



प्रभाग  
DIVISION



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

STC/BS&P/BS/10082/2017-18/STEX

October 29, 2021

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 <sup>st</sup> Floor, P.J. Towers, Dalal Street Mumbai - 400001 Scrip Code : 512531
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**Sub: Annual Report for the Financial Year 2020-21**

**Dear Sir/Madam,**

Please find attached herewith a copy of the Annual Report and the Notice of the 65<sup>th</sup> Annual General Meeting, scheduled to be held on Wednesday, the 24<sup>th</sup> November, 2021 at 02:00 P.M., as required under Regulation 34(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

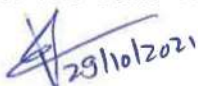
The Annual Report and Notice of AGM is also available on Company's website at [www.stclimited.co.in](http://www.stclimited.co.in).

Please take note of the above information.

Thanking you,

Yours sincerely,

For The State Trading Corporation of India Limited



(Vipin Tripathi)

Company Secretary & Compliance Officer

# **ANNUAL REPORT**

## **2020-21**



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



# **ANNUAL REPORT 2020-21**



**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 Sanjeev Kumar Sharma, Director (Personnel) [Addl. Charge of CMD] (from 01.08.2020)

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 Shashank Priya, Additional Secretary & Financial Advisor, DoC

Shri Shyamal Mishra, Joint Secretary, DoC

**CHIEF FINANCIAL OFFICER**

Smt. Rooma Nagrath (upto 30.09.2021)

Shri Ashok Kumar Swain (from 01.10.2021)

**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

**STATUTORY AUDITORS**

M/s. PSMG & Associates

206B&207, Jagadamba Tower

Commercial Complex 13,

Preet Vihar, Delhi-110092

**BANKERS**

State Bank of India

Bank of India

Indian Overseas Bank

ICICI Bank

Union Bank of India

Indusind Bank

IDBI Bank

Bank of Baroda

Canara Bank

Indian Bank

UCO Bank

HDFC Bank

Exim Bank

**SECRETARIAL AUDITORS**

M/s. VAP & Associates,

Company Secretaries,

387, 1st Floor, Shakti Khand,

Indrapuram, Ghaziabad-201010





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## BOARD'S REPORTS

The Board of Directors presents the 65<sup>th</sup> Annual Report on the business and operations of the Company and its Audited Statement of Accounts for the year ended March 31, 2021 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 2020-21 vis-à-vis the previous year is summarized in the table below:

(₹ in Crore)

TURNOVER	2020-21	2019-20
Exports	-	11
Imports	12	2536
Domestic	235	383
<b>Grand Total</b>	<b>247</b>	<b>2930</b>
<b>FINANCIALS</b>		
Profit Before Tax	(51)	(114)
Profit After Tax	(51)	(114)
Net Worth	(994)	(946)

### OPERATIONS AND BUSINESS PERFORMANCE

During the year 2020-21, the Company achieved a turnover of ₹247 crore as against ₹2930 crore in the previous year. The decrease in the turnover was mainly due to there being no import of bullion, continued un-availability of working capital / banking limits and discontinuation of new business activities since Nov.'20 pursuant to Board decision. 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 only such business with central/state government departments and their entities, where there was no involvement of STC's funds.

With a view to overcome the financial crisis, the Company undertook various steps towards reduction of expenses such as closure of branch offices (except Agra Branch), implementation of VRS for downsizing the manpower, curtailment of expenses towards functional and welfare facilities (other than pay & cafeteria based perks) provided to employees including Board level officers etc.

During the year 2020-21, the Company reported a net loss (after tax) of ₹51.23 crore as against net loss (after tax) of ₹113.63 crore reported during the year 2019-20. The net loss reported during the year was mainly due to expenses of ₹33 crore incurred towards payment of VRS compensation and reduced income from business operations attributable to non-availability of working capital/banking limits and stoppage of new business activity by the Company since November 2020.

Further, the Board of Directors, in its meeting held on 05.04.2021, had decided that STC to continue as a non-operative company, for the time being and that the accounts of the Company from the financial year 2021-22 onwards shall be prepared on non-going concern basis. Accordingly, accounts of the Company for the first quarter

of the financial year 2021-22 i.e. Apr.-Jun.'21 were prepared and published on non-going concern basis.

### SETTLEMENT OF OUTSTANDING DUES WITH THE BANKS

The Company continued to follow-up with the lender banks for expediting finalisation of One Time Settlement (OTS) for settling their remaining dues by way of transfer of identified immovable properties. However, the acceptance of lender banks on the Draft Memorandum of One Time Settlement (MOTS) submitted by STC to them for this purpose is yet to be received. The matter is being vigorously pursued by STC with the lender banks so as to expedite the finalization and conclusion of OTS. The proceedings initiated by the lender banks in DRT against STC for recovery of their dues are continuing.

### DIVIDEND

During the year 2020-21, the Company continued to pass through difficult financial phase due to choked banking limits, NPA status, net loss of ₹51.23 crore and negative net worth. The Company had also reported net loss of ₹114 crore during the year 2019-20. In view of accumulated losses of ₹1121.17 crore, the Board of Directors have not recommended any dividend for the year 2020-21.

### (OTHER EQUITY) RESERVES

An amount of (-)₹121.51 Crore (including revaluation reserve of ₹884.60 Crore) was available in the other equity of the company as on 01.04.2020. An amount of (-)₹47.70 Crore (PAT :(-)₹51.23 Crore and other comprehensive income ₹3.53 Crore) has been transferred to retained earnings. Accordingly, as on 31<sup>st</sup> March, 2021, the other equity stood at (-)₹169.20 Crore.

### HUMAN RESOURCE

#### Manpower

During the year, the Company implemented Voluntary Retirement Scheme (VRS-2020) for all levels of its regular employees and the same was opted by a total no. of 100 employees, out of which, 66 employees were relieved during the year 2020-21. Thus, as on 31.03.2021, STC had 212 employees on its rolls, which included 138 managers and 74 staff. The manpower has further reduced to 174, as on 01.08.2021, after relieving of the employees opted for VRS/superannuated/resigned/retired.

#### Recruitments

The Board of Directors of the Company, in its meeting held on 30.05.2017, had put on hold fresh recruitment at induction/lateral levels till further order except selection/recruitment of any mandatory or unavoidable vacant post to be done with the prior approval of the Board. Accordingly, the Company did not make any recruitment during the year 2020-21.

#### Industrial Relations

During the year 2020-21, the company continued to maintain harmonious industrial relations. No man days were lost.

### **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 2020-21, due to precarious financial position of the company, no budget was allocated for Training and Development of employees.

### **OFFICIAL LANGUAGE**

STC continued to comply with the Official Language Policy and the guidelines issued by the Government of India from time to time under the Policy. The Company celebrated Rajbhasha Pakhwada in the month of September 2020 during which many Hindi competitions and programs were organized and the winners were awarded the prizes. Keeping in view the requirements of today's technological age, the employees are given training from time to time in the use of Hindi on computer. Thus, every effort is being made in the direction of implementation of official language in the Corporation.

### **VIGILANCE ACTIVITIES**

During the year, as per CVC's instructions, endeavours were made to expedite timely completion of investigations and disciplinary proceedings and instructions/guidelines/circulars were issued for systemic improvement in various areas. As part of preventive vigilance, surprise inspections were carried out at Corporate Office in order to ensure whether implementation of guidelines issued from time to time, are adhered to. As per direction of the Board, a brief on routine vigilance activities bringing out important areas requiring attention of the Management was submitted to the Board of Directors on half-yearly basis during 2020-21.

The Corporation observed Vigilance Awareness Week 2020 from 27.10.2020 to 02.11.2020 on the theme 'Satark Bharat, Samridh Bharat' at its Corporate Office as well as Branch Offices, during which various in-house activities were organised such as Essay Competition, Quiz Competition, etc. As per CVC's directions, the extant Covid-19 prevention guidelines at all locations and events were strictly adhered to. Further, the direction issued by the Ministry of Finance regarding curtailment of expenses on observance of Vigilance Awareness Week was also taken care of.

During the year 2020-21, Vigilance clearances have been given to 303 employees for various purposes such as VRS, Superannuation, Foreign Visit, applying outside the Corporation, etc. Total 29 complaints were received during the year and all were disposed off. Further, 2 disciplinary proceedings have been disposed off during the year and action on remaining 8 cases is in progress as on 31.03.2021. A total no. of 65 files of Annual Property Return 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 9 employees. As a result of the above development, no business operations were undertaken by STCL during the year. STCL has a negative net worth.

### **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.

### **ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act 2013, a copy of the Annual Return is available on the website of the Company: [www.stclimited.co.in](http://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 2020-21.

### **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/Representative Offices across the country. For the convenience of public, a coordinating CPIO has also been nominated. First Appellate Authorities have 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**

As per Section 135 of the Companies Act, 2013, the Company was not mandated to allocate CSR budget for the year 2020-21 due to average net loss of last three preceding financial years. Thus, no CSR activities were undertaken during the year 2020-21.

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-II.

## **PUBLIC PROCUREMENT POLICY**

During the year 2020-21, the Company made procurement worth ₹2.65 crore from MSEs, which accounted for 61.92 percent of total value of annual procurement made by STC of goods produced and services being rendered by MSEs as against 25 percent target specified in the guidelines. Out of this, procurement from SC/ST and women entrepreneur was ₹0.17 crore i.e. 6.42 percent & ₹1.35 crore i.e. 50.94 percent as against a sub-target of 4 percent and 3 percent respectively.

During the year 2021-22 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.

Further, considering the non-operative status of the Company, the Board of Directors of the Company have, in its 641<sup>st</sup> meeting held on 03.08.2021 approved the new accounting policies on non-going concern basis to be implemented for preparation of Company's accounts w.e.f. 01.04.2021 onwards. Accordingly, accounts of the Company for the first quarter of the financial year 2021-22 i.e. Apr.-Jun.'21 were prepared and published on non-going concern basis.

## **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 2020-21, the DOP was suitably amended from time to time to match accountability with authority considering the prevailing requirements.

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 2020-21, seven (7) meetings of the Board of Directors were held including one meeting which was adjourned and subsequently held on 05.04.2021. The meetings were mostly held through video-conferencing mode considering the pandemic and COVID appropriate behaviour.

## **DECLARATIONS GIVEN BY INDEPENDENT DIRECTOR**

There were no Independent Directors on the Board of STC during the FY 2020-21 as the tenure of all Independent Directors had completed on 26.01.2020. Hence, 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 is not applicable.

## **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 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**

Ministry of Corporate Affairs vide its notification No. GSR 463(E) dated June 5, 2015 has 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)(g) 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 Members on STC's Board is done by the Government of India through the Ministry of Commerce & Industry and the terms and conditions of appointment as well as tenure of all directors is also decided by the Government. Also, there is a procedure for evaluation of performance of Chairperson and Functional Directors by the Administrative Ministry.

#### **RISK MANAGEMENT POLICY**

During the year 2020-21, a Risk Management Framework continued to be 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 did not take any exposure in volatile commodities/market condition. During the year, guidelines were in place requiring forward foreign exchange cover to be taken in respect of transactions involving STC funds. However, no such transactions were

undertaken by the Company.

#### **CORPORATE GOVERNANCE**

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), Govt of India, a Report on Corporate Governance for the year 2020-21 forming part of this report is placed at Annexure-III.

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. Compliance certificate from the practising Company Secretary in this regard, forming part of this Report, is placed at Annexure -IV.

The Company has got its Secretarial Audit for the financial year ended 31<sup>st</sup> March, 2021 conducted by M/s VAP & Associates, Practising Company Secretaries and their report along with Management replies to the observations made by the Secretarial Auditors, forming a part of this Annual Report is placed at Annexure-V.

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](http://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 2020-21 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 PSMG & Associates, Chartered Accountants were appointed as Statutory Auditors of the company for the FY 2020-21 by Comptroller & Auditor General of India (C&AG). The Statutory Auditors had submitted their original Audit Report dated 25.06.2021 to STC, however at the instance of the Comptroller & Auditor General of India, they subsequently submitted their revised report dated 07.09.2021 to STC. The revised report along with replies of management thereto is attached and forms 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 2020-21 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 31<sup>st</sup> March, 2021, 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 2020-21;
- (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 31<sup>st</sup> March, 2021; However, as stated elsewhere in this report, The accounts of the Company from the financial year 2021-22 onwards shall be prepared on non-going concern basis.
- (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. 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 held on 17.12.2020, no changes have taken place in the Board of Directors of the Company. However, during the financial year 2020-21, the details of appointments of Directors are as follows:

1. 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.

2. 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 N.A.N. Jeyakumar, Director (Marketing) 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 all Directors seeking appointment/re-appointment are given in the notice convening the 65<sup>th</sup> Annual General Meeting of the Company.

### Cessation

1. 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.
2. 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 Umesh Sharma and Shri Rajiv Chopra during their tenure as Members of the Board.

### KEY MANAGEMENT PERSONNEL

The Company has nominated its CMD, all 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. Further Board of Director in its meeting held on 03.03.2021, appointed Shri D.P. Mishra, Chief General Manager; Shri Brijesh Prasad, Joint General Manager; Shri Sanjeev Puri, Joint General Manager (upto 31.05.2021); Shri S.K. Meena, Joint General Manager & Shri Ashok Kumar Swain, Deputy General Manager as the KMP's of the Company.

## 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 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 31<sup>st</sup> March 2021.

## 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)

Chairman & Managing Director  
(Additional Charge)  
DIN 06942536

Place: New Delhi  
Date: 13.08.2021

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### WORLD ECONOMIC OVERVIEW

The year 2020 witnessed unrivalled turmoil with the novel COVID-19 virus and the resultant pandemic emerging as the biggest threat to economic growth in a century. The pandemic has caused a heavy toll of deaths and illness, plunged millions into poverty, and may depress economic activity and incomes for a prolonged period. One year into the COVID-19 pandemic, the accumulating human toll continues to raise concerns, even as growing vaccine coverage lifts sentiment. High uncertainty surrounds the global economic outlook, primarily related to the path of the pandemic. The contraction of activity in 2020 was unprecedented in living memory in its speed and synchronized nature.

The global economy is estimated to contract by (-) 3.3 percent in 2020. The growth of advanced economies is estimated to decline from 1.6 percent in 2019 to (-) 4.7 percent in 2020, however, the same is projected to increase by 5.1 percent in 2021 and 3.6 percent in 2022. While the U.S. economy is estimated to shrink by (-) 3.5 percent, the economy of Japan is estimated to contract by 4.8 percent in 2020. Britain's corona virus ravaged economy shrank 9.9 percent in 2020, the biggest annual fall in output since modern records began. The economy in Euro area is estimated to decline by (-) 6.6 percent, however growth is forecast to rebound to 4.4 percent in 2021. Similar to Advanced Economies, growth in Emerging Market and Developing Economies (EMDEs) also declined to (-) 2.2 percent in 2020, although aggregate EMDE growth is projected to increase to 6.7 percent in 2021 and moderate to 5 percent in 2022. The economy of China is estimated to grow at 2.3 percent in 2020.

Most commodity prices rebounded in the second half of the year, however, the pickup in oil prices lagged the broader recovery in commodity prices due to the prolonged impact of the pandemic on global oil demand. Crude oil prices averaged \$41/bbl in 2020, a 34 percent fall from 2019. Base metal prices were, on net, broadly flat in 2020, as sharp falls in the first half of the year were followed by a strong recovery in the second half due to rising demand from China. Prices are expected to increase by 5 percent in 2021 alongside the expected rebound in global demand. Agricultural prices rose 4 percent in 2020, largely driven by supply shortfalls and stronger-than-expected demand in edible oils and meals. Some regions experienced localized food price spikes, and a decline in household incomes, particularly among the poorest populations, has increased the risk of food

insecurity.

Global cooperation will be essential for supporting vulnerable populations and achieving a sustainable and inclusive global recovery. In light of substantial fiscal constraints and high debt levels, globally coordinated debt relief, predicated on debt transparency, could help many economies, particularly low income countries, and provide much-needed fiscal resources to support social protection programs.

### OVERVIEW OF INDIAN ECONOMY

The lockdown measures, imposed to contain the spread of Covid-19 pandemic in India, ubiquitously affected employment, business, trade, manufacturing, and services activities. India is likely to record GDP growth of (-) 8 percent during 2020-21 as compared to a growth of 4.0 percent in 2019-20. The contraction was the sharpest in nearly four decades as the Covid-19 induced lockdown hurt the economy of the country very badly. However, India was among the few leading global economies that witnessed positive year-on-year growth in the second half of 2020-21. This contraction in GDP growth is mainly attributed to the contraction in industry and services sector. The GDP growth, however, is expected to rebound strongly in 2021-22 owing to the reform measures undertaken by the Government. The Government announced a special economic and comprehensive package including several structural reforms under Atmanirbhar Bharat of Rs. 20 lakh crore - equivalent to 10 percent of India's GDP - to fight the Covid-19 pandemic in India.

The performance of the industrial sectors based on the Index of Industrial Production (IIP) comprising mining, manufacturing and electricity registered a growth of (-) 8.6 percent in 2020-21 as compared to (-) 0.8 percent in 2019-20. Mining, manufacturing and electricity sectors in IIP grew at (-) 7.8 percent, (-) 9.8 percent and (-) 0.5 percent respectively during 2020-21 in comparison to 1.6 percent, (-) 1.4 percent and 1.0 percent respectively.

Inflation based on Consumer Price Index-Combined (CPI-C) has moderated from 5.9 percent in 2014-15 to 3.4 percent in 2018-19 and 4.8 percent in 2019-20. It averaged 6.6 percent in 2020-21 (Apr-Dec). Food inflation based on Consumer Food Price Index (CFPI) declined from 6.4 percent in 2014-15 to 0.1 percent in 2018-19 and recorded 6.7 percent in 2019-20. It averaged 9.1 percent in 2020-21 (Apr-Dec). Inflation measured in terms of Wholesale Price Index (WPI) declined from 4.3 percent in 2018-19 to 1.7 percent in 2019-20 and further to (-) 0.1 percent in 2020-21 (Apr-Dec).



In 2020-21, value of India's exports was US\$291.10 billion as against US\$313.36 billion in 2019-20, registering a negative growth of 7.10 percent over the previous year. Non-petroleum and Non Gems & Jewellery exports during 2020-21 were valued at US\$238.72 billion as compared to US\$ 236.17 billion in 2019-20, an increase of 1.08 percent. Imports for 2020-21 were US\$ 393.60 billion as against US\$ 474.71 billion, registering a negative growth of 17.09 percent over the previous year. Oil imports during 2020-21 were valued at US\$ 82.35 billion, which was 36.92 percent lower than the oil imports of US\$ 130.55 billion in the previous year. Non-oil and Non-gold imports during 2020-21 were valued at US\$ 272.23 billion, which was 13.83 percent lower than the level of such imports (US\$ 315.93 billion) in 2019-20. Thus, the trade deficit for 2020-21 is estimated at US\$ 102.50 billion, as compared to US\$ 161.35 Billion in 2019-20.

According to the estimates released by Department of Industrial Policy and Promotion (DIPP), the total FDI investments in India during 2020-21 stood at US\$ 52.55 billion, as against US\$ 42.63 billion in the previous year indicating that government's effort to improve ease of doing business and relaxation in FDI norms is yielding results. Foreign exchange reserves stood at US\$ 576.98 billion as on 31<sup>st</sup> March 2021, as compared to US\$ 544.69 billion at end-March 2020.

#### OPPORTUNITIES AND THREATS

Following the devastating health and economic crisis caused by COVID-19, the global economy appears to be emerging from one of its deepest recessions and beginning a subdued recovery. After an estimated contraction of (-) 3.3 percent in 2020, the world economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022. Future developments will depend on the path of the health crisis, including whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic, the effectiveness of policy actions to limit persistent economic damage, the evolution of financial conditions and commodity prices and the adjustment capacity of the economy.

The growth across the global economies appears to have bottomed out and is expected to pick up in 2021. The growth across advanced economies is projected at 5.1 percent in 2021 and 3.6 percent in 2022. In the United States also, the growth is expected to grow sharply from (-) 3.5 percent in 2020 to 6.4 percent in 2021 and then moderate to 3.5 percent in 2022. In China, where the pandemic has not impacted the economic activity so badly as impacted throughout the world, the growth is expected to grow at 8.4 percent in 2021 as against 2.3 percent in 2020. However, this will depend to an important extent on

avoiding further escalation in the US-China trade tensions.

Growth in the euro area is projected to grow 4.4 percent in 2021 as compared to (-) 6.6 percent in 2020. In the United Kingdom, growth is expected to stabilize at 5.3 percent in 2021 as against (-) 9.9 percent in 2020. Japan's growth rate is projected to moderate from an estimated (-) 4.8 percent in 2020 to 3.3 percent in 2021. The growth rate in the Middle East and Central Asia region is expected at 3.7 percent in 2021 and 3.8 percent in 2022 as against (-) 2.9 percent in 2020.

India's economy is expected to bounce back in 2021-22 with a robust 12.5 percent growth. These conservative estimates reflect upside potential that can manifest due to the continued normalisation in economic activities as the rollout of Covid-19 vaccines gathers traction. This will further be supported by supply-side push from reforms and easing of regulations, push to infrastructural investments, boost to manufacturing sector through the Productivity Linked Incentive Schemes, recovery of pent-up demand for services sector, increase in discretionary consumption subsequent to roll-out of the vaccine and pick up in credit given adequate liquidity and low interest rates. This path would entail a growth in real GDP by 2.4 percent over the absolute level of 2019-20, implying that the economy would take two years to reach and go past the pre-pandemic level.

#### STC's PERFORMANCE

During the year 2020-21, the Company achieved a turnover of ₹247 crore as against ₹2930 crore in the previous year. The decrease in the turnover was mainly due to 'nil' import of bullion, continued un-availability of working capital/banking limits and discontinuation of new business activities by the Company since Nov.'20 pursuant to Board decision. 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 only such 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 2020-21 vis-a-vis the previous year is summarized below:

(₹ in Crore)

TURNOVER	2020-21	2019-20
Exports	-	11
Imports	12	2536
Domestic	235	383
<b>Grand Total</b>	<b>247</b>	<b>2930</b>
<b>FINANCIALS</b>		
Profit Before Tax	(51)	(114)
Profit After Tax	(51)	(114)
Net Worth	(994)	(946)

**DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS:**

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

S.No.	Particulars	2020-21	2019-20	Variation (%)	Remarks
1	Debtors Turnover	0.23	2.63	(91.25)	Lower realization of debtors.
2	Inventory Turnover	-	-	-	Minor/no change in inventory during the year
3	Interest Coverage Ratio	(17.32)	(14.63)	(18.39)	Reduction in profitability
4	Current Ratio	0.32	0.35	(8.57)	Reduction in current assets due to litigation settlements
5	Debt Equity Ratio	(22.59)	(18.39)	(22.84)	Reduction in equity due to litigation settlement with consequential provisioning. Equity is negative
6	Operating Profit Margin (%)	(44.38)	(3.98)	(1,015.07)	Due to increased operating losses and drastic decrease in sales.
7	Net Profit Margin	(19.33)	(3.85)	(402.08)	Reduction in profit due to litigation settlement and other operating loss and drastic decrease in sales.
8	Return on Net Worth		N.A		Net worth is negative

**SEGMENT-WISE PERFORMANCE & OUTLOOK****Exports**

The Company's exports during the year 2020-21 were Nil as against ₹ 11 crore (approx.) during the year 2019-20.

**Imports**

During the year 2020-21, the Company imported instrument/equipments worth ₹12 crore on behalf of various state govt. departments as against total imports worth ₹2536 crore (approx.) undertaken during the year 2019-20. The decline in imports was mainly due to there being no import of bullion during the year under review as against import of bullion worth ₹2518 crore during the year 2019-20.

**Domestic sales**

The Company continued to undertake supply of edible oils, pulses and sugar to Tamil Nadu State Civil Supplies Corporation Ltd. (TNSCSC) for distribution under PDS during the year 2020-21. Accordingly, sales of edible oils, pulses and sugar amounting to ₹110 crore, ₹38 crore and ₹83 crore respectively were made during the year. Total domestic sales of the Company amounted to ₹235 crore as against ₹ 383 crore during the year 2019-20.

**PROFITABILITY**

During the year 2020-21, the Company reported a net loss (after tax) of ₹51.23 crore as against net loss (after tax) of ₹113.63 crore reported during the year 2019-20. The net loss reported during the year was mainly due to expenses of ₹33 crore incurred towards payment of VRS compensation and reduced income from business operations attributable to non-availability of working

capital/banking limits and stoppage of new business activity by the Company since November 2020.

**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. 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 Delegation of Powers (DoP) of the Company 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 were 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 continued to remain in place to assess the risks involved in trade proposals.



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 2021-22 from Department of Public Enterprises. However, the exemption is yet to be granted. Similar exemption had been granted to STC for the financial year 2020-21 also. The Company has already stopped undertaking new business activity since November 2020 pursuant to Board Decision.

In order to overcome the current liquidity crisis, the Company continuously keeps reviewing potential areas of cost reduction and takes appropriate steps for reduction in avoidable expenses. With a view to downsize the manpower and to save on large fixed establishment costs, a Voluntary Retirement Scheme (VRS 2020) was implemented in the Company, which was opted by 100 employees leading to significant reduction in the overall manpower. The Company has also closed down all its branch offices in India (except at Agra) and only small representative offices are operating from those locations. Simultaneously, the Company is also laying greater emphasis on recovery of dues from various associates. The Company has let out most of the available surplus office space in its corporate office building at New Delhi to various tenants so as to increase the rental income and thereby meet its day-to-expenses.

The Company is continuing to follow-up with the lender banks for expediting finalisation of One Time Settlement (OTS) for settling their remaining dues by way of transfer of identified immovable properties and is awaiting acceptance of lender banks on the Draft Memorandum of One Time Settlement (MOTS) submitted by STC to them for this purpose. The proceedings initiated by the lender banks in DRT against STC for recovery of their dues are continuing.

Further, the Board of Directors of STC, in its 639<sup>th</sup> meeting held on 05.04.2021, had approved continuation of STC as a non-operative company for the time being and preparation of STC's accounts from the financial year 2021-22 onwards on non-going concern basis. Subsequently, the new accounting policies on non-going concern basis to be implemented during the financial year 2021-22 were approved by the Board on 03.08.2021. Accordingly, accounts of the Company for the first quarter of the financial year 2021-22 i.e. Apr.-Jun.'21 were prepared and published on non-going concern basis.

#### **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.

## THE STATE TRADING CORPORATION OF INDIA LIMITED

### THE ANNUAL REPORT ON CSR ACTIVITIES, 2020-21

#### 1. Brief outline on CSR Policy of the Company.

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.

#### Overview of projects or programs proposed to be undertaken in FY-2021-22

The Corporation has posted an average net loss of Rs. 352.55 Crore during the last three immediately preceding financial years (-)Rs.897.12 crore (FY2018-19), (-)Rs.113.63 crore (FY2019-20) and (-)Rs.46.92 crore (FY2020-21)}, it is not mandated to allocate CSR budget for the year 2021-22. Thus, no new projects or programs proposed to undertake in FY-2021-22.

#### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri Shashank Priya	Chairman	1	1
2	Shri Shyamal Misra	Member	1	0
3	Shri N.A.N. Jeyakumar	Member	1	1

#### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The Composition of CSR committee, CSR Policy and CSR Policy is uploaded in the Company's website: [www.stclimited.co.in](http://www.stclimited.co.in)

#### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

The Corporation was not allocated CSR budget for the year 2020-21 due to average net loss of last three preceding financial years and thus no projects or programs were implemented. Therefore, carry out impact assessment was not applicable.

#### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1.	2020-21	Nil	Nil
	Total	Nil	Nil

#### 6. Average net profit of the company as per section 135(5).

Year	Profit (Rs. in Crore)
2017-18	32.25
2018-19	(897.12)
2019-20	(113.63)
Average net profit for last 3 years	(326.16)

#### 7. (a) Two percent of average net profit of the company as per section 135(5)

In view of the average net loss of Rs. 326.16 Crore, the Corporation was not mandated to allocate CSR budget for the financial year 2020-21 and thus it was 'Nil'.

- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - Nil
- (c) Amount required to be set off for the financial year, if any - Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c). - Nil

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)					
	Total Amt. transferred to Unspent CSR Account as per section 135(6).			Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer		Name of the Fund	Amount	Date of transfer
	Nil					

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5	6	7	8	9	10	11
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No).	Location of the project.	Project duration	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes /No).	Mode of Implementation Through Implementing Agency
				State District						Name CSR Registration no.
	Nil									

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5	6	7	8
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes /No).	Location of the project.	Amount spent for the project (in Rs.).	Mode of implementation Direct (Yes/No).	Mode of Implementation Through - Implementing Agency
				State District			Name CSR Registration no.
	Nil						

(d) Amount spent in Administrative Overheads - Nil

(e) Amount spent on Impact Assessment, if applicable - Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - Nil

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
i)	Two percent of average net profit of the company as per section 135(5)	Nil
ii)	Total amount spent for the Financial Year	Nil
iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6)(in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
	Nil						

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project Completed / Ongoing.
	Total	Nil						

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year(Asset-wise details).**

**(a) Date of creation or acquisition of the capital asset(s).**

Not applicable

**(b) Amount of CSR spent for creation or acquisition of capital asset.**

Not applicable

**(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.**

Not applicable

**(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).**

Not applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).**

The Company was not mandated to allocate CSR funds for the financial year 2020-21 in view of average net loss of Rs. 326.16 crore for the three immediately preceding financial years.

Sd/-  
**(D.P. Mishra)**  
CGM-Personnel &  
Nodal Officer (CSR)

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

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

Date: 13.08.2021  
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](http://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 stipulates that the number of Directors shall not be less than four and more than sixteen. As on 31st March, 2021, there were five (5) Directors on the Board comprising, Three (3) 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. The Company is not having any Independent Director since 26.01.2020. 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 judgement 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 2020-21 are as follows:



Name & Designation	No.of Board Meetings held during the tenure	No. of Board Meetings attended	Whether attended last AGM held on 17.12.2020	As on 31.03.2021	
				No. of Directorships in other Public Limited Companies & Names of Listed Companies	Memberships/ Chairmanship in Committees of the Boards of other Companies
<b>Functional Directors</b>					
Shri Rajiv Chopra Director (Marketing) with additional charge of CMD upto 31.07.2020	2	2	No	NA	Nil
Shri S.K. Sharma Director (Personnel) with additional charge of CMD w.e.f 01.08.2020	8	8	Yes	1 Listed Companies : NIL	Nil
Shri N.A.N Jeyakumar Director (Marketing) w.e.f 12.06.2019	8	8	Yes	Nil Listed Companies : NIL	Nil
Shri Umesh Sharma Director (Finance) MMTC with additional charge of Director (Finance), STC (upto 31.05.2020)	0	0	No	NA	1
Shri Kapil Kumar Gupta (Finance) MMTC with additional charge of Director (Marketing) STC w.e.f 03.06.2020	8	8	Yes	3 Listed Companies : MMTC Limited	2
<b>Part-time official Directors - Government Nominee</b>					
Shri Shashank Priya Additional Secretary & Financial Advisor DoC	8	7	No	7 Listed Companies : 1. Bharat Heavy Electricals Limited 2. HMT Limited 3. MMTC Limited 4. Steel Authority of India Limited	5
Shri Shyamal Mishra, Joint Secretary, DoC	8	8	No	1 Listed Companies : MMTC Limited	Nil

**Notes:**

- The Company being a Government Company, all Directors are appointed by the President of India.
- Directors are not inter se related to each other.
- Directors do not have any pecuniary relationships or transactions with the Company except receipt of remuneration by CMD and functional directors from the Company.
- The Directorships /Committee Membership are based on the latest Disclosures received.
- Only Chairmanship / Membership of the Audit Committee and Shareholders' Relationship Committee of public limited companies are taken into account.
- None of the Directors is a Director in more than eight listed entities and is an independent director in more than seven listed entities.
- 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 2020-21, Eight (8) meetings of the Board were held at the registered office of the company of which one was adjourned and subsequently held on 05.04.2021, The details are as below:

Sr. No.	Meeting No.	Date of Board Meeting
1.	633	22.06.2020
2.	634	20.07.2020
3.	635	15.09.2020
4.	636	10.11.2020
5.	637	09.02.2021
6.	638	03.03.2021
7.	639	30.03.2021
8.	639 (Adjourned)	05.04.2021

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

### 1.4 Changes in the Board of Directors

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), State Trading Corporation of India Limited, 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 Umesh Sharma, Director(Finance) MMTC with additional charge of STC retired from MMTC Limited w.e.f. 31.05.2020 and hence ceased to be the Director of STC w.e.f. that date.

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). Thereafter, the term of Shri Sanjeev Kumar Sharma as CMD (Additional Charge) was further extended from time to time. In terms of MOC&I, Office Order dated 30.07.2021, his term as CMD (Additional Charge) has now been extended till 31.01.2022 or until further order, whichever is earlier.

## 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 65th 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 fulfilment of day to day activities of the Company.

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.

There were no Independent Directors on the Board of STC during the FY 2020-21.

## 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 credibilities, 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 20.08.2020 passed by circulation, with Shri Shashank Priya, AS & FA, DoC as Chairperson and Shri Shyamal Misra, Shri Sanjeev Kumar Sharma & Shri N.A.N. Jeyakumar as 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 the FY 2020-21 are as follows:-

#### 5.1.1 Attendance:

Member	No. of Meetings held during the period	No of Meetings attended
Shri Shashank Priya, AS& FA, DoC	4	4
Shri Shyamal Misra, JS, DoC	3	0
Shri S.K.Sharma	4	4
Shri N.A.N Jeyakumar	4	4

#### 5.1.2 Details of Audit Committee Meetings:

During the financial year 2020-21, 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.	94	20.07.2020
2.	95	15.09.2020
3.	96	10.11.2020
4.	97	09.02.2021

### 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. During the year 2020-21, the Company had no Independent Directors in its Board.

The Nomination and Remuneration Committee was reconstituted by the Board of Directors by means of resolution dated 20.08.2020 passed by circulation, with Shri Shashank Priya, AS & FA, DoC as Chairperson and Shri Shyamal Misra, JS, DoC & Shri Sanjeev Kumar Sharma as members of the Committee.

During the FY 2020-21, one meeting of the Nomination and Remuneration Committee of Directors was held on 24.03.2021 which was attended by all the members except Shri Shyamal Misra, JS, DoC.

### 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 20.08.2020 comprising three members viz, Shri Shashank Priya, AS&FA, DoC as Chairman and Shri Shyamal Misra, JS, DoC and Shri N.A.N. Jeyakumar, Director (Marketing) as the members of the Committee.

During the FY 2020-21, one meeting of the Stakeholders Relationship Committee of Directors was held on 24.03.2021 which was attended by all the members.

#### 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 20.08.2020 passed by circulation with Shri Shashank Priya, AS & FA, DoC as Chairperson and Shri Shyamal Misra, JS, DoC & Shri N. A. N. Jeyakumar as the members of the Committee.

During the FY 2020-21, one meeting of the CSR committee of Directors was held on 15.09.2020 which was attended by all the members except Shri Shyamal Misra, JS, DoC.

#### 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 2020-21 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 31.03.2021 was as follows:

##### (a) Functional Directors:

(figures in ₹)

Sr. No	Names	Salary incl. DA	Other perquisites & Benefits	P. F + Pension	Provision (2020-21)	Total
1	Shri Rajiv Chopra	3107929	28266	202524	-	3338719
2	Shri S.K.Sharma	3603247	15242	582116	-1057607	3142998
3	Shri N.A.N Jeyakumar	3116155	16212	503438	-470875	3164930
4	Shri Umesh Sharma #	-	-	-	-	-
5	Shri Kapil Kumar Gupta #	-	-	-	-	-

# Shri Umesh Sharma, Director (Finance) MMTC Limited and Shri Kapil Kumar Gupta, Director (Finance) 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. Since there were no Independent Directors on the Board of STC during the year 2020-21, no payments have been made during the Financial Year.

#### 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 earlier. 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 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 6 complaints /queries/ correspondence were received and all the 6 were replied / attended to the satisfaction of the shareholders. No complaint is pending as on 31st March, 2021.

### 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, New Delhi-110020 Tel.No.91-11 41406149/50/51/52 Fax: 91 - 41709881. Website:www.mcsregistrars.com 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.

## 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'. There were no Independent Directors on the Board of STC during 2020-21, hence, no such programmes were held during the financial year.

## 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](http://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



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](http://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 2020-21 was submitted to the Board on 25.06.2021 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 i.e Ministry of Commerce and Industry. The composition of the Board during the FY 2020-21 is as follows:

(i)	Shri S.K.Sharma (Director Personnel) & CMD (Additional charge), STC	:	Chairman (Additional Charge)
(ii)	Shri N.A.N. Jeyakumar (Director Marketing) STC	:	Managing Director (Additional Charge)
(iii)	Smt. Durga Shakti Nagpal, DS, DoC (upto 22.03.2021)	:	Government Director
(iv)	Shri Anup Singh, DS, DoC (w.e.f. 23.03.2021)	:	Government Director
(v)	Smt. Rooma Nagrath, GM-F & 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 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	2019-20	17.12.2020 – 02:00 P.M. (Through Video Conferencing)
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.

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

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

## 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 Shareholders 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 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](http://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](http://www.stclimited.co.in).
- **Website:** The Company's website [www.stclimited.co.in](http://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 2020-21 is scheduled to be held through Video Conferencing on November 24, 2021 at 2:00 P.M. at, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi - 110001.

### 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, 2021	14th August, 2021
September 30, 2021	14th November, 2021
December 31, 2021	14th February, 2022
March 31, 2022 (Audited)	30th May, 2022

### 15.3 Book Closure Period:

The Register of Members shall remain closed from November 17, 2021 to November 24, 2021 (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 2021 - 22 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 2021-22 based on the Folio/ISIN positions as on 31.03.2021.

#### 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 Price (in ₹))	High Price (in ₹)	Low Price (in ₹)	Closing Price (in ₹)	Volume (in no. of Price (in ₹))		
Apr-20	44.75	29.9	38.15	3,10,976	45	30.05	38.8	54935	9859.9	33717.62
May-20	39	33.6	36.65	1,06,466	38.75	34.3	36.55	14809	9580.3	32424.1
Jun-20	53.55	37	45.6	7,19,370	53.9	37.3	45.7	189980	10302.1	34915.8
Jul-20	53.05	44.15	48.35	8,89,860	52.65	44.75	48.5	204398	11073.45	37606.89
Aug-20	72.45	46.65	61.45	20,05,198	73	47	61.6	420105	11387.5	38628.29
Sep-20	62	52.6	55.65	3,44,299	61.95	51.6	55.7	65979	11247.55	38067.93
Oct-20	57.45	48.2	52	2,88,737	57.3	47.6	52.35	73402	11642.4	39614.07
Nov-20	69.6	51.6	69.1	13,94,552	69.5	51.15	69.15	243749	12968.95	44149.72
Dec-20	87.2	67.05	81.45	26,93,260	87	67.2	81.15	445406	13981.75	47751.33
Jan-21	87.25	74	75.8	9,30,308	87.3	74.2	75.55	136933	13634.6	46285.77
Feb-21	104.9	73.45	100.65	37,19,244	104.4	73.1	100.7	526899	14529.15	49099.99
Mar-21	109.85	73.5	74.4	19,61,063	109.85	73.4	74.3	339928	14690.7	49509.15

Source: Web-sites of BSE and NSE

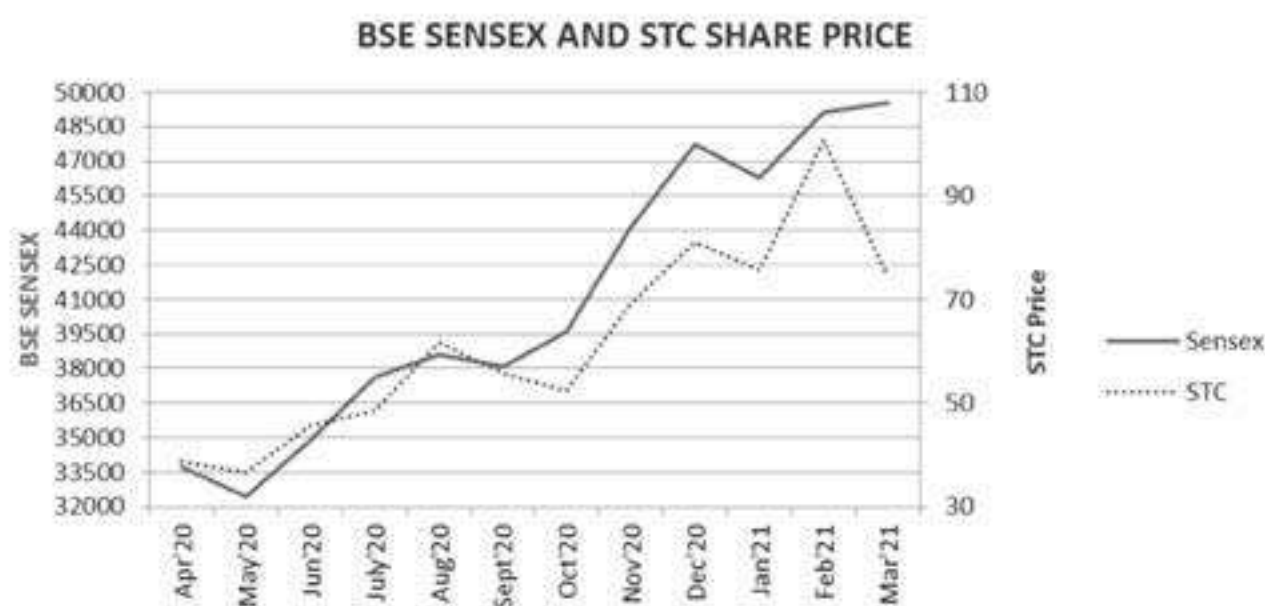


## 15.8 Performance of the share price of the Company in comparison to the NSE Nifty and BSE Sensex:

### (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 31.03.2021. 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 and 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, 2021

Category	No. of Shareholders	No. of Shares	Percentage of Shareholding
President of India (Government of India)	1	54000000	90.0000
Mutual Funds/UTI	2	203	0.0003
Financial Institutions / Banks	0	0	0
Insurance Companies	4	1073483	1.7891
Foreign Institutional Investors	0	0	0
Bodies Corporate	220	218995	0.3650
Indian Public	23892	4560641	7.6011
Non Resident Indians	188	99455	0.1657
NBFC's	1	325	0.0005
Trust	1	1000	0.0017
IEPF Authority	1	45898	0.0765
<b>Total</b>	<b>24310</b>	<b>60000000</b>	<b>100.00</b>

#### 16.2 Top 10 Shareholders as on 31st March, 2021

Category	No. of Shares held	% of total Shares
President of India (Government of India)	54000000	90.0000
The New India Assurance Company Limited	535000	0.8917
Life Insurance Corporation of India Limited	468953	0.7816
Vineet Nahata	99998	0.1667
Vineet Nahata	76371	0.1273
Kali Kripa Agro Investments Pvt. Ltd.	48229	0.0804
BASHEER V M	47000	0.0783
Investor Education And Protection Fund Authority	45898	0.0765
The Oriental Insurance Company Limited	40936	0.0682
Vineet Nahata	37876	0.0631
Praveenchand Nahar	33100	0.0552

#### 16.3 Distribution of Shareholding by Size as on 31st March, 2021

Category (No. of Shares)	Number of Shares	% of Shareholding	Total number of Shareholders	% of Shareholders
1-500	1977995	3.2967	22695	93.3566
501-1000	748616	1.2477	939	3.8626
1001-2000	606306	1.0105	400	1.6454
2001-3000	312597	0.5210	122	0.5019
3001-4000	160124	0.2669	45	0.1851
4001-5000	200933	0.3349	42	0.1728
5001-10000	285665	0.4761	41	0.1687
10001-50000	527442	0.8791	21	0.0864
50001-100000	176369	0.2939	2	0.0082
100001 and above	55003953	91.6733	3	0.0123
<b>Total</b>	<b>60000000</b>	<b>100.0000</b>	<b>24310</b>	<b>100.0000</b>

## 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		
2020-21		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 ₹ 271961/- pertaining to unpaid/unclaimed final dividend for the year 2012-13 (Final) was transferred to the Investor Education and Protection Fund (IEPF) set up by the Central Government on 25.11.2020.

### (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.

During the Financial Year 2020-21, a total of 32933 shares have been transferred to IEPF Authority. As on 31.03.2021, total number of 45898 shares are lying with IEPF Authority.

### (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](http://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	10897	56201035	93.66
NSDL	13332	3790987	06.31
Physical	81	7978	0.013
Total	24310	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, 2021, 5,99,92,022 equity shares forming 99.987 % 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 continued to be in place 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 did not take any exposure in volatile commodities/market condition. During the year, guidelines were in place requiring forward foreign exchange cover to be taken in respect of transactions involving STC funds. However, no such transactions were undertaken by the Company.

**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 as 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](http://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 2020-21
Statutory Audit fees	₹ 12,02,000+GST
Tax Audit fees	₹ 5,38,500+GST
Others (including Quarterly review Audit fees)	₹ 3,00,000 +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.

Sl 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 were 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 VAP & Associates , 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 Practicing 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/Madam,

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](http://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, 2021.

Place: New Delhi  
Date: 02.08.2021

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



## 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 S.K. Sharma, Director (Personnel) having additional charge of CMD certify that :

- A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2021 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/-  
(S.K. Sharma)  
Director (Personnel)  
additional charge of CMD

Sd/-  
(Rooma Nagrath)  
General Manager (Finance)  
& CFO

Place: New Delhi  
Date: 25/06/2021

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Sub 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- L74899DL1956GOI002674 and registered office at **JAWAHAR VYAPAR BHAWAN, TOLSTOY MARG, 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](http://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, 2021 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.

Sl No	Name of Director	DIN	Date of Appointment in Company	Date of Cessation
1.	Shri. Umesh Sharma	03298909	04/01/2018	31/05/2020
2.	Shri. Rajiv Chopra	06466326	01/01/2013	31/07/2020
3.	Shri. Sanjeev Kumar Sharma	06942536	16/07/2014	-
4.	Shri. Nainar Anumugam Nainar Jeyakumar	08479171	12/06/2019	-
5.	Shri. Shashank Priya	08538400	19/08/2019	-
6.	Shri. Shyamal Mishra	03073323	10/02/2020	-
7.	Shri. Kapil Gupta	08751137	03/06/2020	-

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.

For Parveen Rastogi & Co.  
Company Secretaries

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

Date: - 13.08.2021  
Place :- New Delhi  
UDIN:- F004764C000940061

## 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, 2021, 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, 2021, 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 that the Company has not complied with the provisions of regulation 17, 18 & 19 of the SEBI (LODR), Regulations, 2015 relating to the composition of the Board and its Committees due to non-appointment of requisite number of independent directors including women director on the Board of Company.

We further report that the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) have also levied monetary fines for non-compliance with the provisions of SEBI (LODR), Regulations, 2015 for the first three quarters during the year 2020-21, which has been waived off by the BSE limited. However, the response from NSE on the waiver request is awaited.

We further report that the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) have also levied monetary fines for non-compliance with the provisions of SEBI (LODR), Regulations, 2015 for the fourth quarter during the year 2020-21, for which, the Company has made representations to BSE & NSE.

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 Govt. of India. 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

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

PLACE: NEW DELHI  
DATE: 13.08.2021  
UDIN: F004764C000939995



**SECRETARIAL AUDIT REPORT**  
**FOR THE YEAR ENDED AS ON 31st March, 2021**  
*[Pursuant to section 204(1) of the Companies Act, 2013 and rule 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- 110001**

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 L74899DL1956G01002674)** (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.

A. 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 and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021 (Audit Period) 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:

B. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (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;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:
  - a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;
  - b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations, 2018; **(No such event during Audit Period);**
  - c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(No such event during Audit Period);**
  - e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(No such event during Audit Period);**
  - f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the listed entity during the Review Period) **(No such event during Audit Period);**
  - g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 **(No such event during Audit Period);**
  - h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - i) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(No such event during Audit Period)**
  - j) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulation, 1993 regarding the Companies Act, 2013 and dealing with the client to the extent of securities issued;
- (vi) Having regard to the compliance system prevailing in the Company, on the basis of Reports made by Auditors of the Company and the certificates received from the various Department by the Company Secretary Department, we report that the Company has generally complied with the provisions of those Acts that are applicable to company including, The Custom Act, 1962, etc., to the extent of their applicability to the Company. The compliance made by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit, since the same have been subject to review by statutory auditor and other designated professionals as mandated under the various provisions as referred above Para B.

- C. We have also examined compliance with the applicable clauses of the following:
- I. Secretarial Standards with regard to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
  - II. Listing Agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and the BSE.
- D. 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 observations:
- a) The composition of the Board was not in compliance with the provisions under Regulations 17(1)(a), 17(1)(b) and 17(1)(c) of the SEBI (LODR) Regulations, 2015, as half of the Board does not comprise of Non Executive Directors, there were five (5) directors in total on the Board and there was no independent Director and no Independent Woman Director on the Board during Audit period.
  - b) The composition of the Audit Committee was not in compliance with the provisions under Regulations 18(1)(b) and 18(1)(d) of the SEBI (LODR) Regulations, 2015, as there was no Independent Director on the Board of the Company during the period and the Chairman did not attend the Annual General Meeting.
  - c) The composition of the Nomination and Remuneration Committee was not in compliance with the provisions under Regulations 19(1)(b) and 19(1)(c) and 19(2) of the SEBI (LODR) Regulations, 2015, as there was no Independent Director on the Board of the Company during the period and the Committee did not comprise of all Non Executive Directors.
  - d) Quorum in Board meetings, Audit Committee meetings and Nomination and Remuneration Committee meetings was not in compliance with the provisions under Regulation 17(2A), 18(2)(b) and 19(2A) respectively, due to absence of Independent Director.
  - e) The composition of the Stakeholders' Relationship Committee was not in compliance with the provisions under Regulations 20(2A) and 20(3) of the SEBI (LODR) Regulations, 2015 as there was no Independent Director on the Board of the Company during the period and the Chairman did not attend the Annual General Meeting.
  - f) As per Regulation 30(6) of the Regulations read with Part A of Schedule III, there was delay in uploading of financial Results for the year ended 31.03.2020 after the Board Meeting held on 20.07.2020.
  - g) As per Section 149 read with Companies (Appointment and Qualification of Directors) Rules, 2014 the Company shall have at least one-third of the total number of directors as independent directors and shall have at least one woman director, however, there was no independent Director and no Woman Director on the Board of the Company during Audit period.
  - h) As per Section 177(2), the Audit Committee shall consist of a minimum of three directors with independent directors forming a majority, however, there was no independent Director on the Board.
  - i) Form DIR 12 and MGT 14 were required to be filed as per the provisions of the Companies Act, 2013 regarding the Government orders issued for the additional charge for the post of Chairman and Managing Director.
  - j) The Company has approved the Risk Management Policy, however, the Board did not periodically review and take remedial action to implement the Risk management plan.
  - k) Related to the DPE Guidelines:
    1. The number of Functional Directors (including CMD/MD) should not exceed 50% of the actual strength of the Board. There are more than 50% functional directors on the Board.
    2. Where Board of Directors is headed by an Executive Chairman, the number of Independent Directors shall be at least 50% of Board Members. However, there is no Independent Director on the Board of the Company.
    3. Two-thirds of the members of audit committee shall be Independent Directors. The Chairman of the Audit Committee shall be an Independent Director. However, there is no Independent Director on the Board of the Company.
    4. All members of Remuneration Committee should be part-time Directors (i.e. Nominee Directors or Independent Directors). The Committee should be headed by an Independent Director. However, the Remuneration Committee comprise of two Nominee Directors and one Functional Director and there is no Independent Director on the Board of the Company.

**We further report that**

- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors except there is no independent Director and no woman Director was on the Board of the Company during Audit period. 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.
- II. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally 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.
- III. All decisions at Board Meetings and Committee Meetings are carried out by majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** based on the information received and records maintained 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, the Company had the following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.:

- a) In the view of the default by the company in paying due interest amount to the banks, Company was declared as nonperforming asset (NPA). The lender banks have initiated proceedings with Debt Recovery Tribunal (DRT) against the company. The memorandum of the OTS (MOTS) proposal with lender banks is in progress.
- b) The Board of Directors of Company on 05.04.2021 passed a resolution to continue business of Company as non-operative Company.

**Note:**

- a) 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.
- b) Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.

For VAP & Associates  
Company Secretaries  
FRN: S2014UP280200  
Peer Review No: 1083/2021

Parul Jain  
Proprietor  
M. No. F8323  
CP No. 13901  
UDIN: F008323C000743706

Place: Ghaziabad  
Date: 05.08.2021

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

Our report 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 secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial record. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have relied on the Internal Auditor's Report for the period under review; hence we have verified the correctness and appropriateness of Statutory/ Legal Compliances on sample basis. The qualifications/observations mentioned in their report are also forming part of this report.
4. The qualifications/observations mentioned in Statutory Auditor's Report are also forming part of this report. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
6. 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.
7. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted practices in India, we have neither come across any instance of fraud on or by the Company, nor the Company has noticed and reported any such case during the year and accordingly the Company has not informed us of any such case.

**For VAP & Associates**  
**Company Secretaries**  
**FRN: S2014UP280200**

**Parul Jain**  
**Proprietor**  
**M. No. F8323**  
**CP No. 13901**

**Place: Ghaziabad**  
**Date: 05.08.2021**



## MANAGEMENT REPLIES TO THE SECRETARIAL AUDITOR'S COMMENTS FOR THE FINANCIAL YEAR 2020-21

S.No	Secretarial Auditor's observations	Reply
<b>Related to the Companies Act, 2013 &amp; SEBI (LODR)</b>		
1.	The composition of the Board was not in compliance with the provisions under Regulations 17(1)(a), 17(1)(b) and 17(1)(c) of the SEBI (LODR) Regulations, 2015, as half of the Board does not comprise of Non- Executive Directors, there were five(5) directors in total on the Board and there was no independent Director and no Independent Woman Director on the Board during Audit period.	STC being a Govt. Company, the Directors (including Independent Directors) of the Company are appointed / nominated by Govt. of India through the Administrative Ministry i.e. Ministry of Commerce & Industry.
2.	The composition of the Audit Committee was not in compliance with the provisions under Regulations 18(1)(b) and 18(1)(d) of the SEBI (LODR) Regulations, 2015, as there was no Independent Director on the Board of the Company during the period and the Chairman did not attend the Annual General Meeting.	Due to non- availability of Independent Directors (including one Woman Director) during the year 2020-21, the composition and quorum requirement of the Board as well as the requirement of holding of the meetings of various committees of Board as per SEBI (LODR) Regulation, 2015 could not be fulfilled.
3.	The composition of the Nomination and Remuneration Committee was not in compliance with the provisions under Regulations 19(1)(b) and 19(1)(c) and 19(2) of the SEBI (LODR) Regulations, 2015, as there was no Independent Director on the Board of the Company during the period and the Committee did not comprise of all Non-Executive Directors.	It is understood that the appointment of Independent Directors (including one Woman Director) is under consideration of the Ministry.
4.	Quorum in Board meetings, Audit Committee meetings and Nomination and Remuneration Committee meetings was not in compliance with the provisions under Regulation 17(2A), 18(2)(b) and 19(2A) respectively, due to absence of Independent Director.	
5.	The composition of the Stakeholders' Relationship Committee was not in compliance with the provisions under Regulations 20(2A) and 20(3) of the SEBI (LODR) Regulations, 2015 as there was no Independent Director on the Board of the Company during the period and the Chairman did not attend the Annual General Meeting.	
6.	As per Section 149 read with Companies (Appointment and Qualification of Directors) Rules, 2014 the Company shall have at least one-third of the total number of directors as independent directors and shall have at least one woman director, however, there was no independent Director and no Woman Director on the Board of the Company during Audit period.	
7.	As per Section 177(2), the Audit Committee shall consist of a minimum of three directors with independent directors forming a majority, however, there was no Independent Director on the Board.	

S.No	Secretarial Auditor's observations	Reply
8.	As per Regulation 30(6) of the Regulations read with Part A of Schedule III, there was delay in uploading of financial Results for the year ended 31.03.2020 after the Board Meeting held on 20.07.2020.	In view of certain post-meeting formalities, The financial results for the year ended 31.03.2020 could only be uploaded around 11:30 p.m., however as the circumstances were beyond the control of the Company, the time for conclusion of the meeting was considered as 11:15 p.m. on the same day.
9.	Form DIR 12 and MGT 14 were required to be filed as per the provisions of the Companies Act, 2013 regarding the Government orders issued for the additional charge for the post of Chairman and Managing Director.	As per the Government Order, Director (Personnel) has been assigned the additional charge of the post of Chairman & Managing Director. However, this was not a fresh appointment but only an additional charge for a certain specified period. Further, the Directors on the Board of the Company are appointed by the Govt. of India and Board only takes note of the same. Therefore, Forms DIR12 and MGT 14 were not filed.
10.	The Company has approved the Risk Management Policy, however, the Board did not periodically review and take remedial action to implement the Risk management plan.	During the year, the Company undertook very limited scale risk-free business where there was no involvement of STC's funds. Also, new business activities were stopped pursuant to the decision taken by Board in its meeting held on 10.11.2020. Thus, need for review of Risk Management Policy did not arise.

#### Related to DPE Guidelines

1.	The number of Functional Directors (including CMD/MD) should not exceed 50% of the actual strength of the Board. There are more than 50% functional directors on the Board.	STC being a Govt. Company, the Directors (including Independent Directors) of the Company are appointed / nominated by Govt. of India through the Administrative Ministry i.e. Ministry of Commerce & Industry.
2.	Where Board of Directors is headed by an Executive Chairman, the number of Independent Directors shall be at least 50% of Board Members. However, there is no Independent Director on the Board of the Company.	
3.	Two-thirds of the members of audit committee shall be Independent Directors. The Chairman of the Audit Committee shall be an Independent Director. However, there is no Independent Director on the Board of the Company.	Due to non-availability of Independent Directors (including one Woman Director) during the year 2020-21, the composition and quorum requirements of the Board as well as holding of the meetings of various committees of Board as per SEBI (LODR) Regulation, 2015 could not be fulfilled.
3.	All members of Remuneration Committee should be part-time Directors (i.e. Nominee Directors or Independent Directors). The Committee should be headed by an Independent Director. However, the Remuneration Committee comprise of two Nominee Directors and one Functional Director and there is no Independent Director on the Board of the Company.	It is understood that the appointment of Independent Directors (including one Woman Director) is under consideration of the ministry.

# Highlights: Ten Years at a Glance

(Rs. in Crore)

PARTICULARS	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Operating Results</b>										
<b>Sales</b>										
Exports	-	11.32	10.50	265.54	788.86	1,110.47	1,884.27	1,781.02	1,563.49	344.32
Imports	12.13	2,536.10	8,437.49	10,216.50	6,381.69	8,735.29	12,041.81	13,545.80	17,015.28	29,961.20
Domestic	234.51	382.55	445.24	343.00	581.61	633.40	471.13	47.16	119.73	138.78
<b>Total</b>	<b>246.64</b>	<b>2,929.97</b>	<b>8,893.23</b>	<b>10,825.04</b>	<b>7,752.16</b>	<b>10,479.16</b>	<b>14,397.21</b>	<b>15,373.98</b>	<b>18,698.50</b>	<b>30,444.30</b>
<b>Profits</b>										
Trading	4.84	8.64	14.92	26.06	35.03	33.11	101.64	182.84	118.53	89.73
Before tax	(51.23)	(113.63)	(897.12)	32.25	(148.37)	22.70	31.40	(492.38)	14.42	17.80
After tax	(51.23)	(113.63)	(881.08)	37.52	(165.54)	17.86	26.19	(492.20)	17.95	16.47
Overheads (Note 1)	96.50	102.58	135.22	130.74	134.66	134.61	131.76	159.87	134.04	126.29
Interest Outgo (Net)	(7.76)	(22.83)	91.38	(90.18)	(78.23)	(75.31)	(55.74)	(30.04)	(69.88)	(69.57)
Dividend	-	-	-	-	-	-	-	-	12.00	12.00
<b>Net Worth</b>										
Share Capital	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
Reserves	(169.20)	(121.51)	(8.64)	870.81	831.25	996.79	978.92	37.73	529.93	621.98
Less : Revaluation Reserve	884.60	884.60	884.60	884.60	872.05	884.62	897.51			
<b>Total</b>	<b>(993.80)</b>	<b>(946.11)</b>	<b>(833.24)</b>	<b>46.21</b>	<b>19.20</b>	<b>172.17</b>	<b>141.41</b>	<b>97.73</b>	<b>589.93</b>	<b>681.98</b>
Bank Borrowings	806.23	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
<b>Working Capital (Note 2)</b>										
Inventories	0.04	0.22	0.16	0.25	39.70	0.42	5.50	0.97	43.50	543.71
Trade Receivables	138.25	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
Other (Net)	(1,009.70)	(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)
<b>Total</b>	<b>(871.41)</b>	<b>(798.02)</b>	<b>(791.61)</b>	<b>56.11</b>	<b>163.96</b>	<b>163.65</b>	<b>322.52</b>	<b>127.65</b>	<b>221.08</b>	<b>172.05</b>
Capital Employed	(109.20)	(61.51)	51.36	930.81	891.25	1,056.78	1,038.71	97.42	589.62	681.67
<b>Significant Ratios</b>										
Trading Profit : Sales (%)	1.96	0.29	0.17	0.24	0.45	0.32	0.71	1.19	0.63	0.29
Profit Before Tax : Sales (%)	(20.77)	(3.88)	(10.09)	0.30	(1.91)	0.22	0.22	(3.20)	0.08	0.06
Profit Before Tax : Networth (%)	5.15	12.01	107.67	69.79	(772.76)	13.18	22.20	(503.82)	2.44	2.61
Sales : Capital Employed (Times)	(2.26)	(47.63)	173.15	11.63	8.70	9.92	13.86	157.81	31.71	44.66
Inventories : Sales (%)	0.02	0.01	0.00	0.00	0.51	0.00	0.04	0.01	0.23	1.79
Trade Receivables : Sales (%)	56.05	5.84	1.36	20.52	27.25	25.20	16.85	12.80	12.24	11.35
Overheads : Sales (%)	39.13	3.50	1.52	1.21	1.74	1.28	0.92	1.04	0.72	0.41

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

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

Note 3 : Figures from 2017-18 are as per IND-AS.



# **STANDALONE FINANCIAL RESULTS**

## **2020-21**



## Independent Auditor's Report

### To Members of The State Trading Corporation of India Limited Report on the Audit of the Standalone Financial Statements

The Revised Report is issued in supersession of our earlier Audit Report dated 25th June 2021, at the instance of the Comptroller & Auditor General (C&AG) of India in order to make it more clarificatory, particularly in respect of the reporting requirements of the Companies (Auditor's Report) Order, 2016. Further, we confirm that there is no change in the true & fair view of the financial statements as expressed in the earlier report and also none of the figures have undergone any change in the financial statements of the Company as of 31 March 2021.

### Qualified Opinion

We have audited the Standalone Financial Statements of The State Trading Corporation of India Limited ("the Company"), which comprises the Standalone Balance Sheet as at 31st March 2021, 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 (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 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 31st March 2021 and its loss and total comprehensive loss, 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 understated by Rs. 235.17 crores for the year

- 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 of the party had approached for arbitration against the adjusted deposit and the arbitration award was in favour of holding Company of the party. Company 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, company 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.

- Refer Note No. 39(8), for not providing firm Liability of amounting of Rs. 6.96 Crore recoverable from M/s Dankuni Steel Ltd. against supply of met Coke during earlier years. For recovery of the dues, claim has been filed with NCLT through IRP. The company has filed legal and criminal cases against the party.
- Refer Note No. 38(ii), an amount of Rs.4.98 crores shown as a contingent liability against which the Company has not provided firm liability although the Company has lost the court case in Indian Council of Arbitration.
- Refer Note No. 12 & 55, the Company has Deferred Tax Asset worth Rs. 73.01 Crores and MAT credit of Rs. 13.48 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, negative net worth of the Company and decision of the board of directors regarding Non operative status of the Company dated 05.04.2021. Accordingly, the Deferred tax and MAT credit should be reversed and therefor for 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.
- Refer Note No. 38, for non-provision of a demand of Rs 132.82 Crores received from Land and Development Office - New Delhi, which has resulted in understatement of loss by Rs. 132.82 Crores and understatement of liabilities.

As a result of matters contained in paras (a) (i) to (v) above, loss for the year is understated by Rs. 235.17 crores, with consequential effect on 'Retained earnings' by the same amount, understatement of 'liabilities' by Rs. 148.68 crore and overstatement of non-current assets by Rs. 86.49 crores.

#### b. The Company has not complied with

- Ind AS 10 (regarding Events Occurring after balance sheet date) by not taking into consideration the accounting effects of resolution of The Board of Directors dated 05.04.2021 regarding non-operating status of the Company.
- 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.

- iii. 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 plot at Mallet Blunder, Mumbai port trust. Due to unavailability of the lease period in these cases impact of the same is not ascertainable.

**c. The impact of the following is not ascertainable:**

- i. Refer to Note No. 20&55, the view of the default by the company in paying due to interest amount to the banks, STC was declared NPA. The lender banks have initiated DRT proceedings against the company. The memorandum of the OTS (MOTS) proposal with lender banks is in progress and is in line with the minutes of the high level meeting held in 29.08.2019 and the further clarificatory letter dated 13.10.2020 of Ministry. The liability towards banks is proposed to be settled by the way of transfer of title of identified property worth Rs.300 crore on "as is where is basis" as a full and final settlement.

However, no any documentation is made available by company with regards to discussion with lenders.

Pending settlement of OTS, company has not charged interest in its financial statements.

- ii. Refer Note No. 54, in view of non-availability of confirmation of balances of receivables and payables (including direct & indirect taxes).
- iii. Refer Note No. 4, for non-adjustment of value/area in Fixed Assets Register against areas acquired by Delhi Metro Rail Corporation (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 The Handicrafts and Handloom Exports Corporation of India Limited (HHEC) for its Housing colony.
- iv. Refer note no. 9, 11 & 39, for not making credit impairment of trade receivables of Rs. 928.69 crores 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), under note no.39, 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 crores approx. has been passed by Hon'ble Bombay High Court in favour of Company 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.

Refer Note No. 39, 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 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 standalone 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 standalone financial statement of the Company.
- vi. As per letter no. L&DO/L-IIA/1236/574 dated 19.12.2019, L&DO has demanded interest @ 10% till the payment is being made by Company, the effect of the same is not considered in the books as on reporting date, which has resulted in understatement of loss. The amount of the interest subsequent to the above letter of L&DO dated 19.12.2019 cannot be quantified due to lack of information in the said regard.
- vii. Material Uncertainty related to Going Concern (Refer Note 55) :

The Company has incurred a net loss of Rs. 112.84 crore during the year ended 31st March 2020 and Rs. 47.70 crore during the year ended March 31, 2021 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 923.24 crores and net worth is positive only on account of revaluation reserve. Also considering the high value of contingent liabilities amounting to Rs.834.36 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 a going concern. Further, The

Board of Directors of Company on 05.04.2021 passed a resolution to continue business of Company as non-operating Company.

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.

#### **Emphasis of Matters:**

- a. Refer Note No. 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. Refers to Note No.38, 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, voluntary retirement of employees dealing with these cases and the significant uncertainty around the resolution of various claims, the amount of ultimate liabilities, if any, to be recorded in the statements as provision is not ascertainable.
- c. We refer to Note No.56, of the attached financial results relating to challenges faced by the company due to Covid-19, the impact of which in future period cannot be ascertained as on date.

Our opinion is not modified in respect of these matters.

#### **Key Audit Matters :**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone 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.

#### **a. 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"**

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:
  - o Read, analyzed and identified the distinct performance obligations in these contracts.
  - o Compared these performance obligations with these identified by the company.



- o 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.
- o Samples in respect of revenue were tested with the performance obligations specified in the underlying contracts.
- o Performed analytical procedures for reasonableness of revenue disclosed by type and service offerings
- o 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.

**b. Evaluation of uncertain tax positions and contingent liabilities:**

The company has uncertain material tax positions and contingent liabilities 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, 2021 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, 2020 to evaluate whether any change was required to management's position on these uncertainties.

**c. Adoption of Ind AS 116 – Leases:**

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 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.

Principal 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 then
  - 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.

**d. IT systems and controls over Financial Reporting**

We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and raw material consumption. Also, due to such large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, cyber security has become more significant. Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.

Principle Procedure followed by us:

- Assessed the complexity of the IT environment by engaging IT specialists and through discussion



with the head of IT and internal audit and identified IT applications that are relevant to our audit.

- Assessed the design and evaluation of the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations by engaging IT specialists.
- Performed inquiry procedures with the head of cybersecurity at the Company in respect of the overall security architecture and any key threats addressed by the Company in the current year.
- Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company by engaging IT specialists.
- Assessed the operating effectiveness of controls relating to data transmission through the different IT systems to the financial reporting systems by engaging IT specialists.

#### **Information Other than the Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Annual Report on CSR activities, Report on Corporate Governance, Secretarial Auditor's Report Information, but does not include the standalone financial statements and our auditor's report thereon. The Management Discussion and Analysis, Annual Report on CSR activities, Report on Corporate Governance, Secretarial Auditor's Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read such other information as and when made available to us and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Responsibilities of Management and Those Charged with Governance 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 Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. 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.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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.

#### **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, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, 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 and if not, the details thereof and the effect of such information on the financial statements.
  - 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.
  - iii. The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account. Due to outbreak of second wave of COVID19 pandemic, lockdown was imposed by several state government. We could not able to visit branch offices of STC and audit was conducted remotely by us from Corporate Office of STC at New Delhi.
  - iv. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards, except for the para (b) of Basis for Qualified opinion, specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
  - 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.

- vi. Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act are not applicable to the Company, being a Government Company;
- 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 B".
- viii. Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of Section 197 of the Companies Act, 2013, are not applicable to the Company, being a Government Company; and
- 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 did not have any long-term

contracts including derivative contracts for which there were any material foreseeable losses.

- c. The Company has transferred Rs.0.003 crores to Investor Education and Protection Fund in FY2020-21 which relates to the year 2012-13. Further, no case is identified for delay in transferring amounts, required to be transferred, to the 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 the behalf of**  
**PSMG & ASSOCAITES**  
**Chartered Accountants**  
Firm Reg. No.008567C

Sd/-  
Priyanka Jain  
Partner  
M.NO.423088  
**UDIN: 21423088AAACJR9220**  
Place: New Delhi  
Date: 07.09.2021



## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

Referred to Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of Independent Auditor's Report of even date to the members of The State Trading Corporation of India Limited on the Standalone Financial Statements for the year ended 31st March 2021.

### 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. Fixed Assets report is under finalization.
- b) The company has a Programme of conducting physical verification of items of fixed assets in a

phased manner. The physical verification report of all branches have been received however Physical Verification report of Corporate office (New Delhi) is not provided by company (refer note no. 53 (i)).

- 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 cases as below :

Location	Description	Area	Audit Observations	Gross Block/ Revalued amount (` in Crore)	Net Block (in crore)
New Delhi	Lease hold Land at Tolstoy Marg, Jawahar Vayapar Bhawan, New Delhi.	2.599 acres	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 sq mtrs. by NDMC for widening of the Road during Asian Game) and value the same has not been uploaded in FAR / FAS. Measurement for area under physical position is yet to be done.	581.88	559.29
New Delhi	STC / MMTC Housing Colony, Aurobindo Marg, New Delhi	16.17 acres	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.	125.57	123.94
New Delhi	Flats at AGVC, Khel Gaon Marg, New Delhi.	8 Flats (measuring 14424 sq fts)	Execution of lease / conveyance deed is still pending.	27.45	27.20
Mumbai	7 nos. of Flats (refer foot note of note no.4)	7997 sq fts	Execution of lease / conveyance deed is still pending.	29.35	19.18
Mumbai	Mallet Bunder	11586.96 sq meters (approx.)	Lease deed expired since 2016 and the company is in the process of surrendering the plot	36.72	11.67

### 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, as per note 52, have been physically verified through surveyor from time to time. However, the same has not been physically verified during the year as mentioned in note no.53(ii).Therefore, we

are unable to determine whether there are any material discrepancies 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, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under
6. We are of the knowledge and have been explained that the Central Government has not prescribed the maintenance of cost records for the services of the Company under Companies (Cost Records and Audit) Rules, 2014, prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, this clause of the order is not applicable to the Company

#### 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, undisputed 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. According to information and explanation given to us there are no outstanding statutory dues as referred above as at the last day of the financial year under audit for a period of more than six months\ 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 2021 by the company, on account of any dispute are as under( refer Note no.38(ii) in financial statements)

Name of Statute	Name of Dues	Period to which Amount relates	Forum where dispute is pendin	Amount (in crore)
<b>Income Tax</b>				
Income Tax Act	Income Tax	2008-09	DCIT(A), Delhi	5.20
Income Tax Act	Income Tax	2008-09	ITAT, Delhi	3.88
Income Tax Act	Income Tax	2015-16	ITAT, Delhi	0.02
Income Tax Act	Income Tax	2016-17	ITAT, Delhi	0.69
Income Tax Act	Income Tax	2017-18	ITAT, Delhi	0.0002
<b>Sales Tax &amp; Custom Duty</b>				
Customs Act	Custom Duty	2011-12	CESTAT, Ahmedabad	1.69
Customs Act	Customs	-	Commissioner (Appeals)	0.06
Custom Act	Custom Duty	2017-18	CESTAT, Chennai	4.16
Sales Tax	Sales Tax	1986-87	Kerala High Court	0.50
Orissa Sales Tax Act	Sales tax	1988-89	Commissioner (Appeals), Orissa	0.01
Bihar Sales Tax Act	Sales tax	1989-90	Sales Tax Appellate Tribunal	0.01
Central Sales Tax Act	CST, WB	2003-04	Joint Commissioner, Sales Tax	0.23
West Bengal Vat Act / Central Sales Tax Act	WB VAT	2011-12	Joint Commissioner, Commercial Tax	0.02
	CST, WB			
Central Sales Tax Act	Central Sales Tax Act	1993-94	Hon'ble Assam High Court	0.02
		1994-95		
		1995-96		
Maharashtra Sales Tax Act	Sales Tax	1992-93	Maharashtra Sales Tax Tribunal	0.74
		1996-97		
Maharashtra Sales Tax Act	BST, CST & MVAT	1993-94	Joint Commissioner, Sales Tax	47.69
		2000-01		
		2003-04		
		2006-07		

Name of Statute	Name of Dues	Period to which Amount relates	Forum where dispute is pendin	Amount (in crore)
Maharashtra Sales Tax Act	BST, CST & MVAT	2004-05 2009-10 2011-12	Joint Commissioner, Sales Tax	390.36*
Maharashtra Sales Tax Act	CST	2008-09	Maharashtra Sales Tax Tribunal	0.50*
Maharashtra Sales Tax Act	TDS on Work Contract	2012-13	Sales Tax Appellate Tribunal, Mumbai	0.21*
TNGST/AST/CST	Sales Tax	1974-75, 1975-76, 1985-86 to 1987-88, 1989-90 & 1991-92	Hon'ble Madras High Court	0.83
<b>Service Tax</b>				
Finance Act, 1994	Service Tax	2005-06 - 2006-07	CESTAT (Stay Granted)	7.29
Finance Act, 1994	Service Tax	01.04.2012- 31.03.2015	CESTAT	4.37
Finance Act, 1994	Service Tax	2007-08 - 2016-17	CESTAT	6.02
Finance Act, 1994	Service Tax	01.04.2011- 31.03.2012	Service Tax Appeal Tribunal	0.13#
Finance Act, 1994	Service Tax	01.10.2004- 31.03.2011	Supreme Court, Delhi	24.72
Finance Act, 1994	Service Tax	01.04.2015- 30.06.2017	Joint Commissioner of CGST & Central Excise Mumbai	1.24@
<b>Certificate Dues Liability</b>				
BPDRA	Certificate Dues Liability	1971-72, 1976-77 to 1978-79	Concerned Department	0.06

\* A Stay order has been received against the amount disputed.

# 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 until disposal of matters for earlier years.

8. In our opinion and according to the information and explanations given to us, the company has defaulted in repayments of loans/borrowings to Bank (refer

note no.20 & Basis of Qualified opinion section of our audit report). However, the company does not has any outstanding loan/ borrowing from financial institutions or Government or dues to debenture holders.

Lender-wise details of sum defaulted by company & period of default is as follows:-

Name of Banks	Amount of Instalments and interest overdue	Period of Default as on 31.03.2021 (in days)
Syndicate Bank	280.71	1095 Days
Indian Overseas Bank	188.02	1095 Days
Union Bank of India	140.72	1126 Days
Indian Bank	94.81	1126 Days
Exim Bank	74.43	1642Days
Bank of Baroda	26.27	1014 Days
UBI (Kumily)	1.28	1126 Days
<b>TOTAL</b>	<b>806.24</b>	

9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
10. According to the information and explanations given to us and as represented by the management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, no case of frauds by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
11. As per notification no. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.
12. The Company is not a nidhi Company and therefore paragraph 3(xii) of the Order related to such companies is not applicable to the Company.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standard. (Refer Note No.47)
14. The company has not made preferential allotment or private allotment of share or fully or partly convertible debentures during the year Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
15. As per records of the company and according to information and explanation given to us by the management, the company has not entered into any non-cash transactions with directors or persons connected with him & hence the above clause is not applicable.
16. The company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

**For and on the behalf of**  
**PSMG & ASSOCIATES**  
**Chartered Accountants**  
 Firm Reg. No. 008567C

Sd/-  
 Priyanka Jain  
 Partner  
 M.NO.423088  
**UDIN: 21423088AAACJR9220**  
 Date:07.09.2021

## **"Annexure B" 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 Standalone Financial Statements for the year ended 31st March 2021**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of The State Trading Corporation of India Limited ("the Company") as of March 31, 2021 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 un-authorized 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

- a) 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 used by company.
- b) 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.
- c) Manner of maintenance of Fixed Assets Schedule & register need to be strengthened.
- d) Lack of proper contract management is noticed. Irrespective of completion of contracts the EMD/Security deposits are still being withheld in the books by the company.
- e) Lack of control over the renewal of Rent/lease Agreements on timely basis. There are numerous of agreements which have not been renewed over a long period.
- f) Ineffective implementation of accounting policy in balance confirmation of trade receivable & vendor balance, is noticed. The balances outstanding in the trade receivable account cannot be reconciled in customers' books as balance confirmations are not available for these customers.

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 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, 2021, 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, 2021 standalone financial statements of the Company, and these material weaknesses are not likely to affect our opinion on the standalone financial statements of a Company.

**For and on the behalf of**  
**PSMG & ASSOCIATES**  
**Chartered Accountants**  
Firm Reg. No. 008567C

Sd/-  
Priyanka Jain  
Partner  
M.NO.423088  
**UDIN: 21423088AAACJR9220**  
Date: 07.09.2021

## 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 2021**

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.	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.
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?	<p>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.</p> <p>In view of default by the company in paying due to interest amount to the banks, STC was declared as NPA. The lender banks have initiated DRT proceeding against the company, which is likely to be withdrawn soon. The Memorandum of the OTS (MOTS) proposal with the lenders bank is at the final stages and is in the line with minutes of the high level meeting held on 29.08.2019 and further clarification letter dated 13.10.2020 of Ministry. The liability towards bank is proposed to be settled by way of transfer of title of identified immovable property worth Rs. 300 crore on "as is where is basis" as a full and final settlement.</p> <p>However, no any documentation is made available by company with regards to discussion with lenders.</p> <p>Pending settlement of OTS, company has not charged interest in its financial statements.</p>
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 the behalf of**  
**PSMG & ASSOCIATES**  
**Chartered Accountants**  
 Firm Reg. No. 008567C

Sd/-  
**Priyanka Jain**  
 Partner  
 M.NO.423088  
**UDIN: 21423088AAACJR9220**  
 Date:07.09.2021

## **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, 2021 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 the behalf of**  
**PSMG & ASSOCIATES**  
**Chartered Accountants**  
Firm Reg. No.008567C

**Sd/-**  
**Priyanka Jain**  
Partner  
M.NO.423088  
**UDIN: 21423088AAACJR9220**  
Date: 07.09.2021

# BALANCE SHEET AS AT MARCH 31, 2021

(₹ Crore)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	4	573.55	584.01
(b) Capital work-in-progress	5	1.83	0.45
(c) Investment property	6	297.76	302.68
(d) Other intangible assets	7	0.01	0.01
(e) Financial Assets :			
(i) Investments	8	0.01	0.01
(ii) Trade receivables	9	928.69	966.85
(iii) Loans	10	13.87	5.90
(iv) Other Financial Assets	11	17.57	54.76
(f) Deferred tax assets (net)	12	86.49	86.49
(g) Other non-current assets	14	4.55	6.32
<b>Sub total</b>		<b>1,924.33</b>	<b>2,007.48</b>
<b>Current Assets</b>			
(a) Inventories	15	0.04	0.22
(b) Financial Assets :			
(i) Trade receivables	9	138.25	171.09
(ii) Cash & cash equivalents	16	86.42	23.17
(iii) Bank Balances other than (ii) above	17	-	23.26
(iv) Loans	10	35.73	14.56
(v) Other Financial Assets	11	134.13	216.37
(c) Tax Assets (Net)	13	31.87	32.60
(d) Other Current Assets	14	7.21	6.54
(e) Other non current assets held for disposal		-	0.01
<b>Sub total</b>		<b>433.65</b>	<b>487.82</b>
<b>Total Assets</b>		<b>2,357.98</b>	<b>2,495.30</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	18	60.00	60.00
(b) Other Equity	19	(169.20)	(121.51)
<b>Sub total</b>		<b>(109.20)</b>	<b>(61.51)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	20	-	-
(ii) Trade payables -MSME		-	-
(iii) Trade payables -Others	21	968.65	989.09
(iv) Other Financial Liabilities	22	27.10	36.92
(b) Provisions	23	108.50	113.14
(c) Other non-current liabilities	24	6.04	7.16
<b>Sub total</b>		<b>1,110.29</b>	<b>1,146.31</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	20	806.23	806.23
(ii) Trade payables -MSME		-	-
(iii) Trade payables -Others	21	152.28	197.17
(iv) Other Financial Liabilities	22	339.33	288.08
(b) Provisions	23	54.82	54.59
(c) Other current liabilities	24	4.23	64.43
<b>Sub total</b>		<b>1,356.89</b>	<b>1,410.50</b>
<b>Total Equity and Liabilities</b>		<b>2,357.98</b>	<b>2,495.30</b>

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 PSMG & Associates**  
Chartered Accountants  
Firm Reg. No. 008567C

**Sd/-**  
**(CA PRIYANKA JAIN)**  
Partner  
M. No. 423088  
Place: New Delhi  
Dated: 25.06.2021

**Sd/-**  
**(S.K SHARMA)**  
Director (Personnel)  
with additional charge  
of CMD  
DIN -06942536

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

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



# Statement of Profit and Loss for the year ended March 31, 2021

(₹ Crore)

Particulars	Note No	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Income</b>			
i) Revenue from Operations	25	249.81	2,936.74
ii) Other Income	26	57.48	78.24
<b>Total Income</b>		<b>307.29</b>	<b>3,014.98</b>
<b>Expenses</b>			
i) Cost of materials consumed	27	-	-
ii) Purchases of Stock in trade	28	244.75	2,927.06
iii) Change in Inventory	29	0.10	(0.10)
iv) Employees' Benefit Expenses	30	81.65	81.33
v) Finance Cost	31	1.93	7.27
vi) Depreciation & Amortization Expenses	32	15.88	15.26
vii) Other Expenses	33	14.96	22.40
<b>Total expenses</b>		<b>359.27</b>	<b>3,053.22</b>
<b>Profit before exceptional items and tax</b>		<b>(51.98)</b>	<b>(38.24)</b>
Exceptional Items -Expense/(Income)	34	(0.75)	75.39
<b>Profit Before Tax</b>		<b>(51.23)</b>	<b>(113.63)</b>
<b>Tax expense</b>	35		
(i) Current tax		-	-
(ii) Tax related to earlier years		-	-
<b>Profit for the Year from continuing operations</b>		<b>(51.23)</b>	<b>(113.63)</b>
<b>Profit from discontinued operations after tax</b>		<b>-</b>	<b>-</b>
<b>I Profit for the Year</b>		<b>(51.23)</b>	<b>(113.63)</b>
<b>II Other Comprehensive Income</b>			
i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans		3.53	0.79
Less: Income Tax on Above		-	-
ii) Items that will be reclassified to profit or loss		-	-
<b>Other Comprehensive Income</b>		<b>3.53</b>	<b>0.79</b>
<b>Total Comprehensive Income for the Year</b>		<b>(47.70)</b>	<b>(112.84)</b>
<b>Earnings per equity share :</b>			
(1) Basic		(7.95)	(18.81)
(2) Diluted		(7.95)	(18.81)

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 PSMG & Associates**

Chartered Accountants

Firm Reg. No. 008567C

Sd/-

(S.K SHARMA)

Director (Personnel)  
with additional charge

of CMD

DIN -06942536

Sd/-

(VIPIN TRIPATHI)

Company Secretary  
ACS -29378

Sd/-

(ROOMA NAGRATH)

GM-F & CFO

Sd/-

(CA PRIYANKA JAIN)

Partner

M. No. 423088

Place: New Delhi

Dated: 25.06.2021

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / (Loss) Before Tax	(51.22)	(113.63)
Adjustment for:		
-Interest on loans		-
-Depreciation	15.88	15.26
-Net write back of Debts/Advances/claims/Liabilities/Assets	(5.49)	(30.01)
-Income/Expenditure relating to let out property	(44.91)	(41.31)
- Interest Income on fixed deposits/investments	(7.95)	(28.02)
-Loss on sale of asset	0.01	0.01
-Profit on sale of assets	(0.11)	(0.02)
<b>Operating Profit Before Working Capital Changes</b>	<b>(93.78)</b>	<b>(197.72)</b>
Adjustment for:		
-Trade and other receivables	(20.06)	(88.84)
-Inventories	0.18	(0.06)
-Trade and other payables	(80.81)	(169.39)
<b>Changes In Working Capital</b>	<b>(194.47)</b>	<b>(456.01)</b>
Income Tax Paid		4.70
Net Cash Generated/Used In Operating Activities (A)	(194.47)	(451.31)
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
-Purchase of Fixed Assets	(2.36)	(0.14)
-Sale of Fixed Assets	0.44	0.02
-Proceeds Received from T-Bills/Deposits	91.76	306.65
-Interest received	7.95	28.02
-Let out properties (net)	44.91	41.31
<b>Net Cash From Investing Activities (B)</b>	<b>142.70</b>	<b>375.86</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
-Increase in loans	-	(200.00)
-Interest Paid		-
<b>Net Cash From Financing Activities (C)</b>	<b>-</b>	<b>(200.00)</b>
Net Increase/Decrease in Cash And Cash Equivalents (A+B+C)	(51.77)	(275.45)
Reconciliation of Cash & Cash Equivalents		
Closing Cash & Bank Balances as per Balance Sheet	189.61	241.38
Opening Cash & Bank Balances as per Balance Sheet	241.38	516.83
<b>Cash &amp; Bank Balances as per Cash Flow Statement</b>	<b>(51.77)</b>	<b>(275.45)</b>
Cash & cash equivalents as per Balance Sheet*	189.61	241.38
Less : Non readily convertible Bank Deposits	103.19	218.18
Cash & cash equivalents as per cash flow statement	86.42	23.17
Cash & cash equivalents includes unpaid dividend	-	0.03

\* 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 PSMG & Associates

Chartered Accountants

Firm Reg. No. 008567C

Sd/-

(CA PRIYANKA JAIN)

Partner

M. No. 423088

Place: New Delhi

Dated: 25.06.2021

Sd/-

(S.K SHARMA)

Director (Personnel)

with additional charge of CMD

DIN :06942536

Sd/-

(ROOMA NAGRATH)

GM-F & CFO

Sd/-

(VIPIN TRIPATHI)

Company Secretary

ACS -29378

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(i) Equity Share Capital		(₹ Crore)		
Particulars	No. of shares (in Crore)	Face Value (₹)	Amount	
<b>Balance as at April 1, 2019</b>	<b>6.00</b>	<b>10.00</b>	<b>60.00</b>	
Changes in share capital during 2019-20	-	-	-	
<b>Balance as at March 31, 2020</b>	<b>6.00</b>	<b>10.00</b>	<b>60.00</b>	
Changes in share capital during 2020-21	-	-	-	
<b>Balance as at March 31, 2021</b>	<b>6.00</b>	<b>10.00</b>	<b>60.00</b>	

## (ii) Other Equity

Particulars	Reserves and Surplus					Total
	General Reserve	Capital Reserve	Retained Earnings	Exchange Fluctuation Reserve	Bonus Reserve	Revaluation Reserve
<b>Balance at April 1, 2019</b>	<b>59.92</b>	<b>1.00</b>	<b>(960.62)</b>	<b>6.50</b>	<b>-</b>	<b>884.55</b>
Total Comprehensive Income for the year	-	-	(112.84)	-	-	-
Transfer to Bonus Reserve (Set on)	-	-	-	-	-	-
Transfer from Bonus Reserve (Set off)	-	-	-	-	-	-
Adjustments	(0.05)	-	(0.02)	-	-	0.05
<b>Balance at March 31, 2020</b>	<b>59.87</b>	<b>1.00</b>	<b>(1,073.48)</b>	<b>6.50</b>	<b>-</b>	<b>884.60</b>
Total Comprehensive Income for the year	-	-	(47.69)	-	-	-
Transfer to Bonus Reserve (Set on)	-	-	-	-	-	-
Transfer from Bonus Reserve (Set off)	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
<b>Balance at March 31, 2021</b>	<b>59.87</b>	<b>1.00</b>	<b>(1,121.17)</b>	<b>6.50</b>	<b>-</b>	<b>884.60</b>

As per our report of even date attached

**For PSMG & Associates**  
Chartered Accountants  
Firm Reg. No. 008567C

**Sd/-**  
**(S.K SHARMA)**  
Director (Personnel)  
with additional charge of CMD  
DIN -06942536

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

**Sd/-**  
**(CA PRIYANKA JAIN)**  
Partner  
M. No. 423088  
Place: New Delhi  
Dated: 25.06.2021

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

## NOTES TO THE FINANCIAL STATEMENTS 2020-21

### 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:

- Impairment of Assets
- 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.
- Recognition and measurement of defined benefit obligations
- Measurement of Fair Values and Expected Credit Loss (ECL)
- 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) :

- 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:
  - Purchase price, including import duties and non-refundable purchase taxes, after deducting tax recoverable, trade discounts and rebates.
  - 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.
  - 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.
- 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.
- 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.
- The company has elected to continue with carrying value of PPE from the date of transition.

#### 3.2 Intangible Assets

- 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:

- Intangible items are depreciated / amortized over a period of 2.5 years.
- Land on perpetual lease is not amortised.
- 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

- 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 PSMG & Associates**

Chartered Accountants  
Firm Reg. No. 008567C

**Sd/-  
(CA PRIYANKA JAIN)**  
Partner  
M. No. 423088  
Place: New Delhi  
Dated: 25.06.2021

**Sd/-  
(S.K SHARMA)**  
Director (Personnel)  
with additional charge of CMD  
DIN -06942536

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

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

# NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

## 4 Property, Plant and Equipment

Particulars	GROSS BLOCK			DEPRECIATION & AMORTIZATION					ACCUMULATED IMPAIRMENT			NET BLOCK	
	Gross carrying value as at April 01, 2020	Additions	Disposal/ adjustments	Gross carrying value as at March 31, 2021	Accumulated depreciation as at April 01, 2020	Additions	Disposal/ (adjustments)	Accumulated depreciation as at March 31, 2021	As on April 01, 2020	Additions	Disposal/ adjustments	As at March 31, 2020	Carrying Value as at March 31, 2021
<b>Tangible Assets -Freehold</b>													
Land	9.90	-	-	9.90	-	-	-	-	-	-	-	-	9.90
Building	108.26	-	-	108.26	21.43	5.35	0.01	26.77	0.19	-	-	0.19	81.30
Plant & Machinery	9.51	0.93	0.03	10.41	2.51	0.85	0.01	3.35	-	-	-	-	7.06
Furniture & Fixtures	1.06	-	0.15	0.91	0.57	0.10	0.09	0.58	-	-	-	-	0.33
Motor Vehicle	1.00	-	0.08	0.92	0.47	0.12	0.04	0.55	-	-	-	-	0.37
Office Equipment	0.43	0.01	0.06	0.38	0.33	0.04	0.03	0.34	-	-	-	-	0.04
Computers, data processing units & communication equipment	0.88	0.01	0.10	0.79	0.69	0.01	0.05	0.65	-	-	-	-	0.14
Electrical installations & Equipment	3.46	-	0.01	3.44	1.39	0.36	-	1.75	-	-	-	-	1.69
Other Assets held for Disposal	0.01	-	0.01	-	-	-	-	-	-	-	-	-	-
<b>Total (A)</b>	<b>134.51</b>	<b>0.95</b>	<b>0.44</b>	<b>135.01</b>	<b>27.39</b>	<b>6.83</b>	<b>0.23</b>	<b>33.99</b>	<b>0.19</b>	<b>-</b>	<b>-</b>	<b>0.19</b>	<b>100.83</b>
<b>Tangible Assets -Leasehold</b>													
Land	384.97	-	-	384.97	0.43	0.09	-	0.52	-	-	-	-	384.45
Building	99.04	-	-	99.04	12.55	3.23	-	15.78	-	-	-	-	83.26
Roads, culverts & sewerage etc	0.17	-	-	0.17	0.08	0.02	-	0.10	-	-	-	-	0.07
Plant & Machinery	3.39	-	-	3.39	1.38	0.36	-	1.75	-	-	-	-	1.64
Right to use (Ind AS 116)	4.36	-	0.87	3.49	0.40	0.40	0.61	0.19	-	-	-	-	3.30
<b>Total (B)</b>	<b>491.93</b>	<b>-</b>	<b>0.87</b>	<b>491.06</b>	<b>14.84</b>	<b>4.10</b>	<b>0.61</b>	<b>18.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>472.72</b>
<b>Total (A+B)</b>	<b>626.44</b>	<b>0.95</b>	<b>1.31</b>	<b>626.07</b>	<b>42.23</b>	<b>10.93</b>	<b>0.84</b>	<b>52.33</b>	<b>0.19</b>	<b>-</b>	<b>-</b>	<b>0.19</b>	<b>573.55</b>
<b>Previous year</b>	<b>625.98</b>	<b>0.93</b>	<b>0.49</b>	<b>626.41</b>	<b>32.19</b>	<b>10.47</b>	<b>0.47</b>	<b>42.20</b>	<b>0.19</b>	<b>-</b>	<b>-</b>	<b>0.19</b>	<b>584.01</b>

(₹ Crore)

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

**i. Leasehold Land:-**

- Lease hold land includes 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. JawaharVyaparBhawan at Janpath, New Delhi for which lease deed is not yet executed in the name of the Company.
- Ø Lease hold land includes land measuring 16.17 acre (50% share of total Land 32.33 acre allotted in the joint name of STC & MMTC) by erstwhile L&B Department/DDA vide Memorandum of Agreement dated 05.02.1968 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 not yet executed.
- Leasehold land includes a plot at Mallet Bunder, Mumbai Port Trust (where STC has a Tank Farm Installation) for which lease period has expired since 2016 and the process for surrender of the same is under way.

**ii. Freehold Building:-**

- Freehold Building includes house building at Asian Games Village Complex (AGVC) allotted by DDA vide allotment letter dated 30.05.1984, which is earmarked for settlement under OTS on as is where is basis.
- 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), which is earmarked for settlement under OTS on as is where is basis.

**(b) No Adjustment in respect of area and value has been made for following lands as the amount of compensation and execution of documents for this purpose are still pending:-**

- (i) 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 shall be updating the same in Fixed Assets register/Schedule in respect of its area & value after receipt of response. The response of L&DO is still awaited.

**(c) As approved in the 436th Board Meeting dated 12th August 1991 for the sale of "Office Space in the JawaharVyaparBhawan Building" total Office Space measuring 67,418 sq.ft. were sold to CCIC & HHEC. Thus, CCIC and HHEC are co-owners limited to the property under their possession.**

**5 Capital Work- In- Progress**

(₹ Crore)

Particulars	Balance as at April 01, 2020	Additions/ (Adjustments) during the year	Capitalized during the year	Balance as at March 31, 2021
Office Building	-	-	-	-
Plant & Equipment	0.13	1.41	-	1.54
Office Equipment	0.03	-	-	0.03
Others	-	-	-	-
Intangible Assets under Development	0.29	-	0.03	0.26
<b>Total</b>	<b>0.45</b>	<b>1.41</b>	<b>0.03</b>	<b>1.83</b>
<b>Previous Year</b>	<b>0.37</b>	<b>0.08</b>	<b>-</b>	<b>0.45</b>

**6 Investment Property**

Particulars	FREEHOLD		LEASEHOLD		Total
	Land	Building	Land	Building	
<b>Gross carrying value as at April 1, 2020</b>	<b>16.14</b>	<b>4.01</b>	<b>204.05</b>	<b>97.72</b>	<b>321.92</b>
Additions	-	-	-	-	-
Disposal/adjustments	-	-	-	-	-
<b>Gross carrying value as at March 31, 2021</b>	<b>16.14</b>	<b>4.01</b>	<b>204.05</b>	<b>97.72</b>	<b>321.92</b>
<b>Accumulated depreciation as at April 1, 2020</b>	<b>-</b>	<b>0.34</b>	<b>2.45</b>	<b>16.43</b>	<b>19.22</b>
Additions	-	0.08	0.57	4.27	4.92
Disposal/adjustments	-	-	-	-	-
<b>Accumulated depreciation as at March 31, 2021</b>	<b>-</b>	<b>0.42</b>	<b>3.02</b>	<b>20.70</b>	<b>24.14</b>



# NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ Crore)

Particulars	FREEHOLD		LEASEHOLD		Total
	Land	Building	Land	Building	
Impairment as at April 1, 2020	-	0.02	-	-	0.02
Additions	-	-	-	-	-
Disposal/adjustments	-	-	-	-	-
Impairment as at March 31, 2021	-	0.02	-	-	0.02
Carrying Value as at March 31, 2021	16.14	3.57	201.03	77.02	297.76
Previous Year (Net)	16.14	3.66	201.60	81.29	302.68

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

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Rental income derived from Investment Properties	53.46	49.51
Direct operating expenses from property that generated rental income	(8.88)	(8.20)
<b>Profit from investment properties before depreciation</b>	<b>44.58</b>	<b>41.31</b>
Depreciation	(4.92)	(4.75)
<b>Profit from investment properties</b>	<b>39.66</b>	<b>36.56</b>

## 7 Intangible Assets

Particulars	Computer Softwares	Others (specify Nature)	Total
Gross carrying value as at April 1, 2020	0.14	-	0.14
Additions	-	-	-
Disposal/adjustments	-	-	-
Gross carrying value as at March 31, 2021	0.14	-	0.14
Accumulated amortisation as at April 1, 2020	0.13	-	0.13
Additions	-	-	-
Disposal/adjustments	-	-	-
Accumulated amortisation as at March 31, 2021	0.13	-	0.13
Carrying Value as at March 31, 2021	0.01	-	0.01
Previous Year (Net)	0.02	-	0.02

## 8 Investments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non Current</b>		
<b>Long Term</b>		
<b>Unquoted Investments</b>		
<b>Investment in Equity instrument ~ Subsidiary *</b>		
<b>STCL Limited (100% Holding)</b>		
1,50,000 (Fully paid up Equity shares of Rs. 100 each)	2.82	2.82
Less: Impairment in value of Investment	2.82	2.82
Net	-	-
<b>Investment in Equity instrument ~ Joint Ventures **</b>		
<b>NSS Satpura Agro Development Company Ltd.</b>		
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
<b>Net</b>	<b>-</b>	<b>-</b>

**NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)** (₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Others</b>		
<b>Sea Lac Agro Ventures Limited</b>		
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
<b>Net</b>	-	-
<b>Maharashtra Small Scale Industries Development</b>		
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
<b>Net</b>	-	-
<b>Andhra Pradesh Trade Promotion Corporation Limited</b>		
100 (Fully paid up Equity shares of Rs. 1000/-each)	0.01	0.01
Less: Impairment in value of Investment	-	-
<b>Net</b>	<b>0.01</b>	<b>0.01</b>
<b>Sindhu Resettlement#</b>		
4 (Fully paid up Equity shares of Rs. 1000/-each)	-	-
Less: Impairment in value of Investment	-	-
<b>Net</b>	-	-
<b>Total</b>	<b>0.01</b>	<b>0.01</b>

\* 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. However, the Bankers of Subsidiary has also filed petition against such winding up petition as their dues are pending for recovery. The case is still pending before Hon'ble High Court of Karnataka. However, full amount of investment in the Subsidiary (100 % Subsidiary of STC) amounting to Rs. 2.82 Crore (Rs. 2.82 Crore) has been provided for (retaining a nominal value of Rs. 1/-) as the net worth of the subsidiary has been eroded completely."

\*\* 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**

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>A Non Current</b>		
i. Secured – Considered good *	-	11.34
ii. Unsecured Considered good	298.40	955.46
iii. Having Significant increase in credit risk **	630.29	3.72
iv. Credit Impaired	616.69	614.58
<b>Sub-total</b>	<b>1,545.38</b>	<b>1,585.10</b>
Less : Allowance for bad and doubtful receivables	616.69	618.25
<b>Total (A)</b>	<b>928.69</b>	<b>966.85</b>
<b>B Current</b>		
i. Secured, Considered good *	-	6.96
ii. Unsecured Considered good	90.36	164.13
iii. Having Significant increase in credit risk **	47.89	-
iv. Credit Impaired	10.61	8.75
<b>Sub-total</b>	<b>148.86</b>	<b>179.84</b>
Less: Allowance for bad and doubtful debts	10.61	8.75
<b>Total (B)</b>	<b>138.25</b>	<b>171.09</b>
<b>Total (A + B)</b>	<b>1,066.94</b>	<b>1,137.94</b>

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

\* Trade receivables are secured against pledged stock and immovable property etc.

\*\* Out of the total trade receivable of Rs. 1694.24 Crore includes Rs. 678.18 Crore 'having significant increase in credit risk' being under dispute/litigation (for details of major legal cases refer note no. 38).

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.

### 10 Loans

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
<b>A. Security Deposits</b>		
I. Secured, considered good	-	0.28
II. Unsecured, considered good	0.67	2.01
III. Having Significant increase in credit risk	10.74	0.19
IV. Credit Impaired	5.77	5.47
<b>Sub-total</b>	<b>17.18</b>	<b>7.95</b>
Less: Allowance for bad and doubtful Deposits	5.77	5.66
Less: Fair value Adjustment-SD	-	0.01
<b>Total (A)</b>	<b>11.41</b>	<b>2.28</b>
<b>B. Loan to Employees</b>		
I. Secured, considered good *	1.10	1.55
II. Unsecured, considered good	-	0.03
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	-	-
V. Interest accrued	2.64	3.63
<b>Sub-total</b>	<b>3.74</b>	<b>5.21</b>
Less: Allowance for bad and doubtful loans	-	-
Less: Fair value adjustments (Loans to employees)	1.28	1.58
<b>Total (B)</b>	<b>2.46</b>	<b>3.63</b>
<b>Total (A+B)</b>	<b>13.87</b>	<b>5.90</b>
<b>Current</b>		
<b>A. Security Deposits</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	34.72	13.54
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	-	-
<b>Sub-total</b>	<b>34.72</b>	<b>13.54</b>
Less: Allowance for bad and doubtful deposits	-	-
Less: Fair Value Adjustment-SD	-	0.01
<b>Total (A)</b>	<b>34.72</b>	<b>13.53</b>
<b>B. Loan to Employees</b>		
I. Secured, considered good *	0.33	0.39
II. Unsecured, considered good	0.06	0.07
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	-	-
Add: Interest accrued	0.64	0.64
<b>Sub-total</b>	<b>1.03</b>	<b>1.10</b>
Less: Allowance for bad and doubtful loans	-	-
Less: Fair value adjustments (Loans to employees)	0.02	0.07
<b>Total (B)</b>	<b>1.01</b>	<b>1.03</b>
<b>Total (A+B)</b>	<b>35.73</b>	<b>14.56</b>

\* Secured against Hypothecation of motor car & house property

# NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

## 11 Other Financial Assets

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
<b>A. Term deposit with maturity more than 12 months :</b>		
- Term Deposit with Banks*	2.15	10.97
- Term Deposit with others	9.82	0.40
<b>(A)</b>	<b>11.97</b>	<b>11.37</b>
<b>B. Claims Recoverable</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	5.60	11.14
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	103.03	96.00
<b>Sub-total</b>	<b>108.63</b>	<b>107.14</b>
Less: Allowance for bad and doubtful claims	103.03	96.00
<b>(B)</b>	<b>5.60</b>	<b>11.14</b>
<b>C. Deposits</b>		
<b>D. Other Misc. advance</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	-	-
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	-	0.36
<b>Sub-total</b>	<b>-</b>	<b>0.36</b>
Less: Allowance for bad and doubtful advances	-	0.36
<b>(D)</b>	<b>-</b>	<b>-</b>
<b>Total (A+B+C+D)</b>	<b>17.57</b>	<b>54.76</b>
<b>Current</b>		
<b>A. Interest accrued on:</b>		
- Term deposits with maturity more than 3 and upto 12 months	0.18	0.19
- Other Deposits (Flexi Deposits)	-	-
- Interest Accrued but not due on deposits/ T Bills	0.42	1.48
<b>B. Investment in Treasury Bills</b>	<b>103.19</b>	<b>194.95</b>
<b>Sub-total</b>	<b>103.79</b>	<b>196.62</b>
<b>C. Other</b>	<b>-</b>	<b>-</b>
<b>D. Claims Recoverable</b>		
I. Secured, considered good	1.52	-
II. Unsecured, considered good	28.82	19.75
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	-	-
<b>Sub-total</b>	<b>30.34</b>	<b>19.75</b>
Less: Allowance for bad and doubtful advances	-	-
<b>(D)</b>	<b>30.34</b>	<b>19.75</b>
<b>Total (A+B+C+D)</b>	<b>134.13</b>	<b>216.37</b>
<b>Total (Other Financial Assets)**</b>	<b>151.70</b>	<b>271.13</b>

\* Under Lien

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



## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 12 Deferred tax assets (Net)

Deferred tax assets and liabilities are attributable to the following:

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>A. Deferred Tax Liability</b>	-	-
Property, plant and equipment	2.07	2.07
<b>Sub Total</b>	<b>2.07</b>	<b>2.07</b>
<b>B. Deferred tax Assets</b>		
Provisions	75.08	75.08
<b>Sub Total</b>	<b>75.08</b>	<b>75.08</b>
<b>C. MAT Credit Entitlement</b>	<b>13.48</b>	<b>13.48</b>
<b>Net Deferred Tax (Liabilities)/ Assets</b>	<b>86.49</b>	<b>86.49</b>

### Movement in deferred tax balances during the year ended 31.03.2021

Particulars	Balance as at April 01, 2020	Recognised in profit & loss
<b>Opening Balance</b>	<b>73.01</b>	<b>73.01</b>
Additions during the year	-	-
Deletions during the year	-	-
<b>Closing Balance</b>	<b>73.01</b>	<b>73.01</b>
<b>Unrecognised Deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of the following items		
<b>Deferred Tax Assets</b>		
Provisions	257.78	257.78
Carry Forward losses	177.20	177.20
Other Disallowances	15.57	15.57
<b>Sub Total</b>	<b>450.55</b>	<b>450.55</b>
<b>Deferred Tax Liabilities</b>		
Property Plant & Equipment	77.81	77.81
<b>Sub Total</b>	<b>77.81</b>	<b>77.81</b>
Change in tax rate effect not recognized		-
<b>Total</b>	<b>372.74</b>	<b>372.74</b>
<b>Recognized MAT credit available to Company in future years</b>		
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
<b>Total</b>	<b>13.48</b>	<b>13.48</b>

### 13 Tax Assets (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current Tax Assets</b>		
Advance Tax including TDS	223.05	223.78
Current Tax Liabilities	-	-
Income Tax Payable/Provision	191.18	191.18
<b>Total</b>	<b>31.87</b>	<b>32.60</b>

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 14 Other Assets (Non-Financial)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-Current</b>		
<b>A. Trade Advances</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	-	-
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired*	92.22	92.36
<b>Sub-total</b>	<b>92.22</b>	<b>92.36</b>
Less: Allowance for bad and doubtful advances	92.22	92.36
<b>(A)</b>	<b>-</b>	<b>-</b>
<b>B. Other Misc. Advances</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	-	0.08
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	0.26	0.01
<b>Sub-total</b>	<b>0.26</b>	<b>0.09</b>
Less: Allowance for bad and doubtful advances	0.26	0.01
<b>(B)*</b>	<b>-</b>	<b>0.08</b>
<b>C. Security Deposits</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	3.25	4.69
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	0.37	0.37
<b>Sub-total</b>	<b>3.62</b>	<b>5.06</b>
Less: Allowance for bad and doubtful deposits	0.37	0.37
<b>(C)</b>	<b>3.25</b>	<b>4.69</b>
<b>D. Deferred Employee cost due to Fair Valuation</b>	<b>1.30</b>	<b>1.54</b>
<b>E. Deferred Fair Valuation Loss- Deposit Receivable</b>	<b>-</b>	<b>0.01</b>
<b>F. Claims Recoverable</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	-	-
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	4.17	4.18
<b>Sub-total</b>	<b>4.17</b>	<b>4.18</b>
Less: Allowance for bad and doubtful claims	4.17	4.18
<b>(F)</b>	<b>-</b>	<b>-</b>
<b>Total (A to F)</b>	<b>4.55</b>	<b>6.32</b>

**NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

Current	Particulars	As at March 31, 2021	As at March 31, 2020
<b>A. Capital Advances</b>			
i. Secured, Considered good		-	-
ii. Unsecured Considered good		0.26	1.18
iii. Having Significant increase in Credit Risk		-	-
iv. Credit Impaired		-	-
	<b>Sub-total</b>	<b>0.26</b>	<b>1.18</b>
Less: Allowance for bad and doubtful advances		-	-
	<b>(A)</b>	<b>0.26</b>	<b>1.18</b>
<b>B. Trade Advances</b>			
I. Secured, considered good		-	-
II. Unsecured, considered good		-	0.01
III. Having Significant increase in credit risk		-	-
IV. Credit Impaired		-	-
	<b>Sub-total</b>	<b>-</b>	<b>0.01</b>
Less: Allowance for bad and doubtful advances		-	-
	<b>(B)</b>	<b>-</b>	<b>0.01</b>
<b>C. Other Misc. Advances</b>			
I. Secured, considered good		-	-
II. Unsecured, considered good		0.02	0.02
III. Having Significant increase in credit risk		1.35	-
IV. Credit Impaired		-	0.26
	<b>Sub-total</b>	<b>1.37</b>	<b>0.28</b>
Less: Allowance for bad and doubtful advances		-	0.26
	<b>(C)</b>	<b>1.37</b>	<b>0.02</b>
<b>D. Other</b>			
Prepaid Expenses		0.37	0.45
TA Advances		-	0.02
Advance for expenses		0.18	0.24
GST Input		4.87	4.25
VAT Receivable - Input/Service Tax Credit		0.07	0.01
Other		0.07	0.23
Deposits		0.01	-
	<b>(D)</b>	<b>5.57</b>	<b>5.20</b>
<b>E. Deferred Employee cost due to Fair Valuation</b>			
<b>F. Deferred Fair Valuation Loss- Deposit Receivable</b>		-	0.11
<b>G. Claims Recoverable</b>			
I. Secured, considered good		0.01	-
II. Unsecured, considered good		-	0.01
III. Doubtful		-	-
	<b>Sub-total</b>	<b>0.01</b>	<b>0.01</b>
Less: Allowance for bad and doubtful claims		-	-
	<b>(G)</b>	<b>0.01</b>	<b>0.01</b>
	<b>Total (A to G)</b>	<b>7.21</b>	<b>6.54</b>

For details refer note no. 39

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 15 Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
A. Stock in trade including with handling agents/local agent	-	0.10
B. Stores and Spares	0.03	0.04
C. Packing Materials	-	0.05
D. Stationery	0.01	0.03
<b>Total</b>	<b>0.04</b>	<b>0.22</b>

### 16 Cash & Cash Equivalents

Stamps & Stamp Papers*	-	-
<b>Balances with Banks</b>	-	-
- Cash Credit account - Debit Balance	-	0.01
- Current Accounts	3.28	5.34
<b>Sub-total</b>	<b>3.28</b>	<b>5.35</b>
<b>Other Bank Balances</b>		
- Term Deposits with maturity upto 3 months	83.14	17.82
<b>Sub-total</b>	<b>83.14</b>	<b>17.82</b>
<b>Total</b>	<b>86.42</b>	<b>23.17</b>

\*Nominal Value of Rs. 9,425/-

### 17. Bank Balances

<b>Current</b>		
<b>a. Balances with Banks</b>		
- Unpaid Dividend Balance Account	-	0.03
- As Margin money/under lien	-	23.23
- In term deposits with maturity more than 3 and upto 12 months	-	-
<b>Total</b>	-	<b>23.26</b>

### 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
	<b>60.00</b>	<b>60.00</b>
Reconciliation of Share Capital:		
Opening Equity Shares	60.00	60.00
Add: -No. of Shares, Share Capital issued/ subscribed during the year	-	-
<b>Closing balance</b>	<b>60.00</b>	<b>60.00</b>
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.



## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 19. Other Equity

Particulars	As at March 31, 2021	As at March 31, 2020
<b>General Reserve</b>		
Balance as per last financial statements	59.87	59.93
Less: Opening balance transferred to CO	-	(0.05)
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	-	
<b>Closing Balance</b>	<b>59.87</b>	<b>59.87</b>
<b>Capital Reserve</b>		
Balance as per last financial statements	1.00	1.00
<b>Closing Balance</b>	<b>1.00</b>	<b>1.00</b>
<b>Retained Earnings</b>		
Balance as per last financial statements	(1,073.48)	(960.62)
Add: Profit for the year	(47.69)	(112.84)
Prior Period Adjustment	-	(0.02)
<b>Closing Balance</b>	<b>(1,121.17)</b>	<b>(1,073.48)</b>
<b>Revaluation Reserves</b>		
Balance as per last financial statements	884.60	884.55
Add: other adjustments	-	0.05
<b>Closing Balance</b>	<b>884.60</b>	<b>884.60</b>
<b>Exchange Fluctuation Reserves</b>		
Balance as per last financial statements	6.50	6.50
<b>Closing Balance</b>	<b>6.50</b>	<b>6.50</b>
<b>Total</b>	<b>(169.20)</b>	<b>(121.51)</b>

### 20. Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
I. Term Loans:		
a. From banks	-	100.70
II. Working Capital Loans:	-	-
a. From banks		
- Cash Credit	806.23	703.55
- Working Capital Demand Loan	-	1.98
<b>Total</b>	<b>806.23</b>	<b>806.23</b>

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

- (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. The Memorandum of the OTS (MOTS) proposal with the lender banks is at the final stages and is in line with the minutes of the high level meeting held on 29.08.19 and the further clarificatory letter dated 13.10.2020 of Ministry. The liability towards bank is proposed to be settled by way of transfer of title of identified immovable property worth Rs. 300 crore on "as is where is basis" as a full and final settlement.

	Amount defaulted (principal & intt. thereon)	Period of default (no. of days)
Syndicate Bank	280.71	1095
Indian Overseas Bank	188.02	1095
Union Bank of India	140.72	1126
Indian Bank	94.81	1126
EXIM Bank	74.43	1642
Bank of Baroda	26.27	1014
UBI (Kumily)	1.27	1126
<b>Balance as on 31.03.2021</b>	<b>806.23</b>	

### 21. Trade Payable

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non Current</b>		
a) Bill Acceptances	-	14.29
b) Trade Payables	968.65	974.80
<b>Total (A)</b>	<b>968.65</b>	<b>989.09</b>
<b>Current</b>		
a) Trade Payables	152.28	197.17
<b>Total (B)</b>	<b>152.28</b>	<b>197.17</b>
<b>Total (A+B)*</b>	<b>1,120.93</b>	<b>1,186.26</b>

\* Above includes Trade payable paid only on realization from the outstanding receivables due to back to back payment arrangement.

### 22. Other Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non Current</b>		
a. Advance from customer**	0.01	1.80
b. Customers at Credit	4.46	5.94
c. Other liabilities		
- Outstanding liabilities for goods & services received	2.42	3.46
- Deposits	9.77	9.33
- Security Deposits from:		
i. Others	0.28	1.58
Less : Security Deposit Payable Adjustment	-	(0.06)
- Earnest money deposits	2.41	2.78
d. Employees' dues:		
- Pay & Allowances	-	-
- Earned leaves	7.75	11.80
e. Lease Liability	-	0.28
<b>Total</b>	<b>27.10</b>	<b>36.92</b>
<b>Current</b>		
a. Advance from customers**	64.06	28.76
b. Customers at Credit	60.26	59.72
c. Unclaimed dividend	-	0.03

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 22. Other Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
- Outstanding liabilities for goods & services received	141.11	138.30
- Deposits	30.66	31.40
- Security Deposits from:		
: Others	3.87	2.52
- Earnest money deposits	4.68	18.48
d. Employees' dues:		
- Pay & Allowances	24.07	0.63
- Other expense	0.17	0.14
- Dues to employees on accrual basis	8.29	4.59
- Earned leaves	1.94	3.03
- STC's Officers' Association	-	-
- Salary Saving scheme	0.01	0.01
- Thrift Society	0.03	-
- Undisbursed Salary	0.18	0.09
- Others (Recreational Club)	-	0.06
e. Lease liability	-	0.32
<b>Total</b>	<b>339.33</b>	<b>288.08</b>

\*\* Includes advances of Rs. 11.05 Crore from Andhra Pradesh Police, Forest Department and State Disaster Response for supply of weapon and equipment.

### 23. Provisions

<b>Non Current</b>		
Provisions for Employee Benefits		
Encashment of Half pay leave	3.01	7.30
Post Retirement medical benefits	105.49	105.84
<b>Total</b>	<b>108.50</b>	<b>113.14</b>
<b>Current</b>		
<b>A. Provisions for Employee Benefits</b>		
Encashment of Half pay leave	0.73	1.59
Post Retirement medical benefits	9.12	8.99
Long service awards	-	-
Gratuity	0.23	-
Performance Related Pay	0.01	0.01
Others	-	-
<b>Sub Total (A)</b>	<b>10.09</b>	<b>10.59</b>
<b>B. Other Provisions</b>		
Contingencies	44.62	44.00
Exchange Difference on Forward Contract	-	-
Others (specify nature)	0.11	-
<b>Sub Total (B)</b>	<b>44.73</b>	<b>44.00</b>
<b>Total(A+B)</b>	<b>54.82</b>	<b>54.59</b>

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 24. Other Liabilities (Non-Financial)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non Current</b>		
a. Advance from customers	-	0.41
b. Customers at Credit*	6.04	6.03
c. Other liabilities		
- Outstanding liabilities for goods & services received	-	0.72
- Stale Cheques	-	-
- Deposits	-	-
- Security Deposits	-	-
- Deferred Fair Valuation gain-Deposit Payable	-	-
- Earnest money deposits	-	-
d. Remittances:	-	-
- STC's employees union	-	-
- Thrift Society	-	-
	-	-
e. Corporate Office A/c Balances	-	-
HOR -CASH	-	-
HOR -OTHERS	-	-
<b>Total</b>	<b>6.04</b>	<b>7.16</b>
<b>Current</b>		
<b>Advance from customers**</b>	<b>-</b>	<b>59.84</b>
a(i) Interest free advance from PSFMC	-	-
b. Customers at Credit	-	-
c. Other liabilities:-		
- Outstanding liabilities for goods & services received	0.16	0.47
- Stale Cheques	-	-
- Liability for CSR	-	-
- Deposits	0.46	-
- Security Deposits	-	-
- Security Deposits (Deferred fair value gain)	-	0.06
- Earnest money deposits	-	-
- Book Overdraft	-	-



## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Particulars	As at March 31, 2021	As at March 31, 2020
d. Remittances:		
- Professional Tax	0.02	0.02
- Sales Tax/ Value added Tax	-	-
- Service Tax	-	-
- Income Tax deducted at source	1.44	0.84
- Goods & Service Tax (GST)	1.55	2.18
- STCs employees union	-	-
- STCs Officers' Association	-	-
- STCs SC/ST Employees Welfare Association	-	-
- Contribution to Provident Fund	0.44	0.74
- Contribution to Empl Pension Scheme - 95	-	0.03
- Contribution to Empl Pension Fund	0.16	0.25
<b>Total</b>	<b>4.23</b>	<b>64.43</b>

\* 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 which is under dispute and the company is in the process of initiating proceedings under AMRCD.

\*\* Advances of various departments for import /domestic supply of items pertains to General Import.

### 25. Revenue From Operations

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(a) Sales</b>		
Export	-	11.32
Imported Goods	12.13	2,536.10
Domestic	234.51	382.55
<b>Sub total</b>	<b>246.64</b>	<b>2,929.97</b>
<b>(b) Other operating revenue</b>		
Claims:		
From Others	-	0.02
Others	3.17	6.74
<b>Sub total</b>	<b>3.17</b>	<b>6.76</b>
<b>Total</b>	<b>249.81</b>	<b>2,936.74</b>

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 26. Other Income

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(a) Interest income:-</b>		
Advance to Employees	0.30	0.41
Deposits pledged / under Lien as margin money	1.04	1.10
Other bank Deposits	1.38	5.96
Interest on Investments	6.57	22.06
Interest on Trade Finance/Associates :		
- Other than PCFC / EPC	-	-
Other Miscellaneous interest	-	0.57
<b>Sub Total</b>	<b>9.69</b>	<b>30.10</b>
<b>(b) Miscellaneous income:-</b>		
Security Deposits forfeited	-	0.02
Rent received from Employees	0.08	0.17
Other Receipts	-	2.19
<b>Sub Total</b>	<b>0.08</b>	<b>2.38</b>
<b>(c) Rental income:-</b>	-	-
Rent Received from let-out property	47.27	43.56
Recoveries for common services from tenants	6.19	5.95
<b>Sub Total</b>	<b>53.46</b>	<b>49.51</b>
Less: Expenses related to let out property		
Property tax/Municipal tax	6.95	6.14
Ground Rent	0.34	0.34
Electricity & Water charges	-	0.20
Rates and Taxes	-	-
Insurance Premium	0.10	0.09
Maintenance Charges	0.89	0.79
Administrative Expenses	0.60	0.64
<b>Sub Total</b>	<b>8.88</b>	<b>8.20</b>
<b>Net rental income (c)</b>	<b>44.58</b>	<b>41.31</b>
<b>(d) Other Receipts:-</b>		
Difference in exchange other than commodity items	0.80	0.32
Misc. non Trade receipts	2.10	3.73
Amortisation income of Deferred employee advances	0.19	0.22
Amortisation income of Deferred Security deposit	0.05	0.18
<b>Sub Total</b>	<b>3.13</b>	<b>4.45</b>
<b>Total</b>	<b>57.48</b>	<b>78.24</b>

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 27. Cost of Materials Consumed

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance of material	-	-
Add: Purchases made during the Year	-	-
Less: Closing balance of material	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

### 28. Purchase of Stock-in-Trade

Export Purchase	-	11.02
Import Purchase	11.67	2,291.60
Domestic Purchase	232.44	379.39
Inter Branch Stock Receipt	-	-
Inter commodity transfer	-	-
Freight - Road	-	-
- Rail	-	-
- Marine	-	0.06
Freight Reimbursement	-	-
Exchange fluctuation - loss	-	-
- On Business Associate's Account	0.04	1.90
Export (Receivable)	-	-
Import Payables	0.01	1.46
- On STC's Account	-	-
Export (Receivable)	0.03	0.05
Import Payables	-	0.39
Insurance - General	0.60	0.23
- Marine	-	-
- Self insurance	-	-
Customs Duty, Clearing, handling and other charges	-	242.85
Clearing, Handling, Survey fee, port & Other Charges	-	-
Sales Tax/ Sur Charge on Sales Tax/VAT	-	-
Discount	-	-
Other Expenses	-	0.01
Octroi/Purchase Tax Reimbursement	-	-
<b>Total</b>	<b>244.75</b>	<b>2,927.06</b>

### 29. Changes in Inventory

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

### 30. Employees' Benefit Expenses

(a) Remuneration to Staff & Managers		
Salaries and Allowances	33.18	41.57
Encashment of Earned Leave	1.27	3.80
Encashment of Half Pay Leave	(3.36)	0.03
Provident fund	2.76	3.36
Employees pension scheme 95 (EPS 95)	0.31	0.48
Welfare Expenses:		
- Medical Expenses on regular employees (OPD)	0.39	0.51
- Medical Expenses on regular employees (IPD)	1.63	1.17
- Medical Expenses on retired employees (OPD)	3.45	2.07
- Medical Expenses on retired employees (IPD)	1.23	1.38
- Medical Expenses on Actuarial liability	3.28	5.40
- Others	0.18	0.21
Gratuity	0.69	1.21
Pension	2.30	2.88
Voluntary retirement benefit* (VRS)	33.27	15.36
Amortisation expense	0.05	0.05
Overtime allowance to staff	-	0.01
<b>Sub Total</b>	<b>80.63</b>	<b>79.51</b>

# NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(b) Remuneration to Directors		
Salaries and Allowances	0.85	1.04
Encashment of Earned Leave	0.22	0.22
Encashment of Half Pay Leave	(0.23)	0.20
Provident fund	0.07	0.09
Welfare Expenses:		
- Medical Expenses on regular employees (OPD)	-	-
- Medical Expenses on regular employees (IPD)	-	0.09
- Medical Expenses on retired employees (OPD)	-	0.05
- Medical Expenses on retired employees (IPD)	-	-
- Medical Expenses on Actuarial liability	0.02	0.02
Gratuity	0.03	0.04
Pension	0.06	0.07
<b>Sub Total</b>	<b>1.02</b>	<b>1.83</b>
<b>TOTAL</b>	<b>81.65</b>	<b>81.33</b>

VRS was introduced in STC on 19.11.2020 with the eligibility criteria covering all employees in staff and manager cadre irrespective of their length of service subject to the financial liability limited to Rs. 50 crore and this amount will be recouped by STC from its rental income, etc. 100 employees opted for VRS - 2020, out of which 99 applications were accepted by the competent authority. In one case, application was not accepted due to imposition of major penalty on completion of disciplinary proceedings. As on date, out of 99 employees, 87 employees have been relieved from the services of the corporation and remaining 12 employees will be relieved shortly. However, liability for VRS optees has been booked for the relieved employees till 31.03.2021.

## 31. Finance Cost

Bank Loan : (Refer foot note (iii) to Note no. 20)		
- Working capital Demand Loan(WCDL)	-	-
- Cash Credit	-	-
- BAS/External Commercial borrowing	-	-
VAT	-	-
Others	1.93	7.27
<b>TOTAL</b>	<b>1.93</b>	<b>7.27</b>

## 32. Depreciation And Amortization Expenses

Depreciation And Amortization Expenses		
Depreciation on Property Plant & Equipment (PPE)		
Freehold Building	5.36	5.35
Plant & Machinery	0.85	0.71
Furniture & Fixtures	0.10	0.13
Motor Vehicle	0.12	0.12
Office Equipment	0.04	0.06
Computers, data processing units & communication equipment	0.02	0.05
Electrical Installations & Equipment	0.36	0.37
Leasehold Land	0.09	0.10
Leasehold Building	3.23	2.84
Roads, culverts & sewerage etc (Leasehold)	0.02	0.02
Plant & Machinery (Leasehold)	0.36	0.34
Others (Incl. Right to Use)	0.41	0.41
<b>Sub Total</b>	<b>10.96</b>	<b>10.51</b>
Depreciation on investment property :		
Freehold Building	0.08	0.08
Leasehold Land	0.57	0.57
Leasehold Building	4.27	4.09
<b>Sub Total</b>	<b>4.92</b>	<b>4.75</b>
Amortisation on intangible Assets		
Computer software	-	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>15.88</b>	<b>15.26</b>



## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 33. Other Expenses

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Other Operating Expenses		
L/C Negotiation & Bank Charges	-	-
Godown, Plot, Tank Rent	-	0.81
Claims Paid	-	0.01
Delivery charges	0.11	0.11
Cost of Tender	-	0.21
<b>Sub total</b>	<b>0.11</b>	<b>1.15</b>
(b) Administration expenses		
Office Rent	0.08	0.11
Rates and Taxes:		
- Property Tax to Municipal Corporation	5.03	5.73
- Others	0.01	0.03
Electricity and Water Charges	1.73	1.94
Printing and Stationery	0.11	0.14
Postage, Telegram, Teleprinter & Telex	0.04	0.05
Telephones	0.29	0.42
Repairs		
- Building	-	0.08
- Others	0.03	0.05
Travelling Expenses	0.08	0.33
Housing Colony Expenses	1.26	2.10
Service Vehicle Expenses	0.18	0.24
Insurance Premium	0.28	0.39
Auditors' Remuneration		
- Statutory Audit Fees	0.12	0.13
- Tax Audit Fees	0.05	0.07
- Certification fees	0.03	0.03
Information Technology Expenses	0.16	0.27
Conveyance Expenses	-	0.02
Maintenance of Office Building	0.83	0.14
Misc. Office expenses	1.79	2.70
<b>Sub total</b>	<b>12.10</b>	<b>14.97</b>
(c) Trade Expenses		
Legal & Professional Expenses	2.18	4.27
Advertisement & Publicity	0.12	0.12
Exchange Fluctuations other than commodity items	0.10	1.45
Entertainment expenses	0.05	0.05
Other Trade Expenses	0.05	0.03
<b>Sub total</b>	<b>2.52</b>	<b>5.93</b>
(d) Amortization Expenses		
Amortisation expenses of Deferred employee advances	0.18	0.17
Amortisation expenses of Deferred Security deposit	0.05	0.18
<b>TOTAL</b>	<b>14.96</b>	<b>22.40</b>

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 34. Exceptional items

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Expenses		
Loss on sale of Property, Plant & Equipment (PPE)	0.01	0.01
Litigation settlement*	-	104.26
Loss of assets due to floods	-	-
<b>Total (a)</b>	<b>0.01</b>	<b>104.27</b>
(b) Write Offs:		
Trade Receivables	-	-
Claims	-	-
Loans and Advances	-	-
Deposits	0.03	-
Assets	0.05	-
<b>Total (b)</b>	<b>0.08</b>	<b>-</b>
(c) Provision for Doubtful debts, Loans and advances & Investment		
Trade Receivables	-	-
Claims	-	0.05
Loans and Advances	-	-
Deposits	-	-
<b>Total (c)</b>	<b>-</b>	<b>0.05</b>
(d) Income		
Profit on Sale of PPE	0.11	0.02
Liabilities Created in previous years written back:		
- Others	0.44	19.52
Provision Written back for doubtful amounts realized:		
- Trade Receivables	-	6.97
Provision Written back for doubtful amounts written off:		
- Claim recoverable	0.04	-
Claim Income Received	-	-
Prior Year Items	-	-
Write back of unclaimed credit balances	0.24	2.41
<b>Total (d)</b>	<b>0.84</b>	<b>28.92</b>
<b>Total (a + b + c - d)</b>	<b>(0.75)</b>	<b>75.39</b>

\*For details refer note no. 39 (iii)

### 35. Tax Expense

#### A. Tax recognised in Statement of profit and loss

Tax Expense		
Tax recognised in Statement of profit and loss		
Particulars		
Current income tax		
Adjustments for prior years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of effective tax rates</b>		
Particulars		
Profit before tax	(51.22)	(113.63)
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)	-	-
<b>Tax Expenses for the year</b>	<b>-</b>	<b>-</b>

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

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### B. Tax Losses Carried Forward

Particulars	As at March 31st, 2021	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
<b>Total</b>	<b>457.42</b>	

### 36. Foreign Currency Exposure

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Foreign Currency Denomination	Amount in Foreign Currency	Amount in Indian Rupees	Foreign Currency Denomination	Amount in Foreign Currency	Amount in Indian Rupees
<b>A. Receivable :</b>						
IGEDC IRAN	EURO	0.12	9.91	EURO	0.12	9.56
ETA Dubai	USD	-	-	USD	0.01	0.51
Various Foreign Supplier	USD	-	-	USD	0.02	1.79
Cargill International	USD	-	-	USD	0.02	1.49
GASC, Egypt	USD	-	-	USD	0.06	4.53
Mumbai branch	USD	15.22	745.57	USD	31.38	1,391.95
Mumbai branch	EURO	-	-	EURO	0.09	5.17
Orbis BV, Netherlands	EURO	-	-	EURO	0.00	0.02
LEICA, Germany	EURO	-	-	EURO	0.01	0.47
Various Parties	USD	16.28	665.63	USD	-	-
Various Parties	EURO	0.09	4.89	EURO	-	-
CAMAG	CHF	-	-	CHF	0.00	0.24
<b>Sub Total (A)</b>			<b>1425.99</b>			<b>1415.73</b>
<b>B. Payable :</b>						
Various Parties	USD	0.41	16.65	USD	0.43	32.24
Various Parties		0.00	0.06		0.02	1.33
<b>Sub Total (B)</b>			<b>16.71</b>			<b>33.58</b>

### 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	2020-21	2019-20
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.

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

#### (i) Provisions

Particulars	Opening Balance as on 01.04.20	Additions/ Transfers during the year	Utilization During the Year	Adjustment During the Year	Written-back During the year	Closing balance as on 31.03.21
Contingencies	44.00	0.74	-	-	-	44.74
Doubtful Trade Receivables	623.34	0.29	-	(3.67)	-	623.34
Doubtful Loans	92.99	-	-	0.51	-	92.99
Doubtful Claims	100.18	7.03	-	-	-	100.18
Doubtful Deposits	6.03	0.11	-	-	-	6.03
<b>Total</b>	<b>866.54</b>	<b>8.17</b>	<b>-</b>	<b>(3.16)</b>	<b>-</b>	<b>867.27</b>

#### (ii) Contingent Liabilities:

Particulars	31.03.2021	31.03.2020
Claims against the company not acknowledged as debt		
(i) Court & Arbitration cases with parties*	135.06	129.49
(ii) Sales Tax/Service Tax/VAT	485.49	485.49
(iii) Income Tax	9.82	6.86
(iv) Custom Duty	6.93	6.93
(v) Others**	197.08	197.08
<b>Total</b>	<b>834.36</b>	<b>825.84</b>

\*\* 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. 38 (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. 132.83 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.

\*\* 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 from foreign supplier M/s Synergic Industrial Marketing Services (SIMS), Singapore/ Malaysia, on behalf of the Indian buyer 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 has approached Delhi High Court for release of payment against LCs. As per court order, Allahabad Bank has deposited decretal amount with court. As a result of this, Allahabad bank debited the account of STC, now Delhi High Court has passed its Judgment in the matter between Allahabad Bank & the Malayan Bank, upholding the decision of single bench against Allahabad Bank to pay the decreed amount (Rs 10,79,59, and 518.02 along with pendent lite & future simple interest till realization @ 9% p.a.) to Malayan Bank. Subsequent to the Hon'ble Delhi High Court Judgment dated 25.11.2019, STC 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. towards all 4 LCs (1 LC was not accepted by STC). Further, STC has also referred the matter to different forums. 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, hence 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) Further, Lender institutions of the Indian buyer (M/s Millennium Wires Pvt. Ltd) have initiated NCLT proceedings. 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 to the same extent of amount claimed by bank from STC at the date of filing claim before 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. Hearing fixed for 21.04.2021 was adjourned due to Covid. NDOH: 07.07.2021 Further, Indian Bank (earlier Allahabad Bank) has now filed before Debt Recovery Tribunal 2 (DRT 2), New Delhi claiming an amount of Rs 17.40 Crore approx.). STC has denied and contested this claim. Hearing was fixed in the matter on 08.04.2021, which got adjourned due to Technical Issues. NDOH : 20.07.2021



## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### (iii) Litigation Settlements:

- 1 M/s J.K. International (a foreign supplier) has a pending claim of Rs. 73 Crore (approx.) 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 quantity under the said contract. However, the supplier had invoked Arbitration clause and Award of Arbitral Tribunal was in favour of the supplier. The company 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, 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 and under order of Hon'ble Court, STC has paid a sum of Rs. 20 Crore to J.K. International. The matter is still pending before the Delhi High Court and same has been disclosed as liability. Due to prevailing situation caused by the pandemic, the case has not progressed to any decisive stage, due to non-hearing of regular matters.
- 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. Due to prevailing situation caused by the pandemic, the case has not progressed to any decisive stage, due to non-hearing of regular matters.
- 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 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, which is being pursued.

### (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	31.03.2021	31.03.2020
Claims*		230.34	127.72
Advances*		348.35	323.48
Trade Receivables*		2,064.93	2,877.61
Others **		1,198.43	27.70
<b>Total</b>		<b>3,842.05</b>	<b>3,356.51</b>

- \* 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.
- \*\* Others includes net amount of Rs 35.47 crores receivable from Income Tax department w.r.t the corporation opting for VSV scheme for the Assessment year 2010-11 to 2014-15.
- (v) MoC&I vide letter dated 19.03.2020 conveyed that the subject matter has been re-examined in the Ministry in consultation with 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 officials, recovery has been made from 9 officers. Six (6) officers approached Delhi High Court against subject recovery and matter is sub-judice. Further, recovery from one officer is in progress and with respect to other 11 officers, recovery suit has been filed in the court of law.

### 39 Major Legal cases (Trade Receivables)

- 1 STC has supplied HR Coils to M/s Conros Steel during 2009-10. Party has defaulted in making payment due against one of the LC amounting to Rs. 12.05 Crore (LC Value Rs. 10.05 Crore and Interest & other expenses Rs. 2.00 Crore). STC has filed civil applications and criminal complaint under various sections of Indian 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 made a claim of ownership of stock, against which STC has filed declaratory suit in the lower court, Panvel, Navi Mumbai. Meanwhile, the Hon'ble Court has asked MSTC to conduct the sale of pledged stock and deposit the sale proceeds with the Hon'ble Court. Accordingly, MSTC conducted e-auction of the stock and deposited sale proceeds of Rs. 10.28 crore with the court. In view of the above, provisions for Rs. 9.83 crore has not been considered necessary. Further, the Lender institutions have initiated proceeding under NCLT against the party, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT dated 21.08.2018.
- In view of the above, provision for Rs. 9.83 Crore has not been considered necessary.

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

- 2 STC has 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 buyer have defaulted in payments. However, STC has discounted 90% of the bills from EXIM Bank and 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. Accordingly, provision for 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. Due to prevailing situation caused by the pandemic, the case has not progressed to any decisive stage, as regular hearing are not being taken place.
- 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 appearing under Trade Receivables is payable 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 under trade payable of Rs.41.92 Crore, no provision is considered necessary.
- 4 Trade receivables include Rs.568.44 Crore (approx.) on account of export of pharma products to foreign buyers purchase from M/s Rajat Pharmaceuticals Ltd. (RPL). RPL drew bills of exchange on STC which were also accepted (with condition) upon receipt of overseas buyers pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payment against the export bills and have gone into liquidation. A claim of Rs.527.86 Crore has been admitted by the liquidator of one of the foreign buyer i.e. Loben Trading Co.Pte Ltd, Singapore. A Decree of Rs 62.47 Crore has been passed by Hon'ble Mumbai High Court in favour of STC against the dues from foreign buyer i.e. Sweetland Trading Pte Ltd. As of 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 receivables include Rs. 3.22 Crore from M/s Renaissance Corporation Ltd. towards import of pet bottle material which is 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 Crore to the extent of dues not covered by pledged stock, has already been made. (CBI and execution petition updates reqd.)
- 6 STC has exported 19,980 MTs Rice for amounting to USD 60,93,900 (equivalent to Rs.40.65 Crore) during 2016-17 to General Authority for Supply Commodities (GASC), a Government entity of Egypt on the basis of instruction of MEA. GASC, Egypt 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. Hence, no provision for Rs. 4.15 Crore has been made. 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. STC is not out of pocket and on receipt, amount will be passed to FCI.
- 7 STC has exported steel plates to Iranian Gas Engineering & Development Co. (IGEDC, Iran) during 2014-15 to 2016-17 for amounting to Rs. 2873.24 Crore under a contract which expired in January 2017. As on balance sheet date Rs. 89.38 Crore reconciled is still outstanding from IGEDC. The amount outstanding is to be paid by IGEDC, Iran. In the present case STC is not out of pocket since the amount outstanding from IGEDC on receipt is payable to back-up supplier M/s Essar Steel Ltd., Hazira (now M/s Arcelor Mittal Nippon Steel India Limited) and accordingly no provision has been made.
- 8 Trade receivables include an amount of Rs. 10.54 Crore recoverable from M/s Dankuni Steel Ltd. against supply of met Coke during earlier years. For recovery of the dues, claim has been filed with NCLT through IRP. The company has filed legal and criminal cases against the party which are being followed up. No provision for Rs. 6.96 Crore has been made as the said amount is secured by mortgage of free hold land. A provision of Rs. 3.58 Crore has been made against the dues. Tender was floated for the sale of mortgaged property at Dankuni, however, when tender was opened on 01.04.2021, no bids were received. Efforts are being made for sale of property and realization of dues.
- 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, Kolkata 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 in Edelweiss matter.
- 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 STC also filed its counter claim. However, the arbitration award passed was not in favour of STC, inter-alia, rejecting STC's counter claim for USD 0.86 million. STC has filed appeal in Delhi High Court and in pursuance of Court's direction STC has also deposited Rs. 11.05 crore with Delhi High Court. Department of Finance has till date not withdrawn the penalty imposed by them in the said transaction.



## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

- 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.(to be updated)
- 12 Advances includes a sum of Rs. 87.39 Crore receivable from M/s MMT Nevyali, excluding contingent assets of Rs. 360.09 Crore recoverable from one of the business associates, against which the company has initiated legal actions including criminal proceedings. In this regard, full provision has been made in earlier years. The Company was successful in getting arbitration award for Rs. 110.00 Crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award. However, the party and its partners filed application under sec. 34 of arbitration act challenging the arbitral award. The applications have been heard and arguments completed on 28.01.2021 and order is reserved.
- 13 Trade receivables of Rs. 0.05 Crore (excluding Contingent Assets of Rs 184.13 Cr) is receivable from M/s Balasore Alloys, the business associate Various legal cases i.e u/s 138 of N.A Act & u/s 482 of Cr. PC are pending before Hon'ble Courts in New Delhi are being pursued vigorously. STC in total has received Rs. 58.55 crore in terms of interim award dated 23.03.2017 of Arbitral Tribunal. Both side arguments got over and written submissions had also been submitted during January, 2020. The award is pending to be published for want of Arbitration costs and expenses to be deposited by the claimant.

### 40 Commitments

(₹ Crore)

Particulars	31.03.2021	31.03.2020
Capital Commitments :		
PPE	3.60	0.99
Intangible Assets	0.06	0.06
<b>Total</b>	<b>3.66</b>	<b>1.05</b>
Other Commitments	-	-

### 41 Disclosures in respect of Ind AS 107 - Financial Instruments

#### 41.1 Financial Instruments by Categories & Fair Value Hierarchy

- Level 1 - Level 1 hierarchy includes financial instruments measured using quoted prices (unadjusted) in active markets.
- 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).
- 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, 2021

(₹ 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	86.42	-	-	86.42	86.42
Bank Balances other than cash & cash equivalents (Ref Note No. 17)	3	-	-	-	-	-
Trade Receivable (Ref Note No. 9)	3	1,066.94	-	-	1,066.94	1,066.94
Employee Loans (Ref Note No. 10)	3	3.47	-	-	3.47	3.47
Security Deposits (Ref Note No. 10)	3	46.13	-	-	46.13	46.13
Other Financial Assets (Ref Note No. 11)	3	151.70	-	-	151.70	151.70
<b>Total</b>		<b>1,354.68</b>	<b>-</b>	<b>-</b>	<b>1,354.68</b>	<b>1,354.68</b>
Financial Liabilities:						
Trade Payable (Ref Note No. 21)	3	1,120.93	-	-	1,120.93	1,120.93
Borrowings (Ref Note No. 20 & 22)	3	806.23	-	-	806.23	806.23
Other Financial Liabilities (Ref Note No. 22)	3	366.43	-	-	366.43	366.43
<b>Total</b>		<b>2,293.59</b>	<b>-</b>	<b>-</b>	<b>2,293.59</b>	<b>2,293.59</b>

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(b) As on March 31, 2020

Particulars	Hierarchy Level	Amortized Cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at fair value through OCI	Total Carrying Value	Total Fair Value
<b>Financial Assets:</b>						
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 (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
<b>Total</b>		<b>1,475.97</b>	<b>-</b>	<b>-</b>	<b>1,475.97</b>	<b>1,475.97</b>
<b>Financial Liabilities:</b>						
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
<b>Total</b>		<b>2,029.73</b>	<b>-</b>	<b>-</b>	<b>2,029.73</b>	<b>2,029.73</b>

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.

### 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

##### i) Foreign Currency risk

The Company operates at international level which exposes the company to foreign currency risk arising from foreign currency transactions 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 31.03.2021

Particulars	US Dollars (in Equiv. INR)	Euro (in Equiv. INR)	Other Currencies (in Equiv. INR)	Total
Cash & cash equivalents	-	-	-	-
Trade Receivable	1,411.20	14.80	-	1,425.99
Freight Demurrage/Despatch Receivable	-	-	-	-
Other Receivable	-	-	-	-
Total Receivable in Foreign Currency	1,411.20	14.80	-	1,425.99
Foreign currency Loan Payable	-	-	-	-
Interest on foreign currency loan payable	-	-	-	-
Trade Payables	16.65	0.02	0.04	16.71
Freight Demurrage/despatch payable	-	-	-	-
Provision towards Litigation settlement	-	-	-	-
Others (if any)	-	-	-	-
Total payable in Foreign currency	16.65	0.02	0.04	16.71
<b>Net Assets/(Liabilities)</b>	<b>1,394.54</b>	<b>14.78</b>	<b>(0.04)</b>	<b>1,409.28</b>



## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### (b) As on 31.03.2020

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
<b>Net Assets/(Liabilities)</b>	<b>1,377.66</b>	<b>14.25</b>	<b>(0.24)</b>	<b>1,391.66</b>

#### 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, 2021	March 31, 2020
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, 2021 and March 31, 2020, 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, 2021	March 31, 2020
Variable rate borrowings	-	-
Fixed rate borrowings	-	806.23
<b>Total borrowings</b>	<b>-</b>	<b>806.23</b>

#### 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, 2021	March 31, 2020
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, 2021	March 31, 2020
Interest rates- increase by (%)	No Impact	
Interest rates- decrease by (%)		

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 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, 2021	March 31, 2020
Trade Receivables	1,694.24	1,764.94
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.

#### 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, 2021		March 31, 2020	
	Gross	Impairment	Gross	Impairment
Not past due	-	-	106.63	-
Past due upto 6 Months	-	-	68.45	-
Past due more than six months but not more than one year	-	-	1.26	-
More than one year	1,694.24	627.30	1,588.60	627.01
<b>Total</b>	<b>1,694.24</b>	<b>627.30</b>	<b>1,764.94</b>	<b>627.01</b>

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.

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### (a) As on March 31, 2021

Particulars	Less than 6 months	6 months to 1 year	1-3 years	3-5 years	More than 5 years	Total
Trade Payables	1.81	150.47	1.12	10.49	957.03	1,120.93
Short term borrowings	-	-	806.23	-	-	806.23
Other Financial Liabilities	49.09	290.12	-	-	27.10	366.31
<b>Total</b>	<b>50.90</b>	<b>440.59</b>	<b>807.35</b>	<b>10.49</b>	<b>984.13</b>	<b>2,293.47</b>

### (b) 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
<b>Total</b>	<b>218.08</b>	<b>35.56</b>	<b>977.50</b>	<b>2.05</b>	<b>1,084.18</b>	<b>2,317.37</b>

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. (PY. 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, 2021 & March 31,2020 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 (PY. 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.

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### Segment Revenues and Results

(a) for the year ended March 31, 2021

(₹ Crore)

	Particulars	Export	Import	Domestic	Unallocated	Total
1	Segment Revenue					
1(a)	External Sales	-	12.13	234.51	-	246.64
1(b)	Inter segment revenue	1.85	-	1.32	-	3.17
	Segment Revenue [1(a) + 1(b)]	1.85	12.13	235.83	-	249.81
2	Segments Results	1.85	11.53	235.83	-	249.21
3(a)	Unallocated Corporate expenses net of unallocated income	-	1.52	-	309.89	311.40
3(b)	Interest Expense	0.73	-	-	-	0.73
3(c)	Interest Income	-	-	-	(10.94)	(10.94)
	<b>Total [3(a)+3(b)+3(c)]</b>	<b>0.73</b>	<b>1.52</b>	<b>-</b>	<b>298.93</b>	<b>301.20</b>
4	* Profit before tax from ordinary activities [(2) - 3(a), (b) & (c)] *	1.12	10.02	235.83	(298.93)	(51.98)
5	Exceptional Items	-	(0.19)	-	(0.56)	(0.75)
6	Income taxes	-	-	-	-	-
7	Net Profit after tax (4) - (5) - (6)	1.12	10.21	235.83	(298.38)	(51.23)
8	Interest in results of JV's	-	-	-	-	-
9	Other Information :	-	-	-	-	-
9(a)	Segment Assets	90.36	385.36	-	1,882.26	2,357.98
9(b)	Segment Liabilities	106.48	489.96	-	1,870.74	2,467.18
9(c)	Capital Expenditure	-	-	-	0.94	0.94
9(d)	Depreciation	-	-	-	15.88	15.88
9(e)	Non-Cash expenses other than depreciation	0.73	-	-	-	0.73

(b) 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	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)
	<b>Total [3(a)+3(b)+3(c)]</b>	<b>0.05</b>	<b>8.87</b>	<b>(0.01)</b>	<b>37.95</b>	<b>46.87</b>
4	* Profit before tax from ordinary activities [(2) - 3(a), (b) & (c)] *	1.92	(9.49)	7.29	(37.95)	(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	933.16	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



## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### (ii) Information about major customers For the year ended March 31, 2021

Major Customer (customer having more than 10% revenue)	Export Year ended March 31, 2021	Import Year ended March 31, 2021	Domestic Year ended March 31, 2021
<b>Total Revenue</b>			
<b>Name of Major Customer :</b>	-	-	-
1. Tamil Naidu Civil Supplies Corporation	-	12.13	-
2. M/s UPL Ltd. associate	-	-	231.26
3. Radha Mohan Purshottam Das Jewels Pvt. Ltd.	-	-	-
4. SK Impex	-	-	-
<b>% of Total Revenue</b>	-	<b>100%</b>	<b>98.60%</b>

### NOTE NO. 46 :

#### Disclosure as per IND AS 19 Employee Benefits

##### (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...

##### (i) 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 :	31.03.2021	31.03.2020
Current	7.61	4.87
Non-Current	14.05	29.99
<b>Total PBO at the End of year</b>	<b>21.66</b>	<b>34.86</b>

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### Movement in net defined benefit (asset)/liability

S. No.	Particulars	Defined Benefit Obligation		Fair value of plan assets		Net defined benefit (asset) liability	
		31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20
<b>A</b>	<b>Opening balance</b>	<b>34.86</b>	<b>44.56</b>	<b>35.34</b>	<b>45.53</b>	<b>(0.48)</b>	<b>(0.97)</b>
B	Included in profit or loss:	-	-	-	-	-	-
(i)	Current service cost	0.73	1.26	-	-	0.73	1.26
(ii)	Past service cost	-	-	-	-	-	-
(iii)	Interest cost (income)	2.27	3.34	(2.30)	(3.41)	(0.03)	(0.07)
	<b>Total amount recognised in profit or loss (i+ii+iii)</b>	<b>3.00</b>	<b>4.59</b>	<b>(2.30)</b>	<b>(3.41)</b>	<b>0.70</b>	<b>1.18</b>
C	Included in OCI:	-	-	-	-	-	-
	Remeasurement loss (gain):	-	-	-	-	-	-
	Actuarial loss (gain) arising from :	-	-	-	-	-	-
(i)	Financial assumptions	(0.17)	1.61	-	-	(0.17)	1.61
(ii)	Experience adjustment	0.03	(2.68)	-	-	0.03	(2.68)
(iii)	Demographic Assumption	-	(0.01)	-	-	-	(0.01)
(iv)	Return on plan assets excluding interest income	-	-	0.13	0.38	0.13	0.38
	<b>Total amount recognised in other comprehensive income (i+ii+iii)</b>	<b>(0.14)</b>	<b>(1.07)</b>	<b>0.13</b>	<b>0.38</b>	<b>(0.01)</b>	<b>(0.69)</b>
D	Other	-	-	-	-	-	-
E	Contribution Paid to the Fund	-	-	-	-	-	-
F	Benefits paid	(16.12)	(13.23)	(16.12)	(13.23)	-	-
G	Acquisition Adjustment	0.06	0.00	0.06	0.00	-	-
<b>h</b>	<b>Closing balance (A+B-C+D+E+F+G)</b>	<b>21.66</b>	<b>34.86</b>	<b>21.45</b>	<b>35.34</b>	<b>0.21</b>	<b>(0.48)</b>

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 31.03.2021	As at 31.03.2020
<b>(A)</b>	<b>Balance with Bank</b>		
	SBI	0.00	0.00
	Yes Bank	0.04	0.04
	IDBI	0.10	0.11
	<b>Total (A)</b>	<b>0.15</b>	<b>0.15</b>
<b>(B)</b>	<b>Group Gratuity Traditional Fund Scheme</b>	<b>-</b>	<b>-</b>
	Bajaj Allianz	10.99	19.34
	SBI Life	0.27	6.47
	HDFC Standard Life Insurance	10.04	9.38
	<b>Total (B)</b>	<b>21.30</b>	<b>35.18</b>
	<b>Grand Total (A+B)</b>	<b>21.45</b>	<b>35.34</b>

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 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 :	31.03.2021	31.03.2020
Current	9.12	8.99
Non-Current	105.49	105.84
<b>Total PBO at the End of year</b>	<b>114.61</b>	<b>114.83</b>

#### Movement in net defined benefit (asset)/liability

S. No.	Particulars	Defined Benefit Obligation		Fair value of plan assets		Net defined benefit (asset) liability	
		31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20
A	Opening balance	114.83	109.51	-	-	114.83	109.51
B	Included in profit or loss:	-	-	-	-	-	-
(i)	Current service cost	0.49	0.72	-	-	0.49	0.72
(ii)	Past service cost	-	-	-	-	-	-
(iii)	Interest cost (income)	7.49	8.20	-	-	7.49	8.20
	<b>Total amount recognised in profit or loss</b>	<b>7.98</b>	<b>8.93</b>	<b>-</b>	<b>-</b>	<b>7.98</b>	<b>8.93</b>
C	Included in OCI:	-	-	-	-	-	-
	Remeasurement loss (gain):	-	-	-	-	-	-
	Actuarial loss (gain) arising from:	-	-	-	-	-	-
(i)	Financial assumptions	(1.58)	9.40	-	-	(1.58)	9.40
(ii)	Experience adjustment	(1.94)	(9.50)	-	-	(1.94)	(9.50)
(iii)	Return on plan assets excluding interest income	-	-	-	-	-	-
	<b>Total amount recognised in other comprehensive income</b>	<b>(3.52)</b>	<b>(0.10)</b>	<b>-</b>	<b>-</b>	<b>(3.52)</b>	<b>(0.10)</b>
D	Other	-	-	-	-	-	-
E	Benefits paid	(4.68)	(3.51)	-	-	(4.68)	(3.51)
F	<b>Closing balance (A+B+C+D+E)</b>	<b>114.61</b>	<b>114.83</b>	<b>-</b>	<b>-</b>	<b>114.61</b>	<b>114.83</b>

### 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.

#### Earned Leave

Net defined benefit (asset)/liability :	31.03.2021	31.03.2020
Current	1.94	2.22
Non-current	7.74	11.80
<b>Total PBO at the End of year</b>	<b>9.68</b>	<b>14.02</b>

#### Movement in net defined benefit (asset)/liability

S. No.	Particulars	Defined Benefit Obligation		Fair value of plan assets		Net defined benefit (asset) liability	
		31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20
A	Opening balance	14.02	13.85	-	-	14.02	13.85
B	Included in profit or loss:	-	-	-	-	-	-
(i)	Current service cost	0.62	0.89	-	-	0.62	0.89
(ii)	Past service cost	-	-	-	-	-	-
(iii)	Interest cost (income)	0.91	1.04	-	-	0.91	1.04

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

S. No.	Particulars	Defined Benefit Obligation		Fair value of plan assets		Net defined benefit (asset) liability	
		31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20
C	Remeasurement loss (gain):	-	-	-	-	-	-
	Actuarial loss (gain) arising from :	-	-	-	-	-	-
(i)	Financial assumptions	(0.12)	0.89	-	-	(0.12)	0.89
(ii)	Experience adjustment	(0.13)	1.12	-	-	(0.13)	1.12
(iii)	Demographic Assumption	-	(0.00)	-	-	-	(0.00)
(iii)	Return on plan assets excluding interest income	-	-	-	-	-	-
	Total amount recognised in profit or loss (B+C)	1.28	3.93	-	-	1.28	3.93
D	Other	-	-	-	-	-	-
E	Benefits paid	(5.62)	(3.76)	-	-	(5.62)	(3.76)
	<b>Closing balance (A+B+C+D+E)</b>	<b>9.68</b>	<b>14.02</b>	<b>-</b>	<b>-</b>	<b>9.68</b>	<b>14.02</b>

### Sick Leave / (HPL)

Net defined benefit (asset)/liability :	31.03.2021	31.03.2020
Current	0.73	1.59
Non-current	3.01	7.30
<b>Total PBO at the End of year</b>	<b>3.74</b>	<b>8.88</b>

### Movement in net defined benefit (asset)/liability

S. No.	Particulars	Defined Benefit Obligation		Fair value of plan assets		Net defined benefit (asset) liability	
		31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20
A	Opening balance	8.88	10.29	-	-	8.88	10.29
B	Included in profit or loss:	-	-	-	-	-	-
(i)	Current service cost	0.21	0.42	-	-	0.21	0.42
(ii)	Past service cost	-	-	-	-	-	-
(iii)	Interest cost (income)	0.58	0.77	-	-	0.58	0.77
C	Remeasurement loss (gain):	-	-	-	-	-	-
	Actuarial loss (gain) arising from :	-	-	-	-	-	-
(i)	Financial assumptions	(0.05)	(1.29)	-	-	(0.05)	(1.29)
(ii)	Experience adjustment	(4.31)	0.44	-	-	(4.31)	0.44
(iii)	Demographic Assumption	-	0.00	-	-	-	0.00
(iv)	Return on plan assets excluding interest income	-	-	-	-	-	-
	<b>Total amount recognised in profit or loss (B+C)</b>	<b>(3.56)</b>	<b>0.34</b>	<b>-</b>	<b>-</b>	<b>(3.56)</b>	<b>0.34</b>
D	Other	-	-	-	-	-	-
E	Benefits paid	(1.58)	(1.75)	-	-	(1.58)	(1.75)
	<b>Closing balance (A+B+C+D+E)</b>	<b>3.74</b>	<b>8.88</b>	<b>-</b>	<b>-</b>	<b>3.74</b>	<b>8.88</b>

### 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	31.03.2021	31.03.2020
1	Discount Rate	6.68%	6.52%
2	Future Salary Increase	8%	8%
3	Medical Cost Increase	8%	8%



## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

- 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 in Rseases & 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 31.03.2021

Assumption	Change in Assumption	Gratuity	PRMB	Earned Leave	Half Pay Leave
		(Funded)		(Non Funded)	
Discount rate	0.50%	(0.57)	(6.21)	(0.36)	(0.14)
	-0.50%	0.49	6.47	0.39	0.15
Salary growth rate	0.50%	0.12	-	0.38	0.15
	-0.50%	(0.25)	-	(0.36)	(0.14)
Medical Cost Increase	0.50%	-	6.64	-	-
	-0.50%	-	(6.35)	-	-

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)	-	-

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.
- 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 31.03.2021

(₹ Crore)

Year of payment	Gratuity	PRMB	Earned Leave	Half Pay Leave
	(Funded)		(Non Funded)	
Less than 1 year	7.61	9.12	1.94	0.73
Between 1-2 years	2.16	11.03	1.15	0.24
Between 2-3 years	1.47	11.77	0.58	0.21
Between 3-4 years	1.54	12.93	0.77	0.22
Between 4-5 years	1.58	14.34	0.56	0.29
Over 5 years	7.30	55.41	4.68	2.06

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 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	0.48	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

#### 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 upto 31.07.2020
Shri SK Sharma	Director-Personnel	Additional Charge of CMD w.e.f.01.08.2020
Shri. NAN Jayakumar	Director-Marketing	w.e.f. 12.06.2019
Shri Umesh Sharma	Director-Finance(MMTC)	Additional Charge of STC upto 31.05.2020
Shri. Kapil Kumar Gupta	Director- Marketing (MMTC)	Additional Charge of STC w.e.f. 03.06.2020
Smt. Rooma Nagrath	Chief Financial Officer	w.e.f. 21.12.2018
Shri. DP Mishra	Chief General Manager	w.e.f. 03.03.2021
Shri. S.K. Meena	Joint General Manager	w.e.f. 03.03.2021
Shri. Brijesh Prasad	Joint General Manager	w.e.f. 03.03.2021
Shri. Sanjeev Puri	Joint General Manager	w.e.f. 03.03.2021
Shri AK Swain	Deputy General Manager	w.e.f. 03.03.2021
Shri Vipin Kumar Tripathi	Company Secretary	w.e.f. 20.12.2019

##### c. Post Employment benefit plans

- The STC of India Ltd. Employees Provident Fund Trust.
- The STC of India Ltd. Gratuity Fund Trust.
- 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.

##### i) Transactions with the related parties are as follows:

Subsidiaries and Joint Venture Companies	Subsidiaries		Joint Venture Companies	
Particulars	2020-21	2019-20	2020-21	2019-20
Rent Received (Rs. Crore)	0.02	0.02	NIL	

##### Compensation to Key Management Personnel

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
- Short-term Employee benefits	1.41	1.42
- Post-employment benefits	0.10	0.31
- Termination benefits	-	-
- Other long-term benefits	0.06	0.07
<b>Total</b>	<b>1.57</b>	<b>1.80</b>

# NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Particulars	The STC of India Ltd. Employees Provident Fund Trust		STC Employee Defined Contribution Superannuation Pension Trust		The STC Gratuity Fund Trust	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
STC Contribution for the year	2.71	3.52	2.25	3.01	-	-
Outstanding Balance at the end of the Year with STC	0.40	0.75	0.16	0.27	0.23	-

## Transactions with the Related Parties under the control of the same Government

S. No.	Particulars	Nature of Relationship with Entity	Nature of Transaction	2020-21	2019-20
1	Oil & Natural Gas Corporation of India Ltd.	PSU	Rental & Deposit	2.11	2.49
2	Department of administ. Reform and Public grievance	Govt. Department	Rental	4.93	-
3	Department of Economic Affairs	Govt. Department	Rental	0.23	-
4	NCLT	Govt. Department	Rental	2.80	-
5	Tamilnadu Civil Supplies Corporation	PSU	Trading	-	372.61
6	Avvin	Co-Operative	Trading	-	0.65
7	Tamilnadu Commando Force	State Govt.	Trading	-	0.06
8	State Bank of India (PB + IFB + CAG + Overseas)	PSU	Rental	24.99	24.50
9	DFS/BIFR	Govt. Department	Rental	-	2.80
10	Special Protection Group	Govt. Department	Rental	0.31	0.31
11	Security Printing & Minting Corporation	PSU	Rental	5.75	5.84
12	IRCTC	PSU	Rental	0.19	0.19
13	Office of Chief Comptroller	Govt. Department	Rental	2.54	2.54
14	IBEF	Govt. Department	Rental	1.01	1.27
15	Noida SEZ	Govt. Department	Rental	0.30	0.43
16	15th Finance Commission	Govt. Department	Rental	5.94	6.57

## ii) Outstanding balances with related parties are as follows:

Particulars	March 31, 2021	March 31, 2020
Amount recoverable towards loans :		
- From Subsidiaries		
- From Joint Ventures		
- From Key Managerial personnel		
- From Others		
Amount recoverable other than loans :		
- From Subsidiaries	0.02	1.94
- From Joint Ventures		
- From Key Managerial personnel		
- From Post employment benefit plans		
Amount Payable		
- From Subsidiaries		
- From Joint Ventures		
- From Key Managerial personnel		
- From Others		

## iii) Individually Significant Transactions :

Particulars	Nature of relationship	March 31, 2021	March 31, 2020
	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 <sup>st</sup> March 2021	31 <sup>st</sup> March 2020
STCL Limited	India	100%	100%

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### b) Investment in Joint Venture Entities/Associates:

Particulars	Country of Incorporation	Proportion of Ownership	
		31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2020
NSS Satpura Agro Development Company Limited	India	25%	25%
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

Company Name	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation charged for right to use asset	0.40	0.41
Interest expense on lease liability	0.02	0.08
Expense related to short term lease (less than 12 months)	-	0.11
total cashoutflow for leases	0.02	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	3.30	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, 2021	For the year ended March 31, 2020
Within less than 1 year	-	-
Between 1 year and 5 years	-	-
After more than 5 years	-	-

##### Payments recognised in Statement of Profit & Loss

Company Name	For the year ended March 31, 2021	For the year ended March 31, 2020
Income - generating property	47.24	38.91
Vacant Property	-	7.46
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, 2021	For the year ended March 31, 2020
Face Value Per Equity Share (Rs.)	10	10
Profit (loss) for the year, attributable to the owners of the company (A)	(47.69)	(112.84)
Weighted average number of ordinary shares for the purpose of basic earnings per share(B)	6.00	6.00
Basic EPS (A/B)	(7.95)	(18.81)

#### 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, 2021	For the year ended March 31, 2020
Profit (loss) for the year, attributable to the owners of the company (A)	(47.69)	(112.84)
Weighted average number of ordinary shares for the purpose of basic earnings per share(B)	6.00	6.00
Diluted EPS (A/B)	(7.95)	(18.81)



## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

### 51. Dividends

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(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, 2021	For the year ended March 31, 2020
Current/Non-current	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

### 55 Going Concern

"The Company is a CPSE under administrative control of the Ministry of Commerce & Industry. The Company was incorporated primarily for the business of trade with State Trading Organizations of various countries. The company had 7 (seven) Branch offices and 3 (three) Representative offices located all over the country. For almost a decade, the company incurred operating losses due to huge recoverable from defaulting associates. Due to this, the Company faced precarious financial conditions, operating losses and negative net worth, etc. The company initiated legal action against the defaulting associates. The Company is vigorously following up for finalisation of OTS with lender Banks after signing of the Memorandum of OTS.

During the year under reference the company had undertaken various cost reduction measures to improve the liquidity such as closure of all branches (except Agra) and introduction of VRS. The company undertook some trade in commodities without involvement of STC's funds during the year. Considering the directions of MOC&I, the company has recently stopped its trade operations and business activities. Further, The Board of Directors in a meeting held on 05.04.2021 decided that the company as non-operative from the year 2021-22 onwards. It was further decided that the accounts of FY 2021-22 onwards shall be prepared on non-going concern basis.

Accordingly, the following are summarised –

- The accounts for the current year have been prepared on going concern basis.
- The company is continuing to carry forward deferred tax assets for the time being.
- No provision for impairment of non-current assets has been considered necessary.
- Depreciation is being computed on the basis of expected economic life of fixed assets rather than their current market value.
- As a cost cutting measure, VRS was introduced in STC in Nov'20 with the eligibility criteria covering all employees irrespective of length of service. "

"In view of the current scenario, a Board meeting was held in April'21 to declare the company as non-operative from the year 2021-22 onwards. During the meeting it was approved that the accounts of for the FY 2021-22 onwards shall be prepared on non-going concern basis. At the commencement of the FY 2020-21, STC had planned to continue business and was undertaking trade in commodities without involvement of STC funds till recent directions for concluding the pending trade operations in hand.

- The accounts for the current year have been prepared on going concern basis as in the last year.
- The company is continuing to carry forward deferred tax assets till the approval of closure of STC is approved by administrative Ministry.
- No provision for impairment of non-current assets has been considered necessary.
- Depreciation is being computed on the basis of expected economic life of fixed assets rather than their current market value.

## NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

- e. As a cost cut measure:-VRS was introduced in STC in Nov'20 with the eligibility criteria covering all employees irrespective of length of service.

### 56 Impact of COVID-19:-

"The nation-wide lockdown imposed for COVID-19 was lifted partially on 03.05.2020. Since then, company has resumed operations at its corporate and branch offices with minimal staff while adopting safety measures and following standard operating procedures for social distancing as mandated by Ministry of Home Affairs, Govt. of India. Despite the constraints of lockdown, the Company ensured timely deliveries of essential items viz. edible oil, pulses and sugar to the Tamil Nadu Civil Supplies Corporation. Most of the operations were undertaken through e-processing during lockdown. However, due to the unpredictable and fast changing Covid-19 situation, it is very difficult to assess the future impact of Covid-19 on 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. Moreover, employee safety has now become the prime concern in the wake of COVID-19 pandemic. Compliance in respect of ensuring safety and social distancing at office premises has been of utmost importance. Practices like 'Roster Duty' and 'Work from Home' have also been adopted. Regular disinfection of office premises, supply of masks and sanitizers to the employees has been made an essential component of keeping employees safe. There has not been major impact on the financial performance due to the Covid-19 pandemic as the Company has undertaken limited business operations."

- 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.
- 60 Plots of land at Mallet Bunder by MBPT for a 30 year period of lease. On the land leased there were three constructed oil storage tanks along with other required infrastructure. The lease period had already expired on 17.10.2016. On expiry initially STC was seeking extension of lease of plots with MbPT and consequent upon decision to stop trading activities by STC, we have written to MbPT on 10.07.2020 for surrendering of said plots. No impairment has been considered necessary since at the time of handing over, the value of existing tanks and other infrastructure, on said plots and the sale proceeds of the scrap, so realized, from them shall be higher than such cost.
- 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 PSMG & Associates**

Chartered Accountants  
Firm Reg. No. 008567C

**Sd/-  
(CA PRIYANKA JAIN)**  
Partner  
M. No. 423088

Place: New Delhi  
Dated: 25.06.2021

**Sd/-  
(S.K SHARMA)**  
Director (Personnel)  
with additional  
charge of CMD  
DIN -06942536

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

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

**MANAGEMENT REPLIES TO THE OBSERVATION OF STATUTORY AUDITORS ON  
THE STANDALONE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2020-21**

Sl.No.	Observations of the Statutory Auditor	Management Replies
<b>A.</b>	<b>Basis for Qualified Opinion</b>	
(i)	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 of the party had approached for arbitration against the adjusted deposit and the arbitration award was in favour of holding Company of the party. Company 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, company 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.	<p>The company during the F.Y. 2019-20 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 the party had gone for arbitration and the award was made 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 filed an appeal before the Hon'ble High Court. Meanwhile, as per the High Court's direction STC 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. Due to prevailing situation caused by the pandemic, the case has not progressed to any decisive stage.</p> <p>In case of any material changes arising in the factual position, the same shall be reviewed appropriately.</p>
(ii)	For not providing firm Liability of amounting of Rs. 6.96 Crore recoverable from M/s Dankuni Steel Ltd. against supply of met Coke during earlier years. For recovery of the dues, claim has been filed with NCLT through IRP. The company has filed legal and criminal cases against the party.	<p>Trade receivables include an amount of Rs. 10.54 Crore recoverable from M/s Dankuni Steel Ltd. against supply of met Coke during earlier years. For recovery of the dues, claim has been filed with NCLT through IRP. STC has filed legal and criminal cases against the party which are being followed up. No provision for Rs. 6.96 Crore has been made as the said amount is secured by mortgage of free hold land. However, a provision of Rs. 3.58 Crore has been made against the dues. Tender was floated for the sale of mortgaged property at Dankuni, however, when tender was opened on 01.04.2021, no bids were received.</p> <p>In this connection, Hyderabad R.O. is in the process of re-floating the tender for the sale of property and realization of dues.</p>
(iii)	An amount of Rs.4.98 crore shown as a contingent liability against which the Company has not provided firm liability although the Company has lost the court case in Indian Council of Arbitration.	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. The next date of hearing is scheduled on 27.09.2021.
(iv)	Refer Note No. 12 & 55, the Company has Deferred Tax worth Rs. 73.01 Crores and MAT credit of Rs. 13.48 crores. However, there is no virtual certainty of profits in the future considering the high value of contingent liabilities, significant decrease in the sales v negative net worth of the Company and decision of the board of directors regarding operative status of the Company dated 05.04.2021. Accordingly, the Deferred tax and credit should be reversed and therefor for loss for the year is understated by Rs. 86.49 c with consequential effect on 'Retained earnings' by the same amount and overstatement of assets.	<p>Consequent upon STC being a non-operative company from the year 2021-22 onwards, upon the accounting policy pertaining to the non-going concern has been adopted in the month of August, 2021. Accordingly, appropriate effect shall be taken on the net carrying value of deferred tax worth Rs.73.01 crore during the year subsequently.</p> <p>The MAT credit of Rs. 13.48 crore can be adjusted against the tax liability as per normal provisions of the Income Tax Act, 1961 which may arise in coming years on account of increased rental income.</p>



Sl.No.	Observations of the Statutory Auditor	Management Replies
(v)	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.	A demand of Rs. 132.83 Crore was raised by L&DO on 26.03.2018 for the period 2004-05 and 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 taken up for waiver of the amount demanded by L&DO at appropriate level. Accordingly the amount has been correctly disclosed in Contingent Liability.  In case of any material changes arising in the factual position, the same shall be reviewed appropriately.
<b>B.</b>	<b>The company has not complied with</b>	
(i)	Ind AS 10 (regarding Events Occurring after balance sheet date) by not taking into consideration the accounting effects of resolution of The Board of Directors dated 05.04.2021 regarding non-operating status of the Company.	Consequent upon the Resolution of Board of Directors dated 05.04.2021, the holding company has revised the accounting policy appropriately for stated accounts as a non going concern during the month of August, 2021 and shall effect suitable changes in the preparation of accounts during the F.Y. 2021-22.
(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.	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 and payables.
(iii)	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 plot at Mallet Blunder, Mumbai port trust. Due to unavailability of the lease period in these cases impact of the same is not ascertainable.	The company has complied with the requirements of INDAS 116 regarding accounting for leases. However, in certain cases, where the title deed is yet to be executed, the impact of accounting has been suitably derived. As regards the plot at Mallet Bunder at Mumbai, the period of lease has expired in 2016 and the company is in the process of surrendering the same.
<b>C.</b>	<b>The impact of the following is not ascertainable.</b>	
(i)	In the view of the default by the company in paying due to interest amount to the banks, STC was declared NPA. The lender banks have initiated DRT proceedings against the company. The memorandum of the OTS (MOTS) proposal with lender banks is in progress and is in line with the minutes of the high level meeting held in 29.08.2019 and the further clarificatory letter dated 13.10.2020 of Ministry. The liability towards banks is proposed to be settled by the way of transfer of title of identified property worth Rs.300 crore on "as is where is basis" as a full and final settlement.  However, no any documentation is made available by company with regards to discussion with lenders.  Pending settlement of OTS, company has not charged interest in its financial statements.	In view of the default by the company on non-payment of due interest amount to the banks, STC was declared NPA during 2017-18.  The Memorandum of the OTS (MOTS) proposal with the lender banks is at the final stages and is in line with the minutes of the high level meeting held on 29.08.19 and the further clarificatory letter dated 13.10.2020 of Ministry. The liability towards bank is proposed to be settled by way of transfer of title of identified immovable property worth Rs. 300 crore on "as is where is basis" as a full and final settlement. Memorandum of One Time Settlement with the banks is under active consideration by the banks who are in the process of seeking approval of their competent authorities. There is no further demand of interest created in the books in view of the One Time Settlement (OTS).  The lender banks have initiated DRT proceedings against the company, which is likely to be withdrawn soon.



Sl.No.	Observations of the Statutory Auditor	Management Replies
(ii)	In view of non-availability of confirmation of balances of receivables and payables (including direct & indirect taxes).	Balances of trade receivables, trade payables and liabilities are being reconciled after completion of each transaction and the accounts are settled with the party. However, confirmation in respect of trade receivables and trade payables under litigation is not available.
(iii)	For non-adjustment of value/area in Fixed Assets Register against areas acquired by Delhi Metro Rail Corporation (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 The Handicrafts and Handloom Exports Corporation of India Limited (HHEC) for its Housing colony.	325.685 square meters was taken by NDMC for widening of roads during Asian Games and 388.91 square meters was 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 shall be updating the same in Fixed Assets register/Schedule in respect of its area & value after receipt of response. The response of L&DO is still awaited.  As per STC's Board's decision dated 31.01.1975, 64 nos. of flats were sold to HHEC. The necessary accounting treatment was done in the year 1975-76 itself.
(iv)	<p>a) For not making credit impairment of trade receivables Rs.921.91 crore &amp; Claim Receivables Rs. 6.78 crores, making a total of Rs. 928.69 crores 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>b) Further in case of M/s Rajat Pharmaceuticals Ltd (RPL), under note no.39, 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 crores approx. has been passed by Hon'ble Bombay High Court in favour of Company 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 &amp; 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>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>The amount of Rs. 928.69 crore is already under back to back arrangement and under litigation. The creditors to such extent will be paid only after receipt from the corresponding debtor. Hence, no provision has been considered necessary so far.</p> <p>In case of any material changes arising in the factual position, the same shall be reviewed appropriately.</p> <p>Trade receivables include Rs.568.44 Crore (approx.) on account of export of pharma products to foreign buyers purchase from M/s Rajat Pharmaceuticals Ltd. (RPL). RPL drew bills of exchange on STC which were conditionally accepted upon receipt of overseas buyers pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payment against the export bills and have gone into liquidation. A claim of Rs.527.86 Crore has been admitted by the liquidator of one of the foreign buyer i.e. Loben Trading Co.Pte Ltd, Singapore . A Decree of Rs 62.47 Crore has been passed by Hon'ble Mumbai High Court in favour of STC against the dues from foreign buyer i.e. Sweetland Trading Pte Ltd. As of now, 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 &amp; 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>In case of any material changes arising in the factual position, the same shall be reviewed appropriately.</p>

Sl.No.	Observations of the Statutory Auditor	Management Replies
(v)	Customer of 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 results 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 result of the 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 which is under dispute and the company is in the process of initiating proceedings under AMRCD.  In case of any material changes arising in the factual position, the same shall be reviewed appropriately.
(vi)	As per letter no. L&DO/L-IIA/1236/574 dated 19.12.2019, L&DO has demanded interest @ 10% till the payment is being made by Company, the effect of the same is not considered in the books as on reporting date, which has resulted in understatement of loss. The amount of the interest subsequent to the above letter of L&DO dated 19.12.2019 cannot be quantified due to lack of information in the said regard.	The company has taken up for waiver of the amount demanded by L&DO as per their letter dated 26.03.2018 at appropriate level. The amount as per the letter no. L&DO/L-IIA/1236/574 dated 19.12.2019, L&DO is still not yet finalized. However appropriate action shall be taken in the next financial year on receipt of response of L&DO in the matter.
(vii)	<p>Material Uncertainty related to Going Concern (Refer Note 55) :</p> <p>The Company has incurred a net loss of Rs. 112.84 crore during the year ended 31st March 2020 and Rs. 47.70 crore during the year ended March 31, 2021 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 923.24 crores and net worth is positive only on account of revaluation reserve. Also considering the high value of contingent liabilities amounting to Rs.834.36 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 a going concern. Further, The Board of Directors of Company on 05.04.2021 passed a resolution to continue business of Company as non-operating Company.</p> <p>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.</p>	<p>The Company is a CPSE under administrative control of the Ministry of Commerce &amp; Industry. The Company was incorporated primarily for the business of trade with State Trading Organizations of various countries. The company had 7 (seven) Branch offices and 3 (three) Representative offices located all over the country. For almost a decade, the company incurred operating losses due to huge recoverable from defaulting associates. Due to this, the Company faced precarious financial conditions, operating losses and negative net worth, etc. The company initiated legal action against the defaulting associates. The Company is vigorously following up for finalization of OTS with lender Banks after signing of the Memorandum of OTS.</p> <p>During the year under reference the company had undertaken various cost reduction measures to improve the liquidity such as closure of all branches (except Agra) and introduction of VRS. The company undertook some trade in commodities without involvement of STC's funds during the year. Considering the directions of MOC&amp;I, the company has recently stopped its trade operations and business activities. Further, The Board of Directors in a meeting held on 05.04.2021 decided that the company as non-operative from the year 2021-22 onwards. It was further decided that the accounts of FY 2021-22 onwards shall be prepared on non-going concern basis.</p> <p>Accordingly, the following are summarized –</p> <p>a. The accounts for the current year have been prepared on going concern basis.</p> <p>b. The company is continuing to carry forward deferred tax assets for the time being.</p>

Sl.No.	Observations of the Statutory Auditor	Management Replies														
		<p>c. No provision for impairment of non-current assets has been considered necessary.</p> <p>d. Depreciation is being computed on the basis of expected economic life of fixed assets rather than their current market value.</p> <p>e. As a cost cutting measure, VRS was introduced in STC in Nov'20 with the eligibility criteria covering all employees irrespective of length of service.</p> <p>In case of any material changes arising in the factual position, the same shall be reviewed appropriately.</p>														
<b>D.</b>	<b>Emphasis of Matters</b>															
(a)	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 GAP half-margin on the said matter was regarding not writing back of the credit balance of many parties including the five parties totaling to the amount of Rs. 1.30 crore. But since the sales tax cases against those five parties are still going on, the credit balance of Rs. 1.30 crore has to be kept in books against any future liability and hence has not been written back.</p> <table><tr><th>Name of Party</th><th>Amount (Rs. Crore)</th></tr><tr><td>Space Vision Impex Pvt. Ltd.</td><td>0.19</td></tr><tr><td>Pranav Agro Industries Ltd.</td><td>0.25</td></tr><tr><td>Ganesh Benzoplast Ltd.</td><td>0.20</td></tr><tr><td>Thakkarsons Auto ancillary(i) Pvt. Ltd.</td><td>0.09</td></tr><tr><td>Dunlop India Pvt. Ltd.</td><td>0.57</td></tr><tr><td>TOTAL</td><td>1.30</td></tr></table>	Name of Party	Amount (Rs. Crore)	Space Vision Impex Pvt. Ltd.	0.19	Pranav Agro Industries Ltd.	0.25	Ganesh Benzoplast Ltd.	0.20	Thakkarsons Auto ancillary(i) Pvt. Ltd.	0.09	Dunlop India Pvt. Ltd.	0.57	TOTAL	1.30
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Dunlop India Pvt. Ltd.	0.57															
TOTAL	1.30															
(b)	Refer to Note No.38,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, voluntary retirement of employees dealing with these cases and the significant uncertainty around the resolution of various claims, the amount of ultimate liabilities, if any, to be recorded in the statements as provision is not ascertainable.	<p>The cases under litigation/investigation/ etc. are being appropriately disclosed under contingent liability. Each case is being assessed at the end of the reporting period on the basis of its merits. The suitable treatment in books of accounts will be made based on the outcome of the ongoing litigation.</p> <p>In case of any material changes arising in the factual position, the same shall be reviewed appropriately.</p>														
(c)	We refer to Note No.56, of the attached financial results relating to challenges faced by the company due to Covid-19, the impact of which in future period cannot be ascertained as on date.	Due to the unpredictable and fast changing Covid-19 situation the company has taken precautions as per the guidelines and maintained proper sanitization etc. As for business operations since company has undertaken culmination of ongoing trade transactions only, there has not been major impact on the business of the company.														
<b>E.</b>	<b>Annexure 'A' to Independent Auditor's Report</b>															
(1)	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. Fixed Assets report is under finalization.	The company has updated the Fixed Asset schedule with necessary calculation of depreciation as on 31.03.2021.														



Sl.No.	Observations of the Statutory Auditor					Management Replies
	b) The company has a Programme of conducting physical verification of items of fixed assets in a phased manner. The physical verification report of all branches have been received however PV report of Corporate office (New Delhi) is not provided by company (refer note no. 53 (i)).					Physical Verification of assets at Corporate Office for the FY. 2020-21 has been completed in the FY. 2021-22. The necessary impact will be taken in FY. 2021-22.
	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 cases as below:					Appropriate disclosure as per IND AS 16 has been made in note no. 4 to the financial statements regarding the non-availability of lease deeds to the said properties in the report. The leasehold assets mentioned includes:
S. No./ Location	Description	Area	Audit observations	Gross Block/ Revalued Amt. (in Rs. Crore)	Net Block (in crore)	
1. New Delhi	Lease hold Land at Tolstoy Marg, Jawahar Vyapar Bhawan, New Delhi	2.599 acres	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 sq mtrs. by NDMC for widening of the Road during Asian Game) and value the same has not been uploaded in FAR / FAS. Measurement for area under physical position is yet to be done.	581.88	559.29	(i) STC Housing Colony, Malviya Nagar: DDA is yet to intimate STC regarding the unearned increase w.r.t sale of 64 flats to HHEC in 1975, only after which the lease deed can be executed. (ii) Jawahar Vyapar Bhawan: Due to its precarious financial condition, the company has requested for waiver of dues demanded by L&DO at an appropriate level. Due to this, the lease deed has not been executed. (iii) However regarding the properties mentioned at sl. No. 3 and 4, the same have been earmarked for transfer to the lender banks as a full and final settlement on as is where is basis under OTS, which have been cleared by the JLF in their due diligence process and also mentioned in the approved draft memorandum OTS. With regard to property at Sl. No. 5, the process of surrender is under process.
2. New Delhi	STC Housing Colony	16.17 acres	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.	125.57	123.94	



Sl.No.	Observations of the Statutory Auditor						Management Replies
	S. No./ Location	Description	Area	Audit observations	Gross Block/ Revalued Amt. (in Rs. Crore)	Net Block (in crore)	
	3. New Delhi	Flats at AGVC, Khel Gaon, New Delhi.	8 Flats (measuring 14424 Sqfts)	Execution of lease/ conveyance deed is still pending.	27.45	27.20	
	4. Mumbai	7 mos. of flats (refer foot note of note no. 4.)	7997 sqfts.	Execution of lease/ conveyance deed is still pending.	29.35	19.18	
	5. Mumbai	Mallet Bunder	11586.96 sqfts.	Lease deed expired since 2016 and the company is in the process of surrendering the plot.	29.35	19.18	
2.	<b>Inventories:</b> 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, as per note 52, have been physically verified through surveyor from time to time. However, the same has not been physically verified during the year as mentioned in note no.53(ii). Therefore, we are not in a position to comment whether material discrepancies are there or not.						Periodic physical verification reports in respect of pledged inventory is 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.
F.	<b>Annexure 'B' to Independent Auditor's Report</b>						
(a)	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 used by company.						The interlinking of different software currently maintained by the holding company can only be possible in case of ERP implementation. Due precarious financial condition and also due to non-going concern status of the holding company, such implementation is a distant possibility. However, manual intervention with regard to accounting entries in Tally software is restricted by the internal checks available in the software itself.
(b)	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 is 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.

Sl.No.	Observations of the Statutory Auditor	Management Replies
(c)	Manner of maintenance of Fixed Assets Schedule & register need to be strengthened.	The holding company is in the process of strengthening the same.
(d)	Lack of proper contract management is noticed. Irrespective of completion of contracts the EMD/Security deposits are still being withheld in the books by the company.	There is proper Contract Management and after completion of each contract the EMD/ security deposits are settled as per the contractual terms. As regards the security deposits and EMD's in hand the contracts which could not be undertaken, the Company is in process of refund the same consequent upon decision taken for STC being a non operative company from the FY.2021-22.
(e)	Lack of control over the renewal of Rent/lease Agreements on timely basis. There are numerous of contracts which have not been renewed over a long period.	The holding company has renewed majority of the agreements with the tenants. The rest are being pursued.
(f)	Ineffective implementation of accounting policy in balance confirmation of trade receivable & vendor balance, is noticed. The balances outstanding in the trade receivable account cannot be reconciled in customers' books as balance confirmations are not available for these customers.	Balances of trade receivables, trade payables and 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.
<b>G.</b>	<b>Annexure- 'C' to the INDEPENDENT AUDITORS' REPORT</b>	
1.	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.	The interlinking of different software currently maintained by the holding company can only be possible in case of ERP implementation. Due precarious financial condition and also due to non-going concern status of the holding company, such implementation is a distant possibility. However, manual intervention with regard to accounting entries in Tally software is restricted by the internal checks available in the software itself.
2.	<p>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.</p> <p>In view of default by the company in paying due to interest amount to the banks, STC was declared as NPA. The lender banks have initiated DRT proceeding against the company, which is likely to be withdrawn soon. The Memorandum of the OTS (MOTS) proposal with the lenders bank is at the final stages and is in the line with minutes of the high level meeting held on 29.08.2019 and further clarification letter dated 13.10.2020 of Ministry. The liability towards bank is proposed to be settled by way of transfer of title of identified immovable property worth Rs. 300 crore on "as is where is basis" as a full and final settlement.</p> <p>However, no any documentation is made available by company with regards to discussion with lenders.</p> <p>Pending settlement of OTS, company has not charged interest in its financial statements.</p>	<p>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. The Memorandum of the OTS (MOTS) proposal with the lender banks is at the final stages and is in line with the minutes of the high level meeting held on 29.08.19 and the further clarificatory letter dated 13.10.2020 of Ministry. The liability towards bank is proposed to be settled by way of transfer of title of identified immovable property worth Rs. 300 crore on "as is where is basis" as a full and final settlement. Memorandum of One Time Settlement with the banks is under active consideration by the banks who are in the process of seeking approval of their competent authorities. There is no further demand of interest created in the books in view of the One Time Settlement (OTS).</p>

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

संख्या: एएमजी-1/8(5)/एमटीसी/  
SFS (2020-21)/2021-22/260-6/  
दिनांक: 25-10-2021

सेवा में

आयुक्त एवं प्रबन्ध निदेशक,  
दि स्टेट ट्रेडिंग कॉर्पोरेशन ऑफ इंडिया लिमिटेड,  
जवाहर व्यापार भवन, टोलस्टोव मार्ग,  
नई दिल्ली-110 001

विषय: कंपनी अधिनियम 2013 की धारा 143(6) (b) के अंतर्गत 31 मार्च 2021 को समाप्त वर्ष के लिए दि  
स्टेट ट्रेडिंग कॉर्पोरेशन ऑफ इंडिया लिमिटेड के वार्षिक लेखों पर भारत के निबंधक एवं  
महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

कंपनी अधिनियम 2013 की धारा 143(6) (b) के अंतर्गत 31 मार्च 2021 को समाप्त वर्ष के लिए दि  
स्टेट ट्रेडिंग कॉर्पोरेशन ऑफ इंडिया लिमिटेड के वार्षिक लेखों पर उपरोक्त विषय संबंधित संलग्न पत्र अट्रेषित  
है।

भवदीया,

(विष्णु सूद)  
प्रधान निदेशक लेखा परीक्षा  
(उद्योग एवं कारपोरेट कार्य)  
नई दिल्ली

संलग्नक:- दसोपति

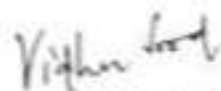
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL  
STATEMENTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED  
FOR THE YEAR ENDED 31 MARCH 2021**

The preparation of financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) 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 Revised Audit Report dated 07 September 2021 which supersedes their earlier Audit Report dated 25 June 2021.

I, on the 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 2021 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 auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditor's report, to give effect to two of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

**For and on behalf of the  
Comptroller & Auditor General of India**



**(Vidhu Sood)  
Principal Director of Audit  
(Industry & Corporate Affairs)  
New Delhi**

**Place: New Delhi  
Date: 25.10.2021**



# 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 (Accounts) Rules, 2014)

### Part 'A' Subsidiaries

Statement containing salient features of the financial Statement of Subsidiaries/Associate Companies/Joint Ventures

As at March 31, 2021

(₹ 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	(4565.72)
6	Total Assets	3.01
7	Total Liabilities	4567.24
8	Investments	-
9	Turnover	-
10	Profit before taxation	0.97
11	Provision for taxation	0.20
12	Profit after taxation	0.77
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, 2021

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 PSMG & Associates**  
 Chartered Accountants  
 Firm Reg. No. 008567C

Sd/-  
**(S.K SHARMA)**  
 Director (Personnel)  
 with additional  
 charge of CMD  
 DIN -06942536

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

Sd/-  
**(CA PRIYANKA JAIN)**  
 Partner  
 M. No. 423088  
 Place: New Delhi  
 Dated: 25.06.2021

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



# **CONSOLIDATED FINANCIAL RESULTS 2020-21**

## Independent Auditors' Report

To

The members of  
The State Trading Corporation of India

### Report on the Audit of the Consolidated Financial Statements

The Revised Report is issued in supersession of our earlier Audit Report dated 25th June 2021, at the instance of the Comptroller & Auditor General (C&AG) of India in order to make it more clarificatory, particularly in respect of the reporting requirements of the Companies (Auditor's Report) Order, 2016. Further, we confirm that there is no change in the true & fair view of the financial statements as expressed in the earlier report and also none of the figures have undergone any change in the financial statements of the Company as of 31 March 2021.

#### Qualified Opinion

We have audited the accompanying Statement of Consolidated Financial Statements of **The State Trading Corporation of India Limited (hereinafter referred to as "the Holding Company")** and its subsidiary (the Holding Company and its subsidiary together referred to as the "Group"), which comprise of the Consolidated Balance Sheet as at March 31, 2021 and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (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, and based on the consideration of report of other auditor on separate audited financial statements / financial information of the subsidiary 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 ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2021, their consolidated loss and total comprehensive loss, its consolidated changes in equity, and its consolidated cash flows for the year then ended on that date.

#### Basis for Qualified Opinion

##### Qualified Opinion

a. Non provision in respect of the items / matters

as indicated below, has resulted in the loss being shown lower by Rs. 235.17 crores for the year

- i. Refer Note No. 39.9, for not providing firm liability of Rs. 3.92 Crores from one of the parties, 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 of the party had approached for arbitration against the adjusted deposit and the arbitration award was in favor of Holding Company. The Holding Company 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, the Holding Company 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.
  - ii. Refer Note No. 39.8, for not providing firm Liability of Rs. amount of Rs. 6.96 Crore recoverable from M/s Dankuni Steel Ltd. against supply of met Coke during earlier years. For recovery of the dues, claim has been filed with NCLT through IRP. The Holding Company has filed legal and criminal cases against the party.
  - iii. Refer Note No. 38(ii), an amount of Rs.4.98 crores shown as a contingent liability against which the Holding Company has not provided firm liability although the Holding Company has lost the court case in Indian Council of Arbitration.
  - iv. Refer Note No. 12&55, the Holding Company has Deferred Tax Asset worth Rs. 73.01 Crores and MAT credit of Rs. 13.48 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, negative net worth of the Holding Company and decision of the board of directors regarding Non operative status of the Holding Company dated 05.04.2021. Accordingly, the Deferred tax and MAT credit should be reversed and therefor for 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.
  - v. Refer Note No. 38.3, for non-provision of a demand of Rs 132.82 Crores received from Land and Development Office - New Delhi, which has resulted in understatement of loss by Rs. 132.82 Crores and understatement of liabilities.
- As a result of matters contained in paras (a) (i) to (v) above, loss for the year is understated by Rs. 235.17 crores, with consequential effect on 'Retained earnings' by the same amount, understatement of 'liabilities' by Rs. 148.68 crore and overstatement of Non-Current assets by Rs. 86.49 crores.

**b. The Holding Company has not complied with:**

- i. Ind AS 10 (regarding Events Occurring after balance sheet date) by not taking into consideration the accounting effects of resolution of The Board of Directors dated 05.04.2021 regarding non-operating status of the Holding Company.
- 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.
- iii. 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 plot at Mallet Blunder, Mumbai port trust. Due to unavailability of the lease period in these cases, the impact of the same is not ascertainable.

**c. The impact of the following is not ascertainable:**

- i. Refer Note No. 20&55, in the view of the default by the Holding Company in paying due interest amount to the banks, the Holding Company was declared NPA. The lender banks have initiated DRT proceedings against the Holding Company. The memorandum of the OTS (MOTS) proposal with lender banks is at the final stages and is in line with the minutes of the high-level meeting held in 29.08.2019 and the further clarificatory letter dated 13.10.2020 of Ministry. The liability towards banks is proposed to be settled by the way of transfer of title of identified property worth Rs.300 crore on "as is where is basis" as a full and final settlement. (Refer Note No. 3 of the attached financial statements).

However, no any documentation is made available by company with regards to discussion with lenders.

Pending settlement of OTS, company has not charged interest in its financial statements.

- ii. Refer Note No. 54, in view of non-availability of confirmation of balances of receivables, payables Business Associates, Security Deposits, Other Creditors and EMD which are under litigation and no confirmation has been received from the parties.
- iii. Refer Note No.4, for non-adjustment of value/area in Fixed Assets Register against areas acquired by Delhi Metro Rail Corporation (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 Holding company to Handicrafts and Handloom Exports Corporation of India limited (HHEC) HHEC for its Housing colony.

- iv. Refer Note No. 9,11&39, for not making credit impairment of trade receivables of Rs. 928.69 crore since the Holding company feels that even if no amount would eventually be recovered, provision is not required as the creditor will be paid by the Holding 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 the Holding Company which were accepted upon receipt of overseas buyer's pre-acceptance to the Holding Company'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 the Holding Company's 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 THE Holding Company also a party to the case claiming Rs. 476.47 Crore.

Refer Note No.39, 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 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 results 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 statements of the Holding Company.
- vi. As per letter no. L&DO/L-IIA/1236/574 dated 19.12.2019, L&DO has demanded interest @ 10% till the payment is being made by the Holding Company, the effect of the same is not considered in the books as on reporting date, which has resulted in understatement of loss. The



amount of the interest subsequent to the above letter of L&DO dated 19.12.2019 cannot be quantified due to lack of information in the said regard.

In the report of the subsidiary company STCL Limited (STCL), the auditor has given a qualified opinion as below:

- vii. STCL has not provided interest from FY 2018-19 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 STCL. Due to non-provision of interest, the loss has been understated by Rs. 27,16,62,75,589/- with consequential reduction in bank liabilities.
- viii. STCL has received Grant from VITC (Visvesvaraya Industrial Trade Centre) under ASIDE Scheme amounting Rs.1,20,00,000/- for Export Promotion during the year 2006-07 towards Chillytids Processing Centre-Byadgi. Grant in Aid has been received amounting to Rs. 6,29,00,000/- during the year 2008-09, for Steam Sterilization plant at Chinddawara. STCL has amortized depreciation on assets for which grants were received, at WDV method and has reduced the same from the grants. However, from the FY 2019-20 no grants have 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 STCL in the financial statement on the un-amortized portion of grant to the tune of Rs.1,10,09,432.

**ix. Material Uncertainty related to Going Concern:**

The Holding Company has incurred a net loss of Rs. 112.84 crore during the year ended 31st March 2020 and Rs. 47.70 crore during the year ended March 31, 2021 and, as of that date, the Holding Company's liquidity position is not strong enough as is evident from the fact that the Current Liabilities exceeded its Current assets by 923.24 crore and net worth is positive only on account of revaluation reserve. Also considering the high value of contingent liabilities amounting to Rs.867.67, significant decrease in the sales volume of the Holding Company and the matter of continuous losses and negative net current assets, there could be material uncertainty for the Holding Company to continue as a going concern. Further, The Board of Directors of

Holding Company on 05.04.2021 passed a resolution to continue business of Holding Company as non-operating Company.

In the report of the subsidiary company, Spice Trading Corporation Limited (STCL), the auditor has given a qualified opinion as below: The accounts of STCL are prepared based on the assumption that it is not a going concern due to following reasons:

- i) The Shareholders of STCL in their Extraordinary General Meeting held on 12.09.2013 had approved winding up of the STCL under 433 (a) of the Companies Act, 1956.
- ii) Department of Commerce, Ministry of Commerce and Industry vide its letter dated 26.08.2013 had conveyed approval of the Union Cabinet for winding up of STCL and to offer Voluntary Separation Scheme (VSS) to the Employees.
- iii) STCL had filed winding up petition before the Hon'ble High Court of Karnataka on 26.11.2013.

Accordingly, STCL has drawn the accounts on Liquidation basis i.e., assets have been revalued on realizable basis, whereas the liabilities towards the bank have been stated at book value, in view of legal cases initiated by the banks against STCL for recovery of their dues and all other liabilities at their settlement value.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on STCL ability to continue as a going concern. Our opinion is not modified in respect of this matters.

We conducted our audit in accordance with the standards of the auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statement section of this report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountant of India together with ethical requirements that are relevant to our audit of the statements under the provisions of the Act and rules thereunder and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matters:**

- a. Refer Note No. 38(ii), contingent Liabilities which include an amount of Rs. 1.30 Crores in respect of pending sales tax liability. The Holding Company has not complied in carrying out corrective actions as suggested by Government Audit Party (GAP) for FY. 2014-15 in the accounts as on 31st March, 2016 and for FY. 2015-16 in the accounts as on 31st March, 2017 amounting to Rs. 0.19 Crores and Rs.1.11 Crores respectively.

- b. Reference is invited to Note No.38 of the attached Consolidated financial statements in respect of litigation matters, their present status and provisioning, if any, required and on-going investigations into the alleged irregularities; further, the Holding 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, voluntary retirement of employees dealing with these cases 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 provision is not ascertainable.
- c. We refer to Note No.56, of the attached Consolidated financial statements relating to challenges faced by the Holding Company due to Covid-19, the impact of which in future period cannot be ascertained as on date.

Our conclusion is not modified in respect of these matters.

#### **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.

##### **a. 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"**

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.

##### **The Principal Audit Procedures followed:**

We assessed the Holding 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 Holding 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.

##### **b. Evaluation of uncertain tax positions and contingent liabilities:**

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

##### **The 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, 2021 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, 2020g to evaluate whether any change was required to management's position on these uncertainties.

#### c. Adoption of Ind AS 116 – Leases

The application and transition to this accounting standard is complex and is an area of focus in our audit since the Holding 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.

#### Principal 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 Holding 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 then
  - 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.

#### d. IT systems and controls over Financial Reporting

We identified IT systems and controls over financial reporting as a key audit matter for the Holding Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and raw material consumption. Also, due to such large transaction volumes and the increasing challenge to protect the integrity of the Holding Company's systems and data, cyber security has become more significant. Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.

#### Principle Procedure followed by us:

- Assessed the complexity of the IT environment by engaging IT specialists and through discussion with the head of IT and internal audit and identified IT applications that are relevant to our audit.
  - Assessed the design and evaluation of the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations by engaging IT specialists.
  - Performed inquiry procedures with the head of cybersecurity at the Holding Company in respect of the overall security architecture and any key threats addressed by the Holding Company in the current year.
  - Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Holding Company by engaging IT specialists.
  - Assessed the operating effectiveness of controls relating to data transmission through the different IT systems to the financial reporting systems by engaging IT specialists.
- Information Other than the Financial Statements and Auditor's Report thereon**
- The Holding Company's Board of Directors are responsible for the other information. The other information includes the Management Discussion and Analysis, Annual Report on CSR activities, Report on Corporate Governance, Secretarial Auditor's Report Information, but does not include the consolidated financial statements and our report thereon. The Management Discussion and Analysis, Annual Report on CSR activities, Report on Corporate Governance, Secretarial Auditor's Report Information, are expected to be made available to us after the date of this auditors' report.



Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read such other information as and when made available to us and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the company included in the Group is 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.

The respective Board of Directors of the company included in the Group is responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the statement 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 Consolidated financial statements.

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

- Identify and assessed the risks of material misstatement of the 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 with reference to financial statements 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 the Board of Directors'.
- Concluded on the appropriateness of the Board of Directors '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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding company 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 1 (One) subsidiary included in consolidated financial statements, whose financial statements reflects share of

total assets of Rs. 3.01 crore as at 31st March 2021, share of total revenue of Rs. 0.14 Crores ended 31st March 2021 and share of total net profit after tax (including other comprehensive loss) of Rs. 0.77 crore year ended 31st March 2021

These financial statements have been audited by other auditors whose reports have been furnished to us by the Holding Company's 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 subsidiary, and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of 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/information certified by the Management.

#### Report on Other Legal and Regulatory Requirements:

As required by Section 143(3) of the Act, we report that:

- Companies (Auditors' Report) Order, 2016, issued by the Central Government of India in terms of Section 143(11) of the Act is not applicable on Consolidated Financial Statements as referred in proviso to Para 2 of the Order.

- As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of subsidiary company, as was audited by other auditor, as noted in the 'Other Matters' paragraph we report, to the extent applicable, that:
  - 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 of the aforesaid consolidated financial statements.
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept, except for the matters referred in "Basis for Qualified Opinion", so far as it appears from our examination of those books and the reports of the other auditors
  - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account. Due to outbreak of second wave of COVID19 pandemic, lockdown was imposed

by several state government. We could not visit branch offices of the holding company and audit was conducted remotely by us from Corporate Office of the holding company at New Delhi.

d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards, except for the para (b) of Basis for Qualified opinion, specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

e. 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 Group. 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.

f. Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act are not applicable to the Holding Company, being a Government Company.

g. Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of Section 197 of the Companies Act, 2013, are not applicable to the Company, being a Government Company; and

h. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating

effectiveness of such controls, refer to our separate Report in "Annexure A".

i. 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:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, refer note 38 & 39 to the financial statements.

(ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) The Holding Company has transferred Rs.0.003 crores to Investor Education and Protection Fund in FY2020-21 which relates to the year 2012-13. Further, no case is identified for delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the period under review.

**For and on the behalf of**  
**PSMG & ASSOCIATES**  
**Chartered Accountants**  
Firm Reg. No.008567C

Sd/-  
CA Priyanka Jain  
Partner  
M.NO.423088

**UDIN: 21423088AAACJS4150**  
Place: New Delhi  
Date: 07.09.2021

## **"Annexure A" to INDEPENDENT AUDITOR'S REPORT**

The State Trading Corporation of India Ltd, New Delhi

Referred to Clause (g) 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 2021

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended March 31, 2021, We have audited the internal financial controls over financial reporting of The State Trading Corporation of India Limited (hereinafter referred to as "the Holding Company") and its subsidiary company (the Holding Company and its subsidiaries together referred to as "the Group"), as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding company, its subsidiary company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 the respective 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 Holding Company, its subsidiary company, 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") issued by the ICAI 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 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 auditors' 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;

(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**

- a) Holding 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 used by Holding company.
- b) Lack of effective Internal control over inventory pledged with the Holding 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.
- c) Manner of maintenance of Fixed Assets Schedule & register need to be strengthened.
- d) Lack of proper contract management is noticed. Irrespective of completion of contracts the EMD /Security deposits are still being withheld in the books by the holding company.
- e) Lack of control over the renewal of Rent/lease Agreements on timely basis. There are numerous of contracts which have not been renewed over a long period.
- f) Ineffective implementation of accounting policy in balance confirmation of trade receivable & vendor balance, is noticed. The balances outstanding in the trade receivable account cannot be reconciled in customers' books as balance confirmations are not available for these customers.

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 Holding Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In the report of the Subsidiary company, Spice Trading Corporation Limited (STCL), the auditor has given a qualified opinion as below:

- i. STCL 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. STCL has initiated legal process for

recovery of its dues.

- iii. The Board of Directors of STCL had delegated certain powers to the managing director of STCL 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 STCL and reporting to the board of Directors of STCL.
- iv. STCL 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 them. Due to non-provision of interest, the loss has been understated by Rs 1665,89,48,318/- with consequential reduction in bank liabilities.

#### **Qualified Opinion**

In our opinion, the Holding Company has, except for effects of the material weaknesses described above on achievement 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, 2021, based on the internal control over financial reporting criteria established by the Holding 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, 2021 consolidated financial statements of the Group, and these material weaknesses are not likely to affect our opinion on the consolidated financial statements of the Group.

#### **Other Matters**

1. Our aforesaid reports 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 1 (one) subsidiary, is based on the corresponding reports of the auditors of such company.

Our report is not modified in respect of the above matters.

**For and on the behalf of  
PSMG & ASSOCIATES  
Chartered Accountants  
Firm Reg. No.008567C**

Sd/-  
Priyanka Jain

Partner  
M.NO.423088

**UDIN: 21423088AAACJS4150**

Date:07.09.2021



# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

(₹ Crore)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
Non-current assets			
(a) Property, Plant and Equipment	4	573.56	584.02
(b) Capital work-in-progress	5	1.83	0.45
(c) Investment property	6	297.76	302.68
(d) Other intangible assets	7	0.01	0.01
(e) Financial Assets :			
(i) Investments	8	0.01	0.01
(ii) Trade receivables	9	928.69	966.85
(iii) Loans	10	13.87	5.90
(iv) Other Financial Assets	11	17.58	54.77
(f) Deferred tax assets (net)	12	86.49	86.49
(g) Other non-current assets	14	4.55	6.33
<b>Sub total</b>		<b>1,924.35</b>	<b>2,007.51</b>
Current Assets			
(a) Inventories	15	0.04	0.22
(b) Financial Assets :			
(i) Trade receivables	9	138.25	171.09
(ii) Cash & cash equivalents	16	88.34	26.10
(iii) Bank Balances other than (ii) above	17	0.18	23.44
(iv) Loans	10	35.91	14.73
(v) Other Financial Assets	11	134.18	216.42
(c) Tax Assets (Net)	13	32.02	32.89
(d) Other Current Assets	14	7.72	6.99
(e) Other non current assets held for disposal		-	0.01
<b>Sub total</b>		<b>436.64</b>	<b>491.89</b>
<b>Total Assets</b>		<b>2,360.99</b>	<b>2,499.40</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
(a) Equity Share Capital	18	60.00	60.00
(b) Other Equity	19	(4,733.42)	(4,686.50)
<b>Sub total</b>		<b>(4,673.42)</b>	<b>(4,626.50)</b>
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	20	-	-
(ii) Trade payables -MSME		-	-
(iii) Trade payables -Others	21	968.65	989.09
(iv) Other Financial Liabilities	22	27.08	36.89
(b) Provisions	23	108.92	113.49
(c) Other non-current liabilities	24	6.04	7.17
<b>Sub total</b>		<b>1,110.69</b>	<b>1,146.64</b>
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	20	1,986.87	1,988.95
(ii) Trade payables -MSME		-	-
(iii) Trade payables -Others	21	153.40	198.30
(iv) Other Financial Liabilities	22	3,722.91	3,671.44
(b) Provisions	23	55.05	54.96
(c) Other current liabilities	24	5.49	65.61
<b>Sub total</b>		<b>5,923.72</b>	<b>5,979.26</b>
<b>Total Equity and Liabilities</b>		<b>2,360.99</b>	<b>2,499.40</b>

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 PSMG & Associates**  
Chartered Accountants  
Firm Reg. No. 008567C

Sd/-  
**(CA PRIYANKA JAIN)**  
Partner  
M. No. 423088  
Place: New Delhi  
Dated: 25.06.2021

Sd/-  
**(S.K SHARMA)**  
Director (Personnel)  
with additional charge of CMD  
DIN -06942536

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

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

**CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2021**  
(₹ Crore)

Particulars	Note No	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Income</b>			
i) Revenue from Operations	25	249.81	2,936.74
ii) Other Income	26	57.61	78.37
<b>Total Income</b>		<b>307.42</b>	<b>3,015.11</b>
<b>Expenses</b>			
i) Cost of materials consumed	27	-	-
ii) Purchases of Stock in trade	28	244.76	2,927.06
iii) Change in Inventory	29	0.10	(0.10)
iv) Employees' Benefit Expenses	30	82.46	82.44
v) Finance Cost	31	1.93	7.27
vi) Depreciation & Amortization Expenses	32	15.89	15.50
vii) Other Expenses	33	15.15	22.75
<b>Total expenses</b>		<b>360.29</b>	<b>3,054.92</b>
Profit before exceptional items and tax		(52.87)	(39.81)
Exceptional Items -Expense/(Income)	34	(2.62)	74.19
<b>Profit Before Tax</b>		<b>(50.25)</b>	<b>(114.00)</b>
<b>Tax expense</b>	<b>35</b>		
(i) Tax related to earlier years		-	-
(ii) Current Tax		0.20	-
(iii) Deferred tax		-	-
<b>Profit for the Year from continuing operations</b>		<b>(50.45)</b>	<b>(114.00)</b>
Profit from discontinued operations after tax		-	-
<b>I Profit for the Year</b>		<b>(50.45)</b>	<b>(114.00)</b>
<b>II Other Comprehensive Income</b>			
i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans		3.53	0.79
Less: Income Tax on Above		-	-
ii) Items that will be reclassified to profit or loss			-
<b>Other Comprehensive Income</b>		<b>3.53</b>	<b>0.79</b>
<b>Total Comprehensive Income for the Year</b>		<b>(46.92)</b>	<b>(113.21)</b>
<b>Earnings per equity share :</b>			
(1) Basic		(7.82)	(18.87)
(2) Diluted		(7.82)	(18.87)

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 PSMG & Associates  
Chartered Accountants  
Firm Reg. No. 008567C

Sd/-  
(S.K SHARMA)  
Director (Personnel)  
with additional charge of CMD  
DIN -06942536

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

Sd/-  
(CA PRIYANKA JAIN)  
Partner  
M. No. 423088  
Place: New Delhi  
Dated: 25.06.2021

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

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / (Loss) Before Tax	(50.25)	(114.09)
Adjustment for:		
-Interest on loans	-	
-Depreciation	15.88	15.51
-Net write back of Debts/Advances/claims/Liabilities/Assets	(5.49)	(30.02)
-Income/Expenditure relating to let out property	(44.91)	(41.31)
- Interest Income on fixed deposits/Investments	(8.09)	(28.06)
-Loss on sale of asset	0.01	0.01
-Amortisation of grants	-	-
-Profit on sale of assets	(0.11)	(0.02)
<b>Operating Profit Before Working Capital Changes</b>	<b>(92.95)</b>	<b>(197.98)</b>
Adjustment for:		
-Trade and other receivables	(19.99)	(86.91)
-Inventories	0.18	(0.06)
-Trade and other payables	(80.59)	(168.95)
<b>Changes In Working Capital</b>	<b>(193.35)</b>	<b>(453.90)</b>
Income Tax Paid	0.19	4.70
<b>Net Cash Generated/Used In Operating Activities (A)</b>	<b>(193.54)</b>	<b>(449.20)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
-Purchase of Fixed Assets	(2.37)	(0.14)
-Sale of Fixed Assets	0.44	0.02
-Proceeds Received from T-Bills/Deposits	91.76	306.66
-Interest received	8.09	28.06
-Let out properties (net)	44.91	41.31
<b>Net Cash From Investing Activities (B)</b>	<b>142.83</b>	<b>375.91</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
-Increase in loans	(2.08)	(200.00)
-Interest Paid	-	-
<b>Net Cash From Financing Activities (C)</b>	<b>(2.08)</b>	<b>(200.00)</b>
<b>Net Increase/Decrease In Cash And Cash Equivalents (A+B+C)</b>	<b>(52.79)</b>	<b>(273.29)</b>
Reconciliation of Cash & Cash Equivalents		
Closing Cash & Bank Balances as per Balance Sheet	191.53	244.50
Opening Cash & Bank Balances as per Balance Sheet	244.32	517.78
Cash & Bank Balances as per Cash Flow Statement	(52.79)	(273.28)
Cash & cash equivalents as per Balance Sheet	191.53	244.50
Less : Non readily convertible Bank Deposits	103.37	218.36
Cash & cash equivalents as per cash flow statement	88.34	26.11
Cash & cash equivalents includes unpaid dividend		0.03

\* 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 PSMG & Associates**  
Chartered Accountants  
Firm Reg. No. 008567C

Sd/-  
**(S.K SHARMA)**  
Director (Personnel)  
with additional charge of CMD  
DIN -06942536

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

Sd/-  
**(CA PRIYANKA JAIN)**  
Partner  
M. No. 423088  
Place: New Delhi  
Dated: 25.06.2021

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

## (i) Equity Share Capital

(₹ Crore)

Particulars	No. of shares (in crore)	Face Value (Rs.)	Amount
Balance as at April 1, 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
Changes in share capital during 2020-21	-	-	-
Balance as at March 31, 2021	6.00	10.00	60.00

## (ii) Other Equity

Particulars	Reserves and Surplus						Total Amount
	General Reserve	Capital Reserve	Retained Earnings	Other Reserves	Bonus Reserve	Revaluation Reserve	
Balance at April 1, 2019	65.59	2.50	(5,538.12)	10.85	-	885.92	(4,573.26)
Total Comprehensive Income for the year	-	-	(113.21)	-	-	-	(113.21)
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	(5,651.35)	10.85	-	885.97	(4,686.50)
Total Comprehensive Income for the year	-	-	(46.92)	-	-	-	(46.92)
Transfer to Bonus Reserve (Set on)	-	-	-	-	-	-	-
Transfer from Bonus Reserve (Set off)	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-
Balance at March 31, 2021	65.53	2.50	(5,698.27)	10.85	-	885.97	(4,733.42)

As per our report of even date attached  
For PSMG & Associates  
Chartered Accountants  
Firm Reg. No. 008567C

Sd/-  
(S.K SHARMA)  
Director (Personnel)  
with additional charge of CMD  
DIN -06942536

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

Sd/-  
(CA PRIYANKA JAIN)  
Partner  
M. No. 423088  
Place: New Delhi  
Dated: 25.06.2021

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2020-21

### 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:
- Purchase price, including import duties and non-refundable purchase taxes, after deducting tax recoverable, trade discounts and rebates.
  - 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.
  - 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:

- Intangible items are depreciated / amortized over a period of 2.5 years.
- Land on perpetual lease is not amortised.
- 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.

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 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.

#### **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.

**As per our report of even date attached  
For PSMG & Associates**  
Chartered Accountants  
Firm Reg. No. 008567C

Sd/-  
**(CA PRIYANKA JAIN)**  
Partner  
M. No. 423088  
Place: New Delhi  
Dated: 25.06.2021

### **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.

Sd/-  
**(S.K SHARMA)**  
Director (Personnel)  
with additional charge of CMD  
DIN -06942536

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

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



# CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

## 4 Property, Plant and Equipment

(₹ Crore)													
Particulars	GROSS BLOCK			DEPRECIATION & AMORTIZATION					ACCUMULATED IMPAIRMENT			NET BLOCK	
	Gross carrying value as at April 01, 2020	Additions	Disposal/ adjustments	Gross carrying value as at March 31, 2021	Accumulated depreciation as at April 01, 2020	Additions	Disposal/ (adjustments)	Accumulated depreciation as at March 31, 2021	As on April 01, 2020	Additions	Disposal/ adjustments	As at March 31, 2021	Carrying Value as at March 31, 2021
<b>Tangible Assets -Freehold</b>													
Land	9.90	-	-	9.90	-	-	-	-	-	-	-	-	9.90
Building	108.26	-	-	108.26	21.43	5.35	0.01	26.77	0.19	-	-	0.19	81.30
Plant & Machinery	9.51	0.93	0.03	10.41	2.51	0.85	0.01	3.35	-	-	-	-	7.06
Furniture & Fixtures	1.06	-	0.15	0.91	0.57	0.10	0.09	0.58	-	-	-	-	0.33
Motor Vehicle	1.02	-	0.08	0.94	0.47	0.12	0.04	0.55	0.01	-	-	-	0.38
Office Equipment	0.43	0.02	0.06	0.39	0.33	0.05	0.03	0.35	-	-	-	-	0.03
Computers, data processing units & communication equipment	0.89	0.01	0.10	0.80	0.69	0.01	0.05	0.65	0.01	-	-	-	0.14
Electrical Installations & Equipment	3.46	-	0.01	3.44	1.39	0.36	-	1.75	-	-	-	-	1.69
Other Assets held for Disposal	0.01	-	0.01	-	-	-	-	-	-	-	-	-	-
<b>Total (A)</b>	<b>134.54</b>	<b>0.96</b>	<b>0.44</b>	<b>135.05</b>	<b>27.39</b>	<b>6.84</b>	<b>0.23</b>	<b>34.00</b>	<b>0.21</b>	<b>-</b>	<b>-</b>	<b>0.19</b>	<b>100.83</b>
<b>Tangible Assets -Leasehold</b>													
Land	384.97	-	-	384.97	0.43	0.09	-	0.52	-	-	-	-	384.45
Building	99.04	-	-	99.04	12.55	3.23	-	15.78	-	-	-	-	83.26
Roads, culverts & sewerage etc	0.17	-	-	0.17	0.08	0.02	-	0.10	-	-	-	-	0.07
Plant & Machinery	3.39	-	-	3.39	1.38	0.36	-	1.75	-	-	-	-	1.64
Others	4.36	-	0.87	3.49	0.40	0.40	0.61	0.19	-	-	-	-	3.30
<b>Total (B)</b>	<b>491.93</b>	<b>-</b>	<b>0.87</b>	<b>491.06</b>	<b>14.84</b>	<b>4.10</b>	<b>0.61</b>	<b>18.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>472.72</b>
<b>Total (A+B)</b>	<b>626.47</b>	<b>0.96</b>	<b>1.31</b>	<b>626.11</b>	<b>42.23</b>	<b>10.94</b>	<b>0.84</b>	<b>52.34</b>	<b>0.21</b>	<b>-</b>	<b>-</b>	<b>0.19</b>	<b>573.56</b>
<b>Previous year</b>	<b>630.55</b>	<b>0.93</b>	<b>5.01</b>	<b>626.47</b>	<b>33.23</b>	<b>10.71</b>	<b>1.75</b>	<b>42.20</b>	<b>0.92</b>	<b>-</b>	<b>0.71</b>	<b>0.19</b>	<b>584.02</b>

(₹ Crore)

**CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)****Notes of Holding Company:-****(a) Title/Lease deed in respect of following properties is pending for execution:-****i. Leasehold Land:-**

- Lease hold land includes 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. JawaharVyaparBhawan at Janpath, New Delhi for which lease deed is not yet executed in the name of the Company.
- Lease hold land includes land measuring 16.17 acre (50% share of total Land 32.33 acre allotted in the joint name of STC & MMTC) by erstwhile L&B Department/DDA vide Memorandum of Agreement dated 05.02.1968 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 not yet executed.
- Leasehold land includes a plot at Mallet Bunder, Mumbai Port Trust (where STC has a Tank Farm Installation) for which lease period has expired since 2016 and the process for surrender of the same is under way.

**ii. Freehold Building:-**

- Freehold Building includes house building at Asian Games Village Complex (AGVC) allotted by DDA vide allotment letter dated 30.05.1984, which is earmarked for settlement under OTS on as is where is basis.
  - 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), which is earmarked for settlement under OTS on as is where is basis.
- (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 shall be updating the same in Fixed Assets register/Schedule in respect of its area & value after receipt of response. The response of L&DO is still awaited.
- (c) 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. Thus, CCIC and HHEC are co-owners limited to the property under their possession.

**5. Capital Work- In- Progress**

(₹ Crore)

Particulars	Balance as at April 01, 2020	Additions/ (Adjustments) during the year	Capitalized during the year	Balance as at March 31, 2021
Office Building	-	-	-	-
Plant & Equipment	0.13	0.22	-	0.35
Office Equipment	0.03	1.19	-	1.22
Others	-	-	-	-
Intangible Assets under Development	0.29	-	0.03	0.26
<b>Total</b>	<b>0.45</b>	<b>1.41</b>	<b>0.03</b>	<b>1.83</b>
<b>Previous Year</b>	<b>0.37</b>	<b>(0.08)</b>	<b>-</b>	<b>0.45</b>

**6 Investment Property**

Particulars	FREEHOLD		LEASEHOLD		Total
	Land	Building	Land	Building	
Gross carrying value as at April 1, 2020	16.14	4.01	204.05	97.72	321.92
Additions	-	-	-	-	-
Disposal/adjustments	-	-	-	-	-
Gross carrying value as at March 31, 2021	16.14	4.01	204.05	97.72	321.92
Accumulated depreciation as at April 1, 2020	-	0.34	2.45	16.43	19.22
Additions	-	0.08	0.57	4.27	4.92
Disposal/adjustments	-	-	-	-	-
Accumulated depreciation as at March 31, 2021	-	0.42	3.02	20.70	24.14
Impairment as at April 1, 2020	-	0.02	-	-	0.02
Additions	-	-	-	-	-
Disposal/adjustments	-	-	-	-	-
Impairment as at March 31, 2021	-	0.02	-	-	0.02
Carrying Value as at March 31, 2021	16.14	3.57	201.03	77.02	297.76
Previous Year (Net)	16.14	3.66	201.60	81.29	302.68

\*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

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rental income derived from Investment Properties	53.44	48.58
Direct operating expenses from property that generated rental income	(8.88)	(7.19)
Profit from investment properties before depreciation	44.56	41.39
Depreciation	(4.93)	(4.85)
Profit from investment properties	39.63	36.54

#### 7 Intangible Assets

Particulars	Computer Softwares	Others	Total
<b>Gross carrying value as at April 1, 2020</b>	<b>0.14</b>	<b>-</b>	<b>0.14</b>
Additions	-	-	-
Disposal/adjustments	-	-	-
<b>Gross carrying value as at March 31, 2021</b>	<b>0.14</b>	<b>-</b>	<b>0.14</b>
<b>Accumulated amortisation as at April 1, 2020</b>	<b>0.13</b>	<b>-</b>	<b>0.13</b>
Additions	-	-	-
Disposal/adjustments	-	-	-
<b>Accumulated amortisation as at March 31, 2021</b>	<b>0.13</b>	<b>-</b>	<b>0.13</b>
<b>Carrying Value as at March 31, 2021</b>	<b>0.01</b>	<b>-</b>	<b>0.01</b>
<b>Previous Year (Net)</b>	<b>0.02</b>		<b>0.02</b>

#### 8. Investments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non Current</b>		
<b>Long Term</b>		
<b>Unquoted Investments</b>		
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
<b>Net</b>	<b>-</b>	<b>-</b>
<b>Others</b>		
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
<b>Net</b>	<b>-</b>	<b>-</b>
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
<b>Net</b>	<b>-</b>	<b>-</b>
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	-	-
<b>Net</b>	<b>0.01</b>	<b>0.01</b>
Sindhu Resettlement#		
4 (Fully paid up Equity shares of Rs. 1000/-each)	-	-
Less: Impairment in value of Investment	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>0.01</b>	<b>0.01</b>

\*\* 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. However, the Bankers of Subsidiary has also filed petition against such winding up petition as their dues are pending for recovery. The case is still pending before Hon'ble High Court of Karnataka. However, full amount of investment in the Subsidiary (100 % Subsidiary of STC) amounting to Rs. 2.82 Crore (Rs. 2.82 Crore) has been provided for (retaining a nominal value of Rs. 1/-) as the net worth of the subsidiary has been eroded completely."

\*\* 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, 2021	As at March 31, 2020
<b>A Non Current</b>		
i. Secured ~ Considered good *	-	11.34
ii. Unsecured Considered good	298.40	955.46
iii. Having Significant increase in credit risk **	630.30	3.72
iv. Credit Impaired	616.69	614.58
<b>Sub-total</b>	<b>1,545.39</b>	<b>1,585.10</b>
Less : Allowance for bad and doubtful receivables	616.69	618.25
<b>Total (A)</b>	<b>928.70</b>	<b>966.85</b>
<b>B Current</b>		
i. Secured, Considered good *	-	6.96
ii. Unsecured Considered good	90.36	164.13
iii. Having Significant increase in credit risk **	47.88	-
iv. Credit Impaired	38.84	36.99
<b>Sub-total</b>	<b>177.08</b>	<b>208.08</b>
Less: Allowance for bad and doubtful debts	38.84	36.99
	138.24	171.09
<b>Total (B)</b>	<b>138.24</b>	<b>171.09</b>
<b>Total (A+B)</b>	<b>1,066.94</b>	<b>1,137.94</b>

### Notes of Holding Company:-

\*\*Trade receivables are secured against pledged stock and immovable property etc.."

\*\* Out of the total trade receivable of Rs. 1694.24 Crore includes Rs. 678.18 Crore "having significant increase in credit risk" being under dispute/litigation (for details of major legal cases refer note no. 38 ).

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.

### Notes of Subsidiary Company:-

Rs.2,07,78,442/-[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, 2,07,78,442/- in the earlier years.

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, 19,25,000/- during the financial year 2018-19 , the same has been reversed in earlier provisions and leaving a balance of 1,88,53,442/- .MCAL had filed petitions before High Court of Karnataka praying for quashing the cheque bounce cases filed by STCL against MCAL and its Directors and STCL is in the process of filing objections to the petitions filed by MCAL.

"Rs.17,10,36,656/- is due from another debtor R.Piyarelal Import & Export Ltd., Kolkata (RPIEL). The Company has filed a private complaint in the magistrate court against RPIEL 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 which was allowed by the court on 21.12.2019 and fresh Criminal case is registered against the accused and matter is in progress. The Company has initiated action u/s. 138 of Negotiable Instrument Act for the return of the cheque unpaid and the case is in progress. 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 dttd. 23.03.2016 came in favor of the Company"

The Company has made full provision for Rs. 17,10,36,656/- in the earliest years. The company has also filed a petition under Section 7 of IBC Act, before NCLT, Kolkata against the said debtor and further company has joined IBC proceedings with State Bank of India and others as Financial Creditors. Resolution Professional was appointed and Committee of Creditors decided by liquidation of Rythem Overseas Trade Ltd. erstwhile RPIEL. NCLT, Kolkata on 06.01.2021 ordered for liquidation of Corporate Debtor, Rythem Overseas Trade Ltd. u/s 33(2) of IBC, 2016 and appointment of Shri Abhijeet Jain as Liquidator. Thereafter STCL filed claim of Rs.39.26 crore before Liquidator on 19.02.2021 and next date is awaited.

Rs.8,96,18,184/- 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 Guarantees 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.8,96,18,184/- however SGRML 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.

#### 10 Loans

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
<b>A. Security Deposits</b>		
I. Secured, considered good	-	0.28
II. Unsecured, considered good	0.67	2.01
III. Having Significant increase in credit risk	10.74	0.19
IV. Credit Impaired	5.77	5.47
<b>Sub-total</b>	<b>17.18</b>	<b>7.95</b>
Less: Allowance for bad and doubtful deposits	5.77	5.66
Less: Fair value Adjustment-SD	-	0.01
<b>Total (A)</b>	<b>11.41</b>	<b>2.28</b>
<b>B. Loan to Others</b>		
I. Secured, considered good		
II. Unsecured, considered good		
iii. Credit Impaired	34.25	34.25
<b>Sub-total</b>	<b>34.25</b>	<b>34.25</b>
Less: Allowance for bad and doubtful advances	34.25	34.25
<b>(B)</b>	<b>-</b>	<b>-</b>
<b>C. Loan to Employees</b>		
I. Secured, considered good *	1.10	1.55
II. Unsecured, considered good	-	0.03
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	-	-
V. Interest accrued	2.64	3.63
<b>Sub-total</b>	<b>3.74</b>	<b>5.21</b>
Less: Allowance for bad and doubtful loans	-	-
Less: Fair value adjustments (Loans to employees)	1.28	1.58
<b>Total (C)</b>	<b>2.46</b>	<b>3.63</b>
<b>Total (A+B+C)</b>	<b>13.87</b>	<b>5.90</b>

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
<b>A. Security Deposits</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	34.89	13.71
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	-	-
<b>Sub-total</b>	<b>34.89</b>	<b>13.71</b>
Less: Allowance for bad and doubtful deposits	-	-
Less: Fair Value Adjustment-SD	-	0.01
<b>Total (A)</b>		
<b>B. Loan to others</b>	<b>34.89</b>	<b>13.70</b>
I. Secured, considered good	-	-
II. Unsecured, considered good	-	-
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>
Less: Allowance for bad and doubtful loans	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>
<b>C. Loan to Employees</b>		
I. Secured, considered good *	0.32	0.39
II. Unsecured, considered good	0.07	0.07
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	-	-
Add: Interest accrued	0.64	0.64
<b>Sub-total</b>	<b>1.03</b>	<b>1.10</b>
Less: Allowance for bad and doubtful loans	-	-
Less: Fair value adjustments (Loans to employees)	0.02	0.07
<b>Total (C)</b>	<b>1.01</b>	<b>1.03</b>
<b>Total (A+B+C)</b>	<b>35.90</b>	<b>14.73</b>

\* Secured against Hypothecation of motor car &amp; house property

**11 Other Financial Assets**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
<b>A. Term deposit with maturity more than 12 months :</b>		
- Term Deposit with Banks	2.17	10.98
- Term Deposit with others*	9.81	0.40
<b>Total (A)</b>	<b>11.98</b>	<b>11.38</b>
<b>B. Claims Recoverable</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	5.60	11.14
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	103.03	96.00
<b>Sub-total</b>	<b>108.64</b>	<b>107.14</b>
Less: Allowance for bad and doubtful claims	103.03	96.00
<b>Total (B)</b>	<b>5.61</b>	<b>11.14</b>

# CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>C. Deposits</b>	-	32.25
<b>D. Other Misc. advance</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	-	-
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	-	0.36
<b>Sub-total</b>	-	0.36
Less: Allowance for bad and doubtful advances	-	0.36
<b>Total (D)</b>	-	-
<b>Total (A+B+C+D)</b>	17.58	54.77
<b>Current</b>		
<b>A. Interest accrued on:</b>		
- Term deposits with maturity more than 12 months	-	-
- Term deposits with maturity more than 3 and upto 12 months	0.18	0.19
- Term deposits with maturity less than 3 months	-	-
- Interest Accrued but not due on deposits/T Bills	0.42	1.48
<b>B. Treasury Bills</b>	103.19	194.95
<b>Sub-total</b>	103.79	196.62
<b>C. Other</b>	-	-
<b>D. Claims Recoverable</b>		
I. Secured, considered good	1.52	-
II. Unsecured, considered good	28.87	19.80
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	1,155.25	1,155.25
<b>Sub-total</b>	1,185.64	1,175.05
Less: Allowance for bad and doubtful advances	1,155.25	1,155.25
<b>(D)</b>	30.39	19.80
<b>Total (A+B+C+D)</b>	134.18	216.42
<b>Total (Other Financial Assets)**</b>	151.76	271.19

\* 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:

<b>A. Deferred Tax Liability</b>		
Property, plant and equipment	2.07	2.07
<b>Sub Total</b>	2.07	2.07
<b>B. Deferred tax Assets</b>		
Provisions	75.08	75.08
<b>Sub Total</b>	75.08	75.08
<b>C. MAT Credit Entitlement</b>	13.48	13.48
<b>Net Deferred Tax (Liabilities)/ Assets</b>	86.49	86.49

**Movement in deferred tax balances during the year ended 31.03.2021**

Particulars	Balance as at April 01, 2020	Recognised in profit & loss
<b>Opening Balance</b>	73.01	-
Additions during the year	-	-
Deletions during the year	-	-
Closing Balance	73.01	-
<b>Unrecognised Deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of the following items		
Deferred Tax Assets		
Provisions	257.78	257.78
Carry Forward losses	177.20	177.20
Other Disallowances	15.57	15.57
<b>Sub Total</b>	<b>450.55</b>	<b>450.55</b>
<b>Deferred Tax Liabilities</b>		
Property Plant & Equipment	77.81	77.81
<b>Sub Total</b>	<b>77.81</b>	<b>77.81</b>
Change in tax rate effect not recognized	-	-
<b>Total</b>	<b>372.74</b>	<b>372.74</b>
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
<b>Total</b>	<b>13.48</b>	<b>13.48</b>

**13 Tax Assets (Net)**

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current Tax Assets</b>		
Advance Tax including TDS	223.40	224.07
TDS		
<b>Current Tax Liabilities</b>		
Income Tax Payable/Provision	191.38	191.18
<b>Total</b>	<b>32.02</b>	<b>32.89</b>

**14 Other Assets (Non-Financial)**

<b>Non-Current</b>		
<b>A. Trade Advances</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	-	-
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	92.22	92.36
<b>Sub-total</b>	<b>92.22</b>	<b>92.36</b>
Less: Allowance for bad and doubtful advances	92.22	92.36
<b>(A)</b>	<b>-</b>	<b>-</b>
<b>B. Other Misc. Advances</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	-	0.08
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	0.26	0.01
<b>Sub-total</b>	<b>0.26</b>	<b>0.09</b>
Less: Allowance for bad and doubtful advances	0.26	0.01
<b>(B)</b>	<b>-</b>	<b>0.08</b>



Particulars	As at March 31, 2021	As at March 31, 2020
<b>C. Security Deposits</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	3.25	4.69
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	0.37	0.37
<b>Sub-total</b>	<b>3.62</b>	<b>5.06</b>
Less: Allowance for bad and doubtful deposits	0.37	0.37
<b>(C)</b>	<b>3.25</b>	<b>4.69</b>
D. Deferred Employee cost due to Fair Valuation	1.30	1.55
E. Deferred Fair Valuation Loss- Deposit Receivable	-	0.01
F. Claims Recoverable		
I. Secured, considered good	-	-
II. Unsecured, considered good	-	-
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	4.17	4.18
<b>Sub-total</b>	<b>4.17</b>	<b>4.18</b>
Less: Allowance for bad and doubtful claims	4.17	4.18
<b>(F)</b>	<b>-</b>	<b>-</b>
<b>Total (A to F)</b>	<b>4.55</b>	<b>6.33</b>
<b>Current</b>		
<b>A. Capital Advances</b>		
i. Secured, Considered good	-	-
ii. Unsecured Considered good	0.26	1.18
iii. Having Significant increase in Credit Risk	-	-
iv. Credit Impaired	-	-
<b>Sub-total</b>	<b>0.26</b>	<b>1.18</b>
Less: Allowance for bad and doubtful advances	-	-
<b>(A)</b>	<b>0.26</b>	<b>1.18</b>
<b>B. Trade Advances</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	0.01	0.02
III. Having Significant increase in credit risk	-	-
IV. Credit Impaired	-	-
<b>Sub-total</b>	<b>0.01</b>	<b>0.02</b>
Less: Allowance for bad and doubtful advances	-	-
<b>(B)</b>	<b>0.01</b>	<b>0.02</b>
<b>C. Other Misc. Advances</b>		
I. Secured, considered good	-	-
II. Unsecured, considered good	0.02	0.02
III. Having Significant increase in credit risk	1.35	-
IV. Credit Impaired	-	0.26
<b>Sub-total</b>	<b>1.37</b>	<b>0.28</b>
Less: Allowance for bad and doubtful advances	-	0.26
<b>(C)</b>	<b>1.37</b>	<b>0.02</b>

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>D. Other</b>		
Prepaid Expenses	0.37	0.45
TA Advances	-	0.02
Advance for expenses	0.18	0.24
GST Input	4.98	4.33
VAT Receivable - Input/Service Tax Credit	0.29	0.23
Other	0.23	0.36
Deposits	0.01	-
<b>(D)</b>	<b>6.06</b>	<b>5.63</b>
<b>E. Deferred Employee cost due to Fair Valuation</b>	<b>-</b>	<b>0.11</b>
<b>F. Deferred Fair Valuation Loss- Deposit Receivable</b>	<b>-</b>	<b>0.01</b>
<b>G. Claims Recoverable</b>		
I. Secured, considered good	0.01	-
II. Unsecured, considered good	0.01	-
III. Doubtful	-	-
<b>Sub-total</b>	<b>0.02</b>	<b>-</b>
Less: Allowance for bad and doubtful claims	-	-
<b>(G)</b>	<b>0.02</b>	<b>-</b>
<b>Total (A to G)</b>	<b>7.72</b>	<b>6.98</b>

For details refer note no. 39

**15 Inventories**

A. Stock in trade including with handling agents/local agent	-	0.10
B. Stores and spares	0.03	0.04
C. Packing Materials	-	0.05
D. Stationery	0.01	0.03
<b>Total</b>	<b>0.04</b>	<b>0.22</b>

**16 Cash & Cash Equivalents**

Stamps & Stamp Papers* (including cash in hand)	-	-
Balances with Banks		
- Cash Credit account - Debit Balance	-	0.01
- Current Accounts	3.59	5.50
- Current Account in Foreign currency - EEFC		0.01
<b>Sub-total</b>	<b>3.59</b>	<b>5.52</b>
<b>Other Bank Balances</b>		
- Term Deposits with maturity upto 3 months	84.74	20.58
<b>Sub-total</b>	<b>84.74</b>	<b>20.58</b>
<b>Total</b>	<b>88.34</b>	<b>26.10</b>

\*Nominal Value of Rs. 16,737/-

**17 Bank Balances**

<b>Current</b>		
<b>a. Balances with Banks</b>		
- Unpaid Dividend Balance Account	-	0.03
- As Margin money/under lien	0.18	23.41
- In term deposits with maturity more than 3 and upto 12 months	-	-
<b>Total</b>	<b>0.18</b>	<b>23.44</b>

**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

# **CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

## **18 Equity Share Capital**

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Reconciliation of share Capital:</b>		
Opening Equity Shares	60.00	60.00
Add: - No. of Shares, Share Capital issued/ subscribed during the year	-	-
<b>Closing balance</b>	<b>60.00</b>	<b>60.00</b>
<b>Shares in the company held by shareholder holding more than 5 percent</b>		
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**

<b>General Reserve</b>		
Balance as per last financial statements	65.54	65.59
Less: Opening balance transferred to CO	0.01	0.05
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	-	-
<b>Closing Balance</b>	<b>65.53</b>	<b>65.53</b>
<b>Capital Reserve</b>		
Balance as per last financial statements	2.50	2.50
<b>Closing Balance</b>	<b>2.50</b>	<b>2.50</b>
<b>Retained Earnings</b>		
Balance as per last financial statements	(5,649.99)	(5,538.11)
Add /Less : Opening balance transferred to CO	-	-
Add: Profit for the year	(46.91)	(113.22)
Prior Period Adjustment	-	(0.02)
<b>Closing Balance</b>	<b>(5,696.90)</b>	<b>(5,649.99)</b>
<b>Revaluation Reserves</b>		
Balance as per last financial statements	884.60	885.92
Add: Transfer to General Reserve on account of revaluation of Fixed Asset.	-	(1.36)
Add: other adjustments	-	0.05
<b>Closing Balance</b>	<b>884.60</b>	<b>884.61</b>
<b>Other Reserves</b>		
Balance as per last financial statements	10.85	10.85
<b>Closing Balance</b>	<b>10.85</b>	<b>10.85</b>
<b>Total</b>	<b>(4,733.42)</b>	<b>(4,686.50)</b>

## **20 Borrowings**

<b>Non Current</b>		
<b>Working Capital Loans:</b>		
a. From banks	-	-
- Cash Credit	-	-
- Pocking Credit Pre Shipment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Current</b>		
<b>I. Term Loans:</b>		
a. From banks	-	100.70
<b>II. Working Capital Loans:</b>		
a. From banks		
- Cash Credit		
- Working Capital Demand Loan	1,940.02	1,839.42
<b>Total</b>	<b>1,940.02</b>	<b>1,942.10</b>

## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

### 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. The Memorandum of the OTS (MOTS) proposal with the lender banks is at the final stages and is in line with the minutes of the high level meeting held on 29.08.19 and the further clarificatory letter dated 13.10.2020 of Ministry. The liability towards bank is proposed to be settled by way of transfer of title of identified immovable property worth Rs. 300 crore on "as is where is basis" as a full and final settlement.

(₹ Crore)

Name of Banks	Amount defaulted (principal & intt. thereon)	Period of default (no. of days)
Syndicate Bank	280.71	1095
Indian Overseas Bank	188.02	1095
Union Bank of India	140.72	1126
Indian Bank	94.81	1126
EXIM Bank	74.43	1642
Bank of Baroda	26.27	1014
UBI (Kumily)	1.27	1126
Balance as on 31.03.2021*	806.23	
Notes of Subsidiary Company		
Cash Credit		
- Axis Bank	118.02	118.48
- Canara Bank	161.99	162.62
- IDBI Bank Ltd.	195.45	196.23
- State Bank of India	197.75	198.54
- UCO Bank	72.03	72.47
- Union Bank of India	143.37	143.94
- Vijaya Bank	230.21	231.10
- Yes Bank	14.98	15.04
	1,133.79	1,138.41
Less: Assets Taken Over	-	(2.54)
	1,133.79	1,135.87
- Packing Credit Pre Shipment	-	-
- Vijaya Bank	9.70	9.70
- UCO Bank	37.15	37.15
	46.85	46.85
Total	1,180.64	1,182.72

The total liabilities to banks along with interest amounting to Rs.45,63,55,42,365/- is payable to consortium of seven banks and UCO Bank in respect of devolved LCS/Packing credits since 2008-09. No confirmation 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 had 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. 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. 1,48,18,29,854.77/- 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.



## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

The Consortium of Lenders had 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. Subsequently during the FY 2019-20, consortium of the bankers had taken over the physical possession of the assets and initiated the proceedings of auction under the provisions of SARFAESI ACT, 2002. The properties of the company were sold through auction process as per the provisions of SARFAESI ACT.

The actual proceeds from the sale of asset was not made available by bankers during the FY 2019-20, hence the book value of assets amounting to Rs. 2,54,07,589 were reduced to zero and the same was reduced from the loan from the banks.

The actual proceeds from the sale of asset and the appropriation among the consortium of banks was made available through the letter and statement dated 7-7-2020 (hereinafter referred as 'the letter'). Lenders have received Rs. 4,61,92,357 from the sale proceeds and the same has been appropriated among the consortium of banks as mentioned in the said letter. Company has also received Rs. 3,36,739 as TDS which is confirmed in the letter received from the bank and it is also reflecting in the 26AS.

The difference between the book value and the net sale proceeds amounting to Rs. 2,11,21,136 has been offered to tax as capital gain. As per the provisions of Income Tax Act, Rs. 133,436 is the Short Term Capital Gain on Sale of Plant and Machinery and Rs. 3,15,69,303 is the long term Capital gain on Sale of Land and Building. Company has made provision for Income tax for Rs. 19,91,686 after giving the effect of current year business loss and accumulated unabsorbed depreciation.

Rs. 2,07,84,757 has been reduced from the borrowings in the FY 2020-21 and borrowings from the bank for each bank in the consortium of lenders has been restated as per the letter dated 7-7-2020. Company has not received the balance confirmation from the bank, but however as the possession notice was issued under section 13 of SARFAESI Act, As per the procedure laid down in section 13(7) of SARFAESI Act, the borrowings has been reduced as per the appropriation made by the banker as per the said letter.

Refer detailed calculation under note no 34

### 21 Trade Payable

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non Current</b>		
a) Bill Acceptances	-	14.29
b) Trade Payables	968.65	974.80
Total (A)	968.65	989.09
<b>Current</b>		
a) Trade Payables	153.39	198.30
<b>Total (B)</b>	<b>153.39</b>	<b>198.30</b>
<b>Total (A+B)*</b>	<b>1,122.04</b>	<b>1,187.39</b>

#### Notes of Holding Company:-

\* Above includes Trade payable paid only on realization from the outstanding receivables due to back to back payment arrangement.

**CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021**

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>22 Other Financial Liabilities</b>		
<b>Non Current</b>		
a. Advance from customer**	0.01	1.80
b. Customers at Credit	4.47	5.94
c. Other liabilities		
- Outstanding liabilities for goods & services received	2.42	3.46
- Deposits	9.77	9.33
- Security Deposits from:		
: Others	0.26	1.56
Less : Security Deposit Payable Adjustment	-	(0.06)
- Earnest money deposits	2.41	2.78
d. Employees' dues:		
- Pay & Allowances	-	-
- Earned leaves	7.74	11.80
e. Lease Liability	-	0.28
<b>Total</b>	<b>27.08</b>	<b>36.89</b>
<b>Current</b>		
a. Advance from customers**	64.06	28.76
b. Customers at Credit	60.26	59.72
c. Unclaimed dividend	-	0.03
d. Interest accrued and due on borrowings	3,378.30	3,378.30
- Outstanding liabilities for goods & services received	141.11	138.30
- Deposits	30.66	31.40
- Security Deposits from:		
: Others	3.87	2.52
- Earnest money deposits	5.44	19.24
e. Employees' dues:		
- Pay & Allowances	24.07	0.63
- Other expense	0.17	0.14
- Dues to employees on accrual basis	8.29	4.59
- Earned leaves	1.94	3.03
- STC's Officers' Association	-	-
- Salary Saving scheme	0.01	0.01
- Thrift Society	0.03	-
- Undisbursed Salary	0.17	0.09
- Others (Recreational Club)	-	0.05
f. Custom duty payable	3.43	3.25
g. ASIDE Grant Payable	1.09	1.37
<b>Total</b>	<b>3,722.90</b>	<b>3,671.43</b>

\*\* Includes advances of Rs. 11.05 Crore from Andhra Pradesh Police, Forest Department and State Disaster Response for supply of weapon and equipment.

**CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021**

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>23 Provisions</b>		
Non Current		
Provisions for Employee Benefits		
Encashment of Half pay leave	3.43	7.65
Post Retirement medical benefits	105.49	105.84
<b>Total</b>	<b>108.92</b>	<b>113.49</b>
<b>Current</b>		
<b>A. Provisions for Employee Benefits</b>		
Encashment of Half pay leave	0.73	1.75
Post Retirement medical benefits	9.12	8.99
<b>Gratuity</b>	<b>0.45</b>	<b>0.21</b>
Performance Related Pay	0.01	0.01
<b>Others</b>	<b>-</b>	<b>-</b>
<b>Sub Total (A)</b>	<b>10.31</b>	<b>10.96</b>
<b>B. Other Provisions</b>		
Contingencies	44.63	44.00
Exchange Difference on Forward Contract		
Others (specify nature)	0.11	-
<b>Sub Total (B)</b>	<b>44.74</b>	<b>44.00</b>
<b>Total(A + B)</b>	<b>55.05</b>	<b>54.96</b>
<b>24 Other Liabilities (Non-Financial)</b>		
Non Current		
a. Advance from customers	-	0.41
b. Customers at Credit*	6.04	6.03
c. Other liabilities		
- Outstanding liabilities for goods & services received	-	0.72
- Deferred Fair Valuation gain-Deposit Payable	-	-
d. Grant in Aid under ASIDE scheme	-	-
<b>Total</b>	<b>6.04</b>	<b>7.17</b>
<b>Current</b>		
a. Advance from customers**	-	59.84
b. Other liabilities		
- Outstanding liabilities for goods & services received	0.18	0.50
- Stale Cheques	-	-
- Liability for CSR	-	-
- Deposits	0.47	-
- Security Deposits	-	-
- Security Deposits (Deferred fair value gain)	-	0.06
- Earnest money deposits	-	-
- Book Overdraft	-	-

# CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
-		
c. Remittances:		
- Professional Tax	0.02	0.02
- Sales Tax/ Value added Tax	0.03	0.03
- Service Tax	-	-
- Income Tax deducted at source	1.44	0.85
- Goods & Service Tax (GST)	1.55	2.18
- Contribution to Provident Fund	0.45	0.76
- Contribution to Employees Pension Scheme - 95	-	0.03
- Contribution to Employees Pension Fund	0.16	0.25
- Others	0.09	-
d. Grant in Aid	1.10	1.10
<b>Total</b>	<b>5.49</b>	<b>65.62</b>

## Notes of Holding Company:-

\*\* Advances of various departments for import /domestic supply of items pertains to General Import.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>25 Revenue From Operations</b>		
(a) Sales		
Export	-	11.32
Imported Goods	12.13	2,536.10
Domestic	234.51	382.55
<b>Sub total (A)</b>	<b>246.64</b>	<b>2,929.97</b>
(b) Other operating revenue		
Claims:	-	-
From Others	-	0.02
<b>Other Trade Income:</b>		
Freight Subsidy	-	-
Others	3.17	6.74
<b>Sub total (B)</b>	<b>3.17</b>	<b>6.76</b>
<b>Total</b>	<b>249.81</b>	<b>2,936.74</b>
<b>26 Other Income</b>		
(a) Interest income:-		
Advance to Employees	0.30	0.41
Deposits pledged / under Lien as margin money	1.04	1.10
Other bank Deposits	1.51	6.10
Term Deposits With FIs & its subsidiaries:	-	-
Interest on Investments	6.57	22.06
- Other than PCFC / EPC	-	-
Other Miscellaneous interest	-	0.57
<b>Sub Total</b>	<b>9.82</b>	<b>30.24</b>



**CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021**

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(b) Miscellaneous income:-</b>		
Dividend income-others (gross)	-	-
Security Deposits forfeited	-	0.02
Rent received from Employees	0.08	0.17
Other Receipts	0.01	2.19
<b>Sub Total</b>	<b>0.09</b>	<b>2.38</b>
<b>(c) Rental income:-</b>		
Rent Received from let-out property	47.25	43.54
Recoveries for common services from tenants	6.19	5.95
<b>Sub Total</b>	<b>53.44</b>	<b>49.49</b>
Less: Expenses related to let out property		
Property tax/Municipal tax	6.95	6.14
Ground Rent	0.34	0.34
Electricity & Water charges	-	0.20
Rates and Taxes	-	-
Insurance Premium	0.10	0.09
Maintenance Charges	0.89	0.79
Administrative Expenses	0.60	0.64
<b>Sub Total</b>	<b>8.88</b>	<b>8.20</b>
<b>Net rental income (c )</b>	<b>44.56</b>	<b>41.29</b>
<b>(d) Other Receipts:-</b>		
Difference in exchange other than commodity items	0.80	0.32
Misc. non Trade receipts	2.10	3.73
Amortisation income of Deferred employee advances	0.19	0.22
Amortisation income of Deferred Security deposit	0.05	0.18
<b>Sub Total</b>	<b>3.14</b>	<b>4.45</b>
<b>Total</b>	<b>57.61</b>	<b>78.37</b>
<b>27 Cost of Materials consumed</b>		
Opening balance of material	-	-
Add: Purchases made during the Year	-	-
Less: Closing balance of material	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>28 Purchase of Stock-in-Trade</b>		
Export Purchase	-	11.02
Import Purchase	11.67	2,291.60
Domestic Purchase	232.44	379.39
Freight -Road	-	-
-Marine	-	0.06
Exchange fluctuation -loss	0.04	1.90
- On Business Associate's Account	-	-
Export (Receivable)	-	-
Import Payables	0.01	1.46
- On STCs Account	-	-
Export (Receivable)	0.03	0.05
Import Payables	-	0.39

**CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021**

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Insurance - General	0.60	0.23
- Marine	-	-
- Self insurance	-	-
Customs Duty, Clearing, handling and other charges	-	242.85
Other Expenses	-	0.01
Octroi/Purchase Tax Reimbursement	-	-
<b>Total</b>	<b>244.75</b>	<b>2,927.06</b>
<b>29 Changes in Inventory</b>		
<b>Stock-In-Trade</b>		
At the beginning of Year	0.10	0.05
Less : At the end of Year	-	0.15
Changes in Inventory	0.10	(0.10)
<b>30 Employees' Benefit Expenses</b>		
(a) Remuneration to Staff & Managers		
Salaries and Allowances	33.88	42.25
Encashment of Earned Leave	1.29	3.93
Encashment of Half Pay Leave	(3.36)	0.03
Provident fund	2.84	3.44
Employees pension scheme 95 (EPS 95)	0.31	0.48
<b>Welfare Expenses:</b>		
- Medical Expenses on regular employees (OPD)	0.39	0.51
- Medical Expenses on regular employees (IPD)	1.63	1.17
- Medical Expenses on retired employees (OPD)	3.45	2.07
- Medical Expenses on retired employees (IPD)	1.23	1.38
- Medical Expenses on Actuarial liability	3.28	5.40
- Others	0.18	0.21
Gratuity	0.70	1.42
Pension	2.30	2.88
Amortisation expenses of Deferred employee cost	33.27	15.36
Voluntary retirement benefit* (VRS)	-	0.01
Amortisation expense	0.05	0.05
<b>Sub Total</b>	<b>81.44</b>	<b>80.59</b>
<b>(b) Remuneration to Directors</b>		
Salaries and Allowances	0.85	1.04
Encashment of Earned Leave	0.22	0.22
Encashment of Half Pay Leave	(0.23)	0.20
Provident fund	0.07	0.09
<b>Welfare Expenses:</b>		
- Medical Expenses on regular employees (OPD)	-	-
- Medical Expenses on regular employees (IPD)	-	0.09
- Medical Expenses on retired employees (OPD)	-	0.05
- Medical Expenses on Actuarial liability	0.02	0.02
Gratuity	0.03	0.04
Pension	0.06	0.07
<b>Sub Total</b>	<b>1.02</b>	<b>1.82</b>
<b>TOTAL</b>	<b>82.47</b>	<b>82.44</b>

## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

VRS was introduced in STC on 19.11.2020 with the eligibility criteria covering all employees in staff and manager cadre irrespective of their length of service subject to the financial liability limited to Rs. 50 crore and this amount will be recouped by STC from its rental income, etc. 100 employees opted for VRS - 2020, out of which 99 applications were accepted by the competent authority. In one case, application was not accepted due to imposition of major penalty on completion of disciplinary proceedings. As on date, out of 99 employees, 87 employees have been relieved from the services of the corporation and remaining 12 employees will be relieved shortly. However, liability for VRS optees has been booked for the relieved employees till 31.03.2021.

### 31 Finance Cost

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Bank Loan :		
- Working capital Demand Loan(WCDL)	-	-
- Cash Credit	-	-
- BAS/External Commercial borrowing	(0.01)	-
VAT	-	-
Others	1.93	7.27
<b>TOTAL</b>	<b>1.92</b>	<b>7.27</b>

### 32 Depreciation And Amortization Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Depreciation on Property Plant &amp; Equipment (PPE)</b>		
Freehold Building	5.36	5.45
Plant & Machinery	0.85	0.85
Furniture & Fixtures	0.10	0.13
Motor Vehicle	0.12	0.12
Office Equipment	0.04	0.07
Computers, data processing units & communication equipment	0.02	0.05
Electrical Installations & Equipment	0.36	0.37
Leasehold Land	0.09	0.10
Leasehold Building	3.23	2.84
Roads, culverts & sewerage etc (Leasehold)	0.02	0.02
Plant & Machinery (Leasehold)	0.36	0.34
Others	0.41	0.41
<b>Sub Total</b>	<b>10.96</b>	<b>10.75</b>
<b>Depreciation on investment property :</b>		
Freehold Building	0.08	0.08
Leasehold Land	0.57	0.57
Leasehold Building	4.27	4.09
<b>Sub Total</b>	<b>4.92</b>	<b>4.74</b>
<b>Amortisation on intangible Assets</b>		
Computer software	-	-
Others	-	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>15.89</b>	<b>15.50</b>

**CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021**

**33 Other Expenses**

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(a) Other Operating Expenses</b>		
L/C Negotiation & Bank Charges	-	-
Godown, Plot, Tank Rent	-	0.81
Claims Paid	-	0.01
Cost of Tender	0.11	0.11
Delivery Charges	-	0.21
Others	-	-
<b>Sub total</b>	<b>0.11</b>	<b>1.15</b>
<b>(b) Administration expenses</b>		
Office Rent	0.08	0.11
Rates and Taxes:		
- Property Tax to Municipal Corporation	5.03	5.73
- Others	0.01	0.03
Electricity and Water Charges	1.73	1.95
Printing and Stationery	0.12	0.15
Postage, Telegram, Teleprinter & Telex	0.05	0.05
Telephones	0.29	0.42
<b>Repairs</b>		
- Building	-	0.08
- Others	0.02	0.05
Travelling Expenses	0.10	0.36
Housing Colony Expenses	1.26	2.10
Service Vehicle Expenses	0.18	0.25
Insurance Premium	0.28	0.39
Auditors' Remuneration	-	-
- Statutory Audit Fees	0.13	0.14
- Tax Audit Fees	0.05	0.07
- Certification fees	0.03	0.03
Information Technology Expenses	0.16	0.27
Conveyance Expenses	0.01	0.03
Maintenance of Office Building	0.83	0.14
Misc. Office expenses	1.80	2.72
Goods & Service Tax (GST) not to be set off	-	-
<b>Sub total</b>	<b>12.16</b>	<b>15.07</b>
<b>(c) Trade Expenses</b>		
Legal & Professional Expenses	2.31	4.47
Advertisement & Publicity	0.12	0.15
Exchange Fluctuations other than commodity items	0.10	1.45
Entertainment expenses	0.05	0.05
Other Trade Expenses	0.05	0.03
<b>Sub total</b>	<b>2.66</b>	<b>6.17</b>
<b>(d) Amortization Expenses</b>		
Amortisation expenses of Deferred employee advances	0.18	0.17
Amortisation expenses of Deferred Security deposit	0.05	0.18
<b>TOTAL (a+b+c+d)</b>	<b>15.15</b>	<b>22.75</b>



# CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

## 34 Exceptional items

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(a) Expenses</b>		
Loss on sale of Property, Plant & Equipment (PPE)	0.01	0.01
Litigation settlement*	-	104.26
Provision for expenses	0.23	0.23
<b>Total (a)</b>	<b>0.24</b>	<b>104.50</b>
<b>(b) Write Offs</b>		
Trade Receivables**	-	-
Deposits	0.04	-
Assets	0.05	-
<b>Total (b)</b>	<b>0.09</b>	<b>-</b>
<b>(c) Provision for Doubtful debts, Loans and advances &amp; Investment</b>		
Trade Receivables	-	0.11
Claims	-	0.05
Loans and Advances	-	-
Deposits	-	-
<b>Total (c)</b>	<b>-</b>	<b>0.16</b>
<b>(d) Income</b>		
Profit on Sale of PPE	2.23	0.02
Liabilities Created in previous years written back:	-	-
- Others	0.44	19.52
Provision Written back for doubtful amounts realized:	-	-
-Trade Receivables	-	8.51
-Claims	-	-
Write back of unclaimed credit balances	0.24	2.41
<b>Total (d)</b>	<b>2.96</b>	<b>30.46</b>
<b>Total (a+b+c-d)</b>	<b>(2.63)</b>	<b>74.19</b>

## 35 Tax Expense

<b>A. Tax recognised in Statement of profit and loss</b>		
Current income tax		
Current year		
Adjustments for prior years		
<b>Total</b>	<b>-</b>	<b>-</b>
Reconciliation of effective tax rates		
Profit before tax		
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)	-	-
<b>Tax Expenses for the year</b>	<b>-</b>	<b>-</b>

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, 2021

(₹ Crore)

## B. Tax Losses Carried forward

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
<b>Total</b>	<b>457.42</b>	

## 36 Foreign Currency Exposure

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Foreign Currency Denomination	Amount in Foreign Currency	Amount in Indian Rupees	Foreign Currency Denomination	Amount in Foreign Currency	Amount in Indian Rupees
<b>A. Receivable :</b>						
IGEDC IRAN	EURO	0.12	9.91	EURO	0.12	9.56
ETA Dubai	USD	-	-	USD	0.01	0.51
Various Foreign Supplier	USD	-	-	USD	0.02	1.79
Cargill International	USD	-	-	USD	0.02	1.49
GASC, Egypt	USD	-	-	USD	0.06	4.53
Mumbai branch	USD	15.22	745.57	USD	31.38	1,391.95
Mumbai branch	EURO	-	-	EURO	0.09	5.17
Orbis BV, Netherlands	EURO	-	-	EURO	0.00	0.02
LEICA, Germany	EURO	-	-	EURO	0.01	0.47
Various Parties	USD	16.28	665.63	USD	-	-
Various Parties	EURO	0.09	4.89	EURO	-	-
CAMAG CHF	-	-	-	CHF	0.00	0.24
<b>Sub Total (A)</b>			<b>1425.99</b>			<b>1415.73</b>
<b>B. Payable :</b>						
Various Parties	USD	0.41	16.65	USD	0.43	32.24
Various Parties		0.00	0.06	0	0.02	1.33
<b>Sub Total (B)</b>			<b>16.71</b>			<b>33.58</b>

## 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	2020-21	2019-20
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.

## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

### 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 01.04.2020	Additions/ Transfers during the year	Utilization during the year	Adjustment during the year	Written-back during the year	Closing balance as on 31.03.2021
Contingencies	44.00	0.74	-	-	-	44.74
Doubtful Trade Receivables	623.34	0.29	-	(3.67)	-	623.34
Doubtful Loans	92.99	-	-	0.51	-	92.99
Doubtful Claims	100.18	7.03	-	-	-	100.18
Doubtful Deposits	6.03	0.11	-	-	-	6.03
<b>Total</b>	<b>866.54</b>	<b>8.17</b>	<b>-</b>	<b>(3.16)</b>	<b>-</b>	<b>867.27</b>

#### (ii) Contingent Liabilities:

Particulars	31.03.2021	31.03.2020
Claims against the company not acknowledged as debt	-	-
(i) Court & Arbitration cases with parties	1,620.27	1,614.70
(ii) Sales Tax/Service Tax/VAT	491.59	491.59
(iii) Income Tax	11.97	9.01
(iv) Custom Duty	6.93	6.93
(v) Others	3,089.55	2,038.81
<b>Total</b>	<b>5,220.29</b>	<b>4,161.03</b>

#### 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. 38 (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. 132.83 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.
- 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 from foreign supplier M/s Synergic Industrial Marketing Services (SIMS), Singapore/ Malaysia, on behalf of the Indian buyer 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 has approached Delhi High Court for release of payment against LCs. As per court order, Allahabad Bank has deposited decretal amount with court. As a result of this, Allahabad bank debited the account of STC, now Delhi High Court has passed its Judgment in the matter between Allahabad Bank & the Malayan Bank, upholding the decision of single bench against Allahabad Bank to pay the decreed amount (Rs 10,79,59,518.02 along with pendent lite & future simple interest till realization @ 9% p.a.) to Malayan Bank. Subsequent to the Hon'ble Delhi High Court Judgment dated 25.11.2019, STC 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. towards all 4 LCs (1 LC was not accepted by STC). Further, STC has also referred the matter to different forums. 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, hence 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) Further, Lender institutions of the Indian buyer (M/s Millennium Wires Pvt. Ltd) have initiated NCLT proceedings. 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 to the same extent of

amount claimed by bank from STC at the date of filing claim before 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. Hearing fixed for 21.04.2021 was adjourned due to Covid. NDOH: 07.07.2021 Further, Indian Bank (earlier Allahabad Bank) has now filed before Debt Recovery Tribunal 2 (DRT 2), New Delhi claiming an amount of Rs 17.40 Crore approx.). STC has denied and contested this claim. Hearing was fixed in the matter on 08.04.2021, which got adjourned due to Technical Issues. NDOH : 20.07.2021\*

#### Notes of Subsidiary Company

38.5 Rs.12,68,01,603 [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.FEPL & M/s. FMPL. Sino Asia is one of group company of M/s.FEPL & M/s. FMPL raised a wrong claim for sum USD 209575000/- with ulterior motive to counter the legitimate claim of STCL against M/s.FEPL & 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. 80,11,634/- towards the work done. The Arbitration was completed and awarded STCL to pay a sum Rs. 49,41,480/- to M/s Carmel Builders. STCL has challenged the Arbitral award in the court. The Balance amount of Rs. 67,26,634/- (Rs. 8,011,634 less Rs. 1,285,000 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.1,14,29,284/- . 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 M/s.Excel Cardamom Company had filed a petition in the year 1992 on the Company in Delhi High Court against the forfeiture of EMD amount of Rs. 10,00,000 by the Company in respect of cloves transactions. In the year 2007, the High Court having adjudicated the matter, passed a decree that STCL was entitled to forfeit only Rs.1,23,342/- being its share of profit and has to refund the balance amount of Rs. 8,76,857/- along with interest. Company had filed an Appeal with the Divisional Bench which stayed the execution of the said decree subject to STCL depositing a sum of Rs.6,00,000/- and BG of Rs.10,00,000/- in favour of Delhi High Court, which was complied with. The Divisional Bench has passed an order in March-2008 against the company as per which STCL has to pay Rs. 10,00,000/- to Excel Cardamom Co. along with interest of 9% p.a. from June 1989. The order also stated that BG of Rs. 10,00,000/- be encashed and along with the Deposit of Rs.6,00,000/- the balance amount Excel Cardamom can file an execution petition. The company has filed a SLP in Supreme Court against the Order of Delhi High Court. However, the company has disclosed the liability of Rs. 35,06,192/- 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. IDBI Bank claimed an amount of Rs. 62,00,23,705/- 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. 62,00,23,705/- 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. 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.



## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

38.12 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. 94,23,73,090/- towards excess interest as per the balance confirmation certificate as on 31.03.2016. However, the company has disclosed the liability of Rs. 94,23,73,090/- under contingent liability.

38.13 The Company had received a Show-cause Notice from the Service Tax Department in October 2011 for non payment of Service Tax of Rs. 1,42,70,138 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. 1,42,70,138 as Service Tax and imposing an equivalent amount of Rs. 1,42,70,138/- 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. 4,22,83,637/- as contingent liability towards service tax for the period from 1.4.06 to 31.03.2014 including the penalties of Rs. 1,42,70,138/-.

38.14 In respect of Assessment year 2010-11, notice has been received u/s 220(2) dtd. 26.02.2016 for payment of Rs. 2,11,95,009/- 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. 2,11,95,009/- under Contingent Liability.

38.15 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. 3,37,31,514/- including legal fees of Rs. 26,55,114/- 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. 6,06,69,338/- along with interest of Rs. 2,69,37,824/- till date.

38.16 The Income Tax Department has sent a notice of demand to pay Rs 4,23,450 towards short payment of TDS and interest thereon. The Company has replied for rectification of demand and the company has paid Rs.154797/- was paid and treated as expenses in accounts. The balance amount has been considered in accounts.

38.17 The Enforcement Directorate has levied penalty of Rs 10,00,00,000 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.

38.18 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.27,16,62,75,589.46/-

38.19 The Consortium of Lenders had 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. Subsequently during the FY 2019-20 Consortium of the bankers has taken over the physical possession of the assets and initiated the proceedings of auction under the provisions of SARFESI ACT, 2002. The properties at Byadagi and chindawara was sold through auction process as per the provisions of SARFESI ACT for the net amount of Rs.4,65,28,726. During the FY 2019-20, the book of value of the assets amounting to Rs.2,54,07,589 was reduced from the current liability, since the exact information with regards to sale value realised and appropriated towards the liability was not made available by the banks. During the FY 2020-21, the information from the banks regarding the exact sale proceeds was received and the difference between the book value and the net sale proceeds was offered to tax as capital gain.

38.20 The reduction in the due to Banks are subject to balance confirmation from consortium of banks. But however since the possession notice was received from under Section 13 of SARFAESI Act, Company has reduced the borrowings from the books as per the procedure laid down in section 13(7) of the said Act.

### (iii) Litigation Settlements:

#### Notes of Holding Company

38.21 "1. M/s J.K. International (a foreign supplier) has a pending claim of Rs. 73 Crore (approx.) 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 quantity under the said contract. However, the supplier had invoked

## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

Arbitration clause and Award of Arbitral Tribunal was in favour of the supplier. The company 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, which STC has filed an appeal before the Double bench of the Hon'ble Delhi High Court. Meantime, M/s. J.K. International filed an SLP against STC at Hon'ble Supreme Court and under order of Hon'ble Court, STC has paid a sum of Rs. 20 Crore to J.K. International. The matter is still pending before the Delhi High Court and same has been disclosed as liability. Due to prevailing situation caused by the pandemic, the case has not progressed to any decisive stage, due to non-hearing of regular matters."

38.22 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. Due to prevailing situation caused by the pandemic, the case has not progressed to any decisive stage, due to non-hearing of regular matters.

38.23 FY 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 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, which is being pursued.

### 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.

Particulars	2020-21	2019-20
Claims*	230.34	127.72
Advances*	348.35	323.48
Trade Receivables*	2,064.93	2,877.61
Others	1,198.43	27.70
<b>Total</b>	<b>3,842.05</b>	<b>3,356.51</b>

\*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.

\*\* Others includes net amount of Rs 35.47 crores receivable from Income Tax department w.r.t the corporation opting for VSV scheme for the Assessment year 2010-11 to 2014-15.

(v) MoC&I vide letter dated 19.03.2020 conveyed that the subject matter has been re-examined in the Ministry in consultation with 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 officials, recovery has been made from 9 officers. Six (6) officers approached Delhi High Court against subject recovery and matter is sub-judice. Further, recovery from one officer is in progress and with respect to other 11 officers, recovery suit has been filed in the court of law.

### 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 has defaulted in making payment due against one of the LC amounting to Rs.12.05 Crore (LC Value Rs.10.05 Crore and Interest & other expenses Rs. 2.00 Crore). STC has filed civil applications and criminal complaint under various sections of Indian 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 made a claim of ownership of stock, against which 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. Accordingly, MSTC conducted e-auction of the stock and deposited sale proceeds of Rs. 10.28 crore with the court.



## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

In view of the above, provisions for Rs. 9.83 crore has not been considered necessary. Further, the Lender institutions have initiated proceeding under NCLT against the party, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT dated 21.08.2018. In view of the above, provision for Rs. 9.83 Crore has not been considered necessary."

- 39.2 "STC has 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 buyer have defaulted in payments. However, STC has discounted 90% of the bills from EXIM Bank and 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. Accordingly, provision for 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. Due to prevailing situation caused by the pandemic, the case has not progressed to any decisive stage, as regular hearing are not being taken place."
- 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 appearing under Trade Receivables is payable 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 under trade payable of Rs.41.92 Crore, no provision is considered necessary."
- 39.4 Trade receivables include Rs.568.44 Crore (approx.) on account of export of pharma products to foreign buyers purchase from M/s Rajat Pharmaceuticals Ltd'. (RPL). RPL drew bills of exchange on STC which were also accepted (with condition) upon receipt of overseas buyers pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payment against the export bills and have gone into liquidation. A claim of Rs.527.86 Crore has been admitted by the liquidator of one of the foreign buyer i.e. Loben Trading Co.Pte Ltd, Singapore . A Decree of Rs 62.47 Crore has been passed by Hon'ble Mumbai High Court in favour of STC against the dues from foreign buyer i.e. Sweetland Trading Pte Ltd. As of 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.
- 39.5 Non-Current trade receivables include Rs. 3.22 Crore from M/s Renaissance Corporation Ltd. towards import of pet bottle material which is 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 Crore to the extent of dues not covered by pledged stock, has already been made. (CBI and execution petition updates reqd.)
- 39.6 STC has exported 19,980 MTs Rice for amounting to USD 60,93,900 (equivalent to Rs.40.65 Crore) during 2016 - 17 to General Authority for Supply Commodities (GASC), a Government entity of Egypt on the basis of instruction of MEA. GASC, Egypt 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. Hence, no provision for Rs. 4.15 Crore has been made. 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. STC is not out of pocket and on receipt, amount will be passed to FCI.
- 39.7 STC has exported steel plates to Iranian Gas Engineering & Development Co. (IGEDC, Iran) during 2014-15 to 2016-17 for amounting to Rs. 2873.24 Crore under a contract which expired in January 2017. As on balance sheet date Rs. 89.38 Crore reconciled is still outstanding from IGEDC. The amount outstanding is to be paid by IGEDC, Iran. In the present case STC is not out of pocket since the amount outstanding from IGEDC on receipt is payable to back-up supplier M/s Essar Steel Ltd., Hazira (now M/s Arcelor Mittal Nippon Steel India Limited) and accordingly no provision has been made.
- 39.8 "Trade receivables include an amount of Rs. 10.54 Crore recoverable from M/s Dankuni Steel Ltd. against supply of met Coke during earlier years. For recovery of the dues, claim has been filed with NCLT through IRP. The company has filed legal and criminal cases against the party which are being followed up. No provision for Rs. 6.96 Crore has been made as the said amount is secured by mortgage of free hold land. A provision of Rs. 3.58

## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

Crede has been made against the dues. Tender was floated for the sale of mortgaged property at Dankuni, however, when tender was opened on 01.04.2021, no bids were received. Efforts are being made for sale of property and realization of dues. "

- 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, Kolkata 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 in Edelweiss matter.
- 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 STC also filed its counter claim. However, the arbitration award passed was not in favour of STC, inter-alia, rejecting STC's counter claim for USD 0.86 million. STC has filed appeal in Delhi High Court and in pursuance of Court's direction STC has also deposited Rs. 11.05 crore with Delhi High Court. Department of Finance has till date not withdrawn the penalty imposed by them in the said transaction.
- 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.(to be updated)
- 39.12 Advances includes a sum of Rs. 87.39 Crore receivable from M/s MMT Nevyali, excluding contingent assets of Rs. 360.09 Crore recoverable from one of the business associates, against which the company has initiated legal actions including criminal proceedings. In this regard, full provision has been made in earlier years. The Company was successful in getting arbitration award for Rs. 110.00 Crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award. However, the party and its partners filed application under sec. 34 of arbitration act challenging the arbitral award. The applications have been heard and arguments completed on 28.01.2021 and order is reserved.
- 39.13 Trade receivables of Rs. 0.05 Crore (excluding Contingent Assets of Rs 184.13 Cr) is receivable from M/s Balasore Alloys, the business associate Various legal cases i.e u/s 138 of N.A Act & u/s 482 of Cr. PC are pending before Hon'ble Courts in New Delhi are being pursued vigorously. STC in total has received Rs. 58.55 crore in terms of interim award dated 23.03.2017 of Arbitral Tribunal. Both side arguments got over and written submissions had also been submitted during January, 2020. The award is pending to be published for want of Arbitration costs and expenses to be deposited by the claimant.

### 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. 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, Kolkata 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 SGRML 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 pursuing 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 diverging 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 company 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. 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. 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). 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, 2021

- 39.24 Vide the impugned order, ED had levied a penalty of Rs. 10 Crore with direction to pay the penalty within 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.
- 39.25 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.
- 39.26 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. However 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.
- 39.27 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.
- 39.28 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.

Particulars of Properties	Average Value	
Immovable properties of Business Associates :		
Land located at Punjab [501.66 acres] as per valuation report dtd. 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 dtd. 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
<b>TOTAL</b>	<b>5,328,321,000</b>	

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.

- 39.29 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

## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

39.30 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

(₹ Crore)

Particulars	31.03.2021	31.03.2020
<b>Capital Commitments :</b>		
PPE	3.60	0.99
Intangible Assets	0.06	0.06
<b>Total</b>	<b>3.66</b>	<b>1.05</b>
<b>Other Commitments</b>	-	-

### 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:

#### (a) As on March 31, 2021

Particulars	Hierarchy Level	Amortized Cost	Financial Assets/ Liabilities at PVTPL	Financial assets /liabilities at fair value through OCI	Total Carrying Value	Total Fair Value
<b>Financial Assets:</b>						
Investments in Equity Instruments (Ref Note No. 8)	3	0.01	-	-	0.01	0.01
Cash & Cash Equivalents (Ref Note No. 16)	3	88.34	-	-	88.34	88.34
Bank Balances other than cash & cash equivalents (Ref Note No. 17)	3	0.18	-	-	0.18	0.18
Trade Receivable (Ref Note No. 9)	3	1,066.94	-	-	1,066.94	1,066.94
Employee Loans (Ref Note No. 10)	3	3.47	-	-	3.47	3.47
Security Deposits (Ref Note No. 10)	3	46.32	-	-	46.32	46.32
Other Financial Assets (Ref Note No. 11)	3	151.76	-	-	151.76	151.76
<b>Total</b>		<b>1,357.02</b>	<b>-</b>	<b>-</b>	<b>1,357.02</b>	<b>1,357.02</b>
<b>Financial Liabilities:</b>						
Trade Payable (Ref Note No. 21)	3	1,120.93	-	-	1,120.93	1,120.93
Borrowings (Ref Note No. 20 & 22)	3	806.23	-	-	806.23	806.23
Other Financial Liabilities (Ref Note No. 22)	3	366.43	-	-	366.43	366.43
<b>Total</b>		<b>2,293.59</b>	<b>-</b>	<b>-</b>	<b>2,293.59</b>	<b>2,293.59</b>
<b>(b) As on March 31, 2020</b>						
<b>Financial Assets:</b>						
Investments in Equity Instruments (Ref Note No. 8)	3	0.01	-	-	0.01	0.01
Cash & Cash Equivalents (Ref Note No. 16)	3	127.06	-	-	127.06	127.06
Bank Balances (Ref Note No. 17)	3	3.90	-	-	3.90	3.90
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	5.57	-	-	5.57	5.57
Other Financial Assets (Ref Note No. 11)	3	541.86	-	-	541.86	541.86
<b>Total</b>		<b>1,775.28</b>	<b>-</b>	<b>-</b>	<b>1,775.28</b>	<b>1,775.28</b>



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(₹ 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 Liabilities:					0	
Trade Payable (Ref Note No. 21)	3	1,178.24	-	-	1,178.24	1,178.24
Borrowings (Ref Note No. 20 & 22)	3	3,264.21	-	-	3,264.21	3,264.21
Other Financial Liabilities (Ref Note No. 22)	3	7,183.10	-	-	7,183.10	7,183.10
<b>Total</b>		<b>11,625.55</b>	<b>-</b>	<b>-</b>	<b>11,625.55</b>	<b>11,625.55</b>

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.

## 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

#### i) 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 31.03.2021

(₹ Crore)

Particulars	US Dollars (in Equiv. INR)	Euro (in Equiv. INR)	Other Currencies (in Equiv. INR)	Total
Cash & cash equivalents	-	-	-	-
Trade Receivable	1,411.20	14.80	-	1,425.99
Freight Demurrage/Despatch Receivable	-	-	-	-
Other Receivable	-	-	-	-
<b>Total Receivable in Foreign Currency</b>	<b>1,411.20</b>	<b>14.80</b>	<b>-</b>	<b>1,425.99</b>
Foreign currency Loan Payable	-	-	-	-
Interest on foreign currency loan payable	-	-	-	-
Trade Payables	16.65	0.02	0.04	16.71
Freight Demurrage/despach payable	-	-	-	-
Provision towards Litigation settlement	-	-	-	-
Others (if any)	-	-	-	-
<b>Total payable in Foreign currency</b>	<b>16.65</b>	<b>0.02</b>	<b>0.04</b>	<b>16.71</b>
<b>Net Assets/(Liabilities)</b>	<b>1,394.54</b>	<b>14.78</b>	<b>(0.04)</b>	<b>1,409.28</b>



## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

### (a) As on 31.03.2020

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	-	-	-	-
<b>Total Receivable in Foreign Currency</b>	<b>1,391.95</b>	<b>14.73</b>	<b>-</b>	<b>1,406.68</b>
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)	-	-	-	-
<b>Total payable in Foreign currency</b>	<b>14.29</b>	<b>0.48</b>	<b>0.24</b>	<b>15.02</b>
<b>Net Assets/(Liabilities)</b>	<b>1,377.66</b>	<b>14.25</b>	<b>(0.24)</b>	<b>1,391.66</b>

#### 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, 2021	March 31, 2020
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, 2021 and March 31, 2020, 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:

Particulars	March 31, 2021	March 31, 2020
Variable rate borrowings	-	-
Fixed rate borrowings	806.23	806.23
<b>Total borrowings</b>	<b>806.23</b>	<b>806.23</b>

#### 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, 2021	March 31, 2020
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.

## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

### 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, 2021	March 31, 2020
Interest rates- increase by (%)	No Impact	
Interest rates- decrease by (%)		

### 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, 2021	March 31, 2020
Trade Receivables	1,694.24	1,764.94
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.

### Credit risk exposure

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

Particulars	March 31, 2021		March 31, 2020	
	Gross	Impairment	Gross	Impairment
Not past due	106.63	-	106.63	-
Past due upto 6 Months	68.45	-	68.45	-
Past due more than six months but not more than one year	1.26	-	1.26	-
More than one year	1,588.60	623.34	1,588.60	623.34
<b>Total</b>	<b>1,764.94</b>	<b>623.34</b>	<b>1,764.94</b>	<b>623.34</b>

Trade receivables are impaired when recover ability 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 counter parties 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)

### 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.

## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

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 undisclosed 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, 2021

(₹ Crore)

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	962.20	1,188.51
Short term borrowings	-	1,182.72	806.23	-	1,180.64	3,169.59
Other Financial Liabilities	42.37	3,409.30	131.46	3,385.60	86.18	7,054.90
<b>Total</b>	<b>218.08</b>	<b>4,602.76</b>	<b>977.50</b>	<b>3,385.63</b>	<b>2,229.02</b>	<b>11,413.00</b>

### (b) 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	165.89	8.92	11.29	22.98	969.15	1,178.23
Short term borrowings	2,081.49	-	-	-	1,182.72	3,264.21
Other Financial Liabilities	3,693.88	78.24	11.65	1.67	3,397.66	7,183.10
<b>Total</b>	<b>5,941.26</b>	<b>87.16</b>	<b>22.94</b>	<b>24.65</b>	<b>5,549.53</b>	<b>11,625.54</b>

## 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. (PY. 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, 2021 & March 31, 2020 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 (PY. 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 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).



## CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

### 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.

### Segment Revenues and Results

(a) for the year ended March 31, 2021

(₹ Crore)

S. No.	Particulars	Export	Import	Domestic	Unallocated	Total
<b>1</b>	<b>Segment Revenue</b>					
1(a)	External Sales	-	12.13	234.51	-	246.64
1(b)	Inter segment revenue	1.85	-	1.32	-	3.17
	<b>Segment Revenue [1(a) + 1 (b)]</b>	<b>1.85</b>	<b>12.13</b>	<b>235.83</b>	<b>-</b>	<b>249.81</b>
<b>2</b>	<b>Segments Results</b>	<b>1.85</b>	<b>11.53</b>	<b>235.83</b>	<b>-</b>	<b>249.21</b>
3 (a)	Unallocated Corporate expenses net of unallocated income	-	1.52	-	310.94	312.46
3 (b)	Interest Expense	0.73	-	-	-	0.73
3 (c)	Interest Income	-	-	-	(10.79)	(10.79)
	<b>Total [3(a)+3(b)+3(c)]</b>	<b>0.73</b>	<b>1.52</b>	<b>-</b>	<b>298.02</b>	<b>300.27</b>
<b>4</b>	<b>Profit before tax from ordinary activities [(2)- 3(a ),(b) &amp; (c)] *</b>	<b>1.12</b>	<b>10.02</b>	<b>235.83</b>	<b>(299.84)</b>	<b>(52.87)</b>
5	Exceptional Items	-	(0.19)	-	(2.44)	(2.62)
6	Income taxes	-	-	-	0.20	0.20
<b>7</b>	<b>Net Profit after tax (4)- (5) -(6)</b>	<b>1.12</b>	<b>10.21</b>	<b>235.83</b>	<b>(297.60)</b>	<b>(50.45)</b>
<b>8</b>	<b>Interest in results of JV's</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Other Information :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
9 (a)	Segment Assets	90.36	385.36	-	1,882.26	2,357.98
9 (b)	Segment Liabilities	106.48	489.96	-	1,870.74	2,467.18
9 (c)	Capital Expenditure	-	-	-	0.94	0.94
9 (d)	Depreciation	-	-	-	15.88	15.88
9 (e)	Non-Cash expenses other than depreciation	0.73	-	-	-	0.73

(b) for the year ended March 31, 2020

S. No.	Particulars	Export	Import	Domestic	Unallocated	Total
<b>1</b>	<b>Segment Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1(a)	External Sales	11.33	2,536.12	387.50	-	2,934.95
1(b)	Inter segment revenue	1.79	-	-	-	1.79
	<b>Segment Revenue [1(a) + 1 (b)]</b>	<b>13.11</b>	<b>2,536.12</b>	<b>387.50</b>	<b>-</b>	<b>2,936.74</b>
<b>2</b>	<b>Segments Results</b>	<b>1.97</b>	<b>(0.62)</b>	<b>7.28</b>	<b>-</b>	<b>8.64</b>
3 (a)	Unallocated Corporate expenses net of unallocated income	0.21	1.82	0.01	69.38	71.42
3 (b)	Interest Expense	-	7.19	-	0.08	7.27
3 (c)	Interest Income	(0.16)	(0.14)	(0.02)	(29.82)	(30.14)
	<b>Total [3(a)+3(b)+3(c)]</b>	<b>0.05</b>	<b>8.87</b>	<b>(0.01)</b>	<b>39.63</b>	<b>48.54</b>



# CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ Crore)

S. No.	Particulars	Export	Import	Domestic	Unallocated	Total
4	Profit before tax from ordinary activities [(2) - 3(a), (b) & (c)]	1.92	(9.49)	7.29	(39.63)	(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	(12.98)	(114.09)
8	Interest in results of JVs	-	-	-	-	-
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	15.60
9 (e)	Non-Cash expenses other than depreciation	-	3.45	-	-	3.45

## (ii) Information about major customers For the year ended March 31, 2021

Major Customer (customer having more than 10% revenue)	Export	Import	Domestic
	Year ended March 31, 2021	Year ended March 31, 2021	Year ended March 31, 2021
Total Revenue	-	12.13	231.72
Name of Major Customer :	-	-	-
1. Tamil Naidu Civil Supplies Corporation -	-	12.13	-
2. M/s MED, JK	-	-	231.26
	-	-	-
% of Total Revenue	-	100.00	98.60

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.

## (i) 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:

**CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021**

(₹ Crore)

Net defined benefit (asset)/liability :	31.03.2021	31.03.2020
Current	7.61	4.87
Non-Current	14.05	29.99
Total PBO at the End of year	21.66	34.86

**Movement in net defined benefit (asset)/liability**

S. No.	Particulars	Defined Benefit Obligation		Fair value of plan assets		Net defined benefit (asset) liability	
		31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20
A	Opening balance	35.81	45.35	36.39	46.31	(0.58)	(0.96)
B	Included in profit or loss:	-	-	-	-	-	-
(i)	Current service cost	0.75	1.28	-	-	0.75	1.28
(ii)	Past service cost	-	-	-	-	-	-
(iii)	Interest cost (income)	2.33	3.40	(2.23)	(3.36)	(0.04)	(0.07)
	<b>Total amount recognised in profit or loss (i+ii+iii)</b>	<b>3.08</b>	<b>4.67</b>	<b>(2.23)</b>	<b>(3.36)</b>	<b>0.71</b>	<b>1.20</b>
C	Included in OCI:	-	-	-	-	-	-
	Remeasurement loss (gain):	-	-	-	-	(0.22)	0.08
	Actuarial loss (gain) arising from :	-	-	-	-	-	-
(i)	Financial assumptions	(0.17)	1.67	-	-	(0.17)	1.61
(ii)	Experience adjustment	(0.19)	(2.66)	-	-	0.03	(2.68)
(iii)	Demographic Assumption	-	(0.01)	-	-	-	(0.01)
(iv)	Return on plan assets excluding interest income	-	-	0.13	0.38	0.13	0.38
	<b>Total amount recognised in other comprehensive income (i+ii+iii)</b>	<b>(0.36)</b>	<b>(0.99)</b>	<b>0.13</b>	<b>0.38</b>	<b>(0.23)</b>	<b>(0.61)</b>
D	Other	-	-	-	-	-	-
E	Contribution Paid to the Fund	-	-	-	-	-	(0.21)
F	Benefits paid	(16.12)	(13.23)	(16.12)	(13.02)	-	-
G	Acquisition Adjustment	(0.05)	0.00	(0.05)	0.00	-	-
h	<b>Closing balance (A+B-C+D+E+F+G)</b>	<b>21.66</b>	<b>34.86</b>	<b>21.45</b>	<b>35.34</b>	<b>0.21</b>	<b>(0.48)</b>

**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 31.03.2021	As at 31.03.2020
(A)	Balance with Bank		
	SBI	0.00	0.00
	Yes Bank	0.04	0.04
	IDBI	0.10	0.11
	<b>Total (A)</b>	<b>0.15</b>	<b>0.15</b>
(B)	Group Gratuity Traditional Fund Scheme	-	-
	Bajaj Allianz	10.99	19.34
	SBI Life	0.27	6.47
	HDFC Standard Life Insurance	10.04	9.38
	<b>Total (B)</b>	<b>21.30</b>	<b>35.18</b>
	<b>Grand Total (A+B)</b>	<b>21.45</b>	<b>35.34</b>

**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:**

**CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021**

<b>Net defined benefit (asset)/liability :</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Current	9.12	8.99
<b>Non-Current</b>	<b>105.49</b>	<b>105.84</b>
<b>Total PBO at the End of year</b>	<b>114.61</b>	<b>114.83</b>

**Movement in net defined benefit (asset)/liability**

<b>S. No.</b>	<b>Particulars</b>	<b>Defined Benefit Obligation</b>		<b>Fair value of plan assets</b>		<b>Net defined benefit (asset) liability</b>	
		<b>31.03.21</b>	<b>31.03.20</b>	<b>31.03.21</b>	<b>31.03.20</b>	<b>31.03.21</b>	<b>31.03.20</b>
A	Opening balance	114.83	109.51	-	-	114.83	109.51
B	Included in profit or loss:	-	-	-	-	-	-
(i)	Current service cost	0.49	0.72	-	-	0.49	0.72
(ii)	Past service cost	-	-	-	-	-	-
(iii)	Interest cost (income)	7.49	8.20	-	-	7.49	8.20
	Total amount recognised in profit or loss	7.98	8.93	-	-	7.98	8.93
C	Included in OCI:	-	-	-	-	-	-
	Remeasurement loss (gain):	-	-	-	-	-	-
	Actuarial loss (gain) arising from :	-	-	-	-	-	-
(i)	Financial assumptions	(1.58)	9.40	-	-	(1.58)	9.40
(ii)	Experience adjustment	(1.94)	(9.50)	-	-	(1.94)	(9.50)
(iii)	Return on plan assets excluding interest income	-	-	-	-	-	-
	Total amount recognised in other comprehensive income	(3.52)	(0.10)	-	-	(3.52)	(0.10)
D	Other	-	-	-	-	-	-
E	Benefits paid	(4.68)	(3.51)	-	-	(4.68)	(3.51)
F	Closing balance (A+B+C+D+E)	114.61	114.83	-	-	114.61	114.83

**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.

<b>Net defined benefit (asset)/liability :</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Current	1.94	2.38
Non-current	8.16	12.16
<b>Total PBO at the End of year</b>	<b>10.10</b>	<b>14.54</b>

**Movement in net defined benefit (asset)/liability**

<b>S. No.</b>	<b>Particulars</b>	<b>Defined Benefit Obligation</b>		<b>Fair value of plan assets</b>		<b>Net defined benefit (asset) liability</b>	
		<b>31.03.21</b>	<b>31.03.20</b>	<b>31.03.21</b>	<b>31.03.20</b>	<b>31.03.21</b>	<b>31.03.20</b>
A	Opening balance	14.54	14.25	-	-	14.54	14.25
B	Included in profit or loss:	-	-	-	-	-	-
(i)	Current service cost	0.65	0.94	-	-	0.65	0.94
(ii)	Past service cost	-	-	-	-	-	-
(iii)	Interest cost (income)	0.94	1.07	-	-	0.94	1.07
C	Remeasurement loss (gain):	-	-	-	-	-	-
	Actuarial loss (gain) arising from :	-	-	-	-	-	-
(i)	Financial assumptions	(0.12)	0.93	-	-	(0.12)	0.93
(ii)	Experience adjustment	(0.17)	1.13	-	-	(0.17)	1.13
(iii)	Demographic Assumption	-	(0.00)	-	-	-	(0.00)
(iii)	Return on plan assets excluding interest income	-	-	-	-	-	-
	<b>Total amount recognised in profit or loss (B+C)</b>	<b>1.30</b>	<b>4.06</b>	<b>-</b>	<b>-</b>	<b>1.30</b>	<b>4.06</b>
D	Other	-	-	-	-	-	-
E	Benefits paid	(5.74)	(3.77)	-	-	(5.74)	(3.77)
	<b>Closing balance (A+B+C+D+E)</b>	<b>10.10</b>	<b>14.54</b>	<b>-</b>	<b>-</b>	<b>10.10</b>	<b>14.54</b>

# CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

## Sick Leave / (HPL)

Net defined benefit (asset)/liability :		31.03.2021	31.03.2020
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	
		31.03.21	31.03.20	31.03.21	31.03.20	31.03.21	31.03.20
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

## 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

Particulars		31.03.2021	31.03.2020
1	Discount Rate	6.52%	7.49%
2	Future Salary Increase	8%	8%
3	Medical Cost Increase	8%	8%

- 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
- Salary Growth rate is company's long term best estimate as to salary in Reaseses & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting period.
- 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 31.03.2021

Assumption	Change in Assumption	Gratuity (Funded)	PRMB	Earned Leave (Non Funded)	
					Half Pay Leave
Discount rate	0.50%	0.11	(6.21)	0.03	(0.14)
	-0.50%	1.24	6.47	0.84	0.15
Salary growth rate	0.50%	0.85	-	0.85	0.15
	-0.50%	0.42	-	0.01	(0.14)
Medical Cost Increase	0.50%	-	6.64	-	-
	-0.50%	-	(6.35)	-	-



# CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

As on 31.03.2020

Assumption	Change in Assumption	Gratuity (Funded)	PRMB	Earned Leave (Non Funded)	Half Pay Leave
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)	-	-

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.

- 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 31.03.2021

(₹ Crore)

Year of payment	Gratuity (Funded)	PRMB	Earned Leave (Non Funded)	Half Pay Leave
Less than 1 year	7.61	9.12	1.94	0.73
Between 1-2 years	2.17	11.03	1.15	0.24
Between 2-3 years	1.57	11.77	0.64	0.21
Between 3-4 years	1.65	12.93	0.77	0.22
Between 4-5 years	1.58	14.34	0.56	0.29
Over 5 years	7.79	55.41	5.04	2.06

## Maturity Profile of Defined Benefit Obligations

As on 31.03.2020

Year of payment	Gratuity (Funded)	PRMB	Earned Leave (Non Funded)	Half Pay Leave
Less than 1 year	7.22	8.99	2.38	1.59
Between 1-2 years	4.36	10.09	1.59	1.31
Between 2-3 years	3.65	10.90	0.48	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	6.35	3.47

# **CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021**

## **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	Additional Charge of CMD upto 31.07.2020
Shri SK Sharma	Director-Personnel	Additional Charge of CMD w.e.f.01.08.2020
Shri. NAN Jayakumar	Director-Marketing	w.e.f 12.06.2019
Shri Umesh Sharma	Director-Finance(MMTC)	Additional Charge of STC upto 31.05.2020
Shri. Kapil Kumar Gupta	Director-Marketing (MMTC)	Additional Charge of STC w.e.f. 03.06.2020
Smt. Roama Nagrah	Chief Financial Officer	w.e.f. 21.12.2018
Shri. DP Mishra	Chief General Manager	w.e.f 03.03.2021
Shri. S.K. Meena	Joint General Manager	w.e.f 03.03.2021
Shri. Brijesh Prasad	Joint General Manager	w.e.f 03.03.2021
Shri. Sanjeev Puri	Joint General Manager	w.e.f 03.03.2021
Shri AK Swain	Deputy General Manager	w.e.f 03.03.2021
Shri Vipin Kumar Tripathi	Company Secretary	w.e.f. 20.12.2019

### **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.

### **i) Transactions with the related parties are as follows:**

Joint Venture Companies	Joint Venture Companies
Particulars	2020-21 2019-20
Rent Received (Rs. Crore)	NIL

### **Compensation to Key Management Personnel**

(₹ Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
- Short-term Employee benefits	1.41	1.42
- Post-employment benefits	0.10	0.31
- Termination benefits	-	-
- Other long-term benefits	0.06	0.07
Total	1.57	1.80

Particulars	The STC of India Ltd. Employees Provident Fund Trust		STC Employee Defined Contribution Superannuation Pension Trust		The STC Gratuity Fund Trust	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
STC Contribution for the year	2.71	3.52	2.25	3.01	-	-
Outstanding Balance at the end of the Year with STC	0.40	0.75	0.16	0.27	0.23	-



**CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021**

**Transactions with the Related Parties under the control of the same Government**

S. No.	Particulars	Nature of Relationship with Entity	Nature of Transaction	2020-21	2019-20
1	Oil & Natural Gas Corporation of India Ltd.	PSU	Rental & Deposit	2.11	2.49
2	Department of adminst. Reform and Public grievance	Govt. Department	Rental	4.93	-
3	Department of Economic Affairs	Govt. Department	Rental	0.23	-
4	NCLT	Govt. Department	Rental	2.80	-
5	Tamilnadu Civil Supplies Corporation	PSU	Trading	-	372.61
6	Aavin	Co-Operative	Trading	-	0.65
7	Tamilnadu Commando Force	State Govt.	Trading	-	0.06
8	State Bank of India (PB + IFB + CAG + Overseas)	PSU	Rental	24.99	24.50
9	DFS/BIFR	Govt. Department	Rental	-	2.80
10	Special Protection Group	Govt. Department	Rental	0.31	0.31
11	Security Printing & Minting Corporation	PSU	Rental	5.75	5.84
12	IRCTC	PSU	Rental	0.19	0.19
13	Office of Chief Comptroller	Govt. Department	Rental	2.54	2.54
14	IBEF	Govt. Department	Rental	1.01	1.27
15	Noida SEZ	Govt. Department	Rental	0.30	0.43
16	15th Finance Commission	Govt. Department	Rental	5.94	6.57

**ii) Outstanding balances with related parties are as follows:**

Particulars	March 31, 2021	March 31, 2020
<b>Amount recoverable towards loans :</b>		
- From Joint Ventures		
- From Key Managerial personnel		NIL
- From Others		
<b>Amount recoverable other than loans :</b>		
- From Joint Ventures		
- From Key Managerial personnel		NIL
- From Post employment benefit plans		
<b>Amount Payable</b>		
- From Joint Ventures		
- From Key Managerial personnel		NIL
- From Others		

**iii) Individually Significant Transactions :**

Particulars	Nature of relationship	March 31, 2021	March 31, 2020
	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.

# **CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021**

## **48. DISCLOSURE AS PER IND AS 27 'SEPARATE FINANCIAL STATEMENTS'**

### **a) Investment in Joint Venture Entities/Associates:**

Particulars	Country of Incorporation	Proportion of Ownership	
		31" March 2020	31" 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**

Company Name	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation charged for right to use asset	0.40	0.41
Interest expense on lease liability	0.02	0.08
Expense related to short term lease (less than 12 months)	-	0.11
total cashoutflow for leases	0.02	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	3.30	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, 2021	For the year ended March 31, 2020
Within less than 1 year	-	-
Between 1 year and 5 years	-	-
After more than 5 years	-	-

#### **Payments recognised in Statement of Profit & Loss**

Company Name	For the year ended March 31, 2021	For the year ended March 31, 2020
Income - generating property	47.24	38.91
Vacant Property	-	7.46

## **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, 2021	For the year ended March 31, 2020
Face Value Per Equity Share (Rs.)	10	10
Profit (loss) for the year, attributable to the owners of the company (A)	(46.92)	(113.30)
Weighted average number of ordinary shares for the purpose of basic earnings per share(B)	6.00	6.00
Basic EPS (A/B)	(7.82)	(18.88)



**CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021****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, 2021	For the year ended March 31, 2020
Profit (loss) for the year, attributable to the owners of the company (A)	(46.92)	(113.30)
Weighted average number of ordinary shares for the purpose of basic earnings per share(B)	6.00	6.00
Diluted EPS (A/B)	(7.82)	(18.88)

**51. Dividends**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) No. of Equity Shares (in Crore)	6.00	6.00
(ii) Dividends not recognised at the end of reporting period.	-	-

**52. Assets Pledged as Security**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current/Non-current	NIL	
Financial/Non-Financial Assets		
First Charge/Floating Charge		
	Trade Receivables of the company	

**53. Physical Verification****i Fixed Assets**

**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 was incorporated primarily for the business of trade with State Trading Organizations of various countries. The company had 7 (seven) Branch offices and 3 (three) Representative offices located all over the country. For almost a decade, the company incurred operating losses due to huge recoverable from defaulting associates. Due to this, the Company faced precarious financial conditions, operating losses and negative net worth, etc. The company initiated legal action against the defaulting associates. The Company is vigorously following up for finalisation of OTS with lender Banks after signing of the Memorandum of OTS. During the year under reference the company had undertaken various cost reduction measures to improve the liquidity such as closure of all branches (except Agra) and introduction of VRS. The company undertook some trade in commodities without involvement of STC's funds during the year. Considering the directions of MOC&I, the company has recently stopped its trade operations and business activities. Further, The Board of Directors in a meeting held on 05.04.2021 decided that the company as non-operative from the year 2021-22 onwards. It was further decided that the accounts of FY 2021-22 onwards shall be prepared on non-going concern basis. Accordingly, the following are summarised –

- The accounts for the current year have been prepared on going concern basis.
- The company is continuing to carry forward deferred tax assets for the time being.
- No provision for impairment of non-current assets has been considered necessary.
- Depreciation is being computed on the basis of expected economic life of fixed assets rather than their current market value.
- As a cost cutting measure, VRS was introduced in STC in Nov'20 with the eligibility criteria covering all employees irrespective of length of service."

**56 Impact of COVID-19:-**

The nation-wide lockdown imposed for COVID-19 was lifted partially on 03.05.2020. Since then, company has resumed operations at its corporate and branch offices with minimal staff while adopting safety measures and following standard operating procedures for social distancing as mandated by Ministry of Home Affairs, Govt. of India. Despite the constraints of lockdown, the Company ensured timely deliveries of essential items viz. edible oil, pulses and sugar to the Tamil Nadu Civil Supplies Corporation. Most of the operations were undertaken through e-processing during lockdown. However, due to the unpredictable and fast changing Covid-19 situation, it is very difficult to assess the future impact of Covid-19 on 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. Moreover, employee safety has now become the prime concern in the wake of COVID-19 pandemic. Compliance in respect of ensuring safety and social distancing at office premises has been of utmost importance. Practices like 'Roster Duty' and 'Work from Home' have also been adopted. Regular disinfection of office premises, supply of masks and sanitizers to the employees has been made an essential component of keeping employees safe. There has not been major impact on the financial performance due to the Covid-19 pandemic as the Company has undertaken limited business operations.

- 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.
- 60 Plots of land at Mallet Bunder by MBPT for a 30 year period of lease. On the land leased there were three constructed oil storage tanks along with other required infrastructure. The lease period had already expired on 17.10.2016. On expiry initially STC was seeking extension of lease of plots with MbPT and consequent upon decision to stop trading activities by STC, we have written to MbPT on 10.07.2020 for surrendering of said plots. No impairment has been considered necessary since at the time of handing over, the value of existing tanks and other infrastructure, on said plots and the sale proceeds of the scrap, so realized, from them shall be higher than such cost.
- 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 PSMG & Associates**  
Chartered Accountants  
Firm Reg. No. 008567C

Sd/-  
**(S.K SHARMA)**  
Director (Personnel)  
with additional  
charge of CMD  
DIN -06942536

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

Sd/-  
**(CA PRIYANKA JAIN)**  
Partner  
M. No. 423088  
Place: New Delhi  
Dated: 25.06.2021

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

**MANAGEMENT REPLIES TO THE OBSERVATION OF STATUTORY AUDITORS ON  
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2020-21**

Sl.No.	Observations of the Statutory Auditor	Management Replies
<b>A.</b>	<b>Basis for Qualified Opinion</b>	
(i)	For not providing firm liability of Rs. 3.92 Crore from one of the party, M/s Lichen Metals Private Limited, after adjusting the deposit of Rs. 27.95 crore from Holding Company of the Party. The said Holding Company of the party had approached for arbitration against the adjusted deposit and the arbitration award was in favour of holding Company of the party. Holding Company 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, Holding Company has deposited an amount of Rs 31.92 Crore on losing the case being the adjusted deposit with interest and made a provision for Rs. 27.95 Crore in the books of accounts in the current year.	<p>The holding company during the F.Y. 2019-20 appropriated 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 the party had gone for arbitration and the award was made in their favour for the refund of Rs. 27.89 Crore plus interest @8% p.a. by the holding company excluding cost of arbitration. Against the same the holding company filed an appeal before the Hon'ble High Court. Meanwhile, as per the High Court's direction the holding company 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. Due to prevailing situation caused by the pandemic, the case has not progressed to any decisive stage.</p> <p>In case of any material changes arising in the factual position, the same shall be reviewed appropriately.</p>
(ii)	For not providing firm Liability of amounting of Rs. 6.96 Crore recoverable from M/s Dankuni Steel Ltd. against supply of met Coke during earlier years. For recovery of the dues, claim has been filed with NCLT through IRP. The holding company has filed legal and criminal cases against the party.	<p>Trade receivables include an amount of Rs. 10.54 Crore recoverable from M/s Dankuni Steel Ltd. against supply of met Coke during earlier years. For recovery of the dues, claim has been filed with NCLT through IRP. The holding company has filed legal and criminal cases against the party which are being followed up. No provision for Rs. 6.96 Crore has been made as the said amount is secured by mortgage of free hold land. A provision of Rs. 3.58 Crore has been made against the dues. Tender was floated for the sale of mortgaged property at Dankuni, however, when tender was opened on 01.04.2021, no bids were received.</p> <p>In this connection, Hyderabad R.O. is in the process of re-floating the tender for the sale of property and realization of dues.</p>
(iii)	An amount of Rs.4.98 crore shown as a contingent liability against which the holding company has not provided firm liability although the holding company has lost the court case in Indian Council of Arbitration.	The holding company has further filed an appeal in the Hon'ble High Court, New Delhi and the matter is in the stage of final arguments. The next date of hearing is scheduled on 27.09.2021.
(iv)	Refer Note No. 12 & 55, the Company has Deferred Tax worth Rs. 73.01 Crores and MAT credit of Rs. 13.48 crores. However, there is no virtual certainty of profits in the future considering the high value of contingent liabilities, significant decrease in the sales v negative net worth of the Company and decision of the board of directors regarding operative status of the Company dated 05.04.2021. Accordingly, the Deferred tax and credit should be reversed and therefor for loss for the year is understated by Rs. 86.49 c with consequential effect on 'Retained earnings' by the same amount and overstatement of assets.	<p>Consequent upon STC being a non-operative company from the year 2021-22 onwards, upon the accounting policy pertaining to the non-going concern has been adopted in the month of August, 2021. Accordingly, appropriate effect shall be taken on the net carrying value of deferred tax worth Rs. 73.01 crore during the year subsequently.</p> <p>The MAT credit of Rs. 13.48 crore can be adjusted against the tax liability as per normal provisions of the Income Tax Act, 1961 which may arise in coming years on account of increased rental income.</p>



Sl.No.	Observations of the Statutory Auditor	Management Replies
(v)	For non-provision of a demand of Rs 132.32 Crore received from Land and Development Office - New Delhi, which has resulted in understatement of loss by Rs. 132.32 Crore and understatement of liabilities.	A demand of Rs. 132.83 Crore was raised by L&DO on 26.03.2018 for the period 2004-05 and onwards for non-compliance of various conditions of the Lease Deed (including non-deposits of 25% of the gross rent received by the holding company from its tenants). However, the holding company has taken up for waiver of the amount demanded by L&DO at appropriate level. Accordingly the amount has been correctly disclosed in Contingent Liability.  In case of any material changes arising in the factual position, the same shall be reviewed appropriately.
<b>B.</b>	<b>The holding company has not complied with</b>	
(i)	Ind AS 10 (regarding Events Occurring after balance sheet date) by not taking into consideration the accounting effects of resolution of The Board of Directors dated 05.04.2021 regarding non-operating status of the holding company.	Consequent upon the Resolution of Board of Directors dated 05.04.2021, the holding company has revised the accounting policy appropriately for stated accounts as a non going concern during the month of August, 2021 and shall effect suitable changes in the preparation of accounts during the FY. 2021-22.
(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.	The holding 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 holding company has filed legal cases for such outstanding balances for both receivables and payables.
(iii)	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 plot at Mallet Blunder, Mumbai port trust. Due to unavailability of the lease period in these cases impact of the same is not ascertainable.	The holding company has complied with the requirements of INDAS 116 regarding accounting for leases. However, in certain cases, where the title deed is yet to be executed, the impact of accounting has been suitably derived. As regards the plot at Mallet Bunder at Mumbai, the period of lease has expired in 2016 and the holding company is in the process of surrendering the same.
<b>C.</b>	<b>The impact of the following is not ascertainable.</b>	
(i)	In the view of the default by the holding company in paying due interest amount to the banks, the holding company was declared NPA. The lender banks have initiated DRT proceedings against the holding company. The memorandum of the OTS (MOTS) proposal with lender banks is at the final stages and is in line with the minutes of the high-level meeting held in 29.08.2019 and the further clarificatory letter dated 13.10.2020 of Ministry. The liability towards banks is proposed to be settled by the way of transfer of title of identified property worth Rs.300 crore on "as is where is basis" as a full and final settlement. (Refer Note No. 3 of the attached financial statements).  However, no any documentation is made available by company with regards to discussion with lenders.  Pending settlement of OTS, company has not charged interest in its financial statements.	In view of the default by the holding company in paying due interest amount to the banks, it was declared NPA.  The Memorandum of the OTS (MOTS) proposal with the lender banks is at the final stages and is in line with the minutes of the high level meeting held on 29.08.19 and the further clarificatory letter dated 13.10.2020 of Ministry. The liability towards bank is proposed to be settled by way of transfer of title of identified immovable property worth Rs. 300 crore on "as is where is basis" as a full and final settlement. Memorandum of One Time Settlement with the banks is under active consideration by the banks who are in the process of seeking approval of their competent authorities. There is no further demand of interest created in the books in view of the One Time Settlement (OTS).  The lender banks have initiated DRT proceedings against the holding company, which is likely to be withdrawn soon.



Sl.No.	Observations of the Statutory Auditor	Management Replies
(ii)	In view of non-availability of confirmation of balances of receivables, payables Business Associates, Security Deposits, Other Creditors and EMD which are under litigation and no confirmation has been received from the parties.	Balances of trade receivables, trade payables and liabilities are being reconciled after completion of each transaction and the accounts are settled with the party. However, confirmation in respect of trade receivables and trade payables under litigation is not available.
(iii)	For non-adjustment of value/area in Fixed Assets Register against areas acquired by Delhi Metro Rail Corporation (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 holding company to The Handicrafts and Handloom Exports Corporation of India Limited (HHEC) for its Housing colony.	325.685 square meters was taken by NDMC for widening of roads during Asian Games and 388.91 square meters was taken by DMRC for construction of Metro / Metro Station out of the total leasehold land allotted by L&DO to the holding company for construction of office building at (Jawahar Vyapar Bhawan) Tolstoy Marg, Janpath, New Delhi. The holding company has taken up the matter with L&DO for reduction of both the area and shall be updating the same in Fixed Assets register/Schedule in respect of its area & value after receipt of response. The response of L&DO is still awaited.  As per the holding company's Board's decision dated 31.01.1975, 64 nos. of flats were sold to HHEC. The necessary accounting treatment was done in the year 1975-76 itself.
(iv)	<p>a) For not making credit impairment of trade receivables of Rs. 928.69 crore since the holding company feels that even if no amount would eventually be recovered, provision is not required as the creditor will be paid by the holding 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>b) Further in case of M/s Rajat Pharmaceuticals Ltd (RPL), under note no.39, who drew bills of exchange on THE HOLDING COMPANY which were accepted upon receipt of overseas buyer's pre-acceptance to THE HOLDING COMPANY'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 crore 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 crore approx. has been passed by Hon'ble Bombay High Court in favour of Holding Company against the dues from another foreign buyer i.e. Sweet land 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 &amp; Financial institution have filed legal suit against RPL before DRT making THE HOLDING COMPANY also a party to the case claiming Rs. 476.47 Crore.</p> <p>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>The amount of Rs. 928.69 crore is already under back to back arrangement and under litigation. The creditors to such extent will be paid only after receipt from the corresponding debtor. Hence, no provision has been considered necessary, so far. In case of any material changes arising in the factual position, the same shall be reviewed appropriately.</p> <p>Trade receivables include Rs.568.44 Crore (approx.) on account of export of pharma products to foreign buyers purchase from M/s Rajat Pharmaceuticals Ltd". (RPL). RPL drew bills of exchange on the holding company which were conditionally accepted upon receipt of overseas buyers pre-acceptance to the holding company's bills of exchange. However, the foreign buyers defaulted in making payment against the export bills and have gone into liquidation. A claim of Rs.527.86 Crore has been admitted by the liquidator of one of the foreign buyer i.e. Loben Trading Co.Pte Ltd, Singapore. A Decree of Rs 62.47 Crore has been passed by Hon'ble Mumbai High Court in favour of the holding company against the dues from foreign buyer i.e. Sweetland Trading Pte Ltd. As of now, 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 &amp; Financial institution have filed legal suit against RPL before DRT making the holding company also a party to the case claiming Rs. 476.47 Crore.</p> <p>In case of any material changes arising in the factual position, the same shall be reviewed appropriately.</p>

Sl.No.	Observations of the Statutory Auditor	Management Replies
(v)	Customer at credit includes amount payable to U.P. Government amounting to Rs 6.03 Crore. As informed by the Branch management, Branch has made various other claims on U.P. Government and accordingly dues of Rs. 39.11 Crore is recoverable from U.P. Government for which debit note dated March 10, 2014 was raised. However, the said claim was not recognized in the financial results 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 result of the 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 which is under dispute and the holding company is in the process of initiating proceedings under AMRCD.  In case of any material changes arising in the factual position, the same shall be reviewed appropriately.
(vi)	As per letter no. L&DO/L-IIA/1236/574 dated 19.12.2019, L&DO has demanded interest @ 10% till the payment is being made by Holding Company, the effect of the same is not considered in the books as on reporting date, which has resulted in understatement of loss. The amount of the interest subsequent to the above letter of L&DO dated 19.12.2019 cannot be quantified due to lack of information in the said regard.	The holding company has taken up for waiver of the amount demanded by L&DO as per their letter dated 26.03.2018 at appropriate level. The amount as per the letter no. L&DO/L-IIA/1236/574 dated 19.12.2019; L&DO is still not yet finalized. However appropriate action shall be taken in the next financial year on receipt of response of L&DO in the matter.
(vii)	STCL has not provided interest from FY 2018-19 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 HOLDING COMPANY. Due to non-provision of interest, the loss has been understated by Rs 27,16,62,75,589/- with consequential reduction in bank liabilities.	The Board of Directors of STCL in its 165th meeting held on 10.01.2019, decided to discontinue booking of interest on the principal amount due payable to banks in the Annual Accounts of the Company from the year 2018-19 onwards on the following grounds: <ol style="list-style-type: none"> <li>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 defense 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.</li> <li>2) STCL has made provision at the rate of 14 to 15% 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 than the interest payable by the company.</li> <li>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.</li> <li>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.</li> <li>5) In the event, STCL obtain favorable 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.</li> </ol>

Sl.No.	Observations of the Statutory Auditor	Management Replies
		<p>6) In the event of STCL losing 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.</p> <p>However it may please be noted that STCL had submitted OTS proposal to lender banks on 05.11.2019 based on actionable claim arising out of contracts pending adjudication and sale of confiscated properties of FMPL/FEIPL by ED and the proposal is in consideration with the banks.</p> <p>In view of above, non-provisioning of interest in the Accounts is factual for which appropriate disclosures have been made.</p>
(viii)	<p>STCL has received Grant from VITC (Visvesvaraya Industrial Trade Centre) under ASIDE Scheme amounting Rs.1,20,00,000/- for Export Promotion during the year 2006-07 towards Chillyfids Processing Centre-Byadgi. Grant in Aid has been received amounting to Rs. 6,29,00,000/- during the year 2008-09, for Steam Sterilization plant at Chinddawara. THE HOLDING COMPANY has amortized depreciation on assets for which grants were received, at WDV method and has reduced the same from the grants. However, from the FY 2019-20 no grants have been amortized since the possession of such assets for such grant availed has been taken over by the consortium of lenders.</p> <p>Due to non-availability of conditions relating to disposal or compulsory acquisition, we are unable to opine on the treatment given by STCL in the financial statement on the un-amortized portion of grant to the tune of Rs.1,10,09,432.</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. Subsequently, SBI 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 in the DRT, wherein with regard to UCO Bank case, DRT passed an order on 29.09.2015 for recovery of Rs. 148, 18, 29,854.77. However, STCL 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 had sold the assets for Rs. 5.25 crore. As the assets are sold by the banks under SARFAESI Act, the assets of the Company are not part of our balance sheet and hence it is unamortized.</p>
(ix)	<p><b>Material Uncertainty related to Going Concern (Refer Note 55):</b></p> <p>The holding company has incurred a net loss of Rs. 112.84 crore during the year ended 31st March 2020 and Rs. 47.70 crore during the year ended March 31, 2021 and, as of that date, the holding company's liquidity position is not strong enough as is evident from the fact that the Current Liabilities exceeded its Current assets by</p>	<p>The holding company is a CPSE under administrative control of the Ministry of Commerce &amp; Industry. The holding company was incorporated primarily for the business of trade with State Trading Organizations of various countries. The holding company had 7 (seven)</p>

Sl.No.	Observations of the Statutory Auditor	Management Replies
	<p>923.24 crore and net worth is positive only on account of revaluation reserve. Also considering the high value of contingent liabilities amounting to Rs.834.36 crore, significant decrease in the sales volume of the holding company and the matter of continuous losses and negative net current assets, there could be material uncertainty for the holding company to continue as a going concern. Further, The Board of Directors of Holding Company on 05.04.2021 passed a resolution to continue business of Holding Company as non-operating Holding Company.</p>	<p>Branch offices and 3 (three) Representative offices located all over the country. For almost a decade, the holding company incurred operating losses due to huge recoverable from defaulting associates. Due to this, the holding company faced precarious financial conditions, operating losses and negative net worth, etc. The holding company initiated legal action against the defaulting associates. The holding company is vigorously following up for finalization of OTS with lender Banks after signing of the Memorandum of OTS.</p> <p>During the year under reference the holding company had undertaken various businesses without use of the holding company's own funds. Further stating the directions of MOC&amp;I, the holding company has recently stopped its trade operations and completed the ongoing trade transactions up to 31.03.2021. The accounting policy adopted by the holding company was on going concern basis and trade was being undertaken accordingly.</p> <p>However, for the Financial year 2021-22 onwards Board vide its meeting held on 05.04.2021 has decided that the holding company shall be a non-operative Company and has suitably amended the accounting policy recently. Accounts for F.Y. 2021-22 will be drawn as per the adopted accounting policy.</p> <p>Accordingly, the following are summarized –</p> <ol style="list-style-type: none"> <li>The accounts for the current year have been prepared on going concern basis.</li> <li>The holding company is continuing to carry forward deferred tax assets for the time being.</li> <li>No provision for impairment of non-current assets has been considered necessary.</li> <li>Depreciation is being computed on the basis of expected economic life of fixed assets rather than their current market value.</li> <li>As a cost cutting measure, VRS was introduced in the holding company in Nov'20 with the eligibility criteria covering all employees irrespective of length of service.</li> </ol> <p>In case of any material changes arising in the factual position, the same shall be reviewed appropriately.</p>
<b>D.</b>	<b>Emphasis of Matters</b>	
(a)	<p>Contingent Liabilities which includes an amount of Rs. 1.30 Crore in respect of pending sales tax liability. The holding 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 Crore and Rs. 1.11 Crore respectively.</p>	<p>The GAP half-margin on the said matter was regarding not writing back of the credit balance of many parties including the five parties totaling to the amount of Rs. 1.30 crore. But since the sales tax cases against those five parties are still going on, the credit balance of Rs. 1.30 crore has to be kept in books against any future liability and hence has not been written back.</p>



Sl.No.	Observations of the Statutory Auditor	Management Replies	
		Name of Party	Amount (Rs.Crore)
		Space Vision Impex Pvt. Ltd.	0.19
		Pranav Agro Industries Ltd.	0.25
		Ganesh Benzoplast Ltd.	0.20
		Thakkarsons Auto ancillary(i) Pvt. Ltd.	0.09
		Dunlop India Pvt. Ltd.	0.57
		<b>TOTAL</b>	<b>1.30</b>
(b)	Reference is invited to Note No.38 of the attached Consolidated financial statements in respect of litigation matters, their present status and provisioning, if any, required and on-going investigations into the alleged irregularities; further, the holding 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, voluntary retirement of employees dealing with these cases 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 provision is not ascertainable.	The cases under litigation/investigation/ etc. are being appropriately disclosed under contingent liability. Each case is being assessed at the end of the reporting period on the basis of its merits. The suitable treatment in books of accounts will be made based on the outcome of the ongoing litigation.  In case of any material changes arising in the factual position, the same shall be reviewed appropriately	
(c)	Refer to Note No.56, of the attached Consolidated financial statements relating to challenges faced by the holding company due to Covid-19, the impact of which in future period cannot be ascertained as on date	Due to the unpredictable and fast changing Covid-19 situation the holding company has taken precautions as per the guidelines and maintained proper sanitization etc. As for business operations since company has undertaken culmination of ongoing trade transactions only, there has not been major impact on the business of the holding company.	
<b>E.</b>	<b>Annexure 'A' to Independent Auditor's Report</b>		
(a)	Holding 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 used by Holding Company.	The interlinking of different software currently maintained by the holding company can only be possible in case of ERP implementation. Due precarious financial condition and also due to non-going concern status of the holding company, such implementation is a distant possibility. However, manual intervention with regard to accounting entries in Tally software is restricted by the internal checks available in the software itself.	
(b)	Lack of effective Internal control over inventory pledged with the holding 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 the holding company to conduct the physical verification.	Periodic physical verification reports in respect of pledged inventory is 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.	
(c)	Manner of maintenance of Fixed Assets Schedule & register needs to be strengthened.	The holding company is in the process of strengthening the same.	
(d)	Lack of proper contract management is noticed. Irrespective of completion of contracts the EMD/Security deposits are still being withheld in the books by the holding company.	There is proper Contract Management and after completion of each contract the EMD/ security deposits are settled as per the contractual terms. As regards the security deposits and EMD's in hand the contracts which could not be undertaken, the holding company is in process of refund the same consequent upon decision taken for THE HOLDING COMPANY being a non operative company from the FY.2021-22.	

Sl.No.	Observations of the Statutory Auditor	Management Replies
(e)	Lack of control over the renewal of Rent/lease Agreements on timely basis. There are numerous of contracts which have not been renewed over a long period.	The holding company has renewed majority of the agreements with the tenants. The rest are being pursued.
(f)	Ineffective implementation of accounting policy in balance confirmation of trade receivable & vendor balance is noticed. The balances outstanding in the trade receivable account cannot be reconciled in customers' books as balance confirmations are not available for these customers.	Balances of trade receivables, trade payables and 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.
(g)	STCL 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.	During the year 2008-09, STCL suffered extraordinary losses due to the default in the payment by business associates. The Company had stopped all its business activities from 2014-15 onwards. Further, Union Cabinet had decided to wind up STCL. Accordingly, STCL had filed winding up petition before Hon'ble High Court of Karnataka on 26.11.2013, which is pending for disposal. Presently the Company is only pursuing recovery cases filed by STCL against the business associates before different forums and is adhering to all the other statutory provisions laid down by Government of India.
(h)	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. STCL has initiated legal process for recovery of its dues.	The lessee initiated Arbitration against STCL for the recovery of Security deposit. STCL filed its objection and also made the counter claim for the amount payable by the lessee. However the Arbitration filed by lessee was rejected.
(i)	The Board of Directors of STCL had delegated certain powers to the managing director of THE HOLDING 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 HOLDING COMPANY and reporting to the board of Directors of STCL.	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.
(j)	STCL 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 them. Due to non-provision of interest, the loss has been understated by Rs 1665,89,48,318/- with consequential reduction in bank liabilities.	The Board of Directors of STCL in its 165th meeting held on 10.01.2019, decided to discontinue booking of interest on the principal amount due payable to banks in the Annual Accounts of the Company from the year 2018-19 onwards on the following grounds: 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 14 to 15% 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 than 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

Sl.No.	Observations of the Statutory Auditor	Management Replies
		<p>income tax on book profit may be charged to the company.</p> <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.</p> <p>However it may please be noted that STCL had submitted OTS proposal to lender banks on 05.11.2019 based on actionable claim arising out of contracts pending adjudication and sale of confiscated properties of FMPL/FEIPL by ED and the proposal is in consideration with the banks.</p>

कार्यालय प्रधान निदेशक लेखापरीक्षा,  
उद्योग एवं कॉर्पोरेट 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

संख्या: एएमडी-1/8(4)/एमटीसी/  
CFS (2020-21)/2021-22/266-67  
दिनांक: 27-10-2021

सेवा में

अध्यक्ष एवं प्रबन्ध निदेशक,  
दि स्टेट ट्रेडिंग कॉर्पोरेशन ऑफ इंडिया लिमिटेड,  
अबाहर व्यापार भवन, तोल्स्टोय मार्ग,  
नई दिल्ली-110 001

विषय: कंपनी अधिनियम 2013 की धारा 143(6) (b) के साथ धारा 129 (4) के अंतर्गत 31 मार्च 2021 को समाप्त वर्ष के लिए दि स्टेट ट्रेडिंग कॉर्पोरेशन ऑफ इंडिया लिमिटेड के समेकित वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

कंपनी अधिनियम 2013 की धारा 143(6) (b) के साथ धारा 129 (4) के अंतर्गत 31 मार्च 2021 को समाप्त वर्ष के लिए दि स्टेट ट्रेडिंग कॉर्पोरेशन ऑफ इंडिया लिमिटेड के समेकित वार्षिक लेखों (Consolidated Financial Statements) पर उपरोक्त विषय संबंधित संलग्न पत्र अग्रेषित है।

भवदीया,

(रिना अकोइजम)  
महानिदेशक लेखा परीक्षा  
(उद्योग एवं कॉर्पोरेट कार्य)  
नई दिल्ली

संलग्नक:- यथोपरि



**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 2021**

The preparation of consolidated financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) 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 Revised Audit Report dated 07 September 2021 which supersedes their earlier Audit Report dated 25 June 2021.

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 2021 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 supplementary audit of the financial statements of STCL Limited (subsidiary) for the year ended on that date. Further, section 139(5) and 143 (6) (b) of the Act are not applicable to five Joint Venture 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 auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revision made in the statutory auditor's report, to give effect to one of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143 (6) (b) read with section 129(4) of the Act.

**For and on behalf of the  
Comptroller & Auditor General of India**



**(Rina Akoijam)  
Director General of Audit  
(Industry & Corporate Affairs)  
New Delhi**

**Place: New Delhi**

**Date: 27-10-2021**



## **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](http://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](mailto:admin@mcsregistrars.com).

Full text of notice / documents meant for general shareholders would also be made available on our website [www.stclimited.co.in](http://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, 1<sup>st</sup> Floor,  
Okhla Industrial Area, Phase-I  
New Delhi-110020

### **RE:- Green Initiative in Corporate Governance**

Regd. Folio No.	
Name of 1 <sup>st</sup> Registered Holder	
Name of Joint Holder/s 1. 2.	
Email ID to be registered	

I/We Shareholders, of THE STATE TRADING CORPORATION OF INDIA LIMITED, hereby agree receive all communications from the Company by way of an email, Please register my email ID in your records for sending communications through email.

DATE:

Signature  
(First Holder)





# 65 Years of Excellence in Global Trading



*Business Beyond Boundaries*

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

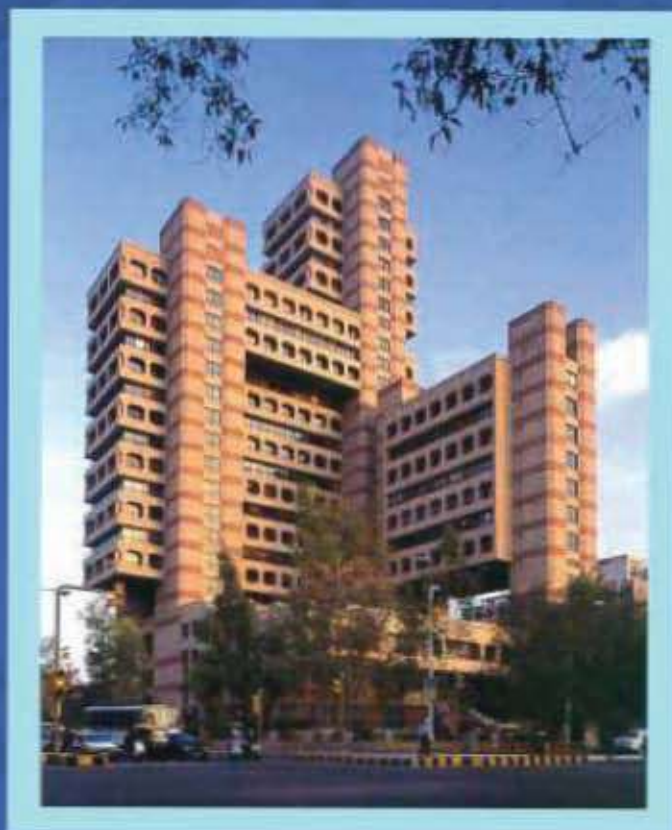
(CIN:L74899DL1956GOI002674)

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





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## THE STATE TRADING CORPORATION OF INDIA LIMITED: NEW DELHI

CIN: L74899DL1956GOI002674

Regd. Office: Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001

Website: www.stclimited.co.in, email: co@stclimited.co.in

Telephone: 011-23313177

### NOTICE

Notice is hereby given that the 65<sup>th</sup> Annual General Meeting of The State Trading Corporation of India Limited will be held on Wednesday, 24<sup>th</sup> November, 2021 at 02:00 P.M. through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) facility, to transact the following business:

#### Ordinary Businesses:

1. To receive, consider and adopt the Standalone & Consolidated Audited Financial Statement, containing Balance Sheet as at March 31, 2021, Profit & Loss Account and Cash Flow Statement of the Company, for the year ended March 31, 2021 together with the Report of the Board, Reports & Comments of the Auditors and Comptroller & Auditor General of India thereon and reply of the management thereto.
2. To appoint a Director in place of Shri Nainar Arumugam Nainar Jeyakumar (holding DIN 08479171), who retires by rotation and being eligible, offers himself for re-appointment
3. To authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditor of the Company and to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

"RESOLVED THAT in terms of the provisions of Section 139 (5) read with Section 142 (1) of the Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditor of the Company appointed by Comptroller and Auditor General of India for the financial year 2021-22, as may be deemed fit by the Board."

By order of the Board of Directors  
The State Trading Corporation of India Limited

#### Registered Office:

Jawahar Vyapar Bhawan,  
Tolstoy Marg, New Delhi-110001

Date : 29.10.2021

Place : New Delhi

sd/-  
(Vipin Tripathi)  
Company Secretary

## NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General circular no. 20/2020 dated May 5, 2020 read with circular no. 14/2020 dated April 8, 2020, circular no. 17/2020 dated April 13, 2020 and General Circular No. 02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021 issued by the Securities and Exchange Board of India ("SEBI Circular"), permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the 65<sup>th</sup> AGM of the Company shall be held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. However, pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Since this AGM is being held, pursuant to the MCA Circulars, through VC / OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the 65th AGM and hence the Proxy Form, Attendance Slip and Route map are not annexed to this Notice.** However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
3. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered e-mail address to [rastogifcs3@gmail.com](mailto:rastogifcs3@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
6. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice.
7. Up to 1000 members will be able to join the e-AGM on a First –in First-out (FIFO) basis.
8. No restrictions on account of FIFO entry into e-AGM will be there for large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.



9. Brief resume of the Director seeking appointment/ re-appointment as mandated under Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 is annexed hereto and form part of the Notice. The Director has furnished consent/declaration for his appointment/re-appointment as required under the Companies Act, 2013 and the rules made thereunder.
10. Since the Statutory Auditors of the Company (being a Government Company) are appointed by the Comptroller & Auditor General (CAG), the disclosures required as per Regulation 36 (5) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, are not applicable to the Company.
11. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, November 17, 2021 to Wednesday, November 24, 2021 (both days inclusive) for the purpose of Annual General Meeting.
12. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company - MCS Share Transfer Agents Limited (F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi - 110020; Phone No: 41406149 ; Fax: 41709881; email ID: [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com)) who is also the depository interface of the Company with both NSDL and CDSL.
13. The Company has designated an exclusive e-mail ID, namely, [cs@stclimited.co.in](mailto:cs@stclimited.co.in) to redress shareholders'/ investors' complaints/grievances. In case of any queries/ complaints or grievances, members may write at the above e-mail address.
14. Members are requested to immediately notify any change of address or updation of bank account particulars or other details to:
  - (i) their Depository Participants (DP) in respect of shares held in dematerialized form, and
  - (ii) the Company at its Registered Office or its Registrar & Share Transfer Agents, MCS Share Transfer Agent Limited, in respect of physical shares, if any, quoting their folio number.
15. Under Section 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred ₹2,71,961/- being the unpaid and unclaimed dividend amount pertaining to Final Dividend for the year 2012-13 on 23.11.2020 to the Investor Education and Protection Fund of the Central Government.
16. Further, 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. The Company had, accordingly, transferred 32388 Equity Shares for the year 2012-13 on 30.11.2020 to the Investor Education and Protection Fund of the Central Government. Persons, entitled to claim the dividend or the shares transferred to the IEPF, may claim the same from the IEPF Authority by following the prescribed procedure.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the Registrars and Share Transfer Agents.
18. **Remote e-Voting:** Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its



Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by NSDL.

19. **Voting at the e-AGM:** Members who are not able to vote through remote e-voting may avail the e-voting system provided through NSDL portal.
20. In compliance with the aforesaid MCA Circulars and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website [www.stclimited.co.in](http://www.stclimited.co.in), website of stock exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and also on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
21. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, M/s MCS Share Transfer Agents (MCS).
22. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before November 19, 2021 through email on [cs@stclimited.co.in](mailto:cs@stclimited.co.in). The same will be replied by the Company suitably.
23. All documents referred to in the accompanying Notice shall be available for inspection electronically. Members seeking to inspect such documents can send an e-mail to [cs@stclimited.co.in](mailto:cs@stclimited.co.in)
24. Instructions for remote e-voting and e-voting during AGM and joining the AGM through VC/OAVM are as follows:

#### **A. VOTING THROUGH ELECTRONICS MEANS**

- I. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
- II. The remote e-voting period begins on Sunday, November 21, 2021 (09.00A.M. IST) and ends on Tuesday, November 23, 2021 (5.00 P.M. IST). During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Tuesday, November 16, 2021 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- III. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

- IV. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- V. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- VI. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.





- VII. In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

#### **Step 1: Access to NSDL e-Voting system**

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat** mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the <b>"Beneficial Owner"</b> icon under <b>"Login"</b> which is available under <b>'IDeAS'</b> section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on <b>"Access to e-Voting"</b> under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select <b>"Register Online for IDeAS Portal"</b> or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>



	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "<b>NSDL Speede</b>" facility by scanning the QR code mentioned below for seamless voting experience.</p> <div style="text-align: center;"> <p><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div> </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>1) Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>2) After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>

Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

#### **VIII. Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

##### **How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.



c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***
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5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

**IX. How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**B. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVEN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **3 (three) days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [cs@stclimited.co.in](mailto:cs@stclimited.co.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **3 (three) days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [cs@stclimited.co.in](mailto:cs@stclimited.co.in). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
11. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

**C. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND REGISTRATION OF E MAIL IDS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE:**



1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card) and AADHAR (self-attested scanned copy of Aadhar Card) by email to [cs@stclimited.co.in](mailto:cs@stclimited.co.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [cs@stclimited.co.in](mailto:cs@stclimited.co.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

#### **D. OTHER INSTRUCTIONS**

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
2. The Board of Directors has appointed M/s Parveen Rastogi & Co., Company Secretaries, (C P No. 2883) as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
3. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company, not later than 48 hours of conclusion of the Meeting, shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
4. The facility for joining the AGM shall open 15 minutes before the scheduled time for commencement of the AGM and shall be closed after the expiry of 15 minutes after such schedule time.
5. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.stclimited.co.in](http://www.stclimited.co.in) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of Results by the Chairman or a person authorized by him. The Company shall simultaneously forward the results to the National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
6. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail the nomination facility by filing form no. SH-13 in their own interest. Blank forms can be had from the Registrar and Share Transfer Agent or from the office of the Company on request. Members holding shares in dematerialised form may contact their respective DPs for registration of nomination.
7. Members holding physical shares in multiple folios in identical names are requested to send their share certificates to Company's Registrar and Share Transfer Agents for consolidation.

8. Pursuant to Section 139(5) read with Section 142 of the Companies Act, 2013, the Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is to be fixed by the Company in the Annual General Meeting. The members may authorize the Board to fix up an appropriate remuneration of Auditors for the year 2021-22.
9. Members are requested to quote their Folio/DP & Client Identification No. in all correspondence with the Company/Registrar & Share Transfer Agents.
10. Shareholders holding shares in physical form are invited to contribute to the cause of Green initiative by registering their e-mail ID by submitting E-COMMUNICATION REGISTRATION FORM inserted in the annual report.
11. None of the Directors of the Company is in any way related with each other or other Key Managerial Personnel of the Company.

By order of the Board of Directors  
The State Trading Corporation of India Limited

**Registered Office:**

Jawahar Vyapar Bhawan,  
Tolstoy Marg, New Delhi-110001

Date : 29.10.2021

Place : New Delhi

sd/-  
**(Vipin Tripathi)**  
Company Secretary



## ANNEXURE TO NOTICE

### DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

<b>Name</b>	<b>Shri Nainar Arumugam Nainar Jeyakumar</b>
<b>DIN</b>	08479171
<b>Date of Birth &amp; Age</b>	10.04.1962 59 years
<b>Date of Appointment</b>	12.06.2019
<b>Education</b>	B.Tech (Leather Technology)
<b>Expertise in specific Functional area</b>	Shri N.A.N. Jeyakumar has more than 33 years of experience in the field of import, export and trading in domestic markets. He has been with STC throughout and has served as Director (Marketing), Branch Manager - STC, New York for about six and a half years and STC, Chennai for about 5 years and as a group head at the corporate office handling major recovery cases, General Administration Division, Assets Utilization Division and Personal Division.
<b>Directorship held in other listed companies</b>	Nil
<b>Membership / Chairmanship of committees in other listed companies</b>	Nil
<b>No. of Shares held</b>	Nil
<b>Terms &amp; Conditions of appointment / re-appointment</b>	As per order of Government of India
<b>Details of Remuneration</b>	In the pay scale of ₹75,000 – ₹1,00,000
<b>No. of Board Meetings held during FY (during tenure)</b>	8
<b>No. of Meeting attended</b>	8