
| Entertainment expenses | 0.05 | 0.13 |
| Other Trade Expenses | 0.03 | 0.06 |
| Sub total | 5.93 | 15.88 |
| (d) Amortization Expenses | | |
| Amortisation expenses of Deferred employee advances | 0.17 | 0.04 |
| Amortisation expenses of Deferred Security deposit | 0.18 | 1.28 |
| TOTAL | 22.40 | 37.95 |

34. Exceptional items

| | | |
|--|---------------|---------------|
| (a) Expenses | | |
| Loss on sale of Property, Plant & Equipment (PPE) | 0.01 | 0.03 |
| Litigation settlement* | 104.26 | 86.48 |
| Loss of assets due to floods | - | - |
| Total (a) | 104.27 | 86.51 |
| (b) Write Offs | | |
| Trade Receivables** | - | 626.18 |
| Assets | - | 0.03 |
| Total (b) | - | 626.21 |
| (c) Provision for Doubtful debts, Loans and advances & Investment | | |
| Trade Receivables | - | 4.08 |
| Claims | 0.05 | 0.11 |
| Loans and Advances | - | 0.06 |
| Deposits | - | 1.03 |
| Total (c) | 0.05 | 5.28 |
| (d) Income | | |
| Profit on Sale of PPE | 0.02 | 0.09 |
| Liabilities Created in previous years written back: | | |
| - Others | 19.52 | 2.00 |
| Provision Written back for doubtful amounts realized: | | |
| -Trade Receivables | 6.97 | 0.02 |
| -Claims | - | 1.33 |
| Write back of unclaimed credit balances | 2.41 | 0.11 |
| Total (d) | 28.92 | 3.55 |
| Total (a+b+c-d) | 75.39 | 714.44 |

*For details refer note no. 39 (iii)

** For P.Y (2018-19) The company had won the case and in accordance with the verdict of the Hon'ble Supreme Court. The company recovered Rs. 1400 Crore against balance recoverable of Rs. 2026.18 Crore from Global Steel Philippines Inc./Global Steel Holding Ltd. (GSPI/GSHL). The remaining balance of Rs. 626.18 Crore has been written off as exceptional items.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

35. Tax Expense

A. Tax recognised in Statement of profit and loss

(₹ Crore)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Current income tax | | |
| Adjustments for prior years | - | (16.04) |
| Total | - | (16.04) |
| Reconciliation of effective tax rates | | |
| Profit before tax | (113.63) | (897.12) |
| Tax using the company's domestic tax rate @ 31.20% | - | - |
| Prior year ended income adjustments | - | - |
| Tax Effect of : | | |
| Permanent Differences | - | - |
| Unrecognised deferred tax assets/(Liabilities) | - | - |
| Tax Expenses for the year | - | - |

Since the tax expense for the year is Rs. NIL hence no provision for Tax on other comprehensive income is considered necessary.

B. Tax Losses Carried Forward

| Particulars | As at March 31st, 2020 | Balance Year Ended |
|---|---------------------------|-----------------------|
| Unused Tax Losses for which no deferred Tax Assets have been recognized : | | |
| Business Loss carried forward for F.Y. 2012-13 | 7.04 | 2 Years |
| Business Loss carried forward for F.Y. 2013-14 | 17.84 | 3 Years |
| Business Loss carried forward for F.Y. 2014-15 | 84.28 | 4 Years |
| Business Loss carried forward for F.Y. 2015-16 | 109.89 | 5 Years |
| Business Loss carried forward for F.Y. 2016-17 | 112.72 | 6 Years |
| Business Loss carried forward for F.Y. 2017-18 | 98.04 | 7 Years |
| Unabsorbed Depreciation | 27.61 | No Limit |
| Total | 457.42 | |

C. As per Finance Act 2019, the Government has levied health & education cess of 4% on applicable income Tax (30%) w.e.f. A.Y. 2020-21. Hence Deferred Tax as on 31.03.2020 is calculated @ 31.20%

36. Foreign Currency Exposure

| Particulars | For the year ended March 31, 2020 | | | For the year ended March 31, 2019 | | |
|------------------------|-------------------------------------|----------------------------------|-------------------------------|-------------------------------------|----------------------------------|-------------------------------|
| | Foreign Currency Denomination | Amount in Foreign Currency | Amount in indian Rupees | Foreign Currency Denomination | Amount in Foreign Currency | Amount in indian Rupees |
| A. Receivable : | | | | | | |
| Various Parties | USD | 31.49 | 1,400.27 | USD | 31.49 | 1,400.45 |
| Various Parties | EURO | 0.21 | 14.73 | EURO | 0.21 | 14.09 |
| CAMAG | CHF | 0.00 | 0.24 | | - | - |
| SubTotal (A) | | 31.71 | 1,415.24 | | 31.70 | 1,414.55 |
| B. Payable : | | | | | | |
| Various Parties | USD | 0.43 | 32.24 | USD | 0.83 | 53.63 |
| Various Parties | EURO | 0.02 | 1.33 | | | |
| SubTotal (B) | | 0.44 | 33.58 | | 0.83 | 53.63 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

37. Trade Payables

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as under :

(₹ Crore)

| Particulars | 2019-20 | 2018-19 |
|---|---------|---------|
| Principal amount due to suppliers under MSMED Act, 2006 | - | - |
| Interest accrued and due to suppliers under MSMED Act on the above amount, unpaid | - | - |
| Payment made to suppliers (other than interest) beyond the appointed day, during year | - | - |
| Interest paid to suppliers under MSMED Act (other than Section 16) | - | - |
| Interest paid to suppliers under MSMED Act (Section 16) | - | - |
| Interest accrued and remaining unpaid at the end of each of the year to suppliers under MSMED Act | - | - |

Note :The information has been given in respect of such vendors to the extent they could be identified as micro, small and Medium enterprises on the basis of information available with the Company.

38. Disclosure in respect of Indian Accounting Standard (Ind AS)-37 "Provisions, Contingent Liabilities and Contingent Assets"

(i) Provisions

| Particulars | Opening Balance as on 01.04.19 | Additions/ Transfers during the year | Utilization During the Year | Adjustment During the Year | Written-back During the year | Closing balance as on 31.03.20 |
|----------------------------|--------------------------------|--------------------------------------|-----------------------------|----------------------------|------------------------------|--------------------------------|
| Contingencies | 12.82 | 32.16 | - | | 0.98 | 44.00 |
| Doubtful Trade Receivables | 629.20 | - | - | | 2.19 | 623.34 |
| Doubtful Loans | 92.99 | - | - | | - | 92.99 |
| Doubtful Claims | 100.13 | 0.05 | - | | - | 100.18 |
| Doubtful Deposits | 6.03 | - | - | - | - | 6.03 |
| Total | 841.17 | 32.21 | - | - | 3.17 | 866.54 |

(ii) Contingent Liabilities:

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---------------|---------------|
| Claims against the company not acknowledged as debt | | |
| (i) Court & Arbitration cases with parties* | 129.49 | 235.86 |
| (ii) Sales Tax/Service Tax/VAT | 485.49 | 489.20 |
| (iii) Income Tax | 6.86 | 6.86 |
| (iv) Custom Duty | 6.93 | 5.85 |
| (v) Others** | 197.08 | 204.53 |
| Total | 825.84 | 942.30 |

*M/s Tanzania Commodities Pvt. Ltd. raised a claim of Rs. 24.46 Crore towards short supply of sugar through the associate M/s Mehak Overseas. The case is pending before the Bombay High Court. Refer note no. 39 (3) for details of M/s Mehak Overseas.

* M/s Mediterranean Shipping raised a claim of Rs. 7.29 Crore towards nonpayment of Demurrage and storage charges by M/s Mehak Overseas in two separate cases. The cases are pending before the Bombay High Court.

**Includes a demand of Rs. 132.32 Crore raised by L&DO vide its letter no. L&DDO/LS2A/9225/133 dated 26th March 2018 from 2004-05 onwards for non-compliance of various conditions of the Lease Deed (including non-deposits of 25% of the gross rent received by STC from its tenants). However, the company has disputed the demand and the matter is still is pending.

***Provision as on 31.03.2020 includes Rs. 9.78 Crore (after considering EMD Rs. 1.99 Crore available with STC) in respect of contract entered into by the company for import of goods on behalf of the Indian Associate M/s Millennium Wires Pvt. Ltd. The documents tendered by the foreign supplier were forged and fabricated. Hence, STC approached its banker (Allahabad Bank) not to release the payment to Foreign Bank against these LCs. Foreign Bank of supplier approached Hon'ble Delhi High Court for release of payments against LCs. As per Hon'ble Delhi High Court Order, Allahabad Bank has deposited decremental amount with Hon'ble Court and has debited STC's account.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Subsequent to the Hon'ble Delhi High Court Judgments dated 25.11.2019, STC has received a Claim letter dated 16.01.2020 from Allahabad Bank for an amount of Rs. 16,21,60,914 along with future interest @ 9.65% p.a.w.m.r.. STC would file SLP against Hon'ble Delhi High Court Order. STC has made a provision of Rs. 9.78 Crore (net of EMD Rs. 1.99 Crore available with STC) in respect of three LCs documents accepted by STC. Since STC has refuted the demand raised by Allahabad Bank, the balance amount of Rs. 3.93 Crore has been shown as Contingent Liability."vv(Total claim amount of Rs. 15.7 Crore along with interest up to 31.03.2020 as per High Court Order less provision and EMD available in books). Meantime, Lender Institutions of the Indian Associate have initiated NCLT proceedings against the Associate. STC had also filed its claim for an amount of Rs 14.91 Crore in compliance with Orders of the NCLT, Chandigarh Bench before the Liquidator. However, the Liquidator has vide email dated 26.05.2020 rejected STC's claim of amount Rs 14.91 Crore. STC is in the process to appeal against the decision of the Liquidator before NCLT, Chandigarh."

(iii) Litigation Settlements:

1. M/s J.K. International (a foreign supplier) has a pending claim of Rs. 72.84 Crore including interest due to abrogation of contract by STC for import of pulses during 2008-09. The claim was disputed by STC on the ground that contract for import of Pulses was on the direction of Ministry of Consumer Affairs and the said Ministry directed STC to abrogate any balance unshipped quantity under the said contract. However, the supplier had invoked Arbitration clause and the award of Arbitral Tribunal was in the favour of supplier. STC filed an appeal against the Tribunal award before the single bench of the Hon'ble Delhi High Court. The judgment was in favour of supplier against which STC has filed an appeal before the Double bench of the Hon'ble Delhi High Court. Meanwhile, M/s J. K. International filed an SLP against STC at Hon'ble Supreme Court of India and under order of Hon'ble Supreme Court, STC has paid a sum of Rs. 20.00 Crore to M/s J. K. International. Since the transaction was for and on behalf of Ministry of Consumer Affairs, STC has brought the above developments to the knowledge of the Ministry and has sought for reimbursement of Rs. 20.00 Crore paid to M/s J. K. International. The matter is still pending before Hon'ble Delhi High Court and the amount of Rs. 52.84 Crore has been accounted for as liability.
2. The company has appropriated an amount of Rs. 27.89 Crore recoverable from M/s Lichen Metals Pvt. Ltd.(the party) against the deposits of its holding company viz. M/s Edelweiss Pvt. Ltd. due to this, the holding co. of party had gone for arbitration and award was in their favour for the refund of Rs. 27.89 Crore plus interest @8% p.a. by STC excluding cost of arbitration. Against the same STC has filed an appeal before the Hon'ble High Court. Meanwhile, as per the High Court's direction STC has deposited Rs. 31.92 Crore with the High Court of Calcutta. The amount has been kept as a Security in the form of FD with High Court, pending appeal.
3. P.Y 2018-19:- The company has already paid a total amount of Rs. 92.05 Crore to M/s Helm (as per Court Order dated 21.08.2019) under the Execution Petition filed by M/s Helm and with this the Execution Petition stands closed. The company has been requesting Department of Fertilizer (DOF) for payment of the arbitral award amount as the said transaction was handled by the company on behalf and as per the instructions of DOF only. However, the payment is still awaited from DOF.

(iv) Contingent Assets:

If it is probable that there will be inflow of the economic benefits, disclosure shall be made for contingent asset stating the brief description of the nature of the contingent asset. If possible, estimated financial effect shall also be disclosed.

| Particulars | (₹ Crore) | |
|--------------------|-----------------|-----------------|
| | 31.03.2020 | 31.03.2019 |
| Claims* | 127.72 | 128.16 |
| Advances* | 323.48 | 298.21 |
| Trade Receivables* | 2,877.61 | 1,603.46 |
| Others | 27.70 | 429.98 |
| Total | 3,356.51 | 2,459.81 |

*Contingent assets consist of claims (principal & interest) against those parties where either a provision has been made or has been written off. All these cases are pending at various level of court.

(v) MoC&I vide letter dated 19.03.2020 conveyed that the subject matter has been re-examined in the Ministry in consultation with Department of Public Enterprise (DPE) and it has been decided that the recovery of the entire excess payment made in the contravention of DPE guidelines issued vide OM dated 26.11.2008 to be effected. Accordingly, fresh demand letter(s) dated 01.04.2020 were issued to all 27 officers (both serving & retired) with request to make payment within 15 days. Out of 27 officers, 03 officers have refunded the payment to STC. For remaining 24 officers, necessary action has been recommended vide OM dated 15.06.2020.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

39. Major Legal cases (Trade Receivables)

1. STC has supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the Lcs amounting to 12.05 Crore (LC value Rs. 10.05 Crore and interest & other expenses of Rs. 2.00 Crore). STC has filed civil applications and criminal complaint under various sections of India Penal Code. The material sold to the associate was pledged to STC and kept under the custody of CWC. However, another PSU viz. M/s. Metal and Scrap Trading Corporation (MSTC) had also made a claim of ownership of stock. Hence, STC has filed declaratory suit in the lower court, Panvel, Navi Mumbai. Meantime, the Hon'ble Court has asked MSTC to conduct the sale of pledged stock and deposit the sale proceeds with the Hon'ble Court. The matter is still pending. Further, the Lender Institutions have initiated proceeding under NCLT against the associate, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT on 21.08.2018. Provisioning of Rs. 9.83 Crore has not been considered necessary as the amount is secured by pledged stock.
2. STC had exported Gold jewellery to various parties of UAE against which USD 1,61,705,695 equivalent to Rs. 787.65 Crore is outstanding for recovery. Due to economic meltdown during F.Y 2008-09, the buyers have defaulted in payments. STC has discounted 90% of the bills from EXIM Bank and has paid 83.5 % to respective Indian Suppliers. STC has initiated criminal and civil proceedings against local suppliers which are still pending. However, against most of the Indian suppliers, winding up orders have already been passed. Provision amounting to Rs. 445.46 Crore has been made and balance of Rs. 342.19 Crore has not been provided as the same is payable to various local suppliers.
3. Other trade receivables include Rs.41.92 Crore on account of export of various agri. commodities to various foreign buyers during 2006-07 to 2009-10 out of purchase made from the Local supplier M/s Mehak Overseas under various agreement against which corresponding credit balance of Rs. 41.92 Crore is appearing under trade payable. Further, a financial assistance of Rs. 75.33 Crore given by STC to M/s Mehak Overseas Ltd. (MOPL) for the purchase of Agri Commodities has already been written off during 2013-14. Since the party has failed to refund, STC has initiated various legal steps against the party. The matter is also under investigation by CBI. Considering the corresponding credit available under trade payable of Rs.41.92 Crore, no provision is considered necessary.
4. Trade receivables includes Rs.568.44 Crore on account of export of pharma products to foreign buyers purchased\ from M/s Rajat Pharmaceuticals Ltd (RPL) who drew bills of exchange on STC which were accepted upon receipt of overseas buyer's pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payments against the export bills and have gone into liquidation. A sum of Rs.527 Crs. has been admitted by the liquidator of one of the foreign buyer's i.e. Loben Trading Co. Pte. Ltd, Singapore. A Decree of Rs 62.47 Crs. has been passed by Hon'ble Mumbai High Court in favour of STC against the dues from another foreign buyer i.e Sweetland Trading Pte Ltd., Singapore. As of current date, RPL has gone into liquidation and official liquidator is appointed by Hon'ble High Court Mumbai. The matter is also under investigation by CBI. No provision is required against the same. Banks & Financial institution have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 476.47 Crore.
5. Non-Current trade receivable includes Rs. 3.23 Cr. from M/s Renaissance Corporation Ltd. towards import of pet bottle material, which are pledged with STC. This outstanding is against non-lifting of scrap imported in respect of last LC. STC went into arbitration, which was awarded in favour of STC. However, a provision of Rs. 1.76 Crores to the extent of dues not covered by pledged stock has already been made.
6. STC has exported 19,980 MT Rice for amounting to USD 60,93,900 (equivalent to Rs 40.65 Crore) during 2016-17 to GASC, Egypt, a Government entity of Egypt. The buyer has deducted arbitrarily USD 6,03,357.75 (equivalent to Rs 4.15 Crore as on 31st March, 2019) from the total value of commercial invoice on account of fumigation and other charges and balance amount was paid. However, STC has disputed the above said deduction and the matter has also been taken up at various forums i.e. MEA & concerned Embassies. Further the said export of Rice was from the procurement made from Food Corporation of India (FCI) and as per para 14 of the Agreement with FCI, the payment is to be made on receipts of the sale proceed from the Egyptian Buyer. Accordingly, STC has also not paid to the same extent to FCI. Further in a recent joint meeting of FCI, STC & MEA, it was decided that MEA shall pay the amount due of Rs 4.15 Crore. In view of the above, STC is not out of pocket, hence no provision for Rs 4.15 Crore has been made.
7. STC had exported steel plates to Iranian Gas Engineering & Development Co. (IGEDC, Iran) during 2014-15 to 2016-17 amounting to Rs. 2873.24 Crore under a contract which expired in January 2017. As on balance sheet date Rs. 89.38 Crore (reconciled with IGEDC) is still outstanding. The said outstanding payment of Rs 89.38 Crore on receipt from IGEDC is to be paid to Indian manufacturer and STC is not out of pocket in the said transaction. The third party i.e. M/s. Essar Steel Ltd., an Indian manufacturer has taken advance directly from IGEDC for which STC is not responsible. Accordingly, this amount is good for recovery; accordingly no provision has been made.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

8. The trade receivables include an amount of Rs.10.54 Crore recoverable from M/s Dankuni Steel Limited against supply of Metcoke. STC's claim has been filed with NCLT through IRP. The company has also filed legal and criminal cases against the associates which are being followed up. A provision of Rs.3.58 cr. has been made against the dues. No provision for Rs.6.96 cr. has been made as the said amount likely to be realized out of the sale proceeds of land mortgaged to STC.
9. Non-Current Claim Recoverable includes Rs 3.92 Crore from M/s Lichen Metals (the party) out of total exchange gain of Rs 31.87 Crore paid by STC to M/s Lichen Metals due to cancellation of forward cover by the party against indent for domestic supply of Bullion. Subsequently, STC demanded for the refund of such amount which the party refused to refund.
On refusal for refund, STC adjusted deposits of Rs. 27.95 Crore taken from holding company (M/s Edelweiss) of the party leaving a recoverable balance of Rs 3.92 Crore. However, holding company had approached for arbitration against adjustment of its deposit by STC against the dues of the party (i.e. subsidiary). Arbitration award was in favour of the holding company of the party. However, STC has filed an appeal against the arbitration award before the Hon'ble High Court which is still pending. Hence, no provision for the same has been made. STC has deposited Rs. 31.92 Crore with Hon'ble High Court, Calcutta pending appeal.
10. Claim recoverable includes Rs. 5.48 Crore (equiv. to USD 0.86 million) outstanding for recovery from M/s Samsung C&T corporation, Korea against debit note issued by STC during 2017-18 due to quality variation of Urea imported. The supplier has invoked the arbitration clause and was awarded in favour of M/s. Samsung. STC had filed its counter claim which was dismissed. STC has taken up for the withdrawal of penalty with DOF in accordance with Arbitration award.
11. STC received a demand of Rs. 80.02 Crore from NDMC during 2016-17 towards property tax for the period from 1999-2000 to 2016-17 and the same has been allocated proportionately to CCIC & HHEC. Out of total demand of Rs. 80.02 Crore, STC has paid Rs. 22.12 Crore during 2016-17 against which CCIC has paid its share of Rs. 1.15 Crore. However, HHEC has not paid its share, hence provision to the extent of share of HHEC out of payment of Rs. 22.12 Crore has already been made.
12. Advances include a sum of Rs 87.39 Crore receivable from M/s MMT, New Delhi excluding contingent assets of Rs 360.09 Crore recoverable, against which STC has initiated legal actions including criminal proceedings. In this regard, full provision has been made in earlier years. STC was successful in getting arbitration award for Rs 110 Crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award. The party has raised objections to the award before Hon'ble High Court at New Delhi and the same are being contested vigorously by STC.
13. Trade receivable of Rs. 0.05 Crore (excluding contingent assets of Rs. 155.41 Crore) is receivable from M/s Balasore Alloys Ltd. Various legal cases i.e. u/s 138 of N.I. Act & u/s 482 of Cr.P.C. are pending before Hon'ble Courts in New Delhi are being pursued vigorously. Through Arbitration Proceedings Rs. 48.55 Crore has been received during FY 2017-18. Award in the arbitration matter is expected.

(₹ Crore)

| Particulars | 31.03.2020 | 31.03.2019 |
|------------------------------|-------------|-------------|
| Capital Commitments : | | |
| PPE | 0.99 | 7.21 |
| Intangible Assets | 0.06 | 0.29 |
| Total | 1.05 | 7.50 |
| Other Commitments | - | - |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

40. Disclosures in respect of Ind AS 107 - Financial Instruments

41.1 Financial Instruments by Categories & Fair Value Hierarchy

- a) Level 1 - Level 1 hierarchy includes financial instruments measured using quoted prices (unadjusted) in active markets.
- b) Level 2 - Level 2 hierarchy includes financial instruments measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3 - Level 3 hierarchy includes financial instruments measured using inputs that are not based on observable market data (unobservable inputs).

The carrying value and fair value of financial instruments by categories were as follows:

(a) As on March 31, 2020

(₹ Crore)

| Particulars | Hierarchy Level | Amortized Cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at fair value through OCI | Total Carrying Value | Total Fair Value |
|--|-----------------|-----------------|---------------------------------------|--|----------------------|------------------|
| Financial Assets: | | | | | | |
| Investments in Equity Instruments (Ref Note No. 8) | 3 | 0.01 | - | - | 0.01 | 0.01 |
| Cash & Cash Equivalents (Ref Note No. 16) | 3 | 23.17 | - | - | 23.17 | 23.17 |
| Bank Balances other than cash & cash equivalents (Ref Note No. 17) | 3 | 23.26 | - | - | 23.26 | 23.26 |
| Trade Receivable (Ref Note No. 9) | 3 | 1,137.94 | - | - | 1,137.94 | 1,137.94 |
| Employee Loans (Ref Note No. 10) | 3 | 4.65 | - | - | 4.65 | 4.65 |
| Security Deposits (Ref Note No. 10) | 3 | 15.81 | - | - | 15.81 | 15.81 |
| Other Financial Assets (Ref Note No. 11) | 3 | 271.13 | - | - | 271.13 | 271.13 |
| Total | | 1,475.97 | - | - | 1,475.97 | 1,475.97 |
| Financial Liabilities: | | | | | | |
| Trade Payable (Ref Note No. 21) | 3 | 1,186.27 | - | - | 1,186.27 | 1,186.27 |
| Borrowings (Ref Note No. 20 & 22) | 3 | 806.23 | - | - | 806.23 | 806.23 |
| Other Financial Liabilities (Ref Note No. 22) | 3 | 37.23 | - | - | 37.23 | 37.23 |
| Total | | 2,029.73 | - | - | 2,029.73 | 2,029.73 |

(b) As on March 31, 2019

| Particulars | Hierarchy Level | Amortized Cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at fair value through OCI | Total Carrying Value | Total Fair Value |
|--|-----------------|-----------------|---------------------------------------|--|----------------------|------------------|
| Financial Assets: | | | | | | |
| Investments in Equity Instruments (Ref Note No. 8) | 3 | 0.01 | - | - | 0.01 | 0.01 |
| Cash & Cash Equivalents (Ref Note No. 16) | 3 | 123.35 | - | - | 123.35 | 123.35 |
| Bank Balances (Ref Note No. 17) | 3 | 3.54 | - | - | 3.54 | 3.54 |
| Trade Receivable (Ref Note No. 9) | 3 | 1,087.76 | - | - | 1,087.76 | 1,087.76 |
| Employee Loans (Ref Note No. 10) | 3 | 6.15 | - | - | 6.15 | 6.15 |
| Security Deposits (Ref Note No. 10) | 3 | 2.98 | - | - | 2.98 | 2.98 |
| Other Financial Assets (Ref Note No. 11) | 3 | 541.61 | - | - | 541.61 | 541.61 |
| Total | | 1,765.41 | - | - | 1,765.41 | 1,765.41 |
| Financial Liabilities: | | | | | | |
| Trade Payable (Ref Note No. 21) | 3 | 1,176.00 | - | - | 1,176.00 | 1,176.00 |
| Borrowings (Ref Note No. 20 & 22) | 3 | 1,024.24 | - | - | 1,024.24 | 1,024.24 |
| Other Financial Liabilities (Ref Note No. 22) | 3 | 38.36 | - | - | 38.36 | 38.36 |
| Total | | 2,238.60 | - | - | 2,238.60 | 2,238.60 |

The carrying amounts of trade receivables, cash and cash equivalents, borrowings (short term credit), trade payables are considered to be the same as their fair values, due to their short-term nature.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

41.2 Financial Risk Management Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

| Risk | Exposure Arising From | Measurement |
|---|--|---|
| Market risk- Foreign Exchange | Future commercial transactions, Recognized financial assets and financial liabilities | Cash flow forecasting, sensitivity analysis |
| Market risk- Interest rate | Long term borrowings at variable rate of interest | Sensitivity analysis |
| Market risk- Security price fluctuation | Mutual fund Investments | Sensitivity analysis |
| Credit risk | Cash and cash equivalent, trade receivables, security deposits, financial instruments. | Ageing analysis Credit rating |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts |

a. Market risk

1) Foreign Currency Risk

The Company operates at international level which exposes the company to foreign currency risk arising from foreign currency transaction arising primarily from USD & EURO. Foreign currency risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency other than INR as on reporting date.

(a) As on 31.03.2020

(₹ Crore)

| Particulars | US Dollars (in Equiv. INR) | Euro (in Equiv. INR) | Other Currencies (in Equiv. INR) | Total |
|---|-------------------------------|-------------------------|--|-----------------|
| Cash & cash equivalents | | | | |
| Trade Receivable | 1,391.95 | 14.73 | - | 1,406.68 |
| Freight Demurrage/Despatch Receivable | - | - | - | - |
| Other Receivable | - | - | - | - |
| Total Receivable in Foreign Currency | 1,391.95 | 14.73 | - | 1,406.68 |
| Foreign currency Loan Payable | | | | |
| Interest on foreign currency loan payable | - | - | - | - |
| Trade Payables | 14.29 | 0.48 | 0.24 | 15.02 |
| Freight Demurrage/despatch payable | - | - | - | - |
| Provision towards Litigation settlement | - | - | - | - |
| Others (if any) | - | - | - | - |
| Total payable in Foreign currency | 14.29 | 0.48 | 0.24 | 15.02 |
| Net Assets/(Liabilities) | 1,377.66 | 14.25 | (0.24) | 1,391.66 |

(b) As on 31.03.2019

| Particulars | US Dollars (in Equiv. INR) | Euro (in Equiv. INR) | Other Currencies (in Equiv. INR) | Total |
|---|-------------------------------|-------------------------|--|-----------------|
| Cash & cash equivalents | | | | |
| Trade Receivable | 1,396.99 | 14.09 | - | 1,411.09 |
| Freight Demurrage/Despatch Receivable | 2.10 | - | - | 2.10 |
| Other Receivable | 1.36 | - | - | 1.36 |
| Total Receivable in Foreign Currency | 1,400.45 | 14.09 | - | 1,414.55 |
| Foreign currency Loan Payable | - | - | - | - |
| Interest on foreign currency loan payable | - | - | - | - |
| Trade Payables | 16.83 | - | - | 16.83 |
| Freight Demurrage/despatch payable | 15.52 | - | - | 15.52 |
| Provision towards Litigation settlement | 40.89 | - | - | 40.89 |
| Others (if any) | - | 0.08 | - | 0.08 |
| Total payable in Foreign currency | 73.24 | 0.08 | - | 73.32 |
| Net Assets/(Liabilities) | 1,327.22 | 14.02 | - | 1,341.23 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Sensitivity

The sensitivity of profit or loss to changes in exchange rate arises mainly from foreign currency denominated financial instrument.

| Particulars | Impact on profit after tax | |
|----------------|----------------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Increase by -% | Negligible or no impact | |
| Decrease by -% | | |

ii) Interest rate risk

The company's main interest rate risk arises from long term and short term borrowings with variable rates, which expose the company to cash flow interest rate risk. During March 31, 2020 and March 31, 2019, Company's borrowings are denominated in INR.

The exposure of company's borrowings to interest rate changes at the end of reporting period are as follows:

(₹ Crore)

| Particulars | March 31, 2020 | March 31, 2019 |
|--------------------------|----------------|-----------------|
| Variable rate borrowings | - | - |
| Fixed rate borrowings | 806.23 | 1,024.24 |
| Total borrowings | 806.23 | 1,024.24 |

Sensitivity

Profit or loss is sensitive to higher/lower expense from borrowings as a result of change in interest rates. The table summarises the impact of increase/decrease in interest rates on Profit or loss.

| Particulars | Impact on profit after tax | |
|---------------------------------|----------------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Interest rates- increase by (%) | No Impact | |
| Interest rates- decrease by (%) | | |

iii) Security price fluctuation risk

The company's exposure to security price risk arises from company's investments in mutual funds and classified in the balance sheet as fair value through profit and loss.

Sensitivity

The table below summarises the impact of increase/decrease of the investment by certain percentage on Profit or Loss of the company.

| Particulars | Impact on profit after tax | |
|---------------------------------|----------------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Interest rates- increase by (%) | No Impact | |
| Interest rates- decrease by (%) | | |

b) Credit Risk

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

Trade Receivables & Unbilled Revenue

| Particulars | March 31, 2020 | March 31, 2019 |
|-------------------|----------------|----------------|
| Trade Receivables | 1,764.94 | 1,716.96 |
| Unbilled Revenue | - | - |

Trade receivables and unbilled revenue are both secured & unsecured and are derived from revenue earned from customers. On account of adoption of Ind-AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the company's historical experience for customers.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Credit risk exposure

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

(₹ Crore)

| Particulars | March 31, 2020 | | March 31, 2019 | |
|--|-----------------|---------------|-----------------|---------------|
| | Gross | Impairment | Gross | Impairment |
| Not past due | 106.63 | - | 20.27 | - |
| Past due upto 6 Months | 68.45 | - | 0.03 | - |
| Past due more than six months but not more than one year | 1.26 | - | 3.89 | - |
| More than one year | 1,588.60 | 623.34 | 1,692.65 | 629.20 |
| Total | 1,764.94 | 623.34 | 1,716.85 | 629.20 |

Trade receivables are impaired when recoverability is considered doubtful based on the recovery analysis performed by the company for individual trade receivables. The company considers that all the above financial assets that are not impaired and past due for each reporting dates under review are of good credit quality.

Other Financial Assets

Credit risk relating to cash and cash equivalents is considered negligible because our counterparties are banks. We consider the credit quality of term deposits with such banks that are majority owned by the Government of India and subject to the regulatory oversight of the Reserve Bank of India to be good, and we review these banking relationships on an ongoing basis. Credit risk related to employee loans are considered negligible since loan is secured against the property/guarantee for which loan is granted to the employees. There are no impairment provisions as at each reporting date against these financial assets. We consider all the above financial assets as at the reporting dates to be of good credit quality (Note if any impairment provisions are made against these financial assets then information to be provided)

c) Liquidity Risk

Our liquidity needs are monitored on the basis of monthly and yearly projections. The company's principal sources of liquidity are cash and cash equivalents, cash generated from operations and credit facilities from banks. We manage our liquidity needs by continuously monitoring cash inflows and by maintaining adequate cash and cash equivalents. Net cash requirements are compared to available cash in order to determine any shortfalls. Short term liquidity requirements consists mainly of sundry creditors, expense payable, employee dues arising during the normal course of business as of each reporting date. We maintain a sufficient balance in cash and cash equivalents to meet our short term liquidity requirements. We assess long term liquidity requirements on a periodical basis and manage them through internal accruals.

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

(a) As on March 31, 2020

| Particulars | Less than 6 months | 6 months to 1 year | 1-3 years | 3-5 years | More than 5 years | Total |
|-----------------------------|--------------------|--------------------|---------------|-------------|-------------------|-----------------|
| Trade Payables | 175.72 | 9.61 | 39.81 | 0.04 | 961.09 | 1,186.27 |
| Short term borrowings | - | - | 806.23 | - | - | 806.23 |
| Other Financial Liabilities | 42.37 | 25.95 | 131.46 | 2.01 | 123.09 | 324.87 |
| Total | 218.08 | 35.56 | 977.50 | 2.05 | 1,084.18 | 2,317.37 |

(b) As on March 31, 2019

| Particulars | Less than 6 months | 6 months to 1 year | 1-3 years | 3-5 years | More than 5 years | Total |
|-----------------------------|--------------------|--------------------|-----------------|--------------|-------------------|-----------------|
| Trade Payables | 159.47 | 9.46 | 12.52 | 22.99 | 971.56 | 1,176.00 |
| Short term borrowings | 0.00 | 0.00 | 1,024.24 | - | - | 1,024.24 |
| Other Financial Liabilities | 125.39 | 24.47 | 137.10 | 4.98 | 55.96 | 347.90 |
| Total | 284.86 | 33.93 | 1,173.85 | 27.97 | 1,027.52 | 2,548.14 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

42 Disclosure in respect of Indian Accounting Standard (Ind AS)-21 "The Effects of changes in Foreign Exchange Rates"

The amount of exchange differences (net) debited/credited to the Statement of Profit & Loss Rs.1.90 Crore. (P.Y.Rs.1.48 Crore.)

43 Disclosure in respect of Indian Accounting Standard (Ind AS)-23 "Borrowing Costs"

The amount capitalized with Property, Plant & Equipments as borrowing cost is Rs. Nil . & Rs. Nil . for the year ended March 31, 2020 & March 31, 2019 respectively.

44 Disclosure in respect of Indian Accounting Standard (Ind AS)-36 "Impairment of assets"

During the year, the company assessed the impairment loss of Rs. Nil (P.Y. Rs.Nil.) on assets.

45 Disclosure in respect of Indian Accounting standard (Ind AS)-108: "Operating Segments"

Operating Segments

- 1) Export
- 2) Import
- 3) Domestic

Identification of Segments

The Chief Operating Decision Maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of products/services and have been identified as per the quantitative criteria specified in the Ind AS.

Segment revenue and results

The expenses and incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocated income).

Segment assets and liability

Segment assets include all operating assets used by the operating segments and mainly consists of PPE, trade receivables, cash & cash equivalents and inventories. Segment liability primarily includes trade payables and other liabilities. Common assets and liabilities which can not be allocated to any of the segments are shown as a part of unallocable assets and liabilities.

Intersegment Transfers

Intersegment prices are normally negotiated among segments with reference to the cost, market price and business risk. Profit or loss on intersegment transfers are eliminated at the company level.

Intersegment Transfers

Intersegment prices are normally negotiated among segments with reference to the cost, market price and business risk. Profit or loss on intersegment transfers are eliminated at the company level.

(₹ Crore)

| | Particulars | Export | Import | Domestic | Unallocated | Total |
|------|--|--------------|-----------------|---------------|--------------|-----------------|
| 1 | Segment Revenue | | | | | |
| 1(a) | External Sales | 11.33 | 2,536.12 | 387.50 | - | 2,934.95 |
| 1(b) | Inter segment revenue | 1.79 | - | - | - | 1.79 |
| | Segment Revenue (1(a) + 1(b)) | 13.11 | 2,536.12 | 387.50 | - | 2,936.74 |
| 2 | Segments Results | 1.97 | (0.62) | 7.28 | - | 8.64 |
| 3(a) | Unallocated Corporate expenses net of unallocated income | 0.21 | 1.82 | 0.01 | 67.66 | 69.71 |
| 3(b) | Interest Expense | - | 7.19 | - | 0.08 | 7.27 |
| 3(c) | Interest Income | (0.16) | (0.14) | (0.02) | (29.79) | (30.10) |
| | Total [3(a)+3(b)+3(c)] | 0.05 | 8.87 | (0.01) | 37.96 | 46.87 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| | Particulars | Export | Import | Domestic | Unallocated | Total |
|----------|---|----------------|----------------|-------------|----------------|-----------------|
| 4 | " Profit before tax from ordinary activities [(2)- 3(a),(b) & (c)] " | 1.92 | (9.49) | 7.29 | (37.96) | (38.23) |
| 5 | Exceptional Items | 31.96 | 68.89 | - | (25.45) | 75.39 |
| 6 | Income taxes | - | - | - | - | - |
| 7 | Net Profit after tax (4)- (5) -(6) | (30.04) | (78.37) | 7.29 | (12.50) | (113.63) |
| 8 | Interest in results of JV's | - | - | - | - | - |
| 9 | Other Information : | - | - | - | - | - |
| 9 (a) | Segment Assets | 1,055.77 | 75.88 | 94.50 | 1,269.15 | 2,495.30 |
| 9 (b) | Segment Liabilities | 1,184.88 | 324.63 | 114.12 | 933.18 | 2,556.81 |
| 9 (c) | Capital Expenditure | - | - | - | - | - |
| 9 (d) | Depreciation | - | - | - | 15.35 | 15.26 |
| 9 (e) | Non-Cash expenses other than depreciation | - | 3.45 | - | - | 3.45 |

(b) For the year ended March 31, 2019

| | Particulars | Export | Import | Domestic | Unallocated | Total |
|----------|---|-----------------|-----------------|---------------|-----------------|-----------------|
| 1 | Segment Revenue | | | | | |
| 1(a) | External Sales | 10.50 | 8,437.32 | 451.81 | - | 8,899.62 |
| 1(b) | Inter segment revenue | 3.51 | 0.31 | - | - | 3.82 |
| | Segment Revenue [1(a) + 1 (b)] | 14.01 | 8,437.63 | 451.81 | - | 8,903.44 |
| 2 | Segments Results | 3.73 | 1.75 | 9.44 | - | 14.92 |
| 3 (a) | Unallocated Corporate expenses net of unallocated income | 4.30 | 2.17 | 0.01 | 134.96 | 141.45 |
| 3 (b) | Interest Expense | 22.39 | 0.77 | - | 132.43 | 155.59 |
| 3 (c) | Interest Income | (46.33) | (1.23) | (0.07) | (16.57) | (64.21) |
| | Total [3(a)+3(b)+3(c)] | (19.64) | 1.71 | (0.05) | 250.82 | 232.83 |
| 4 | " Profit before tax from ordinary activities [(2)- 3(a),(b) & (c)] " | 23.36 | 0.06 | 9.49 | (215.58) | (182.68) |
| 5 | Exceptional Items | 626.19 | 85.15 | (0.00) | 3.09 | 714.44 |
| 6 | Income taxes | - | - | - | (16.03) | (16.03) |
| 7 | Net Profit after tax [(4)- (5) -(6)] | (602.84) | (85.10) | 9.49 | (202.64) | (881.08) |
| 8 | Interest in results of JV's | - | - | - | - | - |
| 9 | Other Information : | - | - | - | - | - |
| 9 (a) | Segment Assets | 1,063.54 | 29.83 | 34.23 | 1,675.47 | 2,803.08 |
| 9 (b) | Segment Liabilities | 1,250.76 | 348.11 | 36.46 | 1,116.40 | 2,751.72 |
| 9 (c) | Capital Expenditure | - | - | - | 1.43 | 0.35 |
| 9 (d) | Depreciation | - | - | - | 15.14 | 15.14 |
| 9 (e) | Non-Cash expenses other than depreciation | 626.22 | 1.38 | - | 1.56 | 629.17 |

(ii) Information about major customers For the year ended March 31, 2020

| Major Customer (customer having more than 10% revenue) | Export | Import | Domestic |
|---|---------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2020 | Year ended March 31, 2020 |
| Name of Major Customer : | | | |
| 1. Tamil Naidu Civil Supplies Corporation | - | 596.42 | 372.61 |
| 2. M/s UPL Ltd. associate | 11.31 | - | - |
| 3. Radha Mohan Purshottam Das Jewels Pvt. Ltd. | - | 268.83 | - |
| 4. SK Impex | - | 265.61 | - |
| % of Total Revenue | 99.87 | 44.59 | 97.40 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(i) Defined Contribution plans:

A. Pension

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

(l) Defined benefit plans:

A. Provident fund

Company pays fixed contribution to Provident Fund at pre determined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expenses and is charged to the Statement of Profit & Loss.(Refer Note 30 for expenses on this account) The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by the Government.

B. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 x last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of Rs. 20 lakhs on superannuation, resignation, termination, disablement or death.

Based on the actuarial valuation, the following table sets out the status of the gratuity and the amounts recognised in the Company's financial statements as at balance sheet date:

(₹ Crore)

| Net defined benefit (asset)/liability : | 31.03.2020 | 31.03.2019 |
|---|------------|------------|
| Current | 7.19 | 10.09 |
| Non-Current | 27.67 | 34.47 |
| Total PBO at the End of year | 34.86 | 44.56 |

Movement in net defined benefit (asset)/liability

| S. No. | Particulars | Defined Benefit Obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|--------|---|----------------------------|---------------|---------------------------|---------------|---------------------------------------|---------------|
| | | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 |
| A | Opening balance | 44.56 | 59.97 | 45.53 | 51.03 | (0.97) | 8.93 |
| B | Included in profit or loss: | - | - | - | - | - | - |
| (i) | Current service cost | 1.26 | 1.55 | - | - | 1.26 | 1.55 |
| (ii) | Past service cost | - | - | - | - | - | - |
| (iii) | Interest cost (income) | 3.34 | 4.62 | (3.41) | (3.93) | (0.07) | 0.69 |
| | Total amount recognised in profit or loss (i+ii+iii) | 4.59 | 6.17 | (3.41) | (3.93) | 1.18 | 2.24 |
| C | Included in OCI: | - | - | - | - | - | - |
| | Remeasurement loss (gain): | - | - | - | - | - | - |
| | Actuarial loss (gain) arising from : | - | - | - | - | - | - |
| (i) | Financial assumptions | 1.61 | 0.44 | - | - | 1.61 | 0.44 |
| (ii) | Experience adjustment | (2.68) | (4.07) | - | - | (2.68) | (4.07) |
| (iii) | Demographic Assumption | (0.01) | - | - | - | (0.01) | - |
| (iv) | Return on plan assets excluding interest income | - | - | 0.38 | 0.22 | 0.38 | 0.22 |
| | Total amount recognised in other comprehensive income (i+ii+iii) | (1.07) | (3.63) | 0.38 | 0.22 | (0.69) | (3.41) |
| D | Other | - | - | - | - | - | - |
| E | Contribution Paid to the Fund | - | - | - | 8.73 | - | (8.73) |
| F | Benefits paid | (13.23) | (17.95) | (13.23) | (17.95) | - | - |
| G | Acquisition Adjustment | 0.00 | - | 0.00 | - | - | - |
| H | Closing balance (A+B+C+D+E+F+g) | 34.86 | 44.56 | 35.34 | 45.53 | (0.48) | (0.97) |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The Fair Value of Plan Assets at the end of the reporting period is as follows:-

(₹ Crore)

| S.No. | Net defined benefit (asset)/liability : | As at 31.03.2020 | As at 31.03.2019 |
|------------|---|------------------|------------------|
| (A) | Balance with Bank | | |
| | SBI | 0.00 | 0.00 |
| | Yes Bank | 0.04 | 0.04 |
| | IDBI | 0.11 | 0.05 |
| | Total (A) | 0.15 | 0.09 |
| (B) | Group Gratuity Traditional Fund Scheme | | |
| | Bajaj Allianz | 19.34 | 17.82 |
| | SBI Life | 6.47 | 18.95 |
| | HDFC Standard Life Insurance | 9.38 | 8.67 |
| | Total (B) | 35.18 | 45.44 |
| | Grand Total (A+B) | 35.34 | 45.53 |

C. Post-Retirement Medical Benefit Scheme (PRMB)

The company has Post-Retirement Medical Facility (PRMF), under which retired employee and his/her spouse are eligible for medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company. Post-retirement medical benefits are recognised in the books as per the actuarial valuation.

Based on the actuarial valuation, the following table sets out the status of the PRMB and the amounts recognised in the Company's financial statements as at balance sheet date:

| Net defined benefit (asset)/liability : | 31.03.2020 | 31.03.2019 |
|---|---------------|---------------|
| Current | 8.99 | 8.46 |
| Non-Current | 105.84 | 101.05 |
| Total PBO at the End of year | 114.83 | 109.51 |

Movement in net defined benefit (asset)/liability

| S. No. | Particulars | Defined Benefit Obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|----------|--|----------------------------|---------------|---------------------------|----------|---------------------------------------|---------------|
| | | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 |
| A | Opening balance | 109.51 | 103.04 | - | - | 109.51 | 103.04 |
| B | Included in profit or loss: | - | - | - | - | - | - |
| (i) | Current service cost | 0.72 | 0.68 | - | - | 0.72 | 0.68 |
| (ii) | Past service cost | - | - | - | - | - | - |
| (iii) | Interest cost (income) | 8.20 | 7.94 | - | - | 8.20 | 7.94 |
| | Total amount recognised in profit or loss | 8.93 | 8.63 | - | - | 8.93 | 8.63 |
| C | Included in OCI: | - | - | - | - | - | - |
| | Remeasurement loss (gain): | - | - | - | - | - | - |
| | Actuarial loss (gain) arising from : | - | - | - | - | - | - |
| (i) | Financial assumptions | 9.40 | 2.09 | - | - | 9.40 | 2.09 |
| (ii) | Experience adjustment | (9.50) | (0.31) | - | - | (9.50) | (0.31) |
| (iii) | Return on plan assets excluding interest income | - | - | - | - | - | - |
| | Total amount recognised in other comprehensive income | (0.10) | 1.78 | - | - | (0.10) | 1.78 |
| D | Other | - | - | - | - | - | - |
| E | Benefits paid | (3.51) | (3.94) | - | - | (3.51) | (3.94) |
| F | Closing balance (A+B+C+D+E) | 114.83 | 109.51 | - | - | 114.83 | 109.51 |

D. Leave

The Company provides for Earned Leave (EL) and Half Pay Leave (HPL) benefit to the employees of the Company which accrue annually at 30 days and 20 days respectively. The maximum ceiling for encashment of leave at time of superannuation/cessation from service other than on disciplinary ground shall be limited to 300 days (EL & HPL combined).

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

50% of EL subject to a maximum 150 days is en-cashable on resignation. EL is en-cashable while in service leaving a minimum balance of 15 days twice in a year.

(₹ Crore)

| Net defined benefit (asset)/liability : | 31.03.2020 | 31.03.2019 |
|---|--------------|--------------|
| Current | 2.22 | 2.42 |
| Non-Current | 11.80 | 11.43 |
| Total PBO at the End of year | 14.02 | 13.85 |

Movement in net defined benefit (asset)/liability

| S. No. | Particulars | Defined Benefit Obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|----------|--|----------------------------|--------------|---------------------------|----------|---------------------------------------|--------------|
| | | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 |
| A | Opening balance | 13.85 | 13.85 | - | - | 13.85 | 13.85 |
| B | Included in profit or loss: | - | - | - | - | - | - |
| (i) | Current service cost | 0.89 | 0.78 | - | - | 0.89 | 0.78 |
| (ii) | Past service cost | - | - | - | - | - | - |
| (iii) | Interest cost (income) | 1.04 | 1.07 | - | - | 1.04 | 1.07 |
| C | Remeasurement loss (gain): | - | - | - | - | - | - |
| | Actuarial loss (gain) arising from : | - | - | - | - | - | - |
| (i) | Financial assumptions | 0.89 | 0.19 | - | - | 0.89 | 0.19 |
| (ii) | Experience adjustment | 1.12 | 1.00 | - | - | 1.12 | 1.00 |
| (iii) | Demographic Assumption | (0.00) | - | - | - | (0.00) | - |
| (iii) | Return on plan assets excluding interest income | - | - | - | - | - | - |
| | Total amount recognised in profit or loss (B+C) | 3.93 | 3.03 | - | - | 3.93 | 3.03 |
| D | Other | - | - | - | - | - | - |
| E | Benefits paid | (3.76) | (3.04) | - | - | (3.76) | (3.04) |
| | Closing balance (A+B+C+D+E) | 14.02 | 13.85 | - | - | 14.02 | 13.85 |

Sick Leave / (HPL)

| Net defined benefit (asset)/liability : | 31.03.2020 | 31.03.2019 |
|---|-------------|--------------|
| Current | 1.59 | 2.34 |
| Non-Current | 7.30 | 7.95 |
| Total PBO at the End of year | 8.88 | 10.29 |

Movement in net defined benefit (asset)/liability

| S. No. | Particulars | Defined Benefit Obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|----------|--|----------------------------|---------------|---------------------------|----------|---------------------------------------|---------------|
| | | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 |
| A | Opening balance | 10.29 | 12.62 | - | - | 10.29 | 12.62 |
| B | Included in profit or loss: | - | - | - | - | - | - |
| (i) | Current service cost | 0.42 | 0.41 | - | - | 0.42 | 0.41 |
| (ii) | Past service cost | - | - | - | - | - | - |
| (iii) | Interest cost (income) | 0.77 | 0.97 | - | - | 0.77 | 0.97 |
| C | Remeasurement loss (gain): | - | - | - | - | - | - |
| | Actuarial loss (gain) arising from : | - | - | - | - | - | - |
| (i) | Financial assumptions | (1.29) | 0.11 | - | - | (1.29) | 0.11 |
| (ii) | Experience adjustment | 0.44 | (1.96) | - | - | 0.44 | (1.96) |
| (iii) | Demographic Assumption | 0.00 | - | - | - | - | - |
| (iv) | Return on plan assets excluding interest income | - | - | - | - | - | - |
| | Total amount recognised in profit or loss (B+C) | 0.34 | (0.47) | - | - | 0.34 | (0.47) |
| D | Other | - | - | - | - | - | - |
| E | Benefits paid | (1.75) | (1.87) | - | - | (1.75) | (1.87) |
| | Closing balance (A+B+C+D+E) | 8.88 | 10.29 | - | - | 8.88 | 10.29 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

E Other Benefits

Service awards are given to regular employees for rendering continuous service in the Company for long service rendered by them on completion of 15/25/30/35/38 years of service. Besides this, service award @ Rs. 1,000/- per year for each completed year of service is also given at the time of retirement subject to a maximum of Rs. 30,000/-. The same has been discontinued vide personnel division Circular dated 13.06.2017.

F Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date

(₹ Crore)

| S.No. | Particulars | 31.03.2020 | 31.03.2019 |
|-------|------------------------|------------|------------|
| 1 | Discount Rate | 6.52% | 7.49% |
| 2 | Future Salary Increase | 8% | 8% |
| 3 | Medical Cost Increase | 8% | 8% |

- i The discount rate is based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that of the liability
- ii Salary Growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting period.
- iii Medical Cost increase rate is company's long term best estimate as to cost increases taking into account of inflation, other relevant factors on long term basis as provide in relevant accounting period.

G Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

As on 31.03.2020

| Assumption | Change in Assumption | Gratuity | PRMB | Earned Leave | Half Pay Leave |
|-----------------------|----------------------|----------|--------------|--------------|----------------|
| | | (Funded) | (Non Funded) | | |
| Discount rate | 0.50% | (0.85) | (6.40) | (0.47) | (0.22) |
| | -0.50% | 0.91 | 6.58 | 0.51 | 0.26 |
| Salary growth rate | 0.50% | 0.29 | - | 0.50 | 0.25 |
| | -0.50% | (0.30) | - | (0.47) | (0.23) |
| Medical Cost Increase | 0.50% | - | 6.75 | - | - |
| | -0.50% | - | (6.46) | - | - |

As on 31.03.2020

| Assumption | Change in Assumption | Gratuity | PRMB | Earned Leave | Half Pay Leave |
|-----------------------|----------------------|----------|--------------|--------------|----------------|
| | | (Funded) | (Non Funded) | | |
| Discount rate | 0.50% | (0.99) | (6.00) | (0.42) | (0.24) |
| | -0.50% | 1.05 | 6.10 | 0.46 | 0.25 |
| Salary growth rate | 0.50% | 0.42 | - | (0.45) | 0.25 |
| | -0.50% | (0.46) | - | 0.42 | (0.24) |
| Medical Cost Increase | 0.50% | - | 6.15 | - | - |
| | -0.50% | - | (6.03) | - | - |

Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated by actuarial.

Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable

H Risk Exposure

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follows:

- 1 **Salary Increase-** Actual salary increase will increase the Plan's Liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- 2 **Investment Risk-** If plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- 3 Discount Rate-** Reduction in discount rate in subsequent valuations can increase the plan's liability.
- 4 Mortality & Disability-** Actual deaths & Disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- 5 Withdrawals-** Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's Liability.

**I Maturity Profile of Defined Benefit Obligations
As on 31.03.2020**

(₹ Crore)

| Year of payment | Gratuity | PRMB | Earned Leave | Half Pay Leave |
|-------------------|----------|--------------|--------------|----------------|
| | (Funded) | (Non Funded) | | |
| Less than 1 year | 7.19 | 8.99 | 2.22 | 1.59 |
| Between 1-2 years | 4.36 | 10.09 | 1.59 | 1.31 |
| Between 2-3 years | 3.64 | 10.90 | 1.48 | 0.96 |
| Between 3-4 years | 3.31 | 11.87 | 1.28 | 0.63 |
| Between 4-5 years | 3.27 | 13.05 | 1.13 | 0.93 |
| Over 5 years | 13.08 | 59.93 | 6.32 | 3.47 |

**Maturity Profile of Defined Benefit Obligations
As on 31.03.2020**

| Year of payment | Gratuity | PRMB | Earned Leave | Half Pay Leave |
|-------------------|----------|--------------|--------------|----------------|
| | (Funded) | (Non Funded) | | |
| Less than 1 year | 10.09 | 8.46 | 2.42 | 2.34 |
| Between 1-2 years | 2.15 | 9.92 | 1.55 | 1.26 |
| Between 2-3 years | 2.15 | 11.01 | 1.50 | 1.31 |
| Between 3-4 years | 1.85 | 12.45 | 1.34 | 0.92 |
| Between 4-5 years | 1.97 | 14.34 | 1.06 | 0.57 |
| Over 5 years | 26.35 | 53.33 | 5.97 | 3.89 |

47. Disclosure in respect of Indian Accounting Standard 24 "Related Parties Disclosures"

a. List of Related Party

- (i) **Subsidiaries:** STCL Ltd.
(ii) **Joint Ventures:** N.S.S Satpura Agro Development Company Limited
(iii) **Others:** Sealac Agro Ventures Ltd.

b. Key Managerial Personnel (KMP)

| Name | Designation | Remarks |
|------------------------------|--------------------------|---|
| Shri Rajiv Chopra | Director-Marketing | (additional charge of CMD) w.e.f. 18.11.2016 |
| Shri SK Sharma | Director-Personnel | |
| Shri PK Das | Director-Marketing | upto 31.03.2019 |
| Shri. NAN Jayakumar | Director-Marketing | w.e.f 12.06.2019 |
| Shri Umesh Sharma | Director-Finance(MMTC) | (additional charge of STC) w.e.f 04.01.2018 upto 31.05.2020 |
| Shri Ashwani Sodhi | Director- Marking (MMTC) | (additional charge of STC) from 01.04.2019 to 24.07.2019 |
| Deepak S Sankuni | Company Secretary | w.e.f. 13.11.2018 upto 19.12.2019 |
| Vipin Kumar Tripathi | Company Secretary | w.e.f. 20.12.2019 |
| Smt. Rooma Nagrath | Chief Financial Officer | w.e.f. 21.12.2018 |
| Dr. N. Sundaradevan | Independent Director | w.e.f. 03.08.2016 upto 14.06.2019 |
| Dr. K Rangarajan | Independent Director | w.e.f. 03.08.2016 upto 14.06.2019 |
| Shri Sunil Trivedi | Independent Director | w.e.f. 03.08.2016 upto 14.06.2019 |
| Shri Arvind Gupta | Independent Director | w.e.f. 03.08.2016 upto 14.06.2019 |
| Shri Amitabh Rajan | Independent Director | w.e.f. 14.02.2017 upto 26.01.2020 |
| Shri Mohan Lal Pareek | Independent Director | w.e.f. 14.02.2017 upto 26.01.2020 |
| Ms Bharati Mugdam | Independent Director | w.e.f. 14.02.2017 upto 26.01.2020 |
| Shri Bharatsinh Parmar | Independent Director | w.e.f. 14.02.2017 upto 26.01.2020 |
| Shri. Subhash Chandra Pandey | Government Nominee | w.e.f 27.03.2018 upto 30.06.2019 |
| Shri. Sunil Kumar | Government Nominee | w.e.f 21.10.2017 upto 21.01.2020 |
| Shri. Shyamal Mishra | Government Nominee | w.e.f 10.02.2020 |
| Shri. Shashank Priya | Government Nominee | w.e.f. 19.08.2019 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

c. Post Employment benefit plans

- 1 The STC of India Ltd. Employees Provident Fund Trust.
- 2 The STC of India Ltd. Gratuity Fund Trust.
- 3 STC Employees Defined Contribution Superannuation pension trust.

d. Entities under the control of the same Government

The company is a Central Public Sector Undertaking (CPSU) controlled by Central Government by hold majority of shares (refer note no. 18), Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The company has applied exemption available for government related entities and has made limited disclosure in the financial statements. Such entities with which the Company has significant transactions include but not limited to Ministry of Fertilizers and chemicals.

l) Transactions with the related parties are as follows:

| Particulars | Subsidiaries | | Joint Venture Companies | |
|---------------------------|--------------|---------|-------------------------|---------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Rent Received (Rs. Crore) | 0.02 | 0.02 | NIL | |

Compensation to Key Management Personnel

(₹ Crore)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------------------------|--------------------------------------|--------------------------------------|
| - Short-term Employee benefits | 1.42 | 1.49 |
| - Post-employment benefits | 0.31 | 0.27 |
| - Termination benefits | - | - |
| - Other long-term benefits | 0.07 | 0.15 |
| Total | 1.80 | 1.90 |

| Particulars | The STC of India Ltd. Employees Provident Fund Trust | | STC Employee Defined Contribution Superannuation Pension Trust | | The STC Gratuity Fund Trust | |
|---|--|---------|--|---------|--------------------------------|---------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| STC Contribution for the year | 3.52 | 4.34 | 3.01 | 3.59 | - | 8.73 |
| Outstanding Balance at the end of the Year with STC | 0.75 | 2.26 | 0.27 | 0.33 | - | (0.97) |

Transactions with the Related Parties under the control of the same Government

| S. No. | Particulars | Nature of Relationship with Entity | Nature of Transaction | 2019-20 | 2018-19 |
|--------|---|---------------------------------------|--------------------------|---------|---------|
| 1 | Oil & Natural Gas Corporation of India Ltd. | PSU | Rental & Deposit | 2.49 | 1.95 |
| 2 | NTPC Rihaand | PSU | Trading | - | 0.02 |
| 3 | Rashtriya Ispat Nigam Ltd. | PSU | Trading | - | 0.92 |
| 4 | Tamilnadu Civil Supplies Corporation | PSU | Trading | 372.61 | 356.71 |
| 5 | Aavin | Co-Operative | Trading | 0.65 | 0.68 |
| 6 | Tamilnadu Commando Force | State Govt. | Trading | 0.06 | - |
| 7 | State Bank of India (PB+IFB+CAG+Overseas) | PSU | Rental | 24.50 | 24.48 |
| 8 | DFS/BIFR | Govt. Department | Rental | 2.80 | 2.70 |
| 9 | Special Protection Group | Govt. Department | Rental | 0.31 | 0.27 |
| 10 | Security Printing & Minting Corporation | PSU | Rental | 5.84 | 5.84 |
| 11 | IRCTC | PSU | Rental | 0.19 | 0.16 |
| 12 | Office of Chief Comptroller | Govt. Department | Rental | 2.54 | 2.39 |
| 13 | IBEF | Govt. Department | Rental | 1.27 | 1.21 |
| 14 | Noida SEZ | Govt. Department | Rental | 0.43 | 0.39 |
| 15 | 15th Finance Commission | Govt. Department | Rental | 6.57 | 6.57 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

ii) Outstanding balances with related parties are as follows:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Amount recoverable towards loans : | | |
| - From Subsidiaries | | |
| - From Joint Ventures | | |
| - From Key Managerial personnel | | |
| - From Others | | |
| | NIL | |
| Amount recoverable other than loans : | | |
| - From Subsidiaries | 0.02 | 1.94 |
| - From Joint Ventures | | |
| - From Key Managerial personnel | | |
| - From Post employment benefit plans | | |
| | NIL | |
| Amount Payable | | |
| - From Subsidiaries | | |
| - From Joint Ventures | | |
| - From Key Managerial personnel | | |
| - From Others | | |
| | NIL | |

iii) Individually Significant Transactions :

| Particulars | Nature of relationship | March 31, 2020 | March 31, 2019 |
|-------------|------------------------|----------------|----------------|
| | NIL | | |

iv) Terms and conditions of transactions with the related parties

Transactions with the related parties are made on normal commercial terms and conditions and market rates.

48. DISCLOSURE AS PER IND AS 27 'SEPARATE FINANCIAL STATEMENTS'

a) Investment in Subsidiaries:

| Company Name | Country of Incorporation | Proportion of Ownership | |
|--------------|--------------------------|-----------------------------|-----------------------------|
| | | 31 st March 2020 | 31 st March 2019 |
| STCL Limited | India | 100% | 100% |

b) Investment in Joint Venture Entities/Associates:

| Particulars | Country of Incorporation | Proportion of Ownership | |
|--|--------------------------|---|-----------------------------|
| | | 31 st March 2020 | 31 st March 2019 |
| NSS Satpura Agro Development Company Limited | India | 25% | 25% |
| Richfield Aquatech Ltd. | | | |
| Blue Gold Maritech Ltd. | | | |
| National Tannery Company Ltd. | | | |
| Indopirin Gloves Limited. | | | |
| | | Investment have been written off in earlier years | |

49. Disclosure in respect of Indian Accounting standard (Ind AS) 116 "Leases"

49.1 As lessee

| Company Name | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Depreciation charged for right to use asset | 0.41 | |
| Interest expense on lease liability | 0.08 | |
| Expense related to short term lease (less than 12 months) | 0.11 | |
| total cashoutflow for leases | 0.19 | |
| additions to right to use assets | 4.37 | |
| the carrying amount of right to use assets at the end of reporting period by class of underlying asset | 3.96 | Introduced w.e.f 01.04.2019 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

49.2 As lessor

a) Future minimum lease payments under non-cancellable operating leases are receivable as follows:

| Company Name | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|----------------------------|--------------------------------------|--------------------------------------|
| Within less than 1 year | 0.33 | 0.33 |
| Between 1 year and 5 years | 1.46 | 1.46 |
| After more than 5 years | 0.87 | 0.87 |

Payments recognised in Statement of Profit & Loss

| Company Name | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|------------------------------|--------------------------------------|--------------------------------------|
| Income - generating property | 38.91 | 38.89 |
| Vacant Property | 7.46 | 6.62 |
| Self Occupied Property | - | - |

50. Disclosure in respect of Indian Accounting Standard (Ind AS)-33 "Earnings Per Share(EPS)"

a) Basic EPS

The earnings and weighted average number of ordinary shares used in the calculation of basic EPS is as follows:

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Face Value Per Equity Share (Rs.) | 10 | 10 |
| Profit (loss) for the year, attributable to the owners of the company (A) | (112.84) | (879.46) |
| Weighted average number of ordinary shares for the purpose of basic earnings per share(B) | 6.00 | 6.00 |
| Basic EPS (A/B) | (18.81) | (146.58) |

b) Diluted EPS

The earnings and weighted average number of ordinary shares used in the calculation of Diluted EPS is as follows:

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Profit (loss) for the year, attributable to the owners of the company (A) | (112.84) | (879.46) |
| Weighted average number of ordinary shares for the purpose of basic earnings per share(B) | 6.00 | 6.00 |
| Diluted EPS (A/B) | (18.81) | (146.58) |

51. Dividends

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| (i) No. of Equity Shares (in crore) | 6.00 | 6.00 |
| (ii) Dividends not recognised at the end of year. | - | - |

52. Assets Pledged as Security

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Current/Non-current | NIL | |
| Financial/Non-Financial Assets | NIL | |
| First Charge/Floating Charge | Trade Receivables of the company | |

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

53 Physical Verification

i) Fixed Assets

Physical verification of Fixed Assets could not be carried out for the reporting year due to the restrictions imposed by the effects of COVID-19.

ii) Inventories

Physical verification of inventories could not be carried out for the reporting year due to the restrictions imposed by the effects of COVID-19.

54 Balance confirmations & Reconciliation

Balance of certain receivables & payables (including in certain cases direct and indirect taxes) are subject to confirmation/reconciliation.

55 Going Concern

The Company is a CPSE under administrative control of the Ministry of Commerce & Industry. The Company is a trading organization to undertake promotion of export and market intervention operations in commodities specified by Government of India from time to time. For last few years the company is facing mismatch in inflows and outflows of funds due to huge recoverable from associates with whom the company had undertaken trade transactions in the past and who had defaulted in making timely payment to STC. Due to this the Company has led to temporary financial crunch, operating losses, reduction of net worth. Simultaneously the company initiated legal action against the defaulting associates. One of the major associates has made sufficient payment to STC on direction of Hon'ble Supreme Court. This has eased out the financial crisis of the Company to some extent. The Company is in process of One Time Settlement (OTS) with the lender banks and an amount of Rs.1100 Crore was paid towards OTS. The lender banks had proceeded in NCLT/DRT against the Company. The proceeding in NCLT Court has since been withdrawn.

"Simultaneously, the company has undertaken various cost reduction measures to improve the liquidity/ profitability such as closure of unviable branches, undertaking trade in commodities fetching higher trade margins without involvement of STC's funds, etc. Consequent upon the high level meeting dated 29.08.2019, the business of the Company reduced considerably achieving approximately 30% of MOU target. Presently, the Company is undertaking the business without involvement of own funds. The status will be revisited in the next financial year. Considering the facts given above,

- a. Accounts of the year 2019-20 have been prepared on going concern basis.
- b. The company is continuing to carry forward deferred tax assets, which will be available for set off against future profits.
- c. No provision for impairment of non-current assets has been considered necessary.
- d. Depreciation is being computed on the basis of expected economic life of fixed assets rather than their current market value.
- e. As a cost reduction measure, VRS has been introduced in STC on 29.03.2019 with the eligibility criteria covering all employees in Staff cadre irrespective of length of service and Managers from Assistant Manager (E1) to Chief Manager (E4) level, who had completed 10 years of service in the Corporation (including professionals). 45 employees opted for VRS, out of which 43 employees were relieved for which STC's own funds were utilized. VRS was again introduced with same conditions on 20.06.2019, effective till the closing hours of 31.03.2020. The 37 employees, who opted for VRS during the period 20.06.2019 to 31.03.2020 have already been relieved.

56 Impact of COVID-19:-

"There was a nation-wide lockdown imposed during the end of March, 2020 due to COVID-19. There was partial lifting of the lockdown since 03.05.2020. The Company has resumed operations at corporate office and branch offices with minimal staff after adopting safety measures and following standard operating procedures mandated by Govt. of India like disinfection of office premises, keeping social distancing, work-from-home with minimal attendance.

Despite the constraints of lockdown, the Company ensured timely deliveries of essential items viz. edible oil, pulses and sugar for on-going contracts for supply to the TamilNadu Civil Supplies Corporation through e-processing procedure during lockdown.

However, due to the unpredictable and continuing impact of Covid-19 situation, it is very difficult to assess the future impact of Covid-19 on the financial performance and business operations at this juncture. Further, the company does not foresee any significant impairment to the carrying value of its assets, which is dependent on market conditions.

- 57 In respect of alleged irregularities, impact is ascertainable only on the probable outcome of the ongoing case/enquiry, therefore disclosure has not been made.

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- 58 Impact of foreign currency gain/loss against the disputed currency payable/receivable has been given by the company except in the case of Mumbai Branch. Further the impact of credit gain/loss has been credited/debited as the case may be directly to the respective payables/receivables account instead of giving any impact of the same to the profit & loss account.
- 59 Credit impairment against trade and other receivables has been made during the year amounting to Rs. 0.05 Crore.
- 60 STC got a plot land at Mallet Bunder belonging to MBPT on lease for a period of 30 years. The company constructed storage tanks along with other required infrastructure. The lease period has expired in October'2016 and the company is in the process of surrendering the plot. At the time of handing over, cost of the dismantling the infrastructure would not be material as the sale proceeds of the scrap so realized is likely to be higher than such cost. Hence no impairment has been considered necessary.
- 61 All the standards issued and effective for the company have been complied with except due to impact of COVID-19 (if any)
- 62 Previous year figures have been recasted/reclassified in line with Ind AS requirements.

**As per our report of even date attached
For HDSG & Associates**

Chartered Accountants
Firm Reg. No. 002871N

Sd/-
(RAJIV CHOPRA)
Director (Marketing)
with additional charge of CMD
DIN -06466326

Sd/-
(ROOMA NAGRATH)
GM-F & CFO

(ARUN SAINI)
Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

Sd/-
(VIPIN TRIPATHI)
Company Secretary
ACS -29378

**MANAGEMENT REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS
ON THE STANDALONE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019-20**

| Observations of the Statutory Auditor | Management Replies |
|---|---|
| Basis for Qualified Opinion | |
| A. Non provision in respect of the items / matters as indicated below, has resulted in the loss being shown lower by Rs. 231.27 crore for the year | |
| <p>i) Refer note no.39(9) for not providing firm liability of Rs. 3.92 Crores from one of the party, M/s Lichen Metals Private Limited, after adjusting the deposit of Rs. 27.95 crores from Holding Company of the Party. The said Holding Company had approached for arbitration against the adjusted deposit and the arbitration award was in favour of holding Company. STC had filed an appeal before the Hon'ble single bench of High Court against the arbitration award. However, under the Order passed by the Hon'ble Calcutta High Court, STC has deposited an amount of Rs 31.92 Crores on losing the case being the adjusted deposit with interest and made a provision for Rs. 27.95 Crores in the books of accounts in the current year. Considering the above circumstances, the non-provision of the balance amount of Rs. 3.92 crores has resulted in the loss being shown lower by Rs. 3.92 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount.</p> | <p>The company has appropriated an amount of Rs. 27.89 Crore recoverable from M/s Lichen Metals Pvt. Ltd.(the party) against the deposits of its holding company viz. M/s Edelweiss Pvt. Ltd. due to this, the holding co. of party had gone for arbitration and award was in their favour for the refund of Rs. 27.89 Crore plus interest @8% p.a. by STC excluding cost of arbitration. Against the same STC has filed an appeal before the Hon'ble High Court. Meanwhile, as per the High Court's direction STC has deposited Rs. 31.92 Crore with the High Court of Calcutta. The amount has been kept as a Security in the form of FD with High Court, pending appeal. Hence it will be suitably be taken up after appeal.</p> <p>Concerned division has been advised to pursue/settle the case vigorously in favour of STC.</p> |
| <p>ii) Refer note 39(1) for not providing liability of Rs. 3.51 Crores (net of carrying value of pledged stocks) where the Company had supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the LCs amounting to approx. 12.05 Crore (LC value Rs. 10.05 Crore and interest & other expenses of Rs. 2.00 Crore). The Company has filed civil applications and criminal complaint under various sections of India Penal Code. The material sold to the associate was pledged to the Company and kept under the custody of CWC. However, another PSU viz. M/s. Metal and Scrap Trading Corporation (MSTC) had also made a claim of ownership of stock. Hence, STC has filed declaratory suit in the lower court, Panvel, Navi Mumbai. Meantime, the Hon'ble Court has asked MSTC to conduct the sale of pledged stock and deposit the sale proceeds with the Hon'ble Court. The matter is still pending. Further, the Lender Institutions have initiated proceeding at NCLT against the associate, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT on 21.08.2018.</p> <p>Considering the above circumstances, the non-provision of the balance amount of Rs. 3.51 crores has resulted in the loss being shown lower by Rs. 3.51 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount.</p> | <p>STC has supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the LCs amounting to Rs. 12.05 Crore (LC value Rs. 10.05 Crore and interest & other expenses of Rs. 2.00 Crore). STC has filed civil applications and criminal complaint under various sections of India Penal Code.</p> <p>The material sold to the associate was pledged to STC and kept under the custody of CWC. However, another PSU viz. M/s. Metal and Scrap Trading Corporation (MSTC) had also made a claim of ownership of stock. Hence, STC has filed declaratory suit in the lower court, Panvel, Navi Mumbai. Meantime, the Hon'ble Court has asked MSTC to conduct the sale of pledged stock and deposit the sale proceeds with the Hon'ble Court. The matter is still pending. Further, the Lender Institutions have initiated proceeding under NCLT against the associate, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT on 21.08.2018.</p> <p>Provisioning of Rs. 3.51 Crore has not been considered necessary as the amount is secured by pledged stock which is sub judice and the matter is pending before Hon'ble High Court.</p> |
| <p>iii) Refer Note 15 where inventory includes Rs. 0.05 Crores at Bangalore Branch, which has not been written down to its realizable value though the Company has discontinued this line of business for the past 3 years.</p> <p>Considering the above circumstances, loss for the year is understated by Rs. 0.05 Crores, with consequential effect on 'Retained earnings' by the same amount and overstatement of 'inventories' by Rs. 0.05 Crores.</p> | <p>Due to impact of COVID-19, the inventory could not be revalued. The necessary adjustment will be taken after the next revaluation.</p> |

**MANAGEMENT REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS
ON THE STANDALONE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019-20**

| Observations of the Statutory Auditor | Management Replies |
|--|--|
| iv) Refer note no. 38(ii), "Contingent Liabilities", which includes an amount as shown as a contingent liability Rs. 4.98 Crores against which the Company has not provided firm liability though the Company has lost the court case. | The company has further filed an appeal in the Hon'ble High Court, New Delhi and the matter is in the stage of final arguments. |
| v) Refer note no. 38(ii), "Contingent Liabilities", which includes an amount as shown as a contingent liability Rs. 4.98 Crores against which the Company has not provided firm liability though the Company has lost the court case. | The company is continuing to carry forward deferred tax assets, since, the Company is in process of one time settlement with banks and final call will be taken after signing OTS with Banks. |
| vi) Refer foot note of note no 38, for non-provision of a demand of Rs 132.32 Crores received from Land and Development Office - New Delhi, which has resulted in understatement of loss by Rs. 132.32 Crores and understatement of liabilities. | Among other options, matter has been taken up with L&DO to consider waiver of demand taking into accounts the in-principle decision relating to closure of company w.r.t high level meeting held on 29.08.2019 chaired by Hon'ble CIM. Till such time, there is no need to take the liability on settled / firm liability. |
| b. The Company has not complied with: | |
| i) Ind AS 40 (regarding Fair Value Measurement of Investment Property) by not performing fair valuation of investment property as on balance sheet date. (refer foot note of note no.6) | The company has not carried out fair valuation of immovable properties as on 31.03.2020 due to ongoing COVID-19. |
| ii) Ind AS 21 (regarding Effects of Changes in Foreign Exchange) by not revaluing the carrying amounts, in most cases, of foreign currency receivables and payables which are under litigation/disputed. (refer note no. 58) | The company has complied the requirements of Ind AS 21 regarding effects of changes in foreign currency as on balance sheet date. However, this pertains to cases under litigation and had been fully provided in earlier years and the carrying amounts are under dispute. The company has filed legal cases for such outstanding balances for both receivables & payables. |
| iii) Ind AS 109, (regarding impairment of financial assets and recognition of expected credit loss) by not making credit impairment on undisputed trade receivable of Rs. 164.64 crore. The impact of the same is not ascertainable (refer note no 9). | The company has reviewed the impairments of financial assets and made necessary provisions on account of expected credit loss in the books of accounts. The trade receivables amounting Rs. 164.64 Crore pertain to receivables undisputed and reconciled and hence does not required impairment in Ind AS 109. |
| iv) Ind AS 116, (regarding Leases) by not ascertaining the carrying value of leasehold properties in case of Jawahar Vyapar Bhawan, Malviya Nagar Housing Colony and Agra Office. Due to unavailability of the lease period in these cases impact of the same is not ascertainable (refer note no 4). | The company has complied the requirements of Ind AS 116 regarding accounting for leases, However, in certain cases, where title deed is yet to be executed, the impact of accounting under leases could not be ascertained. |
| v) Ind AS 16, (regarding Revaluation of Property Plant and Equipment) by not complying with the requirement of the Revaluation. Accordingly, the balance of the Revaluation Reserve is overstated by Rs. 14.33 Crores which is subject to the Fair Valuation, yet to be performed by the Company. (refer note no 4 & 19). | |
| c. The impact of the following is not ascertainable | |
| i) Note No 20 and 55 where the Company owed substantial amount to the bank for which lender banks initiated the action of recovery by filing O.A. No. 148/2019 before DRT on 18/02/2019. However, subsequently Syndicate Bank (now Canara Bank), one of the constituent lender also filed insolvency petition in NCLT under section 7 of the IBC Code, 2016, on 21/02/2019. In response to the above action by Bank, company for the settlement of its debt payable to the bank offered One Time Settlement (OTS) vide letter dated 20/03/2019 to which Syndicate Bank (now Canara Bank-the lead banker) responded on 22/05/2019 | On 27.06.2019 Syndicate Bank (Now Canara Bank) vide their letter dated 27.06.2019 has confirmed outstanding balance of Rs. 1906.24 crore as on 31.12.2018 with all the lender banks. STC has paid Rs. 1100 crore in two installments of Rs. 900 crore and Rs. 200 crore as approved by the Board to lender banks as part payment of the settlement on 29.03.2020 and 27.05.2019. As of now final crystallized reconciled o/s amount with the lender banks stands at Rs 806.24 crore in the book of accounts. Consequent upon a meeting was called on 29.08.2019 by Honorable Minister of Commerce & Industry and decided |

**MANAGEMENT REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS
ON THE STANDALONE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019-20**

| Observations of the Statutory Auditor | Management Replies |
|--|---|
| <p>giving a counter offer of settlement of which principle terms, inter alia, were as under: - Payment of Rs. 1100 Crores immediately. Payment of Rs. 300 Crores by sale of STC immovable properties. Balance amount of Rs. 506.24 Crores by assigning 50% of realized trade receivable within 5 years from 1st Jan 2019. Syndicate Bank (now Canara Bank) by their offer dated 22/05/2019 proposed to sign MOU not later than 30/06/2019. Syndicate Bank (now Canara Bank) also confirmed vide letter dated 22/05/2019 that as part of settlement, Rs. 900 Crores were already received from STC and balance amount of Rs. 200 Crores were to be remitted, based on balances arrived on 31/12/2018. On verification of documents, it is found that Rs. 200 Crores were remitted on 27/05/2019 but without executing any MOU and till date revised MOU/OTS Agreement, if any, has not been executed. Syndicate Bank (now Canara Bank) by their offer dated 22/05/2019 proposed to sign MOU not later than 30/06/2019. Syndicate Bank (now Canara Bank) also confirmed vide letter dated 22/05/2019 that as part of settlement, Rs. 900 Crores were already received from STC and balance amount of Rs. 200 Crores were to be remitted, based on balances arrived on 31/12/2018. On verification of documents, it is found that Rs. 200 Crores were remitted on 27/05/2019 but without executing any MOU and till date revised MOU/OTS Agreement, if any, has not been executed. Based on the information and explanations provided to us, in our opinion, non-execution of MOU/OTS Agreement to bind the banker in terms of final settlement is a lapse on the part of the company. Such irregularity may lead to uncalled for enquiries later on with regard to non-execution of MOU to bind the bankers in terms of final settlement. Further, subsequently a meeting was held on 29/08/2019 under the Chairmanship of Hon'ble Minister, Commerce & Industry, regarding settlement of dues of PEC and STC. PEC is an unlisted company 100% owned by Government whereas STC is a listed company, listed with Bombay Stock Exchange and National Stock Exchange and as on date of our report 10% of shares are held by the public at large and remaining 90% is held by the Central Government. As per minutes of the meeting held on 29/08/2019 and communicated by letter dated 09/09/2019 by Under Secretary, Govt. of India, it was resolved that since PEC does not have meaningful assets to pay its present outstanding except certain flats /homes having value approximately of Rs. 10 Crores therefore in order to repay debt of PEC of Rs 1390.01 Crores so that public sector bank do not suffer, a decision was taken in the meeting to sell/transfer Jawahar Vyapaar Bhawan, New Delhi, an immovable property owned by the STC, after due process of taking exemption from Land & Development office, the lessor of the plot of land on which Jawahar Vyapaar Bhawan is constructed, title will be</p> | <p>inter alia the following:- "Since STC has already paid Rs.1100 crore to the banks, it will transfer the title of freehold properties valued at about Rs.300 crore to the banks and with this, the OTS of STC will be completed." The OTS agreement provided by the bank was not in line with meeting of CIM. Recently on 18-08-2020 a meeting with the senior executives of lender banks took place among other things to implement OTS in finalization of MOU in place of DSA was discussed. Draft MOU formulated by STC has been provided to the JLF. In view of the above, it is very clear that on transfer of property worth Rs. 300 crore approximately to the banks, OTS will be completed. Also conveyed from MOCI to syndicate bank in April 2020 informing that JVB is not to be utilized for OTS of PEC. Moreover, since the liability has been firmed up, banks have not raised any claim of interest and OTS is already underway.</p> |

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| <p>transferred and lender bank will dispose off the properties in transparent manner. It was further decided that Syndicate Bank (now Canara Bank) will revise the agreement of OTS with STC and include PEC in its ambit so as to swiftly conclude the full and final settlement of pending dues of these companies to banks.</p> <p>The meeting under the Chairmanship of Hon'ble Minister, Commerce & Industry also decided that Government was going to close down STC and PEC.</p> <p>Based on minutes of the meeting dated 29/08/2019, Syndicate Bank (now Canara Bank) vide letter dated 11/10/2019 communicated about the opinion that they have obtained from their counsel namely M/s Cyril Amarchand Mangaldas about possible way out to save the payment of stamp duty on transfer / assignment of Jawahar Vyapaar Bhawan through binding agreements in favor of buyer.</p> <p>Thereafter, an opinion has been sought by the company from M/s Shardul Amarchand Mangaldas wherein they have opined, inter-alia, that merger with any other profitable company namely MMTC could be another option, other than closer.</p> <p>We have been informed that NCLT proceedings have been withdrawn by Syndicate Bank (now Canara Bank) but the DRT withdrawal process is still pending. In the Consortium meeting held at Stressed Asset Management branch, Delhi of the Syndicate Bank (now Canara Bank) on 13.01.2020, it was unanimously suggested by the Lenders that instead of withdrawing the case from DRT, possibility may be explored to obtain a consent decree based upon the broad settlement arrived during the high level meeting dated 29.08.2019.</p> <p>Further we have not been provided any document to substantiate that the Company has countered the claim of the consortium banks to takeover Jawahar Vyapaar Bhawan for settlement of liabilities pertaining to the PEC Limited, where as it is understood that the Company has instead started the process of clearing the title deed of Jawahar Vyapaar Bhawan from L&DO so that transfer can be executed in favor of the Bank.</p> <p>Considering the provisions of the Companies Act, 2013, and the fact that 10% shareholding of STC is held by public at large, the decision of Ministry of taking over the liability of PEC amounting to Rs 1,390.01 Crores by STC in the meeting held on 29/08/2019 are in contravention to section 180 and 186 of the Companies Act, 2013, and would also be prejudicial to the interest of the minority shareholders which is public at large because STC by taking the liability is not gaining in any manner and this will also be contrary to the settled accounting principles because the liability is being fastened on the company without any corresponding asset. We are of the considered opinion that the decision taken in the meeting held on 29/08/2019 and insistence of the bankers to sell/transfer the Jawahar Vyapaar Bhawan for settlement of remaining liabilities of the Company along with PEC's debts in the consortium meeting held on 13.01.2020 is prejudicial to the interest of</p> | |

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| <p>following due process of law, is not in the interest of the company and its members and is also contrary to the corporate structure envisaged under the provisions of the Companies Act, 2013. Such decision taken, without the consent of the shareholders, firstly by not convening meeting of the members is also affecting adversely the fundamental of the company being its ability to continue as a going concern.</p> | |
| <p>Q Refer note no. 54 for non-availability of confirmation of balances of certain receivables and payables (including certain direct & indirect taxes).</p> | <p>Balances of trade receivables, trade payables & liabilities are being reconciled after completion of each transaction and the accounts settled with the party. However, confirmation in respect of trade receivables and trade payables under litigation is not available.</p> |
| <p>iii) Refer foot note no. (b) of note no 4 for non-adjustment of value/area in Fixed Assets Register against areas acquired by DMRC for construction of Metro Station& by L&DO for widening of the Road during Asian Game, as well as the flats/area of land sold by the company to HHEC for its Housing colony.</p> | <p>STC was allotted a piece of land measuring 2.599 acres vide letter no. 3/4(14)/68-LI dated 15.09.1975 of ministry of works & housing, Government of India. In due course of time on area of 325.686 square meter and 388.910 square meter was acquired/utilized by NDMC and Delhi Metro respectively. During 1975, 64 no's of flats were also sold to HHEC. The necessary corrective action has been taken.</p> |
| <p>iv) Refer note no. 9, 11 & 39 for not making credit impairment of trade receivables Rs. 973.19 Crore & Claim Receivables Rs. 6.78 Crore, making a total of Rs. 979.97 crore since the company feels that even if no amount would eventually be recovered, provision is not required as the creditor will be paid by the company only to the extent the amount is realized against such trade receivables, though in most of the cases agreements are not tripartite.</p> <p>Further in case of M/s Rajat Pharmaceuticals Ltd (RPL) who drew bills of exchange on STC which were accepted upon receipt of overseas buyer's pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payments against the export bills and have gone into liquidation. A sum of Rs.527.86 crores has been admitted by the liquidator of one of the foreign buyer's i.e. Loben Trading Co. Pte. Ltd, Singapore. A Decree of Rs 62.47 Crs. approx. has been passed by Hon'ble Bombay High Court in favour of STC against the dues from another foreign buyer i.e Sweetland Trading Pte Ltd., Singapore. As of current date, RPL has gone into liquidation and official liquidator is appointed by Hon'ble High Court Bombay. The matter is also under investigation by CBI. Banks & Financial institution have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 476.47 Crore.</p> <p>Further refer to note 39, "Major Legal Cases (Trade Receivables)", for matters other than RPL, as all these matters are sub-judice and/or under investigation of CBI we are unable to comment upon the same.</p> | <p>Since, the amount of Rs. 979.97 Crore is already under back to back arrangement and under litigation. The creditors to such extent will be only be paid after receipt from the corresponding debtor. Hence, no provision is considered necessary.</p> |
| <p>v) Refer foot note to note no. 24, Customer at credit includes amount payable to U.P. Government amounting to Rs 6.03 Crores. As informed by the Branch management, Branch has made various other claims on U.P Government and accordingly dues of Rs. 39.11 Crores is recoverable from U.P. Government for which debit note dated March 10, 2014 was raised. However, the said claim was not recognised in the financial statements of the branch till date, as its ultimate collection was not certain. In absence of information on acceptability of the said</p> | <p>Amount payable of Rs. 6.03 Crore to U.P, Government is adjustable against claims of interest and carrying charges amounting Rs. 39.11 Crore (shown as contingent asset) which is under dispute and the company is in the process of initiating proceedings under AMRCD.</p> |

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| <p>claim by UP Government, we are unable to ascertain its possible impact, if any, on the financial statement of the Company.</p> <p>As a result of matters contained in paras (a) (i) to (vi) above, loss for the year is understated by Rs. 231.27 crore , with consequential effect on 'Retained earnings' by the same amount, understatement of 'liabilities' by Rs. 141.22 crore and overstatement of claim recoverable by Rs. 90.05 crore.</p> | <p>The company is hopeful of recovery of receivables/claims for which no provision was considered necessary as on balance sheet date. However, the matter will be reviewed in respect of expected credit loss during F.Y 20-21 and necessary action will be taken accordingly.</p> | | | | | | | | | | | | |
| Emphasis of Matters: | | | | | | | | | | | | | |
| <p>a. Refer note 38(ii), "Contingent Liabilities which includes an amount of Rs. 1.30 Crores in respect of pending sales tax liability. The Company has not complied in carrying out corrective actions as suggested by Government Audit Party (GAP) for F.Y. 2014-15 in the accounts as on 31st March, 2016 and for F.Y. 2015-16 in the accounts as on 31st March, 2017 amounting to Rs. 0.19 Crores and Rs. 1.11 Crores respectively.</p> | <p>The branch has carried out corrective actions as per half margin observations of Government Audit Party (GAP) for F.Y.2014-15 and F.Y. 2015-16 in the accounts as on March 31, 2016, March 31, 2017 and March 31, 2019 except in respect of agreed written back of amount payable as under: -</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name of party</th> <th style="text-align: right;">Amount</th> </tr> </thead> <tbody> <tr> <td>Space Vision Impex Pvt. Ltd</td> <td style="text-align: right;">Rs. 18,80,335/-</td> </tr> <tr> <td>M/s. Pranav Agro Industries Ltd.</td> <td style="text-align: right;">Rs. 24,94,068/-</td> </tr> <tr> <td>M/s. Ganesh Benzoplast Ltd.</td> <td style="text-align: right;">Rs.19,65,000/-</td> </tr> <tr> <td>M/s. Thakkarsons Auto Ancillary (I) Pvt. Ltd.</td> <td style="text-align: right;">Rs. 9,60,000/-</td> </tr> <tr> <td>Dunlop India Pvt Ltd.</td> <td style="text-align: right;">Rs.56,76,742/-</td> </tr> </tbody> </table> <p>As per Branch management, some liability may arise on completion of Sale Tax assessment and ongoing litigations and same can be adjusted against the said balance payable.</p> | Name of party | Amount | Space Vision Impex Pvt. Ltd | Rs. 18,80,335/- | M/s. Pranav Agro Industries Ltd. | Rs. 24,94,068/- | M/s. Ganesh Benzoplast Ltd. | Rs.19,65,000/- | M/s. Thakkarsons Auto Ancillary (I) Pvt. Ltd. | Rs. 9,60,000/- | Dunlop India Pvt Ltd. | Rs.56,76,742/- |
| Name of party | Amount | | | | | | | | | | | | |
| Space Vision Impex Pvt. Ltd | Rs. 18,80,335/- | | | | | | | | | | | | |
| M/s. Pranav Agro Industries Ltd. | Rs. 24,94,068/- | | | | | | | | | | | | |
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| M/s. Thakkarsons Auto Ancillary (I) Pvt. Ltd. | Rs. 9,60,000/- | | | | | | | | | | | | |
| Dunlop India Pvt Ltd. | Rs.56,76,742/- | | | | | | | | | | | | |
| <p>b. Refer note no 48(b) wherein one of the Investment, "NSS Satpura Agro Development Company Limited", of the Company in the Financial Statement has a status of "striked-off" as per the data available at the Ministry of Corporate Affairs. The impact, though immaterial, of the same hasn't been undertaken by the Company in its Financial Statement.</p> | <p>It will be reviewed in F.Y. 2020-21 and necessary action will be taken.</p> | | | | | | | | | | | | |
| <p>c. Balances in the accounts of Trade Receivable, Trade Payables, Business Associates and Other Creditors are under litigation and no confirmation has been received from the parties.</p> | <p>Due to the default in the payment by business associates to STCL during the year 2008-09, Company suffered extraordinary losses and Company had stopped all its business activities from 2014-15 onwards. Union Company on 13.08.2013 decided for closure of the Company and subsequently Company had filed voluntary winding up petition before High Court of Karnataka on 26.11.2013 which is pending for disposal. Presently Company is only pursuing recovery cases against the business associates before different forums and adhering to all the other statutory provisions laid down by Government of India.</p> | | | | | | | | | | | | |
| Annexure 'A' to Independent Auditors Report | | | | | | | | | | | | | |
| <p>1 Fixed Assets</p> <p>a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, the records are not updated for the financial year under audit and except for the areas of lease hold land and building of Jawahar Vayapar Bhawan at Janpath, New Delhi and Housing Colony at Aurbindo Marg, New Delhi (refer foot note no.4). Therefore, we are not in a position to comment upon the same.</p> | <p>STC was allotted a piece of land measuring 2.599 acres vide letter no. 3/4(14)/68-LI dated 15.09.1975 of ministry of works & housing, Government of India. In due course of time on area of 325.686 square meter and 388.910 square meter was acquired/utilized by NDMC and Delhi Metro respectively. During 1975, 64 no's of flats were also sold to HHEC. The necessary corrective action has been taken.</p> | | | | | | | | | | | | |

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| <p>b. The company has a Programme of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. However, the fixed assets have not been physically verified by the management during the year under audit due to Covid-19 (refer note no 53(i)). Therefore, we are not in a position to comment upon whether there are any discrepancies.</p> | <p>Physical verification of assets will be done in due course and necessary impact will be taken in F.Y 20-21 .</p> |
| <p>c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for immovable properties referred below whose title deeds are pending for execution in the company:</p> <ul style="list-style-type: none"> • New Delhi, Lease hold Land at Tolstoy Marg, JawaharVayaparBhawan, New Delhi, 2.599 Acre. Amount Rs. 431.77 • Execution of lease deed is pending since 1975. • Further, out of total area, physical position of land measuring 714.60 sq.mtrs. is not now with STC (i.e. 388.91sq.mtrs. acquired by DMRC for construction of Metro and 325.69 sqmtrs. by NDMC for widening of the Road during Asian Game) and value the same has not been updated in FAR/ FAS. <p>Measurement for area under physical position is yet to be done.</p> | <p>For execution of Perpetual Lease Deed on basis of actual area, Office of the L&DO has been requested vide several letter. On receipt of their confirmation from L&DO regarding actual area under STC's possession and crystallizations of their demand, perpetual lease deed will be executed .</p> <p>Necessary corrective action in the FAR/FAS will be taken during the Financial year 2020-21. Confirmation from L&DO for the actual area under possession of STC w.r.t JVB land is awaited.</p> <p>The necessary steps for measurement of area under physical possession of STC are being initiated.</p> |
| <p>New Delhi, Flats at AGVC, Khel Gaon Marg, New Delhi, 8 Flats (measuring 14424 sqfts), Execution of lease/conveyance deed is still pending. Amount Rs. 25.28 Crore.</p> | <p>These properties have been earmarked for the OTS process by the Banks. Banks have also appointed a legal firm for carrying out 'due diligence' process. On receipt of their report, a decision regarding execution of conveyance deed of AGVC flats will be taken.</p> |
| <p>Mumbai, 7 nos. of Flats (refer foot note of note no.4), 7997 sqfts, Execution of lease/conveyance deed is still pending. Amount Rs. 33.19 Crore.</p> | <p>These properties have been earmarked for the OTS process by the Banks. Banks have also appointed a legal firm for carrying out 'due diligence' process. On receipt of their report, a decision regarding execution of conveyance deed of AGVC flats will be taken.</p> |
| <p>2 Inventories</p> <p>According to information and explanations given to us physical verification of inventories is done by the management at a reasonable interval along with the inventories lying with third parties and pledge stock have been physically verified through surveyor from time to time. However, the same has not been physically verified during the year due to Covid-19 (refer note no 53(ii)). Therefore, we are not in a position to comment whether material discrepancies are there or not.</p> | <p>Physical verification of inventories will be done in due course and necessary impact will be taken in F.Y 20-21 .</p> |
| <p>Annexure 'B' to Independent Auditors' Report</p> | |
| <p>Referred to Clause (viii) of Paragraph 2 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date on Standalone Financial Statements for the year ended 31st March 2020</p> | |
| <p>Basis for Qualified Opinion</p> | |
| <p>i) Company is maintaining Accounts in Tally ERP Software. However, the Tally ERP Software on which</p> | <p>In the absence of uniform accounting format in tally and format required by Companies Act for consolidation of</p> |

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| <p>accounts are being maintained by the Branches and Divisions are not integrated/ interfaced with the each other or with the server at Head office. Further, Inventories and Consumables, except for Bullion, are not being maintained on the Tally ERP, instead it is maintained manually.</p> <p>Further, company is maintaining "Performance Management System", Payroll Software and "Leave Management System" which are not interfaced with each other as well as the accounting software.</p> <p>As a result of above, Manual Accounting entries are being made on periodical basis in the Tally ERP Accounting software, and consolidation of the Financial Statements/Accounts of various Branches and Divisions which are made in MS-Excel.</p> | <p>accounts through tally and the absence of LAN/WAN to interconnect Computers at CO and Branches, integration and consolidation of accounts in tally is not feasible. The possibility of implementation of Tally ERP on Cloud (web based solution) is being explored jointly with Finance Division.</p> <p>Accounting software for Trading commodities/ stock of inventory, consumables is currently not available in STC except Tally ERP. Provision for entry in Tally ERP or proper accounting software in consultation with concerned Division will be explored.</p> <p>Performance Management System (PMS), Leave Management System (LMS) and Payroll are having three interfaces but at the back-end are integrated with each other because of common Master database (employee profile, leaves, pay structure, etc.). It is not integrated with Tally ERP (Accounting Software) because all the reporting required by Finance Division (in the desired format) pertaining to PMS, LMS or Payroll can be generated through these online systems by their Admins.</p> |
| <p>ii) Lack of control over release of advance to parties 'in-comparison with the targeted performance / milestone to be provided by the parties. For Instance, in the case of installation of 5 Lifts, advance given by the company against all the 5 lifts, out of which 4 lifts are still under installation even after long delay from the scheduled date.</p> | <p>The installation of lifts was taken up in phased manner. Initially only three lifts were taken for replacement and 50% of cost of material delivered at site was released to the contractor as per terms of the tender. Out of these three, installation of two lifts were completed and handed over to STC one in March, 2019 & another in May, 2019.</p> <p>Similarly, in the second phase the remaining two lifts were taken for replacement. 50% of cost of material delivered at site was paid to the contractor during January, 2019 as per contract. Work is in progress.</p> <p>The delay in installation of lifts was due to tender finalisation in civil work.</p> |
| <p>iii) Lack of effective Internal control over inventory pledged with the company as in most of the cases periodic physical verification reports have not been submitted by the parties and in certain cases parties are not allowing STC to conduct the physical verification.</p> | <p>Periodic physical verification reports in respect of pledged inventory being obtained from the parties. However, in certain cases where the matter is under litigation/subjudice in the court, physical verification of the inventory could not be carried out or not allowed by the party as an exception.</p> |
| <p>iv) In certain cases, reconciliations of receivables & payables are pending since long. As informed to us Bankers got receivable audit done during the year under audit, the report of which has not been shared with us. Thus the impact of same is neither considered nor verifiable.</p> | <p>Party's accounts are reconciled on case to case basis at the time of settlement. All branches and accounting units have been instructed to reconcile all outstanding receivables/payables. No outstanding balance more than 3 years should be carried forward in the books of accounts without justification.</p> |
| <p>v) With respect to Mumbai branch of the Company, the Branch auditor has reported for the inadequate internal audit system, weakness in the system of customer acceptance, credit evaluation and establishing customer credit limits, inventory management, safeguarding of assets including execution of conveyance of immovable properties/lease agreements and assets lying in flats assigned to employees needs to be strengthen and other related controls are not in place.</p> | <p>Internal Audit of the Corporation along with the branches is carried out by an external agency for all the applicable areas as stipulated in the 'Scope of Work'. However, necessary steps shall be taken for further improvement during renewal/appointment of internal auditors. In order to strengthen the internal control the company has carried out special audit in some of the cases in respect of Mumbai branch during the Financial Year 2019-20.</p> |
| <p>vi) Lack of Control over legal expenses due to non-maintenance of proper records showing case wise and advocate wise details.</p> | <p>The branches/accounting units have already been instructed to route all expenses through the respective party's accounts. The same will further be extended for cases wise segregation.</p> |
| <p>vii) Delay in replying to the comments of the internal auditor as mentioned in his Audit Report.</p> | <p>The replies have been submitted in due course however there has been some delay which will be rectified in F.Y 20-21.</p> |

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| viii) Manner of maintenance of the Fixed Asset Schedule and Register to be strengthened | The same will be strengthened in F.Y 20-21. |
| ix) Non-availability of requisite information and documentations in respect of old outstanding security deposits, EMDs, advances and other deposits received and paid. | Efforts are being made to fetch the old records. Necessary action will be taken in F.Y 20-21. |
| x) Lack of control over the renewal of Rent/lease Agreements on timely basis. | Action already taken in F.Y 20-21. |
| xi) Lack of control over contingent liability and contingent assets due to non-maintenance of proper records showing fact of the case, latest status of the case and probability of expected outcome in the opinion of management. | Necessary action will be initiated to further update the status/facts and basis of probability of out flow/inflow of resources during the Financial Year 2020-21.. |
| Annexure 'C' to the independent auditors report | |
| Referred Paragraph 3 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date on Standalone Financial Statements for the year ended 31st March 2020 | |
| a Company is maintaining accounts in Tally ERP Software. However, the Tally ERP Software on which accounts are being maintained by the branches as well as by the head office including all divisions is not integrated with the each other. As a result of this, compilation of accounts of all branches & divisions are made on excel sheet manually at the year end. | In the absence of uniform accounting format in tally and format required by Companies Act for consolidation of accounts through tally and the absence of LAN/WAN to interconnect Computers at CO and Branches, integration and consolidation of accounts in tally is not feasible. The possibility of implementation of Tally ERP on Cloud (web based solution) is being explored jointly with Finance Division. |
| b Further, stock of inventories and consumables, except for bullion, are not being routed through IT System. Hence, periodic manual entries are being made in the accounting software. | Accounting software for Trading commodities/ stock of inventory, consumables is currently not available in STC except Tally ERP. Provision for entry in Tally ERP or proper accounting software in consultation with concerned Division will be explored. |
| c Company is maintaining software for Performance management system (PMS), Payroll software and leave management system which are not interfaced with each other as well as with Accounting Software. As a result of this, manual entries are being made on periodic basis in the respective software as well as in accounting software. | Performance Management System (PMS), Leave Management System (LMS) and Payroll are having three interfaces but at the back-end are integrated with each other because of common Master database (employee profile, leaves, pay structure, etc.). It is not integrated with Tally ERP (Accounting Software) because all the reporting required by Finance Division (in the desired format) pertaining to PMS, LMS or Payroll can be generated through these online systems by their Admins. |

फ.प.जी.सी.आर. | 1(4) | STC | SF | 28 SEP 2020

कार्यालय प्रधान निदेशक लेखापरीक्षा
उद्योग एवं कारपोरेट कार्य



OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,
INDUSTRY AND CORPORATE AFFAIRS
A.G.C.R. BUILDING, I.P. ESTATE
NEW DELHI-110 002

कार्यालय प्रधान निदेशक लेखापरीक्षा
उद्योग एवं कारपोरेट कार्य
ए.जी.सी.आर. भवन, आई.पी. एस्टेट,
नई दिल्ली-110 002

सेवा में,

अध्यक्ष व प्रबंध निदेशक,
दी स्टेट ट्रेडिंग कारपोरेशन ऑफ इंडिया लिमिटेड,
जवाहर व्यापार भवन, टॉलस्टाय रोड,
एच सी माथुर लेन, नई दिल्ली- 110001

विषय- 31 मार्च 2020 को समाप्त वर्ष हेतु दी स्टेट ट्रेडिंग कारपोरेशन ऑफ इंडिया लिमिटेड के वार्षिक लेखों पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

कंपनी अधिनियम 2013 की धारा 143(6)(b) के अधीन 31 मार्च 2020 को समाप्त वर्ष के लिए दी स्टेट ट्रेडिंग कारपोरेशन ऑफ इंडिया लिमिटेड के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित की जा रही हैं। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

भवदीय,


(सी. नेड्चेलियन) 28/9/20

प्रधान निदेशक लेखा परीक्षा
(उद्योग एवं कॉर्पोरेट मामले)
नई दिल्ली

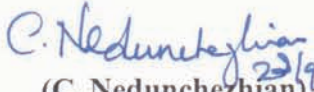
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED
FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 July 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

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

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


(C. Nedunchezian) 22/9/20
**Principal Director of Audit
(Industry & Corporate Affairs)
New Delhi**

**Place: New Delhi
Date:**

THE STATE TRADING CORPORATION OF INDIA LIMITED

Form AOC-1

(Pursuant to first proviso to sub section (3) of Section 129 of the Companies Act, 2013
read with rule 5 of Companies (Account) Rules, 2014

Part "A" Subsidiaries

**Statement containing salient features of the financial Statement of
Subsidiaries/Associate Companies/Joint Ventures**

As at March 31, 2020

(₹ Crore)

| S.No. | Particulars | Details |
|-------|---|-------------------------|
| 1 | Name of Subsidiary | STCL Limited |
| 2 | Reporting period for the subsidiary company concerned, if different from the holding company's reporting period | Same as holding company |
| 3 | Reporting currency and exchange rates as on the last date of the Relevant Financial year in case of foreign subsidiaries. | Indian Rupees |
| 4 | Share Capital | 1.50 |
| 5 | Reserve & surplus | (4566.59) |
| 6 | Total Assets | 4.01 |
| 7 | Total Liabilities | 4569.10 |
| 8 | Investments | - |
| 9 | Turnover | - |
| 10 | Profit before taxation | (0.47) |
| 11 | Provision for taxation | - |
| 12 | Profit after taxation | (0.47) |
| 13 | Proposed Dividend | - |
| 14 | % of Shareholding | 100 |

Notes:-

| | | |
|---|---|-----|
| 1 | Name of the subsidiaries which are yet to commence operations | Nil |
| 2 | Name of the subsidiaries which have been liquidated or sold during the year | Nil |

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

As at March 31, 2020

| Sl. No. | Name of Joint Venture | NSS Satpura Agro Development Company Limited. |
|---------|--|---|
| 1 | Latest audited Balance Sheet Date | Not Available |
| 2 | Shares of Associate/Joint Ventures held by the company including subsidiary company on the year end- No. | 2,00,000 |
| 3 | Amount of Investment in Associates/Joint Venture (Rs.) | 20,00,000 |
| 4 | Extend of Holding% | 50 |
| 5 | Description of how there is significant influence | Not Available |
| 6 | Net worth of the Company | Not Available |
| 7 | Reason why the associate/joint venture is not consolidated | Audited accounts not available |
| 8 | Net worth attributable to shareholding as per latest audited Balance Sheet | Not Available |
| 9 | Profit/Loss for the year | |
| | (i) Considered in Consolidation | Not Available |
| | (ii) Not Considered in Consolidation | Not Available |

Note: Investments with M/s Richfield Aquatech Ltd, Blue Gold Maritch Ltd. National Tannery Company Ltd. & Indopirin Gloves Limited have been written off in earlier years. All these companies are dormant/under liquidation.

As per our report of even date attached

For HDSG & Associates

Chartered Accountants
Firm Reg. No. 002871N

**Sd/-
(ARUN SAINI)**
Partner
M. No. 082070

**Sd/-
(RAJIV CHOPRA)**
Director (Marketing) with
additional charge of CMD
DIN -06466326

**Sd/-
(ROOMA NAGRATH)**
GM-F & CFO

Place: New Delhi
Dated: 20.07.2020

**Sd/-
(VIPIN TRIPATHI)**
Company Secretary
ACS -29378



CONSOLIDATED FINANCIAL RESULTS 2019-20

Independent Auditor's Report

To

The Members of

The State Trading Corporation of India Limited, New Delhi

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the Consolidated Financial Statements of The State Trading Corporation of India Limited (hereinafter referred as "STC" or "the Parent Company") its subsidiaries (the Parent Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information in which the Accounts of Branches of the Parent Company for the year ended on that date audited by the Branch Auditors of the Parent Company's location at Mumbai, Kolkata, Bengaluru, Chennai & Ahmedabad are incorporated (hereinafter referred to as "The Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section [refer (a), (b) and (c) below] of our report, the aforesaid Consolidated Financial Statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (India Accounting Standards) Rule 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2020 and its loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

a. Non provision in respect of the items / matters as indicated below, has resulted in the loss being shown lower by Rs. 1,897.16 crore for the year

- i. Refer note no.39(9) for not providing firm liability of Rs. 3.92 Crores from one of the party, M/s Lichen Metals Private Limited, after adjusting the deposit of Rs. 27.95 crores from Holding Company of the Party. The said Holding Company had approached for arbitration against the adjusted deposit and the arbitration award was in favour of Holding Company. STC had filed an appeal before the Hon'ble single bench of High Court against the arbitration award. However, under the Order passed by the Hon'ble Calcutta High Court, STC has deposited an amount of Rs 31.92 Crores on losing the case being the adjusted deposit with

interest and made a provision for Rs. 27.95 Crores in the books of accounts in the current year.

Considering the above circumstances, the non-provision of the balance amount of Rs. 3.92 crores has resulted in the loss being shown lower by Rs. 3.92 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount.

- ii. Refer note 39(1) for not providing liability of Rs. 3.51 Crores (net of carrying value of pledged stocks) where the Parent Company had supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the LCs amounting to approx. 12.05 Crores (LC value Rs. 10.05 Crore and interest & other expenses of Rs. 2.00 Crore). The Parent Company has filed civil applications and criminal complaint under various sections of India Penal Code. The material sold to the associate was pledged to the Parent Company and kept under the custody of CWC. However, another PSU viz. M/s. Metal and Scrap Trading Corporation (MSTC) had also made a claim of ownership of stock. Hence, STC has filed declaratory suit in the lower court, Panvel, Navi Mumbai. Meantime, the Hon'ble Court has asked MSTC to conduct the sale of pledged stock and deposit the sale proceeds with the Hon'ble Court. The matter is still pending. Further, the Lender Institutions have initiated proceeding at NCLT against the associate, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT on 21.08.2018.

Considering the above circumstances, the non-provision of the balance amount of Rs. 3.51 crores has resulted in the loss being shown lower by Rs. 3.51 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount.

- iii. Refer Note 15 where inventory includes Rs. 0.05 Crores at Mumbai Branch, which has not been written down to its realizable value though the Parent Company has discontinued this line of business for the past 3 years.

Considering the above circumstances, loss for the year is understated by Rs. 0.05 Crores, with consequential effect on 'Retained earnings' by the same amount and overstatement of 'inventories' by Rs. 0.05 Crores.

- iv. Refer note no. 38(ii), "Contingent Liabilities", which includes an amount as shown as a contingent liability Rs. 4.98 Crores against which the Parent Company has not provided firm liability though the Parent Company has lost the court case at the first level of adjudication.

- v. Refer note 12 & 55, the Parent Company has Deferred Tax Asset of Rs. 86.49 Crores, however there is no virtual certainty of profits in the future considering the high value of contingent liabilities, significant decrease in the sales value and negative

result of matter above, loss for the year is understated by Rs. 86.49 Crores, with consequential effect on 'Retained earnings' by the same amount and overstatement of assets.

- vi. Refer note no 38.3, for non-provision of a demand of Rs 132.32 Crores received from Land and Development Office - New Delhi, which has resulted in understatement of loss by Rs. 132.32 Crores and understatement of liabilities of the Parent Company.

With respect to the Subsidiary Company

- vii. The Company has not provided interest from FY 2018-19 onwards on Cash Credit and Packing Credit advances availed from the consortium of banks on the ground that the prevailing rate of interest is low in comparison to interest provided in earlier years and confirmation of balance from the banks has not been received by the company. Due to non-provision of interest, the loss has been understated by Rs 1,665.89 Crores with consequential reduction in bank liabilities. However, the company has shown the above amount as a contingent liability in the notes to accounts (Note No. 38.16.)

b. The Group has not complied with:

- i. Ind AS 40 (regarding Fair Value Measurement of Investment Property) by not performing fair valuation of investment property as on balance sheet date. (refer foot note of note no.6)
- ii. Ind AS 21 (regarding Effects of Changes in Foreign Exchange) by not revaluing the carrying amounts, in most cases, of foreign currency receivables and payables which are under litigation/disputed. (refer note no. 58)
- iii. Ind AS 109, (regarding impairment of financial assets and recognition of expected credit loss) by not making credit impairment on undisputed trade receivable of Rs. 164.64 crore. The impact of the same is not ascertainable (refer note no 9).
- iv. Ind AS 116, (regarding Leases) by not ascertaining the carrying value of leasehold properties in case of Jawahar Vyapar Bhawan, Malviya Nagar Housing Colony and Agra Office. Due to unavailability of the lease period in these cases impact of the same is not ascertainable (refer note no 4).
- v. Ind AS 16, (regarding Revaluation of Property Plant and Equipment) by not complying with the requirement of the Revaluation. Accordingly, the balance of the Revaluation Reserve is overstated by Rs. 14.33 Crores which is subject to the Fair Valuation, yet to be performed by the Company. (refer note no 4 & 19).

c. The impact of the following is not ascertainable:

- i. Note No 20 and 55 where the Parent Company owed substantial amount to the bank for which lender banks initiated the action of recovery by filing O.A. No. 148/2019 before DRT on 18/02/2019. However, subsequently Syndicate Bank (now Canara Bank), one of the constituent

lender also filed insolvency petition in NCLT under section 7 of the IBC Code, 2016, on 21/02/2019. In response to the above action by Bank, company for the settlement of its debt payable to the bank offered One Time Settlement (OTS) vide letter dated 20/03/2019 to which Syndicate Bank (now Canara Bank-the lead banker) responded on 22/05/2019 giving a counter offer of settlement of which principle terms, inter alia, were as under: -

- Payment of Rs. 1100 Crores immediately.
- Payment of Rs. 300 Crores by sale of STC immovable properties.
- Balance amount of Rs. 506.24 Crores by assigning 50% of realized trade receivable within 5 years from 1st Jan 2019.

Syndicate Bank (now Canara Bank) by their offer dated 22/05/2019 proposed to sign MOU not later than 30/06/2019. Syndicate Bank (now Canara Bank) also confirmed vide letter dated 22/05/2019 that as part of settlement, Rs. 900 Crores were already received from STC and balance amount of Rs. 200 Crores were to be remitted, based on balances arrived on 31/12/2018. On verification of documents, it is found that Rs. 200 Crores were remitted on 27/05/2019 but without executing any MOU and till date revised MOU/OTS Agreement, if any, has not been executed.

Based on the information and explanations provided to us, in our opinion, non-execution of MOU/OTS Agreement to bind the banker in terms of final settlement is a lapse on the part of the company. Such irregularity may lead to uncalled for enquiries later on with regard to non-execution of MOU to bind the bankers in terms of final settlement.

Further, subsequently a meeting was held on 29/08/2019 under the Chairmanship of Hon'ble Minister, Commerce & Industry, regarding settlement of dues of PEC and STC. PEC is an unlisted company 100% owned by Government whereas STC is a listed company, listed with Bombay Stock Exchange and National Stock Exchange and as on date of our report 10% of shares are held by the public at large and remaining 90% is held by the Central Government. As per minutes of the meeting held on 29/08/2019 and communicated by letter dated 09/09/2019 by Under Secretary, Govt. of India, it was resolved that since PEC does not have meaningful assets to pay its present outstanding except certain flats /homes having value approximately of Rs. 10 Crores therefore in order to repay debt of PEC of Rs 1390.01 Crores so that public sector bank do not suffer, a decision was taken in the meeting to sell/transfer Jawahar Vyapaar Bhawan, New Delhi, an immovable property owned by the STC, after due process of taking exemption from Land & Development office, the lessor of the plot of land on which Jawahar Vyapaar Bhawan is constructed,

title will be transferred and lender bank will dispose off the properties in transparent manner. It was further decided that Syndicate Bank (now Canara Bank) will revise the agreement of OTS with STC and include PEC in its ambit so as to swiftly conclude the full and final settlement of pending dues of these companies to banks.

The meeting under the Chairmanship of Hon'ble Minister, Commerce & Industry also decided that Government was going to close down STC and PEC.

Based on minutes of the meeting dated 29/08/2019, Syndicate Bank (now Canara Bank) vide letter dated 11/10/2019 communicated about the opinion that they have obtained from their counsel namely M/s Cyril Amarchand Mangaldas about possible way out to save the payment of stamp duty on transfer / assignment of Jawahar Vyapaar Bhawan through binding agreements in favor of buyer.

Thereafter, an opinion has been sought by the company from M/s Shardul Amarchand Mangaldas wherein they have opined, inter-alia, that merger with any other profitable company namely MMTC could be another option, other than closer.

We have been informed that NCLT proceedings have been withdrawn by Syndicate Bank (now Canara Bank) but the DRT withdrawal process is still pending. In the Consortium meeting held at Stressed Asset Management branch, Delhi of the Syndicate Bank (now Canara Bank) on 13.01.2020, it was unanimously suggested by the Lenders that instead of withdrawing the case from DRT, possibility may be explored to obtain a consent decree based upon the broad settlement arrived during the high level meeting dated 29.08.2019.

Further we have not been provided any document to substantiate that the Company has countered the claim of the consortium banks to takeover Jawahar Vyapaar Bhawan for settlement of liabilities pertaining to the PEC Limited, where as it is understood that the Company has instead started the process of clearing the title deed of Jawahar Vyapaar Bhawan from L&DO so that transfer can be executed in favor of the Bank.

Considering the provisions of the Companies Act, 2013, and the fact that 10% shareholding of STC is held by public at large, the decision of Ministry of taking over the liability of PEC amounting to Rs 1,390.01 Crores by STC in the meeting held on 29/08/2019 are in contravention to section 180 and 186 of the Companies Act, 2013, and would also be prejudicial to the interest of the minority shareholders which is public at large because STC by taking the liability is not gaining in any manner and this will also be contrary to the settled accounting principles because the liability is being fastened on the company without any

corresponding asset. We are of the considered opinion that the decision taken in the meeting held on 29/08/2019 and insistence of the bankers to sell/transfer the Jawahar Vyapaar Bhawan for settlement of remaining liabilities of the Company along with PEC's debts in the consortium meeting held on 13.01.2020 is prejudicial to the interest of the minority shareholders and is taken without following due process of law, is not in the interest of the company and its members and is also contrary to the corporate structure envisaged under the provisions of the Companies Act, 2013. Such decision taken, without the consent of the shareholders, firstly by not convening meeting of the members is also affecting adversely the fundamental of the company being its ability to continue as a going concern.

- ii. Refer note no. 54 for non-availability of confirmation of balances of certain receivables and payables (including certain direct & indirect taxes).
- iii. Refer foot note no. (b) of note no 4 for non-adjustment of value/area in Fixed Assets Register against areas acquired by DMRC for construction of Metro Station & by L&DO for widening of the Road during Asian Game, as well as the flats/area of land sold by the company to HHEC for its Housing colony.
- iv. Refer note no. 9, 11 & 39 for not making credit impairment of trade receivables Rs. 973.19 Crore & Claim Receivables Rs. 6.78 Crore, making a total of Rs. 979.97 crore since the company feels that even if no amount would eventually be recovered, provision is not required as the creditor will be paid by the company only to the extent the amount is realized against such trade receivables, though in most of the cases agreements are not tripartite.

Further in case of M/s Rajat Pharmaceuticals Ltd (RPL) who drew bills of exchange on STC which were accepted upon receipt of overseas buyer's pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payments against the export bills and have gone into liquidation. A sum of Rs.527.86 crores has been admitted by the liquidator of one of the foreign buyer's i.e. Loben Trading Co. Pte. Ltd, Singapore. A Decree of Rs 62.47 Crs. approx. has been passed by Hon'ble Bombay High Court in favour of STC against the dues from another foreign buyer i.e Sweetland Trading Pte Ltd., Singapore. As of current date, RPL has gone into liquidation and official liquidator is appointed by Hon'ble High Court Bombay. The matter is also under investigation by CBI. Banks & Financial institution have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 476.47 Crore.

Further refer to note 39, "Major Legal Cases (Trade Receivables)", for matters other than RPL, as all these matters are sub-judice and/or under investigation of CBI we are unable to

comment upon the same.

- v. Refer foot note to note no. 24, Customer at credit includes amount payable to U.P. Government amounting to Rs 6.03 Crores. As informed by the Branch management, Branch has made various other claims on U.P. Government and accordingly dues of Rs. 39.11 Crores is recoverable from U.P. Government for which debit note dated March 10, 2014 was raised. However, the said claim was not recognised in the financial statements of the branch till date, as its ultimate collection was not certain. In absence of information on acceptability of the said claim by UP Government, we are unable to ascertain its possible impact, if any, on the financial statement of the Company.

As a result of matters contained in paras (a) (i) to (vii) above, loss for the year is understated by Rs. 1,897.16 Crores, with consequential effect on 'Retained earnings' by the same amount, understatement of 'liabilities' by Rs. 1,807.11 crore and overstatement of claim recoverable by Rs. 90.05 crore.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for opinion (including the basis for the qualified opinion).

Emphasis of Matters:

- a. Refer note 38(ii), "Contingent Liabilities which includes an amount of Rs. 1.30 Crores in respect of pending sales tax liability. The Company has not complied in carrying out corrective actions as suggested by Government Audit Party (GAP) for F.Y. 2014-15 in the accounts as on 31st March, 2016 and for F.Y. 2015-16 in the accounts as on 31st March, 2017 amounting to Rs. 0.19 Crores and Rs. 1.11 Crores respectively.
- b. In respect of litigation matters, their present status and provisioning, if any, required and on-going investigations into the alleged irregularities; further, the Company's past operations have exposed it to the risk of extensive litigation and contractual claims from third parties with increased litigation costs not fully provided for. Due to the range of potential outcomes and the significant uncertainty around the resolution of various claims, the amount of ultimate liabilities, if any, to be

recorded in the financial statements as a provision is not ascertainable and hence it is concluded that it was appropriate to include an Emphasis of Matter related to these uncertainties.

- c. Refer note no 48(a) wherein one of the Investment, "NSS Satpura Agro Development Company Limited", of the Company in the Financial Statement has a status of "striked-off" as per the data available at the Ministry of Corporate Affairs. The impact, though immaterial, of the same hasn't been undertaken by the Company in its Financial Statement.

With Respect of the Subsidiary Company

- i. Balances in the accounts of Trade Receivable, Trade Payables, Business Associates and Other Creditors are under litigation and no confirmation has been received from the parties.
- ii. Attention is drawn to Note No. 20 of the Notes to financial statements which states that, Interest payable of Rs. 3,378.30 Crores on the principal amount due to the banks is arrived on the basis of the interest rates disclosed in the Debt Recovery Tribunal application filed by banks. No Interest provision have been made by the company for the current financial year on the ground that the prevailing rate of interest is too low in comparison to interest provided in earlier years and Confirmation of Accounts has not been received from the banks.
- iii. Attention is drawn to Notes to financial statements which states that, in cases where the Company has made provision for Doubtful Debts, no further interest/addition margin of profit is recognized after they have been classified as doubtful debts. Rs 1.53 Crores has been received from these parties during the year. As full provision has already made earlier, the same has been credited to Profit & Loss Account by reducing the provision. Only after the full receipt of the balance outstanding as per books, the interest/additional margin of profit will be recognized on cash basis.
- iv. Attention is drawn to Note No. 38 where it is mentioned that the Company has made provision for payment of interest as per the claim made by the consortium banks in the DRT up to 20.07.2011 and further interest are provided at the rates mentioned in the DRT application by the banks. Excess interest / penal interest / liquidated damages claimed by the banks as shown in their balance confirmation certificate amounting to Rs. 165.84 Crores (included in Note 38) has been shown under contingent liability. However, the contingent liability as shown in Notes consists only of those banks who have given their balance confirmation certificate.
- v. Attention is drawn to Foot note to Note 20 of Notes to Financial Statements which states that, the total liability to banks along with interest amounting to Rs. 4,563.55 Crores is payable to consortium of seven banks and UCO

Bank in respect of devolved LCs/Packing credits since 2008-09. Confirmation of outstanding interest has not been received from the banks. The Company has considered interest payable as claimed at the rates disclosed in their DRT application filed by UCO Bank and consortium of other Banks. Cash credit/short term loan is as per the DRT (Debt Recovery Tribunal) application filed by consortium of seven banks and UCO Banks on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO Bank. The Company has created pari-passu charge on current assets in favor of the banks and also surrendered the documents of immovable property situated at Chhindwara (3.239 hectares), Byadgi (5Acres), Siddapura (2.20 acres) and Madikeri (0.50 acres) in favor of the Bankers. In view of the immovable properties of STCL given as security, an estimated amount of Rs. 1.83 Crores out of the total advances can be considered as secured. The consortium of bank and UCO Bank have filed cases separately against the Company with the DRT, wherein with regard to UCO Bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of Rs. 148.18 Crores, however, the Company has challenged DRT order at DRAT, Chennai. The banker has also issued notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act, 2002. Further based on the above, the bankers have issued two Possession Notices one on 26.10.2011 on Factory Land and Building located at Byadagi and another on 17.11.2011 on Factory Land and Building located at Chhindwara, Madhya Pradesh. Further consortium of bank led by SBI have taken the physical possession of land, building and plant and machinery at Byadagi and Chhindawara.

- vi. Attention is drawn to Note No. 8 of the Notes to financial statements with respect to investment in Shares of NSS Satpura Agro Development Corporation Ltd., which states as follows:
The Joint Venture Company has incurred losses and its cumulative losses is Rs. 0.30 upto 31st March 2013 and details of subsequent period are not available, the Company has written off Rs. 0.08 Crores towards permanent diminution in its investment value up to earlier years. The audited financial statements of NSS Satpura are not available for the subsequent periods. The Company Board approved in its 142nd Board Meeting held on 24.10.2013 for withdrawal from the Joint Venture Company NSSADCL.
- vii. Attention is drawn to Note. No. 38.14 which states that, subsequent to filing of arbitration petition of M/s Shiva Shankar Minerals Private Limited against STCL and on completion of arbitration process, Rs. 6.07 Crores including legal fees of Rs. 0.27 Crores was awarded in favour of M/s Shiva Shankar Minerals Private Limited, STCL has filed an appeal against the arbitration award which is pending before the City Civil Court, Bangalore.
- viii. Attention is drawn to Foot note to Note No. 20, Cash credit advance from the bank are secured by paripasu charges over the assets of the company.

The Consortium of Lenders has taken over the symbolic possession of the assets of the company during the year 2011-12 and initiated legal proceedings against the company for recovery of dues. The legal proceedings are pending before the DRT. Subsequently during the year Consortium of the bankers has taken over the physical possession of the assets and initiated the proceedings of auction under the provisions of SARFAESI ACT, 2002. However, the value at which the banks are likely to auction/receive the bids for the above assets are not known at this point of time. Hence company has reduced the value of assets at book value and also reduced the same from borrowings to Consortium of banks.

- ix. Attention is drawn to Foot note to Note No. 20, Grant has been received from VITC (Visvesvaraiya Industrial Trade Centre) under ASIDE Scheme amounting Rs.1.20 Crores for Export Promotion during the year 2006-07 towards Chilly Processing Centre-Byadgi. Grant in Aid has been received amounting to Rs. 6.29 Crores during the year 2008-09, for Steam Sterilization plant at Chinddawara. The company has amortized depreciation on assets for which grants were received, at WDV method and has reduced the same from the grants. However, during the year end no grants has been amortized since the possession of such assets for such grant availed has been taken over by the consortium of lenders.
- x. Due to non-availability of conditions relating to disposal or compulsory acquisition, we are unable to opine on the treatment given by the company in the financial statement on the un-amortized portion of grant to the tune of Rs. 1.10 Crores.
- xi. Company has treated the Service Tax Credit Receivable of Rs. 0.14 Crores and VAT credit Receivable of Rs. 0.08 Crores as current asset. however as per section 140 of CGST Act, 2017, time limit for claiming the input tax credit as transitional credit under earlier tax regime has been expired. Hence company cannot claim the said input tax receivable under GST.
- xii. The company has shown the bank balances in the financials for which the statements are not available to verify the correctness of the balances. Hence the balances of the following bank accounts are subject to confirmation from banks.

| Bank Accounts | Bank balances as shown in financials as at 31.03.2020 (in Rs.) |
|---------------------------------------|--|
| UBI BODI – 29231 | 1,00,118 |
| Syndicate Bank- Bydagi-12083074973 | 3,860 |
| Indian Bank- Chennai-CA-758100344 | 14,818 |
| Union Bank of India- 00042-EEFC | 75,410 |
| Union Bank of India- 00052-EEFC | 27,758 |
| HDFC Bank-KOC- 5202320001163 | 1,00,336 |

Our opinion is not modified in respect of these matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Accuracy of recognition, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from contracts with customers" (new revenue accounting standard)

The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over the period. Additionally, new revenue accounting standard contains disclosures which involve collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

Principal Audit Procedures followed:

We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.

Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- Evaluated design of internal control relating to the implementation of the new revenue accounting standard.
- Selected sample for continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls.
- Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.
- Selected a sample of continuing and new contracts and performed the following procedures:
 - Read, analyzed and identified the distinct performance obligations in these contracts.
 - Compared these performance obligations with these identified by the company.
 - Considered terms of the contract to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.
 - Samples in respect of revenue were tested with

the performance obligations specified in the underlying contracts.

- Performed analytical procedures for reasonableness of revenue disclosed by type and service offerings.
- We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

2. Evaluation of uncertain tax position :

The company has uncertain material tax provisions including matters under dispute which involves significant judgment to determine the possible outcomes of these disputes.

Principal Audit procedures followed:

We evaluated management's judgment of tax risks, estimates of tax exposures and contingencies by testing the design implementation and operating effectiveness of the related controls. We obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. We involved in the detailed discussions with the management for underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our team also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties.

3. Adoption of Ind AS 116 – Leases:

The Company has adopted Ind AS 116 Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the Company has a large number of leases with different contractual terms.

Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition. Refer Note 3.6 and Note 4 to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of

the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, board of directors of the group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements of 1 subsidiary, whose financial statements reflect total assets of Rs.6.58 Crore as at 31st March, 2020, total revenues of Rs.0.21 Crore and net cash flows amounting to Rs.0.37 Crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements:

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

- i. We have sought and obtained all the information and explanations, except for the matters referred in "Basis for Qualified Opinion", which to the best of our knowledge and belief were necessary for the purposes of our audit
- ii. In our opinion, proper books of account as required by law have been kept by the group, except for the matters referred in "Basis for Qualified Opinion", so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- iii. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of accounts maintained for the purpose of Consolidated Ind AS financial Statements.
- iv. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards, except for the matters referred in "Basis for Qualified Opinion", specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- v. The going concern matter described under "Material uncertainty in relation to Going Concern" paragraph above, in our opinion, may have an adverse effect on the functioning of the company. Further, the Subsidiary Company is in the process of winding up, the issue as to whether an observation or comments of the auditor have any adverse effect on functioning of the subsidiary company does not arise.
- vi. We have been informed that the provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the Company, being a Government company in terms of notification no. G.S.R.463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India;
- vii. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- viii. As informed, the provisions of Section 197 relating to managerial remuneration are not applicable to the Company, being a Government Company, in terms of MCA Notification no. G.S.R. 463 (E) dated 5th June 2015.
- ix. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements, refer note 38 & 39 to the financial statements.
 - b. The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - c. No case is identified for delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund (IEPF) by the Company during the period under review.

For and on behalf of
HDSG & Associates
Chartered Accountants
Firm Reg. No. 002871N

Arun Saini
Partner
M.No. 082070
Place: New Delhi
Date: 20.07.2020
UDIN: 20082070AAAAAL4980

**“Annexure A” to INDEPENDENT AUDITOR’S REPORT
The State Trading Corporation of India Ltd,
New Delhi**

Referred to Clause (vii) of Paragraph 2 under the heading of “Report on other Legal and Regulatory Requirements” of our report of even date on Consolidated Financial Statements for the year ended 31st March 2020

We have audited the internal financial controls over financial reporting of The State Trading Corporation of India Limited (“the Company”) as on 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Respective Board of Directors of Holding and Subsidiary Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks

of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting (IFCFR)

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

With respect to Parent Company, following material weaknesses have been identified as at 31st March, 2020

- i. Company is maintaining Accounts in Tally ERP Software. However, the Tally ERP Software on which accounts are being maintained by the Branches and Divisions are not integrated/ interfaced with the each other or with the server at Head office. Further, Inventories and Consumables, except for Bullion, are not being maintained on the Tally ERP, instead it is maintained manually.

Further, company is maintaining “Performance Management System”, Payroll Software and “Leave Management System” which are not interfaced with each other as well as the accounting software.

As a result of above, Manual Accounting entries are being made on periodical basis in the Tally ERP Accounting software, and consolidation of the Financial Statements/Accounts of various Branches and Divisions which are made in MS-Excel.

- ii. Lack of control over release of advance to parties 'in-comparison with the targeted performance / milestone to be provided by the parties. For Instance, in the case of installation of 5 Lifts, advance given by the company against all the 5 lifts, out of which 4 lifts are still under installation even after long delay from the scheduled date.
- iii. Lack of effective Internal control over inventory pledged with the company as in most of the cases periodic physical verification reports have not been submitted by the parties and in certain cases parties are not allowing STC to conduct the physical verification.
- iv. In certain cases, reconciliations of receivables & payables are pending since long. As informed to us Bankers got receivable audit done during the year under audit, the report of which has not been shared with us. Thus, the impact of same is neither considered nor verifiable.
- v. With respect to Bangalore branch of the Company, the Branch auditor has reported for the inadequate internal audit system, weakness in the system of customer acceptance, credit evaluation and establishing customer credit limits, inventory management, safeguarding of assets including execution of conveyance of immovable properties/lease agreements and assets lying in flats assigned to employees needs to be strengthen and other related controls are not in place.
- vi. Lack of Control over legal expenses due to non-maintenance of proper records showing case wise and advocate wise details.
- vii. Delay in replying to the comments of the internal auditor as mentioned in his Audit Report.
- viii. Manner of maintenance of the Fixed Asset Schedule and Register to be strengthened
- ix. Non-availability of requisite information and documentations in respect of old outstanding security deposits, EMDs, advances and other deposits received and paid.
- x. Lack of control over the renewal of Rent/lease Agreements on timely basis.
- xi. Lack of control over contingent liability and contingent assets due to non-maintenance of proper records showing fact of the case, latest status of the case and probability of expected outcome in the opinion of management.

With respect to Subsidiary Company, following material weaknesses have been identified as at 31st March, 2020

- i. The Company did not have appropriate Internal control with respect to reconciliation of Trade Receivables, Trade Payables, other creditors and Business Associates, which could result in the material misstatement in books of accounts.
- ii. The lease rent of steam sterilization unit located in Chindwara, Madhya Pradesh was terminated on 03.02.2018 w.e.f. 31.01.2015 due to non-performance. The Company has initiated legal process for recovery of its dues.
- iii. The Board of Directors of the Company had delegated certain powers to the managing director of the company vide 107th board resolution dated

27th January, 2006. However, no review of the same has been made subsequently till date. Presently, a General Manager is looking after the activities of the Company and reporting to the board of Directors of the Company.

- iv. The company has not provided interest during the year on Cash Credit and Packing Credit advances availed from the consortium of banks on the ground that the prevailing rate of interest is low in comparison to interest provided in earlier years and confirmation of balance from the banks has not been received by the company. Due to non-provision of interest, the loss has been understated by Rs 1,665.89 with consequential reduction in bank liabilities.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, the Parent Company & one of its Subsidiary has, except for effects of the material weaknesses described above on achievement of the objectives of the control criteria, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have, to the extent possible, considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 Ind AS financial statements of the Group, and these material weaknesses are not likely to affect our opinion on the financial statements of the Group.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is the company incorporated in India, is based on the corresponding reports of the auditor of such subsidiary company.

For and on behalf of
HDSG & Associates
 Chartered Accountants
 Firm Reg. No. 002871N

Arun Saini

Partner

M.No. 082070

Place: New Delhi

Date: 20.07.2020

UDIN: 20082070AAAAAL4980

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(₹ Crore)

| Particulars | Note No | As at March 31, 2019 | As at March 31, 2018 |
|--|---------|----------------------|----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, Plant and Equipment | 4 | 584.02 | 596.40 |
| (b) Capital work-in-progress | 5 | 0.45 | 0.37 |
| (c) Investment property | 6 | 302.68 | 307.44 |
| (d) Other intangible assets | 7 | 0.01 | 0.02 |
| (e) Financial Assets : | | | |
| (i) Investments | 8 | 0.01 | 0.01 |
| (ii) Trade receivables | 9 | 966.85 | 967.02 |
| (iii) Loans | 10 | 5.90 | 6.91 |
| (iv) Other Financial Assets | 11 | 54.77 | 19.78 |
| (f) Deferred tax assets (net) | 12 | 86.49 | 86.49 |
| (g) Other non-current assets | 14 | 6.33 | 6.46 |
| Sub total | | 2,007.51 | 1,990.90 |
| Current Assets | | | |
| (a) Inventories | 15 | 0.22 | 0.16 |
| (b) Financial Assets : | | | |
| (i) Trade receivables | 9 | 171.09 | 120.85 |
| (ii) Cash & cash equivalents | 16 | 26.10 | 124.12 |
| (iii) Bank Balances other than (ii) above | 17 | 23.44 | 3.72 |
| (iv) Loans | 10 | 14.73 | 2.39 |
| (v) Other Financial Assets | 11 | 216.42 | 521.89 |
| (c) Tax Assets (Net) | 13 | 32.89 | 28.19 |
| (d) Other Current Assets | 14 | 6.88 | 15.50 |
| (e) Other non current assets held for disposal | | 0.01 | 0.01 |
| Sub total | | 491.78 | 816.82 |
| Total Assets | | 2,499.29 | 2,807.72 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share Capital | 18 | 60.00 | 60.00 |
| (b) Other Equity | 19 | (4,686.59) | (4,573.26) |
| Sub total | | (4,626.59) | (4,513.26) |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 20 | 1,182.72 | 1,185.25 |
| (ii) Trade payables -MSME | | - | - |
| (iii) Trade payables -Others | 21 | 989.09 | 991.18 |
| (iv) Other Financial Liabilities | 22 | 36.89 | 36.42 |
| (b) Provisions | 23 | 113.49 | 109.40 |
| (c) Other non-current liabilities | 24 | 7.17 | 8.47 |
| Sub total | | 2,329.36 | 2,330.72 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 20 | 806.23 | 1,024.24 |
| (ii) Trade payables -MSME | | - | - |
| (iii) Trade payables -Others | 21 | 198.30 | 185.95 |
| (iv) Other Financial Liabilities | 22 | 3,671.31 | 3,692.66 |
| (b) Provisions | 23 | 55.08 | 23.87 |
| (c) Other current liabilities | 24 | 65.60 | 63.54 |
| Sub total | | 4,796.52 | 4,990.26 |
| Total Equity and Liabilities | | 2,499.29 | 2,807.72 |

Significant Accounting Policies and the accompanying notes 1 to 62 form an integral part of accounts.

**As per our report of even date attached
For HDSG & Associates**
Chartered Accountants
Firm Reg. No. 002871N

**Sd/-
(ARUN SAINI)**
Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

**Sd/-
(RAJIV CHOPRA)**
Director (Marketing)
with additional charge of CMD
DIN -06466326

**Sd/-
(ROOMA NAGRATH)**
GM-F & CFO

**Sd/-
(VIPIN TRIPATHI)**
Company Secretary
ACS -29378

CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

(₹ Crore)

| Particulars | Note No | As at March 31, 2019 | As at March 31, 2018 |
|--|-----------|----------------------|----------------------|
| Income | | | |
| i) Revenue from Operations | 25 | 2,936.74 | 8,903.44 |
| ii) Other Income | 26 | 78.28 | 109.66 |
| Total Income | | 3,015.02 | 9,013.10 |
| Expenses | | | |
| i) Cost of materials consumed | 27 | - | - |
| ii) Purchases of Stock in trade | 28 | 2,927.06 | 8,886.81 |
| iii) Change in Inventory | 29 | (0.10) | 0.02 |
| iv) Employees' Benefit Expenses | 30 | 82.44 | 101.34 |
| v) Finance Cost | 31 | 7.27 | 155.59 |
| vi) Depreciation & Amortization Expenses | 32 | 15.50 | 15.46 |
| vii) Other Expenses | 33 | 22.75 | 38.45 |
| Total expenses | | 3,054.92 | 9,197.67 |
| Profit before exceptional items and tax | | (39.90) | (184.57) |
| Exceptional Items -Expense/(Income) | 34 | 74.19 | 714.49 |
| Profit Before Tax | | (114.09) | (899.06) |
| Tax expense | 35 | | |
| (i) Tax related to earlier years | | - | (16.04) |
| (ii) Current Tax | | - | - |
| Profit for the Year from continuing operations | | (114.09) | (883.02) |
| Profit from discontinued operations after tax | | - | - |
| I Profit for the Year | | (114.09) | (883.02) |
| II Other Comprehensive Income | | | |
| i) Items that will not be reclassified to profit or loss | | | |
| - Remeasurements of the defined benefit plans | | 0.79 | 3.40 |
| Less: Income Tax on Above | | - | 1.78 |
| ii) Items that will be reclassified to profit or loss | | | - |
| Other Comprehensive Income | | 0.79 | 1.62 |
| Total Comprehensive Income for the Year | | (113.30) | (881.40) |
| Earnings per equity share : | | | |
| (1) Basic | | (18.88) | (146.90) |
| (2) Diluted | | (18.88) | (146.90) |

Significant Accounting Policies and the accompanying notes 1 to 62 form an integral part of accounts.

As per our report of even date attached
For HDSG & Associates

 Chartered Accountants
 Firm Reg. No. 002871N

(ARUN SAINI)

 Partner
 M. No. 082070
 Place: New Delhi
 Dated: 20.07.2020

Sd/-
(RAJIV CHOPRA)

 Director (Marketing)
 with additional charge of CMD
 DIN -06466326

Sd/-
(ROOMA NAGRATH)
 GM-F & CFO

Sd/-
(VIPIN TRIPATHI)

 Company Secretary
 ACS -29378

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ Crore)

| Particulars | For the year ended March 31, 2020 | | For the year ended March 31, 2019 | |
|---|--------------------------------------|-----------------|--------------------------------------|-----------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | | | |
| Net Profit /(Loss) Before Tax | | (114.09) | | (899.06) |
| Adjustment for: | | | | |
| -Interest on loans | - | | 155.49 | |
| -Depreciation | 15.51 | | 15.46 | |
| -Net write back of Debts/Advances/claims/Liabilities/Assets | (30.02) | | 628.06 | |
| -Income/Expenditure relating to let out property | (41.31) | | (41.41) | |
| - Interest Income on fixed deposits/Investments | (28.06) | | (17.85) | |
| -Loss on sale of asset | 0.01 | | 0.03 | |
| -Amortisation of grants | - | | (0.20) | |
| -Profit on sale of assets | (0.02) | (83.89) | (0.10) | 739.48 |
| Operating Profit Before Working Capital Changes | | (197.98) | | (159.57) |
| Adjustment for: | | | | |
| -Trade and other receivables | | (86.91) | | 1,587.57 |
| -Inventories | | (0.06) | | 0.09 |
| -Trade and other payables | | (168.95) | | (39.16) |
| Changes In Working Capital | | (453.90) | | 1,388.93 |
| Income Tax Paid | | 4.70 | | (18.12) |
| Net Cash Generated/Used In Operating Activities (A) | | (449.20) | | 1,370.81 |
| B CASH FLOW FROM INVESTING ACTIVITIES: | | | | |
| -Purchase of Fixed Assets | | (0.14) | | (0.65) |
| -Sale of Fixed Assets | | 0.02 | | 0.76 |
| -Proceeds Received from T-Bills/Deposits | | 306.66 | | (32.73) |
| -Interest received | | 28.06 | | 17.84 |
| -Let out properties (net) | | 41.31 | | 41.41 |
| Net Cash From Investing Activities (B) | | 375.91 | | 26.63 |
| C CASH FLOW FROM FINANCING ACTIVITIES : | | | | |
| -Increase in loans | | (200.00) | | (745.34) |
| -Interest Paid | | - | | (155.49) |
| Net Cash From Financing Activities (c) | | (200.00) | | (900.83) |
| Net Increase/Decrease In Cash And Cash Equivalents (A+B+C) | | (273.29) | | 496.61 |
| Reconciliation of Cash & Cash Equivalents | | | | |
| Closing Cash & Bank Balances as per Balance Sheet | | 244.50 | | 517.78 |
| Opening Cash & Bank Balances as per Balance Sheet | | 517.78 | | 21.17 |
| Cash & Bank Balances as per Cash Flow Statement | | (273.28) | | 496.61 |
| Cash & cash equivalents as per Balance Sheet | | 244.50 | | 630.94 |
| Less : Non readily convertible Bank Deposits | | 218.36 | | 506.82 |
| Cash & cash equivalents as per cash flow statement | | 26.11 | | 124.12 |
| Cash & cash equivalents includes unpaid dividend | | 0.03 | | 0.05 |

* Refer note no. 11, 16 & 17

Significant Accounting Policies and the accompanying notes 1 to 62 form an integral part of accounts.

**As per our report of even date attached
For HDSG & Associates**

Chartered Accountants
Firm Reg. No. 002871N

(ARUN SAINI)

Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

Sd/-
(RAJIV CHOPRA)

Director (Marketing)
with additional charge of CMD
DIN -06466326

Sd/-
(ROOMA NAGRATH)
GM-F & CFO

Sd/-
(VIPIN TRIPATHI)

Company Secretary
ACS -29378

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(i) Equity Share Capital (₹ Crore)

| Particulars | No. of shares (in Crore) | Face Value (₹) | Amount |
|---|--------------------------|----------------|--------------|
| Balance as at April 1, 2018 | 6.00 | 10.00 | 60.00 |
| Changes in share capital during 2018-19 | - | - | - |
| Balance as at March 31, 2019 | 6.00 | 10.00 | 60.00 |
| Changes in share capital during 2019-20 | - | - | - |
| Balance as at March 31, 2020 | 6.00 | 10.00 | 60.00 |

(ii) Other Equity

| Particulars | Reserves and Surplus | | | | | | Total |
|---|----------------------|-----------------|-------------------|----------------|---------------|---------------------|-------------------|
| | General Reserve | Capital Reserve | Retained Earnings | Other Reserves | Bonus Reserve | Revaluation Reserve | |
| Balance at April 1, 2018 | 65.54 | 2.50 | (4,656.71) | 10.85 | - | 885.96 | (3,691.86) |
| Total Comprehensive Income for the year | - | - | (881.40) | - | - | - | (881.40) |
| Transfer to Bonus Reserve (Set on) | - | - | - | - | - | - | - |
| Transfer from Bonus Reserve (Set off) | - | - | - | - | - | - | - |
| Adjustments | 0.05 | - | - | - | - | (0.04) | - |
| Balance at March 31, 2019 | 65.59 | 2.50 | (5,538.12) | 10.85 | - | 885.92 | (4,573.26) |
| Total Comprehensive Income for the year | - | - | (113.30) | - | - | - | (113.30) |
| Transfer to Bonus Reserve (Set on) | - | - | - | - | - | - | - |
| Transfer from Bonus Reserve (Set off) | - | - | - | - | - | - | - |
| Adjustments | (0.06) | - | (0.02) | - | - | 0.05 | (0.03) |
| Balance at March 31, 2020 | 65.53 | 2.50 | (5,651.44) | 10.85 | - | 885.97 | (4,686.59) |

**As per our report of even date attached
For HDSG & Associates**

Chartered Accountants
Firm Reg. No. 002871N

(ARUN SAINI)

Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

Sd/-
(RAJIV CHOPRA)
Director (Marketing)
with additional charge of CMD
DIN -06466326

Sd/-
(ROOMA NAGRATH)
GM-F & CFO

Sd/-
(VIPIN TRIPATHI)
Company Secretary
ACS -29378

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS 2019-20

1. Corporate Information :

The State Trading Corporation of India Ltd. (STC) is a listed entity incorporated in India in 1956. The address of its registered office and branches are disclosed in Annual Report. These consolidated financial statements comprises of the financial statements of the Company and its subsidiary /Joint ventures. (referred to collectively as 'the Group') and group's interest in the joint ventures. The group is primarily involved in import and export of large number of bulk commodities such as rice, wheat, sugar, pulses, edible oils, fertilisers, coal, bullion, etc. It also undertakes import of mass consumption items like wheat, sugar, pulses, etc. as and when called upon by the Government to do so. STC's corporate office is at New Delhi. It has 10 branch offices spread across the country.

2. Basis of Preparation of Financial statement :

i) Statement of Compliance:

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules comply in all material aspects with the relevant provisions of the Companies Act 2013 and other accounting principle generally accepted in India.

ii) Basis of measurement:

These consolidated financial statements have been prepared under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair value or amortized cost at the end of each financial year.

iii) Critical Accounting Estimates /Judgments :

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates where necessary are recognized prospectively.

Significant areas of estimation and judgments (as stated in the respective Accounting Policies) that have the most significant effect on the Financial Statements are as follows:

- i. Impairment of Assets
- ii. Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized.
- iii. Recognition and measurement of defined benefit obligations
- iv. Measurement of Fair Values and Expected Credit Loss (ECL)
- v. Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required

to settle the taxation disputes and legal claim.

iv) Operating cycle & classification of Current & Non-Current:

The Group is in Trading Business, there is no specific operating cycle; however, 12 months period has been adopted as "the Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial liabilities and assets.

v) Functional Currency:

These consolidated financial statements are presented in Indian Rupee (INR) which is group's presentation and functional currency and all values are in nearest Crores (up to two decimal) unless otherwise stated.

vi) Basis of Consolidation:

The financial statements of subsidiary companies and joint ventures are drawn up to the same reporting date as of the Company for the purpose of consolidation.

a) Subsidiaries:

The financial statements of the Company and its subsidiary (100%) STCL limited are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows. Inter company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The carrying amount of parent's investment in subsidiary has been eliminated.

b) Associates and Joint Ventures:

Interest in associates and joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet. The investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post acquisition profit or losses of the investee in profit and loss and the group share of other comprehensive income of the investee in other comprehensive income. Unrealized gains on transactions between the groups and its joint ventures and associates are eliminated to the extent to the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

3. Significant Accounting Policies :

3.1 Property, Plant & Equipments (PPE) :

- a) The cost of an item of PPE is recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The cost of an item of PPE is the cash price equivalent at the recognition date. The cost of an item of PPE comprises:

- i) Purchase price, including import duties and non-refundable purchase taxes, after deducting tax recoverable, trade discounts and rebates.
 - ii) Costs directly attributable to bringing the PPE to the location and condition necessary for it to be capable of operating in the manner intended by management.
 - iii) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the group incurs either when the PPE is acquired or as a consequence of having used the PPE during a particular period for purposes other than to produce inventories during that period.
- b) Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing items of PPE, including day-to-day repair and maintenance expenditure, are charged to the statement of profit and loss for the period during which such expenses are incurred.
- c) Gains or losses arising from derecognition of items of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- d) The group has elected to continue with carrying value of PPE from the date of transition.

3.2 Intangible Assets

- a) Identifiable intangible assets are recognized when the group controls the asset; it is probable that future economic benefits expected with the respective assets will flow to the group for more than one economic period; and the cost of the asset can be measured reliably.
- b) Intangible assets acquired separately are measured on initial recognition at cost. Cost comprises purchase price, import duties, non-refundable purchase tax, after deducting tax recoverable, trade discount, rebate and any cost directly attributable to bringing the asset to location and condition necessary for it to be capable of operating in the manner intended by Management. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.
- c) All Intangible Assets (Computer Software's) are stated at carrying value from the date of transition.

3.3 Investment Property :

Investment Properties are properties held to earn rentals and / or for capital appreciation. Investment properties are measured initially at cost

including transaction cost, Subsequently, Investment property are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided as per policy of the group for the same. Any gain or loss on disposal is recognized in Statement of Profit & Loss.

3.4 Depreciation / Amortization :

Depreciation is provided on Straight Line Method over the useful life of assets as per Schedule II of Companies Act 2013, keeping a residual value of 5% of the original cost except for the assets mentioned below:

- i. Intangible items are depreciated / amortized over a period of 2.5 years.
- ii. Land on perpetual lease is not amortised.
- iii. In case, life has not been prescribed under Schedule II of the Companies Act, the same have been determined by technically qualified person and approved by the Board of Directors keeping a residual value of 5% of the original cost. The details of such assets & estimated useful life are as under :

| S. No. | Description of Assets | Estimated life in years |
|--------|--------------------------|-------------------------|
| 1. | Components: HVAC plant:- | |
| a) | Chiller Unit | 15 |
| b) | Piping work | 15 |
| c) | Air handling work | 10 |
| d) | Other components | 15 |

- iv. Lease hold assets are amortised over the lease period. Depreciation method, useful lives and residual value are reviewed by the management at each year end.

3.5 Impairment of Non-Financial Assets :

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased

carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3.6 Leases

W.e.f 01.04.2019, Ind AS 116 "Leases" will be applicable for accounting of leases:-

1. As a Lessee:-

a. Right to Use Asset:-

- Initial Recognition and treatment– on the date of commencement of lease, the group shall measure the right of use (ROU) asset at present value of lease payments discounted at the interest rate implicit in the lease or the incremental borrowing rate.
- Subsequent measurement and treatment- The ROU asset will be depreciated as per the depreciation requirements in Ind AS 16 Property, Plant & Equipment. If the ownership will be transferred by the group at the end of the lease term or if there is a certainty that the purchase option will be exercised by the group, the ROU asset will be depreciated over the useful life of the asset. In any other case, the ROU asset will be depreciated over the useful life of the asset or the lease term whichever is shorter. Depreciation on the ROU asset will be reflected as a charge in the profit & loss account

b. Lease Liability:-

- Initial Recognition and treatment– on the date of commencement of lease, the group shall measure the lease liability at present value of lease payments discounted at the interest rate implicit in the lease or the incremental borrowing rate.

- Subsequent measurement and treatment- The carrying amount of the lease liability will increase by the amount of interest accrued on the lease liability. The carrying amount will be reduced on account of the payments made towards the lease liability. The interest expense on lease liability, being a component of finance cost will be presented separately as a charge in the profit & loss account.

2. As a lessor:-

Lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

a. Financial lease:-

- i. Recognition of the asset- Assets held under financial lease to be presented as a receivable at an amount equal to the net investment in the lease.
- ii. Recognition of the income- Finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the group's net investment in the lease.

b. Operating lease:-

- i. Recognition of the asset- Assets held under operating lease shall have to be capitalised in the books.
- ii. Recognition of the income- The lease payments from operating leases shall have to be recognised as income on either a straight line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.
- iii. Recognition of expenses- the expenses associated with earning of lease income, like depreciation shall have to be recognised as expense.

3.7 Inventories:-

- a) Inventories are carried at lower of cost and net realizable. Cost is determined as under :
- b) Inventories are valued on yearly weighted average method except items handled on back to back basis which are valued on actual cost as per specific identification method.
- c) Goods–in-transit is valued at CIF cost.
- d) Cost of inventory comprises cost of purchases, cost of conversion and other cost incurred including manufacturing overheads net of recoverable taxes incurred in bringing them in their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and

the estimated costs necessary to make the sale. Estimates of net realisable value are based on the most reliable evidence available at the time of estimation as to the amount the inventories are expected to realize.

3.8 Revenue Recognition:-

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

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

- i. Neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained.
- ii. Significant risk and rewards of ownership of the goods have been transferred to the buyer.
- iii. The amount of revenue is measured reliably.
- iv. It is probable that the economic benefits associated with the transactions will flow to the group.
- v. The cost incurred or to be incurred in respect of transaction can be measured reliably.
- vi. If there are any trade discounts and volume rebate, with respect to revenues from the sale of products and commodities are deducted from revenues.
- vii. Revenues are measured at fair value of consideration received or recoverable.

a) Revenue from Operating Activities :

- Revenues from operating activities include revenues relating to various trading transactions in which the group is act as principal, carries commodity inventories. These revenues are mainly from sale of fertilisers, food grains, metals and other products.
- **Margins on Operating Transactions :** Margins on operating transactions also include revenue from various trading activities in which group acts as a principal or an agent. Through its trading activities, the group facilitates its customers' purchase and sale of commodities/bullion and other products and charge a fixed margin as agreed.
- The group also facilitates conclusion of the contracts between suppliers / manufacturers and customers and delivery of the products between suppliers and customers. Revenue from such activities are recognised when the contracted services are rendered / goods are supplied to third parties / customers pursuant

to the agreements.

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

i. Dividend and Interest Income

Dividend income is recognized when the group's right to receive dividend is established.

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

ii. Claims

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

iii. Revenue Recognition on Actual Realization

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

- a) Export benefits.
- b) Interest realisable from the items handled on Government account.

b. Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and Loss except to the extent of exchange difference which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalised as cost of assets. Additionally, exchange gains or losses on foreign currency borrowings taken prior to April 1, 2016 which are related to the acquisition or construction of qualifying assets are adjusted in the carrying cost of such assets.

Non-monetary items that are measured in terms of historical costs in a foreign currency are recorded using the exchange rates at the date of the transaction.

foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item. (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or Statement Of Profit and Loss are also recognised in OCI or Statement Of Profit and Loss, respectively).

c. Borrowing Costs

Finance cost include exchange differences arising from foreign currency borrowing to the extent they are regarded as an adjustment to the interest cost.

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing cost directly attributable to the acquisition & construction qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

d. Employee benefits

- i. Short term employee benefits expected to be paid are recognized at their undiscounted amount in the accounting period in which they are incurred.
- ii. Post-retirement benefits :
 - a. Defined contribution plan : Employees' benefit, under defined contribution plan comprising provident fund (administered through separate trust) and pension fund (administered through defined contribution to LIC) are recognized based on the undiscounted obligation of the group to contribute to the plan in the period in which the employee renders the related service. The same is paid to funds administered through separate Trust.
 - b. Defined Benefit plan:
 - i) Provision for gratuity, leave encashment and half pay leave are determined on the basis of actuarial valuation using the projected unit credit method.
 - ii) Liability towards post retirement medical benefit is provided based on actuarial valuation as at the year end.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or

credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to Statement of Profit or Loss.

e. Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments consist of:

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

Initial Recognition

Non derivative financial instruments are recognized initially at fair value including any directly attributable transaction costs. Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the group has not retained control over the financial asset.

Subsequent Measurement

Subsequent to initial recognition, non derivative financial instruments are measured as described below:

- a) Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, at banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the group's cash management system. In the statement of financial position, bank overdrafts are presented under borrowings within current liabilities.
- b) Investments in liquid mutual funds, equity securities (other than Subsidiaries, Joint Venture and Associates) are valued at their fair value. These investments are measured at fair value and changes therein, other than impairment losses, are recognized in statement of profit and loss and presented within equity, net of taxes. The impairment losses, if any, are reclassified from equity into statement of income. When an available for sale financial asset is derecognized, the related cumulative gain or loss recognised in equity is transferred to the statement of income.

c) Loans and receivables

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

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

d) Security Deposits

Security Deposits are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method, less any impairment losses.

e) Trade and other payables

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

f) Investments in Subsidiary, Associates and Joint Venture

The company accounts investment in subsidiary, joint ventures and associates at cost. An entity controlled by the company is considered as a subsidiary of the company. Investments in subsidiary company outside India are translated at the rate of exchange prevailing on the date of acquisition. Investments where the company has significant influence are classified as associates. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement is classified as a joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the

relevant activities require unanimous consent of the parties sharing control.

Impairment of financial assets

Financial assets, other than those at Fair Value through Profit and Loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For Available for Sale (AFS) equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty;
- Breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on individual basis. Objective evidence of impairment for a portfolio of receivables could include group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of zero days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables; such impairment loss is reduced through the use of an allowance account for respective financial asset. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously

written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

De-recognition of financial assets

The group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

f. Taxation

Tax expense

Tax expense for the period comprises current tax and deferred tax. Tax recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case the tax is also recognised in other comprehensive income or equity.

1. Current tax

Current tax comprises the accepted tax payable / receivable only taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of

previous years. It is measured using tax rates and laws enacted or substantially enacted at the reporting date.

Current tax assets and liabilities are offset only if, the group;

- a. As a legal enforceable right to set off the recognised amounts and
 - b. Intends either to settle on a net basis, over to realise the assets and settle the liability simultaneously.
- #### **2. Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statement and corresponding tax basis used in computation of taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the group have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

g. Provisions, Contingent Liabilities and Contingent Assets

General

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

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects when appropriate, the risk specific to the liability. When discounting is used, the increase in provision due to passage of time is recognised as a finance cost.

Contingent liabilities

Contingent liabilities are not recognized but disclosed in Notes to the Accounts when the group has possible obligation due to past events and existence of the obligation depends upon occurrence or non-occurrence of future events not wholly within the control of the group or when estimates cannot be made of the amount of the obligations.

Contingent liabilities are assessed continuously to determine whether outflow of economic resources have become probable. If the outflow becomes probable then relative provision is recognized in the financial statements.

Where an entity is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability. The entity recognizes a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent Assets

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

As per our report of even date attached For HDSG & Associates

Chartered Accountants
Firm Reg. No. 002871N

(ARUN SAINI)

Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

Sd/-
(RAJIV CHOPRA)
Director (Marketing)
with additional charge of CMD
DIN -06466326

Sd/-
(VIPIN TRIPATHI)
Company Secretary
ACS -29378

Provision for Doubtful Debts/Advances/Claims

Provision for doubtful debts / advances /claims is made where there is uncertainty of realization irrespective of the period of its dues. For outstanding over three years (except government dues), provision is made unless the amount is considered realizable as per management estimate.

3.9 Earnings per share

Basic earning per equity is computed by dividing the net profit attributable to the equity holders of the group by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the group by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.10 Segment Information

The Chief Operational Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on their revenue growth and operating income.

The Group has identified its Operating Segments as Exports, Imports and Domestic.

The Assets and liabilities used in the Group's business that are not identified to any of the operating segments are shown as unallocable assets/liabilities.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020

4 Property, Plant and Equipment

(₹ Crore)

| Particulars | GROSS BLOCK | | | DEPRECIATION & AMORTIZATION | | | ACCUMLATED IMPAIRMENT | | | NET BLOCK | | | |
|--|---|-------------|-----------------------|---|---|--------------|-------------------------|---|----------------------|-----------|-----------------------|----------------------|-------------------------------------|
| | Gross carrying value as at April 01, 2019 | Additions | Disposal/ adjustments | Gross carrying value as at March 31, 2020 | Accumulated depreciation as at April 01, 2019 | Additions | Disposal/ (adjustments) | Accumulated depreciation as at March 31, 2020 | As on April 01, 2019 | Additions | Disposal/ adjustments | As at March 31, 2020 | Carrying Value as at March 31, 2020 |
| Tangible Assets - Freehold | | | | | | | | | | | | | |
| Land | 11.73 | - | 1.83 | 9.90 | - | - | - | - | - | - | - | - | 9.90 |
| Building | 109.48 | - | 1.21 | 108.27 | 16.54 | 5.45 | 0.57 | 21.42 | 0.67 | - | 0.48 | 0.19 | 86.66 |
| Plant & Machinery | 11.14 | 0.03 | 1.67 | 9.50 | 2.53 | 0.85 | 0.87 | 2.51 | 0.23 | - | 0.23 | - | 6.99 |
| Furniture & Fixtures | 1.05 | - | - | 1.05 | 0.44 | 0.13 | - | 0.57 | - | - | - | - | 0.48 |
| Motor Vehicle | 1.02 | - | - | 1.02 | 0.35 | 0.12 | - | 0.47 | 0.01 | - | - | - | 0.54 |
| Office Equipment | 0.42 | - | - | 0.42 | 0.26 | 0.06 | - | 0.32 | - | - | - | - | 0.09 |
| Computers, data processing units & communication equipment | 0.87 | 0.02 | - | 0.89 | 0.67 | 0.03 | 0.01 | 0.69 | 0.01 | - | - | - | 0.19 |
| Electrical Installations & Equipment | 3.48 | - | 0.02 | 3.45 | 1.02 | 0.37 | 0.01 | 1.38 | - | - | - | - | 2.07 |
| Other Assets held for Disposal | 0.01 | - | - | 0.01 | - | - | - | - | - | - | - | - | 0.01 |
| Total (A) | 139.20 | 0.05 | 4.73 | 134.51 | 21.81 | 7.01 | 1.46 | 27.36 | 0.92 | - | 0.71 | 0.19 | 106.93 |
| Tangible Assets - Leasehold | | | | | | | | | | | | | |
| Land | 388.75 | - | 3.78 | 384.97 | 0.62 | 0.10 | 0.29 | 0.43 | - | - | - | - | 384.54 |
| Building | 99.04 | - | - | 99.04 | 9.71 | 2.84 | - | 12.55 | - | - | - | - | 86.49 |
| Roads, culverts & sewerage etc | 0.17 | - | - | 0.17 | 0.06 | 0.02 | - | 0.08 | - | - | - | - | 0.09 |
| Plant & Machinery | 3.39 | - | 0.00 | 3.39 | 1.03 | 0.34 | - | 1.38 | - | - | - | - | 2.01 |
| Others (Specify Nature) | - | 0.88 | (3.48) | 4.36 | - | 0.40 | - | 0.40 | - | - | - | - | 3.96 |
| Total (B) | 491.35 | 0.88 | 0.30 | 491.93 | 11.42 | 3.70 | 0.29 | 14.84 | - | - | - | - | 477.09 |
| Total (A+B) | 630.55 | 0.93 | 5.03 | 626.44 | 33.23 | 10.71 | 1.75 | 42.20 | 0.92 | - | 0.71 | 0.19 | 584.02 |
| Previous year | 628.73 | 1.84 | 0.02 | 630.55 | 22.78 | 10.54 | 0.09 | 33.23 | 0.92 | - | - | 0.92 | 596.40 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Notes of Holding Company:-

(a) Title/Lease deed in respect of following properties is pending for execution:-

i. Leasehold Land:-

- Land measuring 2.599 acres allotted by L&DO vide "Memorandum of Agreement for Lease" dated 05.12.1975 for construction of office building i.e. Jawahar Vyapar Bhawan at Janpath, New Delhi for which lease deed is expected to be executed in the name of the Company.
- Land measuring 16.17 acre (50% share of total Land 32.33 acre allotted in the joint name of STC & MMTC) by L& DO/DDA vide Memorandum of Agreement dated 05th Feb, 1968 for construction of Housing Colony at Aurbindo Marg, New Delhi. The lease deed demarcating 50% area of allotted leasehold land in the name of the company is in process.
- Includes a plot at Mallet Bunder, Mumbai Port Trust (where STC has a Tank Farm Installation) for which lease period has expired and company is in process of surrendering the plot.

ii. Freehold Building:-

- Freehold Building includes house building at Asian Games Village Complex (AGVC) allotted by DDA vide allotment letter dated 30.05.1984 for which title deed is likely to be executed in the name of the Company.
 - Free hold building includes 7 apartments in Mumbai (Located 2 at Wallace Apartment Grant Road , 3 at Mandar Apartment, 1 at Shyamsadan at Khar (West) and 1 at Las Palmas, Malabar hills) for which conveyance deed in the name of company is likely to be executed.
- (b) 325.685 square meters taken by NDMC for widening of roads during Asian Games and 388.91 square meters taken by DMRC for construction of Metro / Metro Station out of the total leasehold land allotted by L& DO to STC for construction of office building at (Jawahar Vyapar Bhawan) Tolstoy Marg, Janpath, New Delhi. The Company has taken up the matter with L&DO for reduction of both the area and value and is to be updated in Fixed Assets register/Schedule after receipt of response.
- (c) 4 blocks having 64 flats located at STC housing colony, Aurbindo Marg, New Delhi were sold to HHEC. Further, the measurement of area under occupancy of STC/HHEC has been carried out. DDA has been approached to execute the lease deed of STC and sub-lease deed of HHEC.
- (d) As approved in the 436th Board Meeting dated 12th August 1991 for the sale of "Office Space in the Jawahar Vyapar Bhawan Building" total Office Space measuring 67,418 sq.ft. were sold to CCIC & HHEC. However, execution of lease deed by L&DO, the sale deed for sale of office space in the name of CCIC & HHEC will be done on receipt of outstanding dues from CCIC & HHEC.

5 Capital Work- In- Progress

(₹ Crore)

| Particulars | Balance as at April 01, 2019 | Additions/ (Adjustments) during the year | Capitalized during the year | Balance as at March 31, 2020 |
|-------------------------------------|------------------------------|--|-----------------------------|------------------------------|
| Office Building | - | - | - | - |
| Plant & Equipment | 0.05 | 0.08 | - | 0.13 |
| Office Equipment | 0.03 | - | - | 0.03 |
| Others | - | - | - | - |
| Intangible Assets under Development | 0.29 | - | - | 0.29 |
| Total | 0.37 | 0.08 | - | 0.45 |
| Previous Year | 2.10 | (1.19) | 0.54 | 0.37 |

6 Investment Property

| Particulars | FREEHOLD | | LEASEHOLD | | Total |
|--|--------------|-------------|---------------|--------------|---------------|
| | Land | Building | Land | Building | |
| Gross carrying value as at April 1, 2019 | 16.14 | 4.01 | 204.05 | 97.72 | 321.92 |
| Additions | - | - | - | - | - |
| Disposal/adjustments | - | - | - | - | - |
| Gross carrying value as at March 31, 2020 | 16.14 | 4.01 | 204.05 | 97.72 | 321.92 |
| Accumulated depreciation as at April 1, 2019 | - | 0.24 | 1.88 | 12.34 | 14.46 |
| Additions | - | 0.08 | 0.57 | 4.09 | 4.74 |
| Disposal/(adjustments) | - | (0.01) | - | - | (0.01) |
| Accumulated depreciation as at March 31, 2020 | - | 0.33 | 2.45 | 16.43 | 19.22 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | FREEHOLD | | LEASEHOLD | | Total |
|--|--------------|-------------|---------------|--------------|---------------|
| | Land | Building | Land | Building | |
| Impairment as at April 1, 2019 | - | 0.02 | - | - | 0.02 |
| Additions | - | - | - | - | - |
| Disposal/adjustments | - | - | - | - | - |
| Impairment as at March 31, 2020 | - | 0.02 | - | - | 0.02 |
| Carrying Value as at March 31, 2020 | 16.14 | 3.66 | 201.60 | 81.29 | 302.68 |
| Previous Year (Net) | 16.14 | 3.75 | 202.18 | 85.37 | 307.44 |

*No fair value measurement of Investment property could be carried out due to restrictions imposed by effects of COVID-19. However, process of fair valuation of Investment Property has been initiated, valuer has been appointed but valuation could not be completed.

Amounts recognized in the statement of profit & loss for investment properties

| Particulars | for the year ended March 31, 2020 | for the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Rental income derived from Investment Properties | 49.49 | 48.58 |
| Direct operating expenses from property that generated rental income | (8.20) | (7.19) |
| Profit from investment properties before depreciation | 41.29 | 41.39 |
| Depreciation | (4.75) | (4.85) |
| Profit from investment properties | 36.54 | 36.54 |

7 Intangible Assets

| Particulars | Computer Softwares | Others (specify Nature) | Total |
|--|-----------------------|----------------------------|-------------|
| Gross carrying value as at April 1, 2019 | 0.14 | - | 0.14 |
| Additions | - | - | - |
| Disposal/adjustments | - | - | - |
| Gross carrying value as at March 31, 2020 | 0.14 | - | 0.14 |
| Accumulated amortisation as at April 1, 2019 | 0.12 | - | 0.12 |
| Additions | 0.01 | - | 0.01 |
| Disposal/adjustments | - | - | - |
| Accumulated amortisation as at March 31, 2020 | 0.13 | - | 0.13 |
| Carrying Value as at March 31, 2020 | 0.01 | - | 0.01 |
| Previous Year (Net) | 0.02 | - | 0.02 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

8 Investments

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Non Current | | |
| Long Term | | |
| Unquoted Investments | | |
| Investment in Equity instrument ~ Joint Ventures ** | | |
| NSS Satpura Agro Development Company Limited | | |
| 2,00,000 (Fully paid up Equity shares of Rs. 10 each) | 0.20 | 0.20 |
| Less: Impairment in value of Investment | 0.20 | 0.20 |
| Net | - | - |
| Others | | |
| Sea Lac Agro Ventures Limited | | |
| 1,00,000 (Fully paid up Equity shares of Rs. 10 each) | 0.10 | 0.10 |
| Less: Impairment in value of Investment | 0.10 | 0.10 |
| Net | - | - |
| Maharashtra Small Scale Industries Development | | |
| 10,000 (Fully paid up Equity shares of Rs. 100/-each) | 0.10 | 0.10 |
| Less: Impairment in value of Investment | 0.10 | 0.10 |
| Net | - | - |
| Andhra Pradesh Trade Promotion Corporation Limited | | |
| 100 (Fully paid up Equity shares of Rs. 1000/-each) | 0.01 | 0.01 |
| Less: Impairment in value of Investment | - | - |
| Net | 0.01 | 0.01 |
| Sindhu Resettlement# | | |
| 4 (Fully paid up Equity shares of Rs. 1000/-each) | - | - |
| Less: Impairment in value of Investment | - | - |
| Net | - | - |
| Total | 0.01 | 0.01 |

** Investment of Rs. 0.20 crore (Rs. 0.20 Crore) in a Joint Venture Company (NSS Satpura Agro Development Co. Ltd.) has been fully provided for, as the Net Worth of the Company has been eroded completely.

Since the Joint venture company is incurring losses and its cumulative losses is Rs. 0.30 Lacs upto March 31, 2013 against the total share capital of Rs. 0.40 Crore the company has provided Rs. 0.08 Crore towards permanent diminution in its investment value (Cost Rs. 0.10 Crore) during 2012-13, Since the audited financial statement of NSS satpura is not available for the subsequent years further allowance, if any has not been recognized in the books. The company board approved in its 142nd Board meeting held on October 24, 2013 for withdrawal from the joint venture NSSADCL.

Nominal Value of Rs. 4000/-

9 Trade Receivables

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| A Non Current | | |
| i. Secured ~ Considered good * | 11.34 | 11.34 |
| ii. Unsecured Considered good | 955.46 | 955.64 |
| iii. Having Significant increase in credit risk ** | 3.72 | 3.71 |
| iv. Credit Impaired | 614.58 | 616.77 |
| Sub-total | 1,585.10 | 1,587.46 |
| Less : Allowance for bad and doubtful receivables | 618.25 | 620.44 |
| Total (A) | 966.85 | 967.02 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| B Current | | |
| i. Secured, Considered good * | 6.96 | 6.96 |
| ii. Unsecured Considered good | 164.13 | 113.89 |
| iii. Having Significant increase in credit risk ** | - | 3.62 |
| iv. Credit Impaired | 36.99 | 33.26 |
| Sub-total | 208.08 | 157.73 |
| Less: Allowance for bad and doubtful debts | 36.99 | 36.88 |
| | 171.09 | 120.85 |
| Total (B) | 171.09 | 120.85 |
| Total (A+B) | 1,137.94 | 1,087.87 |

Notes of Holding Company:-

- * Trade receivables are secured against pledged stock and immovable property etc. However, Physical verification of pledged stocks in the third party premises could not be done due to COVID 19.
- ** Out of Trade Receivables of Rs. 1137.94 Crore includes Rs. 973.19 Crore "having significant increase in credit risk" being under dispute/litigation (for details of major legal cases refer note no. 39).
Trade receivables, against which dispute/legal proceedings are under process, have been considered as "Having Significant increase in credit risk". The company feels that even if no amount would eventually be recovered, no credit impairment is required for the credit risk since the creditor will be paid by the company only to the extent the amount is realized from the debtors. Further, for remaining balance of Rs.164.64 Crore is recoverable hence no provision is considered necessary.

10 Loans

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Non-Current | | |
| A. Security Deposits | | |
| I. Secured, considered good | 0.28 | 0.28 |
| II. Unsecured, considered good | 2.01 | 2.19 |
| III. Having Significant increase in credit risk | 0.19 | 0.19 |
| IV. Credit Impaired | 5.47 | 4.97 |
| Sub-total | 7.95 | 7.63 |
| Less: Allowance for bad and doubtful deposits | 5.66 | 5.66 |
| Less: Fair value Adjustment-SD | 0.01 | 0.03 |
| Total (A) | 2.28 | 1.94 |
| B. Loan to Employees | | |
| I. Secured, considered good * | 1.55 | 2.19 |
| II. Unsecured, considered good | 0.03 | 0.06 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | - | - |
| V. Interest accrued | 3.63 | 4.53 |
| Sub-total | 5.21 | 6.78 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Less: Allowance for bad and doubtful loans | - | - |
| Less: Fair value adjustments (Loans to employees) | 1.58 | 1.83 |
| Total (B) | 3.63 | 4.95 |
| | | |
| Total (A+B) | 5.90 | 6.88 |
| Current | | |
| A. Security Deposits | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 13.71 | 1.21 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | - | - |
| Sub-total | 13.71 | 1.21 |
| Less: Allowance for bad and doubtful deposits | - | - |
| Less: Fair Value Adjustment-SD | 0.01 | 0.01 |
| Total (A) | 13.70 | 1.20 |
| B. Loan to others | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | - | - |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | 34.25 | 35.78 |
| Sub-total | 34.25 | 35.78 |
| Less: Allowance for bad and doubtful loans | 34.25 | 35.78 |
| Sub-total | - | - |
| C. Loan to Employees | | |
| I. Secured, considered good * | 0.39 | 0.57 |
| II. Unsecured, considered good | 0.07 | 0.13 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | - | - |
| Add: Interest accrued | 0.64 | 0.62 |
| Sub-total | 1.10 | 1.32 |
| Less: Allowance for bad and doubtful loans | - | - |
| Less: Fair value adjustments (Loans to employees) | 0.07 | 0.13 |
| Total (c) | 1.03 | 1.19 |
| Total (A+B+C) | 14.73 | 2.39 |

* Secured against Hypothecation of motor car & house property

11 Other Financial Assets

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Non-current | | |
| A. Term deposit with maturity more than 12 months : | | |
| - Term Deposit with Banks | 10.98 | 10.28 |
| - Term Deposit with others* | 0.40 | - |
| (A) | 11.38 | 10.28 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Non-current | | |
| A. Term deposit with maturity more than 12 months : | | |
| - Term Deposit with Banks | 10.98 | 10.28 |
| - Term Deposit with others* | 0.40 | - |
| (A) | 11.38 | 10.28 |
| B. Claims Recoverable | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 11.14 | 9.17 |
| III. Having Significant increase in credit risk | 6.79 | 6.78 |
| IV. Credit Impaired | 89.21 | 89.17 |
| Sub-total | 107.15 | 105.12 |
| Less: Allowance for bad and doubtful claims | 96.00 | 95.95 |
| (B) | 11.15 | 9.17 |
| C. Deposits | 32.25 | 0.33 |
| D. Other Misc. advance | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | - | - |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | 0.36 | 0.36 |
| Sub-total | 0.36 | 0.36 |
| Less: Allowance for bad and doubtful advances | 0.36 | 0.36 |
| (D) | - | - |
| Total (A+B+C+D) | 54.77 | 19.77 |
| Current | | |
| A. Interest accrued on: | | |
| - Term deposits with maturity more than 12 months | - | - |
| - Term deposits with maturity more than 3 and upto 12 months | 0.19 | 0.03 |
| - Term deposits with maturity less than 3 months | - | - |
| - Interest Accrued but not due on deposits/T Bills | 1.48 | 0.14 |
| B. Treasury Bills | 194.95 | 503.10 |
| Sub-total | 196.62 | 503.64 |
| C. Other | - | - |
| D. Claims Recoverable | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 19.80 | 18.26 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | 1,155.25 | 1,155.25 |
| Sub-total | 1,175.05 | 1,173.51 |
| Less: Allowance for bad and doubtful advances | 1,155.25 | 1,155.25 |
| (D) | 19.80 | 18.26 |
| Total (A+B+C+D) | 216.42 | 521.90 |
| Total (Other Financial Assets)** | 271.19 | 541.67 |

* Under Lien

** For details on major cases refer note no. 39

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

12 Deferred tax assets (Net)

Deferred tax assets and liabilities are attributable to the following:

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| A. Deferred Tax Liability | | |
| Property, plant and equipment | 2.07 | 2.07 |
| Sub Total | 2.07 | 2.07 |
| B. Deferred tax Assets | | |
| Provisions | 75.08 | 75.08 |
| Sub Total | 75.08 | 75.08 |
| C. MAT Credit Entitlement | 13.48 | 13.48 |
| Net Deferred Tax (Liabilities)/ Assets | 86.49 | 86.49 |

Movement in deferred tax balances during the year ended 31.03.2020

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------|-------------------------|-------------------------|
| Opening Balance | 73.01 | 73.01 |
| Additions during the year | - | - |
| Deletions during the year | - | - |
| Closing Balance | 73.01 | 73.01 |

Unrecognised Deferred tax assets

Deferred tax assets have not been recognised in respect of the following items

| | | |
|--|---------------|---------------|
| Deferred Tax Assets | | |
| Provisions | 257.78 | 257.53 |
| Carry Forward losses | 177.20 | 158.30 |
| Other Disallowances | 15.57 | 15.96 |
| Sub Total | 450.55 | 431.79 |
| Deferred Tax Liabilities | | |
| Property Plant & Equipment | 77.81 | 86.55 |
| Sub Total | 77.81 | 86.55 |
| Change in tax rate effect not recognized | - | 4.07 |
| Total | 372.74 | 349.31 |

Recognized MAT credit available to Company in future years

| | | |
|--|--------------|--------------|
| 2014-15 (Credit available up to Financial Year 31.03.2025) | 4.01 | 4.01 |
| 2016-17 (Credit available up to Financial Year 31.03.2027) | 7.59 | 7.59 |
| 2017-18 Credit available up to Financial Year 31.03.2028) | 1.88 | 1.88 |
| Total | 13.48 | 13.48 |

13 Tax Assets (Net)

| | | |
|--------------------------------|--------------|--------------|
| Current Tax Assets | | |
| Advance Tax including TDS | 224.07 | 215.90 |
| TDS | | |
| Current Tax Liabilities | | |
| Income Tax Payable/Provision | 191.18 | 187.71 |
| Total | 32.89 | 28.19 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

14 Other Assets (Non-Financial)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Non-Current | | |
| A. Trade Advances | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | - | - |
| III. Having Significant increase in credit risk | 0.08 | 0.08 |
| IV. Credit Impaired | 92.28 | 92.22 |
| Sub-total | 92.36 | 92.30 |
| Less: Allowance for bad and doubtful advances | 92.36 | 92.30 |
| (A) | - | - |
| B. Other Misc. Advances | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 0.08 | 0.29 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | 0.01 | - |
| Sub-total | 0.09 | 0.29 |
| Less: Allowance for bad and doubtful advances | 0.01 | - |
| (B) | 0.08 | 0.29 |
| C. Security Deposits | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 4.69 | 4.37 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | 0.37 | 0.37 |
| Sub-total | 5.06 | 4.74 |
| Less: Allowance for bad and doubtful deposits | 0.37 | 0.37 |
| (C) | 4.69 | 4.37 |
| D. Deferred Employee cost due to Fair Valuation | 1.54 | 1.78 |
| E. Deferred Fair Valuation Loss- Deposit Receivable | 0.01 | 0.03 |
| F. Claims Recoverable | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | - | - |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | 4.18 | 4.18 |
| Sub-total | 4.18 | 4.18 |
| Less: Allowance for bad and doubtful claims | 4.18 | 4.18 |
| (F) | - | - |
| Total (A to F) | 6.33 | 6.47 |
| Current | | |
| A. Capital Advances | | |
| i. Secured, Considered good | - | - |
| ii. Unsecured Considered good | 1.18 | 0.99 |
| iii. Having Significant increase in Credit Risk | - | - |
| iv. Credit Impaired | - | - |
| Sub-total | 1.18 | 0.99 |
| Less: Allowance for bad and doubtful advances | - | - |
| (A) | 1.18 | 0.99 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| B. Trade Advances | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 0.02 | 0.01 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | - | - |
| Sub-total | 0.02 | 0.01 |
| Less: Allowance for bad and doubtful advances | - | - |
| (B) | 0.02 | 0.01 |
| C. Other Misc. Advances | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | - | 3.80 |
| III. Having Significant increase in credit risk | - | - |
| IV. Credit Impaired | 0.26 | 0.26 |
| Sub-total | 0.26 | 4.06 |
| Less: Allowance for bad and doubtful advances | 0.26 | 0.26 |
| (C) | - | 3.80 |
| D. Other | | |
| Prepaid Expenses | 0.45 | 0.44 |
| TA Advances | 0.02 | 0.02 |
| Advance for expenses | 0.24 | 2.21 |
| GST Input | 4.33 | 7.41 |
| VAT Receivable - Input/Service Tax Credit | 0.23 | 0.23 |
| Other | 0.26 | 0.20 |
| Deposits | 0.02 | - |
| (D) | 5.55 | 10.51 |
| E. Deferred Employee cost due to Fair Valuation | 0.11 | 0.17 |
| F. Deferred Fair Valuation Loss- Deposit Receivable | 0.01 | 0.01 |
| G. Claims Recoverable | | |
| I. Secured, considered good | - | - |
| II. Unsecured, considered good | 0.01 | - |
| III. Doubtful | - | - |
| Sub-total | 0.01 | - |
| Less: Allowance for bad and doubtful claims | - | - |
| (G) | 0.01 | - |
| Total (A to G) | 6.88 | 15.50 |
| For details refer note no. 39 | | |

15 Inventories

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| A. Stock in trade including with handling agents/local agent | 0.10 | - |
| B. Stores and spares | 0.04 | 0.06 |
| C. Packing Materials | 0.05 | 0.05 |
| D. Stationery | 0.03 | 0.05 |
| Total | 0.22 | 0.16 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

16 Cash & Cash Equivalents

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Stamps & Stamp Papers* (including cash in hand) | - | - |
| Balances with Banks | | |
| - Cash Credit account - Debit Balance | 0.01 | 0.21 |
| - Current Accounts | 5.50 | 13.67 |
| - Current Account in Foreign currency - EEFC | 0.01 | |
| Sub-total | 5.51 | 13.89 |
| Other Bank Balances | | |
| - Term Deposits with maturity upto 3 months | 20.58 | 110.22 |
| Sub-total | 20.58 | 110.22 |
| Total | 26.10 | 124.12 |

*Nominal Value of Rs. 16,737/-

17 Bank Balances

Current

| | | |
|---|--------------|-------------|
| a. Balances with Banks | | |
| - Unpaid Dividend Balance Account | 0.03 | 0.05 |
| - As Margin money/under lien | 23.41 | 1.23 |
| - In term deposits with maturity more than 3 and upto 12 months | - | 2.44 |
| Total | 23.44 | 3.72 |

18 Equity Share Capital

| | | |
|--|---------------|---------------|
| Authorized | | |
| Equity shares | | |
| 20,00,00,000 equity shares of Rs. 10/- each | 200.00 | 200.00 |
| Issued, subscribed and fully paid | | |
| Equity shares | | |
| 6,00,00,000 equity shares of Rs. 10/- each | 60.00 | 60.00 |
| | 60.00 | 60.00 |
| Reconciliation of share Capital: | | |
| Opening Equity Shares | 60.00 | 60.00 |
| Add: -No. of Shares, Share Capital issued/ subscribed during the year | - | - |
| Closing balance | 60.00 | 60.00 |
| Shares in the company held by shareholder holding more than 5 percent | | |
| Name of the Shareholder | | |
| - President of India (90% shareholding) | 54,000,000 | 54,000,000 |
| - Others | - | - |
| Equity shares issued and subscribed do not enjoy any differential rights. | | |

19 Other Equity

| | | |
|--|--------------|--------------|
| General Reserve | | |
| Balance as per last financial statements | 65.59 | 65.79 |
| Less: Opening balance transferred to CO | 0.05 | 0.19 |
| Add: Transfer to General Reserve on account of revaluation of Fixed Asset. | (0.01) | - |
| Add: Amount Transferred from surplus Balance in the statement of Profit & Loss | - | (0.01) |
| Closing Balance | 65.53 | 65.59 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Capital Reserve | | |
| Balance as per last financial statements | 2.50 | 2.50 |
| Closing Balance | 2.50 | 2.50 |
| Retained Earnings | | |
| Balance as per last financial statements | (5,538.12) | (4,652.08) |
| Add /Less : Opening balance transferred to CO | - | (4.64) |
| Add: Profit for the year | (113.30) | (881.40) |
| Prior Period Adjustment | (0.02) | - |
| Closing Balance | (5,651.44) | (5,538.12) |
| Revaluation Reserves | | |
| Balance as per last financial statements | 885.92 | 885.92 |
| Add: other adjustments | 0.05 | - |
| Closing Balance | 885.97 | 885.92 |
| Other Reserves | | |
| Balance as per last financial statements | 10.85 | 10.85 |
| Closing Balance | 10.85 | 10.85 |
| Total | (4,686.59) | (4,573.26) |

20 Borrowings

| | | |
|-------------------------------|-----------------|-----------------|
| Non Current | | |
| Working Capital Loans: | | |
| a. From banks | - | - |
| - Cash Credit | 1,135.87 | 1,138.41 |
| - Packing Credit Pre Shipment | 46.85 | 46.85 |
| Total | 1,182.72 | 1,185.26 |
| Current | | |
| I. Term Loans: | | |
| a. From banks | 100.70 | 128.01 |
| II. Working Capital Loans: | | |
| a. From banks | | |
| - Cash Credit | 703.55 | 854.64 |
| - Working Capital Demand Loan | 1.98 | 41.59 |
| Total | 806.23 | 1,024.24 |

Notes of Holding Company:-

- (i) Bank borrowings are secured against current assets of the Company on pari- passu basis.
- (ii) "In view of the default by the company in paying due interest amount to the banks, STC was declared NPA. The lender banks have initiated DRT proceedings against the company which is likely to be withdrawn soon and Syndicate bank also initiated NCLT proceedings, which have been withdrawn on 11.12.2019. The company is in the process of finalizing the OTS proposal with the lender banks and has already paid Rs. 1100 crore against the dues of Rs.1906.24 crore as on 31.12.2018. Consequent on the high level meeting dated 29.08.2019"

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Name of Banks | Amount defaulted (principal & intt. thereon) | Period of default (no. of days) |
|----------------------------------|---|------------------------------------|
| Syndicate Bank | 280.71 | 731 |
| Indian Overseas Bank | 188.02 | 731 |
| Union Bank of India | 140.72 | 762 |
| Indian Bank | 94.81 | 762 |
| EXIM Bank | 74.43 | 731 |
| Bank of Baroda | 26.27 | 650 |
| UBI (Kumily) | 1.27 | 762 |
| Balance as on 31.03.2020* | 806.23 | |

- (iii) The said amount is being firming up at Rs. 300 Crore as full & final settlement by way of transfer of property worth Rs 300 Crores as discussed during the meeting at MOC&I along with banks, consequently no interest is accountable thereafter. The DRT proceedings are in the process of being withdrawn and OTS agreement is in final stage and is being vigorously followed up by the Company at appropriate level.

Notes of Subsidiary Company

The total liabilities to banks along with interest amounting to Rs. 4563.55 Crore is payable to consortium of seven banks and UCO Bank in respect of devolved LCS/Packing credits since 2008-09. No confirming was received from the banks. The company has calculated the interest based on the interest rates disclosed in their DRT application filed by Uco bank and consortium of banks. Cash credit/Short term loan is as per the claim in the DRT (Debt Recovery Tribunal) application filed by consortium of seven banks and UCO bank on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO bank. The company has created pari passu charge on the current assets in favor of the banks and also surrendered the documents of immovable properties situated at Chindwara (3.239 hectares), Byadgi (5 acres) Siddapura (2.20 acres) and madikeri (0.50 acres) in favor of the Bankers. In view of the immovable properties of STCL given as security, an estimated amount of Rs. 1.83 Crore/- out of the total advances can be considered as secured. The consortium of banks and UCO Bank have filed cases separately against the company with the Debt Recovery Tribunal. Wherein with regard to UCO bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of Rs. 148.18 Crore. However the company has challenged DRT order at DRAT, Chennai. The bankers have also issued notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Further based on the above, the bankers have issued two Possession Notice one dt 26.10.2011 on the Factory Land and Building located at Byadgi and another dt. 17.11.2011 on Factory Land and Building located at Chindwara, Madhya Pradesh.

Cash credit advance from the bank are secured by paripasu charges over the assets of the company. The Consortium of Lenders has taken over the symbolic possession of the assets of the company during the year 2011-12 and initiated legal proceedings against the company for recovery of dues. The legal proceedings are pending before the DRT. Subsequently during the year Consortium of the bankers has taken over the physical possession of the assets and initiated the proceedings of auction under the provisions of SARFAESI ACT, 2002. The company has reduced the assets taken over from asset side at book value and also reduced the same from borrowings under liability side of the balance sheet. Refer Note No.4 in PPE schedule.

The Grant-in-Aid includes Rs. 6.29 Crore received as 'Grant' from Government of India under ASIDE Scheme towards establishment of Steam Sterilization unit and Grinding & Packing Unit at Spice Park, Chhindwara. The Company has availed a concessional customs duty of 3% under EPCG Scheme there by saving Rs.1.22 Crore while importing the steam sterilization machineries under export obligation to eight times of the value of duty saved within eight years and if the Company failed to meet the export obligation it is liable to pay custom duty along with interest at the rate of 15% P.A. In this regard the Company has furnished a EPCG bond of Rs. 3.77 Crore to customs authorities. The concessional customs duty availed under EPCG Scheme of Rs.1.22 Crore and interest payable thereon Rs. 2.04 Crore total of Rs.3.25 Crore shown under other liabilities.

The company has not recognised the interest payable on the above loans during the year. The matter is pending before DRT and company is contesting the claims of the various bankers. The consortium of bankers has taken over the physical possession of the assets during the year with claim of 1529.05 Crores with further interest, expenses and charges etc as per the demand notice issued under SARFAESI Act, 2002. From the year 2018-19, company has not provided interest on the above in books, since company is contesting the claims. However the same is disclosed in contingent liability.

Grant received from VITC (Visvesvaraiya Industrial Trade Centre) under ASIDE Scheme amounting Rs.1.20 Crore received for Export Promotion during the year 2006-07 towards Chilly Processing Centre-Byadgi. The company has amortised depreciation on assets for which grants were received, at WDV method and has reduced the same from the grants. However during the year end no grants has been amortised since the possession of such assets for such grant availed has been taken over by the consortium of lenders. The unamortised grant has been re-classified as current liability.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

21 Trade Payable

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------|-------------------------|-------------------------|
| Non Current | | |
| a) Bill Acceptances | 14.29 | 13.08 |
| b) Trade Payables | 974.80 | 978.10 |
| Total (A) | 989.09 | 991.18 |
| Current | | |
| a) Trade Payables | 198.30 | 185.95 |
| Total (B) | 198.30 | 185.95 |
| Total (A+B)* | 1,187.39 | 1,177.13 |

Notes of Holding Company:-

* Above Trade payable includes Rs. 1081.22 crore to be paid only on realization from the outstanding receivables due to back to back payment arrangement. (for major legal cases refer note no. 39).

22 Other Financial Liabilities

| | | |
|---|--------------|--------------|
| Non Current | | |
| a. Advance from customer | 1.80 | 1.80 |
| b. Customers at Credit | 5.94 | 5.14 |
| c. Other liabilities | | |
| - Outstanding liabilities for goods & services received | 3.46 | 7.90 |
| - Deposits | 9.33 | 8.76 |
| - Security Deposits from: | | |
| : Others | 1.56 | (0.23) |
| Less : Security Deposit Payable Adjustment | (0.06) | (0.15) |
| - Earnest money deposits | 2.78 | 1.07 |
| d. Employees' dues: | | |
| - Pay & Allowances | - | 0.70 |
| - Earned leaves | 11.80 | 11.43 |
| e. Lease Liability | 0.28 | - |
| Total | 36.89 | 36.42 |
| Current | | |
| a. Advance from customers | 28.76 | 59.32 |
| b. Customers at Credit | 59.72 | 72.21 |
| c. Unclaimed dividend | 0.03 | 0.05 |
| d. Interest accrued and due on borrowings | 3,378.30 | 3,378.30 |
| - Outstanding liabilities for goods & services received | 138.30 | 130.31 |
| - Deposits | 31.40 | 31.57 |
| - Security Deposits from: | | |
| : Others | 2.52 | 3.93 |
| - Earnest money deposits | 19.24 | 7.33 |
| e. Employees' dues: | | |
| - Pay & Allowances | 0.63 | 0.09 |
| - Other expense | 0.14 | 0.38 |
| - Dues to employees on accrual basis | 4.47 | 2.60 |
| - Earned leaves | 3.03 | 2.42 |
| - STC's Officers' Association | - | 0.01 |
| - Salary Saving scheme | 0.01 | 0.01 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------|-------------------------|-------------------------|
| - Thrift Society | - | 0.02 |
| - Undisbursed Salary | 0.09 | 0.04 |
| - Others (Recreational Club) | 0.06 | - |
| f. Custom duty payable | 3.25 | 3.07 |
| g. ASIDE Grant Payable | 1.37 | 0.99 |
| Total | 3,671.31 | 3,692.65 |

** Includes advances of Rs. 23.01 Crore from Andhra Pradesh Police, Forest Department and State Disaster Response for supply of weaponry and equipment and Rs. 59.78 Crore for General Imports.

23 Provisions

| | | |
|---|---------------|---------------|
| Non Current | | |
| Provisions for Employee Benefits | | |
| Encashment of Half pay leave | 7.65 | 8.35 |
| Post Retirement medical benefits | 105.84 | 101.05 |
| Total | 113.49 | 109.40 |
| Current | | |
| A. Provisions for Employee Benefits | | |
| Encashment of Half pay leave | 1.75 | 2.34 |
| Post Retirement medical benefits | 8.99 | 8.46 |
| Gratuity | 0.21 | 0.14 |
| Performance Related Pay | 0.01 | 0.01 |
| Others | 0.12 | 0.11 |
| Sub Total (A) | 11.08 | 11.06 |
| B. Other Provisions | | |
| Contingencies | 44.00 | 12.82 |
| Sub Total (B) | 44.00 | 12.82 |
| Total(A+B) | 55.08 | 23.89 |

24 Other Liabilities (Non-Financial)

| | | |
|---|-------------|-------------|
| Non Current | | |
| a. Advance from customers | 0.41 | 0.46 |
| b. Customers at Credit* | 6.03 | 6.03 |
| c. Other liabilities | | |
| - Outstanding liabilities for goods & services received | 0.72 | 0.72 |
| - Deferred Fair Valuation gain-Deposit Payable | - | 0.15 |
| d. Grant in Aid under ASIDE scheme | - | 1.10 |
| Total | 7.17 | 8.47 |
| Current | | |
| a. Advance from customers** | 59.84 | 49.30 |
| b. Other liabilities | | |
| - Outstanding liabilities for goods & services received | 0.48 | 0.48 |
| - Stale Cheques | - | - |
| - Liability for CSR | - | 0.01 |
| - Security Deposits (Deferred fair value gain) | 0.06 | - |
| c. Remittances: | | |
| - Professional Tax | 0.02 | 0.01 |
| - Sales Tax/ Value added Tax | 0.03 | 0.03 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| - Income Tax deducted at source | 0.85 | 1.10 |
| - Goods & Service Tax (GST) | 2.18 | 9.99 |
| - Contribution to Provident Fund | 0.76 | 2.22 |
| - Contribution to Employees Pension Scheme - 95 | 0.03 | 0.08 |
| - Contribution to Employees Pension Fund | 0.25 | 0.30 |
| - Others | - | 0.01 |
| d. Grant in Aid | 1.10 | - |
| Total | 65.60 | 63.54 |

Notes of Holding Company:-

* Amount payable of Rs. 6.03 Crore to U.P. Government is adjustable against claims of interest and carrying charges amounting Rs. 39.11 Crore (shown as contingent asset) which is under dispute and the company is in the process of initiating proceedings under AMRCD.

** Includes advances of Rs. 23.01 Crore from Andhra Pradesh Police, Forest Department and State Disaster Response for supply of weaponry and equipment and Rs. 59.78 Crore for General Imports.

25 Revenue From Operations

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------------|-------------------------|-------------------------|
| (a) Sales | | |
| Export | 11.32 | 10.50 |
| Imported Goods | 2,536.10 | 8,437.49 |
| Domestic | 382.55 | 445.24 |
| Sub total(A) | 2,929.97 | 8,893.23 |
| (b) Other operating revenue | | |
| Claims: | - | - |
| From Others | 0.02 | 0.02 |
| Other Trade Income: | | |
| Freight Subsidy | - | 0.01 |
| Others | 6.74 | 10.18 |
| Sub total(B) | 6.76 | 10.21 |
| Total | 2,936.74 | 8,903.44 |

26 Other Income

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| (a) Interest income:- | | |
| Advance to Employees | 0.41 | 0.39 |
| Deposits pledged / under Lien as margin money | 1.10 | 0.22 |
| Other bank Deposits | 6.00 | 11.10 |
| Term Deposits With FIs & its subsidiaries: | - | - |
| Interest on Investments | 22.06 | 6.14 |
| - Other than PCFC / EPC | - | 46.30 |
| Other Miscellaneous interest | 0.57 | 0.07 |
| Sub Total | 30.14 | 64.22 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| (b) Miscellaneous income:- | | |
| Dividend income-others (gross) | - | - |
| Security Deposits forfeited | 0.02 | 0.08 |
| Rent received from Employees | 0.17 | 0.21 |
| Other Receipts | 2.19 | 0.20 |
| Sub Total | 2.38 | 0.49 |
| (c) Rental income:- | | |
| Rent Received from let-out property | 43.54 | 42.46 |
| Recoveries for common services from tenants | 5.95 | 6.11 |
| Sub Total | 49.49 | 48.57 |
| Less: Expenses related to let out property | | |
| Property tax/Municipal tax | 6.14 | 5.94 |
| Ground Rent | 0.34 | 0.28 |
| Electricity & Water charges | 0.20 | 0.16 |
| Rates and Taxes | - | - |
| Insurance Premium | 0.09 | 0.08 |
| Maintenance Charges | 0.79 | 0.89 |
| Administrative Expenses | 0.64 | - |
| Sub Total | 8.20 | 7.35 |
| Net rental income (C) | 41.29 | 41.22 |
| (d) Other Receipts:- | | |
| Difference in exchange other than commodity items | 0.32 | 0.22 |
| Misc. non Trade receipts | 3.73 | 1.91 |
| Amortisation income of Deferred employee advances | 0.22 | 0.33 |
| Amortisation income of Deferred Security deposit | 0.18 | 1.28 |
| Sub Total | 4.45 | 3.74 |
| Total | 78.28 | 109.66 |

27 Cost of Materials consumed

| | | |
|-------------------------------------|----------|----------|
| Opening balance of material | - | - |
| Add: Purchases made during the Year | - | - |
| Less: Closing balance of material | - | - |
| TOTAL | - | - |

28 Purchase of Stock-in-Trade

| | | |
|--|-----------------|-----------------|
| Export Purchase | 11.02 | 10.23 |
| Import Purchase | 2,291.60 | 7,641.68 |
| Domestic Purchase | 379.39 | 439.89 |
| Freight -Road | - | - |
| -Marine | 0.06 | 0.04 |
| Exchange fluctuation -loss | 1.90 | 1.48 |
| Insurance - General | 0.23 | 0.27 |
| - Marine | - | 0.01 |
| Customs Duty, Clearing, handling and other charges | 242.85 | 793.19 |
| Other Expenses | 0.01 | - |
| Octroi/Purchase Tax Reimbursement | - | 0.01 |
| Total | 2,927.06 | 8,886.80 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

29 Changes in Inventory

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------|-------------------------|-------------------------|
| Stock-In-Trade | | |
| At the beginning of Year | 0.05 | 0.07 |
| Less : At the end of Year | 0.15 | 0.05 |
| Changes in Inventory | (0.10) | 0.02 |

30 Employees' Benefit Expenses

| | | |
|---|--------------|---------------|
| (a) Remuneration to Staff & Managers | | |
| Salaries and Allowances | 42.25 | 55.24 |
| Encashment of Earned Leave | 3.93 | 3.31 |
| Encashment of Half Pay Leave | 0.03 | (0.69) |
| Provident fund | 3.44 | 5.53 |
| Employees pension scheme 95 (EPS 95) | 0.48 | 0.64 |
| Welfare Expenses: | | |
| - Medical Expenses on regular employees (OPD) | 0.51 | 0.74 |
| - Medical Expenses on regular employees (IPD) | 1.17 | 1.83 |
| - Medical Expenses on retired employees (OPD) | 2.07 | 2.65 |
| - Medical Expenses on retired employees (IPD) | 1.38 | 1.22 |
| - Medical Expenses on Actuarial liability | 5.40 | 4.67 |
| - Others | 0.21 | 0.66 |
| Gratuity | 1.42 | 2.33 |
| Pension | 2.88 | 3.52 |
| Amortisation expenses of Deferred employee cost | 15.36 | 17.87 |
| Voluntary retirement benefit* (VRS) | 0.01 | - |
| Amortisation expense | 0.05 | 0.29 |
| Sub Total | 80.59 | 99.81 |
| (b) Remuneration to Directors | | |
| Salaries and Allowances | 1.04 | 1.13 |
| Encashment of Earned Leave | 0.22 | 0.08 |
| Encashment of Half Pay Leave | 0.20 | 0.05 |
| Provident fund | 0.09 | 0.08 |
| Welfare Expenses: | | |
| - Medical Expenses on regular employees (OPD) | - | 0.01 |
| - Medical Expenses on regular employees (IPD) | 0.09 | - |
| - Medical Expenses on retired employees (OPD) | 0.05 | 0.05 |
| - Medical Expenses on Actuarial liability | 0.02 | 0.02 |
| Gratuity | 0.04 | 0.02 |
| Pension | 0.07 | 0.06 |
| Sub Total | 1.82 | 1.50 |
| Total | 82.44 | 101.34 |

*VRS was introduced in STC on 29.03.2019 with the eligibility criteria covering all employees in staff cadre irrespective of length of service and managers from Assistant Manager (E1) to Chief Manager (E4) level, who had completed 10 years of service in the Corporation (including professionals). 45 employees opted for VRS, out of which 43 employees were relieved for which STC's own funds were utilized. In remaining 02 cases, request of VRS were not accepted for want of Vigilance Clearance/ineligibility. VRS was again introduced with same conditions on 20.06.2019, effective till the closing hours of 31.03.2020. This time 37 employees opted during the period 20.06.2019 to 31.03.2020, all 37 employees have already been relieved.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

31 Finance Cost

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------------|-------------------------|-------------------------|
| Bank Loan : | | |
| - Working capital Demand Loan(WCDL) | - | 43.91 |
| - Cash Credit | - | 110.88 |
| - BAS/External Commercial borrowing | - | 0.70 |
| VAT | - | 0.03 |
| Others | 7.27 | 0.06 |
| Total | 7.27 | 155.59 |

32 Depreciation And Amortization Expenses

| | | |
|---|--------------|--------------|
| Depreciation on Property Plant & Equipment (PPE) | | |
| Freehold Building | 5.45 | 5.47 |
| Plant & Machinery | 0.85 | 0.80 |
| Furniture & Fixtures | 0.13 | 0.15 |
| Motor Vehicle | 0.12 | 0.12 |
| Office Equipment | 0.07 | 0.08 |
| Computers, data processing units & communication equipment | 0.05 | 0.19 |
| Electrical Installations & Equipment | 0.37 | 0.40 |
| Leasehold Land | 0.10 | 0.20 |
| Leasehold Building | 2.84 | 2.75 |
| Roads, culverts & sewerage etc (Leasehold) | 0.02 | 0.02 |
| Plant & Machinery (Leasehold) | 0.34 | 0.34 |
| Others | 0.41 | 0.02 |
| Sub Total | 10.75 | 10.54 |
| Depreciation on investment property : | | |
| Freehold Building | 0.08 | 0.09 |
| Leasehold Land | 0.57 | 0.63 |
| Leasehold Building | 4.09 | 4.14 |
| Sub Total | 4.74 | 4.86 |
| Amortisation on intangible Assets | | |
| Computer software | - | 0.08 |
| Others | - | - |
| Sub Total | - | 0.08 |
| Total | 15.50 | 15.46 |

33 Other Expenses

| | | |
|-------------------------------------|-------------|-------------|
| (a) Other Operating Expenses | | |
| L/C Negotiation & Bank Charges | 0.11 | 0.42 |
| Godown, Plot, Tank Rent | 0.81 | 1.03 |
| Claims Paid | 0.01 | - |
| Cost of Tender | - | 0.02 |
| Delievery Charges | 0.21 | 0.22 |
| Others | - | 0.02 |
| Sub total | 1.15 | 1.71 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| (b) Administration expenses | | |
| Office Rent | 0.11 | 1.82 |
| Rates and Taxes: | | |
| - Property Tax to Municipal Corporation | 5.73 | 5.14 |
| - Others | 0.03 | 0.01 |
| Electricity and Water Charges | 1.95 | 2.57 |
| Printing and Stationery | 0.15 | 0.13 |
| Postage, Telegram, Teleprinter & Telex | 0.05 | 0.13 |
| Telephones | 0.42 | 0.57 |
| Repairs | | |
| - Building | 0.08 | - |
| - Others | 0.05 | 0.23 |
| Travelling Expenses | 0.36 | 0.65 |
| Housing Colony Expenses | 2.10 | 2.54 |
| Service Vehicle Expenses | 0.25 | 0.28 |
| Insurance Premium | 0.39 | 0.22 |
| Auditors' Remuneration | - | - |
| - Statutory Audit Fees | 0.14 | 0.15 |
| - Tax Audit Fees | 0.07 | 0.07 |
| - Certification fees | 0.03 | 0.03 |
| Information Technology Expenses | 0.27 | 0.17 |
| Conveyance Expenses | 0.03 | 0.03 |
| Maintenance of Office Building | 0.14 | 0.22 |
| Misc. Office expenses | 2.72 | 4.03 |
| Goods & Service Tax (GST) not to be set off | - | 0.18 |
| Sub total | 15.07 | 19.17 |
| (c) Trade Expenses | | |
| Legal & Professional Expenses | 4.47 | 14.89 |
| Advertisement & Publicity | 0.15 | 0.28 |
| Exchange Fluctuations other than commodity items | 1.45 | 0.87 |
| Entertainment expenses | 0.05 | 0.13 |
| Other Trade Expenses | 0.03 | 0.06 |
| Sub total | 6.17 | 16.23 |
| (d) Amortization Expenses | | |
| Amortisation expenses of Deferred employee advances | 0.17 | 0.04 |
| Amortisation expenses of Deferred Security deposit | 0.18 | 1.28 |
| Total | 22.75 | 38.45 |

34 Exceptional Items

| | | |
|---|---------------|--------------|
| (a) Expenses | | |
| Loss on sale of Property, Plant & Equipment (PPE) | 0.01 | 0.03 |
| Litigation settlement* | 104.26 | 86.48 |
| Provision for expenses | 0.23 | 0.24 |
| Total (a) | 104.50 | 86.75 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| (b) Write Offs | | |
| Trade Receivables** | - | 626.18 |
| Assets | - | 0.03 |
| Total (b) | - | 626.21 |
| (c) Provision for Doubtful debts, Loans and advances & Investment | | |
| Trade Receivables | 0.11 | 4.08 |
| Claims | 0.05 | 0.11 |
| Loans and Advances | - | 0.06 |
| Deposits | - | 1.03 |
| Total (c) | 0.16 | 5.28 |
| (d) Income | | |
| Profit on Sale of PPE | 0.02 | 0.09 |
| Liabilities Created in previous years written back: | - | - |
| - Others | 19.52 | 2.00 |
| Provision Written back for doubtful amounts realized: | - | - |
| -Trade Receivables | 6.97 | 0.02 |
| -Claims | - | 1.33 |
| Write back of unclaimed credit balances | 2.41 | 0.11 |
| Total (d) | 30.46 | 3.74 |
| Total (a+b+c-d) | 74.19 | 714.49 |

* For details refer note no. 39 (iii)

** For P.Y (2018-19) The company had won the case and in accordance with the verdict of the Hon'ble Supreme Court. The company recovered Rs. 1400 Crore against balance recoverable of Rs. 2026.18 Crore from Global Steel Philippines Inc./Global Steel Holding Ltd. (GSPI/GSHL). The remaining balance of Rs. 626.18 Crore has been written off as exceptional items.

35 Tax Expense

A. Tax recognised in Statement of profit and loss

| | | |
|--|----------|----------------|
| Current income tax | | |
| Current year | | |
| Adjustments for prior years | | (16.04) |
| Total | - | (16.04) |
| Reconciliation of effective tax rates | | |
| Profit before tax | (114.09) | (899.06) |
| Tax using the company's domestic tax rate @ 31.20% | - | - |
| Prior year ended income adjustments | - | - |
| Tax Effect of : | - | - |
| Permanent Differences | - | - |
| Unrecognised deferred tax assets/(Liabilities) | - | - |
| Tax Expenses for the year | - | - |

Since the tax expense for the year is Rs. NIL hence no provision for Tax on other comprehensive income is considered necessary.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

B. Tax Losses Carried Forward

(₹ Crore)

| Particulars | As at March 31, 2020 | Balance Year Ended |
|---|-------------------------|-----------------------|
| Unused Tax Losses for which no deferred Tax Assets have been recognized : | | |
| Business Loss carried forward for F.Y. 2012-13 | 7.04 | 2 Years |
| Business Loss carried forward for F.Y. 2013-14 | 17.84 | 3 Years |
| Business Loss carried forward for F.Y. 2014-15 | 84.28 | 4 Years |
| Business Loss carried forward for F.Y. 2015-16 | 109.89 | 5 Years |
| Business Loss carried forward for F.Y. 2016-17 | 112.72 | 6 Years |
| Business Loss carried forward for F.Y. 2017-18 | 98.04 | 7 Years |
| Unabsorbed Depreciation | 27.61 | No Limit |
| Total | 457.42 | |

- C. As per Finance Act 2019, the Government has levied health & education cess of 4% on applicable income Tax (30%) w.e.f. A.Y. 2020-21. Hence Deferred Tax as on 31.03.2020 is calculated @ 31.20%

| Particulars | For the year ended March 31, 2020 | | | For the year ended March 31, 2019 | | |
|------------------------|-------------------------------------|----------------------------------|-------------------------------|-------------------------------------|----------------------------------|-------------------------------|
| | Foreign Currency Denomination | Amount in Foreign Currency | Amount in indian Rupees | Foreign Currency Denomination | Amount in Foreign Currency | Amount in indian Rupees |
| A. Receivable : | | | | | | |
| Various Parties | USD | 31.49 | 1,400.27 | USD | 31.49 | 1,400.45 |
| Various Parties | EURO | 0.21 | 14.73 | EURO | 0.21 | 14.09 |
| CAMAG | CHF | 0.00 | 0.24 | | - | - |
| SubTotal (A) | | 31.71 | 1,415.24 | | 31.70 | 1,414.55 |
| B. Payable : | | | | | | |
| Various Parties | USD | 0.43 | 32.24 | USD | 0.42 | 29.14 |
| Various Parties | EURO | 0.02 | 1.33 | EURO | 0.00 | 0.08 |
| SubTotal (B) | | 0.44 | 33.58 | | 0.42 | 29.22 |

37 Trade Payables

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as under :

| Particulars | 2019-20 | 2018-19 |
|---|---------|---------|
| Principal amount due to suppliers under MSMED Act, 2006 | - | - |
| Interest accrued and due to suppliers under MSMED Act on the above amount, unpaid | - | - |
| Payment made to suppliers (other than interest) beyond the appointed day, during year | - | - |
| Interest paid to suppliers under MSMED Act (other than Section 16) | - | - |
| Interest paid to suppliers under MSMED Act (Section 16) | - | - |
| Interest accrued and remaining unpaid at the end of each of the year to suppliers under MSMED Act | - | - |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

38 Disclosure in respect of Indian Accounting Standard (Ind AS)-37 "Provisions, Contingent Liabilities and Contingent Assets"

(i) Provisions

(₹ Crore)

| Particulars | Opening Balance as on 01.04.19 | Additions/ Transfers during the year | Utilization During the Year | Adjustment During the Year | Written-back During the year | Closing balance as on 31.03.20 |
|----------------------------|--------------------------------|--------------------------------------|-----------------------------|----------------------------|------------------------------|--------------------------------|
| Contingencies | 12.82 | 32.16 | - | | 0.98 | 44.00 |
| Doubtful Trade Receivables | 629.20 | - | - | | 2.19 | 623.34 |
| Doubtful Loans | 92.99 | - | - | | - | 92.99 |
| Doubtful Claims | 100.13 | 0.05 | - | | - | 100.18 |
| Doubtful Deposits | 6.03 | - | - | - | - | 6.03 |
| Total | 841.17 | 32.21 | - | - | 3.17 | 866.54 |

(ii) Contingent Liabilities:

| Particulars | 31.03.2020 | 31.03.2019 |
|---|-----------------|-----------------|
| Claims against the company not acknowledged as debt | | |
| (i) Court & Arbitration cases with parties | 1,614.70 | 1,721.07 |
| (ii) Sales Tax/Service Tax/VAT | 491.60 | 495.31 |
| (iii) Income Tax | 9.01 | 9.01 |
| (iv) Custom Duty | 6.93 | 5.85 |
| (v) Others | 2,038.92 | 1,146.69 |
| Total | 4,161.15 | 3,377.93 |

Notes of Holding Company:-

- 38.1 M/s Tanzania Commodities Pvt. Ltd. raised a claim of Rs. 24.46 Crore towards short supply of sugar through the associate M/s Mehak Overseas. The case is pending before the Bombay High Court. Refer note no. 39 (3) for details of M/s Mehak Overseas.
- 38.2 M/s Mediterranean Shipping raised a claim of Rs. 7.29 Crore towards nonpayment of Demurrage and storage charges by M/s Mehak Overseas in two separate cases. The cases are pending before the Bombay High Court.
- 38.3 Includes a demand of Rs. 132.32 Crore raised by L&DO vide its letter no. L&DDO/LS2A/9225/133 dated 26th March 2018 from 2004-05 onwards for non-compliance of various conditions of the Lease Deed (including non-deposits of 25% of the gross rent received by STC from its tenants). However, the company has disputed the demand and the matter is still pending.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

38.4 "Provision as on 31.03.2020 includes Rs. 9.78 Crore (after considering EMD Rs. 1.99 Crore available with STC) in respect of contract entered into by the company for import of goods on behalf of the Indian Associate M/s Millennium Wires Pvt. Ltd. The documents tendered by the foreign supplier were forged and fabricated. Hence, STC approached its banker (Allahabad Bank) not to release the payment to Foreign Bank against these LCs. Foreign Bank of supplier approached Hon'ble Delhi High Court for release of payments against LCs. As per Hon'ble Delhi High Court Order, Allahabad Bank has deposited decremental amount with Hon'ble Court and has debited STC's account. Subsequent to the Hon'ble Delhi High Court Judgments dated 25.11.2019, STC has received a Claim letter dated 16.01.2020 from Allahabad Bank for an amount of Rs. 16,21,60,914 along with future interest @ 9.65% p.a.w.m.r.. STC would file SLP against Hon'ble Delhi High Court Order. STC has made a provision of Rs. 9.78 Crore (net of EMD Rs. 1.99 Crore available with STC) in respect of three LCs documents accepted by STC. Since STC has refuted the demand raised by Allahabad Bank, the balance amount of Rs. 3.93 Crore has been shown as Contingent Liability. (Total claim amount of Rs. 15.7 Crore along with interest up to 31.03.2020 as per High Court Order less provision and EMD available in books). Meantime, Lender Institutions of the Indian Associate have initiated NCLT proceedings against the Associate. STC had also filed its claim for an amount of Rs 14.91 Crore in compliance with Orders of the NCLT, Chandigarh Bench before the Liquidator. However, the Liquidator has vide email dated 26.05.2020 rejected STC's claim of amount Rs 14.91 Crore. STC is in the process to appeal against the decision of the Liquidator before NCLT, Chandigarh."

Notes of Subsidiary Company

- 38.5 Rs.12.68 Crore [excluding interest] is due from M/s. Devi Mineral Resources [I] Pvt. Ltd., is a group company of Devi Trading and STCL has initiated various legal steps for recovery of dues. In order to counter the legitimate claim of STCL, Devi Trading has raised the counter claim of USD 3123960/- against STCL with ulterior motive which is false and baseless. However the company has disclosed sum of USD 3123960/- as contingent liability. However the Arbitration proceedings initiated by the DTCL, has been dismissed for non prosecution and non filing of claims.
- 38.6 STCL was defrauded by M/s. Future Exim (India) Pvt. Ltd. & M/s.Future Metals Pvt. Ltd., in the third country merchanting trade and STCL had initiated legal steps for recovery of dues as one of the legal recourses. STCL has also initiated arbitration against M/s.FE IPL & M/s. FMPL. Sino Asia is one of group company of M/s.FE IPL & M/s. FMPL raised a wrong claim for sum USD 209575000/- with ulterior motive to counter the legitimate claim of STCL against M/s.FE IPL & M/s. FMPL even though all the legal steps have initiated to counter the claim. However the company has disclosed sum of USD 209575000/- as contingent liability.
- 38.7 STCL had awarded the Civil construction work to M/s Carmel Builders Fibro tech India Pvt Ltd, in respect of Pepper processing unit at Siddapura in Coorg Dist. Of Karnataka in Aug 2008. The company terminated the contract in July 2009 on account of poor progress of work. The contractor has disputed the same and made a demand of Rs. 0.80 Crore towards the work done. The Arbitration was completed and awarded STCL to pay a sum Rs. 0.49 Crore to M/s Carmel Builders. STCL has challenged the Arbitral award in the court. The Balance amount of Rs. 0.67 Crore (Rs. 0.80 Crore less Rs.0.13 Crore) shown under payable to contractor) is shown under contingent liability.
- 38.8 The APMC, Bangalore has filed a suit in May 2011 against the Company for recovery of Market Fee / Penalty totalling an amount of Rs.1.14 Crore. The transaction was carried out in the year 2001-02. The Market Fee was already paid by the Company to Food Corporation of India, Bangalore while obtaining Release / Delivery Order for 80,000 MTs of Maize through Tender Process. Accordingly the Company has filed its objections to the petition and the legal proceedings are in progress. The claims of APMC has been shown under contingent liabilities.
- 38.9 The Company has made provision for payment of interest as per the claims made by the consortium of banks in the DRT application upto 20.07.2011 and further interest are provided at the rates mentioned in the DRT application. IDBI Bank claimed an amount of 62.01 Crore towards penal interest/liquidated damages as per the balance confirmation certificate as on 31.03.2012. However, the company has disclosed the liability of Rs. 62.01 Crore under contingent liability.
- 38.10 The Company has made provision for payment of interest as per the claims made by the consortium of banks in the DRT application upto 20.07.2011 and further interest are provided at the rates mentioned in the DRT application. Union Bank of India claimed an amount of Rs. 9,59,97,748/- towards excess interest as per the balance confirmation certificate as on 31.03.2015. However, the company has disclosed the liability of Rs. 9,59,97,748/- under contingent liability.
- 38.11 The Company has made provision for payment of interest as per the claims made by the consortium of banks in the DRT application upto 20.07.2011 and further interest are provided at the rates mentioned in the DRT application. State Bank of India claimed an amount of Rs. 94.24 Crore towards excess interest as per the balance confirmation certificate as on 31.03.2016. However, the company has disclosed the liability of Rs. 94.24 Crore under contingent liability.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- 38.12 The Company had received a Show-cause Notice from the Service Tax Department in October 2011 for non payment of Service Tax of Rs. 1.43 Crore for the year 2006-07 to 2010-11 (excluding interest and penalty) and the Company filed an Appeal against the said Notice which was held against it as per the Order dtd.. 13.12.2012 of the Commissioner (Adjudication) and demanded a payment of Rs. 1.43 Crore as Service Tax and imposing an equivalent amount of Rs. 1.43 Crore as penalty. The Company has filed an Appeal against the above Order with the Service Tax Appellate Tribunal (CESTAT) on 19.03.2013 as per the legal advice obtained. The CESTAT impugned order is set aside and the matter is remanded to the original adjudicating authority. The Company has disclosed sum of Rs. 4.24 Crore as contingent liability towards service tax for the period from 1.4.06 to 31.03.2014 including the penalties of Rs. 1.43 Crore.
- 38.13 In respect of Assessment year 2010-11, notice has been received u/s 220(2) dtd. 26.02.2016 for payment of Rs. 2.12 Crore as interest against the default. The company had filed an application u/s 220(2)(a) on 22.06.2016, requesting to drop the interest amount claimed. However the company has disclosed the liability of Rs. 2.12 Crore under Contingent Liability.
- 38.14 Subsequent to filing of arbitration petition by M/s Shiva shanker Minerals Pvt. Ltd. against STCL and on completion of arbitration process and being awarded Rs. 3.37 Crore including legal fees of Rs. 0.27 Crore along with interest at the rate of 12% till the realisation. STCL has filed an appeal against the arbitration award which is pending before the City Civil Court, Bangalore. However the company has disclosed the total liability of Rs. 6.07 Crore along with interest of Rs. 2.69 Crore till date.
- 38.15 The Enforcement Directorate has levied penalty of Rs 10 Crore for contravention of Sec.10(6) of Foreign Exchange Management Act, read with regulation 6(1) of Foreign Exchange management (realisation, repatriation and surrender of Foreign Exchange Regulation 2000. The Company has filed appeal to the appellate authority and expecting full relief from them.
- 38.16 The company has not provided during the year interest payable/due on the dues to various banks due to DRT pending matters and in support of company's claims. The same has been considered as contingent liability to the tune of Rs.1665.89 Crore.

(iii) **Litigation Settlements:**

Notes of Holding Company

- 38.17 "M/s J.K. International (a foreign supplier) has a pending claim of Rs. 72.84 Crore including interest due to abrogation of contract by STC for import of pulses during 2008-09. The claim was disputed by STC on the ground that contract for import of Pulses was on the direction of Ministry of Consumer Affairs and the said Ministry directed STC to abrogate any balance unshipped quantity under the said contract. However, the supplier had invoked Arbitration clause and the award of Arbitral Tribunal was in the favour of supplier. STC filed an appeal against the Tribunal award before the single bench of the Hon'ble Delhi High Court. The judgment was in favour of supplier against which STC has filed an appeal before the Double bench of the Hon'ble Delhi High Court. Meanwhile, M/s J. K. International filed an SLP against STC at Hon'ble Supreme Court of India and under order of Hon'ble Supreme Court, STC has paid a sum of Rs. 20.00 Crore to M/s J. K. International. Since the transaction was for and on behalf of Ministry of Consumer Affairs, STC has brought the above developments to the knowledge of the Ministry and has sought for reimbursement of Rs. 20.00 Crore paid to M/s J. K. International. The matter is still pending before Hon'ble Delhi High Court and the amount of Rs. 52.84 Crore has been accounted for as liability. "
- 38.18 "The company has appropriated an amount of Rs. 27.89 Crore recoverable from M/s Lichen Metals Pvt. Ltd.(the party) against the deposits of its holding company viz. M/s Edelweiss Pvt. Ltd. due to this, the holding co. of party had gone for arbitration and award was in their favour for the refund of Rs. 27.89 Crore plus interest @8% p.a. by STC excluding cost of arbitration. Against the same STC has filed an appeal before the Hon'ble High Court. Meanwhile, as per the High Court's direction STC has deposited Rs. 31.92 Crore with the High Court of Calcutta. The amount has been kept as a Security in the form of FD with High Court, pending appeal. "
- 38.19 P.Y 2018-19:- The company has already paid a total amount of Rs. 92.05 Crore to M/s Helm (as per Court Order dated 21.08.2019) under the Execution Petition filed by M/s Helm and with this the Execution Petition stands closed. The company has been requesting Department of Fertilizer (DOF) for payment of the arbitral award amount as the said transaction was handled by the company on behalf and as per the instructions of DOF only. However, the payment is still awaited from DOF.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Notes of Holding Company:-

(iv) Contingent Assets:

If it is probable that there will be inflow of the economic benefits, disclosure shall be made for contingent asset stating the brief description of the nature of the contingent asset. If possible, estimated financial effect shall also be disclosed.

(₹ Crore)

| Particulars | 31.03.2020 | 31.03.2019 |
|--------------------|-----------------|-----------------|
| Claims* | 127.72 | 128.16 |
| Advances* | 323.48 | 298.21 |
| Trade Receivables* | 2,877.61 | 1,603.46 |
| Others | 27.70 | 429.98 |
| Total | 3,356.51 | 2,459.81 |

* Contingent assets consist of claims (principal & interest) against those parties where either a provision has been made or has been written off. All these cases are pending at various levels of court.

(v) MoC&I vide letter dated 19.03.2020 conveyed that the subject matter has been re-examined in the Ministry in consultation with Department of Public Enterprise (DPE) and it has been decided that the recovery of the entire excess payment made in the contravention of DPE guidelines issued vide OM dated 26.11.2008 to be effected. Accordingly, fresh demand letter(s) dated 01.04.2020 were issued to all 27 officers (both serving & retired) with request to make payment within 15 days. Out of 27 officers, 03 officers have refunded the payment to STC. For remaining 24 officers, necessary action has been recommended vide OM dated 15.06.2020.

Notes of Holding Company:-

39 Major Legal cases (Trade Receivables)

- 39.1 "STC has supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the LCs amounting to approx. 12.05 Crore (LC value Rs. 10.05 Crore and interest & other expenses of Rs. 2.00 Crore). STC has filed civil applications and criminal complaint under various sections of India Penal Code. The material sold to the associate was pledged to STC and kept under the custody of CWC. However, another PSU viz. M/s. Metal and Scrap Trading Corporation (MSTC) had also made a claim of ownership of stock. Hence, STC has filed declaratory suit in the lower court, Panvel, Navi Mumbai. Meantime, the Hon'ble Court has asked MSTC to conduct the sale of pledged stock and deposit the sale proceeds with the Hon'ble Court. The matter is still pending. Further, the Lender Institutions have initiated proceeding under NCLT against the associate, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT on 21.08.2018. Provisioning of Rs. 9.83 Crore has not been considered necessary as the amount is secured by pledged stock."
- 39.2 "STC had exported Gold jewellery to various parties of UAE against which USD 1,61,705,695 equivalent to Rs. 787.65 crore is outstanding for recovery. Due to economic meltdown during FY 2008-09, the buyers have defaulted in payments. STC has discounted 90% of the bills from EXIM Bank and has paid 83.5 % to respective Indian Suppliers. STC has initiated criminal and civil proceedings against local suppliers which are still pending. However, against most of the Indian suppliers, winding up orders have already been passed. Provision amounting to Rs. 445.46 Crore has been made and balance of Rs. 342.19 Crore has not been provided as the same is payable to various local suppliers."
- 39.3 "Other trade receivables include Rs.41.92 Crore approx. on account of export of various agri. commodities to various foreign buyers during 2006-07 to 2009-10 out of purchase made from the Local supplier M/s Mehak Overseas under various agreement against which corresponding credit balance of Rs. 41.92 Crore approx. is appearing under trade payable. Further, a financial assistance of Rs. 75.33 Crore approx. given by STC to M/s Mehak Overseas Ltd. (MOPL) for the purchase of Agri Commodities has already been written off during 2013-14. Since the party has failed to refund, STC has initiated various legal steps against the party. The matter is also under investigation by CBI. Considering the corresponding credit available under trade payable of Rs.41.92 crore, no provision is considered necessary."
- 39.4 Trade receivables includes Rs.568.44 Crore approx. on account of export of pharma products to foreign buyers purchased from M/s Rajat Pharmaceuticals Ltd (RPL) who drew bills of exchange on STC which were accepted upon receipt of overseas buyer's pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payments against the export bills and have gone into liquidation. A sum of Rs.527 Crs. Approx. has been admitted by the liquidator of one of the foreign buyer's i.e. Loben Trading Co. Pte. Ltd, Singapore. A Decree of Rs 62.47 Crs. approx. has been passed by Hon'ble Mumbai High Court in favour of STC against the dues from another foreign buyer i.e Sweetland Trading Pte Ltd., Singapore. As of current date, RPL has gone into liquidation and official liquidator is appointed by Hon'ble High Court Mumbai. The matter is also under investigation by CBI. No provision is required against the same. Banks & Financial institution have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 476.47 Crore.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- 39.5 Non-Current trade receivable includes Rs. 3.23 Cr. from M/s Renaissance Corporation Ltd. towards import of pet bottle material, which are pledged with STC. This outstanding is against non-lifting of scrap imported in respect of last LC. STC went into arbitration, which was awarded in favour of STC. However, a provision of Rs. 1.76 Crores to the extent of dues not covered by pledged stock has already been made.
- 39.6 "STC has exported 19,980 MT Rice for amounting to USD 60,93,900 (equivalent to Rs 40.65 crore) during 2016-17 to GASC, Egypt, a Government entity of Egypt. The buyer has deducted arbitrarily USD 6,03,357.75 (equivalent to Rs 4.15 crore as on 31st March, 2019) from the total value of commercial invoice on account of fumigation and other charges and balance amount was paid. However, STC has disputed the above said deduction and the matter has also been taken up at various forums i.e. MEA & concerned Embassies. Further the said export of Rice was from the procurement made from Food Corporation of India (FCI) and as per para 14 of the Agreement with FCI, the payment is to be made on receipts of the sale proceed from the Egyptian Buyer. Accordingly, STC has also not paid to the same extent to FCI. Further in a recent joint meeting of FCI, STC & MEA, it was decided that MEA shall pay the amount due of Rs 4.15 crore. In view of the above, STC is not out of pocket, hence no provision for Rs 4.15 crore has been made."
- 39.7 STC had exported steel plates to Iranian Gas Engineering & Development Co. (IGEDC, Iran) during 2014-15 to 2016-17 amounting to Rs. 2873.24 crore under a contract which expired in January 2017. As on balance sheet date Rs. 89.38 crore (reconciled with IGEDC) is still outstanding. The said outstanding payment of Rs 89.38 Crore on receipt from IGEDC is to be paid to Indian manufacturer and STC is not out of pocket in the said transaction. The third party i.e. M/s. Essar Steel Ltd., an Indian manufacturer has taken advance directly from IGEDC for which STC is not responsible. Accordingly, this amount is good for recovery; accordingly no provision has been made.
- 39.8 "The trade receivables include an amount of Rs.10.54 crore recoverable from M/s Dankuni Steel Limited against supply of Metcoke. STC's claim has been filed with NCLT through IRP. The company has also filed legal and criminal cases against the associates which are being followed up. A provision of Rs.3.58 cr. has been made against the dues. No provision for Rs.6.96 cr. has been made as the said amount likely to be realized out of the sale proceeds of land mortgaged to STC."
- 39.9 Non-Current Claim Recoverable includes Rs 3.92 Crore from M/s Lichen Metals (the party) out of total exchange gain of Rs 31.87 Crore paid by STC to M/s Lichen Metals due to cancellation of forward cover by the party against indent for domestic supply of Bullion. Subsequently, STC demanded for the refund of such amount which the party refused to refund. On refusal for refund, STC adjusted deposits of Rs. 27.95 Crore taken from holding company (M/s Edelweiss) of the party leaving a recoverable balance of Rs 3.92 Crore. However, holding company had approached for arbitration against adjustment of its deposit by STC against the dues of the party (i.e. subsidiary). Arbitration award was in favour of the holding company of the party. However, STC has filed an appeal against the arbitration award before the Hon'ble High Court which is still pending. Hence, no provision for the same has been made. STC has deposited Rs. 31.92 Crore with Hon'ble High Court, Calcutta pending appeal.
- 39.10 Claim recoverable includes Rs. 5.48 Crore (equiv. to USD 0.86 million) outstanding for recovery from M/s Samsung C&T corporation, Korea against debit note issued by STC during 2017-18 due to quality variation of Urea imported. The supplier has invoked the arbitration clause and was awarded in favour of M/s. Samsung. STC had filed its counter claim which was dismissed. STC has taken up for the withdrawal of penalty with DOF in accordance with Arbitration award.
- 39.11 STC received a demand of Rs. 80.02 Crore from NDMC during 2016-17 towards property tax for the period from 1999-2000 to 2016-17 and the same has been allocated proportionately to CCIC & HHEC. Out of total demand of Rs. 80.02 Crore, STC has paid Rs. 22.12 Crore during 2016-17 against which CCIC has paid its share of Rs. 1.15 Crore. However, HHEC has not paid its share, hence provision to the extent of share of HHEC out of payment of Rs. 22.12 core has already been made.
- 39.12 Advances include a sum of Rs 87.39 Crore receivable from M/s MMT, New Delhi excluding contingent assets of Rs 360.09 Crore recoverable, against which STC has initiated legal actions including criminal proceedings. In this regard, full provision has been made in earlier years. STC was successful in getting arbitration award for Rs 110 Crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award. The party has raised objections to the award before Hon'ble High Court at New Delhi and the same are being contested vigorously by STC.
- 39.13 Trade receivable of Rs. 0.05 Crores (excluding contingent assets of Rs. 155.41 Crores) is receivable from M/s Balasore Alloys Ltd. Various legal cases i.e. u/s 138 of N.I. Act & u/s 482 of Cr. P.C. are pending before Hon'ble Courts in New Delhi are being pursued vigorously. Through Arbitration Proceedings Rs. 48.55 Cr has been received during FY 2017-18. Award in the arbitration matter is expected.

Notes of Subsidiary Company:-

- 39.14 Rs.2.08 Crore [excluding interest and trade margin] was due from one of the debtor against High Seas Sale and Pledge of stocks in their premises which was under CWC management. As the payment were not received, the Company invoked the Personal Corporate Guarantee executed by the debtor in favor of the company and filed cases under Section 138 of N.I.Act. The company has made full provision for Rs, 2.08 Crore in the earlier years.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Arbitral award dtd.30.09.2013 came in favor of the Company for recovery of claims debtor has challenged the Arbitral award in the court and the Company has filed its objection. The party has remitted a sum of Rs, 0.19 Crore during the financial year 2018-19 , the same has been reversed in earlier provisions and leaving a balance of 1.89 Crore.

- 39.15 Rs.17.10 Crore is due from another debtor. The Company has filed a private complaint in the magistrate court against RPEPL.its sister concern and C&F Agent for unauthorized lifting of stock, which has been referred to the jurisdiction police station at Bangalore. Since B.Report was filed by the police. Company has challenged on the B report in the court requesting for re-investigation. The Company has initiated action u/s.138 of Negotiable Instrument Act for the return of the cheque unpaid. In addition the Company has invoked the personal guarantee issued by the director of RPFPL and against the non payment the Company has filed a recovery suit in the Kolkata High Court The Arbitral award dtd.23.03.2016 came in favor of the Company. The Company has made full provision for Rs.17.10 Crore in the earliest years. The company has also filed a petition under Section 7 of IBC Act, before NCLT, Kolkatta against the said debtor and awaiting for the legal process.
- 39.16 Rs.8.96 Crore is due from another debtor (for which provision was made in the earlier years) against High seas Sale and Pledged of stocks held in the premises of Container Corporation of India at Chennai. As the Payments were not received. The Company invoked the personal Corporate Guarantee executed by debtor under 138 of NI Act. STCL is in the process of exploring possibilities with custom authorities for liquidation of the available stock for recovery of the dues.STCL had initiated Arbitration and Retired Justice had been appointed on 19.06.2016 as Arbitration proceedings was completed and the award was given in favor of STCL vide the order dated 20.06.2017 for an amount of Rs,8.96 Crore however SGSRL has challenged the award in the city civil court Bangalore which is in progress. Case filed by the company under Section 138 of NI Act has been dismissed and the company has challenged the order and moved an appeal before the High Court of Karnataka, the matter is pending.
- 39.17 Rs.12.64 Crore [excluding interest] is due from one of the Business Associate , regarding a stock of around 29,400 MTS of Iron ore fines [subject to handling and storing loss an account of long storage period] approximately valuing Rs. 3.38 Crore as per the present market value. The stocks are in the custody of C&F agent at Vizag and there is claim of custodian charges amounting to Rs. 1.67 Crore. Further business associate has moved in the High Court of Karnataka for appointment of Arbitrator, which is awaited.
- 39.18 Rs.6.86 Crore [excluding interest] is due from one of the business associate , the matter was referred to arbitration. The arbitration award was declared in Company's favor for recovery of claim along with legal cost. Further business associate has challenged the arbitration award and filed a petition before the Court and the matter is pending.
- 39.19 Rs.12.38 Crore [excluding interest] is due from another business associate. The company is persuing the legal/recovery cases against the party.
- 39.20 The Company has issued charge sheet to 7 officials in respect of (i), (ii) & (iii) above and also in respect of quality claims of USD 2.88 Million [Rs.18.67 Crore] by overseas buyer against Company which is shown under contingent liability. The CVC has appointed the inquiry officer and the inquiry is in progress.
- 39.21 Rs.3.91 Crore is due from another business associate. The Company had filed a Private Complaint for diverting and misappropriation of 371 MTS of Pulses. Since the 'B' report has been filed by the Police after investigation, the Company has challenged on the 'B' report filed by the police in the Court requesting for re-investigation. The Company has also filed case under section 138 of NI Act, the legal proceedings are in progress and compnay has won for the claim of Rs.1.50 Crores and the party has filed an appeal with the appellate authority which is pending for disposal. The Company has made full provision for the amount due in the earlier years.
- 39.22 Rs.2.08 Crore/-[excluding interest and trade margin] was due from one of the .debtor, Company had created a provision for the full amount earlier.The party has remitted a sum of Rs, 1.54 Crore during the financial year 2019-20 , the same has been reversed in earlier provisions .
- 39.23 Loans and Advances includes Rs.1155.25 Crore [net of security deposit/margin money] shown as Claims Receivable from Business Associates. The Company opened usance letters of credit on overseas suppliers for import of Metal Scraps-[Nickel/ Copper Scrap] for merchanting trade at the cost and risk of the Business Associates. The associates / buyers failed to meet the commitment of making the payment before the due dates of the Letters of Credit and this resulted in devolvement of LC's on Company.
- 39.24 The net amount due from above business associate is Rs.1155.25 Crore towards the cost of cargoes stuffed in 885 containers supposed to contain Nickel and Copper Scrap which were lying at South Korean and Vietnam Ports. As the payments were not received, few containers were got opened by the Company which were found to contain Iron Scrap instead of Nickel and Copper Scrap.
- 39.25 The containers were auctioned by the port authorities. In view of the cargo being assessed as Iron/Steel Scrap and the auction sale price ranging from USD 206 to 250 per MT, the Company has filed complaints against overseas seller business associates as well as international inspection agency all the Criminal complaints filed in India have been transferred to CBI New Delhi. CBI has investigated the matter and filed charge sheet on 7th December, 2016 in the court of XXI Additional City Civil & Sessions Judge & Special Judge for CBI cases Bangalore (CCH-4).
- 39.26 The Enforcement Directorate, has issued a show cause notice to STCL and its four officials, business associates and 8 bankers of STCL in December 2011. The Company has replied to the show cause notice. Further The Special Director, Enforcement Directorate, Chennai, summoned the Company on 25.03.2014 and Company appeared and presented the details in the adjudication process. After completion of enquiry, Special Director, Enforcement Director Chennai passed an order bearing No.SDE/SRO/BGZO/01/2018(KRUB)Dated:30.01.2018 whereby STCL was held liable for contravening the provision of the foreign exchange management act 1999 (FEMA) and in particular section 10 (6) of the (FEMA) read with regulation 6(1) of the Foreign Exchange Management (Realisation,Repatriation and Surrender of Foreign Exchange Regulation) 2000.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- 39.27 Vide the impugned order, ED had levied a penalty of Rs, 10 Crore with direction to pay the penalty with in 45 days and the appeal on the above order shall lie with Appellate Tribunal under Smugglers and Foreign Exchange Manipulators (Forfeiture of property) New Delhi. STCL has filed appeal before the Appellate Tribunal on 09.03.2018 Praying for dropping the charges imposed against STCL along with penalty levied .STCL filed the appeal before the Appellate Tribunal on 09.03.2018 vide Appeal No.FE-12/CHN/2018. and matter is in progress.
- 39.28 The Company has initiated civil and criminal proceedings for recovery of the amount from the business associates and in this connection the Company has obtained injunction on the properties owned by the business associates which includes 154 acres of land belonging to them and group companies for which the business associates have submitted original title deeds to the SBI, lead bank of consortium of banks for creation of charge.
- 39.29 Subsequent to the dismissal of SLP filed in the Supreme Court by FMPL/FEIPL, the High Court of Karnataka has re-appointed as sole Arbitrator vide its order dtd. 07.04.2017. He had issued the notice to both the parties for appearing on 18.05.2017 to start the arbitration proceedings. How ever he relinquished the office of the arbitration citing personal reason and STCL approached High Court of Karnataka for appointment of New Arbitrator. High Court vide its order dated 06.09.2017 appointed former Judge of High Court of Karnataka to adjudicate the matter. The company has deposited the arbitration fees and The arbitration proceedings is in progress.
- 39.30 As the Sale is not concluded in these transactions due to non-receipt of payment from the buyers / associates, as per the contract, the amount payable towards devolved LC's [Purchase-Metal Scrap (Imports)] were transferred to the Business Associates account and treated as 'Claims Receivable from Business Associates' in accordance with the terms of contract.
- 39.31 In this connection, the Company has obtained the court injunction on the properties of the business associate. The Company had engaged the services of Government and Banks Registered Valuer to assess the value of land located at Punjab during January, 2012. By oversight while converting 2382.91 Bighas into Acres from the valuation report dtd. 20.01.2012 it was wrongly mentioned as 578 acres as against 501.66 acres in the previous year accounts (4.75 Bighas equal to 1 Acre, 20 Biswa equal to 1 Bigha). Further the valuation of 2382.91 Bighas (501.66 Acres) was Rs. 548.45 crores as per the valuation report dtd. 20.01.2012 has come down to Rs. 400.28 crores as per the valuation report dtd. 02.12.2016 which has been shown in the below table.

(₹ Crore)

| Particulars | Average Value | |
|--|---------------|----------------------|
| Immovable properties of Business Associates : | | |
| Land located at Punjab [501.66 acres] as per valuation report did. 02.12.2016. | 4,002,800,000 | |
| Office Building located at New Delhi [9000 sqft] | 296,900,000 | |
| Land located at Chennai [9 acres] | 402,500,000 | |
| Land located at Maharashtra [29.951 acres] as per valuation report did. 18.06.2013 | 256,321,000 | |
| Land located at Gujarat [202.618 acres] | 200,000,000 | 5,158,521,000 |
| Movable properties of Business Associates : | | |
| Shares[45000] of Universal Pavers Pvt. Ltd.,Tuticorin | | 169,800,000 |
| TOTAL | | 5,328,321,000 |

Enforcement Directorate vide its order bearing number F.No. ECIR/BGCO/25-26/2009 dated 31.03.2018 has confiscated the properties held by FMPL/ FEIPL and its group companies valuing for Rs.39 crores. In view of the pending establishment of clear title and creating charge on the properties of FMPL / FEIPL and its group companies in favor of STCL / banks, full provision has been made as a measure of abundant precaution. Based on the inquiry report, on the disciplinary proceedings in the matter of irregularities in the above transactions, Disciplinary Authority vide his order dtd. 07.05.2014 had imposed punishment of dismissal to three officials, compulsory retirement to five officials and reduction in the increment by two levels to one official. On the appeal made by two dismissed officials, the Appellate Authority, i.e. the Board of STCL set aside the dismissal order and imposed penalty of compulsory retirement. Further after going through the appeal made by other five officials, the Appellate Authority, in its 154th Board meeting held on 26th September, 2016 upheld the punishment imposed by the Disciplinary Authority i.e. compulsory retirement.

- 39.32 In the opinion of the Management, the current assets, loans & advance have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance sheet and necessary provision has been made in the cases wherever it is considered as doubtful
- 39.33 As full provision for doubtful debts has already been made in the previous years, no further interest income is recognized. The amounts will be recognized as income in the year of actual recovery on collection basis. The interest payable to consortium of baks and UCO bank of Rs. 559.59 Core calculated on accrual basis is to be recovered from the business associated to whom the credit facilities were provided.

40 Commitments

| Particulars | 31.03.2020 | 31.03.2019 |
|------------------------------|-------------|-------------|
| Capital Commitments : | | |
| PPE | 0.99 | 7.21 |
| Intangible Assets | 0.06 | 0.29 |
| Total | 1.05 | 7.50 |
| Other Commitments | - | - |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

41. Disclosures in respect of Ind AS 107 - Financial Instruments

41.1 Financial Instruments by Categories & Fair Value Hierarchy

- a) Level 1 - Level 1 hierarchy includes financial instruments measured using quoted prices (unadjusted) in active markets.
- b) Level 2 - Level 2 hierarchy includes financial instruments measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3 - Level 3 hierarchy includes financial instruments measured using inputs that are not based on observable market data (unobservable inputs).

The carrying value and fair value of financial instruments by categories were as follows:

(₹ Crore)

| Particulars | Hierarchy Level | Amortized Cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at fair value through OCI | Total Carrying Value | Total Fair Value |
|--|-----------------|-----------------|---------------------------------------|--|----------------------|------------------|
| Financial Assets: | | | | | | |
| Investments in Equity Instruments (Ref Note No. 8) | 3 | 0.01 | - | - | 0.01 | 0.01 |
| Cash & Cash Equivalents (Ref Note No. 16) | 3 | 26.11 | - | - | 26.11 | 26.11 |
| Bank Balances other than cash & cash equivalents (Ref Note No. 17) | 3 | 23.44 | - | - | 23.44 | 23.44 |
| Trade Receivable (Ref Note No. 9) | 3 | 1,137.94 | - | - | 1,137.94 | 1,137.94 |
| Employee Loans (Ref Note No. 10) | 3 | 4.65 | - | - | 4.65 | 4.65 |
| Security Deposits (Ref Note No. 10) | 3 | 16.00 | - | - | 16.00 | 16.00 |
| Other Financial Assets (Ref Note No. 11) | 3 | 271.19 | - | - | 271.19 | 271.19 |
| Total | | 1,479.34 | - | - | 1,479.34 | 1,479.34 |
| Financial Liabilities: | | | | | | |
| Trade Payable (Ref Note No. 21) | 3 | 1,187.40 | - | - | 1,187.40 | 1,187.40 |
| Borrowings (Ref Note No. 20 & 22) | 3 | 1,988.95 | - | - | 1,988.95 | 1,988.95 |
| Other Financial Liabilities (Ref Note No. 22) | 3 | 3,420.35 | - | - | 3,420.35 | 3,420.35 |
| Total | | 6,596.70 | - | - | 6,596.70 | 6,596.70 |

(b) As on March 31, 2019

| Particulars | Hierarchy Level | Amortized Cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at fair value through OCI | Total Carrying Value | Total Fair Value |
|--|-----------------|-----------------|---------------------------------------|--|----------------------|------------------|
| Financial Assets: | | | | | | |
| Investments in Equity Instruments (Ref Note No. 8) | 3 | 0.01 | - | - | 0.01 | 0.01 |
| Cash & Cash Equivalents (Ref Note No. 16) | 3 | 124.12 | - | - | 124.12 | 124.12 |
| Bank Balances (Ref Note No. 17) | 3 | 3.72 | - | - | 3.72 | 3.72 |
| Trade Receivable (Ref Note No. 9) | 3 | 1,087.75 | - | - | 1,087.75 | 1,087.75 |
| Employee Loans (Ref Note No. 10) | 3 | 9.14 | - | - | 9.14 | 9.14 |
| Security Deposits (Ref Note No. 10) | 3 | 5.38 | - | - | 5.38 | 5.38 |
| Other Financial Assets (Ref Note No. 11) | 3 | 541.80 | - | - | 541.80 | 541.80 |
| Total | | 1,771.92 | - | - | 1,771.92 | 1,771.92 |
| Financial Liabilities: | | | | | | |
| Trade Payable (Ref Note No. 21) | 3 | 1,177.13 | - | - | 1,177.13 | 1,177.13 |
| Borrowings (Ref Note No. 20 & 22) | 3 | 2,081.49 | - | - | 2,081.49 | 2,081.49 |
| Other Financial Liabilities (Ref Note No. 22) | 3 | 3,799.75 | - | - | 3,799.75 | 3,799.75 |
| Total | | 7,058.37 | - | - | 7,058.37 | 7,058.37 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

41.2 Financial Risk Management Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

| Risk | Exposure Arising From | Measurement |
|---|--|---|
| Market risk- Foreign Exchange | Future commercial transactions, Recognized financial assets and financial liabilities | Cash flow forecasting, sensitivity analysis |
| Market risk- Interest rate | Long term borrowings at variable rate of interest | Sensitivity analysis |
| Market risk- Security price fluctuation | Mutual fund Investments | Sensitivity analysis |
| Credit risk | Cash and cash equivalent, trade receivables, security deposits, financial instruments. | Ageing analysis Credit rating |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts |

a. Market risk

1) Foreign Currency Risk

The Company operates at international level which exposes the company to foreign currency risk arising from foreign currency transaction arising primarily from USD & EURO. Foreign currency risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency other than INR as on reporting date.

(a) As on 31.03.2020

(₹ Crore)

| Particulars | US Dollars (in Equiv. INR) | Euro (in Equiv. INR) | Other Currencies (in Equiv. INR) | Total |
|---|-------------------------------|-------------------------|--|-----------------|
| Cash & cash equivalents | | | | |
| Trade Receivable | 1,391.95 | 14.73 | - | 1,406.68 |
| Freight Demurrage/Despatch Receivable | - | - | - | - |
| Other Receivable | - | - | - | - |
| Total Receivable in Foreign Currency | 1,391.95 | 14.73 | - | 1,406.68 |
| Foreign currency Loan Payable | | | | |
| Interest on foreign currency loan payable | - | - | - | - |
| Trade Payables | 14.29 | 0.48 | 0.24 | 15.02 |
| Freight Demurrage/despatch payable | - | - | - | - |
| Provision towards Litigation settlement | - | - | - | - |
| Others (if any) | - | - | - | - |
| Total payable in Foreign currency | 14.29 | 0.48 | 0.24 | 15.02 |
| Net Assets/(Liabilities) | 1,377.66 | 14.25 | (0.24) | 1,391.66 |

(b) As on 31.03.2019

| Particulars | US Dollars (in Equiv. INR) | Euro (in Equiv. INR) | Other Currencies (in Equiv. INR) | Total |
|---|-------------------------------|-------------------------|--|-----------------|
| Cash & cash equivalents | | | | |
| Trade Receivable | 1,392.85 | 14.09 | - | 1,406.94 |
| Freight Demurrage/Despatch Receivable | - | - | - | - |
| Other Receivable | - | - | - | - |
| Total Receivable in Foreign Currency | 1,392.85 | 14.09 | - | 1,406.94 |
| Foreign currency Loan Payable | - | - | - | - |
| Interest on foreign currency loan payable | - | - | - | - |
| Trade Payables | 29.37 | - | - | 29.37 |
| Freight Demurrage/despatch payable | - | - | - | - |
| Provision towards Litigation settlement | - | - | - | - |
| Others (if any) | - | - | - | - |
| Total payable in Foreign currency | 29.37 | - | - | 29.37 |
| Net Assets/(Liabilities) | 1,363.48 | 14.09 | - | 1,377.57 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Sensitivity

The sensitivity of profit or loss to changes in exchange rate arises mainly from foreign currency denominated financial instrument.

| Particulars | Impact on profit after tax | |
|----------------|----------------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Increase by -% | Negligible or no impact | |
| Decrease by -% | | |

ii) Interest rate risk

The company's main interest rate risk arises from long term and short term borrowings with variable rates, which expose the company to cash flow interest rate risk. During March 31, 2020 and March 31, 2019, Company's borrowings are denominated in INR.

The exposure of company's borrowings to interest rate changes at the end of reporting period are as follows:

(₹ Crore)

| Particulars | March 31, 2020 | March 31, 2019 |
|--------------------------|----------------|-----------------|
| Variable rate borrowings | - | - |
| Fixed rate borrowings | 806.23 | 1,024.24 |
| Total borrowings | 806.23 | 1,024.24 |

Sensitivity

Profit or loss is sensitive to higher/lower expense from borrowings as a result of change in interest rates. The table summarises the impact of increase/decrease in interest rates on Profit or loss.

| Particulars | Impact on profit after tax | |
|---------------------------------|----------------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Interest rates- increase by (%) | No Impact | |
| Interest rates- decrease by (%) | | |

iii) Security price fluctuation risk

The company's exposure to security price risk arises from company's investments in mutual funds and classified in the balance sheet as fair value through profit and loss.

Sensitivity

The table below summarises the impact of increase/decrease of the investment by certain percentage on Profit or Loss of the company.

| Particulars | Impact on profit after tax | |
|---------------------------------|----------------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Interest rates- increase by (%) | No Impact | |
| Interest rates- decrease by (%) | | |

b) Credit Risk

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

Trade Receivables & Unbilled Revenue

| Particulars | March 31, 2020 | March 31, 2019 |
|-------------------|----------------|----------------|
| Trade Receivables | 1,764.94 | 1,716.96 |
| Unbilled Revenue | - | - |

Trade receivables and unbilled revenue are both secured & unsecured and are derived from revenue earned from customers. On account of adoption of Ind-AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the company's historical experience for customers.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Credit risk exposure

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

(₹ Crore)

| Particulars | March 31, 2020 | | March 31, 2019 | |
|--|-----------------|---------------|-----------------|---------------|
| | Gross | Impairment | Gross | Impairment |
| Not past due | 106.63 | - | 20.27 | - |
| Past due upto 6 Months | 68.45 | - | 0.03 | - |
| Past due more than six months but not more than one year | 1.26 | - | 3.89 | - |
| More than one year | 1,588.60 | 623.34 | 1,692.65 | 629.20 |
| Total | 1,764.94 | 623.34 | 1,716.85 | 629.20 |

Trade receivables are impaired when recoverability is considered doubtful based on the recovery analysis performed by the company for individual trade receivables. The company considers that all the above financial assets that are not impaired and past due for each reporting dates under review are of good credit quality.

Other Financial Assets

Credit risk relating to cash and cash equivalents is considered negligible because our counterparties are banks. We consider the credit quality of term deposits with such banks that are majority owned by the Government of India and subject to the regulatory oversight of the Reserve Bank of India to be good, and we review these banking relationships on an ongoing basis. Credit risk related to employee loans are considered negligible since loan is secured against the property/guarantee for which loan is granted to the employees. There are no impairment provisions as at each reporting date against these financial assets. We consider all the above financial assets as at the reporting dates to be of good credit quality (Note if any impairment provisions are made against these financial assets then information to be provided)

c) Liquidity Risk

Our liquidity needs are monitored on the basis of monthly and yearly projections. The company's principal sources of liquidity are cash and cash equivalents, cash generated from operations and credit facilities from banks. We manage our liquidity needs by continuously monitoring cash inflows and by maintaining adequate cash and cash equivalents. Net cash requirements are compared to available cash in order to determine any shortfalls.

Short term liquidity requirements consists mainly of sundry creditors, expense payable, employee dues arising during the normal course of business as of each reporting date. We maintain a sufficient balance in cash and cash equivalents to meet our short term liquidity requirements. We assess long term liquidity requirements on a periodical basis and manage them through internal accruals.

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

(a) As on March 31, 2020

| Particulars | Less than 6 months | 6 months to 1 year | 1-3 years | 3-5 years | More than 5 years | Total |
|-----------------------------|--------------------|--------------------|---------------|-------------|-------------------|-----------------|
| Trade Payables | 175.72 | 10.74 | 39.81 | 0.04 | 961.09 | 1,187.40 |
| Short term borrowings | - | 1,182.72 | 806.23 | - | - | 1,988.95 |
| Other Financial Liabilities | 42.37 | 3,409.30 | 131.46 | 2.01 | 86.18 | 3,671.31 |
| Total | 218.08 | 4,602.76 | 977.50 | 2.05 | 1,047.27 | 6,847.66 |

(b) As on March 31, 2019

| Particulars | Less than 6 months | 6 months to 1 year | 1-3 years | 3-5 years | More than 5 years | Total |
|-----------------------------|--------------------|--------------------|--------------|--------------|-------------------|-----------------|
| Trade Payables | 165.89 | 8.92 | 11.29 | 22.98 | 968.04 | 1,177.12 |
| Short term borrowings | 2,081.49 | 0.00 | - | - | - | 2,081.49 |
| Other Financial Liabilities | 3,693.88 | 78.24 | 11.65 | 1.67 | 14.31 | 3,799.75 |
| Total | 5,941.26 | 87.16 | 22.94 | 24.65 | 982.35 | 7,058.36 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

42 Disclosure in respect of Indian Accounting Standard (Ind AS)-21 "The Effects of changes in Foreign Exchange Rates"

The amount of exchange differences (net) debited/credited to the Statement of Profit & Loss Rs.1.90 Crore. (P.Y. Rs.1.48 Crore.)

43 Disclosure in respect of Indian Accounting Standard (Ind AS)-23 "Borrowing Costs"

The amount capitalized with Property, Plant & Equipments as borrowing cost is Rs. Nil . & Rs. Nil . for the year ended March 31, 2020 & March 31, 2019 respectively.

44 Disclosure in respect of Indian Accounting Standard (Ind AS)-36 "Impairment of assets"

During the year, the company assessed the impairment loss of Rs. Nil (P.Y. Rs.Nil.) on assets. Refer Note 32.

45 Disclosure in respect of Indian Accounting standard (Ind AS)-108: "Operating Segments"

Operating Segments

- 1) Export
- 2) Import
- 3) Domestic

Identification of Segments

The Chief Operating Decision Maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of

Segment revenue and results

The expenses and incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocated income).

Segment assets and liability

Segment assets include all operating assets used by the operating segments and mainly consists of PPE, trade receivables, cash & cash equivalents and inventories. Segment liability primarily includes trade payables and other liabilities. Common assets and liabilities which can not be allocated to any of the segments are shown as a part of unallocable assets and liabilities.

Intersegment Transfers

Intersegment prices are normally negotiated among segments with reference to the cost, market price and business risk. Profit or loss on intersegment transfers are eliminated at the company level.

Intersegment Transfers

Intersegment prices are normally negotiated among segments with reference to the cost, market price and business risk. Profit or loss on intersegment transfers are eliminated at the company level.

Segment Revenues and Results

(a) for the year ended March 31, 2020

(₹ Crore)

| | Particulars | Export | Import | Domestic | Unallocated | Total |
|----------|--|--------------|-----------------|---------------|--------------|-----------------|
| 1 | Segment Revenue | | | | | |
| 1(a) | External Sales | 11.33 | 2,536.12 | 387.50 | - | 2,934.95 |
| 1(b) | Inter segment revenue | 1.79 | - | - | - | 1.79 |
| | Segment Revenue (1(a) + 1 (b)) | 13.11 | 2,536.12 | 387.50 | - | 2,936.74 |
| 2 | Segments Results | 1.97 | (0.62) | 7.28 | - | 8.64 |
| 3 (a) | Unallocated Corporate expenses net of unallocated income | 0.21 | 1.82 | 0.01 | 69.37 | 71.42 |
| 3 (b) | Interest Expense | - | 7.19 | - | 0.08 | 7.27 |
| 3 (c) | Interest Income | (0.16) | (0.14) | (0.02) | (29.83) | (30.14) |
| | Total [3(a)+3(b)+3(c)] | 0.05 | 8.87 | (0.01) | 39.63 | 48.54 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| | Particulars | Export | Import | Domestic | Unallocated | Total |
|------|--|----------------|----------------|-------------|----------------|-----------------|
| 4 | " Profit before tax from ordinary activities [(2)- 3(a),(b) & (c)] " | 1.92 | (9.49) | 7.29 | (36.29) | (39.90) |
| 5 | Exceptional Items | 31.96 | 68.89 | - | (26.65) | 74.19 |
| 6 | Income taxes | - | - | - | - | - |
| 7 | Net Profit after tax (4)- (5) -(6) | (30.04) | (78.37) | 7.29 | (12.97) | (114.09) |
| 8 | Interest in results of JV's | - | - | - | - | - |
| 9 | Other Information : | - | - | - | - | - |
| 9(a) | Segment Assets 1,055.77 | 75.88 | 94.50 | 1,273.14 | 2,499.29 | |
| 9(b) | Segment Liabilities | 1,184.88 | 324.63 | 114.12 | 5,502.25 | 7,125.88 |
| 9(c) | Capital Expenditure | - | - | - | - | - |
| 9(d) | Depreciation | - | - | - | 15.60 | 15.51 |
| 9(e) | Non-Cash expenses other than depreciation | - | 3.45 | - | - | 3.45 |

(b) For the year ended March 31, 2019

| | Particulars | Export | Import | Domestic | Unallocated | Total |
|-------|--|-----------------|-----------------|---------------|-----------------|-----------------|
| 1 | Segment Revenue | - | - | - | - | - |
| 1(a) | External Sales | 13.89 | 8,437.75 | 451.81 | - | 8,903.44 |
| 1(b) | Inter segment revenue | 3.51 | 0.31 | - | - | 3.82 |
| | Segment Revenue [1(a) + 1 (b)] | 14.01 | 8,437.63 | 451.81 | - | 8,903.44 |
| 2 | Segments Results | 3.73 | 1.75 | 9.44 | - | 14.92 |
| 3 (a) | Unallocated Corporate expenses net of unallocated income | 4.30 | 2.17 | 0.01 | 136.84 | 141.45 |
| 3 (b) | Interest Expense | 22.39 | 0.77 | 0.00 | 132.43 | 155.59 |
| 3 (c) | Interest Income | (46.33) | (1.23) | (0.07) | (16.56) | (64.21) |
| | Total [3(a)+3(b)+3(c)] | (19.64) | 1.71 | (0.05) | 252.71 | 197.60 |
| 4 | " Profit before tax from ordinary activities [(2)- 3(a),(b) & (c)] " | 23.36 | 0.06 | 9.49 | (217.47) | (182.68) |
| 5 | Exceptional Items | 626.19 | 85.15 | - | 3.14 | 714.44 |
| 6 | Income taxes | - | - | - | (16.03) | (16.03) |
| 7 | Net Profit after tax [(4)- (5) -(6)] | (602.84) | (85.10) | 9.49 | (204.58) | (881.08) |
| 8 | Interest in results of JV's | - | - | - | - | - |
| 9 | Other Information : | - | - | - | - | - |
| 9 (a) | Segment Assets | 1,063.54 | 29.83 | 34.24 | 1,680.11 | 2,807.72 |
| 9 (b) | Segment Liabilities | 1,250.76 | 348.11 | 36.45 | 5,685.66 | 7,320.98 |
| 9 (c) | Capital Expenditure | - | - | - | 1.43 | 1.43 |
| 9 (d) | Depreciation | - | - | - | 15.46 | 15.14 |
| 9 (e) | Non-Cash expenses other than depreciation | 626.22 | 1.38 | - | 1.56 | 629.17 |

(ii) Information about major customers For the year ended March 31, 2020

| Major Customer (customer having more than 10% revenue) | Export | Import | Domestic |
|--|------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2020 | Year ended March 31, 2020 |
| Name of Major Customer : | | | |
| 1. Tamil Naidu Civil Supplies Corporation | - | 596.42 | 372.61 |
| 2. M/s UPL Ltd. associate | 11.31 | - | - |
| 3. Radha Mohan Purshottam Das Jewels Pvt. Ltd. | - | 268.83 | - |
| 4. SK Impex | | 265.61 | |
| % of Total Revenue | 99.87 | 44.59 | 97.40 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

46.

(I) Defined Contribution plans:

A. Pension

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

(II) Defined benefit plans:

A. Provident fund

Company pays fixed contribution to Provident Fund at pre determined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expenses and is charged to the Statement of Profit & Loss.(Refer Note 30 for expenses on this account) The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by the Government.

B. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 x last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of Rs. 20 lakhs on superannuation, resignation, termination, disablement or death.

Based on the actuarial valuation, the following table sets out the status of the gratuity and the amounts recognised in the Company's financial statements as at balance sheet date:

(₹ Crore)

| Net defined benefit (asset)/liability : | 31.03.2020 | 31.03.2019 |
|---|--------------|--------------|
| Current | 7.40 | 10.23 |
| Non-Current | 27.67 | 34.47 |
| Total PBO at the End of year | 35.07 | 44.70 |

| S. No. | Particulars | Defined Benefit Obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|--------|---|----------------------------|---------------|---------------------------|---------------|---------------------------------------|---------------|
| | | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 |
| A | Opening balance | 45.35 | 60.65 | 46.31 | 51.68 | (0.95) | 8.96 |
| B | Included in profit or loss: | - | - | - | - | - | - |
| (i) | Current service cost | 1.28 | 1.58 | - | - | 1.28 | 1.58 |
| (ii) | Past service cost | - | - | - | - | - | - |
| (iii) | Interest cost (income) | 3.40 | 4.67 | (3.41) | (3.93) | (0.01) | 0.74 |
| | Total amount recognised in profit or loss (i+ii+iii) | 4.59 | 6.17 | (3.41) | (3.93) | 1.18 | 2.24 |
| C | Included in OCI: | - | - | - | - | - | - |
| | Remeasurement loss (gain): | | | | | | |
| | Actuarial loss (gain) arising from : | | | | | | |
| (i) | Financial assumptions | 1.67 | 0.47 | 0.05 | 0.10 | 1.61 | 0.37 |
| (ii) | Experience adjustment | (2.66) | (4.06) | - | - | (2.66) | (4.06) |
| (iii) | Demographic Assumption | (0.01) | - | - | - | (0.01) | - |
| (iv) | Return on plan assets excluding interest income | - | - | 0.38 | 0.22 | 0.38 | 0.22 |
| | Total amount recognised in other comprehensive income (i+ii+iii) | (0.99) | (3.60) | 0.43 | 0.32 | (0.67) | (3.48) |
| D | Other | - | - | - | - | - | - |
| E | Contribution Paid to the Fund | - | - | 0.21 | 8.77 | (0.21) | (8.76) |
| F | Benefits paid | (13.23) | (17.95) | (13.23) | (17.95) | - | - |
| G | Acquisition Adjustment | 0.00 | - | 0.00 | - | - | - |
| H | Closing balance (A+B+C+D+E+F+g) | 35.81 | 45.35 | 36.12 | 46.21 | (0.36) | (0.96) |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The Fair Value of Plan Assets at the end of the reporting period is as follows:-

(₹ Crore)

| S.No. | Net defined benefit (asset)/liability : | As at 31.03.2020 | As at 31.03.2019 |
|-------|---|------------------|------------------|
| (A) | Balance with Bank | | |
| | SBI | 0.00 | 0.00 |
| | Yes Bank | 0.04 | 0.04 |
| | IDBI | 0.11 | 0.05 |
| | Total (A) | 0.15 | 0.09 |
| (B) | Group Gratuity Traditional Fund Scheme | - | - |
| | Bajaj Allianz | 19.34 | 17.82 |
| | SBI Life | 6.47 | 18.95 |
| | HDFC Standard Life Insurance | 9.38 | 8.67 |
| | Total (B) | 35.18 | 45.44 |
| | Grand Total (A+B) | 35.34 | 45.53 |

C. Post-Retirement Medical Benefit Scheme (PRMB)

The company has Post-Retirement Medical Facility (PRMF), under which retired employee and his/her spouse are eligible for medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company. Post-retirement medical benefits are recognised in the books as per the actuarial valuation.

Based on the actuarial valuation, the following table sets out the status of the PRMB and the amounts recognised in the Company's financial statements as at balance sheet date:

| Net defined benefit (asset)/liability : | 31.03.2020 | 31.03.2019 |
|---|---------------|---------------|
| Current | 8.99 | 8.46 |
| Non-Current | 105.84 | 101.05 |
| Total PBO at the End of year | 114.83 | 109.51 |

Movement in net defined benefit (asset)/liability

| S. No. | Particulars | Defined Benefit Obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|--------|---|----------------------------|----------|---------------------------|----------|---------------------------------------|----------|
| | | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 |
| A | Opening balance | 109.51 | 103.04 | - | - | 109.51 | 103.04 |
| B | Included in profit or loss: | - | - | - | - | - | - |
| (i) | Current service cost | 0.72 | 0.68 | - | - | 0.72 | 0.68 |
| (ii) | Past service cost | - | - | - | - | - | - |
| (iii) | Interest cost (income) | 8.20 | 7.94 | - | - | 8.20 | 7.94 |
| | Total amount recognised in profit or loss | 8.93 | 8.63 | - | - | 8.93 | 8.63 |
| C | Included in OCI: | - | - | - | - | - | - |
| | Remeasurement loss (gain): | - | - | - | - | - | - |
| | Actuarial loss (gain) arising from : | - | - | - | - | - | - |
| (i) | Financial assumptions | 9.40 | 2.09 | - | - | 9.40 | 2.09 |
| (ii) | Experience adjustment | (9.50) | (0.31) | - | - | (9.50) | (0.31) |
| (iii) | Return on plan assets excluding interest income | - | - | - | - | - | - |
| | Total amount recognised in other comprehensive income | (0.10) | 1.78 | - | - | (0.10) | 1.78 |
| D | Other | - | - | - | - | - | - |
| E | Benefits paid | (3.51) | (3.94) | - | - | (3.51) | (3.94) |
| F | Closing balance (A+B+C+D+E) | 114.83 | 109.51 | - | - | 114.83 | 109.51 |

D. Leave

The Company provides for Earned Leave (EL) and Half Pay Leave (HPL) benefit to the employees of the Company which accrue annually at 30 days and 20 days respectively. The maximum ceiling for encashment of leave at time of superannuation/cessation from service other than on disciplinary ground shall be limited to 300 days (EL & HPL combined). 50% of EL subject to a maximum 150 days is en-cashable on resignation. EL is en-cashable while in service leaving a minimum balance of 15 days twice in a year.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ Crore)

| Net defined benefit (asset)/liability : | 31.03.2020 | 31.03.2019 |
|---|------------|------------|
| Current | 2.38 | 2.43 |
| Non-current | 12.16 | 11.83 |
| Total PBO at the End of year | 14.54 | 14.26 |

Movement in net defined benefit (asset)/liability

| S. No. | Particulars | Defined Benefit Obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|--------|--|----------------------------|--------------|---------------------------|----------|---------------------------------------|--------------|
| | | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 |
| A | Opening balance | 14.25 | 14.17 | - | - | 14.25 | 14.17 |
| B | Included in profit or loss: | - | - | - | - | - | - |
| (i) | Current service cost | 0.94 | 0.82 | - | - | 0.94 | 0.82 |
| (ii) | Past service cost | - | - | - | - | - | - |
| (iii) | Interest cost (income) | 1.07 | 1.09 | - | - | 1.07 | 1.09 |
| C | Remeasurement loss (gain): | - | - | - | - | - | - |
| | Actuarial loss (gain) arising from : | - | - | - | - | - | - |
| (i) | Financial assumptions | 0.94 | 0.21 | - | - | 0.94 | 0.21 |
| (ii) | Experience adjustment | 1.12 | 1.01 | - | - | 1.12 | 1.01 |
| (iii) | Demographic Assumption | (0.00) | - | - | - | (0.00) | - |
| (iii) | Return on plan assets excluding interest income | - | - | - | - | - | - |
| | Total amount recognised in profit or loss (B+C) | 4.06 | 3.12 | - | - | 4.06 | 3.12 |
| D | Other | - | - | - | - | - | - |
| E | Benefits paid | (3.78) | (3.05) | - | - | (3.78) | (3.05) |
| | Closing balance (A+B+C+D+E) | 14.54 | 14.25 | - | - | 14.54 | 14.25 |

Sick Leave / (HPL)

| Net defined benefit (asset)/liability : | 31.03.2020 | 31.03.2019 |
|---|-------------|--------------|
| Current | 1.59 | 2.34 |
| Non-current | 7.30 | 7.95 |
| Total PBO at the End of year | 8.88 | 10.29 |

Movement in net defined benefit (asset)/liability

| S. No. | Particulars | Defined Benefit Obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|--------|--|----------------------------|---------------|---------------------------|----------|---------------------------------------|---------------|
| | | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 | 31.03.20 | 31.03.19 |
| A | Opening balance | 10.29 | 12.62 | - | - | 10.29 | 12.62 |
| B | Included in profit or loss: | - | - | - | - | - | - |
| (i) | Current service cost | 0.42 | 0.41 | - | - | 0.42 | 0.41 |
| (ii) | Past service cost | - | - | - | - | - | - |
| (iii) | Interest cost (income) | 0.77 | 0.97 | - | - | 0.77 | 0.97 |
| C | Remeasurement loss (gain): | - | - | - | - | - | - |
| | Actuarial loss (gain) arising from : | - | - | - | - | - | - |
| (i) | Financial assumptions | (1.29) | 0.11 | - | - | (1.29) | 0.11 |
| (ii) | Experience adjustment | 0.44 | (1.96) | - | - | 0.44 | (1.96) |
| (iii) | Demographic Assumption | 0.00 | - | - | - | - | - |
| (iv) | Return on plan assets excluding interest income | - | - | - | - | - | - |
| | Total amount recognised in profit or loss (B+C) | 0.34 | (0.47) | - | - | 0.34 | (0.47) |
| D | Other | - | - | - | - | - | - |
| E | Benefits paid | (1.75) | (1.87) | - | - | (1.75) | (1.87) |
| | Closing balance (A+B+C+D+E) | 8.88 | 10.29 | - | - | 8.88 | 10.29 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

E Other Benefits

Service awards are given to regular employees for rendering continuous service in the Company for long service rendered by them on completion of 15/25/30/35/38 years of service. Besides this, service award @ Rs. 1,000/- per year for each completed year of service is also given at the time of retirement subject to a maximum of Rs. 30,000/-. The same has been discontinued vide personnel division Circular dated 13.06.2017.

F Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date

(₹ Crore)

| S.No. | Particulars | 31.03.2020 | 31.03.2019 |
|-------|------------------------|------------|------------|
| 1 | Discount Rate | 6.52% | 7.49% |
| 2 | Future Salary Increase | 8% | 8% |
| 3 | Medical Cost Increase | 8% | 8% |

- i The discount rate is based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that of the liability
- ii Salary Growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting period.
- iii Medical Cost increase rate is company's long term best estimate as to cost increases taking into account of inflation, other relevant factors on long term basis as provide in relevant accounting period.

G Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

As on 31.03.2020

| Assumption | Change in Assumption | Gratuity | PRMB | Earned Leave | Half Pay Leave |
|-----------------------|----------------------|----------|--------------|--------------|----------------|
| | | (Funded) | (Non Funded) | | |
| Discount rate | 0.50% | 0.07 | (6.40) | 0.02 | (0.22) |
| | -0.50% | 1.90 | 6.58 | 1.05 | 0.26 |
| Salary growth rate | 0.50% | 1.27 | - | 1.07 | 0.25 |
| | -0.50% | 0.61 | - | 0.00 | (0.23) |
| Medical Cost Increase | 0.50% | - | 6.75 | - | - |
| | -0.50% | - | (6.46) | - | - |

As on 31.03.2020

| Assumption | Change in Assumption | Gratuity | PRMB | Earned Leave | Half Pay Leave |
|-----------------------|----------------------|----------|--------------|--------------|----------------|
| | | (Funded) | (Non Funded) | | |
| Discount rate | 0.50% | (0.23) | (6.00) | (0.03) | (0.24) |
| | -0.50% | 1.88 | 6.10 | 0.88 | 0.25 |
| Salary growth rate | 0.50% | 1.26 | - | (0.01) | 0.25 |
| | -0.50% | 0.29 | - | 0.79 | (0.24) |
| Medical Cost Increase | 0.50% | - | 6.15 | - | - |
| | -0.50% | - | (6.03) | - | - |

Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated by actuarial.

Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable

H Risk Exposure

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follows:

- 1 **Salary Increase-** Actual salary increase will increase the Plan's Liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- 2 **Investment Risk-** If plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- 3 Discount Rate-** Reduction in discount rate in subsequent valuations can increase the plan's liability.
- 4 Mortality & Disability-** Actual deaths & Disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- 5 Withdrawals-** Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's Liability.

I Maturity Profile of Defined Benefit Obligations As on 31.03.2020

(₹ Crore)

| Year of payment | Gratuity | PRMB | Earned Leave | Half Pay Leave |
|-------------------|----------|--------------|--------------|----------------|
| | (Funded) | (Non Funded) | | |
| Less than 1 year | 7.49 | 8.99 | 2.38 | 1.59 |
| Between 1-2 years | 4.37 | 10.09 | 1.59 | 1.31 |
| Between 2-3 years | 3.64 | 10.90 | 1.49 | 0.96 |
| Between 3-4 years | 3.41 | 11.87 | 1.33 | 0.63 |
| Between 4-5 years | 3.37 | 13.05 | 1.13 | 0.93 |
| Over 5 years | 13.53 | 59.93 | 6.62 | 3.47 |

Maturity Profile of Defined Benefit Obligations As on 31.03.2020

| Year of payment | Gratuity | PRMB | Earned Leave | Half Pay Leave |
|-------------------|----------|--------------|--------------|----------------|
| | (Funded) | (Non Funded) | | |
| Less than 1 year | 10.10 | 8.46 | 2.43 | 2.34 |
| Between 1-2 years | 2.16 | 9.92 | 1.69 | 1.26 |
| Between 2-3 years | 2.41 | 11.01 | 1.50 | 1.31 |
| Between 3-4 years | 1.86 | 12.45 | 1.34 | 0.92 |
| Between 4-5 years | 2.05 | 14.34 | 1.11 | 0.57 |
| Over 5 years | 26.78 | 53.33 | 6.18 | 3.89 |

47. Disclosure in respect of Indian Accounting Standard 24 "Related Parties Disclosures"

a. List of Related Party

- (i) **Joint Ventures:** N.S.S Satpura Agro Development Company Limited
- (ii) **Others:** Sealac Agro Ventures Ltd.

b. Key Managerial Personnel (KMP)

| Name | Designation | Remarks |
|------------------------------|---|---|
| Shri Rajiv Chopra | Director-Marketing (STC), Chairman (STCL) | (additional charge of CMD) w.e.f. 18.11.2016 |
| Shri SK Sharma | Director-Personnel (STC), Managing Director(STCL) | |
| Shri PK Das | Director-Marketing | upto 31.03.2019 |
| Shri. NAN Jayakumar | Director-Marketing | w.e.f. 12.06.2019 |
| Shri Umesh Sharma | Director-Finance(MMTC) | (additional charge of STC) w.e.f 04.01.2018 upto 31.05.2020 |
| Shri Ashwani Sodhi | Director- Marketing (MMTC) | (additional charge of STC) from 01.04.2019 to 24.07.2019 |
| Deepak S Sankuni | Company Secretary | w.e.f. 13.11.2018 upto 19.12.2019 |
| Vipin Kumar Tripathi | Company Secretary | w.e.f. 20.12.2019 |
| Smt. Rooma Nagrath | Chief Financial Officer (STC), Director (STCL) | w.e.f. 21.12.2018 |
| Dr. N. Sundaradevan | Independent Director | w.e.f. 03.08.2016 upto 14.06.2019 |
| Dr. K Rangarajan | Independent Director | w.e.f. 03.08.2016 upto 14.06.2019 |
| Shri Sunil Trivedi | Independent Director | w.e.f. 03.08.2016 upto 14.06.2019 |
| Shri Arvind Gupta | Independent Director | w.e.f. 03.08.2016 upto 14.06.2019 |
| Shri Amitabh Rajan | Independent Director | w.e.f. 14.02.2017 upto 26.01.2020 |
| Shri Mohan Lal Pareek | Independent Director | w.e.f. 14.02.2017 upto 26.01.2020 |
| Ms Bharati Mugdam | Independent Director | w.e.f. 14.02.2017 upto 26.01.2020 |
| Shri Bharatsinh Parmar | Independent Director | w.e.f. 14.02.2017 upto 26.01.2020 |
| Shri. Subhash Chandra Pandey | Government Nominee | w.e.f 27.03.2018 upto 30.06.2019 |
| Shri Shobit Jain | Government Nominee | |
| Shri. Sunil Kumar | Government Nominee | w.e.f 21.10.2017 upto 21.01.2020 |
| Shri. Shyamal Mishra | Government Nominee | w.e.f 10.02.2020 |
| Shri. Shashank Priya | Government Nominee | w.e.f. 19.08.2019 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

c. Post Employment benefit plans

- 1 The STC of India Ltd. Employees Provident Fund Trust.
- 2 The STC of India Ltd. Gratuity Fund Trust.
- 3 STC Employees Defined Contribution Superannuation pension trust.

d. Entities under the control of the same Government

The company is a Central Public Sector Undertaking (CPSU) controlled by Central Government by hold majority of shares (refer note no. 18), Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The company has applied exemption available for government related entities and has made limited disclosure in the financial statements. Such entities with which the Company has significant transactions include but not limited to Ministry of Fertilizers and chemicals.

l) Transactions with the related parties are as follows:

| Particulars | Joint Venture Companies | |
|-------------|-------------------------|---------|
| | 2019-20 | 2018-19 |
| | NIL | |

Compensation to Key Management Personnel

(₹ Crore)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------------------------|--------------------------------------|--------------------------------------|
| - Short-term Employee benefits | 1.42 | 1.49 |
| - Post-employment benefits\ | 0.31 | 0.27 |
| - Termination benefits | - | - |
| - Other long-term benefits | 0.07 | 0.15 |
| Total | 1.80 | 1.90 |

| Particulars | The STC of India Ltd. Employees Provident Fund Trust | | STC Employee Defined Contribution Superannuation Pension Trust | | The STC Gratuity Fund Trust | |
|---|--|---------|--|---------|--------------------------------|---------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| STC Contribution for the year | 3.52 | 4.34 | 3.01 | 3.59 | - | 8.73 |
| Outstanding Balance at the end of the Year with STC | 0.75 | 2.26 | 0.27 | 0.33 | - | (0.97) |

Transactions with the Related Parties under the control of the same Government

| S. No. | Particulars | Nature of relationship with Entity | Nature of Transaction | 2019-20 | 2018-19 |
|--------|--|---------------------------------------|--------------------------|---------|---------|
| 1 | Oil & Natural Gas Corporation of India Ltd | PSU | Rental & Deposit | 2.49 | 1.95 |
| 2 | NTPC Rihaand | PSU | Trading | - | 0.02 |
| 3 | Rashtriya Ispat Nigam Ltd. | PSU | Trading | - | 0.92 |
| 4 | Tamilnadu Civil Supplies Corporation | PSU | Trading | 372.61 | 356.71 |
| 5 | Aavin | Co-Operative | Trading | 0.65 | 0.68 |
| 6 | Tamilnadu Commando Force | State Govt. | Trading | 0.06 | - |
| 7 | State Bank of India (PB+IFB+CAG+Overseas) | PSU | Rental | 24.50 | 24.48 |
| 8 | DFS/BIFR | Govt. Department | Rental | 2.80 | 2.70 |
| 9 | Special Protection Group | Govt. Department | Rental | 0.31 | 0.27 |
| 10 | Security Printing & Minting Corporation | PSU | Rental | 5.84 | 5.84 |
| 11 | IRCTC | PSU | Rental | 0.19 | 0.16 |
| 12 | Office of Chief Comptroller | Govt. Department | Rental | 2.54 | 2.39 |
| 13 | IBEF | Govt. Department | Rental | 1.27 | 1.21 |
| 14 | Noida SEZ | Govt. Department | Rental | 0.43 | 0.39 |
| 15 | 15th Finance Commission | Govt. Department | Rental | 6.57 | 6.57 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

ii) Outstanding balances with related parties are as follows:

| Particulars | 3/31/2020 | 3/31/2019 |
|--|-----------|-----------|
| Amount recoverable towards loans : | | |
| - From Joint Ventures | NIL | |
| - From Key Managerial personnel | | |
| - From Others | | |
| Amount recoverable other than loans : | | |
| - From Joint Ventures | NIL | |
| - From Key Managerial personnel | | |
| - From Post employment benefit plans | | |
| Amount Payable | | |
| - From Joint Ventures | NIL | |
| - From Key Managerial personnel | | |
| - From Others | | |

iii) Individually Significant Transactions :

| Particulars | Nature of relationship | 3/31/2020 | 3/31/2019 |
|-------------|------------------------|-----------|-----------|
| NIL | | | |

iv) Terms and conditions of transactions with the related parties

Transactions with the related parties are made on normal commercial terms and conditions and market rates.

48. DISCLOSURE AS PER IND AS 27 'SEPARATE FINANCIAL STATEMENTS'

b) Investment in Joint Venture Entities/Associates:

| Particulars | Country of Incorporation | Proportion of Ownership | |
|--|---|-----------------------------|-----------------------------|
| | | 31 st March 2020 | 31 st March 2019 |
| NSS Satpura Agro Development Company Limited | India | 50% | 50% |
| Richfield Aquatech Ltd. | Investment have been written off in earlier years | | |
| Blue Gold Maritech Ltd. | | | |
| National Tannery Company Ltd. | | | |
| Indopirin Gloves Limited. | | | |

49 Disclosure in respect of Indian Accounting standard (Ind AS) 116 "Leases"

49.1 As lessee

(₹ Crore)

| Company Name | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|-----------------------------------|-----------------------------------|
| Depreciation charged for right to use asset | 0.41 | Introduced w.e.f 01.04.2019 |
| Interest expense on lease liability | 0.08 | |
| Expense related to short term lease (less than 12 months) | 0.11 | |
| total cashoutflow for leases | 0.19 | |
| additions to right to use assets | 4.37 | |
| the carrying amount of right to use assets at the end of reporting period by class of underlying asset | 3.96 | |

49.2 As lessor

a) Future minimum lease payments under non-cancellable operating leases are receivable as follows:

| Company Name | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|----------------------------|-----------------------------------|-----------------------------------|
| Within less than 1 year | 0.33 | 0.33 |
| Between 1 year and 5 years | 1.46 | 1.46 |
| After more than 5 years | 0.87 | 0.87 |

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Payments recognised in Statement of Profit & Loss

(₹ Crore)

| Company Name | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|------------------------------|--------------------------------------|--------------------------------------|
| Income - generating property | 38.91 | 38.89 |
| Vacant Property | 7.46 | 6.62 |

50 Disclosure in respect of Indian Accounting Standard (Ind AS)-33 "Earnings Per Share(EPS)"

a) Basic EPS

The earnings and weighted average number of ordinary shares used in the calculation of basic EPS is as follows:

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Face Value Per Equity Share (Rs.) | 10 | 10 |
| Profit (loss) for the year, attributable to the owners of the company (A) | (113.30) | (881.40) |
| Weighted average number of ordinary shares for the purpose of basic earnings per share(B) | 6.00 | 6.00 |
| Basic EPS (A/B) | (18.88) | (146.90) |

b) Diluted EPS

The earnings and weighted average number of ordinary shares used in the calculation of Diluted EPS is as follows:

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Profit (loss) for the year, attributable to the owners of the company (A) | (113.30) | (881.40) |
| Weighted average number of ordinary shares for the purpose of basic earnings per share(B) | 6.00 | 6.00 |
| Diluted EPS (A/B) | (18.88) | (146.90) |

51 Dividends

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| (I) No. of Equity Shares (in crore) | 6.00 | 6.00 |
| (ii) Dividends not recognised at the end of year. | - | - |

52 Assets Pledged as Security

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Current/Non-current | NIL | NIL |
| Financial/Non-Financial Assets | | |
| First Charge/Floating Charge | Trade Receivables of the company | |

53 Physical Verification

i) Fixed Assets

Physical verification of Fixed Assets could not be carried out for the reporting year due to the restrictions imposed by the effects of COVID-19.

ii) Inventories

Physical verification of inventories could not be carried out for the reporting year due to the restrictions imposed by the effects of COVID-19.

54 Balance confirmations & Reconciliation

Balance of certain receivables & payables (including in certain cases direct and indirect taxes) are subject to confirmation/reconciliation.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

55 Going Concern

The Company is a CPSE under administrative control of the Ministry of Commerce & Industry. The Company is a trading organization to undertake promotion of export and market intervention operations in commodities specified by Government of India from time to time. For last few years the company is facing mismatch in inflows and outflows of funds due to huge recoverable from associates with whom the company had undertaken trade transactions in the past and who had defaulted in making timely payment to STC. Due to this the Company has led to temporary financial crunch, operating losses, reduction of net worth. Simultaneously the company initiated legal action against the defaulting associates. One of the major associates has made sufficient payment to STC on direction of Hon'ble Supreme Court. This has eased out the financial crisis of the Company to some extent. The Company is in process of One Time Settlement (OTS) with the lender banks and an amount of Rs.1100 Crore was paid towards OTS. The lender banks had proceeded in NCLT/DRT against the Company. The proceeding in NCLT Court has since been withdrawn.

"Simultaneously, the company has undertaken various cost reduction measures to improve the liquidity/ profitability such as closure of unviable branches, undertaking trade in commodities fetching higher trade margins without involvement of STC's funds, etc. Consequent upon the high level meeting dated 29.08.2019, the business of the Company reduced considerably achieving approximately 30% of MOU target. Presently, the Company is undertaking the business without involvement of own funds. The status will be revisited in the next financial year. Considering the facts given above,

- a. Accounts of the year 2019-20 have been prepared on going concern basis.
- b. The company is continuing to carry forward deferred tax assets, which will be available for set off against future profits.
- c. No provision for impairment of non-current assets has been considered necessary.
- d. Depreciation is being computed on the basis of expected economic life of fixed assets rather than their current market value.
- e. As a cost reduction measure, VRS has been introduced in STC on 29.03.2019 with the eligibility criteria covering all employees in Staff cadre irrespective of length of service and Managers from Assistant Manager (E1) to Chief Manager (E4) level, who had completed 10 years of service in the Corporation (including professionals). 45 employees opted for VRS, out of which 43 employees were relieved for which STC's own funds were utilized. VRS was again introduced with same conditions on 20.06.2019, effective till the closing hours of 31.03.2020. The 37 employees, who opted for VRS during the period 20.06.2019 to 31.03.2020 have already been relieved.

56 Impact of COVID-19:-

"There was a nation-wide lockdown imposed during the end of March, 2020 due to COVID-19. There was partial lifting of the lockdown since 03.05.2020. The Company has resumed operations at corporate office and branch offices with minimal staff after adopting safety measures and following standard operating procedures mandated by Govt. of India like disinfection of office premises, keeping social distancing, work-from-home with minimal attendance.

Despite the constraints of lockdown, the Company ensured timely deliveries of essential items viz. edible oil, pulses and sugar for on-going contracts for supply to the TamilNadu Civil Supplies Corporation through e-processing procedure during lockdown.

However, due to the unpredictable and continuing impact of Covid-19 situation, it is very difficult to assess the future impact of Covid-19 on the financial performance and business operations at this juncture. Further, the company does not foresee any significant impairment to the carrying value of its assets, which is dependent on market conditions.

- 57 In respect of alleged irregularities, impact is ascertainable only on the probable outcome of the ongoing case/enquiry, therefore disclosure has not been made.
- 58 Impact of foreign currency gain/loss against the disputed currency payable/receivable has been given by the company except in the case of Mumbai Branch. Further the impact of credit gain/loss has been credited/debited as the case may be directly to the respective payables/receivables account instead of giving any impact of the same to the profit & loss account.
- 59 Credit impairment against trade and other receivables has been made during the year amounting to Rs. 0.05 Crore.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- 60** STC got a plot land at Mallet Bunder belonging to MBPT on lease for a period of 30 years. The company constructed storage tanks along with other required infrastructure. The lease period has expired in October'2016 and the company is in the process of surrendering the plot. At the time of handing over, cost of the dismantling the infrastructure would not be material as the sale proceeds of the scrap so realized is likely to be higher than such cost. Hence no impairment has been considered necessary.
- 61** All the standards issued and effective for the company have been complied with except due to impact of COVID-19 (if any)
- 62** Previous year figures have been recasted/reclassified in line with Ind AS requirements.

**As per our report of even date attached
For HDSG & Associates**

Chartered Accountants
Firm Reg. No. 002871N

(ARUN SAINI)

Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

**Sd/-
(RAJIV CHOPRA)**

Director (Marketing)
with additional charge of CMD
DIN -06466326

**Sd/-
(ROOMA NAGRATH)**

GM-F & CFO

**Sd/-
(VIPIN TRIPATHI)**

Company Secretary
ACS -29378

**MANAGEMENT REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS
ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019-20**

| | Observations of the Statutory Auditor | Management Replies |
|-----------|--|--|
| | Basis for Qualified Opinion | |
| A. | Non provision in respect of the items / matters as indicated below, has resulted in the loss being shown lower by Rs. 231.27 crore for the year | |
| i) | Refer note no.39(9) for not providing firm liability of Rs.3.92 Crores from one of the party, M/s Lichen Metals Private Limited, after adjusting the deposit of Rs.27.95 crores from Holding Company of the Party. The said Holding Company had approached for arbitration against the adjusted deposit and the arbitration award was in favour of holding Company. STC had filed an appeal before the Hon'ble single bench of High Court against the arbitration award. However, under the Order passed by the Hon'ble Calcutta High Court, STC has deposited an amount of Rs 31.92 Crores on losing the case being the adjusted deposit with interest and made a provision for Rs. 27.95 Crores in the books of accounts in the current year. Considering the above circumstances, the non-provision of the balance amount of Rs.3.92 crores has resulted in the loss being shown lower by Rs.3.92 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount. | The company has appropriated an amount of Rs. 27.89 Crore recoverable from M/s Lichen Metals Pvt. Ltd.(the party) against the deposits of its holding company viz. M/s Edelweiss Pvt. Ltd. due to this, the holding co. of party had gone for arbitration and award was in their favour for the refund of Rs. 27.89 Crore plus interest @8% p.a. by STC excluding cost of arbitration. Against the same STC has filed an appeal before the Hon'ble High Court. Meanwhile, as per the High Court's direction STC has deposited Rs. 31.92 Crore with the High Court of Calcutta. The amount has been kept as a Security in the form of FD with High Court, pending appeal. Hence it will be suitably be taken up after appeal. Concerned division has been advised to pursue/settle the case vigorously in favour of STC. |
| ii) | Refer note 39(1) for not providing liability of Rs. 3.51 Crores (net of carrying value of pledged stocks) where the Company had supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the LCs amounting to approx. 12.05 Crore (LC value Rs. 10.05 Crore and interest & other expenses of Rs. 2.00 Crore). The Company has filed civil applications and criminal complaint under various sections of India Penal Code. The material sold to the associate was pledged to the Company and kept under the custody of CWC. However, another PSU viz. M/s. Metal and Scrap Trading Corporation (MSTC) had also made a claim of ownership of stock. Hence, STC has filed declaratory suit in the lower court, Panvel, Navi Mumbai. Meantime, the Hon'ble Court has asked MSTC to conduct the sale of pledged stock and deposit the sale proceeds with the Hon'ble Court. The matter is still pending. Further, the Lender Institutions have initiated proceeding at NCLT against the associate, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT on 21.08.2018. Considering the above circumstances, the non-provision of the balance amount of Rs.3.51 crores has resulted in the loss being shown lower by Rs.3.51 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount. | STC has supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the LCs amounting to Rs. 12.05 Crore (LC value Rs. 10.05 Crore and interest & other expenses of Rs. 2.00 Crore). STC has filed civil applications and criminal complaint under various sections of India Penal Code. The material sold to the associate was pledged to STC and kept under the custody of CWC. However, another PSU viz. M/s. Metal and Scrap Trading Corporation (MSTC) had also made a claim of ownership of stock. Hence, STC has filed declaratory suit in the lower court, Panvel, Navi Mumbai. Meantime, the Hon'ble Court has asked MSTC to conduct the sale of pledged stock and deposit the sale proceeds with the Hon'ble Court. The matter is still pending. Further, the Lender Institutions have initiated proceeding under NCLT against the associate, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT on 21.08.2018. Provisioning of Rs. 3.51 Crore has not been considered necessary as the amount is secured by pledged stock which is sub judice and the matter is pending before Hon'ble High Court. |
| iii) | Refer Note 15 where inventory includes Rs.0.05 Crores at Bangalore Branch, which has not been written down to its realizable value though the Company has discontinued this line of business for the past 3 years. Considering the above circumstances, loss for the year is understated by Rs.0.05 Crores, with consequential effect on 'Retained earnings' by the same amount and overstatement of 'inventories' by Rs. 0.05 Crores. | Due to impact of COVID-19, the inventory could not be revalued. The necessary adjustment will be taken after the next revaluation. |
| iv) | Refer note no. 38(ii), "Contingent Liabilities", which includes an amount as shown as a contingent liability Rs.4.98 Crores against which the Company has not provided firm liability though the Company has lost the court case. | The company has further filed an appeal in the Hon'ble High Court, New Delhi and the matter is in the stage of final arguments. |

**MANAGEMENT REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS
ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019-20**

| | Observations of the Statutory Auditor | Management Replies |
|-----------|---|--|
| v) | Refer note 12 & 55, the Company has Deferred Tax Asset of Rs. 86.49 Crores, however there is no virtual certainty of profits in the future considering the high value of contingent liabilities, significant decrease in the sales value and negative net current assets of the Company. As a result of matter above, loss for the year is understated by Rs. 86.49 Crores, with consequential effect on 'Retained earnings' by the same amount and overstatement of assets. | The company is continuing to carry forward deferred tax assets, since, the Company is in process of one time settlement with banks and final call will be taken after signing OTS with Banks. |
| vi) | Refer foot note of note no 38, for non-provision of a demand of Rs 132.32 Crores received from Land and Development Office - New Delhi, which has resulted in understatement of loss by Rs. 132.32 Crores and understatement of liabilities. | Among other options, matter has been taken up with L&DO to consider waiver of demand taking into accounts the in-principle decision relating to closure of company w.r.t high level meeting held on 29.08.2019 chaired by Hon'ble CIM. Till such time, there is no need to take the liability on settled / firm liability. |
| vii) | The Company has not provided interest from FY 2018-19 onwards on Cash Credit and Packing Credit advances availed from the consortium of banks on the ground that the prevailing rate of interest is low in comparison to interest provided in earlier years and confirmation of balance from the banks has not been received by the company. Due to non-provision of interest, the loss has been understated by Rs 1,665.89 Crores with consequential reduction in bank liabilities. However, the company has shown the above amount as a contingent liability in the notes to accounts (Note No. 38.16.) | STCL Board after deliberation of the proposal decided not to book interest expenditure payable in the Annual Accounts however it was decided to show as contingent liability. STCL is under OTS with lender banks. In view of above it is factual and disclosures have been made. |
| B. | The Company has not complied with: | |
| i) | Ind AS 40 (regarding Fair Value Measurement of Investment Property) by not performing fair valuation of investment property as on balance sheet date. (refer foot note of note no.6) | The company has not carried out fair valuation of immovable properties as on 31.03.2020 due to ongoing COVID-19. |
| ii) | Ind AS 21 (regarding Effects of Changes in Foreign Exchange) by not revaluing the carrying amounts, in most cases, of foreign currency receivables and payables which are under litigation/disputed. (refer note no. 58) | The company has complied the requirements of Ind AS 21 regarding effects of changes in foreign currency as on balance sheet date. However, this pertains to cases under litigation and had been fully provided in earlier years and the carrying amount are under disputes. The company has filed legal cases for such outstanding balances for both receivables & payables. |
| iii) | Ind AS 109, (regarding impairment of financial assets and recognition of expected credit loss) by not making credit impairment on undisputed trade receivable of Rs. 164.64 crore. The impact of the same is not ascertainable (refer note no 9). | The company has reviewed the impairments of financial assets and made necessary provisions on account of expected credit loss in the books of accounts. The trade receivables amounting Rs. 164.64 Crore pertain to receivables undisputed and reconciled and hence does not required impairment in Ind AS 109. |
| iv) | Ind AS 116, (regarding Leases) by not ascertaining the carrying value of leasehold properties in case of Jawahar Vyapar Bhawan, Malviya Nagar Housing Colony and Agra Office. Due to unavailability of the lease period in these cases impact of the same is not ascertainable (refer note no 4). | The company has complied the requirements of Ind AS 116 regarding accounting for leases, However, in certain cases, where title deed is yet to be executed, the impact of accounting under leases could not be ascertained. |
| v) | Ind AS 16, (regarding Revaluation of Property Plant and Equipment) by not complying with the requirement of the Revaluation. Accordingly, the balance of the Revaluation Reserve is overstated by Rs. 14.33 Crores which is subject to the Fair Valuation, yet to be performed by the Company. (refer note no 4 & 19). | The company has complied with the requirements of Ind AS 16 regarding revaluation of Property Plant and Equipment. Since the depreciation is being charged through profit & loss account the amount of Rs. 14.33 crore is already adjusted with the accumulated balance of reserve and hence there is no impact on other equity including revaluation reserve. |
| C. | The impact of the following is not ascertainable | |
| i) | Note No 20 and 55 where the Company owed substantial amount to the bank for which lender banks initiated the action of recovery by filing O.A. No. 148/2019 before DRT on 18/02/2019. However, subsequently Syndicate Bank (now Canara Bank), one of the constituent lender also filed insolvency petition in NCLT under section 7 of the IBC Code, | On 27.06.2019 Syndicate Bank (Now Canara Bank) vide their letter dated 27.06.2019 has confirmed outstanding balance of Rs. 1906.24 crore as on 31.12.2018 with all the lender banks. |

**MANAGEMENT REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS
ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019-20**

| Observations of the Statutory Auditor | Management Replies |
|---|---|
| <p>Note No 20 and 55 where the Company owed substantial amount to the bank for which lender banks initiated the action of recovery by filing O.A. No. 148/2019 before DRT on 18/02/2019. However, subsequently Syndicate Bank (now Canara Bank), one of the constituent lender also filed insolvency petition in NCLT under section 7 of the IBC Code, 2016, on 21/02/2019. In response to the above action by Bank, company for the settlement of its debt payable to the bank offered One Time Settlement (OTS) vide letter dated 20/03/2019 to which Syndicate Bank (now Canara Bank-the lead banker) responded on 22/05/2019 giving a counter offer of settlement of which principle terms, inter alia, were as under: -</p> <p>Payment of Rs. 1100 Crores immediately. Payment of Rs. 300 Crores by sale of STC immovable properties. Balance amount of Rs. 506.24 Crores by assigning 50% of realized trade receivable within 5 years from 1st Jan 2019.</p> <p>Syndicate Bank (now Canara Bank) by their offer dated 22/05/2019 proposed to sign MOU not later than 30/06/2019. Syndicate Bank (now Canara Bank) also confirmed vide letter dated 22/05/2019 that as part of settlement, Rs. 900 Crores were already received from STC and balance amount of Rs. 200 Crores were to be remitted, based on balances arrived on 31/12/2018. On verification of documents, it is found that Rs. 200 Crores were remitted on 27/05/2019 but without executing any MOU and till date revised MOU/OTS Agreement, if any, has not been executed.</p> <p>Syndicate Bank (now Canara Bank) by their offer dated 22/05/2019 proposed to sign MOU not later than 30/06/2019. Syndicate Bank (now Canara Bank) also confirmed vide letter dated 22/05/2019 that as part of settlement, Rs. 900 Crores were already received from STC and balance amount of Rs. 200 Crores were to be remitted, based on balances arrived on 31/12/2018. On verification of documents, it is found that Rs. 200 Crores were remitted on 27/05/2019 but without executing any MOU and till date revised MOU/OTS Agreement, if any, has not been executed.</p> <p>Based on the information and explanations provided to us, in our opinion, non-execution of MOU/OTS Agreement to bind the banker in terms of final settlement is a lapse on the part of the company. Such irregularity may lead to uncalled for enquiries later on with regard to non-execution of MOU to bind the bankers in terms of final settlement.</p> <p>Further, subsequently a meeting was held on 29/08/2019 under the Chairmanship of Hon'ble Minister, Commerce & Industry, regarding settlement of dues of PEC and STC. PEC is an unlisted company 100% owned by Government whereas STC is a listed company, listed with Bombay Stock Exchange and National Stock Exchange and as on date of our report 10% of shares are held by the public at large and remaining 90% is held by the Central Government. As per minutes of the meeting held on 29/08/2019 and communicated by letter dated 09/09/2019 by Under Secretary, Govt. of India, it was resolved that since PEC does not have meaningful assets to pay its present outstanding except certain flats /homes having value approximately of Rs. 10 Crores therefore in order to repay debt of PEC of Rs 1390.01 Crores so that public sector bank do not suffer, a decision was taken in the meeting to</p> | <p>STC has paid Rs. 1100 crore in two installments of Rs. 900 crore and Rs. 200 crore as approved by the Board to lender banks as part payment of the settlement on 29.03.2020 and 27.05.2019. As of now final crystallized reconciled o/s amount with the lender banks stands at Rs 806.24 crore in the book of accounts.</p> <p>Consequent upon a meeting was called on 29.08.2019 by Honorable Minister of Commerce & Industry and decided inter alia the following:-</p> <p>"Since STC has already paid Rs. 1100 crore to the banks, it will transfer the title of freehold properties valued at about Rs.300 crore to the banks and with this, the OTS of STC will be completed." The OTS agreement provided by the bank was not in line with meeting of CIM.</p> <p>Recently on 18-08-2020 a meeting with the senior executives of lender banks took place among other things to implement OTS in finalization of MOU in place of DSA was discussed. Draft MOU formulated by STC has been provided to the JLF.</p> <p>In view of the above, it is very clear that on transfer of property worth Rs. 300 crore approximately to the banks, OTS will be completed. Also conveyed from MOCI to syndicate bank in April 2020 informing that JVB is not to be utilized for OTS of PEC.</p> <p>Moreover, since the liability has been firmed up, banks have not raised any claim of interest and OTS is already underway.</p> |

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| <p>sell/transfer Jawahar Vyapaar Bhawan, New Delhi, an immovable property owned by the STC, after due process of taking exemption from Land & Development office, the lessor of the plot of land on which Jawahar Vyapaar Bhawan is constructed, title will be transferred and lender bank will dispose off the properties in transparent manner. It was further decided that Syndicate Bank (now Canara Bank) will revise the agreement of OTS with STC and include PEC in its ambit so as to swiftly conclude the full and final settlement of pending dues of these companies to banks.</p> <p>The meeting under the Chairmanship of Hon'ble Minister, Commerce & Industry also decided that Government was going to close down STC and PEC.</p> <p>Based on minutes of the meeting dated 29/08/2019, Syndicate Bank (now Canara Bank) vide letter dated 11/10/2019 communicated about the opinion that they have obtained from their counsel namely M/s Cyril Amarchand Mangaldas about possible way out to save the payment of stamp duty on transfer / assignment of Jawahar Vyapaar Bhawan through binding agreements in favor of buyer.</p> <p>Thereafter, an opinion has been sought by the company from M/s Shardul Amarchand Mangaldas wherein they have opined, inter-alia, that merger with any other profitable company namely MMTC could be another option, other than closer.</p> <p>We have been informed that NCLT proceedings have been withdrawn by Syndicate Bank (now Canara Bank) but the DRT withdrawal process is still pending. In the Consortium meeting held at Stressed Asset Management branch, Delhi of the Syndicate Bank (now Canara Bank) on 13.01.2020, it was unanimously suggested by the Lenders that instead of withdrawing the case from DRT, possibility may be explored to obtain a consent decree based upon the broad settlement arrived during the high level meeting dated 29.08.2019.</p> <p>Further we have not been provided any document to substantiate that the Company has countered the claim of the consortium banks to takeover Jawahar Vyapaar Bhawan for settlement of liabilities pertaining to the PEC Limited, where as it is understood that the Company has instead started the process of clearing the title deed of Jawahar Vyapaar Bhawan from L&DO so that transfer can be executed in favor of the Bank.</p> <p>Considering the provisions of the Companies Act, 2013, and the fact that 10% shareholding of STC is held by public at large, the decision of Ministry of taking over the liability of PEC amounting to Rs 1,390.01 Crores by STC in the meeting held on 29/08/2019 are in contravention to section 180 and 186 of the Companies Act, 2013, and would also be prejudicial to the interest of the minority shareholders which is public at large because STC by taking the liability is not gaining in any manner and this will also be contrary to the settled accounting principles because the liability is being fastened on the company without any corresponding asset. We are of the considered opinion that the decision taken in the meeting held on 29/08/2019 and insistence of the bankers to sell/transfer the Jawahar Vyapaar Bhawan for settlement of remaining liabilities of the Company along with PEC's debts in the consortium meeting held on 13.01.2020 is prejudicial to the interest of the minority shareholders and is taken without</p> | |

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| <p>following due process of law, is not in the interest of the company and its members and is also contrary to the corporate structure envisaged under the provisions of the Companies Act, 2013. Such decision taken, without the consent of the shareholders, firstly by not convening meeting of the members is also affecting adversely the fundamental of the company being its ability to continue as a going concern.</p> | |
| <p>ii) Refer note no. 54 for non-availability of confirmation of balances of certain receivables and payables (including certain direct & indirect taxes).</p> | <p>Balances of trade receivables, trade payables & liabilities are being reconciled after completion of each transaction and the accounts settled with the party. However, confirmation in respect of trade receivables and trade payables under litigation is not available.</p> |
| <p>iii) Refer foot note no. (b) of note no 4 for non-adjustment of value/area in Fixed Assets Register against areas acquired by DMRC for construction of Metro Station& by L&DO for widening of the Road during Asian Game, as well as the flats/area of land sold by the company to HHEC for its Housing colony.</p> | <p>STC was allotted a piece of land measuring 2.599 acres vide letter no. 3/4(14)/68-LI dated 15.09.1975 of ministry of works & housing, Government of India. In due course of time on area of 325.686 square meter and 388.910 square meter was acquired/utilized by NDMC and Delhi Metro respectively. During 1975, 64 no's of flats were also sold to HHEC. The necessary corrective action has been taken.</p> |
| <p>iv) Refer note no. 9, 11 & 39 for not making credit impairment of trade receivables Rs. 973.19 Crore & Claim Receivables Rs. 6.78 Crore, making a total of Rs. 979.97 crore since the company feels that even if no amount would eventually be recovered, provision is not required as the creditor will be paid by the company only to the extent the amount is realized against such trade receivables, though in most of the cases agreements are not tripartite.</p> <p>Further in case of M/s Rajat Pharmaceuticals Ltd (RPL) who drew bills of exchange on STC which were accepted upon receipt of overseas buyer's pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payments against the export bills and have gone into liquidation. A sum of Rs.527.86 crores has been admitted by the liquidator of one of the foreign buyer's i.e. Loben Trading Co. Pte. Ltd, Singapore. A Decree of Rs 62.47 Crs. approx. has been passed by Hon'ble Bombay High Court in favour of STC against the dues from another foreign buyer i.e Sweetland Trading Pte Ltd., Singapore. As of current date, RPL has gone into liquidation and official liquidator is appointed by Hon'ble High Court Bombay. The matter is also under investigation by CBI. Banks & Financial institution have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 476.47 Crore.</p> <p>Further refer to note 39, "Major Legal Cases (Trade Receivables)", for matters other than RPL, as all these matters are sub-judice and/or under investigation of CBI we are unable to comment upon the same.</p> | <p>Since, the amount of Rs. 979.97 Crore is already under back to back arrangement and under litigation. The creditors to such extent will be only be paid after receipt from the corresponding debtor. Hence, no provision is considered necessary.</p> |
| <p>v) Refer foot note to note no. 24, Customer at credit includes amount payable to U.P. Government amounting to Rs 6.03 Crores. As informed by the Branch management, Branch has made various other claims on U.P Government and accordingly dues of Rs. 39.11 Crores is recoverable from U.P. Government for which debit note dated March 10, 2014 was raised. However, the said claim was not recognised in the financial statements of the branch till date, as its ultimate collection was not certain. In absence of information on acceptability of the said claim by UP Government, we are unable to ascertain its possible impact, if any, on the financial statement of the Company.</p> <p>As a result of matters contained in paras (a) (i) to (vi) above, loss for the year is understated by Rs. 231.27 crore , with consequential effect on 'Retained earnings' by the same amount, understatement of 'liabilities' by Rs. 141.22 crore and overstatement of claim recoverable by Rs. 90.05 crore.</p> | <p>Amount payable of Rs. 6.03 Crore to U.P, Government is adjustable against claims of interest and carrying charges amounting Rs. 39.11 Crore (shown as contingent asset) which is under dispute and the company is in the process of initiating proceedings under AMRCD.</p> <p>The company is hopeful of recovery of receivables/claims for which no provision was considered necessary as on balance sheet date. However, the matter will be reviewed in respect of expected credit loss during F.Y 20-21 and necessary action will be taken accordingly.</p> |

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| | Emphasis of Matters: | | | | | | | | | | | | | |
| a. | Refer note 38(ii), "Contingent Liabilities which includes an amount of Rs. 1.30 Crores in respect of pending sales tax liability. The Company has not complied in carrying out corrective actions as suggested by Government Audit Party (GAP) for F.Y. 2014-15 in the accounts as on 31st March, 2016 and for F.Y. 2015-16 in the accounts as on 31st March, 2017 amounting to Rs. 0.19 Crores and Rs. 1.11 Crores respectively. | <p>The branch has carried out corrective actions as per half margin observations of Government Audit Party (GAP) for F.Y.2014-15 and F.Y. 2015-16 in the accounts as on March 31, 2016, March 31, 2017 and March 31, 2019 except in respect of agreed written back of amount payable as under: -</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Name of party</th> <th style="width: 30%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Space Vision Impex Pvt. Ltd</td> <td style="text-align: right;">Rs. 18,80,335/-</td> </tr> <tr> <td>M/s. Pranav Agro Industries Ltd.</td> <td style="text-align: right;">Rs. 24,94,068/-</td> </tr> <tr> <td>M/s. Ganesh Benzoplast Ltd.</td> <td style="text-align: right;">Rs.19,65,000/-</td> </tr> <tr> <td>M/s. Thakkarsons Auto Ancillary (I) Pvt. Ltd.</td> <td style="text-align: right;">Rs.9,60,000/-</td> </tr> <tr> <td>Dunlop India Pvt Ltd.</td> <td style="text-align: right;">Rs.56,76,742/-</td> </tr> </tbody> </table> <p>As per Branch management, some liability may arise on completion of Sale Tax assessment and ongoing litigations and same can be adjusted against the said balance payable.</p> | Name of party | Amount | Space Vision Impex Pvt. Ltd | Rs. 18,80,335/- | M/s. Pranav Agro Industries Ltd. | Rs. 24,94,068/- | M/s. Ganesh Benzoplast Ltd. | Rs.19,65,000/- | M/s. Thakkarsons Auto Ancillary (I) Pvt. Ltd. | Rs.9,60,000/- | Dunlop India Pvt Ltd. | Rs.56,76,742/- |
| Name of party | Amount | | | | | | | | | | | | | |
| Space Vision Impex Pvt. Ltd | Rs. 18,80,335/- | | | | | | | | | | | | | |
| M/s. Pranav Agro Industries Ltd. | Rs. 24,94,068/- | | | | | | | | | | | | | |
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| M/s. Thakkarsons Auto Ancillary (I) Pvt. Ltd. | Rs.9,60,000/- | | | | | | | | | | | | | |
| Dunlop India Pvt Ltd. | Rs.56,76,742/- | | | | | | | | | | | | | |
| b. | Refer note no 48(b) wherein one of the Investment, "NSS Satpura Agro Development Company Limited", of the Company in the Financial Statement has a status of "striked-off" as per the data available at the Ministry of Corporate Affairs. The impact, though immaterial, of the same hasn't been undertaken by the Company in its Financial Statement. | It will be reviewed in F.Y 2020-21 and necessary action will be taken. | | | | | | | | | | | | |
| c. | Balances in the accounts of Trade Receivable, Trade Payables, Business Associates and Other Creditors are under litigation and no confirmation has been received from the parties. | Due to the default in the payment by business associates to STCL during the year 2008-09, Company suffered extraordinary losses and Company had stopped all its business activities from 2014-15 onwards. Union Company on 13.08.2013 decided for closure of the Company and subsequently Company had filed voluntary winding up petition before High Court of Karnataka on 26.11.2013 which is pending for disposal. Presently Company is only pursuing recovery cases against the business associates before different forums and adhering to all the other statutory provisions laid down by Government of India. | | | | | | | | | | | | |
| d) | Attention is drawn to Note No. 20 of the Notes to financial statements which states that, Interest payable of Rs. 3,378.30 Crores on the principal amount due to the banks is arrived on the basis of the interest rates disclosed in the Debt Recovery Tribunal application filed by banks. No Interest provision have been made by the company for the current financial year on the ground that the prevailing rate of interest is too low in comparison to interest provided in earlier years and Confirmation of Accounts has not been received from the banks. | <p>STCL had proposed to the Board during the 165th meeting held on 10.01.2019 to discontinue booking of interest on the principal amount due payable to banks and thereby not to make interest provision in the Annual Accounts of the Company from the year 2018-19 onwards on the following grounds:</p> <ol style="list-style-type: none"> 1) As the consortium of banks had filed Recovery application before DRT and STCL is defending the same hence the matter is sub-judice and booking of interest payable to banks will dilute the defence of STCL in the case as banks may take booking of interest loss in Annual Accounts as accepting dues to the banks and produce this as their Evidence in the matter. 2) STCL has made provision at the rate of 15- 16% per annum and the DRT usually allows interest to the creditors at about 9 to 10% per annum so the provision already made till date may be more then the interest payable by the company. 3) If STCL write off the interest / liability on finalization of court cases the excess interest reversed will be treated as income and income tax on book profit may be charged to the company. | | | | | | | | | | | | |

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| | <p>4) As no confirmation regarding interest payable to banks is received from the banks henceforth voluntarily booking of interest payable to banks is periodically objected by the Auditors of the Company.</p> <p>5) In the event, STCL obtain favourable Award in the case filed by consortium of banks before DRT , the booking of interest loss to the Company had to be reversed in the Accounts thereby attracting MAT @ 18.5 % which will be loss to the Company.</p> <p>6) In the event of STCL loosing the case filed by consortium of banks before DRT, the Award may be pronounced directing STCL to pay interest to the applicant banks at the rates varying 8 % to 10 % while STCL had been booking interest rates payable to banks at the average rates of 14% to 15 % thereby disclosing higher interest provision loss to the Company in its Annual Accounts. STCL Board after deliberation of the proposal decided not to book interest expenditure payable in the Annual Accounts from the year 2018-19 onwards. In view of above it is factual and disclosures have been made.</p> |
| e. Attention is drawn to Notes to financial statements which states that, in cases where the Company has made provision for Doubtful Debts, no further interest/addition margin of profit is recognized after they have been classified as doubtful debts. Rs 1.53 Crores has been received from these parties during the year. As full provision has already made earlier, the same has been credited to Profit & Loss Account by reducing the provision. Only after the full receipt of the balance outstanding as per books, the interest/additional margin of profit will be recognized on cash basis. | In cases where the Company has made Provision for Doubtful Debts, no further interest / additional margin of profit are recognized after they have been classified as doubtful debts. Any amount received from these parties after being classified as doubtful debts is being credited to their accounts and necessary entry for withdrawal of provisions are made. These are under litigation and appropriately shown in the books. |
| f. Attention is drawn to Note No. 38 where it is mentioned that the Company has made provision for payment of interest as per the claim made by the consortium banks in the DRT up to 20.07.2011 and further interest are provided at the rates mentioned in the DRT application by the banks. Excess interest / penal interest / liquidated damages claimed by the banks as shown in their balance confirmation certificate amounting to Rs. 165.84 Crores (included in Note 38) has been shown under contingent liability. However, the contingent liability as shown in Notes consists only of those banks who have given their balance confirmation certificate. | The DRT proceedings are going. STCL is under OTS with the banks after CIM meeting dated 29.08.2019. In view of this Contingent Liability as shown in Notes consists only of those banks which have given their balance confirmation certificate. |
| g. Attention is drawn to Foot note to Note 20 of Notes to Financial Statements which states that, the total liability to banks along with interest amounting to Rs. 4,563.55 Crores is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. Confirmation of outstanding interest has not been received from the banks. The Company has considered interest payable as claimed at the rates disclosed in their DRT application filed by UCO Bank and consortium of other Banks. Cash credit/short term loan is as per the DRT (Debt Recovery Tribunal) application filed by consortium of seven banks and UCO Banks on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO Bank. The Company has created pari-passu charge on current assets in favor of the banks and also surrendered the documents of immovable property situated at Chhindwara (3.239 hectares), Byadgi (5Acres), Siddapura (2.20 acres) and Madikeri (0.50 acres) in favor of the Bankers. In view of the immovable properties of STCL given as security, an estimated amount of Rs. 1.83 Crores out of the total advances can be considered as secured. | <p>The total liability to banks along with interest amounting to Rs. 45,63,55,42,366/- is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. The above loan has been classified as NPA by consortium banks and UCO Bank. The Company has created pari-passu charge on current assets in favor of the banks and also surrendered the documents of immovable property situated at Chhindwara (3.239 hectares), Byadgi (5Acres), Siddapura (2.20 acres) and Madikeri (0.50 acres) in favor of the Bankers.</p> <p>SBI the lead bank of the consortium, issued notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act, 2002 and subsequently issued two Possession Notices one on 26.10.2011 on Factory Land and Building located at Byadagi and another on 17.11.2011 on Factory Land and Building located at Chhindwara, Madhya Pradesh. The consortium of bank and UCO Bank had filed two separate cases against the Company with the DRT, wherein with regard to UCO Bank recovery case.</p> |

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| <p>The consortium of bank and UCO Bank have filed cases separately against the Company with the DRT, wherein with regard to UCO Bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of Rs. 148.18 Crores, however, the Company has challenged DRT order at DRAT, Chennai. The banker has also issued notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act, 2002. Further based on the above, the bankers have issued two Possession Notices one on 26.10.2011 on Factory Land and Building located at Byadagi and another on 17.11.2011 on Factory Land and Building located at Chhindwara, Madhya Pradesh. Further consortium of bank led by SBI have taken the physical possession of land, building and plant and machinery at Byadagi and Chhindawara.</p> | <p>DRT has passed an order dtd. 29.09.2015 for recovery of Rs. 148, 18, 29,854.77, However, the Company has challenged DRT order at DRAT, Chennai.</p> <p>SBI had taken the physical possession of STCL assets on 31.01.2020 and is in the process of selling the assets of STCL through e auction. In view of above it is factual and disclosures have been made.</p> |
| <p>h. i. Attention is drawn to Note No. 8 of the Notes to financial statements with respect to investment in Shares of NSS Satpura Agro Development Corporation Ltd., which states as follows: The Joint Venture Company has incurred losses and its cumulative losses is Rs. 0.30 upto 31st March 2013 and details of subsequent period are not available, the Company has written off Rs. 0.08 Crores towards permanent diminution in its investment value up to earlier years. The audited financial statements of NSS Satpura are not available for the subsequent periods. The Company Board approved in its 142nd Board Meeting held on 24.10.2013 for withdrawal from the Joint Venture Company NSSADCL.</p> | <p>Since the joint venture company was incurring losses and its cumulative losses was Rs. 30,13,372 upto March 31, 2013 against the total share capital of Rs. 40,00,000/-, the Company had provided Rs. 7,53,343/- towards permanent diminution in its investment value (cost 10,00,000) during 2012-13. Since the audited financial statement of NSS Satpura was not available for the subsequent years, further allowance if any has not been recognized in the books. The Company board approved in its 142nd Board Meeting held on October 24, 2013 for withdrawal from the joint venture Company NSSADCL.</p> <p>In view of above it is factual and disclosures have been made.</p> |
| <p>i. Attention is drawn to Note. No. 38.14 which states that, subsequent to filing of arbitration petition of M/s Shiva Shankar Minerals Private Limited against STCL and on completion of arbitration process, Rs. 6.07 Crores including legal fees of Rs. 0.27 Crores was awarded in favour of M/s Shiva Shankar Minerals Private Limited, STCL has filed an appeal against the arbitration award which is pending before the City Civil Court, Bangalore.</p> | <p>STCL floated Notice Inviting Tender dated 23.11.2009 for export of 50,000 MT of Iron Ore Fines(IOF) from Krishnapatnam port, 40,000 MT and 27,000 MT of IOF from Vizag port. In response to NIT, M/s Shiva Shankar Minerals Pvt. Ltd. (SSMPL), Hyderabad had participated and quoted for the export of Iron Ore Fines stocked at various ports. STCL had confirmed the contract with SSMPL being the highest bidder for export of 50000 MT of IOF at Krishnapatnam port which was executed on 02.01.2010. Further dispute arose between parties regarding payment of custom duty/export duty and other charges such as wharfage, stevedoving and handling charges.</p> <p>Thereafter STCL cancelled earlier NIT and recalled fresh NIT for export of 50,000 MT of IOF which was challenged by SSMPL vide WP No.8474/2010 in High Court of Karnataka which was later withdrawn by SSMPL and SSMPL invoked Arbitration clauses contained in contract dated 02.01.2010 executed between parties. SSMPL had made seven claims through Arbitration no.ICA/AC/1864/2013 against STCL Ltd. claiming an amount of Rs.30, 57,05,228/-.</p> <p>On completion of the Arbitral proceedings, the Arbitral award dated 09.08.2014 was ordered directing STCL to pay Rs.4,73, 28,080/- along with 12% interest p.a. on Rs. 3, 10, 76,400/-. Also a sum of Rs.26, 55,114/- towards legal expenses, stamp duty is also been awarded to pay to SSMPL. STCL had challenged the above mentioned Arbitral Award bearing no. AS 121/2014 on 10.11.2014 and the case is in progress before the Commercial Court, Bangalore.</p> <p>In view of above it is factual and disclosures have been made.</p> |
| <p>J. Attention is drawn to Foot note to Note No. 20, Cash credit advance from the bank are secured by paripasu charges over the assets of the company. The Consortium of Lenders has taken over the symbolic possession of the assets of the</p> | <p>Factual and banks are in the process of selling the properties through e auction and the two attempts made by them to e auction on 09.03.2020 and 04.04.2020 could not get the bids due to the lockdown.</p> |

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|----|---|--|
| | <p>company during the year 2011-12 and initiated legal proceedings against the company for recovery of dues. The legal proceedings are pending before the DRT. Subsequently during the year Consortium of the bankers has taken over the physical possession of the assets and initiated the proceedings of auction under the provisions of SARFAESI ACT, 2002. However, the value at which the banks are likely to auction/receive the bids for the above assets are not known at this point of time. Hence company has reduced the value of assets at book value and also reduced the same from borrowings to Consortium of banks.</p> | <p>The details of the sale price will be intimated by the banks once the sale process will be completed by them.</p> |
| k. | <p>Attention is drawn to Foot note to Note No. 20, Grant has been received from VITC (Visvesvaraiya Industrial Trade Centre) under ASIDE Scheme amounting Rs.1.20 Crores for Export Promotion during the year 2006-07 towards Chilly Processing Centre-Byadgi. Grant in Aid has been received amounting to Rs. 6.29 Crores during the year 2008-09, for Steam Sterilization plant at Chinddawara. The company has amortized depreciation on assets for which grants were received, at WDV method and has reduced the same from the grants. However, during the year end no grants has been amortized since the possession of such assets for such grant availed has been taken over by the consortium of lenders. Due to non-availability of conditions relating to disposal or compulsory acquisition, we are unable to opine on the treatment given by the company in the financial statement on the un-amortized portion of grant to the tune of Rs.1.10 Crores.</p> | <p>The total liability to banks along with interest amounting to Rs. 45,63,55,42,366/- is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. The above loan has been classified as NPA by consortium banks and UCO Bank. The Company has created pari-passu charge on current assets in favor of the banks and also surrendered the documents of immovable property situated at Chhindwara (3.239 hectares), Byadgi (5Acres), Siddapura (2.20 acres) and Madikeri (0.50 acres) in favor of the banks.</p> <p>SBI the lead bank of the consortium, issued notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act, 2002 and subsequently issued two Possession Notices one on 26.10.2011 on Factory Land and Building located at Byadagi and another on 17.11.2011 on Factory Land and Building located at Chhindwara, Madhya Pradesh. The consortium of bank and UCO Bank had filed two separate cases against the Company with the DRT, wherein with regard to UCO Bank recovery case. DRT has passed an order dtd. 29.09.2015 for recovery of Rs. 148, 18, 29,854.77, However, the Company has challenged DRT order at DRAT, Chennai.</p> <p>SBI had taken the physical possession of STCL assets on 31.01.2020 under SARFAESI Act and is in the process of selling the assets of the Company through e auction. As the properties are physically taken over by the banks under SARFAESI Act, the assets of the Company are not part of our balance sheet and hence it is unamortized.</p> |
| l. | <p>Company has treated the Service Tax Credit Receivable of Rs. 0.14 Crores and VAT credit Receivable of Rs. 0.08 Crores as current asset. however as per section 140 of CGST Act, 2017, time limit for claiming the input tax credit as transitional credit under earlier tax regime has been expired. Hence company cannot claim the said input tax receivable under GST.</p> <p style="text-align: center;">Annexure 'A' to Independent Auditors Report</p> | <p>Factual and disclosures have been made. Legal opinion will be sought and suitable steps will be initiated.</p> |
| | Fixed Assets | |
| a. | <p>The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, the records are not updated for the financial year under audit and except for the areas of lease hold land and building of Jawahar Vayapar Bhawan at Janpath, New Delhi and Housing Colony at Aurbindo Marg, New Delhi (refer foot note no.4). Therefore, we are not in a position to comment upon the same.</p> | <p>STC was allotted a piece of land measuring 2.599 acres vide letter no. 3/4(14)/68-LI dated 15.09.1975 of ministry of works & housing, Government of India. In due course of time on area of 325.686 square meter and 388.910 square meter was acquired/utilized by NDMC and Delhi Metro respectively. During 1975, 64 no's of flats were also sold to HHEC. The necessary corrective action has been taken.</p> |

**MANAGEMENT REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS
ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019-20**

| Observations of the Statutory Auditor | Management Replies |
|--|--|
| <p>b. The company has a Programme of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. However, the fixed assets have not been physically verified by the management during the year under audit due to Covid-19 (refer note no 53(l)). Therefore, we are not in a position to comment upon whether there are any discrepancies.</p> | <p>Physical verification of assets will be done in due course and necessary impact will be taken in F.Y 20-21 .</p> |
| <p>c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for immovable properties referred below whose title deeds are pending for execution in the company:</p> <ul style="list-style-type: none"> • New Delhi, Lease hold Land at Tolstoy Marg, Jawahar VayaparBhawan, New Delhi, 2.599 Acre. Amount Rs. 431.77 • Execution of lease deed is pending since 1975. • Further, out of total area, physical position of land measuring 714.60 sq.mtrs. is not now with STC (i.e. 388.91 sq.mtrs. acquired by DMRC for construction of Metro and 325.69 sqmtrs. by NDMC for widening of the Road during Asian Game) and value the same has not been updated in FAR/ FAS. <p>Measurement for area under physical position is yet to be done.</p> | <p>For execution of Perpetual Lease Deed on basis of actual area, Office of the L&DO has been requested vide several letter. On receipt of their confirmation from L&DO regarding actual area under STC's possession and crystallizations of their demand, perpetual lease deed will be executed .</p> <p>Necessary corrective action in the FAR/FAS will be taken during the Financial year 2020-21. Confirmation from L&DO for the actual area under possession of STC w.r.t JVB land is awaited.</p> <p>The necessary steps for measurement of area under physical possession of STC are being initiated.</p> |
| <p>New Delhi, Flats at AGVC, Khel Gaon Marg, New Delhi, 8 Flats (measuring 14424 sqfts), Execution of lease/conveyance deed is still pending. Amount Rs. 25.28 Crore.</p> | <p>These properties have been earmarked for the OTS process by the Banks. Banks have also appointed a legal firm for carrying out 'due diligence' process. On receipt of their report, a decision regarding execution of conveyance deed of AGVC flats will be taken.</p> |
| <p>Mumbai, 7 nos. of Flats (refer foot note of note no.4), 7997 sqfts, Execution of lease/conveyance deed is still pending. Amount Rs. 33.19 Crore.</p> | <p>These properties have been earmarked for the OTS process by the Banks. Banks have also appointed a legal firm for carrying out 'due diligence' process. On receipt of their report, a decision regarding execution of conveyance deed of AGVC flats will be taken.</p> |
| <p>2. Inventories</p> | |
| <p>According to information and explanations given to us physical verification of inventories is done by the management at a reasonable interval along with the inventories lying with third parties and pledge stock have been physically verified through surveyor from time to time. However, the same has not been physically verified during the year due to Covid-19 (refer note no 53(ii)). Therefore, we are not in a position to comment whether material discrepancies are there or not.</p> | <p>Physical verification of inventories will be done in due course and necessary impact will be taken in F.Y 20-21 .</p> |

**MANAGEMENT REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS
ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019-20**

| Observations of the Statutory Auditor | Management Replies |
|---|---|
| The Company did not have appropriate Internal control with respect to reconciliation of Trade Receivables, Trade Payables, other creditors and Business Associates, which could result in the material misstatement in books of accounts. | Due to the default in the payment by business associates to STCL during the year 2008-09, Company suffered extraordinary losses and Company had stopped all its business activities from 2014-15 onwards. Union Company on 13.08.2013 decided for closure of the Company and subsequently Company had filed voluntary winding up petition before High Court of Karnataka on 26.11.2013 which is pending for disposal. Presently Company is only pursuing recovery cases against the business associates before different forums and adhering to all the other statutory provisions laid down by Government of India. |
| The lease rent of steam sterilization unit located in Chindwara, Madhya Pradesh was terminated on 03.02.2018 w.e.f. 31.01.2015 due to non-performance. The Company has initiated legal process for recovery of its dues. | In response to the petition filed by the lessee, the Company filed its objection and also made the counter claim for the amount payable by the lessee. |
| The Board of Directors of the Company had delegated certain powers to the managing director of the company vide 107th board resolution dated 27th January, 2006. However, no review of the same has been made subsequently till date. Presently, a General Manager is looking after the activities of the Company and reporting to the board of Directors of the Company. | Since the company is in the process of winding up and no business activity is being carried out, the same delegation of power are being continued. At this stage no useful purpose will be served by amending the DOP. However the General Manager reports to BoD through the Managing Director. |
| Annexure 'B' to Independent Auditors' Report | |
| Referred to Clause (viii) of Paragraph 2 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date on Standalone Financial Statements for the year ended 31st March 2020 | |
| Basis for Qualified Opinion | |
| i) Company is maintaining Accounts in Tally ERP Software. However, the Tally ERP Software on which accounts are being maintained by the Branches and Divisions are not integrated/ interfaced with the each other or with the server at Head office. Further, Inventories and Consumables, except for Bullion, are not being maintained on the Tally ERP, instead it is maintained manually. Further, company is maintaining "Performance Management System", Payroll Software and "Leave Management System" which are not interfaced with each other as well as the accounting software. As a result of above, Manual Accounting entries are being made on periodical basis in the Tally ERP Accounting software, and consolidation of the Financial Statements/Accounts of various Branches and Divisions which are made in MS-Excel. | In the absence of uniform accounting format in tally and format required by Companies Act for consolidation of accounts through tally and the absence of LAN/WAN to interconnect Computers at CO and Branches, integration and consolidation of accounts in tally is not feasible. The possibility of implementation of Tally ERP on Cloud (web based solution) is being explored jointly with Finance Division. Accounting software for Trading commodities/ stock of inventory, consumables is currently not available in STC except Tally ERP. Provision for entry in Tally ERP or proper accounting software in consultation with concerned Division will be explored. Performance Management System (PMS), Leave Management System (LMS) and Payroll are having three interfaces but at the back-end are integrated with each other because of common Master database (employee profile, leaves, pay structure, etc.). It is not integrated with Tally ERP (Accounting Software) because all the reporting required by Finance Division (in the desired format) pertaining to PMS, LMS or Payroll can be generated through these online systems by their Admins. |
| ii) Lack of control over release of advance to parties 'in-comparison with the targeted performance / milestone to be provided by the parties. For Instance, in the case of installation of 5 Lifts, advance given by the company against all the 5 lifts, out of which 4 lifts are still under installation even after long delay from the scheduled date. | The installation of lifts was taken up in phased manner. Initially only three lifts were taken for replacement and 50% of cost of material delivered at site was released to the contractor as per terms of the tender. Out of these three, installation of two lifts were completed and handed over to STC one in March, 2019 & another in May, 2019. Similarly, in the second phase the remaining two lifts were taken for replacement. 50% of cost of material delivered at site was paid to the contractor during January, 2019 as per contract. Work is in progress. The delay in installation of lifts was due to tender finalisation in civil work. |

**MANAGEMENT REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS
ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019-20**

| | Observations of the Statutory Auditor | Management Replies |
|-------|---|--|
| iii) | Lack of effective Internal control over inventory pledged with the company as in most of the cases periodic physical verification reports have not been submitted by the parties and in certain cases parties are not allowing STC to conduct the physical verification. | Periodic physical verification reports in respect of pledged inventory being obtained from the parties. However, in certain cases where the matter is under litigation/subjudice in the court, physical verification of the inventory could not be carried out or not allowed by the party as an exception. |
| iv) | In certain cases, reconciliations of receivables & payables are pending since long. As informed to us Bankers got receivable audit done during the year under audit, the report of which has not been shared with us. Thus the impact of same is neither considered nor verifiable. | Party's accounts are reconciled on case to case basis at the time of settlement. All branches and accounting units have been instructed to reconcile all outstanding receivables/payables. No outstanding balance more than 3 years should be carried forward in the books of accounts without justification. |
| v) | With respect to Mumbai branch of the Company, the Branch auditor has reported for the inadequate internal audit system, weakness in the system of customer acceptance, credit evaluation and establishing customer credit limits, inventory management, safeguarding of assets including execution of conveyance of immovable properties/lease agreements and assets lying in flats assigned to employees needs to be strengthen and other related controls are not in place. | Internal Audit of the Corporation along with the branches is carried out by an external agency for all the applicable areas as stipulated in the 'Scope of Work'. However, necessary steps shall be taken for further improvement during renewal/appointment of internal auditors. In order to strengthen the internal control the company has carried out special audit in some of the cases in respect of Mumbai branch during the Financial Year 2019-20. |
| vi) | Lack of Control over legal expenses due to non-maintenance of proper records showing case wise and advocate wise details. | The branches/accounting units have already been instructed to route all expenses through the respective party's accounts. The same will further be extended for cases wise segregation. |
| vii) | Delay in replying to the comments of the internal auditor as mentioned in his Audit Report. | The replies have been submitted in due course however there has been some delay which will be rectified in F.Y 20-21. |
| viii) | Manner of maintenance of the Fixed Asset Schedule and Register to be strengthened | The same will be strengthened in F.Y 20-21. |
| ix) | Non-availability of requisite information and documentations in respect of old outstanding security deposits, EMDs, advances and other deposits received and paid. | Efforts are being made to fetch the old records. Necessary action will be taken in F.Y 20-21. |
| x) | Lack of control over the renewal of Rent/lease Agreements on timely basis. | Action already taken in F.Y 20-21. |
| xi) | Lack of control over contingent liability and contingent assets due to non-maintenance of proper records showing fact of the case, latest status of the case and probability of expected outcome in the opinion of management. | Necessary action will be initiated to further update the status/facts and basis of probability of out flow/inflow of resources during the Financial Year 2020-21. |
| | Annexure 'C' to the independent auditors report Referred Paragraph 3 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date on Standalone Financial Statements for the year ended 31st March 2020 | |
| a | Company is maintaining accounts in Tally ERP Software. However, the Tally ERP Software on which accounts are being maintained by the branches as well as by the head office including all divisions is not integrated with the each other. As a result of this, compilation of accounts of all branches & divisions are made on excel sheet manually at the year end. | In the absence of uniform accounting format in tally and format required by Companies Act for consolidation of accounts through tally and the absence of LAN/WAN to interconnect Computers at CO and Branches, integration and consolidation of accounts in tally is not feasible. The possibility of implementation of Tally ERP on Cloud (web based solution) is being explored jointly with Finance Division. |
| b | Further, stock of inventories and consumables, except for bullion, are not being routed through IT System. Hence, periodic manual entries are being made in the accounting software. | Accounting software for Trading commodities/ stock of inventory, consumables is currently not available in STC except Tally ERP. Provision for entry in Tally ERP or proper accounting software in consultation with concerned Division will be explored. |
| c | Company is maintaining software for Performance management system (PMS), Payroll software and leave management system which are not interfaced with each other as well as with Accounting Software. As a result of this, manual entries are being made on periodic basis in the respective software as well as in accounting software. | Performance Management System (PMS), Leave Management System (LMS) and Payroll are having three interfaces but at the back-end are integrated with each other because of common Master database (employee profile, leaves, pay structure, etc.). It is not integrated with Tally ERP (Accounting Software) because all the reporting required by Finance Division (in the desired format) pertaining to PMS, LMS or Payroll can be generated through these online systems by their Admins. |

ए.एन.सी-17/1(3)/STC/C.F.S/2020-21/311
28 SEP 2020

कार्यालय प्रधान निदेशक लेखापरीक्षा
उद्योग एवं कारपोरेट कार्य
ए.जी.सी.आर. भवन, आई.पी. एस्टेट,
नई दिल्ली-110 002



OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,
INDUSTRY AND CORPORATE AFFAIRS
A.G.C.R. BUILDING, I.P. ESTATE
NEW DELHI-110 002

सेवा में,

अध्यक्ष व प्रबंध निदेशक,
दी स्टेट ट्रेडिंग कारपोरेशन ऑफ इंडिया लिमिटेड,
जवाहर व्यापार भवन, टॉलस्टाय रोड,
एच सी माथुर लेन, नई दिल्ली- 110001

विषय- 31 मार्च 2020 को समाप्त वर्ष हेतु दी स्टेट ट्रेडिंग कारपोरेशन ऑफ इंडिया लिमिटेड के वार्षिक लेखों (Consolidated Financial Statements) पर कंपनी अधिनियम 2013 की धारा 143(6)(b) व 129 (4)के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

कंपनी अधिनियम 2013 की धारा 143(6)(b) व 129 (4) के अधीन 31 मार्च 2020 को समाप्त वर्ष के लिए दी स्टेट ट्रेडिंग कारपोरेशन ऑफ इंडिया लिमिटेड के वार्षिक लेखों (Consolidated Financial Statements) पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित की जा रही हैं। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

भवदीय,

(सी. नेल्लुकेलियन)

प्रधान निदेशक लेखा परीक्षा
(उद्योग एवं कारपोरेट मामले)
नई दिल्ली

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2020 .

The preparation of consolidated financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 July 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2020 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of The State Trading Corporation of India Limited (the Company) but did not conduct the supplementary audit of financial statements of STCL (subsidiary) for the year ended on that date. Further, section 139 (5) and 143 (6) (a) of the Act are not applicable to five Joint Ventures Entities/Associates (Annexure I) being private entities for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

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

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



**(C. Nedunchezian)
Principal Director of Audit
(Industry & Corporate Affairs)
New Delhi**

**Place: New Delhi
Date:**



THE STATE TRADING CORPORATION OF INDIA LIMITED
CIN: L74899DL1956GOI002674

Regd. Office: Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001

RE: Green Initiative in Corporate Governance: Go Paperless

Dear Shareholders,

As you may be aware, the Ministry of Corporate Affairs, as a part of the Green Initiative in Corporate Governance, vide its Circular No. 17/2011 & 18/2011 dated 21.04.2011 and 29.04.2011, has allowed paperless compliance by Companies, which may now send various notices / documents, such as Notice of General Meetings, Annual Report, etc., to its Shareholders through electronic mode at their e-mail address registered with the Company.

Your Company welcomes the spirit of this green initiative, which will reduce paper consumption to a great extent and allow Shareholders to contribute towards a Greener Environment. This will also ensure prompt receipt of communication by Shareholders and avoid their loss / misplacement in postal transit. In this backdrop, we wish to intimate / request as under:-

Shareholders holding shares in demat form may register / update their e-mail ID with respective Depository – Participants, if not already done.

Shareholders holding share in physical mode may submit the appended E-COMMUNICATION REGISTRATION FORM, duly filled-in, at the address indicated therein. The said form is also available for download from our website, www.stclimited.co.in. Shareholders could also submit the said form by way of fax on 011-41709881 or by e-mailing a scanned copy to admin@mcsregistrars.com.

Full text of notice / documents meant for general shareholders would also be made available on our website www.stclimited.co.in, for reference / download.

We are sure that you would appreciate the "Green Initiative" taken by MCA. We solicit your patronage and support in helping the Company to implement the e-governance initiatives of the Government. Please note, as a valued shareholder, you are entitled to demand and receive, free of cost a printed copy of the Annual Report of the Company and all other documents.

Best Regards,

Thanking you,

Sd/-
(VIPIN TRIPATHI)
Company Secretary
ACS -29378

(Please tear here)

(Please tear here)

E-COMMUNICATION REGISTRATION FORM
(Exclusively meant for Shareholders holding shares in physical form)

To,
MCS SHARE TRANSFER AGENT LIMITED
(Unit: The State Trading Corporation of India Limited)
F-65, 1st Floor,
Okhla Industrial Area, Phase-I,
New Delhi-110020

RE:- Green Initiative in Corporate Governance

| | |
|---|----------|
| Regd. Folio No. | |
| Name of 1 st Registered Holder | |
| Name of Joint Holder/s | 1. 2. |
| E-mail ID to be registered | |

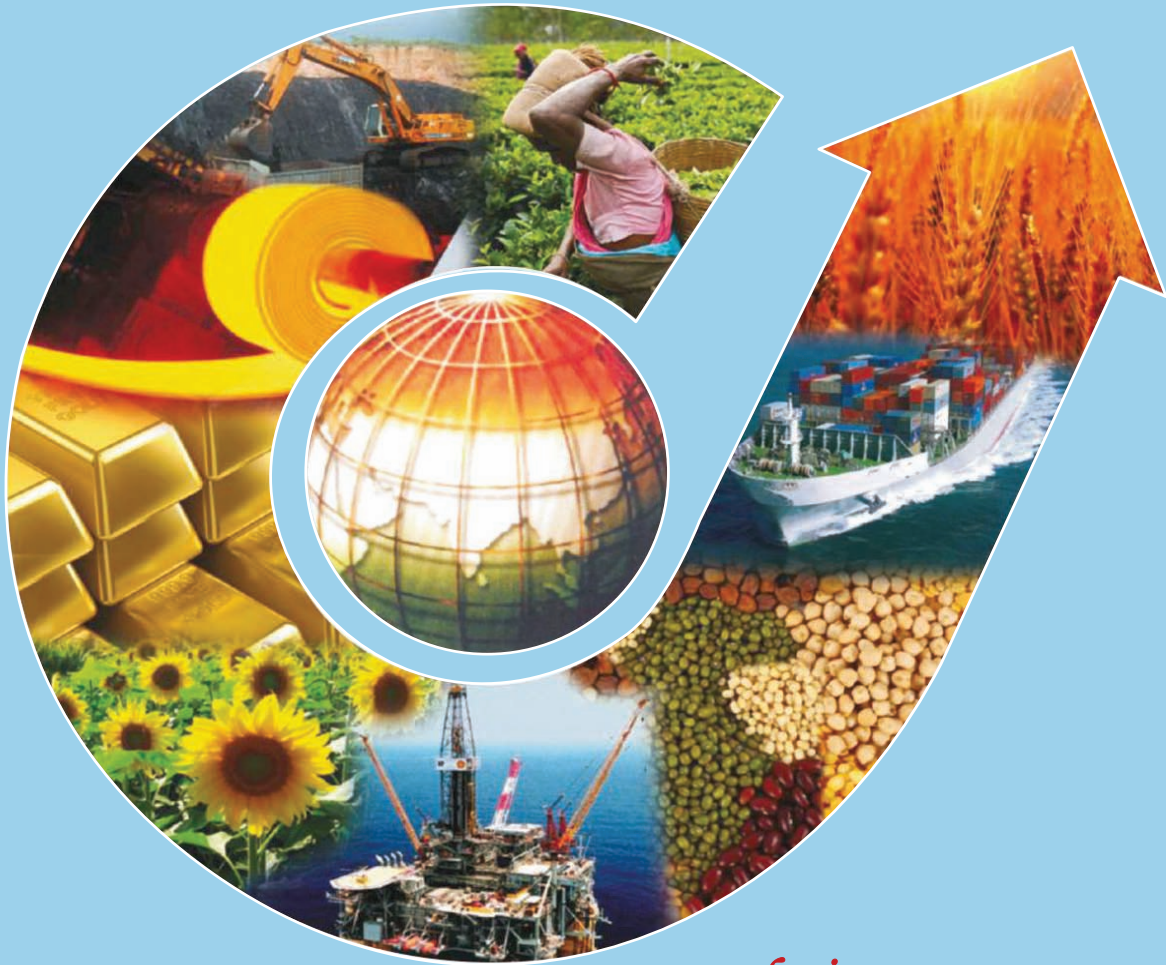
I/We, Shareholders, of THE STATE TRADING CORPORATION OF INDIA LIMITED, hereby agree to receive all communications from the Company by way of an e-mail, Please register my e-mail ID in your records for sending communications through e-mail.

Date:

Signature
(First Holder)



64 Years of Excellence in Global Trading



Business Beyond Boundaries

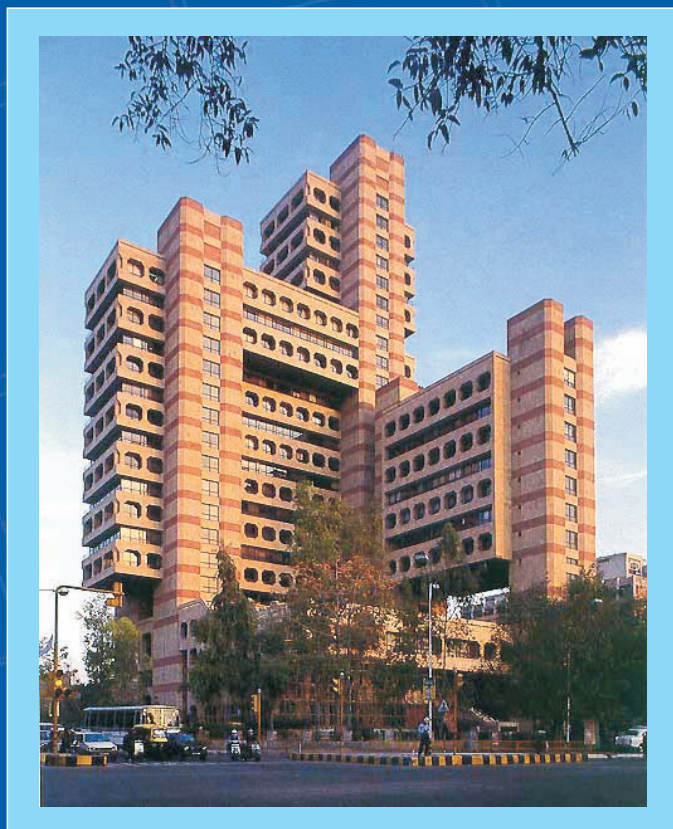
THE STATE TRADING CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)

(CIN:L74899DL1956GOI002674)

Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001

Tel. No. : 011-23313177, **Fax :** 011-23701123, 23701191

E-mail : co@stclimited.co.in **Website :** www.stclimited.co.in



THE STATE TRADING CORPORATION OF INDIA LIMITED
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