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

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

STC/BS&P/BS/10082/2018/STEX 10th August, 2018

Dear Madam/Sir,

Sub: Annual Audited Financial Results (Consolidated) for the Financial Year ended March 31, 2018,

This is to inform that the Board of Directors of The State Trading Corporation of India Limited at its meeting held on today i.e. August 10, 2018 has taken on record and approved the **Annual Audited Financial Results (Consolidated) for the Financial Year ended March 31, 2018**

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

1. **Annual Audited Financial Results (Consolidated) for the Financial Year ended March 31, 2018 along with the Statement of Assets and Liabilities, Auditors' Report and Statement on impact of Audit Qualification.**

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

This is for your information and record please.

Thanking you,

Yours Sincerely,

10/8/18
(Pankaj Kumar)
Company Secretary & Compliance Officer

THE STATE TRADING CORPORATION OF INDIA LTD.

Statement of Consolidated Financial Results for the Year ended March 31, 2018 (Ind AS COMPLIED)

CIN: L74899DL1956GOI002674

(Rs. crore)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
	(Audited)	(Audited)
Income		
Revenue from Operations	10,865.71	7,814.49
Other Income	303.70	273.31
Total Income	**11,169.41**	**8,087.80**
Expenses		
Cost of materials consumed	0.01	0.04
Purchases of Stock in trade	10,797.50	7,815.55
Change in Inventory	39.44	(39.25)
Employees' Benefit Expenses	108.71	108.39
Finance Cost	833.38	718.87
Depreciation & Amortization Expenses	16.71	16.71
Other Expenses	28.07	35.10
Total expenses	**11,823.82**	**8,655.41**
Profit before exceptional items and tax	**(654.41)**	**(567.61)**
Exceptional Items - Expense /(Income)	(29.78)	144.05
Profit Before Tax	**(624.63)**	**(711.66)**
Tax expense		
(i) Current tax	(5.27)	16.85
(ii) Deferred tax	-	-
Profit for the period from continuing operations (A)	**(619.36)**	**(728.51)**
Profit/(loss) from discontinued operations		
Tax expense of discontinued operations		
Profit from discontinued operations after tax (B)	-	-
I Profit for the period (A+B)	**(619.36)**	**(728.51)**
II Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
- Remeasurements of the defined benefit plans	4.84	3.29
Less: Income Tax on Above	1.67	1.16
Items that will be reclassified to profit or loss		
Total of Other Comprehensive Income	**3.17**	**2.13**
Total Comprehensive Income for the period	**(616.19)**	**(726.38)**
Paid up equity share capital (Face value of Rs. 10/- each)	**60.00**	**60.00**
Earnings per equity share : (Not Annualized)		
(1) Basic (in Rupees)	(102.70)	(121.06)
(2) Diluted (in Rupees)	(102.70)	(121.06)

Segment-wise Revenue, Results, Assets & Liabilities

(Rs. crore)

PARTICULARS	Year Ended 31.03.2018 (Audited)	Year Ended 31.03.2017 (Audited)
1. Segment revenue		
a) Export	279.19	793.11
b) Import	10,240.04	6,414.88
c) Domestic	346.48	606.50
Total	**10,865.71**	**7,814.49**
Less -Inter-segment revenue	-	-
Revenue from operations	**10,865.71**	**7,814.49**
2. Segment results - Profit /(Loss) before tax and interest from each segment		
a) Export	18.23	19.47
b) Import	4.82	10.11
c) Domestic	3.01	5.45
Total	**26.06**	**35.03**
Less:(I) Finance cost	833.38	718.87
(ii) Other unallocable expenditure net off Unallocable income	(182.69)	27.82
Profit before Tax	**(624.63)**	**(711.66)**
3. Segment Assets		
a) Export	3,156.88	2,984.15
b) Import	85.25	105.25
c) Domestic	52.69	98.86
d) Unallocated	1,147.94	1,101.32
Total	**4,442.76**	**4,289.58**
4. Segment Liabilities		
a) Export	1,327.65	1,367.76
b) Import	255.28	247.33
c) Domestic	62.47	38.70
d) Unallocated	6,429.23	5,651.46
Total	**8,074.63**	**7,305.25**

Reconciliation of Total equity as reported in previous GAAP and as per Ind AS :

Particulars	As at March 31, 2017	As at April 01, 2016
Total equity (shareholder's funds as per previous GAAP)	(3,013.24)	(2,284.90)
Adjustments:		
Prior period error	(0.67)	(3.19)
Depreciation	(0.21)	(0.05)
Remeasurement of Actuarial valuation Defined Benefit Plans	(0.10)	0.68
Reversal of Revaluation Resereve	(0.03)	
Impairment Loss Recognised	(0.13)	
Reclasification of Deferred Income	0.14	(1.81)
Equity Instrument through Other Comprehensive Income	(0.04)	(0.02)
Adjustments on transition date	(1.39)	
Total equity (shareholder's funds as per Ind AS	(3,015.67)	(2,289.29)

Reconciliation of Profit after tax for the quarter & Year ended 31st March 2017 between Ind-AS compliant results reported above with results reported as per previous Indian GAAP.

Particulars	Year Ended 31.03.2017
Profit (after tax) as per previous GAAP	(728.33)
Add: Adjustments as per IND AS	
Actuarial Loss/(gain) on defined plans recognised in other comprehensive income	(3.34)
Effect of prior period item -expense/(Income)	2.27
Effect on Depreciation & Amortization expenses	(0.16)
Tax expense impact	1.15
Impairment of Property, Plant & equipment	(0.14)
Changes in estimates of Employee benefit plans	(0.10)
Amortization of Grant Received	0.14
Profit (after Tax) for the period under Ind AS	(728.51)
Other comprehensive income (net of tax) (actuarial Loss/gain on defined benefit plans)	2.13
Total comprehensive income under Ind AS	(726.38)

THE STATE TRADING CORPORATION OF INDIA LTD
Consolidated Balance Sheet as at March 31, 2018 (Ind AS COMPLIED)

(Rs in crore)

Particulars	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at April 01, 2016 (Audited)
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	605.01	621.00	639.85
(b) Capital work-in-progress	2.10	0.98	0.48
(c) Investment property	312.50	313.02	309.19
(d) Other intangible assets	0.10	0.02	0.03
(e) Financial Assets :			
(i) Investments	0.01	0.01	0.01
(ii) Trade receivables	964.55	980.63	1,068.82
(iii) Loans	9.76	11.44	16.14
(iv) Other Financial Assets	53.04	20.71	23.95
(f) Deferred tax assets (net)	73.67	77.02	77.83
(g) Tax Assets (Net)	-	-	-
(h) Other non-current assets	9.33	13.88	12.06
Sub Total	**2,030.07**	**2,038.71**	**2,148.36**
Current Assets			
(a) Inventories	0.25	39.71	0.42
(b) Financial Assets :			
(i) Investments	-	-	-
(ii) Trade receivables	2,221.00	2,112.60	2,639.26
(iii) Cash & cash equivalents	99.20	7.27	8.95
(iv) Bank Balances other than (iii) above	2.53	2.34	1.12
(v) Loans	5.09	4.03	2.83
(vi) Other Financial Assets	48.63	29.80	15.25
(c) Tax Assets (Net)	10.31	19.96	32.96
(d) Other Current Assets	25.68	35.16	8.36
Sub Total	**2,412.69**	**2,250.87**	**2,709.15**
Total Assets	**4,442.76**	**4,289.58**	**4,857.51**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	60.00	60.00	60.00
(b) Other Equity	(3,691.87)	(3,075.67)	(2,349.29)
Sub Total	**(3,631.87)**	**(3,015.67)**	**(2,289.29)**
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	-	146.28	-
(ii) Trade payables	993.29	992.64	1,015.33
(iii) Other Financial Liabilities	48.69	49.57	47.64
(b) Provisions	105.66	108.42	104.02
(c) Deferred tax liabilities (Net)	-		-
(d) Tax Liabilities (Net)	-		-
(e) Other non-current liabilities	2.53	3.45	4.12
Sub Total	**1,150.17**	**1,300.36**	**1,171.11**
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	2,781.95	2,686.09	2,800.97
(ii) Trade payables	216.45	175.21	647.77
(iii) Other Financial Liabilities	3,807.62	3,017.44	2,463.78
(b) Provisions	31.84	20.20	15.94
(c) Tax Liabilities (Net)	-	-	-
(d) Other current liabilities	86.60	105.95	47.23
Sub Total	**6,924.46**	**6,004.89**	**5,975.69**
Total Equity and Liabilities	**4,442.76**	**4,289.58**	**4,857.51**

Notes

1)The Consolidated financial results for the year ended 31st March, 2018 were reviewed by the Audit Committee and approved by the Board of Directors in its meeting held on 10th Aug, 2018. The audited accounts are subject to Supplementary Audit by the Comptroller and Auditor General of India under section 143(6) of the Companies Act, 2013.

2) The Group has adopted Indian Accounting Standards (Ind-AS) as notified by the Ministry of Corporate Affairs, w.e.f. 01.04.2017 and accordingly the results for the Year ended 31.03.2018 are in compliance with Ind-AS. The date of transition to Ind-AS is 01.04.2016. The results for the Year ended 31.03.2017 have been restated to comply with Ind-AS to make them comparable.

3) Trade receivables include Rs.2076.70 crore (Rs. 1904.24 crore) (excludes contingent asset Rs.248.06 crore (Rs.230.43 crore)) for goods sold during previous years to one of the business associate. Dues are secured by EMD of Rs.29.73 crore and the personal guarantee of Chairman of its holding company. The business associate and its holding company (Guarantor) had signed a Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 with STC for payment of entire dues by 10.11.2012 under Indian Arbitration and Conciliation Act which has been held as final decree by Hon'ble Supreme Court. The case for enforcement of decree is continuing with Hon'ble Supreme Court. During the year, the business associate remitted an amount of Rs.100.00 crore with the knowledge of Hon'ble Supreme Court. Considering the status of case in the Hon'ble Supreme Court, the management is hopeful that the associate may come out with settlement proposal for repayment of entire dues to STC. Next date of hearing is 04.07.2018. Hence the debt is good and recoverable."

4) Other Income include interest of Rs.259.47 crore (F.Y 2016-17 Rs.231.93 Crore) recoverable from one of the business associate with whom conciliation agreement has been signed which has been held as final by Hon'ble Supreme Court. Dues are secured by EMD of Rs.29.73 crore and the personal guarantee of Chairman of its holding company. The case for enforcement of decree is continuing with Hon'ble Supreme Court. During the year, the business associate remitted an amount of Rs.100.00 crore with the knowledge of Hon'ble Supreme Court. Considering the status of case in the Hon'ble Supreme Court, the management is hopeful that the associate may come out with settlement proposal for repayment of entire dues to STC. Next date of hearing is 04.07.2018. Hence the debt is good and interest accrued thereon is recognized as income."

5) The Holding Company is a CPSE under administrative control of the Ministry of Commerce & Industry. The Holding Company is primarily in the business of trade with State Trading Organizations of various countries, to undertake promotion of export and to undertake market intervention operations in commodities as specified by Government from time to time. The Holding Company has seven offices all over the country and is fully equipped with the necessary infrastructural facilities to undertake any volume of business operations. The Holding Company is participating in several business opportunities.
For last few years the Holding Company is facing mismatch in inflows and outflows of funds due to huge recoverable from associates with whom the Holding Company had undertaken trade transactions and who had defaulted in making timely payment to STC. Legal actions have been taken for recovery from the associates.
All these have led to temporary financial crunch, operating losses, reduction of net worth. Due to non payment of Loan and interest on borrowings, banks have reported the Holding Company account as NPA. The Holding Company has appointed financial advisor for restructuring of existing loans and for raising additional working capital loans. The source of current liquidity crunch faced by STC is not structural deficiency but the problem on account of some transactions which we are trying to resolve. Therefore, the Holding Company has approached its lenders for an appropriate resolution plan with the objective to meet the operations of the Holding Company viable and sustainable. The Holding Company is engaged with the lenders for resolution plans.
Revival restructuring plan for 2018-19 includes:
1. The company has taken up the matter with Govt. for issuance of letter of Comfort for an amount of Rs. 500 crore. The funds raised against LOC would be used for executing perpetual Lease deed of office complex Jawahar Vyapar Bhawan (JVB). After executing perpetual Lease deed, there would be substantial increase in value of the property. The company then proposes to raise additional funds against the properties. The adequate support of Ministry of Commerce, Govt. of India, establishes our faith as a going concern entity.

2. Substantial amount is expected to be recovered from various associates in the coming years.
3. The Holding company has undertaken various cost reduction measures to improve the liquidity /profitability such as closure of unviable branches, undertaking trade in those commodities fetching higher trade margins etc.
In view of steps undertaken from Sr. No. 1 to 3 above, it is believed that we shall be in a position to confidently sail as a going concern.
Considering the strength of the Hoding company, business plans and future outlook as assessed, the Holding company is quite confident to reach at some workable solution to resolve financial position of the company, hence considering the facts given above:-
a. Accounts have been prepared on going concern basis.
b. The Holding company continues to account for deferred tax assets, which will be available for set off against future profits in view of anticipated business opportunities and improved availability of working capital, and
c. No provision for impairment of non-current assets has been considered necessary.

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

7) The subsidiary namely STCL Limited had appointed M/s ICRA Management Consultant Services to prepare a turn-around Plan for the Company in view of its weak financial position. Based on the Report submitted by the Consultant, the Board of Directors of the subsidiary Company has passed a Resolution on 18.04.2013 to take necessary steps for winding-up of the subsidiary company and to introduce a voluntary separation scheme(VSS) to employees. The union cabinet has approved in its meeting held on 13.08.2013 for winding up of STCL Limited. Accordingly the subsidiary company has filed winding up petition dated 26.11.2013 before Hon'ble High Court Karnataka which is pending for disposal. The Subsidiary company has offered VSS to the regular employees in September 2013. Out of 51 employees, the present strength of employees is 11 only. Ind AS compliant results of STCL are not available, hence consolidated results are not published.

8) Holding company(The State Trading Corporation of India Limited) has not given any guarantee for the credit facility availed by the subsidiary company STCL Limited.

9) As a matter of accounting prudence, Deferred Tax Assets for the year ended 31.03.2018 have not been recognized.

10) Loans and Advances includes Rs.1155.25 crore/- [net of security deposit/margin money] shown as Claims Receivable from one of the Business Associates. The Subsidiary Company opened usance letters of credit on overseas suppliers for import of Metal Scraps-[Nickel/Copper Scrap] for merchanting trade at the cost and risk of the Business Associates. The associates / buyers failed to meet the commitment of making the payment before the due dates of the Letters of Credit and this resulted in devolvement of LC's on Subsidiary Company. The net amount due from above business associate is Rs.1155.25 crore/- towards the cost of cargoes stuffed in 885 containers supposed to contain Nickel and Copper Scrap which were lying at South Korean and Vietnam Ports. As the payments were not received, few containers were got opened by the Subsidiary Company which were found to contain Iron Scrap instead of Nickel and Copper Scrap. The containers were auctioned by the port authorities. In view of the cargo being assessed as Iron/Steel Scrap and the auction sale price ranging from USD 206 to 250 per MT, the Subsidiary Company has filed complaints against overseas one of the seller, business associates as well as international inspection agency, all the Criminal complaints filed in India have been transferred to CBI New Delhi. CBI has investigated the matter and filed charge sheet on 7th December, 2016 in the court of XXI Additional City Civil & Sessions Judge & Special Judge for CBI cases Bangalore (CCH-4). The Enforcement Directorate, has issued a show cause notice to STCL and its four officials, business associates and 8 bankers of STCL in December 2011. The Subsidiary Company has replied to the show cause notice. Further The Special Director, Enforcement Directorate, Chennai, summoned the Subsidiary Company on 25.03.2014 and Subsidiary Company appeared and presented the details in the adjudication process. After completion of enquiry, Special Director, Enforcement Director Chennai passed on order bearing No.SDE/SRO/BGZO/01/2018(KRUB)Dated:30.01.2018 whereby STCL was held liable for contravening the provision of the foreign exchange management act 1999 (FEMA) and in particular section 10 (6) of the (FEMA)read with regulation 6(1) of the foreign exchange management (realisation,repatriation and surrender of foreign exchange regulation 2000. Subsidiary Company has filed the claims along with interest

11) Vide the impugned order, ED had levied a penalty of Rs, 10.00 (Rupees Ten Crore) with direction to pay the penalty with in 45 days and the appeal on the above order shall lie with Appellate Tribunal under Smugglers and Foreign Exchange Manipulators (Forfeiture of property) New Delhi. STCL has filed appeal before the Appellate Tribunal on 09.03.2018 Praying for dropping the charges imposed against STCL along with penalty levied .STCL filed the appeal before the Appellate Tribunal on 09.03.2018 vide Appeal No.FE-12/CHN/2018. and matter was for hearing on 25.04.2018.

12) Subsequent to the dismissal of SLP filed in the Supreme Court by FMPL/FEIPL, the High Court of Karnataka has re-appointed as sole Arbitrator vide its order dtd. 07.04.2017. He had issued the notice to both the parties for appearing on 18.05.2017 to start the arbitration proceedings. How ever he relinquished the office of the arbitration citing personal reason and STCL approached High Court of Karnataka for appointment of New Arbitrator. High Court vide its order dated 06.09.2017 appointed former Judge of High Court of Karnataka to adjudicate the matter. Arbitration fee is remitted by STCL and initiation of arbitration process is awaited .

13) The total liabilities to banks along with interest amounting to Rs,4,563.55 crore/-is payable to consortium of seven banks and UCO Bank in respect of devolved LCS/Packing credits since 2008-09.No confirming was received from the banks.The subsidiary company has calculated the interest based on the interest rates disclosed in their DRT application filed by Uco bank and consortium of banks. Cash credit/Short term loan is as per the claim in the DRT(Debt Recovery Tribunal) application filed by consortium of seven banks and UCO bank on 20.07.2011.The above loan has been classified as NPA by consortium banks and UCO bank. The subsidiary company has created pari passu charge on the current assets in favor of the banks and also surrendered the documents of immovable properties situated at Chindwara (3.239 hectares).Byadgi(5 acres) Siddapura(2.20 acres) and madikeri (0.50 acres) in favor of the Bankers. In view of the immovable properties of STCL given as security.an estimated amount of Rs.1.82 crore/- out of the total advances can be considered as secured. The consortium of banks and UCO Bank have filed cases separately against the company with the Debt Recovery Tribunal. Wherein with regard to UCO bank recovery case.DRT has passed an order dtd.29.09.2015 for recovery of Rs.148.18 crore/- However the company has challenged DRT order at DRAT.Chennai.The bankers have also issued notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act.2002.Further based on the above, the bankers have issued two Possession Notice one dt 26.10.2011 on the Factory Land and Building located at Byadgi and another dt.17.11.2011 on Factory Land and Building located at Chindwara,Madhya Pradesh.

14) Interest payable of Rs. 3,378.29 crore/- 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. Interest provision of Rs. 654.70/- have been made by the subsidiary Company for the current financial year. However no confirmation is received from bank for interest payable.

15) The subsidiary company considered in theconsolidated financial results is STCL limited (100% Ownership). The company is incorporated in India.

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

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

By order of the Board of Directors

Sd.
(Pankaj Jain)
Partner
M. No. 097279

Sd.
(Rajiv Chopra)
Director (Marketing)
with additional charge of

Sd.
(S K Singhal)
GM-F & CFO

Sd.
B R Dhawan
CGM-Finance

Sd.
(Pankaj Kumar)
Company Secretary
ACS -15849

Place: New Delhi
Date: 10.08.2018

Auditors' Report On Annual Consolidated Ind AS Financial Results of The State Trading Corporation of India Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To The Board of Directors
The State Trading Corporation of India Limited

1) We have audited the accompanying annual Consolidated Ind AS Financial Results of The State Trading Corporation of India Limited ("the Holding Company") and its subsidiary (the holding and its subsidiary together referred to as "the Group") for the year ended 31st March, 2018, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CIR/CFD/FAC/62/2016 dated 5th July, 2016. These year to date consolidated Ind AS Financial Results have been prepared on the basis of the annual audited Ind AS financial statements and the relevant requirement of the regulation and the circular, which are the responsibility of the Holding Company's management and have been approved by the Board of Directors of the Holding Company. Our responsibility is to express an opinion on these Consolidated Ind AS Financial Results, based on our audit of such Consolidated Ind AS Financial Statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules made there under and other accounting principles generally accepted in India and in compliance with requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2) We conducted our audit in accordance with the auditing standards issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Results are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the Consolidated Financial Results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.

3) We did not audit the financial statements/information of eight branches included in the standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 1247.91 crore as at 31st March, 2018 and total revenues of Rs.7741.43 crore for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements/information of these branches have been audited by the branch auditors whose report 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 reports of such branch auditors.

4) **Basis for Qualified Opinion**

   (i) Reference is invited to Note no. 3 and 4, Trade receivable includes Rs. 2076.70 crore (previous year Rs. 1904.24 crore) and other income includes interest of Rs. 259.47 crore (previous year Rs. 231.93 crore) booked during the current year on over dues from one of the business associates on account of goods supplied in earlier years. The dues are stated to be secured by EMD of Rs. 29.73 crore and personal guarantee of chairman of its holding company. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of Rs. 100 crore (previous year Rs. 70.18 crore) on the directions of Hon'ble Supreme Court. Considering the poor recovery, non-availability of security, dispute by party with respect to interest charged, and age of outstanding dues, interest income should not be recognized as per concept of prudence.

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

(ii) With respect to contingent assets disclosed, the management has not provided any substantive evidence in support of probability of recovery, hence we are not in a position to form an opinion thereon.

(iii) Reference is invited to Note No. 6, the company has not made provision of Rs. 132.83 crore being the amount payable to L&DO for execution of lease deed of company's one of the property, hence to that extent provision for impairment of fixed assets is short made.

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

(v) Mumbai branch auditor has reported that debit balances appearing in Bhopal branch pertaining to security deposit and loans & advances of Rs. 0.19 crore has not been written off pending approval from competent authority. Had the company written off these balances, net profit of current year would have been lower by Rs. 0.19 crore, retained earning and deposits and loans & advances would have been lower by Rs. 0.19 crore.

The cumulative effect of above observations (i), (iii), (iv) & (v) is that net loss of current year would have been higher by Rs. 398.26 crore, retained earning and assets would be lower by Rs. 398.26 crore and Rs. 265.43 crore respectively and claims payable would have been higher by Rs. 132.83 crore.

5) **Qualified Opinion**

Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, based on the consideration of report of other auditors on separate financial statements and other financial information of subsidiary referred to in other matter paragraph below and except for the matters described in the Basis for Qualified Opinion paragraph referred above, these Financial Results:

(i) include the financial results of STCL (100% Subsidiary Company).

(ii) are presented in accordance with the requirements of Regulation 33 of the SEBI {Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and

Contd..........

(iii) give a true and fair view of the consolidated net loss, total consolidated comprehensive income and other financial information for the year ended 31st March, 2018.

Other Matters

We did not audit the Ind AS financial statements of one subsidiary included in the consolidated Ind AS financial results, whose Ind AS financial statements reflect total assets of Rs. 8.25 crore as at March 31, 2018, total revenues of Rs. 0.27 crore for the year ended March 31, 2018, cash flows amounting to (-) Rs. 0.08 crore, and total loss after tax of Rs. 656.86 crore for the year ended March 31, 2018, as considered in the consolidated Ind AS financial results. These Ind AS financial statements have been audited by other auditor whose report has 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 this subsidiary, and our report in terms of sub section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of other auditor on such audited Ind AS financial statements of the subsidiary.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the Ind AS financial statements certified by the Management.

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

Sd.
(Pankaj Jain)
Partner
M. No. 097279

Place : New Delhi
Date : 10th August, 2018

THE STATE TRADING CORPORATION OF INDIA LIMITED, NEW DELHI

ANNEXURE-1

Statement on impact of Audit Qualification for the Financial Year ended 31st March 2018 along with Annual Audited Financial Results – (Consolidated)

(Rs. Crore)

I	Sl. No.	Particulars	Audited Figures as reported before adjusting for qualifications	Audited Figures (as reported after adjusting for qualifications
	1.	Turnover / Total Income	11169.41	10909.94
	2.	Total Expenditure	11785.61	11924.39
	3.	Net Profit / (Loss)	(616.19)	(1014.45)
	4.	Earning Per Share	(102.70)	(169.08)
	5.	Total Assets	4442.76	4177.33
	6.	Total Liabilities	8074.63	8207.46
	7.	**Net Worth (including Revaluation Reserve)**	**(3631.87)**	**(4030.13)**
	8.	Any other financial item(s) (as felt appropriated by the Management		

II	Audit Qualification (each audit qualification separately.	
1	a. Details of Audit Qualification	Trade receivable includes Rs. 2076.70 crore (previous year Rs. 1904.24 crore) and other income includes interest of Rs. 259.47 crore (previous year Rs. 231.93) booked during the current year on over dues from one of the business associates on account of goods supplied in earlier years. The dues are stated to be secured by EMD of Rs. 29.73 crore and personal guarantee of chairman of its holding company. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of Rs. 100 crore (previous year Rs. 70.18 crore) on the

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		directions of Hon'ble Supreme Court. Considering the poor recovery, non-availability of security, dispute by party with respect to interest charged, and age of outstanding dues, interest income should not be recognized as per provisions of Indian Accounting Standard- 9 issued by ICAI. Considering the overall circumstances surrounding the recoverability of outstanding dues of Rs. 2076.70 crore, we are not in a position to ascertain whether the amount is fully recoverable or not. We are informed by the management that petition for execution of decree as per Conciliation Agreements under the Arbitration and Conciliation Act, 1996 has been filed before the Hon'ble Supreme Court wherein it has been held that decree is final. The party has submitted payment proposal before the Hon'ble Apex Court which is still subjudice before the Hon'ble Apex Court. Cases U/s 138 of Negotiable Instruments Act are also filed by the company before the Hon'ble High Court Delhi. The Enforcement Directorate and CBI are also investigating into the matter about cheating and fraud done by the party. We have also been provided affirmative Board Resolution dt. 14.02.2017 and outcome dt. 30.05.2017 that all possible efforts are extended for recovery of the dues through legal process and company is assured of recovering the dues.
	b. Type of Audit Qualification: Qualified Opinion/Disclaimer of Opinion/Adverse Opinion	Qualified opinion
	c. Frequency of Qualification: Whether appeared first time /Repetitive /	Repetitive

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	since how long continuing d. For Audit Qualification(s) Whether the impact is quantified by the auditor, Management's view	Other Income include interest of Rs.259.47 crore recoverable from one of the business associate with whom conciliation agreement has been signed which has been held as final by Hon'ble Supreme Court. Dues are secured by EMD of Rs.29.73 crore and the personal guarantee of Chairman of its holding company. The case for enforcement of decree is continuing with Hon'ble Supreme Court. During the year, the business associate remitted an amount of Rs.100.00 crore with the knowledge of Hon'ble Supreme Court. Considering the status of case in the Hon'ble Supreme Court, the management is hopeful that the associate may come out with settlement proposal for repayment of entire dues to STC. Next date of hearing is 04.07.2018. Hence the debt is considered good and interest accrued thereon is recognized as income."
2	a. Details of Audit Qualification	With respect to contingent assets disclosed, the management has not provided any substantive evidence in support of probability of recovery, hence we are not in a position to form an opinion thereon.
	b. Type of Audit Qualification: Qualified Opinion/Disclaimer of Opinion/Adverse Opinion	Qualified
	c. Frequency of Qualification: Whether appeared first time /Repetitive / since how long continuing	First time
	d. For Audit Qualification(s) Whether the impact is quantified by the auditor, Management's view	The amount shown as contingent asset as on 31.3.18 represents mostly the interest on delayed payment by the associates and other amounts recoverable from the associates under the agreement entered into with them

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		and policy. As per practice the receivables/claims are reviewed by the Management at periodical intervals. In case Associates are not paying the dues/ there is inordinate delay in recovery of dues, Legal and other actions are initiated to recover the dues. Subsequently, as a prudent accounting policy, interest etc. are not recognized in books of accounts and shown as contingent asset. Provision is made where ever recovery is considered doubtful. . In such cases the income is recognized on receipt basis.
3	a. Details of Audit Qualification	The company has not considered Rs. 132.83 crore being the amount payable by calculation of impairment of fixed assets,
	b. Type of Audit Qualification: Qualified Opinion/Disclaimer of Opinion/Adverse Opinion	 Qualified opinion
	c. Frequency of Qualification: Whether appeared first time /Repetitive / since how long continuing	First time
	d. For Audit Qualification(s) Whether the impact is quantified by the auditor, Management's view	L&DO allotted a plot of land measuring 2.599 acres for constructing of office building vide lease agreement signed on 15.12.1975. In order to execute the perpetual lease, matter has been taken up with L&DO who has indicated an expenditure of Rs 132.83 crore on various account for facilitating execution of perpetual lease. The demand raised by L&DO is not acceptable to STC and is being disputed in view of verification of actual facts. The actual liability is therefore not ascertainable at present. Hence no provision was considered necessary.

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4	a. Details of Audit Qualification	Rs. 10.53 crore recoverable from one of the business associate. While making the provision of Rs. 3.58 crore against the dues, the management has considered Rs. 6.13 crore towards value of immovable property provided as security. Since the company is not able to sale the property inspite of various auctions, hence till realization of security the value of security should not be considered for ascertainment of provision for doubtful debts in our opinion. Had the company made the provision of said amount , net profit of current year would have been lower by Rs. 5.77 crore, retained earning and trade receivable (current assets) would have been lower by Rs. 5.77 crore.
	b. Type of Audit Qualification: Qualified Opinion/Disclaimer of Opinion/Adverse Opinion	Qualified opinion
	c. Frequency of Qualification: Whether appeared first time /Repetitive / since how long continuing	First time
	d. For Audit Qualification(s) Whether the impact is quantified by the auditor, Management's view	Trade receivables includes an amount of Rs. 10.53 crore (Rs. 10.53 crore), recoverable from one of the business associate for sale of met coke. A provision of Rs. 3.58 crore has been made against the dues. The balance dues are secured by mortgage of free hold land. M/s. Cushman wakefield, who had previously valued the property, has been appointed to sell the property. Process of selling the property is in advance stage. For recovery of the balance dues, claim has been filed with NCLT through IRP. The company has filed legal and criminal case against the business associate which are being followed up. In view of above no provision is considered necessary at this stage.

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5	a. Details of Audit Qualification	Mumbai branch auditor has reported that debit balances appearing in Bhopal branch pertaining to security deposit and loans & advances of Rs. 0.19 crore has not been written off due to pending approval from Corporate Office. Had the company written off these balances, net profit of current year would have been lower by Rs. 0.19 crore, retained earning and deposits and loans & advances would have been lower by Rs. 0.19 crore.
	b. Type of Audit Qualification: Qualified Opinion/Disclaimer of Opinion/Adverse Opinion	 Qualified opinion
	c. Frequency of Qualification: Whether appeared first time /Repetitive / since how long continuing	Repetitive
	d. For Audit Qualification(s) Whether the impact is quantified by the auditor, Management's view •	The debit balance is represent deposit with telephone authorities, sales tax authorities, MPEB and other sundry deposit etc.. The Branch has been advised to examine the details and arrange other back up papers to justify the deposits in books of accounts. However necessary actions would be taken during the next financial year.
	Signatories • **CMD** • **CFO:** • **Audit Committee Chairman:** **Statutory Auditor – P. Jain Company**	sd/- P. JAIN & COMPANY CHARTERED ACCOUNTANTS NEW DELHI