



प्रभाग  
DIVISION



दि स्टेट ट्रेडिंग कॉर्पोरेशन ऑफ इंडिया लिमिटेड  
(भारत सरकार का उद्यम)

THE STATE TRADING CORPORATION OF INDIA LTD.  
(A Govt. of India Enterprise)

May 27, 2022

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

Manager - Listing Compliance Department National Stock Exchange of India Limited Exchange Plaza, Bandra - Kurla Complex, Bandra (East), Mumbai - 400051 Scrip Code : STCINDIA - EQ	Manager - Listing Compliance Department BSE Limited 1 <sup>st</sup> Floor, P.J. Towers, Dalal Street Mumbai - 400001 Scrip Code : 512531
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**Sub: Annual Audited Financial Results (Standalone & Consolidated) for the quarter and year ended March 31, 2022**

**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., May 27, 2022 has approved and taken on record the Annual Financial Results (both Standalone & Consolidated) for the quarter and Year ended March 31, 2022. In pursuance of Regulation 33, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the following:

- Auditors' Report on the Audited Financial Results (Standalone & Consolidated) for the quarter and year ended March 31, 2022, pursuant to Regulation 33.
- Annual Audited Financial Results (Standalone & Consolidated) for the Quarter and Year ended March 31, 2022.
- Statement of impact of Audit Qualification (Standalone & Consolidated) for the financial year ended 31.03.2022.
- 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 02:30 P.M. and concluded at 07.40 P.M.

Please take the above on record.

Thanking you,

Yours sincerely,

For The State Trading Corporation of India Limited



(Vipin Tripathi)

Company Secretary & Compliance Officer

पंजीकृत कार्यालय : जवाहर व्यापार भवन, टॉलस्टॉय मार्ग, नई दिल्ली-110001/ Regd. Office : Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001

कॉर्पोरेट पहचान संख्या / Corporate Identity No. : L74899DL 1956GOI002674

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“हिन्दी में प्राप्त पत्रों का स्वागत है”



## **Independent Auditor's Report**

### **To Members of The State Trading Corporation of India Limited**

#### **Report on the Audit of the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of The State Trading Corporation of India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of changes in Equity and the Standalone Cash Flow Statement for the year then ended, notes to the Standalone financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "The Standalone Financial Statements").

**It is the first year in which the financial statements of the Company have been prepared on non-going concern basis as per decision of the Board of Directors meeting held on 05<sup>th</sup> April, 2021. Therefore, the current year figures are not comparable with that of previous year because accounts for FY 2020-21 were prepared on going concern basis and the same has not been reclassified.**

#### **Qualified Opinion**

In our opinion and because of the various issues as mentioned in the Basis for Qualified Opinion paragraphs, the aforesaid Standalone Financial Statements except for the qualified opinion give the information required by the Companies Act 2013 ("the Act") in the manner so required and present a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies ( Indian 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 31<sup>st</sup> March 2022 and its profit and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Qualified Opinion**

##### **1. Non -Current Assets held for Sale**

- i. We draw your attention to Note No. 2(ii) regarding management decision to continue the company as non-operating company for the time being and to prepare the accounts from the financial year 2021-22 onwards as per non-going concern basis. Thus, there has been change in the significant accounting policies of the Company and the presentation of financial statements.*



As per Note No. 3.1 (e) in the Notes to accounts it is further stated that the financial statements for the year 2021-22 have been prepared on realization

basis (non- going concern assumption) and the non-current assets have been classified as held for sale. Therefore, all the assets held for sale have been carried at their estimated realizable values. However, all the non-current assets held for sale i.e. Property, Plant and Equipment in absence of any report for realizable value have been stated at their respective historical values/carrying values as per books of accounts as on 31.03.2022 and not on realization basis. **This is non-compliance of the accounting policy No. 3(e) of the Company and we are unable to comment upon the impact of the same on the financial statements.**

Further there is also non-compliance of requirements of IND AS-105.

As per IND AS-105, "Non -Current Assets held for Sale and Discontinued Operations", it requires that asset that meet the criteria to be held for sale should be measured at lower of carrying amount and fair value less costs to sell and to be separately presented in the Balance Sheet and also result of discontinued operations to be presented separately in the Statement of Profit and Loss.

However, no fair value estimation of the non-current assets held for sale have been carried out as on 31<sup>st</sup> March,2022 but is said to be under process. Thus, there is also non-compliance of IND AS 105 applicable to the Company.

ii. Refer to Note No.4(a) of Standalone Financial Statements, non availability of title deeds in the name of the company in respect of following properties namely:

**a) Leasehold Building**

- i. Leasehold land at Jawahar Vyapar Bhawan valued at Rs. 55,929 lacs
- ii. Leasehold land at Housing Colony at Aurobindo Marg valued at Rs. 12,394 lacs
- iii. Plot at Mallet Bunder, Mumbai Port Trust valued at Rs. 1167 lacs

**b) Freehold Building**

- i. 8 Residential Flats at Asian Games Village Complex, allotted by DDA amounting to Rs. 2720 lacs
- ii. 7 apartments in different locations of Mumbai amounting to Rs. 1918 lacs

Further, lease period for plot at Mallet Bunder, Mumbai Port Trust has already expired\_and the land has been handed over to Mumbai Port Trust. Surrender certificate has been executed on 12.11.2021. But this still continues to be shown as non-current assets held for sale. Thus, non- current assets held for sale has been overstated by Rs. 1167 lacs. It will also have consequential impact on the Statement of Profit and Loss account resulting into **understatement of loss by Rs. 1167 lacs.**



Further the farm tanks installed at Mallet Bunder amounting to Rs. 14.84 lacs have also been handed over on as is where is basis. The company has not raised any debit note for the same and thus non-current assets are being **overstated by Rs. 14.84 lacs.**

Further, company has not amortised the value of the leasehold properties according to the IND AS 116 for the period expired till 31.03.2022 resulting into overstatement of non-current assets held for sale and consequential impact on loss of the company, the amount whereof could not be quantified in absence of complete data from the Company.

- iii. Refer Note No. 4, for non-adjustment of value/area in Fixed Assets Register against areas acquired by Delhi Metro Rail Corporation (DMRC) for construction of Metro Station & by L&DO for widening of the Road during Asian Games, as well as the flats/area of land sold by the company to The Handicrafts and Handloom Exports Corporation of India Limited (HHEC) for its Housing colony. Management is in correspondence with DMRC and concerned departments. This has resulted into overstatement of non-current assets held for sale and consequential impact on loss of the company, the amount whereof could not be quantified in absence of complete data from the Company.

## **2. Trade Receivables**

All trade receivables amounting to 1,69,419.41 lacs as per Note No. 9 have been outstanding for more than 3 years. The Company has made provision for bad and doubtful debts amounting to Rs. 62,727.62 lacs and another sum of Rs. 67,833.68 lacs have been shown as "Having Significant increase in credit risk" since the same is under litigation. As per Note No.9, it is explained that no provision has been made for the same since the relevant creditors will be paid only after recovery of these trade receivables, though in most of the cases agreements are not tripartite.

Further there has been no recovery during the Financial Year 2021-22 and there is no major update of legal cases which are pending at various forums. Thus trade receivable do not seems to be stated at realisable value less cost to be incurred to recover these trade receivables. There is also no balance confirmation available for these trade receivables as on 31.03. 2022 and hence we are unable to comment upon the genuineness and effect of the same on the financial statements, if any.

We are of the view that all trade receivables amounting to 1,69,419.41 lacs are considered doubtful of recovery resulting into short provision for doubtful debts amounting to Rs. 1,06,691.79 lacs. Thus the provision for bad and doubtful debts has been understated by Rs. 1,06,691.79 lacs and consequential impact on the statement of profit and loss account resulting into understatement of loss by Rs. 1,06,691.79 lacs.

Further in case of M/s Rajat Pharmaceuticals Ltd (RPL), under note no.39, who drew bills of exchange on STC which were accepted upon receipt of overseas buyer's pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payments against the export bills and have gone into liquidation. A sum of Rs.527.86 crores has been admitted by the liquidator of one of the foreign buyer's i.e. Loben Trading Co. Pte. Ltd, Singapore. A Decree of Rs 62.47 crores approx. has been passed by Hon'ble



*Bombay High Court in favour of 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 of Bombay. The matter is also under investigation by CBI. Banks & Financial institutions have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 476.47 Crore. Also refer to Note No. 39, for matters other than RPL, as all these matters are sub-judice and/or under investigation of CBI and we are unable to comment upon the genuineness and effect of the same on the Financial Statements.*

### **3. Borrowings**

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

*However, as per the recent correspondence between Canara Bank (lead bank) and STC dated 22.04.2022, the lender bank has given two options to the latter: -*

- 1. Execution of equitable mortgage in favour of the lead bank at Delhi so that lenders can legally proceed for sale of properties mentioned in the Settlement Agreement with the authority to sell and realise the sale amount.*
- 2. As joint suit is pending before the DRT-II, Delhi, the lenders shall proceed before DRT in execution of the consent decree for the accepted OTS amount of Rs. 300 cr.*

*The decision making is pending with STC to convey their acceptance of suitable option for moving the MOTS ahead subject to seeking opinion from senior Government advocate. Pending settlement of OTS, the company has not provided any interest further in its financial statements during 2021-22.*

- ii. *Considering the fact that correspondence has been made by Canara Bank and STC in respect of the MOTS of Borrowings, the Borrowings have been crystallized at Rs. 30,000 lacs on as is where is basis. However, contrary to this, borrowings have been reflected at Rs. 80,623.24 lacs as against 30000 lacs, thereby overstating the borrowings to the extent of Rs. 50,623.24 lacs. The management is of the opinion that the matter is still in discussion stage. This is also non-compliance of IND AS -109 as well as IND AS -10 (regarding events occurring after Balance Sheet date) by not taking into consideration the accounting effects of the events occurring after the balance sheet date regarding crystallization of bank loan amount at Rs. 30,000 lacs.*

### **4. Foreign Currency Receivables and Payables**

*Currently, as per books of accounts, USD 3,149.35 lacs and Euros 20.90 lacs is receivable from its foreign buyers and USD 1665.41 lacs and Pound 0.04 lacs is payable to its foreign*



suppliers. In nutshell, there are foreign buyers and creditors standing in the financials of STC which have not been revalued in the FY 21-22, the potential impact of which is huge.

Thus, the Company has not complied with 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.

Therefore, we are unable to ascertain the potential impact on the financial statements, if any.

#### **5. Deferred tax Assets (Net)**

Refer Note No. 12 & 55, the Company has MAT credit of Rs. 1347.81 lacs . However, there is no virtual certainty of profits in the future considering the high value of contingent liabilities, significant decrease in the sales value, negative net worth of the Company and decision of the board of directors regarding Non operative status of the Company dated 05.04.2021. This observation was also raised by the CAG auditors for the FY 2020-21. But still the MAT credit has not been reversed and this has resulted into understatement of loss by 1347.81 lacs and overstatement of Current assets by Rs. 1347.81 lacs.

#### **6. Other Current Assets**

- i. Refer Note No. 14 –“Other Current Assets for non-provisioning in respect of Duties and taxes recoverable , CST (coal ) amounting to Rs. 6.89 lacs which is non recoverable and still not written off.
- ii. Refer Note No. 11- Other Financial Assets -Claims Recoverable for non-provisioning in respect of Claims Recoverable o/s since last many financial years amounting to 1613.43 lacs where no present status could be ascertained by the management of the Company and still not written off.

This is **non-compliance of IND AS -36** as no provision has been made for impaired assets.

All these current assets are being reflected at their carrying amounts instead of on realization values.

This has resulted into overstatement of Current assets by Rs. 1769.15 lacs and understatement of loss by Rs. 1769.15 lacs.

#### **7. Provisions**

Refer Note No. 38, for non-provision of a demand of Rs. 4,743 lacs out of total demand received from Land and Development Office - New Delhi amounting to Rs. 13,283 lacs (for the period March,2004 to July, 2018) which has resulted in understatement of loss by Rs 4,743 lacs and understatement of liabilities. However, it has been shown as contingent liability. Also, company has not provided for interest accruing on the said demand amount (to be calculated at the rate of 10%) approx. The matter is under correspondence with L&DO office and no provision is made for the year 2021-22 in the accounts.



## 8. Trade Payables

All the trade payables amounting to Rs. 1,11,960 lacs are without any balance confirmation and are outstanding for more than 3 financial years.

No amount is payable to these parties as these are suppliers who have entered into legal agreement with STC wherein no amount is payable to them until and unless the amount is recovered from the foreign buyer. Thus, the management has not accorded any treatment to these trade payables and to that extent, liabilities are overstated.

## 9. Statutory Dues

### GST

The GST input receivable and payable balances are not reconciled by the Company as on March 31,2022. No satisfactory data/explanation has not been furnished to us till the date of finalization of audit.

### Tax Deducted at Source

In respect of the TDS deducted by the tenants, Company has not accounted for the TDS reconciled with amount as appearing in Form 26AS available on the portal amounting to Rs. 20.19 lacs .

It has been further observed that the Total TDS Default of ₹ 9.33 lacs is appearing on the Income Tax (TRACES) Portal. No provision has been made for this demand and also not disclosed as Contingent liability.

Year wise bifurcation of the defaults is as under: -

Financial Year	Amount
2021-22	14,680
2020-21	59,067
2019-20	1765
2018-19	17000
Prior years	8,39,824
<b>Total</b>	<b>9,32,925</b>

We are, therefore, unable to comment upon the effect of the above in the Financial Statements relating to GST and TDS reconciliations not carried out.

## 10. Cash and Bank Balances

It has been observed from the Form 26AS -downloaded from the Income tax portal that Interest income from Canara Bank amounting to ₹ 4,15,593 on which TDS amounting to Rs. 41,559 has been deducted by the Canara Bank is appearing in the AIS. However neither the Income nor the TDS Receivable is booked in the books of accounts as the management does not have any details regarding this fixed deposit.



*Canara Bank has however informed on 26-05-2022 that this FDR does not belong to STC Limited. The matter is under correspondence and correction at the Bank level.*

*Therefore, we are not able to comment upon the effect of this non accounting of Interest received and TDS thereof on the financial statement in the absence of complete details regarding this fixed deposit.*

#### **11. Other Observations**

*Refer Note No. 24, customer at credit includes amount payable to U.P. Government amounting to Rs 603 lacs. As informed by the management, Branch has made various other claims on U.P Government and accordingly dues of Rs. 3911 lacs is recoverable from U.P. Government for which debit note dated March 10, 2014 was raised. However, the said claim was not recognized in the standalone financial statements of the branch till date, as its ultimate collection was not certain. In absence of information on acceptability of the said claim by the UP Government, we are unable to ascertain its possible impact, if any, on the standalone financial statements of the Company.*

*It seems that the financial statements have not been prepared on realization basis as mentioned in the accounting policies. All non-current assets held for Sale and other current assets have been stated at their carrying amounts as appearing in the books of accounts without making any exercise by the management to determine the realizable value of each current asset.*

#### **The impact of the following observations is not ascertainable:-**

- i. Refer to Cases and Disputes and matters under Litigation and amounts covered under Contingent Assets and Contingent Liabilities, since majority of the matters are subjudice, it is not possible to quantify the liabilities and the interest obligation if any on these cases.*
- ii. Refer to Claims recoverable from HHEC, co-owner to the property at Jawahar Vyapar Bhawan, who have not paid their share of expenses to STC since last many years amounting to Rs. 728.31 lacs as on March 31,2022. The matter is said to be under correspondence with HHEC.*

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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for opinion.



### Emphasis of Matters:

- a. Refer Note No. 38(ii), Contingent Liabilities which includes an amount of Rs. 1.33 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 31<sup>st</sup> March, 2016 and for F.Y. 2015-16 in the accounts as on 31<sup>st</sup> March, 2017 amounting to Rs. 0.19 Crores and Rs. 1.11 Crores respectively.
- b. Refers to Note No.38, in respect of litigation matters, their present status and provisioning, if any, required and on-going investigations into the alleged irregularities; further, the Company's past operations have exposed it to the risk of extensive litigation and contractual claims from third parties with increased litigation costs not fully provided for. Due to the range of potential outcomes, voluntary retirement of employees dealing with these cases and the significant uncertainty around the resolution of various claims, the amount of ultimate liabilities, if any, to be recorded in the statements as provision is not ascertainable.

Our opinion is qualified in respect of these above matters.

### Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section, we have determined the matters described below to be the Key audit Matters to be communicated in our report.

S.No.	Particulars	Description	Procedures applied for audit
1	Evaluation of uncertain tax positions and contingent liabilities	The company has uncertain material tax positions and contingent liabilities including matters under dispute which involves significant judgment to determine the possible outcomes of these disputes.	In response to this key matter, our audit included, amongst other principal audit procedures: -We evaluated management's judgment of tax risks, estimates of tax exposures and contingencies by testing the design implementation and operating effectiveness of the related controls. -We obtained details of completed tax assessments and demands for the year ended March 31, 2022 from management.



			<p>-We involved in the detailed discussions with the management for underlying assumptions in estimating the tax provisions and the possible outcome of the disputes.</p> <p>- Our team also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions as at March 31, 2022 to evaluate whether any change was required to management's position on these uncertainties.</p>
2	IT systems and controls over Financial Reporting	<p>We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to record it in books. Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure</p>	<p>In response to this key matter, our audit included, amongst other principal audit procedures:</p> <ul style="list-style-type: none"> <li>• Assessed the complexity of the IT environment by through discussion with the head of IT and internal audit and identified IT applications that are relevant to our audit.</li> <li>• Assessed the design and evaluation of the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations by engaging IT specialists.</li> <li>• Performed inquiry procedures at the Company in respect of the overall security architecture and any key threats addressed by the Company in the current year.</li> <li>• Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of</li> </ul>



		accurate financial reporting.	the Company by engaging IT specialists. Assessed the operating effectiveness of controls relating to data transmission through the different IT systems to the financial reporting systems.
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### Information Other than the Financial Statements and Auditor's Report thereon

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

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

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

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

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

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate



accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Management has prepared these financial statements on non-going concern basis as per decision of the Board of Directors.

Board of Directors are also responsible for overseeing the Company's financial reporting process. However it is to point out that there are no Full Time Working Directors in the Company as on 31<sup>st</sup> March, 2022 and the Company is functioning only with the assistance of Independent Directors and Director (Finance) on Additional Charge.

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Concluded on the appropriateness of management's use of the non-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.

However the financial statements of the Company have been prepared on non-going concern basis as decided by the Board of Directors.

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 and importance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give



in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:
  - i. We have sought and obtained all the information and explanations, except for the matters referred in "Basis for Qualified Opinion"- **Impact of which is partly non-ascertainable**, which to the best of our knowledge and belief were necessary for the purposes of our audit and if not, the details thereof and the effect of such information on the financial statements.
  - ii. In our opinion, proper books of account as required by law have been kept by the Company, except for the matters referred in "Basis for Qualified Opinion", so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Agra branch which have been prepared in Delhi only.
  - iii. The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account. We have not visited any branch offices of STC as we were informed that all Branches are closed and no activities are carried out from these Branches. The audit was conducted remotely by us from Corporate Office of STC at New Delhi.
  - iv. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards, except for the para (b) of Basis for Qualified opinion, specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
  - v. The going concern matter described under "Material uncertainty in relation to Going Concern" paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
  - vi. Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act are not applicable to the Company, being a Government Company;
  - vii. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". **Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.**
  - viii. Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of Section 197 of the Companies Act, 2013, are not applicable to the Company, being a Government Company; and



- ix. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has not been able to disclose the impact of pending litigations on its financial position in its financial statements, refer note 38 & 39 to the financial statements.
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. During the year, the Company has made no transfer to Investor Education and Protection Fund due to heavy accumulated losses. Therefore, question of delay in transferring amounts, required to be transferred, by the Company does not arise.
  - d. i) The respective Management of the Company, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, other than as disclosed in notes to accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
ii) The respective Management of the Company, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ('Funding Parties') with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, whose financial statements have been audited under the Act, nothing has come to our attention that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e) as provided under (a) and (b) above, contain any material misstatement.
  - e. There has been no dividend declared during the year.



- f. The Company has not used such accounting software for maintaining its books of accounts which can record audit trail facility and thus the question of tampering with the feature of audit trail cannot be commented upon.
3. We are enclosing our report in terms of Section 143 (5) of the Act, on the directions and sub-directions issued by the Comptroller and Auditor General of India, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in **Annexure- C**.

For **BHATIA AND BHATIA**  
**CHARTERED ACCOUNTANTS**  
FRN No. 003202N of ICAI



**(R. BHATIA) F.C.A.**

Partner

Membership No.017572

UDIN: 22017572AJTN2W6465



Place: New Delhi  
Date: 27.05.2022

## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

Referred to Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of Independent Auditor's Report of even date to the members of The State Trading Corporation of India Limited on the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2022.

### 1. Fixed Assets

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. (Assets held for Disposal). However, the records are in the process of being updated for the financial year under audit. Fixed Assets register is under finalization.

b) The company has a Programme of conducting physical verification of items of fixed assets in a phased manner. The physical verification report of all branches have been received however Physical Verification report of Corporate office (New Delhi) is not provided by company .

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for cases as below :

Location	Description	Held in the name of	Audit observations	Gross Block/ Revalued amount (` in Crore)	Net Block (in crore)
New Delhi	Lease hold Land at Tolstoy Marg, Jawahar Vayapar Bhawan, New Delhi. Area: 2.599 acres	President of India	Execution of lease deed is pending since 1975. Further, out of total area, physical position of land measuring 714.60 sq mtrs is not now with STC (i.e. 388.91 sq mtrs. acquired by DMRC for construction of Metro and 325.69 sq mtrs. by NDMC for widening of the Road during Asian Game) and value the same has not been uploaded in FAR / FAS. Measurement for area under physical position is yet to be done.	581.88	559.29
New Delhi	STC / MMTC Housing Colony, Aurobindo Marg, New Delhi	President of India	Execution of lease deed (for 50% share of total land measuring 32.33 acre) allotted for housing colony is still pending. Further, records /	125.57	123.94



	Area: 16.17 acres		details for area given by STC from its own share to HHEC for its housing colony is to be adjusted in the FAR / FAS. Measurement for area under physical position of the company is yet to be done.		
New Delhi	Flats at AGVC, Khel Gaon Marg, New Delhi. Area: 8 flats measuring 14424 sq fts	President of India	Execution of lease / conveyance deed is still pending.	27.45	27.20
Mumbai	7 nos. of Flats (refer foot note of note no.4  Area: 7997 sq fts	President of India	Execution of lease / conveyance deed is still pending.	29.35	19.18
Mumbai	Mallet Bunder  Area: 11586.96 sq meters approx	President of India	Lease deed expired since 2016 and the company has surrendered the plot , certificate being executed on 12.11.2021	36.72	11.67

All the aforesaid properties have been held in the name of the promoter i.e. President of India. No valid reason could be obtained by the management as to why title deed has not been executed in the name of STC.

d) According to the Information and explanations given to us and on the basis of the examination of the record of the Company, the Company has not revalued its Property, Plant and Equipment (now classified as "Assets held for disposal" or intangible assets or both) during the year.

e) According to the Information and explanation given to us and on the basis of the examination of the record of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

## 2. Inventories and Working Capital Limits

Since the Company does not have any tradeable inventory, this item is not applicable.

However, the Company has stock of stationery/Stores and spares which does not have any significant value and has been physically verified by the Company.



3. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses (iii) (a), (b) & (c) of paragraph 3 of the Order are not applicable to the Company.
4. According to the information and explanations given to us, the Company has not given any loans, or made any investments or provided any guarantees or security to the parties covered under sections 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
5. The Company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under. Thus clause (V) of Paragraph 3 of the order is not applicable to the Company.
6. We have been explained that the Central Government has not prescribed the maintenance of cost records for the services of the Company under Companies (Cost Records and Audit) Rules, 2014, prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, this clause of the order is not applicable to the Company.

**7. Statutory Dues:**

- a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, goods and service tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues which may be applicable to the Company. According to information and explanation given to us there are no outstanding undisputed statutory dues as referred above as at the last day of the financial year under audit for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and as per books of account, there are dues outstanding of Sales Tax, Wealth Tax, Custom Duty Excise Duty, Value Added Tax, Service Tax, Goods & Service Tax and Cess which have not been deposited as on 31st March 2022 by the company, on account of any dispute are as under (refer Note no.38(ii) in financial statements)

<u>Name of Statue</u>	<u>Nature of Dues</u>	<u>Period to which Amount relates</u>	<u>Forum where dispute is pending</u>	<u>Amount (in crores)</u>
<b>Income Tax</b>				
Income Tax Act	Income Tax	2015-16	ITAT, Delhi	0.04
<b>Sales Tax &amp; Custom Duty</b>				



Customs Act	Custom Duty	2011-12	CESTAT, Ahmedabad	1.69
Customs Act	Customs	-	Commissioner (Appeals), Mumbai	0.06
Custom Act	Custom Duty	2017-18	CESTAT, Chennai	4.16
Sales Tax	Sales Tax	1986-87	Kerala High Court	0.50
Orissa Sales Tax Act	Sales tax	1988-89	Commissioner (Appeals), Orissa	0.01
Bihar Sales Tax Act	Sales tax	1989-90	Sales Tax Appellate Tribunal	0.01
Central Sales Tax Act	CST, WB	2003-04	Joint Commissioner, Sales Tax	0.23
West Bengal Vat Act / Central Sales Tax Act	WBVAT	2011-12	Joint Commissioner, Commercial Tax	0.02
	CST, WB			
Central Sales Tax Act	Central Sales Tax Act	1993-94	Hon'ble Assam High Court	0.02
		1994-95		
		1995-96		
Maharashtra Sales Tax Act	Sales Tax	1992-93	Maharashtra Sales Tax Tribunal	0.74
		1996-97		
Maharashtra Sales Tax Act	BST, CST & MVAT	1993-94	Joint Commissioner, Sales Tax	47.69
		2000-01		
		2003-04		
		2006-07		
Maharashtra Sales Tax Act	BST, CST & MVAT	2004-05	Joint Commissioner, Sales Tax	390.36
		2009-10		
		2011-12		
Maharashtra Sales Tax Act	TDS on Work Contract	2012-13	Sales Tax Appellate Tribunal, Mumbai	0.21
TNGST/AST/CST	Sales Tax	1974-75, 1975-76, 1985-86 to 1987-88, 1989-90 & 1991-92	Hon'ble Madras High Court	0.83
<b>Service Tax</b>				
Finance Act, 1994	Service Tax	2005-06 - 2006-07	CESTAT (Stay Granted)	7.28
Finance Act, 1994	Service Tax	01.04.2012- 31.03.2015	CESTAT	4.37

Finance Act, 1994	Service Tax	2007-08 -2016-17	CESTAT	6.02
Finance Act, 1994	Service Tax	01.04.2011-31.03.2012	Service Tax Appeallate Tribunal	0.13
Finance Act, 1994	Service Tax	01.10.2004-31.03.2011	Supreme Court, Delhi	16.53
Finance Act, 1994	Service Tax	01.04.2015-30.06.2017	Joint Commissioner of CGST & Central Excise Mumbai	1.24
<b>Certificate Dues Liability</b>				
<b>BPDR</b>	Certificate Dues Liability	1971-72,1976-77 to 1978-79	Concerned Department	0.0633

8. The Company does not have any transactions to be recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
9. In our opinion and according to the information and explanations given to us, the company has defaulted in repayments of loans/borrowings to Bank (refer note no.20 & Basis of qualified opinion section of our audit report). However, the company has outstanding loans/ borrowing from financial institutions but not from Government or dues to debenture holders.

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

Name of Banks	Amount of Instalments and interest overdue	Period of Default as on 31.03.2022 (in days)
Syndicate Bank	280.71	1460 Days
Indian Overseas Bank	188.02	1460 Days
Union Bank of India	140.72	1491 Days
Indian Bank	94.81	1491 Days
Exim Bank	74.43	2007 Days
Bank of Baroda	26.27	1379 Days
UBI (Kumily)	1.28	1491 Days
<b>TOTAL</b>	<b>806.24</b>	

10. Based upon the audit procedures performed and the information and explanations given by the management,



- a) the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- b) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year under review in terms of provisions of section 42 and Section 62 of the Companies Act,2013.

11. i. According to the information and explanations given to us and as represented by the management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, frauds by the ex-employees of the Company have been noticed which are in litigation since last few years.

We are informed that there are 11 cases filed since last few years at various forums by CBI and other bodies involving fraud perpetrated by Staff of STC on others. No amount has been quantified by the Management as these cases are said to be subjudice.

ii. To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

iii. No whistle blower complaints have been noticed to be received by the Company during the year.

12. As per notification no. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.

13. The Company is not a Nidhi Company and therefore paragraph 3(xii) of the Order related to such Companies is not applicable to the Company.

14. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standard. (Refer Note No.47)

15. As per records of the company and according to information and explanations given to us by the management, the company has not entered into any non-cash transactions with directors or persons connected with them & hence the above clause is not applicable.



16. The company is not required to be registered under section 45-IA of Reserve Bank of India Act,1934.
17. The Company has not incurred cash losses during the financial year covered by our audit but there were cash losses during the immediately preceding financial year.
18. Statutory Auditors of the Company are appointed by C&AG of India every year.
19. According to our view, Since the company has ceased its business operations and prepared the financial statements on a non-going concern basis, material uncertainty exists as on the date of audit report. There are a number of legal cases regarding trade receivables and the borrowings from bank amounting to Rs. 80,623 lacs which are NPAs since long indicating that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date.
20. Since the Company has huge accumulated losses and is not a going concern, it is not required to spend any amount on CSR and the question of any amount being transferred to Corporate Social Responsibility (CSR) does not arise. Therefore, reporting under the said clause (xx) of the order is not applicable to the Company.

For **BHATIA AND BHATIA**  
**CHARTERED ACCOUNTANTS**  
FRN No. 003202N of ICAI



**(R. BHATIA) F.C.A.**

Partner

Membership No.017572

UDIN: 22017572 AJTNDW6465



Place: New Delhi

Date: 27.05.2022

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

Referred to Clause (vii) of Paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" of Independent Auditor's Report of even date to the members of The State Trading Corporation of India Limited on the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2022.

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

We have audited the internal financial controls over financial reporting of **The State Trading Corporation of India Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of un-authorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting (IFCFR)**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



### **Basis for Qualified Opinion**

- a) Company is maintaining "Performance Management System", Payroll Software and "Leave Management System" which are not interfaced with each other as well as the accounting software. As a result of above, Manual Accounting entries are being made on periodical basis in the Tally ERP, Accounting software used by company.
- b) Lack of effective scrutiny of accounting ledgers as far as o/s liabilities/Claims recoverable/Security Deposits is seen as they are not updated .
- c) Manner of maintenance of Fixed Assets Schedule & register need to be strengthened.
- d) Lack of proper contract management is noticed. Irrespective of completion of contracts the EMD/Security deposits are still being withheld in the books by the company.
- e) Lack of control over the renewal of Rent/lease Agreements on timely basis. There are numerous of agreements which have not been renewed over a long period.
- f) Ineffective implementation of accounting policy in balance confirmation of trade receivable & vendor balance, is noticed. The balances outstanding in the trade receivable account cannot be reconciled in customers' books as balance confirmations are not obtained and available for these customers.
- g) As there are no proper Full Time working Directors in the Company, and there is also lack of Senior management personnel in the Company, all decisions and matters requiring immediate attention are kept on hold and there is ineffective management control in the Company.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

### **Qualified Opinion**

In our opinion, the Company has, except for effects of the material weaknesses described above on achievement objectives of the control criteria, in all material respects, an adequate internal financial controls system over financial reporting and such internal financials controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



We have, to the extent possible, considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 standalone financial statements of the Company, and these material weaknesses are not likely to affect our opinion on the standalone financial statements of the Company.

For **BHATIA AND BHATIA**  
**CHARTERED ACCOUNTANTS**  
FRN No. 003202N of ICAI



(R. BHATIA) F.C.A.

Partner

Membership No.017572

UDIN: 22017572AJTNDW6465



Place: New Delhi  
Date: 27.05.2022

**Annexure- 'C' to the INDEPENDENT AUDITORS' REPORT**

**Referred to Paragraph 3 under the heading of "Report on Other Legal and Regulatory Requirements" of Independent Auditor's Report of even date to the members of The State Trading Corporation of India Limited on the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2022.**

1	Whether the company has system in place to process all the accounting transactions through IT System? If yes, the processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Company is maintaining "Performance Management System", Payroll Software and "Leave Management System" which are not interfaced with each other as well as the accounting software. As a result of above, Manual Accounting entries are being made on periodical basis in the Tally ERP Accounting software.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc., made by the lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	<p>The company is in the process of "One time settlement" (OTS) with the Lender Banks for the dues of banks for which Company is in continuing default.</p> <p>The lender banks have initiated DRT proceedings against the company. The memorandum of the OTS (MOTS) proposal with lender banks is still in progress and is in line with the minutes of the high-level meeting held in 29.08.2019 and the further clarificatory letter dated 13.10.2020 of Ministry. The liability towards banks is proposed to be settled by the way of transfer of title of identified property worth Rs.300 crore on "as is where is basis" as a full and final settlement.</p> <p>However, as per the recent correspondence between Canara Bank and STC dated 22.04.2022, the lender bank has given two options to the latter:-</p> <ol style="list-style-type: none"><li>1. Execution of equitable mortgage in favour of the lead bank at Delhi so that lenders can legally proceed for sale of properties</li></ol>

		<p>mentioned in the Settlement Agreement with the authority to sell and realise the sale amount.</p> <p>2. As joint suit is pending before the DRT-II, Delhi, the lenders shall proceed before DRT in execution of the consent decree for the accepted OTS amount of Rs. 300 cr.</p> <p>The decision making is pending with STC to convey their acceptance of suitable option for moving the MOTS ahead.</p> <p>Pending settlement of OTS, the company has not provided any further interest in its financial statements for the current year 2021-22.</p>
3	Whether the fund received/receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its terms and condition? List the cases of deviation.	As per information & explanation given to us, the Company has not received any fund under any scheme of the Central/State Government during the year under report.

For **BHATIA AND BHATIA**  
**CHARTERED ACCOUNTANTS**  
FRN No. 003202N of ICAI



(R. BHATIA) F.C.A.

Partner

Membership No.017572

UDIN: 22017572 AJTNDW 6465



Place: New Delhi

Date: 27.05.2022

## COMPLIANCE CERTIFICATE

We have conducted the audit of Standalone Ind AS financial statements of The State Trading Corporation of India Ltd. for the year ended March 31, 2022 in accordance with the directions / sub-directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013 and certify that to the best of our knowledge and belief we have complied with all the directions/sub-directions issued to us.

For **BHATIA AND BHATIA**  
**CHARTERED ACCOUNTANTS**  
FRN No. 003202N of ICAI



**(R. BHATIA) F.C.A.**

Partner

Membership No.017572

UDIN: 22017572AJTNDW6465



Place: New Delhi

Date: 27.05.2022



## **Independent Auditor's Report**

### **To Members of The State Trading Corporation of India Limited**

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

We have audited the accompanying Consolidated financial statements of The State Trading Corporation of India Limited ("the Parent") and its subsidiary, the parent and its subsidiary are together referred to as "the Group", which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of changes in Equity and the Consolidated Cash Flow Statement for the year then ended, notes to the Consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "The Consolidated Financial Statements").

**It is the first year in which the financial statements of the Group have been prepared on non-going concern basis as per decision of the Board of Directors meeting held on 05<sup>th</sup> April, 2021. Therefore, the current year figures are not comparable with that of previous year because accounts for FY 2020-21 were prepared on going concern basis and the same has not been reclassified.**

#### **Qualified Opinion**

In our opinion and because of the various issues as mentioned in the Basis for Qualified Opinion paragraphs, the aforesaid Consolidated Financial Statements except for the qualified opinion give the information required by the Companies Act 2013 ("the Act") in the manner so required and present a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies ( Indian Accounting Standards ) Rule 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at 31<sup>st</sup> March 2022 and its loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Qualified Opinion**

##### **1. Non -Current Assets held for Sale**

- i. We draw your attention to Note No. 2(ii) regarding management decision to continue the Group as non-operating Group for the time being and to prepare the accounts from the financial year 2021-22 onwards as per non-going concern*



basis. Thus, there has been change in the significant accounting policies of the Group and the presentation of financial statements.

As per Note No. 3.1 (e) in the Notes to accounts it is further stated that the financial statements for the year 2021-22 have been prepared on realization

basis (non- going concern assumption) and the non-current assets have been classified as held for sale. Therefore, all the assets held for sale have been carried at their estimated realizable values. However, all the non-current assets held for sale i.e. Property, Plant and Equipment in absence of any report for realizable value have been stated at their respective historical values/carrying values as per books of accounts as on 31.03.2022 and not on realization basis. **This is non-compliance of the accounting policy No. 3(e) of the Group and we are unable to comment upon the impact of the same on the financial statements.**

Further there is also non-compliance of requirements of IND AS-105.

As per IND AS-105, "Non -Current Assets held for Sale and Discontinued Operations", it requires that asset that meet the criteria to be held for sale should be measured at lower of carrying amount and fair value less costs to sell and to be separately presented in the Balance Sheet and also result of discontinued operations to be presented separately in the Statement of Profit and Loss.

However, no fair value estimation of the non-current assets held for sale have been carried out as on 31<sup>st</sup> March, 2022 but is said to be under process. Thus, there is also non-compliance of IND AS 105 applicable to the Group.

ii. Refer to Note No.4(a) of Consolidated Financial Statements, non availability of title deeds in the name of the Group in respect of following properties namely:

**a) Leasehold Building**

- i. Leasehold land at Jawahar Vyapar Bhawan valued at Rs. 55,929 lacs
- ii. Leasehold land at Housing Colony at Aurobindo Marg valued at Rs. 12,394 lacs
- iii. Plot at Mallet Bunder, Mumbai Port Trust valued at Rs. 1167 lacs

**b) Freehold Building**

- i. 8 Residential Flats at Asian Games Village Complex, allotted by DDA amounting to Rs. 2720 lacs
- ii. 7 apartments in different locations of Mumbai amounting to Rs. 1918 lacs

Further, lease period for plot at Mallet Bunder, Mumbai Port Trust has already expired and the land has been handed over to Mumbai Port Trust. Surrender certificate has been executed on 12.11.2021. But this still continues to be shown as non-current assets held for sale. Thus, non- current assets held for sale has been overstated by Rs. 1167 lacs. It will also have consequential impact on the



**Statement of Profit and Loss account resulting into understatement of loss by Rs. 1167 lacs.**

*Further the farm tanks installed at Mallet Bunder amounting to Rs. 14.84 lacs have also been handed over on as is where is basis. The Group has not raised any debit note for the same and thus non-current assets are being overstated by Rs. 14.84 lacs.*

*Further, Group has not amortised the value of the leasehold properties according to the IND AS 116 for the period expired till 31.03.2022 resulting into overstatement of non-current assets held for sale and consequential impact on loss of the Group, the amount whereof could not be quantified in absence of complete data from the Group.*

- iii. *Refer Note No. 4, for non-adjustment of value/area in Fixed Assets Register against areas acquired by Delhi Metro Rail Corporation (DMRC) for construction of Metro Station & by L&DO for widening of the Road during Asian Games, as well as the flats/area of land sold by the Group to The Handicrafts and Handloom Exports Corporation of India Limited (HHEC) for its Housing colony. Management is in correspondence with DMRC and concerned departments. This has resulted into overstatement of non-current assets held for sale and consequential impact on loss of the Group, the amount whereof could not be quantified in absence of complete data from the Group.*

## **2. Trade Receivables**

*All trade receivables amounting to 1,69,419.41 lacs as per Note No. 9 have been outstanding for more than 3 years. The Group has made provision for bad and doubtful debts amounting to Rs. 62,727.62 lacs and another sum of Rs. 67,833.68 lacs have been shown as "Having Significant increase in credit risk" since the same is under litigation. As per Note No.9, it is explained that no provision has been made for the same since the relevant creditors will be paid only after recovery of these trade receivables, though in most of the cases agreements are not tripartite.*

*Further there has been no recovery during the Financial Year 2021-22 and there is no major update of legal cases which are pending at various forums. Thus trade receivable do not seems to be stated at realisable value less cost to be incurred to recover these trade receivables. There is also no balance confirmation available for these trade receivables as on 31.03. 2022 and hence we are unable to comment upon the genuineness and effect of the same on the financial statements, if any.*

*We are of the view that all trade receivables amounting to 1,69,419.41 lacs are considered doubtful of recovery resulting into short provision for doubtful debts amounting to Rs. 1,06,691.79 lacs. Thus the provision for bad and doubtful debts has been understated by Rs. 1,06,691.79 lacs and consequential impact on the statement of profit and loss account resulting into understatement of loss by Rs. 1,06,691.79 lacs.*

*Further in case of M/s Rajat Pharmaceuticals Ltd (RPL), under note no.39, who drew bills of exchange on STC which were accepted upon receipt of overseas buyer's pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making*



payments against the export bills and have gone into liquidation. A sum of Rs.527.86 crores has been admitted by the liquidator of one of the foreign buyer's i.e. Loben Trading Co. Pte. Ltd, Singapore. A Decree of Rs 62.47 crores approx. has been passed by Hon'ble Bombay High Court in favour of 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 of Bombay. The matter is also under investigation by CBI. Banks & Financial institutions have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 476.47 Crore. Also refer to Note No. 39, for matters other than RPL, as all these matters are sub-judice and/or under investigation of CBI and we are unable to comment upon the genuineness and effect of the same on the Financial Statements.

### 3. Borrowings

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

However, as per the recent correspondence between Canara Bank (lead bank) and STC dated 22.04.2022, the lender bank has given two options to the latter: -

1. Execution of equitable mortgage in favour of the lead bank at Delhi so that lenders can legally proceed for sale of properties mentioned in the Settlement Agreement with the authority to sell and realise the sale amount.
2. As joint suit is pending before the DRT-II, Delhi, the lenders shall proceed before DRT in execution of the consent decree for the accepted OTS amount of Rs. 300 cr.

The decision making is pending with STC to convey their acceptance of suitable option for moving the MOTS ahead subject to seeking opinion from senior Government advocate. Pending settlement of OTS, the Group has not provided any interest further in its financial statements during 2021-22.

- ii. Considering the fact that correspondence has been made by Canara Bank and STC in respect of the MOTS of Borrowings, the Borrowings have been crystallized at Rs. 30,000 lacs on as is where is basis. However, contrary to this, borrowings have been reflected at Rs. 80,623.24 lacs as against 30000 lacs, thereby overstating the borrowings to the extent of Rs. 50,623.24 lacs. The management is of the opinion that the matter is still in discussion stage. This is also non-compliance of IND AS -109 as well as IND AS -10 (regarding events occurring after Balance Sheet date) by not taking into consideration the accounting effects of the events occurring after the balance sheet date regarding crystallization of bank loan amount at Rs. 30,000 lacs.



#### 4. Foreign Currency Receivables and Payables

Currently, as per books of accounts, USD 3,149.35 lacs and Euros 20.90 lacs is receivable from its foreign buyers and USD 1665.41 lacs and Pound 0.04 lacs is payable to its foreign suppliers. In nutshell, there are foreign buyers and creditors standing in the financials of STC which have not been revalued in the FY 21-22, the potential impact of which is huge.

Thus, the Group has not complied with 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.

Therefore, we are unable to ascertain the potential impact on the financial statements, if any.

#### 5. Deferred tax Assets (Net)

Refer Note No. 12 & 55, the Group has MAT credit of Rs. 1347.81 lacs. However, there is no virtual certainty of profits in the future considering the high value of contingent liabilities, significant decrease in the sales value, negative net worth of the Group and decision of the board of directors regarding Non operative status of the Group dated 05.04.2021. This observation was also raised by the CAG auditors for the FY 2020-21. But still the MAT credit has not been reversed and this has resulted into understatement of loss by 1347.81 lacs and overstatement of Current assets by Rs. 1347.81 lacs.

#### 6. Other Current Assets

- i. Refer Note No. 14 –“Other Current Assets for non-provisioning in respect of Duties and taxes recoverable, CST (coal) amounting to Rs. 6.89 lacs which is non recoverable and still not written off.
- ii. Refer Note No. 11- Other Financial Assets -Claims Recoverable for non-provisioning in respect of Claims Recoverable o/s since last many financial years amounting to 1613.43 lacs where no present status could be ascertained by the management of the Group and still not written off.

This is **non-compliance of IND AS -36** as no provision has been made for impaired assets.

All these current assets are being reflected at their carrying amounts instead of on realization values.

This has resulted into overstatement of Current assets by Rs. 1769.15 lacs and understatement of loss by Rs. 1769.15 lacs.

#### 7. Provisions

Refer Note No. 38, for non-provision of a demand of Rs. 4,743 lacs out of total demand received from Land and Development Office - New Delhi amounting to Rs. 13,283 lacs (for the period March,2004 to July, 2018) which has resulted in understatement of loss

by Rs 4,743 lacs and understatement of liabilities. However, it has been shown as contingent liability. Also, Group has not provided for interest accruing on the said demand amount (to be calculated at the rate of 10%) approx. The matter is under correspondence with L&DO office and no provision is made for the year 2021-22 in the accounts.

## 8. Trade Payables

All the trade payables amounting to Rs. 1,11,960 lacs are without any balance confirmation and are outstanding for more than 3 financial years.

No amount is payable to these parties as these are suppliers who have entered into legal agreement with STC wherein no amount is payable to them until and unless the amount is recovered from the foreign buyer. Thus, the management has not accorded any treatment to these trade payables and to that extent, liabilities are overstated.

## 9. Statutory Dues

### GST

The GST input receivable and payable balances are not reconciled by the Group as on March 31,2022. No satisfactory data/explanation has not been furnished to us till the date of finalization of audit.

### Tax Deducted at Source

In respect of the TDS deducted by the tenants, Group has not accounted for the TDS reconciled with amount as appearing in Form 26AS available on the portal amounting to Rs. 20.19 lacs .

It has been further observed that the Total TDS Default of ₹ 9.33 lacs is appearing on the Income Tax (TRACES) Portal. No provision has been made for this demand and also not disclosed as Contingent liability.

Year wise bifurcation of the defaults is as under: -

Financial Year	Amount
2021-22	14,680
2020-21	59,067
2019-20	1765
2018-19	17000
Prior years	8,39,824
<b>Total</b>	<b>9,32,925</b>

We are, therefore, unable to comment upon the effect of the above in the Financial Statements relating to GST and TDS reconciliations not carried out.

## 10. Cash and Bank Balances

It has been observed from the Form 26AS -downloaded from the Income tax portal that Interest income from Canara Bank amounting to ₹ 4,15,593 on which TDS amounting to Rs.

41,559 has been deducted by the Canara Bank is appearing in the AIS. However neither the Income nor the TDS Receivable is booked in the books of accounts as the management does not have any details regarding this fixed deposit.

Canara Bank has however informed on 26-05-2022 that this FDR does not belong to STC Limited. The matter is under correspondence and correction at the Bank level.

Therefore, we are not able to comment upon the effect of this non accounting of Interest received and TDS thereof on the financial statement in the absence of complete details regarding this fixed deposit.

## 11. Other Observations

Refer Note No. 24, customer at credit includes amount payable to U.P. Government amounting to Rs 603 lacs. As informed by the management, Branch has made various other claims on U.P Government and accordingly dues of Rs. 3911 lacs is recoverable from U.P. Government for which debit note dated March 10, 2014 was raised. However, the said claim was not recognized in the Consolidated 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 the UP Government, we are unable to ascertain its possible impact, if any, on the Consolidated financial statements of the Group.

It seems that the financial statements have not been prepared on realization basis as mentioned in the accounting policies. All non-current assets held for Sale and other current assets have been stated at their carrying amounts as appearing in the books of accounts without making any exercise by the management to determine the realizable value of each current asset.

### **The impact of the following observations is not ascertainable:-**

- i. Refer to Cases and Disputes and matters under Litigation and amounts covered under Contingent Assets and Contingent Liabilities, since majority of the matters are subjudice, it is not possible to quantify the liabilities and the interest obligation if any on these cases.
- ii. Refer to Claims recoverable from HHEC, co-owner to the property at Jawahar Vyapar Bhawan, who have not paid their share of expenses to STC since last many years amounting to Rs. 728.31 lacs as on March 31,2022. The matter is said to be under correspondence with HHEC.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for opinion.

**Emphasis of Matters:**

- a. Refer Note No. 38(ii), Contingent Liabilities which includes an amount of Rs. 1.33 Crores in respect of pending sales tax liability. The Group 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 31<sup>st</sup> March, 2016 and for F.Y. 2015-16 in the accounts as on 31<sup>st</sup> March, 2017 amounting to Rs. 0.19 Crores and Rs. 1.11 Crores respectively.
- b. Refers to Note No.38, in respect of litigation matters, their present status and provisioning, if any, required and on-going investigations into the alleged irregularities; further, the Group's past operations have exposed it to the risk of extensive litigation and contractual claims from third parties with increased litigation costs not fully provided for. Due to the range of potential outcomes, voluntary retirement of employees dealing with these cases and the significant uncertainty around the resolution of various claims, the amount of ultimate liabilities, if any, to be recorded in the statements as provision is not ascertainable.

Our opinion is qualified in respect of these above matters.

**Key Audit Matters:**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section, we have determined the matters described below to be the Key audit Matters to be communicated in our report.

S.No.	Particulars	Description	Procedures applied for audit
1	Evaluation of uncertain tax positions and contingent liabilities	The Group has uncertain material tax positions and contingent liabilities including matters under dispute which involves significant judgment to determine the possible outcomes of these disputes.	In response to this key matter, our audit included, amongst other principal audit procedures: -We evaluated management's judgment of tax risks, estimates of tax exposures and contingencies by testing the design implementation and operating effectiveness of the related controls.



			<p>-We obtained details of completed tax assessments and demands for the year ended March 31, 2022 from management.</p> <p>-We involved in the detailed discussions with the management for underlying assumptions in estimating the tax provisions and the possible outcome of the disputes.</p> <p>- Our team also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions as at March 31, 2022 to evaluate whether any change was required to management's position on these uncertainties.</p>
2	IT systems and controls over Financial Reporting	We identified IT systems and controls over financial reporting as a key audit matter for the Group because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to record it in books. Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed	<p>In response to this key matter, our audit included, amongst other principal audit procedures:</p> <ul style="list-style-type: none"> <li>• Assessed the complexity of the IT environment by through discussion with the head of IT and internal audit and identified IT applications that are relevant to our audit.</li> <li>• Assessed the design and evaluation of the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations by engaging IT specialists.</li> <li>• Performed inquiry procedures at the Group in respect of the overall security architecture and any key threats addressed by the Group in the current year.</li> <li>• Assessed the design and evaluation of the operating</li> </ul>



		and to operate effectively to ensure accurate financial reporting.	effectiveness of IT application controls in the key processes impacting financial reporting of the Group by engaging IT specialists. <ul style="list-style-type: none"> <li>Assessed the operating effectiveness of controls relating to data transmission through the different IT systems to the financial reporting systems.</li> </ul>
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### Information Other than the Financial Statements and Auditor's Report thereon

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

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

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

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

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

The Group's Board of Directors are 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 Group in accordance with the accounting principles



generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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.

Management has prepared these financial statements on non-going concern basis as per decision of the Board of Directors.

Board of Directors are also responsible for overseeing the Group's financial reporting process. However it is to point out that there are no Full Time Working Directors in the Group as on 31<sup>st</sup> March, 2022 and the Group is functioning only with the assistance of Independent Directors and Director (Finance) on Additional Charge.

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

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the 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 non-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.

However the financial statements of the Group have been prepared on non-going concern basis as decided by the Board of Directors.

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 and importance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matters**

We did not audit the financial statements of subsidiary namely STCL Limited included in the financials of the Company where financial statements reflect total assets of 987.97 lacs as at March 31, 2022, total revenue of 813.56 lacs and net cash inflows amounting to 673.25 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose Signed Auditor's Reports has



not been furnished to us by the Management. There are no full time Directors in the Subsidiary and for this reason Audited Financial Statements cannot be prepared.

Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is qualified . Our opinion on the consolidated financial statements above 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.

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

1. As required by Section 143(3) of the Act, we report that:
  - i. We have sought and obtained all the information and explanations, except for the matters referred in “Basis for Qualified Opinion”- **Impact of which is partly non-ascertainable**, which to the best of our knowledge and belief were necessary for the purposes of our audit and if not, the details thereof and the effect of such information on the financial statements.
  - ii. In our opinion, proper books of account as required by law have been kept by the Group, except for the matters referred in “Basis for Qualified Opinion”, so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Agra branch which have been prepared in Delhi only.
  - iii. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account. We have not visited any branch offices of STC as we were informed that all Branches are closed and no activities are carried out from these Branches. The audit was conducted remotely by us from Corporate Office of STC at New Delhi.
  - iv. In our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards, except for the para (b) of Basis for Qualified opinion, specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
  - v. The going concern matter described under “Material uncertainty in relation to Going Concern” paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
  - vi. Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act are not applicable to the Group, being a Government Group;



- vii. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". **Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.**
- viii. Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of Section 197 of the Companies Act, 2013, are not applicable to the Group, being a Government Group; and
- ix. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- a. The Group has not been able to disclose the impact of pending litigations on its financial position in its financial statements, refer note 38 & 39 to the financial statements.
- b. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. During the year , the Group has made no transfer to Investor Education and Protection Fund due to heavy accumulated losses. Therefore , question of delay in transferring amounts, required to be transferred, by the Group does not arise.
- d. As the Audited Financials of the Subsidiary Company namely STCL Limited have not been provided to us and there are no full time working directors in both the Companies , we cannot Comment upon the adequacy and correctness of the following:-
- i) The respective Managements of the Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, that, to the best of their knowledge and belief, other than as disclosed in notes to accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent Company or any such subsidiaries to or in any other person or entity, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent Company or any of such subsidiaries ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- ii) The respective Managements of the Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have



been received by the Parent Company or any of such subsidiaries from any person or entity, including foreign entity ('Funding Parties') with the understanding, whether recorded in writing or otherwise, that the Parent Company or any of such subsidiaries shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our attention or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e) as provided under (a) and (b) above, contain any material misstatement.

- e. There has been no dividend declared during the year.
- f. The Company has not used such accounting software for maintaining its books of accounts which can record audit trail facility and thus the question of tampering with the feature of audit trail cannot be commented upon.

For **BHATIA AND BHATIA**  
**CHARTERED ACCOUNTANTS**  
FRN No. 003202N of ICAI

  
(R. BHATIA) F.C.A.  
Partner  
Membership No.017572  
UDIN: 22017572AJT&FU 2048



Place: New Delhi  
Date: 27.05.2022

## **“Annexure A” to INDEPENDENT AUDITOR’S REPORT**

**Referred to Clause (vii) of Paragraph 2 under the heading of “Report on other Legal and Regulatory Requirements” of Independent Auditor’s Report of even date to the members of the State Trading Corporation of India Limited on the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022**

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

We have audited the internal financial controls over financial reporting of **The State Trading Corporation of India Limited** (“the Group”) as of March 31, 2022 in conjunction with our audit of the Consolidated financial statements of the Group for the year ended on that date.

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

The Group’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Group’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and

(3) provide reasonable assurance regarding prevention or timely detection of un-authorized acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting (IFCFR)**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



### **Basis for Qualified Opinion**

- a) Group is maintaining "Performance Management System", Payroll Software and "Leave Management System" which are not interfaced with each other as well as the accounting software. As a result of above, Manual Accounting entries are being made on periodical basis in the Tally ERP, Accounting software used by Group.
- b) Lack of effective scrutiny of accounting ledgers as far as o/s liabilities/Claims recoverable/Security Deposits is seen as they are not updated .
- c) Manner of maintenance of Fixed Assets Schedule & register need to be strengthened.
- d) Lack of proper contract management is noticed. Irrespective of completion of contracts the EMD/Security deposits are still being withheld in the books by the Group.
- e) Lack of control over the renewal of Rent/lease Agreements on timely basis. There are numerous of agreements which have not been renewed over a long period.
- f) Ineffective implementation of accounting policy in balance confirmation of trade receivable & vendor balance, is noticed. The balances outstanding in the trade receivable account cannot be reconciled in customers' books as balance confirmations are not available for these customers.
- g) As there are no proper Full Time working Directors in the Group, and there is also lack of Senior management personnel in the Group, all decisions and matters requiring immediate attention are kept on hold and there is ineffective management control in the Group.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Group's annual or interim financial statements will not be prevented or detected on a timely basis.

### **Qualified Opinion**

In our opinion, the Group has, except for effects of the material weaknesses described above on achievement objectives of the control criteria, in all material respects, an adequate internal financial controls system over financial reporting and such internal financials controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



We have, to the extent possible, considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 Consolidated financial statements of the Group, and these material weaknesses are not likely to affect our opinion on the Consolidated financial statements of a Group.

For **BHATIA AND BHATIA**  
**CHARTERED ACCOUNTANTS**  
FRN No. 003202N of ICAI



**(R. BHATIA) F.C.A.**  
Partner

Membership No.017572

UDIN: 22017572A7T8FW2048



Place: New Delhi  
Date: 27.05.2022

**THE STATE TRADING CORPORATION OF INDIA LTD**  
**Balance Sheet as at March 31, 2022**

(Rs. Lacs)

Particulars	Standalone		Consolidated	
	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2022	As at Mar 31, 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	-	57,355.33	-	57,356.18
(b) Capital work-in-progress	-	183.17	-	183.17
(c) Investment property	-	29,775.54	-	29,775.54
(d) Other intangible assets	-	0.80	-	0.80
(e) Financial Assets :	-	-	-	-
(i) Investments	-	1.04	-	1.04
(ii) Trade receivables	-	92,869.50	-	92,869.50
(iii) Loans	-	1,387.03	-	1,387.05
(iv) Other Financial Assets	-	1,756.62	-	1,757.90
(f) Deferred tax assets (net)	-	8,648.53	-	8,648.64
(g) Other non-current assets	-	455.48	-	455.61
<b>Sub total</b>	-	<b>192,433.04</b>	-	<b>192,435.43</b>
<b>Current Assets</b>				
(a) Inventories	7.06	4.05	7.06	4.16
(b) Financial Assets :	-	-	-	-
(i) Investments	1.04	-	1.04	-
(ii) Trade receivables	106,691.79	13,824.52	106,691.79	13,824.61
(iii) Cash & cash equivalents	2,842.15	8,642.32	3,707.01	8,834.03
(iv) Bank Balances other than (ii) above	-	-	17.96	18.06
(v) Loans	3,628.80	3,573.67	3,643.80	3,590.63
(vi) Other Financial Assets	24,620.70	13,413.23	24,625.23	13,417.87
(c) Tax Assets (Net)	2,310.97	3,187.48	2,339.40	3,202.18
(d) Other Current Assets	1,154.75	720.09	1,209.12	-
(e) Deferred tax assets (net)	1,347.81	-	1,347.81	771.99
(f) Assets held for Sale / Disposal	87,127.99	-	87,128.84	-
<b>Sub total</b>	<b>229,733.06</b>	<b>43,365.36</b>	<b>230,719.06</b>	<b>43,663.53</b>
<b>Total Assets</b>	<b>229,733.06</b>	<b>235,798.40</b>	<b>230,719.06</b>	<b>236,098.96</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	6,000.00	6,000.00	6,000.00	6,000.00
(b) Other Equity	(25,757.23)	(16,919.74)	(481,467.85)	(473,342.17)
<b>Sub total</b>	<b>(19,757.23)</b>	<b>(10,919.74)</b>	<b>(475,467.85)</b>	<b>(467,342.17)</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	-	-	-	-
(ii) Trade payables -MSME	-	-	-	-
(iii) Trade payables -Others	-	96,864.52	-	96,864.62
(iv) Other Financial Liabilities	-	2,709.93	-	2,710.10
(b) Provisions	-	10,850.41	-	10,892.15
(c) Other non-current liabilities	-	604.03	-	604.13
<b>Sub total</b>	-	<b>111,028.89</b>	-	<b>111,071.00</b>
<b>Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	80,623.24	80,623.24	198,686.94	198,687.04
(ii) Trade payables -MSME	-	-	-	-
(iii) Trade payables -Others	111,960.60	15,228.34	112,071.99	15,339.86
(iv) Other Financial Liabilities	39,677.68	33,932.64	378,033.93	372,288.99
(b) Provisions	16,306.99	5,482.13	16,356.27	5,505.02
(c) Other current liabilities	921.78	422.90	1,037.78	549.22
<b>Sub total</b>	<b>249,490.29</b>	<b>135,689.25</b>	<b>706,186.91</b>	<b>592,370.13</b>
<b>Total Equity and Liabilities</b>	<b>229,733.06</b>	<b>235,798.40</b>	<b>230,719.06</b>	<b>236,098.96</b>

Notes:-

1) Consequent upon the decisions taken in the meeting held on 29.08.2019, by the administrative ministry and further decision of the Board in its 639th meeting dated 05.04.2021, it has been resolved that STC to continue as a non-operating company for the time being and to prepare the accounts from the F.Y. 2021-22 onward on non-going concern basis for the first time. Therefore the current year figures are not comparable with that of the previous year because accounts for FY 2020-21 were prepared on a going concern basis and the same has not been reclassified.

2) The financial results for the period ended 31st March 2022 were reviewed by the Audit Committee on 27.05.2022 and approved by the Board of Directors in its meeting held on 27.05.2022.



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3) In view of the default by the company in paying due interest amount to the banks, STC was declared NPA in 2018. The lender banks have initiated DRT proceedings against the company, which is likely to be withdrawn soon. The Memorandum of the OTS (MOTS) proposal with the lender banks is at the final stages and is in line with the minutes of the high level meeting held on 29.08.19 and the further clarificatory letter dated 13.10.2020 of ministry. The liability towards bank is proposed to be settled by way of transfer of title of identified immovable property worth Rs. 300 crore on "basis where is basis" as a full and final settlement. STC is in receipt of letter dated 22.04.2022 from the lead banker Canara Bank wherein, the bank has given two options with regard to MOTS i.e.:

Option 1 : STC to execute equitable mortgage in favour of Canara Bank enabling it to legally proceed for sale of properties mentioned in the settlement agreement with the permission/authority to sell and realize the sale amount.

Option 2 : Canara Bank to proceed before DRT to execute a consent decree for the accepted OTS amount of Rs. 30,000 lacs in the joint suit pending before DRT-II.-

Opinion of Senior Government Advocate, on above matter is awaited.

4) Out of the total trade receivable of Rs. 1,69,419.41 lacs includes Rs. 62727.62 lacs "having significant increase in credit risk" being under dispute/litigation (for details of major legal cases refer note no. 38 ).

5) Demand of Rs. 132.83 Crore was 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 yet to be resolved. On the observation of CAG audit, the firm liability of Rs. 8,540 lacs has been created in the book of accounts for the F.Y. 2021-22. STC has been asked by MOC to provide information of total liability against Jawahar Vyapar Bhawan for which a meeting was held and a letter dtd 20.05.2022 requested by STC to L&DO to provide Outstanding dues and the reply is still awaited.

6) Based on Accounting Policy on a non-going concern basis w.e.f 01.04.2021 all the assets previously grouped under Property, Plant and Equipment, Capital Work-in-progress, Investment Property & Intangible Assets are now transferred to " Non-Current Assets held for disposal" and are shown on Carrying Values as on 31.03.2021 as valuation of STC's immovable properties is under process. However as per last Valuation report, fair value as on 31.03.2020 based on current title is : JVB - Rs 75,675 lacs, STCHC- Rs 49,834 lacs & Others - Rs 29,652 lacs. In case of perpetual lease, Fair Market Value of JVB and Housing Colony is Rs. 2,61,183 lacs and Rs. 84,198 lacs respectively.

7) Figures of last quarter are the balancing figures between audited figures in respect of the full financial year & the published year to date figure upto the third Quarter of the current financial year.

8) Further key points will be available under Exceptional Item schedule no 34

9) At present post of CMD, DIR(M) & DIR(P) in STC are lying vacant, consequently there is no management in STCL. This is in the knowledge of MOC and other Stake holders. STCL auditor has refused to sign the Annual Accounts for the FY-2021-22. Accordingly unaudited accounts (STCL containing profit of Rs 715.91 Lacs) signed by GM-STCL has been taken for consolidation.

As per our report of even date attached

For Bhatia & Bhatia

Chartered Accountants

Firm Reg. No. 003202N



(CA. R. Bhatia)

Partner

M. No. 017572

4014 - 22017572 - 2048

Place: New Delhi

Dated : 27.05.2022



  
(K.K. Gupta)  
Director Finance -MMTC Additional Charge  
of STC  
DIN -08751137

  
(VIPIN TRIPATHI)  
Company Secretary  
ACS -29378

  
(S.K CHAWLA)  
Independent Director  
DIN -09400987

  
(B S Rao)  
CFO

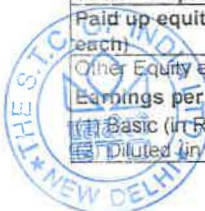


**THE STATE TRADING CORPORATION OF INDIA LTD.**  
**Statement of Financial Results for the Period ended Mar 31st, 2022**  
**CIN: L74899DL1956GOI002674**

Annexure-II  
(Rs. Lacs)

Particulars	STANDALONE					CONSOLIDATED				
	Quarter ended 31.03.2022	Quarter ended 31.12.2021	Quarter ended 31.03.2021	Year ended March 31, 2022	Year ended March 31, 2021	Quarter ended 31.03.2022	Quarter ended 31.12.2021	Quarter ended 31.03.2021	Year ended March 31, 2022	Year ended March 31, 2021
	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)
<b>Income</b>										
Revenue from Operations	-	-	209.99	-	24,981.17	(800.00)	800.00	209.99	-	24,981.17
Other Income	2,065.99	2,235.75	1,516.38	7,735.64	5,748.10	2,872.65	2,239.10	1,521.14	8,546.80	5,760.55
<b>Total Income</b>	<b>2,065.99</b>	<b>2,235.75</b>	<b>1,726.37</b>	<b>7,735.64</b>	<b>30,729.27</b>	<b>2,072.65</b>	<b>3,039.10</b>	<b>1,731.13</b>	<b>8,546.80</b>	<b>30,741.72</b>
<b>Expenses</b>										
Cost of materials consumed	-	-	(5.19)	-	-	-	-	(5.19)	-	-
Purchases of Stock in trade	-	-	283.78	-	24,475.22	-	-	283.78	-	24,475.22
Change in Inventory	-	-	10.44	-	10.44	-	-	10.44	-	10.44
Employees' Benefit Expenses	814.80	1,122.20	3,257.07	4,090.70	8,164.51	825.37	1,145.05	3,283.53	4,164.22	8,246.53
Finance Cost	48.13	48.02	43.27	194.09	193.36	48.13	48.02	43.27	194.09	193.36
Depreciation & Amortization Expenses	-	-	456.02	-	1,588.20	-	-	456.42	-	1,588.60
Other Expenses	(14.25)	608.58	351.30	1,220.65	1,495.50	(12.50)	616.80	357.29	1,242.38	1,515.06
<b>Total expenses</b>	<b>848.68</b>	<b>1,778.80</b>	<b>4,396.69</b>	<b>5,505.44</b>	<b>35,927.23</b>	<b>861.00</b>	<b>1,809.87</b>	<b>4,429.54</b>	<b>5,600.69</b>	<b>36,029.21</b>
<b>Profit before exceptional items and tax</b>	<b>1,217.31</b>	<b>456.95</b>	<b>(2,670.32)</b>	<b>2,230.20</b>	<b>(5,197.96)</b>	<b>1,211.65</b>	<b>1,229.23</b>	<b>(13.02)</b>	<b>2,946.11</b>	<b>(5,287.49)</b>
Exceptional Items - Expense/(Income)	(1,426.03)	(23.69)	(32.49)	7,089.93	(74.50)	(1,426.03)	(23.69)	101.06	7,089.93	(262.48)
<b>Profit Before Tax</b>	<b>2,643.34</b>	<b>480.64</b>	<b>(2,637.83)</b>	<b>(4,859.73)</b>	<b>(5,123.46)</b>	<b>2,637.68</b>	<b>1,252.92</b>	<b>(114.08)</b>	<b>(4,143.82)</b>	<b>(5,025.01)</b>
<b>Tax expense</b>										
(i) Current tax	-	-	-	-	-	4.11	-	19.63	4.11	19.63
(i) Tax related to earlier years	(2,763.77)	-	-	(2,763.77)	-	(2,763.77)	-	-	(2,763.77)	-
(ii) Deferred tax	7,300.72	-	-	7,300.72	-	7,300.72	-	-	7,300.72	-
<b>Profit for the period from continuing operations (A)</b>	<b>(1,893.61)</b>	<b>480.64</b>	<b>(2,637.83)</b>	<b>(9,396.68)</b>	<b>(5,123.46)</b>	<b>(1,903.38)</b>	<b>1,252.92</b>	<b>(133.71)</b>	<b>(8,684.88)</b>	<b>(5,044.64)</b>
Profit/(loss) from discontinued operations	-	-	-	-	-	-	-	-	-	-
Tax expense of discontinued operations	-	-	-	-	-	-	-	-	-	-
<b>Profit from discontinued operations after tax (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>I Profit for the period (A+B)</b>	<b>(1,893.61)</b>	<b>480.64</b>	<b>(2,637.83)</b>	<b>(9,396.68)</b>	<b>(5,123.46)</b>	<b>(1,903.38)</b>	<b>1,252.92</b>	<b>(133.71)</b>	<b>(8,684.88)</b>	<b>(5,044.64)</b>
<b>II Other Comprehensive Income</b>										
Items that will not be reclassified to profit or loss										
- Remeasurements of the defined benefit plans	559.20	-	352.54	559.20	352.54	559.20	-	352.54	559.20	352.54
Less: Income Tax on Above	-	-	-	-	-	-	-	-	-	-
Items that will be reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-
<b>Total of Other Comprehensive Income</b>	<b>559.20</b>	<b>-</b>	<b>352.54</b>	<b>559.20</b>	<b>352.54</b>	<b>559.20</b>	<b>-</b>	<b>352.54</b>	<b>559.20</b>	<b>352.54</b>
<b>Total Comprehensive Income for the period</b>	<b>(1,334.41)</b>	<b>480.64</b>	<b>(2,285.29)</b>	<b>(8,837.48)</b>	<b>(4,770.92)</b>	<b>(1,344.18)</b>	<b>1,252.92</b>	<b>218.83</b>	<b>(8,125.68)</b>	<b>(4,692.10)</b>
<b>Paid up equity share capital (Face value of Rs. 10/- each)</b>	<b>6,000.00</b>	<b>6,000.00</b>	<b>6,000.00</b>	<b>6,000.00</b>	<b>6,000.00</b>	<b>6,000.00</b>	<b>6,000.00</b>	<b>6,000.00</b>	<b>6,000.00</b>	<b>6,000.00</b>
Other Equity excluding Revaluation Reserves	-	-	-	(114,217.40)	(105,379.92)	-	-	-	(569,928.03)	(561,802.35)
<b>Earnings per equity share</b>										
Basic (in Rupees)	(2.22)	0.80	(3.81)	(14.73)	(7.95)	(2.24)	2.09	0.36	(13.54)	(7.82)
Diluted (in Rupees)	(2.22)	0.80	(3.81)	(14.73)	(7.95)	(2.24)	2.09	0.36	(13.54)	(7.82)

B



## Segment-wise Revenue, Results, Assets &amp; Liabilities

(Rs. Lacs)

Particulars	STANDALONE					CONSOLIDATED				
	Quarter ended 31.03.2022	Quarter ended 31.12.2021	Quarter ended 31.03.2021	Year ended March 31, 2022	Year ended March 31, 2021	Quarter ended 31.03.2022	Quarter ended 31.12.2021	Quarter ended 31.03.2021	Year ended March 31, 2022	Year ended March 31, 2021
	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)
<b>1. Segment revenue</b>										
a) Export	-	-	185.28	-	185.28	-	-	185.28	-	185.28
b) Import	-	-	(6.15)	-	1,213.25	-	-	(6.15)	-	1,213.25
c) Domestic	-	-	30.50	-	23,582.64	-	-	30.50	-	23,582.64
<b>Total</b>	-	-	<b>209.63</b>	-	<b>24,981.17</b>	-	-	<b>209.63</b>	-	<b>24,981.17</b>
Less -Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
<b>Revenue from operations</b>	-	-	<b>209.63</b>	-	<b>24,981.17</b>	-	-	<b>209.63</b>	-	<b>24,981.17</b>
<b>2. Segment results - Profit /(Loss) before tax and interest from each segment</b>										
a) Export	-	-	-	-	181.36	-	-	-	-	181.36
b) Import	-	-	(32.55)	-	(24.55)	-	-	(32.55)	-	(24.55)
c) Domestic	-	-	(46.25)	-	327.55	-	-	(46.25)	-	327.55
<b>Total</b>	-	-	<b>(78.80)</b>	-	<b>484.36</b>	-	-	<b>(78.80)</b>	-	<b>484.36</b>
Less:(I) Finance cost	48.13	48.72	43.27	194.09	193.36	48.13	48.72	43.27	194.09	193.36
(ii) Other unallocable expenditure net off Unallocable income	(2,691.47)	(529.36)	2,515.76	4,665.64	5,414.46	(2,685.81)	(1,301.64)	(7.99)	3,949.73	5,316.01
<b>Profit before Tax</b>	<b>2,643.34</b>	<b>480.64</b>	<b>(2,637.83)</b>	<b>(4,859.73)</b>	<b>(5,123.46)</b>	<b>2,637.68</b>	<b>1,252.92</b>	<b>(114.08)</b>	<b>(4,143.82)</b>	<b>(5,025.01)</b>
<b>3. Segment Assets</b>										
a) Export	9,036.22	73,382.83	(96,953.62)	9,036.22	9,036.22	9,036.22	9,036.22	9,036.22	9,036.22	9,036.22
b) Import	95,332.14	40,337.90	30,626.41	95,332.14	38,536.29	95,332.14	40,337.90	38,536.29	95,332.14	38,536.29
c) Domestic	-	279.29	(1,471.11)	-	-	-	279.29	-	-	-
d) Unallocated	125,364.73	119,773.33	63,805.62	125,364.73	188,225.94	126,350.70	120,126.85	188,526.83	126,350.70	188,526.83
<b>Total</b>	<b>229,733.09</b>	<b>233,773.35</b>	<b>(3,992.70)</b>	<b>229,733.09</b>	<b>235,798.45</b>	<b>230,719.06</b>	<b>169,780.25</b>	<b>236,099.34</b>	<b>230,719.06</b>	<b>236,099.34</b>
<b>4. Segment Liabilities</b>										
a) Export	10,648.30	61,456.73	(108,012.83)	10,648.30	10,648.30	10,648.30	61,456.73	10,648.30	10,648.30	10,648.30
b) Import	105,825.97	80,633.62	15,916.86	105,825.97	48,995.50	105,825.97	80,633.62	48,995.50	105,825.97	48,995.50
c) Domestic	-	189.55	(4,574.18)	-	-	-	189.55	-	-	-
d) Unallocated	133,016.04	109,916.27	94,950.27	133,016.04	187,074.40	589,712.64	566,519.30	643,798.67	589,712.64	643,798.67
<b>Total</b>	<b>249,490.31</b>	<b>252,196.17</b>	<b>(1,719.88)</b>	<b>249,490.31</b>	<b>246,718.20</b>	<b>706,186.91</b>	<b>708,799.20</b>	<b>703,442.47</b>	<b>706,186.91</b>	<b>703,442.47</b>



**THE STATE TRADING CORPORATION OF INDIA LTD.**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022**

(Rs. Lacs)

Particulars	For the Year Ended 31st March, 2022		For the Year Ended 31st March, 2021	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit/(Loss) Before Tax		(4,859.73)		(5,123.46)
Adjustment for:				
-Interest on loans				
-Depreciation			1,588.20	
-Net write back of Debts/Advances/claims/Liabilities/Assets	6,518.61		(548.10)	
-Income/Expenditure relating to let out property	(6,495.07)		(4,490.56)	
- Interest Income on fixed deposits/Investments	(564.17)		(794.47)	
-Loss on sale of asset	0.04		1.40	
-Profit on sale of assets	(0.10)	(540.69)	(11.29)	(4,254.82)
<b>Operating Profit Before Working Capital Changes</b>		<b>(5,400.42)</b>		<b>(9,378.28)</b>
Adjustment for:				
-Trade and other receivables		8,042.10		(2,006.00)
-Inventories		(3.01)		18.00
-Trade and other payables		(2,823.25)		(8,081.00)
<b>Changes In Working Capital</b>		<b>(184.58)</b>		<b>(19,447.28)</b>
Income Tax Paid				
<b>Net Cash Generated/Used In Operating Activities (A)</b>		<b>(184.58)</b>		<b>(19,447.28)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
-Purchase of Fixed Assets		-		(236.00)
-Sale of Fixed Assets		10.47		43.80
-Proceeds Received from T-Bills/Deposits		(6,342.65)		9,176.20
-Interest received		564.17		795.30
-Let out properties (net)		6,495.07		4,491.10
<b>Net Cash From Investing Activities (B)</b>		<b>727.06</b>		<b>14,270.40</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
-Increase in loans		-		-
-Interest Paid		-		-
<b>Net Cash From Financing Activities (C)</b>		<b>-</b>		<b>-</b>
<b>Net Increase/Decrease In Cash And Cash Equivalents (A+B+C)</b>		<b>542.48</b>		<b>(5,176.88)</b>
Reconciliation of Cash & Cash Equivalents				
Closing Cash & Bank Balances as per Balance Sheet		19,503.70		18,961.22
Opening Cash & Bank Balances as per Balance Sheet		18,961.22		24,138.10
<b>Cash &amp; Bank Balances as per Cash Flow Statement</b>		<b>542.48</b>		<b>(5,176.88)</b>
Cash & cash equivalents as per Balance Sheet*		19,503.70		18,961.22
Less : Non readily convertible Bank Deposits		16,661.55		10,318.90
Cash & cash equivalents as per cash flow statement		2,842.15		8,642.32
Cash & cash equivalents includes unpaid dividend		-		-

\* 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 Bhatia & Bhatia

Chartered Accountants

Firm Reg. No. 003202N

*(Signature)*

(CA. R. Bhatia)

Partner

M. No. 017572

401N-22017572 AOTGFW 2048

Place: New Delhi

Dated: 27.05.2022



*(Signature)*

(K.K. Gupta)

Director Finance -MMTC  
Additional Charge of STC

DIN -08751137

*(Signature)*  
27/05/2022

(VIPIN TRIPATHI)

Company Secretary  
ACS -29378

(S.K CHAWLA)

Independent Director  
DIN -09400987

*(Signature)*

(B S Rao)

CFO



THE STATE TRADING CORPORATION OF INDIA LTD.  
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(Rs. Lacs)

Particulars	For the Year Ended 31st March, 2022		For the Year Ended 31st March, 2021	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit /(Loss) Before Tax		(4,143.82)		(5,026.70)
Adjustment for:				
-Interest on loans				
-Depreciation	-		1,588.20	
-Net write back of Debts/Advances/claims/Liabilities/Assets	6,518.61		(547.70)	
-Income/Expenditure relating to let out property	(6,495.07)		(4,490.56)	
- Interest Income on fixed deposits/Investments	(577.60)		(794.47)	
-Loss on sale of asset	0.04		(12.29)	
-Amortisation of grants	(0.10)		(11.29)	
-Profit on sale of assets	-	(554.12)	-	(4,268.11)
<b>Operating Profit Before Working Capital Changes</b>		<b>(4,697.94)</b>		<b>(9,294.81)</b>
Adjustment for:				
-Trade and other receivables		8,027.59		(1,998.80)
-Inventories		(3.01)		18.00
-Trade and other payables		(2,848.56)		(8,059.36)
<b>Changes In Working Capital</b>		<b>478.08</b>		<b>(19,334.97)</b>
Income Tax Paid		4.11		19.63
<b>Net Cash Generated/Used In Operating Activities (A)</b>		<b>473.97</b>		<b>(19,354.60)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
-Purchase of Fixed Assets		-		(236.52)
-Sale of Fixed Assets		10.47		43.80
-Proceeds Received from T-Bills/Deposits		(6,341.38)		9,176.20
-Interest received		577.60		809.00
-Let out properties (net)		6,495.07		4,491.10
<b>Net Cash From Investing Activities (B)</b>		<b>741.76</b>		<b>14,283.58</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
-Increase in loans		-		(207.85)
-Interest Paid		-		-
<b>Net Cash From Financing Activities (C)</b>		<b>-</b>		<b>(207.85)</b>
<b>Net Increase/Decrease In Cash And Cash Equivalents (A+B+C)</b>		<b>1,215.73</b>		<b>(5,278.87)</b>
Reconciliation of Cash & Cash Equivalents				
Closing Cash & Bank Balances as per Balance Sheet		20,368.55		19,152.82
Opening Cash & Bank Balances as per Balance Sheet		19,152.82		24,431.69
<b>Cash &amp; Bank Balances as per Cash Flow Statement</b>		<b>1,215.73</b>		<b>(5,278.87)</b>
Cash & cash equivalents as per Balance Sheet		20,368.55		19,152.82
Less : Non readily convertible Bank Deposits		16,679.51		10,336.86
Cash & cash equivalents as per cash flow statement		3,707.00		8,833.92
Cash & cash equivalents includes unpaid dividend				

\* 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 Bhatia & Bhatia  
Chartered Accountants  
Firm Reg. No. 003202N



(CA. R. Bhatia)  
Partner  
M. No. 017572

22017572 AJTQFW 2.48

Place: New Delhi  
Dated: 27.05.2022

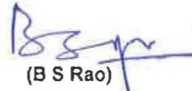
  
(K.K. Gupta)

Director Finance -MMTC  
Additional Charge of STC  
DIN -08751137

  
(VIPIN TRIPATHI)  
Company Secretary  
ACS -29378

  
(S.K. CHAWLA)

Independent Director  
DIN -09400987

  
(B S Rao)  
CFO



**THE STATE TRADING CORPORATION OF INDIA LTD.**  
Statement of Financial Results for the Period ended Mar 31st, 2022  
CIN: L74899DL1956GOI002674

(Rs. Lacs)

S.NO.	PARTICULARS	STANDALONE					CONSOLIDATED				
		Quarter ended 31.03.2022	Quarter ended 31.12.2021	Quarter ended 31.03.2021	Year ended March 31, 2022	Year ended March 31, 2021	Quarter ended 31.03.2022	Quarter ended 31.12.2021	Quarter ended 31.03.2021	Year ended March 31, 2022	Year ended March 31, 2021
		(audited)	(unaudited)	(unaudited)	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(audited)	(audited)
1	Total income from operations	-	-	209.99	-	24,981.17	(800.00)	800.00	209.99	-	24,981.17
2	Net Profit/(Loss) for the period (before tax, exceptional and/or Extraordinary items)	1,217.31	456.95	(2,670.32)	2,230.20	(5,197.96)	1,211.65	1,229.23	(13.02)	2,946.11	(5,287.49)
3	Net Profit/(Loss) for the period before tax (after Exceptional and/or Extraordinary items)	2,643.34	480.64	(2,637.83)	(4,859.73)	(5,123.46)	2,637.68	1,252.92	(114.08)	(4,143.82)	(5,025.01)
4	Net Profit/(Loss) for the period after tax (after Exceptional and/or Extraordinary items)	(1,893.61)	480.64	(2,637.83)	(9,396.68)	(5,123.46)	(1,903.38)	1,252.92	(133.71)	(8,684.88)	(5,044.64)
5	Total comprehensive income for the period [comprising Profit/ (Loss) for the period (after Tax) and other comprehensive income (after tax)]	(1,334.41)	480.64	(2,285.29)	(8,837.48)	(4,770.92)	(1,344.18)	1,252.92	218.83	(8,125.68)	(4,692.10)
6	Equity Share Capital	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
7	Other Equity excluding Revaluation Reserves	-	-	-	(114,217.40)	(105,379.92)	-	-	-	(569,928.03)	(561,802.35)
8	Earning per share (of Rs. 10/- each) (for continuing and discontinued operations) (not Annualized) :										
	(a) Basic (in Rupees)	(2.22)	0.80	(3.81)	(14.73)	(7.95)	(2.24)	2.09	0.36	(13.54)	(7.82)
	(b) Diluted (in Rupees)	(2.22)	0.80	(3.81)	(14.73)	(7.95)	(2.24)	2.09	0.36	(13.54)	(7.82)

**Notes:**

1) Consequent upon the decisions taken in the meeting held on 29.08.2019, by the administrative ministry and further decision of the Board in its 639th meeting dated 05.04.2021, it has been resolved that STC to continue as a non-operating company for the time being and to prepare the accounts from the F.Y. 2021-22 onward on non-going concern basis for the first time. Therefore the current year figures are not comparable with that of the previous year because accounts for FY 2020-21 were prepared on a going concern basis and the same has not been reclassified.

2) The financial results for the period ended 31st March 2022 were reviewed by the Audit Committee on 27.05.2022 and approved by the Board of Directors in its meeting held on 27.05.2022.

3) In view of the default by the company in paying due interest amount to the banks, STC was declared NPA in 2018. The lender banks have initiated DRT proceedings against the company, which is likely to be withdrawn soon. The Memorandum of the OTS (MOTS) proposal with the lender banks is at the final stages and is in line with the minutes of the high level meeting held on 29.08.19 and the further clarificatory letter dated 13.10.2020 of ministry. The liability towards bank is proposed to be settled by way of transfer of title of identified immovable property worth Rs. 300 crore on "basis where is basis" as a full and final settlement.

STC is in receipt of letter dated 22.04.2022 from the lead banker Canara Bank wherein, the bank has given two options with regard to MOTS i.e.:

Option 1 : STC to execute equitable mortgage in favour of Canara Bank enabling it to legally proceed for sale of properties mentioned in the settlement agreement with the permission/authority to sell and realize the sale amount.

Option 2 : Canara Bank to proceed before DRT to execute a consent decree for the accepted OTS amount of Rs. 30,000 lacs in the joint suit pending before DRT-II.

Opinion of Senior Government Advocate, on above matter is awaited.

4) Out of the total trade receivable of Rs. 1,68,419.41 lacs includes Rs. 62727.62 lacs "having significant increase in credit risk" being under dispute/litigation (for details of major legal cases refer note no. 38).

5) Demand of Rs. 132.83 Crore was 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 yet to be resolved. On the observation of CAG audit, the firm liability of Rs. 8,540 lacs has been created in the book of accounts for the F.Y. 2021-22. STC has been asked by MOC to provide information of total liability against Jawahar Vyapar Bhawan for which a meeting was held and a letter dtd 20.05.2022 requested by STC to L&DO to provide Outstanding dues and the reply is still awaited.

6) Based on Accounting Policy on a non-going concern basis w.e.f 01.04.2021 all the assets previously grouped under Property, Plant and Equipment, Capital Work-in-progress, Investment Property & Intangible Assets are now transferred to "Non-Current Assets held for disposal" and are shown on Carrying Values as on 31.03.2021 as valuation of STC's immovable properties is under process. However as per last Valuation report, fair value as on 31.03.2020 based on current title is : JVB - Rs 75,675 lacs, STCHC- Rs 49,834 lacs & Others - Rs 29,852 lacs. In case of perpetual lease, Fair Market Value of JVB and Housing Colony is Rs. 2,61,183 lacs and Rs. 84,198 lacs respectively.

7) Figures of last quarter are the balancing figures between audited figures in respect of the full financial year & the published year to date figure upto the third Quarter of the current financial year.

8) Further key points will be available under Exceptional item schedule no 34

9) At present post of CMD, DIR(M) & DIR(P) in STC are lying vacant, consequently there is no management in STCL. This is in the knowledge of MOC and other Stake holders. STCL auditor has refused to sign the Annual Accounts for the FY- 2021-22. Accordingly unaudited accounts (STCL containing profit of Rs 715.91 Lacs) signed by GM-STCL has been taken for consolidation.

By order of the Board of Directors

As per our report of even date attached

For Bhatia & Bhatia  
Chartered Accountants  
Firm Reg. No. 002202N

(CA. R. Bhatia)

Partner  
M. No. 017572

UPIN - 2201724270 FW 2048

Place: New Delhi  
Dated : 27.05.2022



*(Signature)*  
(K.K. Gupta)  
Director Finance -MMTC Additional Charge of STC  
DIN - 08751137

*(Signature)*  
(S.K Chawla)  
Independent Director  
DIN - 09400987



**THE STATE TRADING CORPORATION OF INDIA LIMITED, NEW DELHI**

**ANNEXURE-1**

Statement of impact of Audit Qualification for the Financial Year ended 31.03.2022 along with Annual Audited Financial Results - (Standalone)

(Rs. Lacs)

I	S.No.	Particulars	Audited Figures as reported before adjusting for qualifications	Audited Figures as reported after adjusting for qualifications
	1	Total Income	7,735.64	124,112.87
	2	Total Expenditure	5,505.44	121,085.11
	3	Net Profit/(Loss)	2,230.20	3,027.76
	4	Earning per share	(7.95)	504.63
	5	Total Assets	229,733.06	229,639.09
	6	Total Liabilities	249,490.29	249,627.59
	7	Net Worth (excluding Revaluation Reserve)	(108,217.40)	(107,419.84)
	8	Any other financial item (as felt appropriate by the management)		Nil

II	Audit qualification
1	<p>a. Details of Audit Qualification</p> <p>i. We draw your attention to Note No. 2(ii) regarding management decision to continue the company as non-operating company for the time being and to prepare the accounts from the financial year 2021-22 onwards as per non-going concern basis. Thus, there has been change in the significant accounting policies of the Company and the presentation of financial statements.</p> <p>As per Note No. 3.1 (e) in the Notes to accounts it is further stated that the financial statements for the year 2021-22 have been prepared on realization basis (non-going concern assumption) and the non-current assets have been classified as held for sale. Therefore, all the assets held for sale have been carried at their estimated realizable values. However, all the non-current assets held for sale i.e. Property, Plant and Equipment in absence of any report for realizable value have been stated at their respective historical values/carrying values as per books of accounts as on 31.03.2022 and not on realization basis. This is non-compliance of the accounting policy No. 3(e) of the Company and we are unable to comment upon the impact of the same on the financial statements.</p> <p>b. Type of Audit Qualification: Qualified Opinion</p> <p>c. Frequency of Qualification: First Time</p> <p>d. For Audit qualification, whether the impact is quantified by the audit, management's view</p> <p>Based on Accounting Policy on a non-going concern basis w.e.f 01.04.2021 all the assets previously grouped under Property, Plant and Equipment, Capital Work-in-progress, Investment Property &amp; Intangible Assets are now transferred to "Non-Current Assets held for disposal" and are shown on Carrying Values as on 31.03.2021 as valuation of STC's immovable properties is under process. However as per last Valuation report, fair value as on 31.03.2020 based on current title is : JVB - Rs 75,875 lacs, STCHC- Rs 49,834 lacs &amp; Others - Rs 29,652 lacs. In case of perpetual lease, Fair Market Value of JVB and Housing Colony is Rs. 2,61,183 lacs and Rs. 84,198 lacs respectively.</p>
2	<p>a. Details of Audit Qualification</p> <p>ii. Refer to Note No.4(a) of Standalone Financial Statements, non availability of title deeds in the name of the company in respect of following properties namely:</p> <p>a) Leasehold Building i. Leasehold land at Jawahar Vyapar Bhawan valued at Rs. 55,929 lacs ii. Leasehold land at Housing Colony at Aurobindo Marg valued at Rs. 12,394 lacs iii. Plot at Mallet Bunder, Mumbai Port Trust valued at Rs. 1167 lacs</p> <p>b) Freehold Building i. 8 Residential Flats at Asian Games Village Complex, allotted by DDA amounting to Rs. 2720 lacs ii. 7 apartments in different locations of Mumbai amounting to Rs. 1918 lacs Further, lease period for plot at Mallet Bunder, Mumbai Port Trust has already expired and the land has been handed over to Mumbai Port Trust. Surrender certificate has been executed on 12.11.2021. But this still continues to be shown as non-current assets held for sale. Thus, non-current assets held for sale has been overstated by Rs. 1167 lacs. It will also have consequential impact on the Statement of Profit and Loss account resulting into understatement of loss by Rs. 1167 lacs. Further the farm tanks installed at Mallet Bunder amounting to Rs. 14.84 lacs have also been handed over on as is where is basis. The company has not raised any debit note for the same and thus non-current assets are being overstated by Rs. 14.84 lacs.</p> <p>Further, company has not amortised the value of the leasehold properties according to the IND AS 116 for the period expired till 31.03.2022 resulting into overstatement of non-current assets held for sale and consequential impact on loss of the company, the amount whereof could not be quantified in absence of complete data from the Company.</p> <p>b. Type of Audit Qualification: Qualified Opinion</p> <p>c. Frequency of Qualification: First Time</p> <p>d. For Audit qualification, whether the impact is quantified by the audit, management's view</p> <p>Title/Lease deed in respect of following properties is pending for execution:-</p> <p>i. Leasehold Land:- Lease hold land includes land measuring 2.599 acres allotted by L&amp;DO vide "Memorandum of Agreement for Lease" dated 05.12.1975 for construction of office building i.e. JawaharVyaparBhawan at Janpath, New Delhi for which lease deed is not yet executed in the name of the Company. Leasehold land includes a plot at Mallet Bunder, Mumbai Port Trust (where STC has a Tank Farm Installation) for which lease period has expired and the surrender certificate has been executed on 12.11.2021. The tanks installed at Mallet Bunder has been surveyed by the MbPT and assets handed over on as is where is basis with an understanding that the value of the same shall be adjusted and paid to STC. Hence, appropriate treatment will be effected upon arrival of such valuation.</p> <p>ii. Freehold Building:- Freehold Building includes house building at Asian Games Village Complex (AGVC) allotted by DDA vide allotment letter dated 30.05.1984, which is earmarked for settlement under OTS on as is where is basis. The valuation of the properties is underway. Free hold building includes 7 apartments in Mumbai (Located 2 at Wallace Apartment Grant Road , 3 at Mandar Apartment, 1 at Shyamsadan at Khar (West) and 1 at Las Palmas, Malabar hills), which is earmarked for settlement under OTS on as is where is basis. The valuation of the properties is underway.</p>

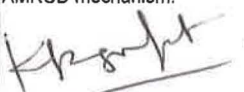

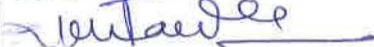




3	a. Details of Audit Qualification	<p>Non-adjustment of value/area in Fixed Assets Register against areas acquired by Delhi Metro Rail Corporation (DMRC) for construction of Metro Station &amp; by L&amp;DO for widening of the Road during Asian Games, as well as the flats/area of land sold by the company to The Handicrafts and Handloom Exports Corporation of India Limited (HHEC) for its Housing colony. Management is in correspondence with DMRC and concerned departments. This has resulted into overstatement of non-current assets held for sale and consequential impact on loss of the company, the amount whereof could not be quantified in absence of complete data from the Company.</p>
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	Repeat
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	<p>325.685 square meters taken by NDMC for widening of roads during Asian Games and 388.91 square meters taken by DMRC for construction of Metro / Metro Station out of the total leasehold land allotted by L&amp;DO to STC for construction of office building at (Jawahar Vyapar Bhawan) Tolstoy Marg, Janpath, New Delhi. The Company has taken up the matter with L&amp;DO for reduction of both the area and the records will be updated in Fixed Assets register/Schedule in respect of its area &amp; value once the final outcome in the matter is arrived at. The efforts are being made with L&amp;DO in this regard on regular basis.</p>
4	a. Details of Audit Qualification	<p>All trade receivables amounting to 1,69,419.41 lacs as per Note No. 9 have been outstanding for more than 3 years. The Company has made provision for bad and doubtful debts amounting to Rs. 62,727.62 lacs and another sum of Rs. 67,833.66 lacs have been shown as "Having Significant increase in credit risk" since the same is under litigation. As per Note No.9, it is explained that no provision has been made for the same since the relevant creditors will be paid only after recovery of these trade receivables, though in most of the cases agreements are not tripartite. Further there has been no recovery during the Financial Year 2021-22 and there is no major update of legal cases which are pending at various forums. Thus trade receivable do not seem to be stated at realisable value less cost to be incurred to recover these trade receivables. There is also no balance confirmation available for these trade receivables as on 31.03. 2022 and hence we are unable to comment upon the genuineness and effect of the same on the financial statements, if any. We are of the view that all trade receivables amounting to 1,69,419.41 lacs are considered doubtful of recovery resulting into short provision for doubtful debts amounting to Rs. 1,06,691.79 lacs. Thus the provision for bad and doubtful debts has been understated by Rs. 1,06,691.79 lacs and consequential impact on the statement of profit and loss account resulting into understatement of loss by Rs. 1,06,691.79 lacs. Further in case of M/s Rajat Pharmaceuticals Ltd (RPL), under note no.39, who drew bills of exchange on STC which were accepted upon receipt of overseas buyer's pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payments against the export bills and have gone into liquidation. A sum of Rs.527.86 crores has been admitted by the liquidator of one of the foreign buyer's i.e. Loben Trading Co. Pte. Ltd, Singapore. A Decree of Rs 62.47 crores approx. has been passed by Hon'ble Bombay High Court in favour of 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 of Bombay. The matter is also under investigation by CBI. Banks &amp; Financial institutions have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 476.47 Crore. Also refer to Note No. 39, for matters other than RPL, as all these matters are sub-judice and/or under investigation of CBI and we are unable to comment upon the genuineness and effect of the same on the Financial Statements.</p>
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	Repeat
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	<p>Out of the total trade receivable of Rs. 1,69,419.41 lacs includes Rs. 62,727.62 lacs "having significant increase in credit risk" being under dispute/litigation (for details of major legal cases refer note no. 38 ). Trade receivables against which dispute/legal proceedings are under process, have been considered as "Having Significant increase in credit risk". The company feels that even if no amount would eventually be recovered, no credit impairment is required for the credit risk since the creditor will be paid by the company only to the extent the amount is realized from the debtors. Trade receivables include Rs.56,844 Lacs (approx.) on account of export of pharma products to foreign buyers purchase from M/s Rajat Pharmaceuticals Ltd". (RPL). RPL drew bills of exchange on STC which were also accepted upon receipt of overseas buyers pre-acceptance to STC's bills of exchange. The foreign buyers i.e. M/s Loben Trading and M/s Sweetland, defaulted in making payment against the export bills. A claim of Rs.52,786 Lacs has been admitted by the liquidator of one of the foreign buyer i.e. Loben Trading Co.Pte Ltd, Singapore. A Decree of Rs 6,247 Lacs has been passed by Hon'ble Mumbai High Court in favour of STC against the dues from foreign buyer i.e. Sweetland Trading Pte Ltd. However, one of them has gone into liquidation and official liquidator is appointed by Hon'ble High Court Mumbai. The matter is also under investigation by CBI. No provision is required against the same. Banks &amp; Financial institutions have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 47,647 Lacs.</p>
5	a. Details of Audit Qualification	<p>i. Refer to Note No. 20 &amp; 55, the view of the default by the company in paying due to interest amount to the banks, STC was declared NPA. The lender banks have initiated DRT proceedings against the company. The memorandum of the OTS (MOTS) proposal with lender banks is still in progress and is in line with the minutes of the high-level meeting held in 29.08.2019 and the further clarificatory letter dated 13.10.2020 of the Administrative Ministry. The liability towards banks is proposed to be settled by the way of transfer of title of identified property worth Rs.300 crore on "as is where is basis" as a full and final settlement. However, as per the recent correspondence between Canara Bank (lead bank) and STC dated 22.04.2022, the lender bank has given two options to the latter: - 1. Execution of equitable mortgage in favour of the lead bank at Delhi so that lenders can legally proceed for sale of properties mentioned in the Settlement Agreement with the authority to sell and realise the sale amount. 2. As joint suit is pending before the DRT-II, Delhi, the lenders shall proceed before DRT in execution of the consent decree for the accepted OTS amount of Rs. 300 cr. The decision making is pending with STC to convey their acceptance of suitable option for moving the MOTS ahead subject to seeking opinion from senior Government advocate. Pending settlement of OTS, the company has not provided any interest further in its financial statements during 2021-22. ii. Considering the fact that correspondence has been made by Canara Bank and STC in respect of the MOTS of Borrowings, the Borrowings have been crystallized at Rs. 30,000 lacs on as is where is basis. However, contrary to this, borrowings have been reflected at Rs. 80,623.24 lacs as against 30000 lacs, thereby overstating the borrowings to the extent of Rs. 50,623.24 lacs. The management is of the opinion that the matter is still in discussion stage. This is also non-compliance of IND AS -109 as well as IND AS -10 (regarding events occurring after Balance Sheet date) by not taking into consideration the accounting effects of the events occurring after the balance sheet date regarding crystallization of bank loan amount at Rs. 30,000 lacs.</p>



	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	In view of the default by the company in paying due interest amount to the banks, STC was declared NPA in 2018. The lender banks have initiated DRT proceedings against the company, which is likely to be withdrawn soon. The Memorandum of the OTS (MOTS) proposal with the lender banks is at the final stages and is in line with the minutes of the high level meeting held on 29.08.19 and the further clarificatory letter dated 13.10.2020 of ministry. The liability towards bank is proposed to be settled by way of transfer of title of identified immovable property worth Rs. 300 crore on "basis where is basis" as a full and final settlement. STC is in receipt of letter dated 22.04.2022 from the lead banker Canara Bank wherein, the bank has given two options with regard to MOTS i.e.: Option 1 : STC to execute equitable mortgage in favour of Canara Bank enabling it to legally proceed for sale of properties mentioned in the settlement agreement with the permission/authority to sell and realize the sale amount. Option 2 : Canara Bank to proceed before DRT to execute a consent decree for the accepted OTS amount of Rs. 30,000 lacs in the joint suit pending before DRT-II.- Opinion of Senior Government Advocate, on above matter is awaited.
6	a. Details of Audit Qualification	Currently , as per books of accounts, USD 3,149.35 lacs and Euros 20.90 lacs is receivable from its foreign buyers and USD 1665.41 lacs and Pound 0.04 lacs is payable to its foreign suppliers. In nutshell, there are foreign buyers and creditors standing in the financials of STC which have not been revalued in the FY 21-22, the potential impact of which is huge. Thus, the Company has not complied with 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. Therefore, we are unable to ascertain the potential impact on the financial statements , if any.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the	Matters are subjudice considering materiality concept.
7	a. Details of Audit Qualification	Refer Note No. 12 & 55, the Company has MAT credit of Rs. 1347.81 lacs . However, there is no virtual certainty of profits in the future considering the high value of contingent liabilities, significant decrease in the sales value, negative net worth of the Company and decision of the board of directors regarding Non operative status of the Company dated 05.04.2021. This observation was also raised by the CAG auditors for the FY 2020-21. But still the MAT credit has not been reversed and this has resulted into understatement of loss by 1347.81 lacs and overstatement of Current assets by Rs. 1347.81 lacs.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	Repeat
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Mat credit of Rs 1347.81 lacs is being carried forward for future MAT liability on account of possible future favourable litigation settlements.
8	a. Details of Audit Qualification	i. Refer Note No. 14 -"Other Current Assets for non-provisioning in respect of Duties and taxes recoverable , CST (coal ) amounting to Rs. 6.89 lacs which is non recoverable and still not written off. ii. Refer Note No. 11- Other Financial Assets -Claims Recoverable for non-provisioning in respect of Claims Recoverable o/s since last many financial years amounting to 1613.43 lacs where no present status could be ascertained by the management of the Company and still not written off. This is non-compliance of IND AS -36 as no provision has been made for impaired assets. All these current assets are being reflected at their carrying amounts instead of on realization values. This has resulted into overstatement of Current assets by Rs. 1769.15 lacs and understatement of loss by Rs. 1769.15 lacs.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the	Pending with various department and authorities
9	a. Details of Audit Qualification	Refer Note No. 38, for non-provision of a demand of Rs. 4,743 lacs out of total demand received from Land and Development Office - New Delhi amounting to Rs. 13,283 lacs (for the period March,2004 to July, 2018) which has resulted in understatement of loss by Rs 4,743 lacs and understatement of liabilities. However, it has been shown as contingent liability. Also, company has not provided for interest accruing on the said demand amount (to be calculated at the rate of 10%) approx. The matter is under correspondence with L&DO office and no provision is made for the year 2021-22 in the accounts.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Demand of Rs. 13,283 lacs was 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 yet to be resolved. On the observation of CAG audit, the firm liability of Rs. 8,540 lacs has been created in the book of accounts for the F.Y. 2021-22. Further STC vide letter dtd 20.05.2022 requested L&DO to provide Outstanding dues as on date and the reply is still awaited.
10	a. Details of Audit Qualification	All the trade payables amounting to Rs. 1,11,960 lacs are without any balance confirmation and are outstanding for more than 3 financial years. No amount is payable to these parties as these are suppliers who have entered into legal agreement with STC wherein no amount is payable to them until and unless the amount is recovered from the foreign buyer. Thus, the management has not accorded any treatment to these trade payables and to that extent, liabilities are overstated.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the	Matters are subjudice
11	a. Details of Audit Qualification	The GST input receivable and payable balances are not reconciled by the Company as on March 31,2022. No satisfactory data/explanation has not been furnished to us till the date of finalization of audit. Tax Deducted at Source In respect of the TDS deducted by the tenants, Company has not accounted for the TDS reconciled with amount as appearing in Form 26AS available on the portal amounting to Rs. 20.19 lacs .It has been further observed that the Total TDS Default of ₹ 9.33 lacs is appearing on the Income Tax (TRACES) Portal. No provision has been made for this demand and also not disclosed as Contingent liability.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the	Matter will be taken up in next FY-2022-23



12	a. Details of Audit Qualification	It has been observed from the Form 26AS -downloaded from the Income tax portal that Interest income from Canara Bank amounting to ₹ 4,15,593 on which TDS amounting to Rs. 41,559 has been deducted by the Canara Bank is appearing in the AIS. However neither the Income nor the TDS Receivable is booked in the books of accounts as the management does not have any details regarding this fixed deposit. Canara Bank has however informed on 26-05-2022 that this FDR does not belong to STC Limited. The matter is under correspondence and correction at the Bank level. Therefore, we are not able to comment upon the effect of this non accounting of Interest received and TDS thereof on the financial statement in the absence of complete details regarding this fixed deposit.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	First Time
	d. For Audit qualification, whether the	Said FD doesn't pertain to STC and the same will be revised by bank
12	a. Details of Audit Qualification	customer at credit includes amount payable to U.P. Government amounting to Rs 603 lacs. As informed by the management, Branch has made various other claims on U.P Government and accordingly dues of Rs. 3911 lacs is recoverable from U.P. Government for which debit note dated March 10, 2014 was raised. However, the said claim was not recognized in the standalone financial statements of the branch till date, as its ultimate collection was not certain. In absence of information on acceptability of the said claim by the UP Government, we are unable to ascertain its possible impact, if any, on the standalone financial statements of the Company. It seems that the financial statements have not been prepared on realization basis as mentioned in the accounting policies. All non-current assets held for Sale and other current assets have been stated at their carrying amounts as appearing in the books of accounts without making any exercise by the management to determine the realizable value of each current asset.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualificaiton	Repeat
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Amount payable of Rs. 603 lacs to U.P. Government is adjustable against claims of interest and carrying charges amounting to Rs 3382.23 lacs is outstanding from UPGEWC on account of (i) differential of import price and amount realised on risk sale of 9555.285 MTs Lemon Tur and (ii) Interest and carrying charges, and STC has been continuously following up the recovery matter with Govt of UP and filed its petition dtd 28.01.2022 for resolution of dispute through AMRCD mechanism.
	<b>Signatories</b>	
	> DIR-Fina -MMTC Additional Charge of STC	
	> CFO	
	> Audit Committee Chairman	
	> Statutory Auditor - Bhatia & Bhatia Chartered Accountants	  27/05/22



**THE STATE TRADING CORPORATION OF INDIA LIMITED, NEW DELHI**

**ANNEXURE-1**

Statement of impact of Audit Qualification for the Financial Year ended 31.03.2022 along with Annual Audited Financial Results - (Consolidated)

(Rs. Lacs)

I	S.No.	Particulars	Audited Figures as reported before adjusting for qualifications	Audited Figures as reported after adjusting for qualifications
	1	Total Income	7,735.64	124,112.87
	2	Total Expenditure	5,505.44	121,085.11
	3	Net Profit/(Loss)	2,230.20	3,027.76
	4	Earning per share	(7.95)	504.63
	5	Total Assets	229,733.06	229,639.09
	6	Total Liabilities	249,490.29	249,627.59
	7	Net Worth (excluding Revaluation Reserve)	(475,467.85)	(474,670.29)
	8	Any other financial item (as felt appropriate by the management)		Nil

II Audit qualification		
1	a. Details of Audit Qualification	<p>i. We draw your attention to Note No. 2(ii) regarding management decision to continue the company as non-operating company for the time being and to prepare the accounts from the financial year 2021-22 onwards as per non-going concern basis. Thus, there has been change in the significant accounting policies of the Company and the presentation of financial statements.</p> <p>As per Note No. 3.1 (e) in the Notes to accounts it is further stated that the financial statements for the year 2021-22 have been prepared on realization basis (non-going concern assumption) and the non-current assets have been classified as held for sale. Therefore, all the assets held for sale have been carried at their estimated realizable values. However, all the non-current assets held for sale i.e. Property, Plant and Equipment in absence of any report for realizable value have been stated at their respective historical values/carrying values as per books of accounts as on 31.03.2022 and not on realization basis. This is non-compliance of the accounting policy No. 3(e) of the Company and we are unable to comment upon the impact of the same on the financial statements.</p>
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Based on Accounting Policy on a non-going concern basis w.e.f 01.04.2021 all the assets previously grouped under Property, Plant and Equipment, Capital Work-in-progress, Investment Property & Intangible Assets are now transferred to " Non-Current Assets held for disposal" and are shown on Carrying Values as on 31.03.2021 as valuation of STC's immovable properties is under process. However as per last Valuation report, fair value as on 31.03.2020 based on current title is : JVB - Rs 75,675 lacs, STCHC- Rs 49,834 lacs & Others - Rs 29,652 lacs. In case of perpetual lease, Fair Market Value of JVB and Housing Colony is Rs. 2,61,183 lacs and Rs. 84,198 lacs respectively.
2	a. Details of Audit Qualification	<p>ii. Refer to Note No.4(a) of Standalone Financial Statements, non availability of title deeds in the name of the company in respect of following properties namely:</p> <p>a) Leasehold Building i. Leasehold land at Jawahar Vyapar Bhawan valued at Rs. 55,929 lacs ii. Leasehold land at Housing Colony at Aurobindo Marg valued at Rs. 12,394 lacs iii. Plot at Mallet Bunder, Mumbai Port Trust valued at Rs. 1167 lacs</p> <p>b) Freehold Building i. 8 Residential Flats at Asian Games Village Complex, allotted by DDA amounting to Rs. 2720 lacs ii. 7 apartments in different locations of Mumbai amounting to Rs. 1918 lacs Further, lease period for plot at Mallet Bunder, Mumbai Port Trust has already expired and the land has been handed over to Mumbai Port Trust. Surrender certificate has been executed on 12.11.2021. But this still continues to be shown as non-current assets held for sale. Thus, non-current assets held for sale has been overstated by Rs. 1167 lacs. It will also have consequential impact on the Statement of Profit and Loss account resulting into understatement of loss by Rs. 1167 lacs. Further the farm tanks installed at Mallet Bunder amounting to Rs. 14.84 lacs have also been handed over on as is where is basis. The company has not raised any debit note for the same and thus non-current assets are being overstated by Rs. 14.84 lacs.</p> <p>Further, company has not amortised the value of the leasehold properties according to the IND AS 116 for the period expired till 31.03.2022 resulting into overstatement of non-current assets held for sale and consequential impact on loss of the company, the amount whereof could not be quantified in absence of complete data from the Company.</p>
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	<p>Title/Lease deed in respect of following properties is pending for execution:-</p> <p>i. Leasehold Land:- Lease hold land includes land measuring 2.599 acres allotted by L&amp;DO vide "Memorandum of Agreement for Lease" dated 05.12.1975 for construction of office building i.e. JawaharVyaparBhawan at Janpath, New Delhi for which lease deed is not yet executed in the name of the Company. Leasehold land includes a plot at Mallet Bunder, Mumbai Port Trust (where STC has a Tank Farm Installation) for which lease period has expired and the surrender certificate has been executed on 12.11.2021. The tanks installed at Mallet Bunder has been surveyed by the MbPT and assets handed over on as is where is basis with an understanding that the value of the same shall be adjusted and paid to STC. Hence, appropriate treatment will be effected upon arrival of such valuation.</p> <p>ii. Freehold Building:- Freehold Building includes house building at Asian Games Village Complex (AGVC) allotted by DDA vide allotment letter dated 30.05.1984, which is earmarked for settlement under OTS on as is where is basis. The valuation of the properties is underway. Free hold building includes 7 apartments in Mumbai (Located 2 at Wallace Apartment Grant Road , 3 at Mandar Apartment, 1 at Shyamsadan at Khar (West) and 1 at Las Palmas, Malabar hills), which is earmarked for settlement under OTS on as is where is basis. The valuation of the properties is underway.</p>



3	a. Details of Audit Qualification	<p>Non-adjustment of value/area in Fixed Assets Register against areas acquired by Delhi Metro Rail Corporation (DMRC) for construction of Metro Station &amp; by L&amp;DO for widening of the Road during Asian Games, as well as the flats/area of land sold by the company to The Handicrafts and Handloom Exports Corporation of India Limited (HHEC) for its Housing colony. Management is in correspondence with DMRC and concerned departments.</p> <p>This has resulted into overstatement of non-current assets held for sale and consequential impact on loss of the company, the amount whereof could not be quantified in absence of complete data from the Company.</p>
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	Repeat
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	<p>325.685 square meters taken by NDMC for widening of roads during Asian Games and 388.91 square meters taken by DMRC for construction of Metro / Metro Station out of the total leasehold land allotted by L&amp; DO to STC for construction of office building at (Jawahar Vyapar Bhawan) Tolstoy Marg, Janpath, New Delhi. The Company has taken up the matter with L&amp;DO for reduction of both the area and the records will be updated in Fixed Assets register/Schedule in respect of its area &amp; value once the final outcome in the matter is arrived at. The efforts are being made with L&amp;DO in this regard on regular basis.</p>
4	a. Details of Audit Qualification	<p>All trade receivables amounting to 1,69,419.41 lacs as per Note No. 9 have been outstanding for more than 3 years. The Company has made provision for bad and doubtful debts amounting to Rs. 62,727.62 lacs and another sum of Rs. 67,833.68 lacs have been shown as "Having Significant increase in credit risk" since the same is under litigation. As per Note No.9, it is explained that no provision has been made for the same since the relevant creditors will be paid only after recovery of these trade receivables, though in most of the cases agreements are not tripartite.</p> <p>Further there has been no recovery during the Financial Year 2021-22 and there is no major update of legal cases which are pending at various forums. Thus trade receivable do not seems to be stated at realisable value less cost to be incurred to recover these trade receivables. There is also no balance confirmation available for these trade receivables as on 31.03. 2022 and hence we are unable to comment upon the genuineness and effect of the same on the financial statements, if any.</p> <p>We are of the view that all trade receivables amounting to 1,69,419.41 lacs are considered doubtful of recovery resulting into short provision for doubtful debts amounting to Rs. 1,06,691.79 lacs. Thus the provision for bad and doubtful debts has been understated by Rs. 1,06,691.79 lacs and consequential impact on the statement of profit and loss account resulting into understatement of loss by Rs. 1,06,691.79 lacs.</p> <p>Further in case of M/s Rajat Pharmaceuticals Ltd (RPL), under note no.39, who drew bills of exchange on STC which were accepted upon receipt of overseas buyer's pre-acceptance to STC's bills of exchange. However, the foreign buyers defaulted in making payments against the export bills and have gone into liquidation. A sum of Rs.527.86 crores has been admitted by the liquidator of one of the foreign buyer's i.e. Loben Trading Co. Pte. Ltd, Singapore. A Decree of Rs 62.47 crores approx. has been passed by Hon'ble Bombay High Court in favour of 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 of Bombay. The matter is also under investigation by CBI. Banks &amp; Financial institutions have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 476.47 Crore. Also refer to Note No. 39, for matters other than RPL, as all these matters are sub-judice and/or under investigation of CBI and we are unable to comment upon the genuineness and effect of the same on the Financial Statements.</p>
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	Repeat
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	<p>Out of the total trade receivable of Rs. 1,69,419.41 lacs includes Rs. 62727.62 lacs "having significant increase in credit risk" being under dispute/litigation (for details of major legal cases refer note no. 38 ).</p> <p>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.</p> <p>Trade receivables include Rs.56,844 Lacs (approx.) on account of export of pharma products to foreign buyers purchase from M/s Rajat Pharmaceuticals Ltd". (RPL). RPL drew bills of exchange on STC which were also accepted upon receipt of overseas buyers pre-acceptance to STC's bills of exchange. The foreign buyers i.e. M/s Loben Trading and M/s Sweetland, defaulted in making payment against the export bills. A claim of Rs.52,786 Lacs has been admitted by the liquidator of one of the foreign buyer i.e. Loben Trading Co.Pte Ltd, Singapore . A Decree of Rs 6,247 Lacs has been passed by Hon'ble Mumbai High Court in favour of STC against the dues from foreign buyer i.e. Sweetland Trading Pte Ltd. However, one of them has gone into liquidation and official liquidator is appointed by Hon'ble High Court Mumbai. The matter is also under Investigation by CBI. No provision is required against the same. Banks &amp; Financial institutions have filed legal suit against RPL before DRT making STC also a party to the case claiming Rs. 47,647 Lacs.</p>
5	a. Details of Audit Qualification	<p>i. Refer to Note No. 20 &amp; 55, the view of the default by the company in paying due to interest amount to the banks, STC was declared NPA. The lender banks have initiated DRT proceedings against the company. The memorandum of the OTS (MOTS) proposal with lender banks is still in progress and is in line with the minutes of the high-level meeting held in 29.08.2019 and the further clarificatory letter dated 13.10.2020 of the Administrative Ministry. The liability towards banks is proposed to be settled by the way of transfer of title of identified property worth Rs.300 crore on "as is where is basis" as a full and final settlement. However, as per the recent correspondence between Canara Bank (lead bank) and STC dated 22.04.2022, the lender bank has given two options to the latter: - 1. Execution of equitable mortgage in favour of the lead bank at Delhi so that lenders can legally proceed for sale of properties mentioned in the Settlement Agreement with the authority to sell and realise the sale amount. 2. As joint suit is pending before the DRT-II, Delhi, the lenders shall proceed before DRT in execution of the consent decree for the accepted OTS amount of Rs. 300 cr. The decision making is pending with STC to convey their acceptance of suitable option for moving the MOTS ahead subject to seeking opinion from senior Government advocate. Pending settlement of OTS, the company has not provided any interest further in its financial statements during 2021-22. ii. Considering the fact that correspondence has been made by Canara Bank and STC in respect of the MOTS of Borrowings, the Borrowings have been crystallized at Rs. 30,000 lacs on as is where is basis. However, contrary to this, borrowings have been reflected at Rs. 80,623.24 lacs as against 30000 lacs, thereby overstating the borrowings to the extent of Rs. 50,623.24 lacs. The management is of the opinion that the matter is still in discussion stage. This is also non-compliance of IND AS -109 as well as IND AS -10 (regarding events occurring after Balance Sheet date) by not taking into consideration the accounting effects of the events occurring after the balance sheet date regarding crystallization of bank loan amount at Rs. 30,000 lacs.</p>



	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	In view of the default by the company in paying due interest amount to the banks, STC was declared NPA in 2018. The lender banks have initiated DRT proceedings against the company, which is likely to be withdrawn soon. The Memorandum of the OTS (MOTS) proposal with the lender banks is at the final stages and is in line with the minutes of the high level meeting held on 29.08.19 and the further clarificatory letter dated 13.10.2020 of ministry. The liability towards bank is proposed to be settled by way of transfer of title of identified immovable property worth Rs. 300 crore on "basis where is basis" as a full and final settlement. STC is in receipt of letter dated 22.04.2022 from the lead banker Canara Bank wherein, the bank has given two options with regard to MOTS i.e.: Option 1 : STC to execute equitable mortgage in favour of Canara Bank enabling it to legally proceed for sale of properties mentioned in the settlement agreement with the permission/authority to sell and realize the sale amount. Option 2 : Canara Bank to proceed before DRT to execute a consent decree for the accepted OTS amount of Rs. 30,000 lacs in the joint suit pending before DRT-II.- Opinion of Senior Government Advocate, on above matter is awaited.
6	a. Details of Audit Qualification	Currently , as per books of accounts, USD 3,149.35 lacs and Euros 20.90 lacs is receivable from its foreign buyers and USD 1665.41 lacs and Pound 0.04 lacs is payable to its foreign suppliers. In nutshell, there are foreign buyers and creditors standing in the financials of STC which have not been revalued in the FY 21-22, the potential impact of which is huge. Thus, the Company has not complied with 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. Therefore, we are unable to ascertain the potential impact on the financial statements , if any.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Matters are subjudice considering materiality concept. Refer Note No. 12 & 55, the Company has MAT credit of Rs. 1347.81 lacs . However, there is no virtual certainty of profits in the future considering the high value of contingent liabilities, significant decrease in the sales value, negative net worth of the Company and decision of the board of directors regarding Non operative status of the Company dated 05.04.2021. This observation was also raised by the CAG auditors for the FY 2020-21. But still the MAT credit has not been reversed and this has resulted into understatement of loss by 1347.81 lacs and overstatement of Current assets by Rs. 1347.81 lacs.
7	a. Details of Audit Qualification	
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	Repeat
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Mat credit of Rs 1347.81 lacs is being carried forward for future MAT liability on account of possible future favourable litigation settlements.
8	a. Details of Audit Qualification	i. Refer Note No. 14 –"Other Current Assets for non-provisioning in respect of Duties and taxes recoverable , CST (coal ) amounting to Rs. 6.89 lacs which is non recoverable and still not written off. ii. Refer Note No. 11- Other Financial Assets -Claims Recoverable for non-provisioning in respect of Claims Recoverable o/s since last many financial years amounting to 1613.43 lacs where no present status could be ascertained by the management of the Company and still not written off. This is non-compliance of IND AS -36 as no provision has been made for impaired assets. All these current assets are being reflected at their carrying amounts instead of on realization values. This has resulted into overstatement of Current assets by Rs. 1769.15 lacs and understatement of loss by Rs. 1769.15 lacs.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Pending with various department and authorities Refer Note No. 38, for non-provision of a demand of Rs. 4,743 lacs out of total demand received from Land and Development Office - New Delhi amounting to Rs. 13,283 lacs (for the period March,2004 to July, 2018) which has resulted in understatement of loss by Rs 4,743 lacs and understatement of liabilities. However, it has been shown as contingent liability. Also, company has not provided for interest accruing on the said demand amount (to be calculated at the rate of 10%) approx. The matter is under correspondence with L&DO office and no provision is made for the year 2021-22 in the accounts.
9	a. Details of Audit Qualification	
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Demand of Rs. 13,283 lacs was 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 yet to be resolved. On the observation of CAG audit, the firm liability of Rs. 8,540 lacs has been created in the book of accounts for the F.Y. 2021-22.Further STC vide letter dtd 20.05.2022 requested L&DO to provide Outstanding dues as on date and the reply is still awaited.
10	a. Details of Audit Qualification	All the trade payables amounting to Rs. 1,11,960 lacs are without any balance confirmation and are outstanding for more than 3 financial years. No amount is payable to these parties as these are suppliers who have entered into legal agreement with STC wherein no amount is payable to them until and unless the amount is recovered from the foreign buyer. Thus, the management has not accorded any treatment to these trade payables and to that extent, liabilities are overstated.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Matters are subjudice The GST input receivable and payable balances are not reconciled by the Company as on March 31,2022. No satisfactory data/explanation has not been furnished to us till the date of finalization of audit. Tax Deducted at Source In respect of the TDS deducted by the tenants, Company has not accounted for the TDS reconciled with amount as appearing in Form 26AS available on the portal amounting to Rs. 20.19 lacs .It has been further observed that the Total TDS Default of ₹ 9.33 lacs is appearing on the Income Tax (TRACES) Portal. No provision has been made for this demand and also not disclosed as Contingent liability.
11	a. Details of Audit Qualification	
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Matter will be taken up in next FY-2022-23



12	a. Details of Audit Qualification	It has been observed from the Form 26AS -downloaded from the Income tax portal that Interest income from Canara Bank amounting to ₹ 4,15,593 on which TDS amounting to Rs. 41,559 has been deducted by the Canara Bank is appearing in the AIS. However neither the Income nor the TDS Receivable is booked in the books of accounts as the management does not have any details regarding this fixed deposit. Canara Bank has however informed on 26-05-2022 that this FDR does not belong to STC Limited. The matter is under correspondence and correction at the Bank level. Therefore, we are not able to comment upon the effect of this non accounting of Interest received and TDS thereof on the financial statement in the absence of complete details regarding this fixed deposit.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	First Time
	d. For Audit qualification, whether the	Said FD doesn't pertain to STC and the same will be revised by bank
12	a. Details of Audit Qualification	customer at credit includes amount payable to U.P. Government amounting to Rs 603 lacs. As informed by the management, Branch has made various other claims on U.P Government and accordingly dues of Rs. 3911 lacs is recoverable from U.P. Government for which debit note dated March 10, 2014 was raised. However, the said claim was not recognized in the standalone financial statements of the branch till date, as its ultimate collection was not certain. In absence of information on acceptability of the said claim by the UP Government, we are unable to ascertain its possible impact, if any, on the standalone financial statements of the Company. It seems that the financial statements have not been prepared on realization basis as mentioned in the accounting policies. All non-current assets held for Sale and other current assets have been stated at their carrying amounts as appearing in the books of accounts without making any exercise by the management to determine the realizable value of each current asset.
	b. Type of Audit Qualification:	Qualified Opinion
	c. Frequency of Qualification	Repeat
	d. For Audit qualification, whether the impact is quantified by the audit, management's view	Amount payable of Rs. 603 lacs to U.P, Government is adjustable against claims of interest and carrying charges amounting to Rs 3382.23 lacs is outstanding from UPGEWC on account of (i) differential of import price and amount realised on risk sale of 9555.285 MTs Lemon Tur and (ii) Interest and carrying charges, and STC has been continuously following up the recovery matter with Govt of UP and filed its petition dtd 28.01.2022 for resolution of dispute through AMRCD mechanism.
	<b>Signatories</b>	
	> DIR-Fina -MMTC Additional Charge of STC	<i>[Signature]</i>
	> CFO	<i>[Signature]</i>
	> Audit Committee Chairman	<i>[Signature]</i>
	> Statutory Auditor - Bhatia & Bhatia Chartered Accountants	<i>[Signature]</i>



*[Signature]*  
27/05/22



प्रभाग  
DIVISION

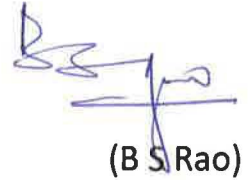


दि स्टेट ट्रेडिंग कार्पोरेशन ऑफ इंडिया लिमिटेड  
(भारत सरकार का उद्यम)  
**THE STATE TRADING CORPORATION OF INDIA LTD.**  
(A Govt. of India Enterprise)

## 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<sup>th</sup>, 2016, we hereby declare that Bhatia & Bhatia, Chartered Accountants, (Firm Regn. No. 003202N), 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 31<sup>st</sup> March, 2022 (both standalone and consolidated).

For STC of India Ltd.



(B S Rao)

Chief Financial Officer

Date: 27.05.2022





एक कदम स्वच्छता की ओर

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दि स्टेट ट्रेडिंग कार्पोरेशन ऑफ इंडिया लिमिटेड  
(भारत सरकार का उद्यम)  
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## 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, B S Rao, CFO and KK Gupta, Director Finance MMTC Additional Charge of STC certify that :

A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2022 and that to the best of our knowledge and belief :

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

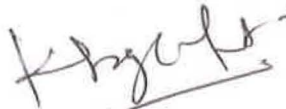
B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.



C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee that:

1. There has not been any significant change in the internal control over financial reporting during the year under reference.
2. There has been a 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.



K K Gupta  
DIR-F –MMTC  
Additional  
Charge of STC



(B S Rao)  
CFO

Place: New Delhi  
27.05.2022





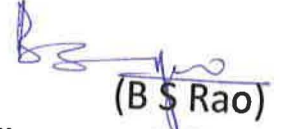
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TO WHOMSOEVER IT MAY CONCERN

Certified that the audited financial results for the year ended 31.03.2022 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.

  
(B S Rao)

Chief Financial Officer

Place: New Delhi

Date: 27/05/2022

