

# Financial Express (All Edition)

09.11.2019

## THE STATE TRADING CORPORATION OF INDIA LIMITED

(A Govt. of India Enterprise)

(CIN: L74899DL1956GOI002674)

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### Statement of Financial Results for the Quarter & Half Year Ended September 30, 2019

(₹ Crore)

| Sl. No. | PARTICULARS  | STANDALONE                           |                                      |  |  |                                 | CONSOLIDATED                         |                                      |  |  |                                 |
|---------|--|--------------------------------------|--------------------------------------|--|--|---------------------------------|--------------------------------------|--------------------------------------|--|--|---------------------------------|
|         |  | Quarter Ended 30.09.2019 (Unaudited) | Quarter Ended 30.06.2019 (Unaudited) | Half Year Ended 30.09.2019 (Unaudited) | Half Year Ended 30.09.2018 (Unaudited) | Year Ended 31.03.2019 (Audited) | Quarter Ended 30.09.2019 (Unaudited) | Quarter Ended 30.06.2019 (Unaudited) | Half Year Ended 30.09.2019 (Unaudited) | Half Year Ended 30.09.2018 (Unaudited) | Year Ended 31.03.2019 (Audited) |
| 1.      | Total Income from operations   | 156.71                               | 2,200.59                             | 2,417.30                               | 6,570.50                               | 6,903.44                        | 156.71                               | 2,200.59                             | 2,417.30                               | 6,570.50                               | 6,903.44                        |
| 2.      | Net Profit/(Loss) for the period (before tax, exceptional and/or Extraordinary items)  | (70.15)                              | (12.58)                              | (22.71)                                | (10.67)                                | (162.88)                        | (10.39)                              | (13.01)                              | (23.40)                                | (11.82)                                | (184.57)                        |
| 3.      | Net Profit/(Loss) for the period before tax (after Exceptional and/or Extraordinary items)   | (7.02)                               | (94.34)                              | (101.98)                               | (10.97)                                | (887.12)                        | (6.32)                               | (94.79)                              | (101.11)                               | (11.73)                                | (899.06)                        |
| 4.      | Net Profit/(Loss) for the period after tax (after Exceptional and/or Extraordinary items)  | (7.62)                               | (94.34)                              | (101.96)                               | (11.87)                                | (881.08)                        | (6.32)                               | (94.79)                              | (101.11)                               | (12.83)                                | (883.02)                        |
| 5.      | Total comprehensive income for the period (comprising Profit/(Loss) for the period (after Tax) and other comprehensive income (after tax)) | (7.62)                               | (94.34)                              | (101.96)                               | (11.87)                                | (879.46)                        | (6.32)                               | (94.79)                              | (101.11)                               | (12.83)                                | (881.40)                        |
| 6.      | Equity Share Capital   | 60.00                                | 60.00                                | 60.00                                  | 60.00                                  | 60.00                           | 60.00                                | 60.00                                | 60.00                                  | 60.00                                  | 60.00                           |
| 7.      | Other Equity excluding Revaluation Reserve   | -                                    | -                                    | (505.22)                               | (25.85)                                | (893.24)                        | -                                    | -                                    | (5,669.33)                             | (4,899.45)                             | (8,489.22)                      |
| 8.      | Earning per share (of ₹10/- each) (for continuing and discontinued operations) (not Annualized):   |                                      |                                      |  |  |                                 |                                      |                                      |  |  |                                 |
|         | (a) Basic (in ₹)   | (1.27)                               | (15.72)                              | (16.99)                                | (1.98)                                 | (146.85)                        | (1.05)                               | (15.80)                              | (16.85)                                | (2.11)                                 | (147.17)                        |
|         | (b) Diluted (in ₹)   | (1.27)                               | (15.72)                              | (16.99)                                | (1.98)                                 | (146.85)                        | (1.05)                               | (15.80)                              | (16.85)                                | (2.11)                                 | (147.17)                        |

- These Financial results have been prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.
- The financial results for the period ended on 30th September 2019 were reviewed by the Audit Committee on 07.11.2019 and approved by the Board of Directors in its meeting held on 08.11.2019.
- 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 and Syndicate bank has initiated NCLT proceedings. The company has initiated the OIS proposal with the lender banks and accordingly a part payment of ₹1100 Crore has been made to the Syndicate Bank, leader of Joint lender forum on 29.03.2019 (₹900 Crore) and on 27.05.2019 (₹200 Crore). This process of OIS with the lender banks is in progress and the same is being vigorously followed up at appropriate intervals.
- Total trade receivable of ₹1064.85 Crore includes ₹877.29 Crore "having significant increase in credit risk" being under dispute/litigation and outstanding since long. However, no credit impairment has been made, as the company feels that even if the amount is eventually not recovered, the creditor will not be paid by the company to the extent the amount is not realized from trade receivables. Though in certain cases Court has directed STC to pay the creditors.
- STC was allotted a plot of land measuring 2,599 acres by L&DO for constructing of Office building at a rate of ₹1,000 per sq. yard vide Lease Agreement dated 05.12.1975. On 26.03.2018, L&DO raised a demand on STC vide its letter no. L&DO/SA/9225/133 for an amount of ₹132.83 crore w.r.t. various conditions of the Lease Deed. L&DO had further stated that the execution of lease deed shall be subject to complete payment & putting to use of premises as permissible under Master plan. However, STC has disputed the demand and asked for certain details/clarifications for the purpose of reconciliation. Despite repeated follow-up by STC in the matter, L&DO is yet to provide the requisite details. Till date, there is no confirmatory order from L&DO and hence, clear liability for the said demand is not ascertainable. Moreover, STC has initiated L&DO about the area of land at JVB which was acquired/utilized by NDMC and Delhi Metro for 329,086 sq. mt. & 289,910 sq. mt. respectively. L&DO has also been requested to consider for the reduction in land area initially allotted to STC and to intervene for early disbursement of compensation, if any.
- Even though the net worth of the company has been eroded fully (even including revaluation reserve). In the opinion of the Management, the Company is going concern as: The Company is a CPSE under administrative control of the Ministry of Commerce & Industry. The Company is primarily in the business of trade with State Trading Organizations of various countries, to undertake promotion of export and to undertake market intervention operations in commodities as specified by Government from time to time. The company has seven offices and 3 representative offices all over the country and is fully equipped with the necessary infrastructural facilities to undertake any volume of business operations. The company is participating in several business opportunities. 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 and who had defaulted in making timely payment to STC. This has led to temporary financial crunch, operating losses, reduction of net worth. Simultaneously the company initiate 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 has therefore passed settlement with the lender banks. Simultaneously the company has undertaken various cost reduction measures to improve the liquidity/ profitability such as closure of unviable branches undertaking trade in those commodities fetching higher trade margins etc. In view of this it is believed that, after the proposed settlement, sufficient liquidity would be available with the company to undertake further business operation. The Company has also requested to JLF to provide some funded/non-funded fund for conducting business on behalf of Govt. of India. It is believed that this would generate sufficient trade margin for STC in the process of revival. It is believed that STC shall be in a position to confidently sail as a going concern. Considering the strength of the company, business plans and future outlook as aforesaid, the company is quite confident to reach at some workable solution to resolve financial position of the company. Pending such resolution and considering the facts given above:
  - Accounts have been prepared on going concern basis.
  - As regards to business plan, it is to mention that STC has projected a turnover of ₹900 Crore for the F.Y 2019-20.
  - The company is continuing to carry forward deferred tax assets, which will be available for set off against future profits in view of anticipated business opportunities and improved availability of working capital.
  - No provision for impairment of non-current assets has been considered necessary and.
  - As a cost cut measure, the company has introduced voluntary retirement scheme (VRS), first phase of VRS was introduced starting from 18.06.2018 to 17.07.2019 up to level of Chief Manager excluding professionals. The VRS in the first phase was to cover maximum 80 employees on first come first serve basis. Total 101 applications were received out of which 08 applications were rejected, 07 applications were withdrawn. Application of 80 employees out of balance 88 applications was accepted and their dues have been settled. Further Second phase has also been introduced from 29.03.2019 till 29.04.2019 up to level of Chief Manager and 43 applications have been accepted. Further VRS has been introduced and kept open till 31.03.2020. Total application received as on 31.10.2019 was 6 and all the applications were accepted employees were relieved also. There is no application pending for processing.
- Effective April 1, 2019, the company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹0.85 crore, and a lease liability of ₹0.86 crore. The cumulative effect of applying the standard resulted in ₹0.01 crore being debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit for the period and earnings per share.
- As a matter of accounting prudence, Deferred Tax Assets for the period ended 30.09.2019 have not been recognized.
- Figures of the previous period have been recast/reclassified to make them comparable with those of the current period wherever necessary.

Place: New Delhi  
Date: 08.11.2019

(Rajiv Chopra)  
Director (Marketing) with additional charge of CMD  
DIN - 08486328

By order of the Board of Directors  
(Roome Negrath)  
GM-F & CFO