



प्रभाग
DIVISION



दि स्टेट ट्रेडिंग कॉर्पोरेशन 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/STEX

August 04, 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 st Floor, P.J. Towers, Dalal Street Mumbai - 400001 Scrip Code : 512531
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Sub: Intimation under Regulation 30 of SEBI (LODR) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulations 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to our earlier letter dated 05th April, 2021, this is to inform that the Board of Directors of the Company in its meeting held on August 03, 2021, have considered and approved the revised accounting policies (copy attached) of STC on Non - Going Concern basis to be applicable w.e.f. 01.04.2021.

Please take note of the above information on record.

Thanking you,

Yours sincerely,

For The State Trading Corporation of India Limited



(Vipin Tripathi)

Company Secretary & Compliance Officer

Encl : as above

Proposed Accounting Policy for STC, effective from FY 2021-22 onwards

Assumption: Non-going concern

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 has been engaged in the Trading Business i.e., import and export in bulk commodities of rice, wheat, sugar, pulses, edible oils, fertilisers, coal, bullion, etc., 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:

Consequent upon the decisions taken in the meeting held on 29.08.2019, by the administrative ministry and further decision of the Board in its 639th meeting dated 05.04.2021, it has been resolved that STC to continue as a non-operating company for the time being and to prepare the accounts from the F.Y. 2021-22 onward on non-going concern basis. Appropriate changes to reflect this have been made in the Significant Accounting Policies and presentation of the financial statements.

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 had been in Trading Business, and there was 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. Considering the administrative ministry and the Board's decision there will be no further business activities except the pending contracts and in so far as may be required to realise the assets and settle the liabilities. Therefore, from Financial Year 2021-22 onwards, a general Operating Cycle of 12 months has been adopted.

v) Functional Currency:

The standalone 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 & Equipment (PPE):

- Till the FY 2020-21, the cost of an item of PPE was being recognized as an asset if it were probable that future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably.

The cost of an item of PPE is comprised of:

- 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



Proposed Accounting Policy for STC, effective from FY 2021-22 onwards

Assumption: Non-going concern

- necessary for It to be capable of operating in the manner intended by management.
- iii. Initial estimate of the costs of dismantling and removing the item and restoring the site on which it was located, the obligation for which the company incurred either when the PPE was 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 was added to its book value only if it increased 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, were charged to the statement of profit and loss for the period during which such expenses were incurred.
- c) Gains or losses arising from de-recognition of items of PPE were measured as the difference between the net disposal proceeds and the carrying amount of the asset and were recognized in the statement of profit and loss when the asset was derecognized.
- d) The company has elected to continue with carrying value of PPE from the date of transition.
- e) The financial statements for the year 2021-22 have been prepared on realization basis and the assets have been classified as "Held for Sale". It is probable that future economic benefits associated with the PPEs will not flow to the company in the normal course of business. Therefore, the PPEs have been carried based at their estimated realisable values. Any decrease in the carrying amount owing to such estimates have been charged to revaluation reserve to the extent the reserve created for the respective asset. The difference over and above the revalued amount is recognised in Statement of Profit or Loss under other comprehensive income.
- b) Intangible assets acquired separately were measured on initial recognition at cost. Cost comprised 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 were carried at cost less accumulated amortization and accumulated impairment losses, if any.
- c) All Intangible Assets (Computer Software's) were stated at carrying value from the date of transition.
- The financial statements for the year 2021-22 have been prepared on realization basis and the assets have been classified as "Held for Sale". It is probable that future economic benefits associated with the Intangible Assets will not flow to the company in the normal course of business. Therefore, the Intangible Assets have been carried based at their estimated realisable values. Any change in the carrying amount owing to such estimates has been charged to revaluation reserve to the extent the reserve was created for the respective asset. The difference over and above the revalue amount is recognised in Statement of Profit or Loss under other comprehensive income.

3.2. Intangible Assets:

- a) Till FY 2020-21 all identifiable intangible assets were recognized when the company controlled the asset, it was 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 could be measured reliably.

3.3. Investment Property:

Investment Properties are properties held to earn rentals and / or for capital appreciation. Till FY 2020-21, Investment properties were being measured initially at cost including transaction cost. Subsequently, Investment property was being stated at cost less accumulated depreciation and impairment losses, if any. Depreciation was being provided as per policy of the company for the same. Any gain or loss on disposal was being recognized in Statement of Profit & Loss.

The financial statements for the year 2021-22 have been prepared on realization basis and the assets have been classified as "Held for Sale". It is probable that the company may not be able to earn rentals in the normal course of business. Therefore, the Investment Properties have been carried based at the estimated realisable values. Any decrease in the carrying amount owing to such estimates has been charged to revaluation reserve to the extent the reserve was created for the respective asset. The difference over and above the revalue amount is recognised in



Proposed Accounting Policy for STC, effective from FY 2021-22 onwards

Assumption: Non-going concern

Statement of Profit or Loss under other comprehensive income.

3.4. Depreciation / Amortization:

Till FY 2020-21, Depreciation was 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 in mentioned below:

- i. Intangible items were depreciated / amortized over a period of 2.5 years.
- ii. Land on perpetual lease was not amortised.
- iii. In case, life was not prescribed under Schedule II of the Companies Act, the same was 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 were amortised over the lease period.

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

The financial statements for the year 2021-22 have been prepared on realization basis and PPEs and Intangible Assets have been classified as "Held for Sale". Hence no depreciation shall be charged on the same and impairment owing to such re-classification has been charged to revaluation reserve to the extent the reserve was created for the respective asset. The difference over and above the revalued amount is charged to profit or loss.

Land on perpetual lease have been revalued, based on the legal rights of the Company in case of termination, and any change in carrying amount has been charged to revaluation reserve to the extent the reserve was created for the respective asset. The difference over and above the revalued amount is charged to profit or loss.

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" was applicable for accounting of leases: -



Proposed Accounting Policy for STC, effective from FY 2021-22 onwards

Assumption: Non-going concern

1. As a Lessee: -

a. Right to use asset: -

- Initial Recognition and treatment- on the date of commencement of lease, the right of use (ROU) asset is measured at present value of lease payments discounted at the interest rate implicit in the incremental borrowing rate.
- Subsequent measurement and treatment- The ROU asset is depreciated as per the depreciation requirements in Ind AS 16 Property, Plant & Equipment. If the ownership is transferred by the company at the end of the lease term or if there is a certainty that the purchase option is exercised by the company, the ROU asset is depreciated over the useful life of the asset. In any other case, the ROU asset is depreciated over the useful life of the asset or the lease term whichever is shorter. Depreciation on the ROU asset is reflected as a charge in the profit & loss account.
- The financial statements for the year 2021-22 have been prepared on realization basis. It is probable that the assets taken on lease by Company may be surrendered within 12 months from the balance sheet date. Therefore, estimated lives of the ROU asset have been re-estimated and depreciation re-calculated accordingly. Any change in the Accumulated Depreciation owing to such re-estimation has been recognised in profit or loss.

b. Lease Liability: -

- Initial Recognition and treatment- on the date the of commencement of lease, the company measures 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.

1. Financial Lease: -

- i. Recognition of the asset- Assets held under financial lease are presented as a receivable at an amount equal to the net investment in the lease, increased / decreased by changes in the valuations done at regular intervals. Any increase / decrease in the valuations is recognised in the profit or loss account.
- 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.

2. Operating Lease: -

- i. Recognition of the asset- Assets held under operating lease are capitalised in the books. The financial statements for FY 2021-22 have been prepared on a non-going concern basis. Therefore, such assets have been reinstated at the lower of net realisable value or the depreciated amount, whichever is lower.
- 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:

Inventories are carried at lower of cost and net realizable value. Cost is determined as under:

- a) Inventories are valued at lower of net realisable value or the cost, whichever is lower.



Proposed Accounting Policy for STC, effective from FY 2021-22 onwards

Assumption: Non-going concern

- b) Goods-in-transit are valued at lower of net realisable value or CIF cost, whichever is lower.
- c) 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.
- d) 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 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 acts 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 is recognised when the contracted services are rendered / goods are supplied to third parties / customers pursuant to the agreements.

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.

i. Dividend and Interest Income

Dividend income is recognised when the company's is right to receive dividend is established.

Interest income from financial assets is recognised using the effective interest rate (EIR) method.

ii. Claims

Claims (including interest on outstanding) are recognised 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 realizable 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 transactions. 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 recognised in Statement of Profit and Loss except to the extent of exchange difference which are regarded as an



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Proposed Accounting Policy for STC, effective from FY 2021-22 onwards

Assumption: Non-going concern

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 11, 2016 which are related to the acquisition or construction of qualifying assets are adjusted in the carrying cost off 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 foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation off 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 costs 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 and construction qualifying asset that necessarily takes substantial time to get ready for its intended use or sale are capitalised 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 substantial time to get ready for its intended use or sale.

d) **Employee Benefits:**

i. Short term employee benefits expected to be paid are recognised at their undiscounted amount in the accounting period in which they are incurred keeping the basis of estimates for actuarial calculation on non-going concern basis.

Post-retirement benefits:

a. **Defined contribution plan:**
Employees' benefit, under defined contribution plan comprising of provident

fund (administered through separate trust) and pension fund (administered through defined contribution to LIC) are recognised 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 recognised in other comprehensive income in the period in which they occur. Re-measurement recognised 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 recognised initially at fair value including any directly attributable transaction costs. Financial assets are derecognised when substantial risks and rewards of ownership of the financial assets have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor



Proposed Accounting Policy for STC, effective from FY 2021-22 onwards

Assumption: Non-going concern

retained, financial assets are derecognised only when the company has not retained control over the financial assets.

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 ventures, and associates)

are valued at their fair value. These instruments are measured at fair value and changes therein, other than important losses, are recognised in statement of profit and loss and presented with in 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 derecognised, 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. Loans and receivables are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised 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 collectability or otherwise 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 recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, less any impairment losses.

v. Trade and other payables:

Trade and other payables are initially recognised at fair value and subsequently carried at amortised 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. Investment in subsidiaries, associates and joint ventures:

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 companies 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 neither control nor joint control over these policies. A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arranged is classified as joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities required 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 the indicators of impairment at the end of each reporting period. Financial assets are 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:



Proposed Accounting Policy for STC, effective from FY 2021-22 onwards

Assumption: Non-going concern

- 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 reorganization; 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 0 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 assets 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 except for trade receivables; such impairment losses 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 or credited against the allowance account. Changes in the carrying amount of the allowance account are recognised 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 recognised, the previously recognised 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 being recognised.

Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows

from the asset expire, or when it transfers the financial asset and subsequently 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 significantly all the risks and rewards of the ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On the recognition of financial assets in its entirety, the difference between the assets carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised 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 the 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 loss enacted or substantially enacted at the reporting rate.

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

- a. As a legally 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



Proposed Accounting Policy for STC, effective from FY 2021-22 onwards

Assumption: Non-going concern

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 is realised, based on tax rates (and tax laws) that has 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 breakup of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after settling 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.

The DTA over and above the DTL recognized till 31.03.21 has not been carried forward and further, no DTA shall be recognized in view of the non-going concern basis of accounting.

g) Provisions, Contingent Liabilities and Contingent Assets:

General:

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probably that and 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 the 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 recognised but disclosed in Notes to 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 recognised 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 recognises a provision for the part of the obligation 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 recognised in the financial statements. Such contingent assets are assessed continuously and are disclosed in notes when the inflow of economic benefits become probable or if it is virtually certain that inflow of economic benefits will arise then such assets and the relative income will be recognised 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 dues 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:

The 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 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



Proposed Accounting Policy for STC, effective from FY 2021-22 onwards

Assumption: Non-going concern

based on their revenue growth and operating income.

The company has identified its operating segments as exports, imports and domestic. The asset and liability is used in companies business to any of the operating segments that are not identified are shown as unallocated assets/liabilities.

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