स्वच्छ भारत
एक कदम स्वच्छता की ओर

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

प्रभाग
DIVISION

STC/BS&P/BS/10082/2017-18/STEX July 20, 2020

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 1st Floor, P.J. Towers, Dalal Street Mumbai – 400001 Scrip Code : 512531

Sub: Annual Audited Financial Results (Standalone & Consolidated) for the quarter and year ended March 31, 2020

Dear Sir/Madam,

This is to inform that the Board of Directors of The State Trading Corporation of India Limited at its meeting held on today i.e., July 20, 2020 has approved and taken on record the Annual Financial Results (both Standalone & Consolidated) for the quarter and Year ended March 31, 2020. In pursuance of Regulation 33, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the following:

a) Auditors' Report on the Audited Financial Results (Standalone & Consolidated) for the quarter and year ended March 31, 2020, pursuant to Regulation 33

b) Annual Audited Financial Results (Standalone & Consolidated) for the Quarter and Year ended March 31, 2020.

c) Statement of impact of Audit Qualification (Standalone & Consolidated) for the financial year ended 31.03.2020.

d) Declaration form the CFO as required pursuant to Regulation 33(3) of the Listing Regulations, regarding unmodified opinion of the Statutory Auditors on the Financial Results.

The Meeting of the Board of Directors commenced at 03:00 PM and concluded at 11:15 PM.

Please take the above on record.
Thanking you,

Yours sincerely,
For The State Trading Corporation of India Limited
20/07/2020
(Vipin Tripathi)
Company Secretary & Compliance Officer

HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS

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New Delhi-110014
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Independent Audit Report

To
The Board of Directors

The State Trading Corporation of India Limited, New Delhi

We have audited the accompanying standalone financial results of **The State Trading Corporation of India Limited ("the Company")** for the quarter ended and year ended 31st March 2020 ("the statement"), attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

i) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act 2013 ("the Act")

Basis for Opinion

We conducted the audit in accordance with the Standards of the Auditing (SAs) specified under Section 143(10) of the Act. Our Responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountant of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ICAI Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Results.

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

HDSG & ASSOCIATES * Chartered Accountants * FRN: 02871N New Delhi [refer (a), (b) and (c) below] 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 March 31st, 2020 and its loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Management's Responsibility for the Standalone Financial Results

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 accounting Standards specified under section 133 of the Act. 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 results, 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the financial results 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 results.

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New Delhi
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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 results of the

HDSG & ASSOCIATES Chartered Accountants FRN 002871N New Delhi 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.

Qualified Opinion

a. Non provision in respect of the items / matters as indicated below, has resulted in the loss being shown lower by Rs. 231.27 crore for the year

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 had approached for arbitration against the adjusted deposit and the arbitration award was in favour of holding Company. STC 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, STC 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.
Considering the above circumstances, the non-provision of the balance amount of Rs. 3.92 crores has resulted in the loss being shown lower by Rs. 3.92 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount.

ii. For not providing liability of Rs. 3.51 Crores (net of carrying value of pledged stocks) where the Company had supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the LCs amounting to approx. 12.05 Crore (LC value Rs. 10.05 Crore and interest & other expenses of Rs. 2.00 Crore). The Company has filed civil applications and criminal complaint under various sections of India Penal Code. The material sold to the associate was pledged to the Company and kept under the custody of CWC. However, another PSU viz. M/s. Metal and Scrap Trading Corporation (MSTC) had also made a claim of ownership of stock. Hence, 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. The matter is still pending. Further, the Lender Institutions have initiated proceeding at NCLT against the associate, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT on 21.08.2018.

Considering the above circumstances, the non-provision of the balance amount of Rs. 3.51 crores has resulted in the loss being shown lower by Rs. 3.51 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount.

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New Delhi
Chartered Accountants

iii. Inventory includes Rs. 0.05 Crores at Bangalore Branch, which has not been written down to its realizable value though the Company has discontinued this line of business for the past 3 years.

Considering the above circumstances, loss for the year is understated by Rs. 0.05 Crores, with consequential effect on 'Retained earnings' by the same amount and overstatement of 'inventories' by Rs. 0.05 Crores.

iv. Contingent Liabilities includes an amount as shown as a contingent liability Rs. 4.98 Crores against which the Company has not provided firm liability though the Company has lost the court case.

v. The Company has Deferred Tax Asset of Rs. 86.49 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 and negative net current assets of the Company. As a result of matter above, 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.

vi. 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.

b. The Company has not complied with:

i. Ind AS 40 (regarding Fair Value Measurement of Investment Property) by not performing fair valuation of investment property as on balance sheet date.

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 109, (regarding impairment of financial assets and recognition of expected credit loss) by not making credit impairment on undisputed trade receivable of Rs. 164.64 crore. The impact of the same is not ascertainable.

iv. 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

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Agra Office. Due to unavailability of the lease period in these cases impact of the same is not ascertainable.

v. Ind AS 16, (regarding Revaluation of Property Plant and Equipment) by not complying with the requirement of the Revaluation. Accordingly, the balance of the Revaluation Reserve is overstated by Rs. 14.33 Crores which is subject to the Fair Valuation, yet to be performed by the Company.

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

i. The Company owed substantial amount to the bank for which lender banks initiated the action of recovery by filing O.A. No. 148/2019 before DRT on 18/02/2019. However, subsequently Syndicate Bank (now Canara Bank), one of the constituent lender also filed insolvency petition in NCLT under section 7 of the IBC Code, 2016, on 21/02/2019. In response to the above action by Bank, company for the settlement of its debt payable to the bank offered One Time Settlement (OTS) vide letter dated 20/03/2019 to which Syndicate Bank (now Canara Bank-the lead banker) responded on 22/05/2019 giving a counter offer of settlement of which principle terms, inter alia, were as under: -

- Payment of Rs. 1100 Crores immediately.
- Payment of Rs. 300 Crores by sale of STC immovable properties.
- Balance amount of Rs. 506.24 Crores by assigning 50% of realized trade receivable within 5 years from 1st Jan 2019.

Syndicate Bank (now Canara Bank) by their offer dated 22/05/2019 proposed to sign MOU not later than 30/06/2019. Syndicate Bank (now Canara Bank) also confirmed vide letter dated 22/05/2019 that as part of settlement, Rs. 900 Crores were already received from STC and balance amount of Rs. 200 Crores were to be remitted, based on balances arrived on 31/12/2018. On verification of documents, it is found that Rs. 200 Crores were remitted on 27/05/2019 but without executing any MOU and till date revised MOU/OTS Agreement, if any, has not been executed.

Based on the information and explanations provided to us, in our opinion, non-execution of MOU/OTS Agreement to bind the banker in terms of final settlement is a lapse on the part of the company. Such irregularity may lead to uncalled for enquiries later on with regard to non-execution of MOU to bind the bankers in terms of final settlement.

Further, subsequently a meeting was held on 29/08/2019 under the Chairmanship of Hon'ble Minister, Commerce & Industry, regarding settlement of dues of PEC and STC. PEC is an unlisted company 100% owned by Government whereas STC is a listed company, listed with Bombay Stock Exchange and National Stock Exchange and as on date of our report 10% of shares are held by the public at large and remaining 90% is held by the Central Government. As per minutes of the meeting held on 29/08/2019 and communicated by letter dated 09/09/2019 by Under Secretary, Govt. of India, it was resolved that since PEC does not have meaningful assets to pay its present outstanding except certain flats /homes having value approximately of Rs. 10 Crores therefore in order to repay debt of PEC of Rs 1390.01 Crores so that public sector bank do not suffer, a decision was taken in the meeting to sell/transfer Jawahar Vyapaar Bhawan, New Delhi, an immovable property owned by the STC, after due process of taking exemption from Land & Development office, the lessor of the plot of land on which Jawahar Vyapaar Bhawan is constructed, title will be transferred and lender bank will dispose off the properties in transparent manner. It was further decided that Syndicate Bank (now Canara Bank) will revise the agreement of OTS with STC and include PEC in its ambit so as to swiftly conclude the full and final settlement of pending dues of these companies to banks.

The meeting under the Chairmanship of Hon'ble Minister, Commerce & Industry also decided that Government was going to close down STC and PEC.

Based on minutes of the meeting dated 29/08/2019, Syndicate Bank (now Canara Bank) vide letter dated 11/10/2019 communicated about the opinion that they have obtained from their counsel namely M/s Cyril Amarchand Mangaldas about possible way out to save the payment of stamp duty on transfer / assignment of Jawahar Vyapaar Bhawan through binding agreements in favor of buyer.

Thereafter, an opinion has been sought by the company from M/s Shardul Amarchand Mangaldas wherein they have opined, inter-alia, that merger with any other profitable company namely MMTC could be another option, other than closer.

We have been informed that NCLT proceedings have been withdrawn by Syndicate Bank (now Canara Bank) but the DRT withdrawal process is still pending. In the Consortium meeting held at Stressed Asset Management branch, Delhi of the Syndicate Bank (now Canara Bank) on 13.01.2020, it was unanimously suggested by the Lenders that instead of withdrawing the case from DRT, possibility may be explored to obtain a consent decree based upon the broad settlement arrived during the high level meeting dated 29.08.2019.

Further we have not been provided any document to substantiate that the Company has countered the claim of the consortium banks to takeover Jawahar Vypaar Bhawan for settlement of liabilities pertaining to the PEC Limited, where as it is understood that the Company has instead started the process of clearing the title deed of Jawahar Vypaar Bhawan from L&DO so that transfer can be executed in favor of the Bank.

Considering the provisions of the Companies Act, 2013, and the fact that 10% shareholding of STC is held by public at large, the decision of Ministry of taking over the liability of PEC amounting to Rs 1,390.01 Crores by STC in the meeting held on

29/08/2019 are in contravention to section 180 and 186 of the Companies Act, 2013, and would also be prejudicial to the interest of the minority shareholders which is public at large because STC by taking the liability is not gaining in any manner and this will also be contrary to the settled accounting principles because the liability is being fastened on the company without any corresponding asset. We are of the considered opinion that the decision taken in the meeting held on 29/08/2019 and insistence of the bankers to sell/transfer the Jawahar Vyapaar Bhawan for settlement of remaining liabilities of the Company along with PEC's debts in the consortium meeting held on 13.01.2020 is prejudicial to the interest of the minority shareholders and is taken without following due process of law, is not in the interest of the company and its members and is also contrary to the corporate structure envisaged under the provisions of the Companies Act, 2013. Such decision taken, without the consent of the shareholders, firstly by not convening meeting of the members is also affecting adversely the fundamental of the company being its ability to continue as a going concern.

ii. For non-availability of confirmation of balances of certain receivables and payables (including certain direct & indirect taxes).

iii. For non-adjustment of value/area in Fixed Assets Register against areas acquired by 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 HHEC for its Housing colony.

iv. For not making credit impairment of trade receivables Rs. 973.19 Crore & Claim Receivables Rs. 6.78 Crore, making a total of Rs. 979.97 crore 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) 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 Crs. approx. has been passed by Hon'ble Bombay High Court in favour of STC 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.

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.

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FRN : 02871N
New Delhi
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v. 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 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 financial statement of the Company.

As a result of matters contained in paras (a) (i) to (vi) above, loss for the year is understated by Rs. 231.27 Crore, with consequential effect on 'Retained earnings' by the same amount, understatement of 'liabilities' by Rs. 141.22 crore and overstatement of claim recoverable by Rs. 90.05 crore.

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 (including the basis for the qualified opinion).

Emphasis of Matters:

a. Contingent Liabilities 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. 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 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 a provision is not ascertainable and hence it is concluded that it was appropriate to include an Emphasis of Matter related to these uncertainties.

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New Delhi

c. The Investment, "NSS Satpura Agro Development Company Limited", of the Company in the Financial Statement has a status of "striked-off" as per the data available at the Ministry of Corporate Affairs. The impact, though immaterial, of the same hasn't been undertaken by the Company in its Financial Statement.

Our opinion is not modified in respect of these matter

Material Uncertainty related to Going Concern:

The Company has incurred a net loss of Rs.879.46 crore during the year ended March 31, 2019 and Rs. 112.84 crores during the year ended March 31, 2020 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 Rs 922.68 crore and (the fact that equity shows a positive figure only on account of revaluation reserve). Also considering the high value of Contingent Liability amounting to Rs. 825.84 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 going concern. However, in spite of these events or conditions which may cast a doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate having regard to the facts.

Our opinion is not modified in respect of this matter.

We did not audit the financial statements of 5 Branches included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs. 236.14 Crores as at 31st March, 2020 and Gross total revenues of Rs. 1,824.74 Crores for the year ended on that date, as considered in the standalone financial statements. The financial statements of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors. Our opinion is not modified in respect of this matter.

For and on behalf of
HDSG & Associates
Chartered Accountants
Firm Reg. No. 002871N

HDSG & ASSOCIATES
FRN: 02871N
New Delhi
Chartered Accountants

Arun Saini
Partner
M.No. 082070
Place: New Delhi
Date: 20/07/2020
UDIN: 20082070AAAAAJ8394

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Independent Audit Report

To
The Board of Directors

The State Trading Corporation of India Limited, New Delhi

We have audited the accompanying Consolidated financial results of **The State Trading Corporation of India Limited ("the Company")** along with its Subsidiary (hereinafter referred as "the Group") for the quarter ended and year ended 31st March 2020 ("the statement"), attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

i) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act 2013 ("the Act")

Basis for Opinion

We conducted the audit in accordance with the Standards of the Auditing (SAs) specified under Section 143(10) of the Act. Our Responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountant of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ICAI Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Results.

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

HDSG & ASSOCIATES Chartered Accountants FRN: 02871N New Delhi [refer (a), (b) and (c) below] of our report, 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 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 March 31st, 2020 and its loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Management's Responsibility for the Consolidated Financial Results

The Parent 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 Consolidated 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 accounting Standards specified under section 133 of the Act. 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 results, 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the financial results 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 results.

HDSG & ASSOCIATES Chartered Accountants FRN: 02871N New Delhi

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 Group 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 Group'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 Group 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 results of the

HDSG & ASSOCIATES
FRN : 02871N
New Delhi
Chartered Accountants

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.

Basis for Qualified Opinion

a. Non provision in respect of the items / matters as indicated below, has resulted in the loss being shown lower by Rs. 1,897.16 crore for the year

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 had approached for arbitration against the adjusted deposit and the arbitration award was in favour of Holding Company. STC 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, STC 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.
Considering the above circumstances, the non-provision of the balance amount of Rs. 3.92 crores has resulted in the loss being shown lower by Rs. 3.92 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount.

ii. For not providing liability of Rs. 3.51 Crores (net of carrying value of pledged stocks) where the Parent Company had supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the LCs amounting to approx. 12.05 Crores (LC value Rs. 10.05 Crore and interest & other expenses of Rs. 2.00 Crore). The Parent Company has filed civil applications and criminal complaint under various sections of India Penal Code. The material sold to the associate was pledged to the Parent Company and kept under the custody of CWC. However, another PSU viz. M/s. Metal and Scrap Trading Corporation (MSTC) had also made a claim of ownership of stock. Hence, 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. The matter is still pending. Further, the Lender Institutions have initiated proceeding at NCLT against the associate, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT on 21.08.2018.

Considering the above circumstances, the non-provision of the balance amount of Rs. 3.51 crores has resulted in the loss being shown lower by Rs. 3.51 crores with consequential effect on Retained earnings and overstatement of claim recoverable by the same amount.

HDSG & ASSOCIATES FRN: 0287IN New Delhi Chartered Accountants

iii. Inventory includes Rs. 0.05 Crores at Bangalore Branch, which has not been written down to its realizable value though the Parent Company has discontinued this line of business for the past 3 years.

Considering the above circumstances, loss for the year is understated by Rs. 0.05 Crores, with consequential effect on 'Retained earnings' by the same amount and overstatement of 'inventories' by Rs. 0.05 Crores.

iv. Contingent Liabilities includes an amount as shown as a contingent liability Rs. 4.98 Crores against which the Parent Company has not provided firm liability though the Parent Company has lost the court case at the first level of adjudication.

v. The Parent Company has Deferred Tax Asset of Rs. 86.49 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 and negative net current assets of the Parent Company. As a result of matter above, 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.

vi. 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 of the Parent Company.

With respect to the Subsidiary Company

vii. The Company has not provided interest from FY 2018-19 onwards 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 company. Due to non-provision of interest, the loss has been understated by Rs 1,665.89 Crores with consequential reduction in bank liabilities. However, the company has shown the above amount as a contingent liability in the notes to accounts.

b. The Group has not complied with:

i. Ind AS 40 (regarding Fair Value Measurement of Investment Property) by not performing fair valuation of investment property as on balance sheet date.

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.

HDSG & ASSOCIATES FRN: 2871N New Delhi Chartered Accountants

iii. Ind AS 109, (regarding impairment of financial assets and recognition of expected credit loss) by not making credit impairment on undisputed trade receivable of Rs. 164.64 crore. The impact of the same is not ascertainable.

iv. 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 Agra Office. Due to unavailability of the lease period in these cases impact of the same is not ascertainable.

v. Ind AS 16, (regarding Revaluation of Property Plant and Equipment) by not complying with the requirement of the Revaluation. Accordingly, the balance of the Revaluation Reserve is overstated by Rs. 14.33 Crores which is subject to the Fair Valuation, yet to be performed by the Company.

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

i. The Parent Company owed substantial amount to the bank for which lender banks initiated the action of recovery by filing O.A. No. 148/2019 before DRT on 18/02/2019. However, subsequently Syndicate Bank (now Canara Bank), one of the constituent lender also filed insolvency petition in NCLT under section 7 of the IBC Code, 2016, on 21/02/2019. In response to the above action by Bank, company for the settlement of its debt payable to the bank offered One Time Settlement (OTS) vide letter dated 20/03/2019 to which Syndicate Bank (now Canara Bank-the lead banker) responded on 22/05/2019 giving a counter offer of settlement of which principle terms, inter alia, were as under: -

- Payment of Rs. 1100 Crores immediately.
- Payment of Rs. 300 Crores by sale of STC immovable properties.
- Balance amount of Rs. 506.24 Crores by assigning 50% of realized trade receivable within 5 years from 1st Jan 2019.

Syndicate Bank (now Canara Bank) by their offer dated 22/05/2019 proposed to sign MOU not later than 30/06/2019. Syndicate Bank (now Canara Bank) also confirmed vide letter dated 22/05/2019 that as part of settlement, Rs. 900 Crores were already received from STC and balance amount of Rs. 200 Crores were to be remitted, based on balances arrived on 31/12/2018. On verification of documents, it is found that Rs. 200 Crores were remitted on 27/05/2019 but without executing any MOU and till date revised MOU/OTS Agreement, if any, has not been executed.

Based on the information and explanations provided to us, in our opinion, non-execution of MOU/OTS Agreement to bind the banker in terms of final settlement is a lapse on the part of the company. Such irregularity may lead to uncalled for enquiries

HDSG & ASSOCIATES FRN: 0_71N New Delhi Chartered Accountants later on with regard to non-execution of MOU to bind the bankers in terms of final settlement.

Further, subsequently a meeting was held on 29/08/2019 under the Chairmanship of Hon'ble Minister, Commerce & Industry, regarding settlement of dues of PEC and STC. PEC is an unlisted company 100% owned by Government whereas STC is a listed company, listed with Bombay Stock Exchange and National Stock Exchange and as on date of our report 10% of shares are held by the public at large and remaining 90% is held by the Central Government. As per minutes of the meeting held on 29/08/2019 and communicated by letter dated 09/09/2019 by Under Secretary, Govt. of India, it was resolved that since PEC does not have meaningful assets to pay its present outstanding except certain flats /homes having value approximately of Rs. 10 Crores therefore in order to repay debt of PEC of Rs 1390.01 Crores so that public sector bank do not suffer, a decision was taken in the meeting to sell/transfer Jawahar Vyapaar Bhawan, New Delhi, an immovable property owned by the STC, after due process of taking exemption from Land & Development office, the lessor of the plot of land on which Jawahar Vyapaar Bhawan is constructed, title will be transferred and lender bank will dispose off the properties in transparent manner. It was further decided that Syndicate Bank (now Canara Bank) will revise the agreement of OTS with STC and include PEC in its ambit so as to swiftly conclude the full and final settlement of pending dues of these companies to banks.

The meeting under the Chairmanship of Hon'ble Minister, Commerce & Industry also decided that Government was going to close down STC and PEC.

Based on minutes of the meeting dated 29/08/2019, Syndicate Bank (now Canara Bank) vide letter dated 11/10/2019 communicated about the opinion that they have obtained from their counsel namely M/s Cyril Amarchand Mangaldas about possible way out to save the payment of stamp duty on transfer / assignment of Jawahar Vyapaar Bhawan through binding agreements in favor of buyer.

Thereafter, an opinion has been sought by the company from M/s Shardul Amarchand Mangaldas wherein they have opined, inter-alia, that merger with any other profitable company namely MMTC could be another option, other than closer.

We have been informed that NCLT proceedings have been withdrawn by Syndicate Bank (now Canara Bank) but the DRT withdrawal process is still pending. In the Consortium meeting held at Stressed Asset Management branch, Delhi of the Syndicate Bank (now Canara Bank) on 13.01.2020, it was unanimously suggested by the Lenders that instead of withdrawing the case from DRT, possibility may be explored to obtain a consent decree based upon the broad settlement arrived during the high level meeting dated 29.08.2019.

HDSG & ASSOCIATES FRN : 02871N New Delhi Chartered Accountants

Further we have not been provided any document to substantiate that the Company has countered the claim of the consortium banks to takeover Jawahar Vypaar Bhawan for settlement of liabilities pertaining to the PEC Limited, where as it is understood that the Company has instead started the process of clearing the title deed of Jawahar Vypaar Bhawan from L&DO so that transfer can be executed in favor of the Bank.

Considering the provisions of the Companies Act, 2013, and the fact that 10% shareholding of STC is held by public at large, the decision of Ministry of taking over the liability of PEC amounting to Rs 1,390.01 Crores by STC in the meeting held on 29/08/2019 are in contravention to section 180 and 186 of the Companies Act, 2013, and would also be prejudicial to the interest of the minority shareholders which is public at large because STC by taking the liability is not gaining in any manner and this will also be contrary to the settled accounting principles because the liability is being fastened on the company without any corresponding asset. We are of the considered opinion that the decision taken in the meeting held on 29/08/2019 and insistence of the bankers to sell/transfer the Jawahar Vyapaar Bhawan for settlement of remaining liabilities of the Company along with PEC's debts in the consortium meeting held on 13.01.2020 is prejudicial to the interest of the minority shareholders and is taken without following due process of law, is not in the interest of the company and its members and is also contrary to the corporate structure envisaged under the provisions of the Companies Act, 2013. Such decision taken, without the consent of the shareholders, firstly by not convening meeting of the members is also affecting adversely the fundamental of the company being its ability to continue as a going concern.

ii. For non-availability of confirmation of balances of certain receivables and payables (including certain direct & indirect taxes).

iii. For non-adjustment of value/area in Fixed Assets Register against areas acquired by 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 HHEC for its Housing colony.

iv. For not making credit impairment of trade receivables Rs. 973.19 Crore & Claim Receivables Rs. 6.78 Crore, making a total of Rs. 979.97 crore 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) 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 Crs. approx. has been passed by Hon'ble Bombay High

HDSG & ASSOCIATES Chartered Accountants FRN: 02[illegible]N New Delhi

Court in favour of STC 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.

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. 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 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 financial statement of the Company.

As a result of matters contained in paras (a) (i) to (vii) above, loss for the year is understated by Rs. 1,897.16 Crores, with consequential effect on 'Retained earnings' by the same amount, understatement of 'liabilities' by Rs. 1,807.11 crore and overstatement of claim recoverable by Rs. 90.05 crore.

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 (including the basis for the qualified opinion).

Emphasis of Matters:

a. Contingent Liabilities 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. 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 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 a provision is not ascertainable and hence it is concluded that it was appropriate to include an Emphasis of Matter related to these uncertainties.

c. Refer note no 48(b) wherein one of the Investment, "NSS Satpura Agro Development Company Limited", of the Company in the Financial Statement has a status of "striked-off" as per the data available at the Ministry of Corporate Affairs. The impact, though immaterial, of the same hasn't been undertaken by the Company in its Financial Statement.

With Respect of the Subsidiary Company

i. Balances in the accounts of Trade Receivable, Trade Payables, Business Associates and Other Creditors are under litigation and no confirmation has been received from the parties.

ii. Interest payable of Rs. 3,378.30 Crores on the principal amount due to the banks is arrived on the basis of the interest rates disclosed in the Debt Recovery Tribunal application filed by banks. No Interest provision have been made by the company for the current financial year on the ground that the prevailing rate of interest is too low in comparison to interest provided in earlier years and Confirmation of Accounts has not been received from the banks.

iii. The Company has made provision for Doubtful Debts, no further interest/addition margin of profit is recognized after they have been classified as doubtful debts. Rs 1.53 Crores/- has been received from these parties during the year. As full provision has already made earlier, the same has been credited to Profit & Loss Account by reducing the provision. Only after the full receipt of the balance outstanding as per books, the interest/additional margin of profit will be recognized on cash basis.

iv. The Company has made provision for payment of interest as per the claim made by the consortium banks in the DRT up to 20.07.2011 and further interest are provided at the rates mentioned in the DRT application by the banks. Excess interest / penal interest / liquidated damages claimed by the banks as shown in their balance confirmation certificate amounting to Rs. 165.84 Crores has been shown under contingent liability. However, the contingent liability as shown in Notes consists only of those banks who have given their balance confirmation certificate.

v. The total liability to banks along with interest amounting to Rs. 4,563.55 Crores is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. Confirmation of outstanding interest has not been received from the banks. The Company has considered interest payable as claimed at the

HDSG & ASSOCIATES
FRN 002871N
New Delhi
Chartered Accountants

rates disclosed in their DRT application filed by UCO Bank and consortium of other Banks. Cash credit/short term loan is as per the DRT (Debt Recovery Tribunal) application filed by consortium of seven banks and UCO Banks 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 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 Bankers. In view of the immovable properties of STCL given as security, an estimated amount of Rs. 1.83 Crores out of the total advances can be considered as secured. The consortium of bank and UCO Bank have filed cases separately against the Company with the DRT, wherein with regard to UCO Bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of Rs. 148.18 Crores, however, the Company has challenged DRT order at DRAT, Chennai. The banker has 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 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. Further consortium of bank led by SBI have taken the physical possession of land, building and plant and machinery at Byadagi and Chhindawara.

vi. With respect to investment in Shares of NSS Satpura Agro Development Corporation Ltd., which states as follows:
The Joint Venture Company has incurred losses and its cumulative losses is Rs. 0.30 up to 31st March 2013 and details of subsequent period are not available, the Company has written off Rs. 0.08 Crores towards permanent diminution in its investment value up to earlier years. The audited financial statements of NSS Satpura are not available for the subsequent periods. The Company Board approved in its 142nd Board Meeting held on 24.10.2013 for withdrawal from the Joint Venture Company NSSSADCL.

vii. Subsequent to filing of arbitration petition of M/s Shiva Shankar Minerals Private Limited against STCL and on completion of arbitration process, Rs. 6.07 Crores including legal fees of Rs. 0.27 Crores was awarded in favour of M/s Shiva Shankar Minerals Private Limited, STCL has filed an appeal against the arbitration award which is pending before the City Civil Court, Bangalore.

viii. Cash credit advance from the bank are secured by pari pasu 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. Subsequently during the year Consortium of the bankers has taken over the physical possession of the assets and initiated the proceedings of auction under the provisions of SARFAESI ACT, 2002. However, the value at which the banks are likely to auction/receive the bids for the above assets are not known at this point of time. Hence

HDSG & ASSOCIATES Chartered Accountants FRN : 02371N New Delhi company has reduced the value of assets at book value and also reduced the same from borrowings to Consortium of banks.

ix. Grant has been received from VITC (Visvesvaraiya Industrial Trade Centre) under ASIDE Scheme amounting Rs.1.20 Crores for Export Promotion during the year 2006-07 towards Chilly Processing Centre-Byadgi. Grant in Aid has been received amounting to Rs. 6.29 Crores during the year 2008-09, for Steam Sterilization plant at Chinddawara. The company has amortized depreciation on assets for which grants were received, at WDV method and has reduced the same from the grants. However, during the year end no grants has been amortized since the possession of such assets for such grant availed has been taken over by the consortium of lenders.

x. Due to non-availability of conditions relating to disposal or compulsory acquisition, we are unable to opine on the treatment given by the company in the financial statement on the un-amortized portion of grant to the tune of Rs.1.10 Crores.

xi. Company has treated the Service Tax Credit Receivable of Rs. 0.14 Crores and VAT credit Receivable of Rs. 0.08 Crores as current asset. however as per section 140 of CGST Act, 2017, time limit for claiming the input tax credit as transitional credit under earlier tax regime has been expired. Hence company cannot claim the said input tax receivable under GST.

xii. The company has shown the bank balances in the financials for which the statements are not available to verify the correctness of the balances. Hence the balances of the following bank accounts are subject to confirmation from banks.

Bank Accounts	Bank balances as shown in financials as at 31.03.2020 (in Rs.)
UBI BODI - 29231	1,00,118
Syndicate Bank-Bydagi-12083074973	3,860
Indian Bank-Chennai-CA-758100344	14,818
Union Bank of India-00042-EEFC	75,410
Union Bank of India-00052-EEFC	27,758
HDFC Bank-KOC-5202320001163	1,00,336

Our opinion is not modified in respect of these matter

Material Uncertainty related to Going Concern:

The Company has incurred a net loss of Rs.879.46 crore during the year ended March 31, 2019 and Rs. 112.84 crores during the year ended March 31, 2020 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 Rs 922.68 crore and (the fact that equity shows a positive figure only on account of revaluation reserve). Also considering the high value of Contingent Liability amounting to Rs. 825.84 Crores, significant decrease in the sales volume

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FRN : 02871N
New Delhi
Chartered Accountants

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 going concern. However, in spite of these events or conditions which may cast a doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate having regard to the facts.

Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of 5 Branches included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs. 236.14 Crores as at 31st March, 2020 and Gross total revenues of Rs. 1,824.74 Crores for the year ended on that date, as considered in the standalone financial statements. The financial statements of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors. Our opinion is not modified in respect of this matter.

We did not audit the financial statements of 1 subsidiary, whose financial statements reflect total assets of Rs.6.58 Crore as at 31st March, 2020, total revenues of Rs.0.21 Crore and net cash flows amounting to Rs.0.37 Crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the 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 subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the 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 / financial information certified by the Management.

For and on behalf of
HDSG & Associates
Chartered Accountants
Firm Reg. No. 002871N

HDSG & ASSOCIATES Chartered Accountants FRN 002871N New Delhi

Arun Saini
Partner
M.No. 082070
Place: New Delhi
Date: 20/07/2020
UDIN: 20082070AAAAAK7793

THE STATE TRADING CORPORATION OF INDIA LTD

Extract of Balance Sheet as at March 31, 2020

(Rs. Crore)

Particulars	Note No	Standalone		Consolidated	
		As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2020	As at Mar 31, 2019
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	4	584.01	593.60	584.02	596.40
(b) Capital work-in-progress	5	0.45	0.37	0.45	0.37
(c) Investment property	6	302.68	307.44	302.68	307.44
(d) Other intangible assets	7	0.01	0.02	0.01	0.02
(e) Financial Assets :					
(i) Investments	8	0.01	0.01	0.01	0.01
(ii) Trade receivables	9	966.85	967.02	966.85	967.02
(iii) Loans	10	5.90	6.91	5.90	6.91
(iv) Other Financial Assets	11	54.76	19.77	54.77	19.78
(f) Deferred tax assets (net)	12	86.49	86.49	86.49	86.49
(g) Other non-current assets	14	6.32	6.46	6.33	6.46
Sub total		**2,007.48**	**1,988.09**	**2,007.51**	**1,990.90**
Current Assets					
(a) Inventories	15	0.22	0.16	0.22	0.16
(b) Financial Assets :					
(i) Trade receivables	9	171.09	120.74	171.09	120.85
(ii) Cash & cash equivalents	16	23.17	123.35	26.10	124.12
(iii) Bank Balances other than (ii) above	17	23.26	3.54	23.44	3.72
(iv) Loans	10	14.56	2.23	14.73	2.39
(v) Other Financial Assets	11	216.37	521.85	216.42	521.89
(c) Tax Assets (Net)	13	32.60	27.90	32.89	28.19
(d) Other Current Assets	14	6.54	15.21	6.88	15.50
(e) Other non current assets held for disposal		0.01	0.01	0.01	0.01
Sub total		**487.82**	**814.99**	**491.78**	**816.82**
Total Assets		**2,495.30**	**2,803.08**	**2,499.29**	**2,807.72**
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	18	60.00	60.00	60.00	60.00
(b) Other Equity	19	(121.51)	(8.64)	(4686.59)	(4,573.26)
Sub total		**(61.51)**	**51.36**	**(4,626.59)**	**(4,513.26)**
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	20	-	-	1,182.72	1,185.25
(ii) Trade payables -MSME		-	-	-	-
(iii) Trade payables -Others	21	989.09	991.18	989.09	991.18
(iv) Other Financial Liabilities	22	36.91	38.36	36.89	36.42
(b) Provisions	23	113.14	109.00	113.49	109.40
(c) Other non-current liabilities	24	7.17	7.36	7.17	8.47
Sub total		**1,146.31**	**1,145.90**	**2,329.36**	**2,330.72**
Current liabilities					
(a) Financial Liabilities					
(i) Borrowings	20	806.23	1,024.24	806.23	1,024.24
(ii) Trade payables -MSME		-	-	-	-
(iii) Trade payables -Others	21	197.17	184.82	198.30	185.95
(iv) Other Financial Liabilities	22	287.96	309.54	3,671.31	3,692.66
(b) Provisions	23	54.71	23.74	55.08	23.87
(c) Other current liabilities	24	64.43	63.48	65.60	63.54
Sub total		**1,410.50**	**1,605.82**	**4,796.52**	**4,990.26**
Total Equity and Liabilities		**2,495.30**	**2,803.08**	**2,499.29**	**2,807.72**

Notes:-

1) These Financial results have been prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

2) The financial results for the Period ended on 31st March 2020 were reviewed by the Audit Committee on 20.07.2020 and approved by the Board of Directors in its meeting held on 20.07.2020

3)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 and Syndicate bank also initiated NCLT proceedings, which have been withdrawn on 11.12.2019. The company is in the process of finalizing the OTS proposal with the lender banks and has already paid Rs.1100 crore against the dues of Rs.1906.24 crore as on 31.12.2018. Consequent on the high level meeting dated 29.08.2019, The said amount was further firmed up at Rs. 300 Crore during meeting at MOC&I along with banks, consequently no interest is accountable thereafter. The DRT proceedings are in the process of being withdrawn and OTS agreement is in final stages and is being vigorously followed up by the Company at appropriate level.

4) Out of the total trade receivable of Rs. 1137.94 Crore includes Rs. 973.19 Crore "having significant increase in credit risk" being under dispute/litigation. 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. Further, for remaining balance of Rs.164.64 Crore is recoverable hence no provision is considered necessary.

5) Contingent Liability includes a demand of Rs. 132.32 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 is pending.

The Company is a CPSE under administrative control of the Ministry of Commerce & Industry. The Company is a trading organization to undertake promotion of export and market intervention operations in commodities specified by Government of India from time to time. For last few years the company is facing mismatch in inflows and outflows of funds due to huge recoverable from associates with whom the company had undertaken trade transactions in the past and who had defaulted in making timely payment to STC. Due to this the Company has led to temporary financial crunch, operating losses, reduction of net worth. Simultaneously the company initiated legal action against the defaulting associates. One of the major associates has made sufficient payment to STC on direction of Hon'ble Supreme Court. This has eased out the financial crisis of the Company to some extent. The Company is in process of One Time Settlement (OTS) with the lender banks and an amount of Rs.1100 Crore was paid towards OTS. The lender banks had proceeded in NCLT/DRT against the Company. The proceeding in NCLT Court has since been withdrawn. Simultaneously, the company has undertaken various cost reduction measures to improve the liquidity/ profitability such as closure of unviable branches, undertaking trade in commodities fetching higher trade margins without involvement of STC's funds, etc. Consequent upon the high level meeting dated 29.08.2019, the business of the Company reduced considerably achieving approximately 30% of MOU target. Presently, the Company is undertaking the business without involvement of own funds. The status will be revisited in the next financial year.

c. No provision for impairment of non-current assets has been considered necessary.

d. Depreciation is being computed on the basis of expected economic life of fixed assets rather than their current market value.

e. As a cost reduction measure, VRS has been introduced in STC on 29.03.2019 with the eligibility criteria covering all employees in Staff cadre irrespective of length of service and Managers from Assistant Manager (E1) to Chief Manager (E4) level, who had completed 10 years of service in the Corporation (including professionals). 45

7) Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of 3.96 Crore (Net), and a lease liability of 0.60 Crore. The cumulative effect of applying the standard resulted in 3.36 crore being debited to retained earnings & PPE, net of taxes. The effect of this adoption is insignificant on the profit for the period and earnings per share.

8) As a matter of accounting prudence, Deferred Tax Assets for the period ended 31.03.2020 have not been recognized.

9) Impact of COVID-19:-There was a nation-wide lockdown imposed during the end of March, 2020 due to COVID-19. There was partial lifting of the lockdown since 03.05.2020. The Company has resumed operations at corporate office and branch offices with minimal staff after adopting safety measures and following standard operating procedures mandated by Govt. of India like disinfection of office premises, keeping social distancing, work-from-home with minimal attendance.
Despite the constraints of lockdown, the Company ensured timely deliveries of essential items viz. edible oil, pulses and sugar for on-going contracts for supply to the TamilNadu Civil Supplies Corporation through e-processing procedure during lockdown. However, due to the unpredictable and continuing impact of Covid-19 situation, it is very difficult to assess the future impact of Covid-19 on the financial performance and 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.

10) Figures of the previous period have been recasted / reclassified to make them comparable with those of the current period wherever necessary.

As per our report of even date attached
For HDSG & Associates
Chartered Accountants
Firm Reg. No. 002871N

HDSG & ASSOCIATES * FRN: 002871N New Delhi * Chartered Accountants

(ARUN SAINI)
Partner
M. No. 082070

Place: New Delhi
Dated: 20.07.2020

(RAJIV CHOPRA)
Director (Marketing)
with additional
charge of CMD

DIN -06466326

Nagrath

(ROOMA NAGRATH)
GM-F & CFO

THE STATE TRADING CORPORATION OF INDIA LTD.
Statement of Financial Results for the Period ended Mar 31st, 2020
CIN: L74899DL1956GOI002674

Annexure-II
(Rs. crore)

Particulars	STANDALONE					CONSOLIDATED				
	Quarter ended 31.03.2020	Quarter ended 31.12.2019	Quarter ended 31.03.2019	Year ended March 31, 2020	Year ended March 31, 2019	Quarter ended 31.03.2020	Quarter ended 31.12.2019	Quarter ended 31.03.2019	Year ended March 31, 2020	Year ended March 31, 2019
	(audited)	(unaudited)	(unaudited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)
Income										
Revenue from Operations	204.39	315.05	710.34	2,936.74	8,903.44	204.39	315.05	710.34	2,936.74	8,903.44
Other Income	15.43	19.95	22.19	78.24	109.48	15.44	19.95	22.19	78.28	109.66
Total Income	**219.82**	**335.00**	**732.53**	**3,014.98**	**9,012.92**	**219.83**	**335.00**	**732.53**	**3,015.02**	**9,013.10**
Expenses										
Purchases of Stock in trade	203.11	312.02	707.84	2,927.06	8,886.81	203.11	312.02	707.84	2,927.06	8,886.81
Change in Inventory	(0.10)	-	-	(0.10)	0.02	(0.10)	-	-	(0.10)	0.02
Employees' Benefit Expenses	17.21	17.55	19.17	81.33	100.09	17.75	17.71	19.33	82.44	101.34
Finance Cost	(0.16)	0.49	(0.65)	7.27	155.59	(0.16)	0.49	(0.65)	7.27	155.59
Depreciation & Amortization Expenses	5.89	2.78	3.31	15.26	15.14	5.90	2.86	3.39	15.50	15.46
Other Expenses	6.25	5.31	12.75	22.40	37.95	6.36	5.41	12.85	22.75	38.45
Total expenses	**232.20**	**338.15**	**742.42**	**3,053.22**	**9,195.60**	**232.85**	**338.49**	**742.76**	**3,054.92**	**9,197.67**
Profit before exceptional items and tax	**(12.38)**	**(3.15)**	**(9.89)**	**(38.24)**	**(182.68)**	**(13.02)**	**(3.49)**	**(10.23)**	**(39.90)**	**(184.57)**
Exceptional Items - Expense /(Income)	(6.64)	2.78	48.89	75.39	714.44	(6.30)	2.78	48.89	74.19	714.49
Profit Before Tax	**(5.74)**	**(5.93)**	**(58.78)**	**(113.63)**	**(897.12)**	**(6.72)**	**(6.27)**	**(59.12)**	**(114.09)**	**(899.06)**
Tax expense										
(i) Current tax	-	-	-	-	-	-	-	-	-	-
(i) Tax related to earlier years	-	-	(28.80)	-	(16.04)	-	-	(28.80)	-	(16.04)
(ii) Deferred tax	-	-	-	-	-	-	-	-	-	-
Profit for the period from continuing operations (A)	**(5.74)**	**(5.93)**	**(29.98)**	**(113.63)**	**(881.08)**	**(6.72)**	**(6.27)**	**(30.32)**	**(114.09)**	**(883.02)**
Profit/(loss) from discontinued operations	-	-	-	-	-	-	-	-	-	-
Tax expense of discontinued operations	-	-	-	-	-	-	-	-	-	-
Profit from discontinued operations after tax (B)	-	-	-	-	-	-	-	-	-	-
I Profit for the period (A+B)	**(5.74)**	**(5.93)**	**(29.98)**	**(113.63)**	**(881.08)**	**(6.72)**	**(6.27)**	**(30.32)**	**(114.09)**	**(883.02)**
II Other Comprehensive Income										
Items that will not be reclassified to profit or loss										
- Remeasurements of the defined benefit plans	0.79	-	1.62	0.79	3.40	0.79	-	1.62	0.79	3.40
Less: Income Tax on Above	-	-	-	-	1.78	-	-	-	-	1.78
Items that will be reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-
Total of Other Comprehensive Income	**0.79**	**-**	**1.62**	**0.79**	**1.62**	**0.79**	**-**	**1.62**	**0.79**	**1.62**
Total Comprehensive Income for the period	**(4.95)**	**(5.93)**	**(28.36)**	**(112.84)**	**(879.46)**	**(5.93)**	**(6.27)**	**(28.70)**	**(113.30)**	**(881.40)**
Paid up equity share capital (Face value of Rs. 10/- each)	**60.00**	**60.00**	**60.00**	**60.00**	**60.00**	**60.00**	**60.00**	**60.00**	**60.00**	**60.00**
Other Equity excluding Revaluation Reserves	-	-	-	(1,006.11)	(864.89)	-	-	-	(5,572.52)	(5,459.22)
Earnings per equity share :										
(1) Basic (in Rupees)	(0.82)	(0.99)	(4.73)	(18.81)	(146.58)	(0.99)	(1.05)	(4.78)	(18.88)	(146.90)
(2) Diluted (in Rupees)	(0.82)	(0.99)	(4.73)	(18.81)	(146.58)	(0.99)	(1.05)	(4.78)	(18.88)	(146.90)

Segment-wise Revenue, Results, Assets & Liabilities										
										(Rs. crore)
Particulars	STANDALONE					CONSOLIDATED				
	Quarter ended 31.03.2020	Quarter ended 31.12.2019	Quarter ended 31.03.2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended 31.03.2019	Quarter ended 31.12.2019	Quarter ended 31.03.2019	Year ended March 31, 2020	Year ended March 31, 2019
	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)
1. Segment revenue										
a) Export	2.58	5.55	5.69	13.11	13.89	2.58	5.55	5.69	13.11	13.89
b) Import	0.87	220.43	670.40	2,536.12	8,437.75	0.87	220.43	670.40	2,536.12	8,437.75
c) Domestic	200.94	89.07	34.25	387.51	451.80	200.94	89.07	34.25	387.51	451.80
Total	**204.39**	**315.05**	**710.34**	**2,936.74**	**8,903.44**	**204.39**	**315.05**	**710.34**	**2,936.74**	**8,903.44**
Less -Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Revenue from operations	**204.39**	**315.05**	**710.34**	**2,936.74**	**8,903.44**	**204.39**	**315.05**	**710.34**	**2,936.74**	**8,903.44**
2. Segment results - Profit /(Loss) before tax and interest from each segment										
a) Export	0.16	0.12	0.12	1.98	3.73	0.16	0.12	0.12	1.98	3.73
b) Import	(0.15)	0.73	0.84	(0.62)	1.75	(0.15)	0.73	0.84	(0.62)	1.75
c) Domestic	3.80	2.01	1.18	7.28	9.44	3.80	2.01	1.18	7.28	9.44
Total	**3.81**	**2.86**	**2.14**	**8.64**	**14.92**	**3.81**	**2.86**	**2.14**	**8.64**	**14.92**
Less:(I) Finance cost	0.33	0.49	(0.65)	7.27	155.59	0.33	0.49	58.30	7.27	155.60
(ii) Other unallocable expenditure net off Unallocable income	15.15	8.30	61.57	115.00	756.45	14.17	8.64	773.40	114.53	757.67
Profit before Tax	**(5.74)**	**(5.93)**	**(58.78)**	**(113.63)**	**(897.12)**	**(6.72)**	**(6.27)**	**(59.12)**	**(114.09)**	**(899.06)**
3. Segment Assets										
a) Export	1,055.77	1,060.21	1,063.54	1,055.77	1,063.54	1,055.77	1,060.21	1,063.54	1,055.77	1,063.54
b) Import	75.88	78.88	29.83	75.88	29.83	75.88	78.88	29.83	75.88	29.83
c) Domestic	94.50	66.49	34.24	94.50	34.24	94.50	66.49	34.24	94.50	34.24
d) Unallocated	1,269.15	1,291.12	1,675.47	1,269.15	1,675.47	1,273.14	1,365.48	1,680.11	1,273.14	1,680.11
Total	**2,495.30**	**2,496.70**	**2,803.08**	**2,495.30**	**2,803.08**	**2,499.29**	**2,571.06**	**2,807.72**	**2,499.29**	**2,807.72**
4. Segment Liabilities										
a) Export	1,184.88	1,185.15	1,250.76	1,184.88	1,250.76	1,184.88	1,185.15	1,250.76	1,184.88	1,250.76
b) Import	324.64	354.83	348.11	324.64	348.11	324.64	354.83	348.11	324.64	348.11
c) Domestic	114.12	58.79	36.45	114.12	36.45	114.12	58.79	36.45	114.12	36.45
d) Unallocated	933.17	954.49	1,116.40	933.17	1,116.40	5,502.24	5,521.40	5,685.66	5,502.24	5,685.66
Total	**2,556.81**	**2,553.26**	**2,751.72**	**2,556.81**	**2,751.72**	**7,125.88**	**7,120.17**	**7,320.98**	**7,125.88**	**7,320.98**

HDSG & ASSOCIATES
FRN 002871N
New Delhi
Chartered Accountants

THE STATE TRADING CORPORATION OF INDIA LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Rs. Crore)

	Particulars	For the Year Ended 31st March, 2020		For the Year Ended 31st March, 2019	
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Net Profit /(Loss) Before Tax		**(113.63)**		**(897.12)**
	Adjustment for:				
	-Interest on loans	-		155.49	
	-Depreciation	15.26		15.14	
	-Net write back of Debts/Advances/claims/Liabilities/Assets	(30.01)		628.06	
	-Income/Expenditure relating to let out property	(41.31)		(41.41)	
	- Interest income on fixed deposits/Investments	(28.02)		(17.84)	
	-Loss on sale of asset	0.01		0.03	
	-Profit on sale of assets	(0.02)	(84.09)	(0.10)	739.37
	Operating Profit Before Working Capital Changes		**(197.72)**		**(157.75)**
	Adjustment for:				
	-Trade and other receivables		(88.84)		1,585.86
	-Inventories		(0.06)		0.09
	-Trade and other payables		(169.39)		(39.63)
	Changes in Working Capital		**(456.01)**		**1,388.57**
	Income Tax Paid		4.70		(18.12)
	Net Cash Generated/Used in Operating Activities (A)		**(451.31)**		**1,370.45**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	-Purchase of Fixed Assets		(0.14)		(0.65)
	-Sale of Fixed Assets		0.02		0.75
	-Proceeds Received from T-Bills/Deposits		306.65		(32.73)
	-Interest received		28.02		17.84
	-Let out properties (net)		41.31		41.41
	Net Cash From Investing Activities (B)		**375.86**		**26.62**
C	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	-Increase in loans		(200.00)		(745.34)
	-Interest Paid		-		(155.49)
	Net Cash From Financing Activities (C)		**(200.00)**		**(900.83)**
	Net Increase/Decrease In Cash And Cash Equivalents (A+B+C)		**(275.45)**		**496.24**
	Reconciliation of Cash & Cash Equivalents				
	Closing Cash & Bank Balances as per Balance Sheet		241.38		516.83
	Opening Cash & Bank Balances as per Balance Sheet		516.83		20.59
	Cash & Bank Balances as per Cash Flow Statement		**(275.45)**		**496.24**
	Cash & cash equivalents as per Balance Sheet*		241.38		629.99
	Less : Non readily convertible Bank Deposits		218.18		506.64
	Cash & cash equivalents as per cash flow statement		23.17		123.35
	Cash & cash equivalents includes unpaid dividend		0.03		0.05

* 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 HDSG & Associates
Chartered Accountants
Firm Reg. No. 002871N

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

(ROOMA NAGRATH)
GM-F & CFO

20/07/2020

(VIPIN TRIPATHI)
Company Secretary ACS -29378

(ARUN SAINI)
Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

HDSG & ASSOCIATES FRN 02871N New Delhi Chartered Accountants

THE STATE TRADING CORPORATION OF INDIA LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Rs. Crore)

	Particulars	For the Year Ended 31st March, 2020		For the Year Ended 31st March, 2019	
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		-		
	Net Profit /(Loss) Before Tax		(114.09)		(899.06)
	Adjustment for:				
	-Interest on loans	-		155.49	
	-Depreciation	15.51		15.46	
	-Net write back of Debts/Advances/claims/Liabilities/Assets	(30.02)		628.06	
	-Income/Expenditure relating to let out property	(41.31)		(41.41)	
	- Interest Income on fixed deposits/Investments	(28.06)		(17.85)	
	-Loss on sale of asset	0.01		0.03	
	-Amortisation of grants	-		(0.20)	
	-Profit on sale of assets	(0.02)	(83.89)	(0.10)	739.48
	Operating Profit Before Working Capital Changes		**(197.98)**		**(159.57)**
	Adjustment for:				
	-Trade and other receivables		(86.91)		1,587.57
	-Inventories		(0.06)		0.09
	-Trade and other payables		(168.95)		(39.16)
	Changes In Working Capital		**(453.90)**		**1,388.93**
	Income Tax Paid		4.70		(18.12)
	Net Cash Generated/Used In Operating Activities (A)		**(449.20)**		**1,370.81**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	-Purchase of Fixed Assets		(0.14)		(0.65)
	-Sale of Fixed Assets		0.02		0.76
	-Proceeds Received from T-Bills/Deposits		306.66		(32.73)
	-Interest received		28.06		17.84
	-Let out properties (net)		41.31		41.41
	Net Cash From Investing Activities (B)		**375.91**		**26.63**
C	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	-Increase In loans		(200.00)		(745.34)
	-Interest Paid		-		(155.49)
	Net Cash From Financing Activities (C)		**(200.00)**		**(900.83)**
	Net Increase/Decrease In Cash And Cash Equivalents (A+B+C)		**(273.29)**		**496.61**
	Reconciliation of Cash & Cash Equivalents				
	Closing Cash & Bank Balances as per Balance Sheet		244.50		517.78
	Opening Cash & Bank Balances as per Balance Sheet		517.78		21.17
	Cash & Bank Balances as per Cash Flow Statement		**(273.28)**		**496.61**
	Cash & cash equivalents as per Balance Sheet		244.50		630.94
	Less : Non readily convertible Bank Deposits		218.36		506.82
	Cash & cash equivalents as per cash flow statement		26.11		124.12
	Cash & cash equivalents includes unpaid dividend		0.03		0.05

* 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 HDSG & Associates
Chartered Accountants
Firm Reg. No. 002871N

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

(ROOMA NAGRATH)
GM-F & CFO

20/07/2020

(VIPIN TRIPATHI)
Company Secretary ACS -29378

HDSG & ASSOCIATES
FRN : 02871N
New Delhi
Chartered Accountants

(ARUN SAINI)
Partner
M. No. 082070
Place: New Delhi
Dated: 20.07.2020

THE STATE TRADING CORPORATION OF INDIA LTD.
Statement of Financial Results for the Period ended Mar 31st, 2020
CIN: L74899DL1956GOI002674

Annexure II
(Rs. Crore)

S.NO.	PARTICULARS	STANDALONE					CONSOLIDATED				
		Quarter ended 31.03.2020 (audited)	Quarter ended 31.12.2019 (unaudited)	Quarter ended 31.03.2019 (unaudited)	Year ended March 31, 2020 (audited)	Year ended March 31, 2019 (audited)	Quarter ended 31.03.2020 (audited)	Quarter ended 31.12.2019 (unaudited)	Quarter ended 31.03.2019 (unaudited)	Year ended March 31, 2020 (audited)	Year ended March 31, 2019 (audited)
1	Total income from operations	204.39	315.05	710.34	2,936.74	8,903.44	204.39	315.05	710.34	2,936.74	8,903.44
2	Net Profit /(Loss) for the period (before tax, exceptional and/or Extraordinary items)	(12.38)	(3.15)	(9.89)	(38.24)	(182.68)	(13.02)	(3.49)	(10.23)	(39.90)	(184.57)
3	Net Profit /(Loss) for the period before tax (after Exceptional and/or Extraordinary items)	(5.74)	(5.93)	(58.78)	(113.63)	(897.12)	(6.72)	(6.27)	(59.12)	(114.09)	(899.06)
4	Net Profit /(Loss) for the period after tax (after Exceptional and/or Extraordinary items)	(5.74)	(5.93)	(29.98)	(113.63)	(881.08)	(6.72)	(6.27)	(30.32)	(114.09)	(883.02)
5	Total comprehensive income for the period [comprising Profit/ (Loss) for the period (after Tax) and other comprehensive income (after tax)	(4.95)	(5.93)	(28.36)	(112.84)	(879.46)	(5.93)	(6.27)	(28.70)	(113.30)	(881.40)
6	Equity Share Capital	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
7	Other Equity excluding Revaluation Reserves	-	-	-	(1,006.11)	(864.89)	-	-	-	(5,512.52)	(5,459.22)
8	Earning per share (of Rs. 10/- each) (for continuing and discontinued operations) (not Annualized) :										
	(a) Basic (in Rupees)	(0.82)	(0.99)	(4.73)	(18.81)	(146.58)	(0.99)	(1.05)	(4.78)	(18.88)	(146.90)
	(b) Diluted (in Rupees)	(0.82)	(0.99)	(4.73)	(18.81)	(146.58)	(0.99)	(1.05)	(4.78)	(18.88)	(146.90)

Notes:

1) These Financial results have been prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards prescribed under section 133 of the Companies Act. 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

2) The financial results for the Period ended on 31st March 2020 were reviewed by the Audit Committee on 20.07.2020 and approved by the Board of Directors in its meeting held on 20.07.2020

3)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 and Syndicate bank also initiated NCLT proceedings, which have been withdrawn on 11.12.2019. The company is in the process of finalizing the OTS proposal with the lender banks and has already paid Rs.1100 crore against the dues of Rs.1906.24 crore as on 31.12.2018. Consequent on the high level meeting dated 29.08.2019, The said amount was further firmed up at Rs. 300 Crore during meeting at MOC&I along with banks, consequently no interest is accountable thereafter. The DRT proceedings are in the process of being withdrawn and OTS agreement is in final stages and is being vigorously followed up by the Company at appropriate level.

4) Out of the total trade receivable of Rs. 1137.94 Crore includes Rs. 973.19 Crore "having significant increase in credit risk" being under dispute/litigation. 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. Further, for remaining balance of Rs.164.64 Crore is recoverable hence no provision is considered necessary.

5) Contingent Liability includes a demand of Rs. 132.32 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 is pending.

The Company is a CPSE under administrative control of the Ministry of Commerce & Industry. The Company is a trading organization to undertake promotion of export and market intervention operations in commodities specified by Government of India from time to time. For last few years the company is facing mismatch in inflows and outflows of funds due to huge recoverable from associates with whom the company had undertaken trade transactions in the past and who had defaulted in making timely payment to STC. Due to this the Company has led to temporary financial crunch, operating losses, reduction of net worth. Simultaneously the company initiated legal action against the defaulting associates. One of the major associates has made sufficient payment to STC on direction of Hon'ble Supreme Court. This has eased out the financial crisis of the Company to some extent. The Company is in process of One Time Settlement (OTS) with the lender banks and an amount of Rs.1100 Crore was paid towards OTS. The lender banks had proceeded in NCLT/DRT against the Company. The proceeding in NCLT Court has since been withdrawn. Simultaneously, the company has undertaken various cost reduction measures to improve the liquidity/ profitability such as closure of unviable branches, undertaking trade in commodities fetching higher trade margins without involvement of STC's funds, etc. Consequent upon the high level meeting dated 29.08.2019, the business of the Company reduced considerably achieving approximately 30% of MOU target. Presently, the Company is undertaking the business without involvement of own funds. The status will be revisited in the next financial year.

Considering the facts given above,

a. Accounts of the year 2019-20 have been prepared on going concern basis.

b. The company is continuing to carry forward deferred tax assets, which will be available for set of against future profits.

c. No provision for impairment of non-current assets has been considered necessary.

d. Depreciation is being computed on the basis of expected economic life of fixed assets rather than their current market value.

e. As a cost reduction measure, VRS has been introduced in STC on 29.03.2019 with the eligibility criteria covering all employees in Staff cadre irrespective of length of service and Managers from Assistant Manager (E1) to Chief Manager (E4) level, who had completed 10 years of service in the Corporation (including professionals). 45 employees opted for VRS, out of which 43 employees were relieved for which STC's own funds were utilized. VRS was again introduced with same conditions on 20.06.2019, effective till the closing hours of 31.03.2020. The 37 employees, who opted for VRS during the period 20.06.2019 to 31.03.2020 have already been relieved.

7) Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of 3.96 Crore (Net), and a lease liability of 0.60 Crore. The cumulative effect of applying the standard resulted in 3.36 crore being debited to retained earnings & PPE, net of taxes. The effect of this adoption is insignificant on the profit for the period and earnings per share.

8) As a matter of accounting prudence, Deferred Tax Assets for the period ended 31.03.2020 have not been recognized.

9) Impact of COVID-19:-There was a nation-wide lockdown imposed during the end of March, 2020 due to COVID-19. There was partial lifting of the lockdown since 03.05.2020. The Company has resumed operations at corporate office and branch offices with minimal staff after adopting safety measures and following standard operating procedures mandated by Govt. of India like disinfection of office premises, keeping social distancing, work-from-home with minimal attendance.

Despite the constraints of lockdown, the Company ensured timely deliveries of essential items viz. edible oil, pulses and sugar for on-going contracts for supply to the TamilNadu Civil Supplies Corporation through e-processing procedure during lockdown. However, due to the unpredictable and continuing impact of Covid-19 situation, it is very difficult to assess the future impact of Covid-19 on the financial performance and 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.

10) Figures of the previous period have been recasted / reclassified to make them comparable with those of the current period wherever necessary.

By order of the Board of Directors

HDSG & ASSOCIATES
Chartered Accountants
FRN 02871N
New Delhi

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

(Rooma Nagrath)
GM-F & CFO

Place: New Delhi
Date: 20.07.2020

THE STATE TRADING CORPORATION OF INDIA LIMITED, NEW DELHI

ANNEXURE-1

Statement of impact of Audit Qualification for the Financial Year ended 31.03.2020 along with Annual Audited Financial Results - (Standalone)

(Rs. Crore)

I	S.No.	Particulars	Audited Figures as reported before adjusting for qualifications	Audited Figures as reported after adjusting for qualifications
	1	Total Income	3,014.98	3,014.98
	2	Total Expenditure	3,127.82	3,359.09
	3	Net Profit/(Loss)	(112.84)	(344.11)
	4	Earning per share	(18.81)	(57.35)
	5	Total Assets	2,495.30	2,401.33
	6	Total Liabilities	2,556.81	2,694.11
	7	Net Worth (excluding Revaluation Reserve)	(946.11)	(1,177.38)
	8	Any other financial item (as felt appropriate by the management	Nil	
II	Audit qualification			
1	a. Details of Audit Qualification		Refer foot note of note no.39 (9) for non provision of the balance amount of Rs. 3.92 crore with regard to M/s Lichen Metals Pvt. Ltd. has resulted in loss being shown lower by Rs. 3.92 crore with consequential effect on retained earnings and overstatement of claim recoverable by the same amount.	
	b. Type of Audit Qualification:		Qualified Opinion	
	c. Frequency of Qualificaiton		First Time	
	d. For Audit qualification, whether the impact is quantified by the audit, management's view		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 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.	

HDSG & ASSOCIATES Chartered Accountants FRN: 0[illegible]71N New Delhi

ANNEXURE-1		
Statement of impact of Audit Qualification for the Financial Year ended 31.03.2020 along with Annual Audited Financial Results - (Standalone)		
2	a. Details of Audit Qualification	Refer foot note of note no.39(i) not providing liability of Rs. 3.51 crore with respect to M/s Conros Steel has resulted in the loss being shown lower by Rs. 3.51 crore with consequential effect on retained earnings and overstatement of claim recoverable by the same amount.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	STC has supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the LCs amounting to Rs. 12.05 Crore (LC value Rs. 10.05 Crore and interest & other expenses of Rs. 2.00 Crore). STC has filed civil applications and criminal complaint under various sections of India 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 also made a claim of ownership of stock. Hence, 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. The matter is still pending. Further, the Lender Institutions have initiated proceeding under NCLT against the associate, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT on 21.08.2018. Provisioning of Rs. 9.83 Crore has not been considered necessary as the amount is secured by pledged stock.
3	a. Details of Audit Qualification	i. Refer foot note of note no. 15 where inventory includes Rs. 0.05 crore at Bengaluru branch which has not been written down to it's realizable value though the company has discontinued this line of business for the past three years. The above circumstances loss for the year is understated by Rs. 0.05 crore with consequential effect on retained earnings and overstatement of inventory by the same amount.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Due to impace of COVID-19, the inventory could not be revalued and hence could not be disposed. The necessary adjustment will be taken after the next revaluation

HDSG & ASSOCIATES
FRN 002871N
New Delhi
Chartered Accountants

ANNEXURE-1		
Statement of impact of Audit Qualification for the Financial Year ended 31.03.2020 along with Annual Audited Financial Results - (Standalone)		
4	a. Details of Audit Qualification	Reer foot note no. 39(ii) which includes an amount of Rs. 4.98 crores shown as contingent liability against which the compnay has not provided firm liability though the company has lost the court case at the first level of adjudication.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	The company has further filed a case in the Honourable High Court, New Delhi and the matter is in the stage of final arguments.
5	a. Details of Audit Qualification	Refer note no. 12 & 55, where the company has taken an amount of Rs. 86.49 crores, however there is no virtual cerainity of profits in the future considerin the high value of contingent liabilities, significant decrease in sales and negative net current assets. This has led to understatement of loss by Rs.86.49 crore with consequential effect on retained earnings.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	The company is continuing to carry forward deferred tax assets, which will be available for set of against future profits.
6	a. Details of Audit Qualification	Refer foot note no. 35, for non- provisioning of demand received from L&DO of Rs. 132.32 crore which has resulted in understatement of loss by Rs. 132.32 crores and consequential effect on liabilities.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	The demand of Rs. 132.32 core is yet to be crystalized by L&DO. The same shall be provided for once the final figure is intimated to the company.
	Signatories	
>	CMD	
>	CFO	
>	Audit Committee Chairman	
>	Statutory Auditor - HDSG & Associates	HDSG & ASSOCIATES Chartered Accountants FRN : 02871N New Delhi

THE STATE TRADING CORPORATION OF INDIA LIMITED, NEW DELHI

ANNEXURE-2

Statement of impact of Audit Qualification for the Financial Year ended 31.03.2020 along with Annual Audited Financial Results - (Consolidated)

(Rs. Crore)

I	S.No.	Particulars	Audited Figures as reported before adjusting for qualifications	Audited Figures as reported after adjusting for qualifications
	1	Total Income	3,015.02	3,015.02
	2	Total Expenditure	3,128.32	5,025.48
	3	Net Profit/(Loss)	(113.30)	(2,010.46)
	4	Earning per share	(18.88)	(335.08)
	5	Total Assets	2,499.29	2,405.32
	6	Total Liabilities	7,125.88	8,429.07
	7	Net Worth (excluding Revaluation Reserve)	(5,512.52)	(6,909.68)
	8	Any other financial item (as felt appropriate by the management	Nil	
II	Audit qualification			
1	a. Details of Audit Qualification		Refer foot note of note no.39 (9) for non provision of the balance amount of Rs. 3.92 crore with regard to M/s Lichen Metals Pvt. Ltd. has resulted in loss being shown lower by Rs. 3.92 crore with consequential effect on retained earnings and overstatement of claim recoverable by the same amount.	
	b. Type of Audit Qualification:		Qualified Opinion	
	c. Frequency of Qualificaiton		First Time	
	d. For Audit qualification, whether the impact is quantified by the audit, management's view		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 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.	

HDSG & ASSOCIATES * Chartered Accountants * FRN 02871N New Delhi

ANNEXURE-2		
Statement of impact of Audit Qualification for the Financial Year ended 31.03.2020 along with Annual Audited Financial Results - (Consolidated)		
2	a. Details of Audit Qualification	Refer foot note of note no.39(i) not providing liability of Rs. 3.51 crore with respect to M/s Conros Steel has resulted in the loss being shown lower by Rs. 3.51 crore with consequential effect on retained earnings and overstatement of claim recoverable by the same amount.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	STC has supplied HR coils to M/s. Conros Steel during 2009-10. Party defaulted in making payment against one of the LCs amounting to Rs. 12.05 Crore (LC value Rs. 10.05 Crore and interest & other expenses of Rs. 2.00 Crore). STC has filed civil applications and criminal complaint under various sections of India 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 also made a claim of ownership of stock. Hence, 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. The matter is still pending. Further, the Lender Institutions have initiated proceeding under NCLT against the associate, STC has filed its claim of Rs. 28.70 Crore (including interest of Rs. 16.65 Crore shown as contingent assets) before NCLT on 21.08.2018. Provisioning of Rs. 9.83 Crore has not been considered necessary as the amount is secured by pledged stock.
3	a. Details of Audit Qualification	i. Refer foot note of note no. 15 where inventory includes Rs. 0.05 crore at Bengaluru branch which has not been written down to it's realizable value though the company has discontinued this line of business for the past three years. The above circumstances loss for the year is understated by Rs. 0.05 crore with consequential effect on retained earnings and overstatement of inventory by the same amount.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Due to impace of COVID-19, the inventory could not be revalued and hence could not be disposed. The necessary adjustment will be taken after the next revaluation

DSG & ASSOCIATES * Chartered Accountants * FRN: 02871N New Delhi

ANNEXURE-2		
Statement of impact of Audit Qualification for the Financial Year ended 31.03.2020 along with Annual Audited Financial Results - (Consolidated)		
4	a. Details of Audit Qualification	Reer foot note no. 39(ii) which includes an amount of Rs. 4.98 crores shown as contingent liability against which the compnay has not provided firm liability though the company has lost the court case at the first level of adjudication.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	The company has further filed a case in the Honourable High Court, New Delhi and the matter is in the stage of final arguments.
5	a. Details of Audit Qualification	Refer note no. 12 & 55, where the company has taken an amount of Rs. 86.49 crores, however there is no virtual cerainity of profits in the future considerin the high value of contingent liabilities, significant decrease in sales and negative net current assets. This has led to understatement of loss by Rs.86.49 crore with consequential effect on retained earnings.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	The company is continuing to carry forward deferred tax assets, which will be available for set of against future profits.
6	a. Details of Audit Qualification	Refer foot note no. 35, for non- provisioning of demand received from L&DO of Rs. 132.32 crore which has resulted in understatement of loss by Rs. 132.32 crores and consequential effect on liabilities.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	The demand of Rs. 132.32 core is yet to be crystalized by L&DO. The same shall be provided for once the final figure is intimated to the company.
7	a. Details of Audit Qualification	The company (STCL) has not provided interest from F.Y 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 company. Due to non-provision of interest, the loss has been understated by Rs. 1165.89 Crore with consequential reduction in bank liabilities. However, the company has shown the above amount as a contingent liability
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time

HDSG & ASSOCIATES
FRN : 02871N
New Delhi
Chartered Accountants

ANNEXURE-2		
Statement of impact of Audit Qualification for the Financial Year ended 31.03.2020 along with Annual Audited Financial Results - (Consolidated)		
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Since the balance confirmation is pending from banks and matter is pending in courts. Impact can only be accounted for after consequential outcome. The amount is already being disclosed as contingent liability
	Signatories	
>	CMD	
>	CFO	
>	Audit Committee Chairman	
>	Statutory Auditor - HDSG & Associates	

HDSG & ASSOCIATES
FRN: 02871N
New Delhi
Chartered Accountants

स्वच्छ भारत
एक कदम स्वच्छता की ओर

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)

DECLARATION

In terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) (Amendment) Regulations, 2016 read with SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016, we hereby declare that HDSG & Associates, Chartered Accountants, (Firm Regn. No. 002871N), the Statutory Auditors of the company have given the Audit report with unmodified opinion on the financial results of the Company for the period ended 31st March 2020 (both standalone and consolidated).

For STC of India Ltd.

20/7/20
(Rooma Nagrath)
Chief Financial Officer

Date: 20.07.2020

पंजीकृत कार्यालय : जवाहर व्यापार भवन, टॉलस्टॉय मार्ग, नई दिल्ली-110001 / Regd. Office : Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001
कॉर्पोरेट पहचान संख्या / Corporate Identity No. : L74899DL1956GOI002674
दूरभाष / Telephone : 011-23313177 फैक्स / Fax : 011-23701123, 23701191 ई-मेल / E-mail : co@stclimited.co.in वेबसाइट / Website : www.stclimited.co.in
"हिन्दी में प्राप्त पत्रों का स्वागत है।"

स्वच्छ भारत
एक कदम स्वच्छता की ओर

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)

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 Rajiv Chopra, Director (Marketing) having additional charge of CMD certify that :

A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2020 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.

पंजीकृत कार्यालय : जवाहर व्यापार भवन, टॉलस्टॉय मार्ग, नई दिल्ली-110001 / Regd. Office : Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001
कॉर्पोरेट पहचान संख्या / Corporate Identity No. : L74899DL1956GOI002674
दूरभाष / Telephone : 011-23313177 फैक्स / Fax : 011-23701123, 23701191 ई-मेल / E-mail : co@stclimited.co.in वेबसाइट / Website : www.stclimited.co.in
"हिन्दी में प्राप्त पत्रों का स्वागत है।"

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.

(R. CHOPRA)
Director (Marketing) additional charge of CMD

(ROOMA NAGRATH)
General Manager (Finance) & CFO

Place: New Delhi

Date: 20/07/2020

TO WHOMSOEVER IT MAY CONCERN

Certified that the audited financial results for the year ended 31.03.2020 do not contain any false or misleading statement or figures and do not omit any material fact which may make the statement or figures contained therein misleading.

(R. CHOPRA)	(ROOMA NAGRATH)
Director (Marketing) additional charge of CMD	General Manager (Finance) & CFO

Place: New Delhi

Date: 20/07/2020