



MEMORANDUM OF UNDERSTANDING

2019-20

BETWEEN

THE STATE TRADING CORPORATION OF INDIA LIMITED

AND

**MINISTRY OF COMMERCE & INDUSTRY
DEPTT. OF COMMERCE
GOVERNMENT OF INDIA
NEW DELHI**

Annexure - I

Brief about the CPSE

1.	Name of the CPSE	The State Trading Corporation of India Ltd.(STC)
2.	Status: As per DPE guidelines	No classification as Sick/Incipient Sick/Weak by the Administrative Ministry
3.	Schedule of the CPSE	A
4.	Purpose for which CPSE has been setup and the main business now	<p>STC was set up in 1956 primarily with a view to undertake trade with East European Countries, undertake import and/or internal distribution of commodities in short supply in the country and to supplement the efforts of private trade and industry in developing exports from the country.</p> <p>The main lines of business currently being pursued by STC include the following :</p> <ul style="list-style-type: none">➤ Export of agrochemicals to Iran.➤ Export of red sanders on behalf of DRI.➤ Import of urea as one of the canalizing agency of the Govt. of India.➤ Import of bullion as one of the nominated agency of the Govt. of India➤ Import of instruments/equipments on behalf of state govt. /departments.➤ Supply of fertilizers to tobacco growers in the state of Andhra Pradesh and Karnataka under arrangement with Tobacco Board.➤ Supply of pulses to Tamil Nadu State Civil Supplies Corporation Ltd. (TNSCSC) for distribution under PDS.➤ Monitoring counter trade/off-set commitments against bulk purchase made by GOI.
5.	Any capital restructuring during 2018-19, i.e., buy-back of shares, issues of bonus shares, issues of fresh shares, splitting of shares and percentage of PAT given as dividend	NIL

6.	Whether shares are listed (if yes, name of stock exchange and price of the share as on date)	Yes, the STC's share are listed at NSE & BSE. Share price ≈ Rs.109 (15.05.2019)		
7.	Any change in Capacity during the year or next year (MoU Year)	NA		
8.	Any business unit hived off or to be hived off or Added or to be added during the year or next year (MoU year)	The branch offices at Kochi, Hyderabad and Gandhidham have been closed.		
9.	Brief about the sector in which the CPSE is operating and national and international environment, regulatory environment etc.	Presently, STC, MMTC & PEC are the three trading CPSEs of India operating in competitive trading environment with almost no assured business to be handled on behalf of the Government. It has been observed that performance of these organizations, both in terms of volume of business as well as profitability, fluctuates widely from year to year due to volatility of international demand and prices, indigenous availability (mainly of agricultural commodities), policies of Government of India, etc. Globally, the international trading companies have integrated operations involving multiple sectors such as manufacturing, farming, shipping, logistics, etc. STC, MMTC & PEC have generally been refraining from taking up such businesses because of high risks involved. In general, all the three organizations have been pursuing low risk businesses which are the major reason for very thin profit margin earned by these companies.		
10.	Details of revival plan if approved	NA		
11	Any adverse comment by statutory auditors and its impact on Revenue/profit/loss/assets/Liabilities.	The adverse comments of statutory auditors are indicated at Page no 62-63 in the Annual Report for the year 2017-18 enclosed.		
12.	Whether C&AG Supplemented the comments of Statutory Auditor. If not, give details alongwith impact.	NA		
13.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years	Number of subsidiary companies: One Name of the subsidiary: STCL limited		
	Year	Name of subsidiary	Amount invested * (Rs.)	Share in its profit (Rs.)
	2013-14	STCL Ltd.	₹1	NIL
	2014-15	-do-	₹1	NIL
	2015-16	-do-	₹1	NIL
	2016-17	-do-	₹1	NIL
	2017-18	-do-	₹1	NIL

14.	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years		Number of Joint Venture: One	
			Name of the Joint Venture: NSSSADCL	
	Year	Name of Joint Venture	Amount invested # (Rs.)	Share in its profit (Rs.)
	2013-14	NSS Satpura Agro Development Co. Ltd. (NSSSADCL)	₹1	NIL
	2014-15	-do-	₹1	NIL
	2015-16	-do-	₹1	NIL
	2016-17	-do-	₹1	NIL
2017-18	-do-	₹1	NIL	

- * 1. Full provision for diminution in the value of investment of ₹2.82 crore has since been made and as such book value of investment in STCL is ₹1.
2. In view of extra ordinary losses suffered by STCL leading to erosion of its net worth and remote possibility of its turnaround, the Union Cabinet had, in Aug'13 decided to wind up STCL. The winding-up petition filed by STCL continues to be pending in Karnataka High Court due to objections filed by Banks.
- # Full provision for diminution in the value of investment of ₹10 Lakh has since been made and as such book value of investment in NSSSADCL is ₹1.

PERFORMANCE ASSESSMENT MATRIX: 2019-20**Mandatory Parameters (PART - A)**

Sl. No.	Evaluation Criteria	Unit	Marks	Estimates 2018-19	Best in 5 years	MOU Targets : 2019-20				
						Excellent	Very Good	Good	Fair	Poor
1	Turnover									
	Revenue from Operations	₹ Crores	10	8900	15449	11000	10000	9000	8800	8600
2	Operating Profit/Loss									
	Reduction in Operating Loss over previous year	%	20	-2.45	-	100	70	50	40	30
3	Return on Investment									
	Reduction in Total Expenses to Total Income over the previous year*	%	20	+2.14	0.11	2.50	2.00	1.50	1.00	0.84

*: If TE/TI increases from 102.11% in 2018-19, target at Excellent level would also increase so that TE/TI should not be more than 100%.

Other Parameters (PART - B)

4	Preparing comprehensive revival plan of the CPSE and forwarding it to Administrative Ministry after Board approval	Date	10			30.09.19	31.10.19	15.11.19	30.11.19	15.12.19
5	Trade Receivables (Net) as number of days of Revenue from Operations (Gross)	No. of Days	10	45	71	35	40	45	50	55
6	Reduction in claims against the Company not acknowledged as debt over previous year - Overall	%	10	5.56	39.63	20	15	12	10	8
7	Signing of MOU with Banks for settlement of their dues	Date	10	-	-	31.07.19	30.09.19	31.10.19	30.11.19	31.12.19
8	HRM Parameters									
	Achievement of HR parameters (as per list attached - Annexure - 'A')	No. of parameters	10			6	5	4	3	1
Total			100							

Note:

- To work out achievement for the year 2019-20, quantified qualifications of CAG/Statutory Auditors would be adjusted in case of overstatement of Revenue/Profit/Surplus or understatement of Loss/Deficit in addition to the negative marks prescribed in MOU guidelines.
- Targets decided in MOU are unconditional and no offset will be allowed on any ground. Further, evaluation would be subject to compliance of additional eligibility criteria as contained in MOU guidelines.

For The State Trading Corporation of India Ltd.

(Rajiv Chopra)
Chairman & Managing Director
(Additional Charge)

For the Department of Commerce,
Ministry of Commerce & Industry,
Government of India

(Sunil Kumar)
Additional Secretary

LIST OF HR PARAMETERS (MOU: 2019-20)

- i) Continuation of on-line submission of ACR/APAR in respect of all executives (E0 and above) along with compliance of prescribed timelines w.r.t. writing of ACR/APAR
- ii) Continuation of online Quarterly vigilance clearance updation for Senior Executives (AGM and above)
- iii) Regular updation of Succession plan and its approval by Board of Directors
- iv) Continuation of holding of DPC without delay for executives (E0 and above level)
- v) Continuation of talent management and career progression by imparting at least one week training of at least 5% Executives (E0 & above) in Centre of Excellence within India e.g. IITs, IIMs, NITs, ICAI, etc.
- vi) Review of employee performance on the lines of FR (56)(J) and submitting a compliance report to Board of Directors at the end of the year

TREND ANALYSIS (Part - A)

(Rs. Crore)

S.No.		Financial Performance Criteria	Unit	Target v/s Actuals	Actuals 2013-14	Actuals 2014-15	Actuals 2015-16	Actuals 2016-17	Actuals 2017-18	Current Year: 2018-19	
										Actual upto 30.09.2018	Estimates (Full Year)
1.	a.	Revenue from Operations - Gross	Rs.	Actual	15,448.63	14,494.01	10,601.05	7,814.49	10,865.71	6,570.50	8,900.00
	b.	Revenue from Operations - Net			15,448.63	14,494.01	10,601.05	7,814.49	10,865.71	6,570.50	8,900.00
2.	a.	Profit Before Tax	Rs.		(492.38)	31.40	22.70	(148.37)	32.25	(10.97)	(900.00)
	b.	Other Income			208.91	241.53	254.70	271.83	303.43	164.28	110.00
	c.	Extraordinary & Exceptional items			565.63	3.31	(23.78)	143.73	(29.23)	0.30	720.00
	d.	Prior Period Items			0.14	1.11	13.71	(2.14)	-	-	-
	e.	Operating Profit/Loss (a-b+-C-D)		Actual	(135.80)	(207.93)	(269.49)	(274.33)	(297.27)	(174.95)	(290.00)
3.	a.	PAT	Rs.		(492.20)	26.19	17.86	(165.54)	37.52	(11.87)	(900.00)
	b.	Net Worth at year end			97.73	141.41	172.17	19.20	46.21	34.34	(870.00)
	c.	Average Net Worth			389.86	119.57	156.79	95.69	32.71	40.28	
	d.	PAT/Net Worth	%	Actual	(126.25)	21.90	11.39	(173.01)	114.72	(29.47)	
	e.	Paid-up Share Capital	Rs.		60.00	60.00	60.00	60.00	60.00	60.00	60.00
	f.	GOI Share			54.00	54.00	54.00	54.00	54.00	54.00	54.00
	g.	Reserves and Surplus *			37.73	978.92	996.79	831.25	870.81	858.95	(40.00)
4.	Total Expenses	Rs.			15,584.43	14,701.94	10,870.54	8,088.82	11,166.12	6,745.45	9,200.00
5.	Total Income	Rs.		15,657.54	14,735.54	10,855.75	8,086.32	11,169.14	6,734.78	9,010.00	
6.	Total Expenses/Total Income	%		99.53	99.77	100.14	100.03	99.97	100.16	102.11	
7.	Details of other Income		Rs.								
	a.	Interest			184.45	213.52	227.42	237.16	268.86	142.89	66.00
	b.	Dividend			-	-	-	-	-	-	-
	c.	Other Income			24.46	28.01	27.28	34.67	34.57	21.38	44.00
	d.	Total			208.91	241.53	254.70	271.83	303.43	164.27	110.00
8.	a.	Cash and Bank Balance and equivalent	Rs.		58.13	6.51	9.60	9.21	101.14	85.84	127.00
	b.	Investment in mutual funds			-	-	-	-	-	-	-
	c.	Investment in shares other than subsidiary/JVs			0.11	0.11	0.01	-	0.01	0.01	0.01
	d.	Total (a+b+c)			58.24	6.62	9.61	9.21	101.15	85.85	127.01
	e.	Cash credit/Over-draft loan/Short-term loan			1,287.80	1,304.14	1,439.44	1,657.08	1,769.59	1,867.60	1,024.90
	f.	Balance in current account			Included in 8 (a) above						
9.	Dividend paid/declared for the year (excluding Dividend Tax) **	Rs.		-	-	-	-	-	-	-	

1 : Reserves and Surplus includes revaluation reserves w.e.f. 2013-14 onwards

2 Interest income accrued on dues recoverable from GSPI has not been recognized for the years 2018-19 & 2019-20.

3. Interest expenditure for the year 2019-20 has been taken on provisional basis in the absence of any bank borrowings.

4. Revenue estimates projections for 2018-19 & 2019-20 have been taken on the basis of provisional figures. The same has been approved by FMCOD and expenses have been calculated on pro rata basis.

TREND ANALYSIS (Part - B)

(Rs. Crore)

								Current Year: 2018-19		
Finnacial Performance		Unit	Target v/s Actuals	Actuals 2013-14	Actuals 2014-15	Actuals 2015-16	Actuals 2016-17	Actuals 2017-18	Actual upto 30.09.2018	Estimates
Criteria										
1.	Contribution of each product in sales (major)	%								
	a. Bullion		75.8	59.7	45.0	55.1	94.2	95.7	93.7	
	b. Urea		9.7	20.2	37.2	27.4	-	-	-	
	c. Steel plates/coils/rails		-	12.2	9.9	8.8	2.2	-	-	
	d. Coal		1.4	2.1	2.1	0.7	0.1	-	-	
	e. Edible Oils		0.5	1.5	1.7	0.7	0.6	2.1	2.5	
	f. Wheat		11.5	0.6	-	-	-	-	-	
2.	Exports as a percentage of revenue from Operations	%		11.6	13.1	10.6	10.2	2.4		0.8
3.	Development or Revenue from new products or products with new features - Turnover from New Products/New Markets	₹ Crore	Actual	5	1771	112	576	-	-	-
			MOU	-	225	300	-	-	-	-
4.	R&D, Innovation, Tachnology up-gradation parameter									
a.	Development of B2B Portal	Actual				N.A.				
		Date				01.02.17				
6.	Inventory of finished goods and work in progress	₹ Crore		NIL						
7.	Inventory of finished goods and work in progress to RO (Net)	%								
8.	Inventory of finished goods of more than one year	₹ Crore		N.A.						
9.	Inventory of finished goods of more than one year as a percentage of RO	%								
10.	Trade Receivables (Net)	₹ Crore		3015.32	3511.24	3707.94	3093.12	3185.44	3275.01	1092.24
11.	Trade Receivables (Net) as number of days of RO (Gross)	Days		71	88	128	144	107	128	45
12.	Claims against the Company not acknowledged as debt									
	Total		Actual	1927.91	3054.97	2976.50	988.5*	997.74		947.86
			MOU					4.5%		10%
13.	Cost of raising funds as compared to similarly rated CPSEs/entities	₹ Crore								
14.	Return (Share of profit/loss) on Investment in JVs	₹ Crore		NIL						
15.	Any other result-oriented parameters taken for target setting	₹ Crore								

*: re-stated to make comparable with 2017-18 as accounts for the year 2017-18 have been prepared in accordance with Ind-AS.