



दि स्टेट ट्रेडिंग कॉरपोरेशन ऑफ़ इंडिया लिमिटेड
(भारत सरकार का उद्यम)
THE STATE TRADING CORPORATION OF INDIA LTD.
(A Govt. of India Enterprise)

Manager –Listing Compliance Department National Stock Exchange of India Limited Exchange Plaza, Bandra –Kurla Complex, Bandra (East), Mumbai-400051 Scrip Code : STCINDIA-EQ	Manager- Listing Compliance Department BSE Limited 1 st Floor, P.J. Towers, Dalal Street, Mumbai-400001 Scrip Code : 512531
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STC/BS&P/BS/10082/2018/STEX

10th August, 2018

Dear Madam/Sir,

Sub: Unaudited Financial result (Reviewed) for quarter ended 30th June 2018

This is to inform that the Board of Directors of The State Trading Corporation of India Limited at its meeting held on today i.e. August 10, 2018 has taken on record and approved the **Unaudited Financial Result (Reviewed) for quarter ended 30th June 2018.**

In pursuance of Regulation 33 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the following:

- 1. Unaudited Financial result (Reviewed) for quarter ended 30th June 2018, alongwith Limited Review Report and Press release.**

The Meeting of the Board of Directors commenced at 3:30 PM and concluded at 11:15 PM.

This is for your information and record please.

Thanking you,

Yours Sincerely,

(Handwritten signature)
पंकज कुमार
10/08/18

(Pankaj Kumar)

Company Secretary & Compliance Officer

THE STATE TRADING CORPORATION OF INDIA LTD.
Statement of Standalone Financial Results for the Quarter ended June 30, 2018
CIN: L74899DL1956GOI002674

(Rs. crore)

STANDALONE				
Particulars	Quarter ended 30.06.2018	Quarter ended 31.03.2018	Quarter ended 30.06.2017	Year Ended 31.03.2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Income				
Revenue from Operations	3,733.85	2,078.58	4,798.94	10,865.71
Other Income	81.76	77.17	77.81	303.43
Total Income	3,815.61	2,155.75	4,876.75	11,169.14
Expenses				
Cost of materials consumed	-	-	-	0.01
Purchases of Stock in trade	3,729.37	2,066.46	4,788.73	10,797.50
Change in Inventory	0.01	9.85	(0.17)	39.44
Employees' Benefit Expenses	21.32	32.39	25.47	106.90
Finance Cost	51.58	50.65	42.14	178.68
Depreciation & Amortization Expenses	3.94	3.57	3.93	16.02
Other Expenses	7.24	8.48	6.62	27.57
Total expenses	3,813.46	2,171.40	4,866.72	11,166.12
Profit before exceptional items and tax	2.15	(15.65)	10.03	3.02
Exceptional Items - Expense / (Income)	0.24	(8.65)	(3.82)	(29.23)
Profit Before Tax	1.91	(7.00)	13.85	32.25
Tax expense				
(i) Current tax	0.45	(5.05)	1.22	(5.27)
(ii) Deferred tax	-	-	-	-
Profit for the period from continuing operations (A)	1.46	(1.95)	12.63	37.52
Profit/(loss) from discontinued operations				
Tax expense of discontinued operations				
Profit from discontinued operations after tax (B)	-	-	-	-
I Profit for the period (A+B)	1.46	(1.95)	12.63	37.52
II Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
- Remeasurements of the defined benefit plans	-	4.73	0.09	4.82
Less: Income Tax on Above	-	1.64	0.03	1.67
Items that will be reclassified to profit or loss	-	-	-	-
Total of Other Comprehensive Income	-	3.09	0.06	3.15
Total Comprehensive Income for the period	1.46	1.14	12.69	40.67
Paid up equity share capital (Face value of Rs. 10/- each)	60.00	60.00	60.00	60.00
Other Equity excluding Revaluation Reserves				(13.79)
Earnings per equity share : (Not Annualized)				
(1) Basic (in Rupees)	0.24	0.19	2.11	6.78
(2) Diluted (in Rupees)	0.24	0.19	2.11	6.78



Segment-wise Revenue, Results, Assets & Liabilities				
(Rs. crore)				
PARTICULARS	STANDALONE			
	Quarter ended 30.06.2018	Quarter ended 31.03.2018	Quarter ended 30.06.2017	Year Ended 31.03.2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment revenue				
a) Export	0.52	16.81	127.81	279.19
b) Import	3,490.65	1,962.66	4,532.22	10,240.04
c) Domestic	242.68	99.11	138.91	346.48
Total	3,733.85	2,078.58	4,798.94	10,865.71
Less -Inter-segment revenue	-	-	-	-
Revenue from operations	3,733.85	2,078.58	4,798.94	10,865.71
2. Segment results - Profit /(Loss) before tax and interest from each segment				
a) Export	0.32	0.33	6.64	18.23
b) Import	(0.28)	0.42	2.11	4.82
c) Domestic	4.08	1.07	0.89	3.01
Total	4.12	1.82	9.64	26.06
Less:(I) Finance cost	51.58	50.65	42.14	178.68
(ii) Other unallocable expenditure net off				
Unallocable income	(49.37)	(41.83)	(46.35)	(184.87)
Profit before Tax	1.91	(7.00)	13.85	32.25
3. Segment Assets				
a) Export	3,192.88	3,156.88	2,999.86	3,156.88
b) Import	102.20	85.25	182.82	85.25
c) Domestic	80.23	52.69	53.37	52.69
d) Unallocated	1,136.12	1,143.38	1,078.66	1,143.38
Total	4,511.43	4,438.20	4,314.71	4,438.20
4. Segment Liabilities				
a) Export	1,329.28	1,327.65	1,353.72	1,327.65
b) Import	256.98	255.28	263.04	255.28
c) Domestic	88.23	62.47	53.67	62.47
d) Unallocated	1,904.68	1,861.99	1,740.28	1,861.99
Total	3,579.17	3,507.39	3,410.71	3,507.39

Notes

1) The financial results for the quarter ended 30th June, 2018 were reviewed by the Audit Committee and approved by the Board of Directors in its meeting held on 10th August, 2018.

2) Limited Review as per Regulation 33 of the SEBI (LODR) Regulations, 2015 has been carried out by the statutory Auditors of the Company.

3) Trade receivables and other income as on 30.06.2018 include Rs.2120.56 crore (excluding Contingent Assets of Rs. 255.79 crore) and Rs.68.85 crore respectively, receivable from one of the associates with whom the conciliation agreement has been signed which is enforceable as decree and upheld by Hon'ble Supreme Court as final. The associate has been making part payment as per directives of Hon'ble Supreme Court. The associate is in the process of submitting final payment schedule in Hon'ble Supreme Court for repayment of entire dues. In view of the above, the debt has been considered good and interest accrued thereon is recognized as income.

4) L&DO allotted a plot of land measuring 2.599 acres for constructing of office building vide lease agreement signed on 15.12.1975. In order to execute the perpetual lease, matter has been taken up with L&DO who has indicated an expenditure of Rs 132.83 crore on various account for execution of perpetual lease. The demand raised by L&DO is not acceptable to STC and is being disputed in view of verification of actual facts. Despite various requests and personal visits, details from L&DO are still awaited. The actual liability is therefore not ascertainable at present. Hence no provision was considered necessary.



5) STC is facing mismatch in inflows and outflows of funds due to huge recoverable from business associates who had defaulted in making timely payment to STC. Legal actions have been taken for recovery from the associates.

All these have led to temporary financial crunch. The source of current liquidity crunch faced by STC is not structural deficiency but the problem on account of some transactions which we are trying to resolve. The company has appointed financial advisor for restructuring of existing loans and for raising additional loans. The funds raised would be used for executing title deeds of its properties. After executing perpetual Lease deed, there would be substantial increase in value of the property. The company then proposes to raise additional working capital funds against the properties. Therefore, the Company has approached its lender banks for an appropriate resolution plan with the objective to make the operations of the company viable and sustainable. The lender banks have formed Joint Lender Forum to finalize the reconstruction plan. In view of below mentioned points, it is believed that we shall be in a position to confidently sail as a going concern:

1. Ministry of Commerce has issued a Letter of Comfort for an amount of Rs. 500 crore. The adequate support of Ministry of Commerce, Govt. of India, re-establishes our faith as a going concern entity.

2. Substantial amount is expected to be recovered from various associates in the coming years.

3. 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 & VRS to employees etc.

Considering the strength of the company, business plans and future outlook as assessed, the company is quite confident to reach at some workable solution to resolve financial position of the company.

6) The Company had imported urea on behalf of GOI. The Company invoked the PBG of the supplier due to non-observance of Company's instructions. The supplier referred the matter to arbitration and the arbitral award was pronounced in favour of supplier. Subsequently, the Company appealed in High Court and then in Supreme Court, which the Company lost. As per Arbitral Award, the Company is liable to pay interest @12% p.a. on the amounts awarded. Necessary clarification is being sought with regard to calculation of interest. The company has again represented to DOF for release of the claim amount. The next date of hearing is 25.09.2018. Accordingly, claim will be accounted for in the subsequent quarters.

7) The Company introduced a Voluntary Retirement Scheme with the approval of Competent Authority. The Scheme remained open from 18.06.2018 to 17.07.2018. According to the Scheme the employees seeking voluntary retirement were to be relieved from service w.e.f. 31.07.2018 (afternoon). The VRS compensation is being worked out and the necessary accounting entries would be made during the next quarter.

8) As a matter of accounting prudence, Deferred Tax Assets for the quarter ended 30.06.2018 have not been recognized.

9) Figures of the previous period have been regrouped/ rearranged to make them comparable with those of the current period wherever necessary.

As per our report of even date
For M/s P. Jain & Company
Chartered Accountants
FIRN : 000711C


(Pankaj Jain)
Partner
M. No. 097279



By order of the Board of Directors


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


(S K Singhal)
GM-F & CFO

Place: New Delhi
Date: 10.08.2018

P. JAIN & COMPANY CHARTERED ACCOUNTANTS

HO- 210 ARUNACHAL BHAWAN, 2ND FLOOR, 19 BARAKHAMBA ROAD NEW DELHI 110001
BO- 6, NAVYUG MARKET, 1ST FLOOR, GHAZIABAD 201001

Limited Review Report

The Board of Directors
The State Trading Corporation of India Limited
New Delhi

1. We have reviewed the accompanying statement of unaudited standalone financial results of **The State Trading Corporation of India Limited** for the quarter ended June 30, 2018 into which are incorporated the accounts of Corporate Office and three Branches reviewed by us and eight Branches reviewed by Internal Auditors. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, issued by The Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Our report on the audited financial statements for the year ending 31st March, 2018 was qualified with regard to:

- (i) Trade receivable includes Rs. 2076.70 crore (previous year Rs. 1904.24 crore) and other income includes interest of Rs. 259.47 crore (previous year Rs. 231.93 crore) booked during the current year on over dues from one of the business associates on account of goods supplied in earlier years. The dues are stated to be secured by EMD of Rs. 29.73 crore and personal guarantee of chairman of its holding company. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of Rs. 100 crore (previous year Rs. 70.18 crore) on the directions of Hon'ble Supreme Court. Considering the poor recovery, non-availability of security, dispute by party with respect to interest charged, and age of outstanding dues, interest income should not be recognized as per concept of prudence.

Considering the overall circumstances surrounding the recoverability of outstanding dues of Rs. 2076.70 crores, we are not in a position to ascertain whether the amount is fully recoverable or not. We are informed by the management that petition for execution of decree as per Conciliation Agreements under the Arbitration and Conciliation Act, 1996 has been filed before the Hon'ble Supreme Court wherein it has been held that decree is final. The party has submitted payment proposal before the Hon'ble Apex Court which is still subjudice before the Hon'ble Apex Court. Cases U/s 138 of Negotiable Instruments Act are also filed by the company before the Hon'ble High Court Delhi. The Enforcement Directorate and CBI are also investigating into the matter about cheating and fraud done by the party. We have also been provided affirmative Board Resolution dt. 14.02.2017 and outcome dt. 30.05.2017 that all possible efforts are extended for recovery of the dues through legal process and company is assured of recovering the dues.

- (ii) As regard provision of Rs. 3.58 crore made against Rs. 10.53 crore recoverable from one of the business associate, the management has considered Rs. 6.13 crore towards value of immovable property provided as security. Since the company is not able to sale the property inspite of various auctions, hence in our opinion till realization of such security, its value should not be considered for ascertainment of provision for doubtful debts. Had the company made the provision of said amount, net profit of current year would have been lower by Rs. 5.77 crore, retained earning and trade receivable (current assets) would have been lower by Rs. 5.77 crore.

Contd.....



4. Further during the quarter ended 30th June, 2018,

- (i) In further developments during the quarter w.r.t matter referred in 3(i) above, winding up order has been issued of GSHL (one of guarantor to GSPI) by High Court of Isle of Man, United Kingdom in the month of May, 2018. Matter has been referred to Ld. Attorney General for his opinion on the developments. Reference is invited to Note no 3, the Company has recognized interest income of Rs. 68.85 crore with respect to amount recoverable from one of the associate referred in para 3(i) above which should not be recognized for reasons referred above & in para 3(i) above.
- (ii) With respect to contingent assets disclosed, the management has not provided any substantive evidence in support of probability of recovery, hence we are not in a position to comment thereon.
- (iii) Reference is invited to Note no 4, the company has not made provision against demand of Rs. 132.83 crores being the amount payable to L&DO for execution of lease deed of company's one of the property, as necessary computation has not been made pending clarification from L&DO are awaited.
- (iv) Reference is invited to Note no 5, with regard to difficult financial condition being faced by the company, it has been explained that business restructuring plan is being formulated in consultation with Administrative Ministry and banks, hence we are unable to comment thereon.
- (v) Reference is invited to Note no 6, regarding Liability of Rs. 33.05 crore plus interest payable to foreign supplier as per decision of Hon'ble Supreme Court. STC deposited an amount of Rs. 33.05 crore (from the PBG of business associate encashed by STC) in compliance to the order of Double Bench of Hon'ble High Court. However, DOF while refuting the claim stated that the present dispute is purely a commercial dispute between STC and business associate. After refusal nothing regarding acceptance of the same was found on record during the period under reporting. Amount of Interest payable is not ascertained pending certain clarifications to be obtained from legal counsel. No provision of above amount is made in books of account.
- (vi) Reference is invited to Note no 7, regarding VRS scheme introduced and implemented by the company, no related expenditure is accounted for in books pending finalization of the amount.

Considering the observations made at para 4(i) & 4(v) above, had the company derecognized the interest income and made provision of said payable, net profit for current period would have been net loss of Rs 100.89 crore, reserve & surplus would have been lower by Rs. 102.35 crore and Trade receivable would have been lower by Rs. 68.85 crore and current liabilities would have been higher by Rs. 33.50 crore.

5. Based on our review conducted as above and subject to our qualifications/observations in paragraphs 3 & 4 above, we report that nothing else has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results read with notes thereon, prepared in accordance with applicable Indian Accounting Standards specified under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016, including the manner in which it is to be disclosed or that it contains any material misstatement.

Date : 10.08.2018

Place : New Delhi

For P. Jain & Company
Chartered Accountants
(Firm Regn. No. 000711C)


(Pankaj Jain)
Partner
M. No. 97279



THE STATE TRADING CORPORATION OF INDIA LTD.
Statement of Standalone Financial Results for the Quarter ended June 30, 2018
 CIN: L74899DL1956GOI002674

(Rs. crore)

S.NO.	PARTICULARS	Quarter ended	Quarter ended	Year Ended
		30.06.2018	30.06.2017	31.03.2018
		(Unaudited)	(Unaudited)	(Audited)
1	Total income from operations	3,733.85	4,798.94	10,865.71
2	Net Profit /(Loss) for the period (before tax, exceptional and/or Extraordinary items)	2.15	10.03	3.02
3	Net Profit /(Loss) for the period before tax (after Exceptional and/or Extraordinary items)	1.91	13.85	32.25
4	Net Profit /(Loss) for the period after tax (after Exceptional and/or Extraordinary items)	1.46	12.63	37.52
5	Total comprehensive income for the period [comprising Profit/ (Loss) for the period (after Tax) and other comprehensive income (after tax)]	1.46	12.69	40.67
6	Equity Share Capital	60.00	60.00	60.00
7	Other Equity excluding Revaluation Reserves			(13.79)
8	Earning per share (of Rs. 10/- each) (for continuing and discontinued operations) (not Annualized) :			
	(a) Basic (in Rupees)	0.24	2.11	6.78
	(b) Diluted (in Rupees)	0.24	2.11	6.78

Notes:

1) The financial results for the quarter ended 30th June, 2018 were reviewed by the Audit Committee and approved by the Board of Directors in its meeting held on 10th August, 2018.

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6) The Company had imported urea on behalf of GOI. The Company invoked the PBG of the supplier due to non-observance of Company's instructions. The supplier referred the matter to arbitration and the arbitral award was pronounced in favour of supplier. Subsequently, the Company appealed in High Court and then in Supreme Court, which the Company lost. As per Arbitral Award, the Company is liable to pay interest @12% p.a. on the amounts awarded. Necessary clarification is being sought with regard to calculation of interest. The company has again represented to DOF for release of the claim amount. The next date of hearing is 25.09.2018. Accordingly, claim will be accounted for in the subsequent quarters.

7) The Company introduced a Voluntary Retirement Scheme with the approval of Competent Authority. The Scheme remained open from 18.06.2018 to 17.07.2018. According to the Scheme the employees seeking voluntary retirement were to be relieved from service w.e.f. 31.07.2018 (afternoon). The VRS compensation is being worked out and the necessary accounting entries would be made during the next quarter.

8) As a matter of accounting prudence, Deferred Tax Assets for the quarter ended 30.06.2018 have not been recognized.

9) Figures of the previous period have been regrouped/ rearranged to make them comparable with those of the current period wherever necessary.

10) The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on the websites (www.nseindia.com, www.bseindia.com) of the stock Exchange(s) and Co.'s website (www.stclimited.co.in).



(Rajiv Chopra)

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

By order of the Board of Directors



S K Singhal
GM-F & CFO

Place: New Delhi
Date: 10.08.2018