







**श्री धर्मेन्द्र प्रधान**

माननीय केन्द्रीय मंत्री - पेट्रोलियम और प्राकृतिक गैस मंत्रालय, इस्पात मंत्रालय  
**Shri Dharmendra Pradhan**  
Hon'ble Minister of Petroleum and Natural Gas and Minister of Steel



**श्री फगगन सिंह कुलस्ते**

माननीय इस्पात राज्य मंत्री  
**Shri Faggan Singh Kulaste**  
Hon'ble Minister of State for Steel



**श्री विनय कुमार**

सचिव (इस्पात) (31.05.2020 तक)  
**Shri Binoy Kumar**  
Secretary (Steel) (upto 31.05.2020)



**श्री प्रदीप कुमार त्रिपाठी**

सचिव (इस्पात) (01.06.2020 से प्रभावी)  
**Shri Pradip Kumar Tripathi**  
Secretary (Steel) (w.e.f. 01.06.2020)



न्यू टाउन, कोलकाता में एमएसटीसी का निर्माणाधीन निगमित कार्यालय भवन  
MSTC's Corporate Office Building being constructed at New Town, Kolkata

# 55<sup>th</sup> Annual Report

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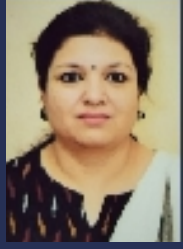
## निदेशक मंडल Board of Directors



श्री बी. बी. सिंह  
अध्यक्ष सह प्रबंध निदेशक  
**Shri B. B. Singh**  
Chairman & Managing Director  
[Upto 30.11.2019]



श्री सुरेंद्र कुमार गुप्ता  
अध्यक्ष सह प्रबंध निदेशक  
**Shri Surinder Kumar Gupta**  
Chairman & Managing Director  
[w.e.f. 17.12.2019]



श्रीमती भानु कुमार  
निदेशक (वाणिज्यिक)  
**Mrs. Bhanu Kumar**  
Director (Commercial)



श्री सुब्रत सरकार  
निदेशक (वित्त) एवं सीएफओ  
**Shri Subrata Sarkar**  
Director (Finance) and CFO



श्रीमती रुचिका चौधरी  
गोविल  
सरकारी नामांकित निदेशक  
**Mrs. Ruchika  
Chaudhry Govil**  
Govt. Nominee Director



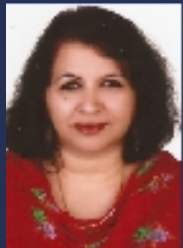
डॉ प्रमोदिता सतीश  
सरकारी नामांकित निदेशक  
**Dr. Promodita Sathish**  
Govt. Nominee Director  
[Upto 02.07.2020]



श्री जी.आर. अलोरिया  
स्वतंत्र निदेशक  
**Shri G. R. Aloria**  
Independent Director



डॉ. टी.वी.  
मुरलीवल्लभन  
स्वतंत्र निदेशक  
**Dr. T. V.  
Muralivallabhan**  
Independent Director



श्रीमती अपर्णा चतुर्वेदी  
स्वतंत्र निदेशक  
**Mrs. Aparna Chaturvedi**  
Independent Director



डॉ. आर. एस. येली  
स्वतंत्र निदेशक  
**Dr. R. S. Yeli**  
Independent Director



अवधेश कुमार चौधरी  
सरकारी नामांकित निदेशक  
**Awadhesh Kumar  
Choudhary**  
Govt. Nominee Director  
[w.e.f. 02.07.2020]





## दृष्टि, ध्येय और लक्ष्य

### दृष्टि

- क) विश्व बाजार में ई-कॉमर्स की शीर्ष कंपनी बनना।
- ख) ट्रेडिंग के क्षेत्र में एक प्रमुख विश्वसनीय और पारदर्शी कंपनी बनना।
- ग) अनुपयोगी सामग्री को टिकाऊ एवं पर्यावरण-हितैषी पुनर्प्रक्रिया के माध्यम से उपयोगी सामग्री में बदलना।

### ध्येय

- क) ई-कॉमर्स के व्यापक उपयोग से पारदर्शिता और बेहतर कीमत सुनिश्चित करना।
- ख) परेशानी मुक्त और निष्पक्ष ई-कॉमर्स से ट्रेडिंग को शक्ति-सम्पन्न बनाना।
- ग) टिकाऊ एवं पर्यावरण-हितैषी पुनर्प्रक्रिया को बल देना।
- घ) निरंतर नवोन्मेष के माध्यम से अपने सभी स्टैक होल्डरों को वांछित परिमाण देना।
- ङ) निरंतर अपने कार्य-क्षेत्र में नए क्षेत्र की तलाश करना तथा अपनी सेवाओं की गुणवत्ता में लगातार वृद्धि करना।

### लक्ष्य

- क) ई-कॉमर्स की विश्वसनीय सुगम सेवा से विश्व स्तर पर सीमा पार व्यवसाय को शक्ति-सम्पन्न बनाते हुए भारत की हिस्सेदारी में वृद्धि करना।
- ख) अपने व्यवसायिक सहयोगियों को त्वरित और कुशल सेवाएं प्रदान करते हुए अपने व्यवसाय के प्रति ग्राहकों के अनुभव को बेहतर बनाना तथा ग्राहकों की संतुष्टि में महत्वपूर्ण-सकारात्मक योगदान करना।
- ग) भारत और अन्य देशों के सार्वजनिक और निजी क्षेत्र की कंपनियों की लेनदेन एवं बेहतर कीमत पाने के लिए अपना सुरक्षित और पारदर्शी ई-कॉमर्स प्लेटफॉर्म उपलब्ध कराना।
- घ) सक्षम, समर्पित और उत्प्रेरित कार्यबल का विकास करना।
- ङ) मेटल एवं ई-वेस्ट रिसाइक्लिंग के क्षेत्र में तथा ई-कॉमर्स प्लेटफॉर्म पर भावी व्यवसाय-वृद्धि के लिए ऐसी कंपनियों से संयुक्त उद्यम की कंपनी बनाना, जो इन उपक्रमों में समन्वयक की भूमिका निभाए।
- च) नियोजित पूंजी पर इष्टतम रिटर्न सुनिश्चित करने और नेट वर्थ पर 15% की वापसी हासिल करने के लिए उपरोक्त गतिविधियों को शुरू करना।
- छ) रिसाइक्लिंग क्षमता निर्माण में निवेश कर और स्कैप के सुनियोजित निपटान के लिए अपना पारदर्शी प्लेटफॉर्म देते हुए देश में पुनर्नवीनीकरण मेटल और ई-वेस्ट वस्तुओं की मांग बनाना और उनकी आपूर्ति में वृद्धि करना।

## Vision, Mission and Objectives

### Vision

- a) To be the global market leader in e-commerce domain.
- b) To emerge as a dominant player in secured and transparent trading.
- c) Creating value from waste resources through sustainable and eco-friendly recycling.

### Mission

- a) To ensure transparency and better price discovery through extensive use of e-commerce.
- b) To ensure hassle-free and fair e-commerce enabled trading.
- c) To promote sustainable and eco-friendly recycling.
- d) To strive for continuous innovation to deliver desired value to our stakeholders.
- e) To penetrate and expand the markets we handle and enhance the value of services we render on sustained basis.

### Objectives

- a) To increase India's share in global cross border trade by facilitating reliable e-commerce enabled trading.
- b) To improve customer experience and make a significant positive impact on customers' satisfaction by providing prompt and efficient services to business associates, driving improved loyalty to its business.
- c) To provide a secure and transparent e-commerce platform enabling better price discovery and meet the transactional requirements of Indian and cross border public and private sector enterprises.
- d) To develop and maintain a competent, dedicated and motivated workforce.
- e) To, enter into joint ventures with enterprises offering synergy in the area of metal and e-waste recycling, prospective business on e-commerce platform.
- f) To undertake these activities so as to ensure an optimum return on capital employed and to attain a return of 15% on the net worth.
- g) To build demand and increase supply of recycled metal and e-waste commodities in the country by investing in recycling capacity building and providing a transparent platform for organized disposal of scrap.



## वर्तमान एमएसटीसी

9 सितंबर, 2019 को एमएसटीसी ने अपने अस्तित्व के 55 वर्षों को सफलतापूर्वक पूरा कर लिया है और विकास की लंबी यात्रा के 56 वें वर्ष के लिए अपने रास्ते पर प्रशस्त है। एक छोटी सी कैनलाइज्ड एजेंसी से, इसने अपने को ई-कॉमर्स की बी 2 बी सेक्टर की बड़ी कंपनी में तब्दील हो गई है और सार्वजनिक क्षेत्र में एकमात्र ऐसी कंपनी होने का गौरव प्राप्त किया है।

एमएसटीसी आज कच्चे माल के समर्थन और सीमलेस ई-कॉमर्स सेवाओं के लिए स्टील और पेट्रोकेमिकल क्षेत्रों में अपनी सेवाएं प्रदान कर रहा है, जिसमें विभिन्न सार्वजनिक क्षेत्र के उपक्रम, केंद्र सरकार/राज्य सरकार और निजी क्षेत्र की कंपनियों के लिए अभिनव दृष्टिकोण है। कोयला ब्लॉकों की सफल ई-नीलामी एमएसटीसी की एक और उपलब्धि है और एमएसटीसी आज पहले की तुलना में काफी बड़ा हुआ है। भारत सरकार की कई महत्वाकांक्षी योजनाएं मसलन डीडियूजीकेव्हाई, डीडईपी (दीप), यूडीएन (उदान), डीएफएस बिडिंग, खनिज ब्लॉक ऑक्शन आदि का एमएसटीसी द्वारा विकसित ई-कॉमर्स पोर्टल के माध्यम से सफलतापूर्वक कार्यान्वयन किया गया। यह सबसे पसंदीदा सेवा प्रदाता है और विभिन्न केंद्रीय पीएसयू, राज्य सरकारों एमएसटीसी को उसकी विश्वसनीयता हेतु नामांकन आधार पर शामिल कर रही हैं।

एमएसटीसी आज श्रेणी-1 मिनी रत्न सार्वजनिक क्षेत्र की अनुसूची 'बी' कंपनी है जो इस्पात मंत्रालय, भारत सरकार के प्रशासनिक नियंत्रण के अधीन है। कंपनी के शेयर बीएसई (BSE) तथा एनएसई (NSE) स्टॉक एक्सचेंजों में सुचीबद्ध है।

1964 में एक छोटी सी ट्रेडिंग कंपनी के रूप में शामिल किया गया था, जिसमें रु. 6 लाख रुपये की छोटी पूंजी थी। पिछले 55 वर्षों में यह एक बड़ी बहु-उत्पाद विविध कंपनी बन गई है। एमएसटीसी ने पाँच बार बोनस शेयर जारी किए हैं और शेयरधारकों के मूल्य में काफी बढ़ोतरी हुई है और एक मूल शेयर अब चौसठ शेयर है। इसने प्रत्यक्ष और अप्रत्यक्ष कर के अलावा सरकारी खजाने को काफी लाभांश दिया है।

एमएसटीसी अपने सीएसआर पहल के तहत पर्यावरण, प्राकृतिक संसाधनों के संरक्षण और वंचित वर्ग के उत्थान के लिए प्रतिबद्ध है।

एमएसटीसी कच्चे माल के संदर्भ में औद्योगिक उपयोग के लिए स्क्रैप के पुनर्चक्रण की सुविधा देता है और इससे इनपुट लागत में कमी, ऊर्जा और प्राकृतिक संसाधनों का संरक्षण होता है और आखिरकार पर्यावरण को बचाता है। इस प्रकार यह सरकार के 'स्वच्छ भारत' मिशन में काफी योगदान देता है।

एमएसटीसी ने संयुक्त रूप से एमएमआरपीएल के साथ पुनर्चक्रण (रिसाइक्लिंग) क्षेत्र में प्रवेश किया है। इस उद्देश्य हेतु ग्रेटर नोएडा और चेन्नाई में आधुनिक तकनीक सहित दो संग्रहण सह विघटन केन्द्र की स्थापना की गयी है। ये केन्द्र प्रमुख ऑटो ग्रेडिंग संयंत्र हेतु आपूर्ति फीडस्टॉक के रूप में कार्य करेंगे।

एमएसटीसी आज अपने गौरवशाली अस्तित्व के 56 वें वर्ष में देश के लोगों, सरकार, हितधारकों के प्रति कंपनी में विश्वास रखने के लिए आभार व्यक्त करता है। हम अपनी व्यवसायिक गतिविधियों में नैतिक व्यवसायिक सिद्धांतों, वांछनीय शासन, प्रबंधन क्षमताओं, सामाजिक कारण, पारदर्शिता और निष्पक्षता के प्रति हमारी प्रतिबद्धता दोहराते हैं।

## MSTC at Present

MSTC has successfully completed 55 years of its existence on 9th September 2019 and is moving on its way to 56th year of a long journey of growth. From being a small canalized agency, it has transformed itself into e-commerce giant in B2B sector and has the distinction of being only such company in public sector.

MSTC today is rendering its services to steel and petrochemical sectors for raw material support and seamless e-commerce services with innovative approach to various PSUs, Central Government/State Government and private sector companies. Successful e-auction of coal blocks is yet another feather in MSTC's cap and MSTC today stands taller than yesterday. Many Govt. of India's flagship schemes like DDUGKY, DEEP, UDAN, DFS bidding, Mineral Block Auction etc. have been successfully implemented through e-Commerce portal developed by MSTC. It is the most preferred service provider and various Central PSUs, State Governments are engaging MSTC on nomination basis based on its strong credentials.

MSTC today is category-I Mini Ratna Public Sector schedule 'B' company under the administrative control of Ministry of Steel, Govt. of India. Shares of the Company are listed with BSE and NSE stock exchanges.

Incorporated in 1964 as a small trading company with a meagre capital of ₹ 6 lakhs, in last 55 years it has grown into a large multi-product diversified company. MSTC has issued bonus shares five times and the shareholders' value has substantially being enhanced and one original share is now sixty four shares. It has paid substantial dividends to the Government exchequer apart from direct and indirect tax.

MSTC is committed to protection of environment, natural resources, uplift of the poor and under privileged class under its CSR initiatives.

MSTC facilitates in recycling of scrap for industrial use in terms of raw materials and thereby reduces input cost, conserve energy & natural resources and ultimately protects the environment. Thus it contributes significantly to "Swachh Bharat" Mission of the Government.

MSTC jointly with MMRPL forayed into recycling centre. Two collection and dismantling centres with a state of the art centre have been set up at Greater Noida and Chennai. These centers will act as a supply feed stock for the Main Auto Shredding plant.

MSTC today on its 56th year of glorious existence expresses its gratitude to the people of the country, the Government, the stakeholders for reposing faith in the company. We reiterate our commitment to ethical business principles, desirable governance, management capabilities, social cause, transparency and fairness in all its business activities.



## अध्यक्षीय संबोधन Chairman's Statement

प्रिय शेयरधारकों एवं निदेशक मंडल के सदस्यगण,

31 मार्च, 2020 को समाप्त वर्ष के लिए आपकी कंपनी की वार्षिक रिपोर्ट एवं लेखा आपके समक्ष प्रस्तुत करते हुए मुझे बहुत खुशी हो रही है। यह मेरे लिए सौभाग्य की बात है कि मुझे आपसे जुड़ने का मौका मिला है एवं हाल के वर्षों में आपने कंपनी के प्रति जो भरोसा एवं विश्वास जताया है, उसके लिए मैं तहे दिल से आभार व्यक्त करता हूँ। 17 दिसम्बर, 2019 को कंपनी के अध्यक्ष एवं प्रबंध निदेशक का पद संभालने के बाद मैं विकास के अवसरों को आगे बढ़ाने के लिए हमारे व्यापार के विस्तार को सुनिश्चित एवं पारदर्शी टिकाऊ तरीके से हमारे सभी हितधारकों के लिए मूल्य सृजन करने हेतु अपनी प्रतिबद्धता को दोहराना चाहता हूँ।

**आर्थिक एवं व्यावसायिक परिवेश**

विश्व स्वास्थ्य संगठन (डब्ल्यूएचओ) द्वारा 11 मार्च, 2020 को महामारी के रूप में घोषित नोवल कोरोना वायरस (कोविड-19) के वैश्विक प्रसार ने वैश्विक इक्विटी बाजार में उथल-पुथल लाते हुए जबरदस्त आघात पहुँचाया है। कोविड-19 महामारी को तेजी से फैलते हुए देख सरकार को लॉकडाउन के लिए बाध्य होना पड़ा है। केन्द्र एवं सम्बंधित राज्य सरकार की ओर से कोविड-19 प्रसार को रोकने के लिए इस प्रकार के अप्रत्याशित उपाय लिए जाने से देश की आर्थिक दशा पर बहुत ही प्रतिकूल प्रभाव पड़ा है। यह महामारी एक अप्रत्याशित वैश्विक स्वास्थ्य संकट है एवं इसका प्रभाव कम से कम इस अवधि में पूरे वैश्विक बाजार में एवं नीति-निर्धारकों के ध्यान पर छाया रहेगा।

असली चुनौती तो आने वाले महीनों में आएगी। हम पहले ही ऐसे कई बदलावों का अनुभव कर चुके हैं। हमें नए सामान्य परिवेश में धीरे-धीरे तबदील हो रही गतिविधियों को समझने एवं प्रतिक्रिया जताने के उपायों को ढूँढना होगा। इस बदलते माहौल में हमें हमारी कार्यनीतियों पर फिर से कार्य करने की जरूरत है एवं ई-कॉमर्स क्षेत्र ने विश्व-स्तर पर प्रतिकूल परिस्थितियों में बहुत सारे अवसरों का सृजन किया है।

*किसी ने कहा है कि प्रतिकूल परिस्थितियाँ आने पर, इनसे भागने के बजाय आपको सकारात्मक रवैये एवं मुस्कान के साथ इनका डटकर सामना करना चाहिए।* आपकी कंपनी ने अपने सभी कार्यालयों में कर्मचारियों की सुरक्षा सुनिश्चित करने के लिए, सरकार एवं स्थानीय संस्थाओं द्वारा जारी विभिन्न दिशा-निर्देशों/नियमनों/अनुदेशों का पालन करने हेतु पहले से ही सक्रिय उपायों को अपनाया है।

**Dear Shareholders & Members of the Board,**

It gives me immense pleasure to present to you the Annual Report and Accounts of your Company for the year ended 31st March, 2020. It is my privilege that I am communicating with you and I sincerely acknowledge the trust and confidence you have reposed in the Company during the recent years. After taking over as the Chairman and Managing Director of the company on 17th December, 2019, I wish to reiterate our commitment for pursuing growth opportunity, ensure expansion of our businesses and also creating value for all our stakeholders in a transparent and sustainable manner.

**Economic and Business Environment**

The global spread of the novel corona virus (COVID-19) has sent shockwaves through global equity markets, declared by the World Health Organisation (WHO) as pandemic on 11th March, 2020. The COVID-19 pandemic developed rapidly, forcing governments to enforce lock-downs. With such unprecedented measures taken by both the Central and respective State Governments to contain the spread of COVID-19, the Country's economy got adversely impacted. The pandemic is an unprecedented global health crisis, and its impact is likely to dominate global markets and policymakers' attention at least in the near term.

The real challenge will come in the following months. We have already started witnessing many of those changes, we must find ways to understand and respond to the gradually evolving dynamics of the new normal. In the changed scenario, we have to rework our strategies and e-commerce sector has created the much sought opportunity in adversity globally.

*As someone said instead of giving up on the face of adversity, you should face it with a positive attitude and smile.* Your company has taken proactive measures to comply with various directions / regulations / guidelines issued by the Government and local bodies to ensure safety of workforce across all its offices.



संरचनात्मक दृष्टि से, भारतीय अर्थ-व्यवस्था में पिछले कुछ दशकों से सेवा क्षेत्र का आधिपत्य रहा है। पिछले दशक में भारत को निर्माण का एक गढ़ बनाने एवं भारतीय अर्थ-व्यवस्था में विनिर्माण क्षेत्र के योगदान का विस्तार करने हेतु भारत सरकार की विभिन्न पहल जैसे कि 'मेक इन इंडिया', 'स्किल इंडिया' एवं 'स्टार्टअप इंडिया' को अब समय की कसौटियों का सामना करना पड़ेगा एवं वैश्विक व्यवसायों की रणनीतिक गतिविधियों के साथ अब देखनेवाली बात यह होगी कि वैश्विक व्यवसाय एवं बाजार किस प्रकार भारत में पुनःस्थापित होने में सक्षम हो पाएंगे।

#### समीक्षाधीन वर्ष के दौरान :

चुनौतियों के बावजूद, आपकी कंपनी ने परिचालनीय स्तर पर सराहनीय उपलब्धि हासिल की है। यह साल आपकी कंपनी मुनाफे की राह में लौटने के लिए उल्लेखनीय रहा है। यह साल कार्य-निष्पादन में सराहनीय सुधार आने के लिए स्मरणीय रहा था, एक ऐसा वर्ष, जब आमूल बदलाव के कुशल प्रबंधन के लिए आपकी कंपनी के निरंतर प्रयास अपनी पराकाष्ठा पर पहुँच पाए थे।

- कंपनी ने स्क्रेप की बिक्री / स्क्रेप निपटान में लगभग रु. 42209.10 मिलियन की मात्रा दर्ज की।
- ई-सेल व्यवसाय का भी निष्पादन असाधारण रूप से अच्छा रहा है एवं लगभग रु. 238621 मिलियन की मात्रा दर्ज की गई।
- ई-प्रोक्योरमेंट ने लगभग रु. 260418.80 मिलियन की वृद्धि दर्ज की।

वित्तीय वर्ष के दौरान, आपकी कंपनी के निदेशक मंडल ने 33% की दर से अंतिम लाभांश अर्थात रु. 10 प्रत्येक के अंकित मूल्य के रु.3.30 प्रति इक्विटी शेयर की सिफारिश की है।

कोविड-19 फैलने के कारण, मौजूदा वित्तीय वर्ष आपकी कंपनी के लिए बहुत ही चुनौती भरा रहा है। परन्तु मुझे दृढ़ विश्वास है कि ग्राहकों एवं भागीदारों के साथ बेहतर संबंध, बुलंदियों पर उपस्थिति, विविधकृत व्यवसाय मिश्रण, सुदृढ़ एवं लचीले व्यवसाय मॉडल के साथ आपकी कंपनी सुदृढ़ता के साथ इनका सामना कर पाएगी। आनेवाले तूफान का डटकर सामना करने एवं इस मंदी के दौरान उत्पन्न अवसरों का लाभ लेने में आपकी कंपनी पूर्ण सक्षम है एवं नई क्षमताओं को अर्जित करने और बाजार में भागीदारी बढ़ाने में सफल होगी।

#### एमएसटीसी के फायदे

एमएसटीसी की ई-कॉमर्स में एक सेवा प्रदाता के रूप में एक महत्वपूर्ण भूमिका रही है एवं इस क्षेत्र में इसने बाजार में एक अग्रणी के रूप में अपनी पहचान बनाई है। भौतिक उपस्थिति और/या किसी अन्य विधि द्वारा संचालित किसी भी व्यावसायिक कार्यकलाप को ऑनलाइन कार्यकलापों में परिवर्तित करने की हमारी क्षमता ही हमारी प्रमुख शक्ति है। अधिकांश केन्द्र/लोक सेवा उद्यम/ राज्य सरकार के विभागों एवं निजी क्षेत्र के संस्थानों के अपने उपभोक्ताओं को पारदर्शी, निष्पक्ष एवं विघ्नरहित ई-कॉमर्स सेवाएँ प्रदान करने में इसकी अपनी विशिष्टता रही है। अब एक सूचीबद्ध कंपनी के रूप में, पूरे देश में बेहतर पहचान के साथ अपने समकक्ष प्रतियोगियों से कुछ आगे रहते हुए बाजार में अतिरिक्त लाभ का फायदा उठा पाएगी। व्यक्तिगत किसानों के पास पहुँचने के लिए कंपनी लगातार सुदृढ़ प्रयास कर रही है एवं उनके उत्पादों के लिए बेहतर मूल्य प्रदान करने के साथ-साथ बहु बिचौलियों के जाल से मुक्ति दिलाते हुए ग्राहकों को किफायती मूल्य में उच्च गुणमान के उत्कृष्ट उत्पादों को पहुँचाती है। अतएव, एमएसटीसी अत्यंत पारदर्शी एवं निष्पक्ष उपाय से किसानों की आमदनी को दुगना करने के भारत सरकार के लक्ष्य पर चलते हुए ग्राहकों की मांग एवं किसानों की आमदनी बढ़ाने में एक संतुलन स्थापित करने की दिशा में बेहतरीन काम कर रही है।

Structurally, Indian economy has been dominated by Service sector for the past few decades. Indian Government's multiple initiatives like 'Make in India', 'Skill India' and 'Startup India' in the last decade to make India into a manufacturing hub and expand the contribution of Manufacturing sector in the Indian economy shall now face the test of time and with strategic movement of global businesses it will be seen how the global businesses and markets find it congenial to relocate in India.

#### During the year under review;

In spite of the challenges, your Company has achieved significant growth at the operational level. The year marked the return of your Company into Profit. It was a year of noticeable improvement in the performance, a year in which the persistent efforts of your Company to stage the turnaround finally culminated.

- The company has recorded volume of ₹ 42209.10 million from sale of scrap/scrap disposal.
- E-sale business has also performed exceptionally well and has recorded a volume of around ₹ 238621 million.
- E-procurement has recorded increase of approx. ₹ 260418.80 million.

During the financial year, the Board of Directors of your Company has recommend a final dividend @ 33 % i.e ₹ 3.30 per equity share of the face value of ₹10 each.

Due to outbreak of Covid-19 the current financial year is very challenging for your company but I firmly believe that your company is strong with deep relationships with customers and partners, enviable scale, a diversified business mix, a robust and resilient business model. Your company is well positioned to weather the storms ahead and take advantage of opportunities that come up during the downturn to acquire new capabilities and gain market share.

#### MSTC Advantage

MSTC plays a very important role as a service provider in e-commerce and is a market leader in this sector. Our strength lies in our ability to convert any business activity conducted through brick and mortar method and/or in any other method to online activity. It has the distinction of serving majority of Central/PSUs/State Govt. Departments and Private Institutions for providing transparent, fair & seamless e-Commerce services to its clients. Being a listed Company now, MSTC will be getting an added advantage in the market by remaining a little ahead from its peer competitors along with more recognition throughout the country. The company has been making concerted efforts to reach out the individual farmers and provide them a good price for their produce at the same time reaching out to end consumers with quality and niche products at affordable price by eliminating the multiple layers of middlemen. Hence, MSTC is doing splendid work to balance out the consumers demands and increase the level of income of farmers in line with the Government of India's objective to double the level of income of farmers, in a fair and transparent way.

पिछले कुछ वर्षों में, भारतीय ई-कॉमर्स क्षेत्र जबरदस्त विकास का साक्षी रहा है एवं आगले कुछ वर्षों में इस वृद्धि के बने रहने की पूरी संभावना व्यक्त की जाती है। वृद्धि की इस मजबूत-उज्ज्वल संभावना ने ही यहाँ विदेशी निवेशकों को आकर्षित किया है एवं हमें विश्वास है कि हमारी कंपनी इस क्षेत्र में उपजी वृद्धि का लाभ लेने के लिए पूर्ण तत्पर एवं सजग है।

एमएसटीसी अपनी व्यवसाय-परिधियों में प्रवर्तक के रूप में लाभ लेने में सबसे आगे रहा है।

#### सहायक कंपनी

फेरो स्कैप निगम लिमिटेड कंपनी की 100% सहायक कंपनी है। वर्ष के दौरान सहायक कंपनी का निष्पादन अच्छा रहा है। 31 मार्च, 2020 के अनुसार एफएसएनएल का कर पश्चात लाभ रु. 305.76 मिलियन था।

#### एमएमआरपीएल के साथ श्रेडिंग प्लांट के लिए संयुक्त उद्यम

आप तो जानते ही हैं कि हमारे बहु-कार्य परिचालनों में विस्तार लाने एवं भारत में इस्पात उद्योग को सहयोग प्रदान के लिए, हमारी कंपनी ने एमएमआरपीएल के माध्यम से रिसाइक्लिंग (पुनर्चक्रण) क्षेत्र में कदम रखा है। ग्रेटर नोएडा में कंपनी के ऑटो रिसाइक्लिंग प्लांट ने अपने कार्य-परिचालन का प्रथम पूर्ण वित्तीय वर्ष पूरा कर लिया है एवं उल्लेखनीय उपलब्धि हासिल की है। पुनर्चक्रण कार्य-परिचालनों से कंपनी के उत्पादन को बाजार से अच्छी प्रतिक्रिया प्राप्त हुई है। चेन्नई में स्थित कंपनी के दूसरे प्लांट ने फरवरी 2020 से परीक्षण-परिचालन शुरू कर दिया है।

#### सीएसआर (निगमित सामाजिक दायित्व)

दोस्तों, हम जनसमुदायों एवं समाज में रहने वाले लोगों की जीविका को बेहतर बनाने के लिए प्रतिबद्ध हैं। वित्तीय वर्ष 2018-19 में, हानि होने के कारण कंपनी ने कोई सीएसआर बजट नहीं रखा था, परन्तु जन-समुदाय के एक जिम्मेदार सदस्य के रूप में आपकी कंपनी ने प्राइम मिनिस्टर्स सिटीजन असिस्टेंस एण्ड रिलीफ इन इमर्जेन्सी सिचुएशन्स फंड (पीएम केयर्स फंड) में रु. 5.54 करोड़ का योगदान दिया है। कंपनी के अधिकांश कर्मचारियों ने प्राइम मिनिस्टर्स सिटीजन असिस्टेंस एण्ड रिलीफ इन इमर्जेन्सी सिचुएशन्स फंड (पीएम केयर्स फंड) में योगदान के रूप में अपना एक दिन का वेतन भी दिया है।

#### परिचालनीय उत्कृष्टता

आप तो जानते हैं कि आपकी कंपनी देश की एक प्रमुख स्टैंडएलोन ई-कॉमर्स कंपनी है। इसके कार्य क्षेत्र में, सेलिंग एजेंसी व्यवसाय, स्कैप एवं अन्य वस्तुओं की ई-बिक्री, ई-प्रोक्योरमेंट इत्यादि शामिल हैं। जरूरत के अनुसार निर्मित ई-कॉमर्स समाधान एमएसटीसी का एक प्रमुख नवाचार व्यवसाय मॉडल के रूप में उभरकर सामने आया है। इस दिशा में हमने पेट्रोलियम इंडस्ट्री के लिए एक अभूतपूर्व एग्जिम पोर्टल, एलपीजी डीलरशिप के चयन हेतु ऑनलाइन डॉ सिस्टम, दाल, तिलहन आदि की बिक्री के लिए ई-रकम (ई-राष्ट्रीय किसान एग्री मंडी) पोर्टल जैसी कई पहल की है।

समीक्षाधीन वर्ष के दौरान कंपनी ने हैदराबाद मेट्रोपॉलिटन डेवलपमेंट अथॉरिटी की ओर से कई प्लॉट की सफलतापूर्वक नीलामी की है। गाजियाबाद डेवलपमेंट अथॉरिटी के प्लॉट के लिए भी पोर्टल विकसित किया गया है। एमएसटीसी ने अपने पोर्टल के माध्यम से 46535 नीलामियों/इवेंटों का आयोजन किया था, जबकि पिछले वर्ष यह आंकड़ा 36640 था।

समीक्षाधीन वर्ष के दौरान आपकी कंपनी ने कृषि मंत्रालय, भारत सरकार की ओर से पूरे भारत में जैव कृषि उपज को बेचने के लिए जैविकखेती पोर्टल आरंभ किया है। जैविक किसान विक्रेता के रूप में सेवा देते हैं एवं बोलीदाता के रूप में विभिन्न संसाधक, व्यापारी और यहां तक कि व्यक्तिगत ग्राहक भी शामिल हैं।

Indian e-commerce sector has witnessed explosive growth in the past few years, which is expected to continue in the coming years. This strong growth potential has attracted foreign investors and we believe that our company is well poised to take the growth in the sector.

MSTC has always been availing first mover advantage in its business verticals.

#### Subsidiary Company

Ferro Scrap Nigam Limited is the 100% Subsidiary of the Company. During the year the subsidiary has performed well. For the year ended 31st March, 2020, the Profit after Tax of FSNL was ₹ 305.76 million.

#### Joint Venture for Shredding Plant with MMRPL

As you are aware that to expand our basket of operation and to support the steel industry in India, our Company through MMRPL forayed into the recycling sector. The Company's auto recycling plant at Greater Noida has completed its first full financial year of operations and has gained significant traction. The Company's output from the recycling operations was well received by the market. The Company's second plant, located at Chennai, has commenced trial operations from February 2020.

#### CSR

Friends, we are committed for improving the livelihood of communities and societies at large. Due to losses in the financial year 2018-19 the company does not have any CSR budget, but as a responsible member of the community your Company has contributed ₹ 5.54 crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund). Majority of the employees of the Company has also contributed one day salary to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund).

#### Operational Excellence

As you know your company is a major standalone e-Commerce Company in the country. The area includes selling agency business, e-sales of scrap and other commodities, e-procurement etc. Customized e-commerce solutions have emerged as major innovative business models of MSTC. Here we have developed an unique Exim Portal for Petroleum Industry, Online Draw System for selection of LPG dealership, e-RaKAM (e-Rashtriya Kishan Agri Mandi) Portal for sale of pulses, oil seeds etc., to name a few.

During the year under review MSTC had auctioned successfully many plots on behalf of Hyderabad Metropolitan Development Authority. Portal for plots of Ghaziabad Development Authority has also been developed. MSTC had made 46535 no. of Auctions/events through its portal as compared to previous year figure of 36640 no. of auctions.

During the year under review your Company has launched JaivikKheti portal for sale of organic farm produce throughout India on behalf of Ministry of Agriculture, Government of India. Organic farmers serve as the sellers, and the bidders include a variety of processors, traders, and even individual consumers.



आपकी कंपनी को इण्डियन बैंक एसोसिएशन (आईबीए) द्वारा सरफेसी अधिनियम के अधीन विभिन्न बैंकों की गिरवी रखी संपत्तियों की बिक्री हेतु आईबीए के ईबीक्रेय वेबसाइट के अभिन्न अंग के रूप में कार्य करने के लिए एक ई-ऑक्शन पोर्टल के विकास के लिए एजेंसी के रूप में मनोनीत किया गया है। नीलामी आयोजित की जा रही है।

आपकी कंपनी अर्थ-व्यवस्था के सभी क्षेत्रों में डिजिटल इंडिया एवं ई-गवर्नेंस के प्रचार में सरकार की नीतियों का अनुसरण करते हुए ई-कॉमर्स क्षेत्र में तेजी से कदम बढ़ा रही है। हम पारदर्शिता एवं निष्पक्षता को प्रोत्साहित करने के लिए भारत सरकार के विभिन्न पहल जैसे कि डिजिटल इंडिया के कार्यान्वयन में आगे रहे हैं।

ई-ऑक्शन के माध्यम से बड़े एवं लघु दोनों खनिज ब्लॉकों की बिक्री हेतु सरकार की हाल की पहल ने एमएसटीसी को नया अवसर प्रदान किया है एवं इसने अधिकांश राज्य सरकार के साथ अनुबंध पर हस्ताक्षर किया है जिससे राज्य के खजाने में सुवृद्धि हो सकती है एवं एमएसटीसी को राजस्व की प्राप्ति होगी।

ई-प्रोक्योरमेंट भी संभावनाओं से भरा एक क्षेत्र है जिसमें एमएसटीसी व्यवसाय पर कब्जा जमाने के लिए तेजी से कदम बढ़ा रही है। एमएसटीसी ने अत्याधुनिक एवं अधिक विशेषताओं के साथ उपयोगकर्ता उपयोगी ई-प्रोक्योरमेंट प्लेटफॉर्म के एक नए संस्करण को प्रारंभ किया है।

कैश एवं कैरी मॉडल के माध्यम से ट्रेडिंग व्यवसाय में आई कमी को पूरा करने के लिए, एमएसटीसी 110% बीजी समर्थित प्रोक्योरमेंट व्यवसाय के पथ पर चल रही है जो जोखिम-रहित व्यवसाय है।

#### भविष्य के दृष्टिकोण

एमएसटीसी वाहन स्कैपिंग नीति की प्रतीक्षा कर रही है जिससे हमारी संयुक्त उद्यम कंपनी एमएमआरपीएल के वर्तमान संयंत्र एवं ऐसे कई संयंत्रों के लिए अवसर पाने हेतु वाहन का जीवन काल समाप्त होने पर उसकी निरंतर आपूर्ति सुनिश्चित हो पाएगी।

#### खनिज एवं खनिज ब्लॉक

एमएसटीसी विशेष रूप से निर्मित ई-कॉमर्स पोर्टल के माध्यम से देश में कोयले के ब्लॉक (प्रखंड) एवं सभी प्रमुख खनिज ब्लॉकों के आवंटन हेतु एक नामित एजेंसी है। देश के विभिन्न राज्यों में एमएसटीसी के ई-कॉमर्स पोर्टल के माध्यम से लघु खनिज ब्लॉक का आवंटन भी चल रहा है।

कई राज्यों में माइन डेवलपर-सह-ऑपरेटर का चयन एमएसटीसी के ई-प्रोक्योरमेंट पोर्टल के माध्यम से लगभग पूरा कर लिया गया है।

इसके अलावा, कोयला समेत सभी प्रमुख खनिजों की बिक्री एमएसटीसी के ई-ऑक्शन पोर्टल के माध्यम से की जा रही है इसमें बारबिल क्षेत्र के खनिजों के कुछ खान शामिल नहीं है जो ओडिशा, झारखंड एवं पश्चिम बंगाल के संगम पर स्थित है।

#### ई-प्रोक्योरमेंट

एमएसटीसी बड़े ही आक्रामक रूप से ई-प्रोक्योरमेंट व्यवसाय में अग्रसर है इसमें जबरदस्त संभावनाएँ विद्यमान हैं।

#### ई-रिटेल सॉफ्टवेयर

एमएसटीसी ने तेल विपणन कंपनियों के लिए एक अद्वितीय एग्जिम पोर्टल का विकास करते हुए अपनी एक बुलंद पहचान बनाई है एवं इस प्रक्रिया में, एमएसटीसी ने सरकार एवं निजी क्षेत्र के संगठनों विशेषकर एमएसएमई (सूक्ष्म, लघु एवं मध्यम उद्यम) को ई-रिटेल सॉफ्टवेयर समाधान प्रदान करने हेतु अपेक्षित विशेषज्ञता विकसित की है। इस क्षेत्र में एमएसटीसी के लिए भविष्य में अच्छा अवसर एवं संभावनाएँ मौजूद हैं।

Your company has been nominated by Indian Bank Association (IBA) as the agency to develop an e-auction portal to function as an integral part of IBA's eBKray website for sale of mortgaged properties of different banks under SARFAESI Act and auctions are being conducted.

Your Company is making rapid strides in the e-Commerce sector in line with the Government policy(ies) of promoting Digital India and e-governance in all sectors of the economy. We are in the forefront of the implementation of various initiatives of Govt such as Digital India to boast transparency and fairness.

The recent initiative of the Government for sale of mineral blocks, both major and minor, through e-auction has also opened window of opportunity for MSTC and it has signed agreement with most of the State Governments, which may yield positive results to the exchequer of the states and fetch revenue to MSTC.

E-procurement is another potential area in which MSTC is making a rapid stride to grab the business. MSTC has introduced a new version of the e-procurement platform with advanced and more user friendly features. .

In order to make good the shortfall in trading business through cash and carry model, MSTC is pursuing 110% BG backed procurement business which is risk-free business.

#### Future outlook

MSTC is waiting for vehicle scrapping policy which can help to ensure continuous supply of end of life vehicle for the running plant of our JV Company MMRPL and opportunity for more such plants.

#### Minerals & Mineral Blocks

MSTC is a nominated agency for allocation of coal blocks and all major mineral blocks in the country through its very customized e-Commerce portal. The minor mineral blocks allocation is also happening through MSTC's e-Commerce portal in the various states in the country.

The selection of Mine Developer-cum-Operator in many states is mostly done through e-Procurement portal of MSTC.

In addition, all the major minerals including coal are being sold through e-Auction portal of MSTC barring a couple of mines for mineral in Barbil area which is at the confluence of Orissa, Jharkhand & West Bengal.

#### e-procurement

MSTC is aggressively pursuing the e-procurement business which remains to be of high potential for it.

#### e-Retail Software

MSTC has carved niche for itself by developing an unique exim portal for Oil marketing companies and in the process, MSTC has developed the required expertise for providing e-Retail Software solutions to the Government and private organizations particularly the MSME. This sector holds a great opportunity and potential for MSTC in future.

## अनर्जक परिसंपत्तियाँ (एनपीए)

एमएसटीसी सरकारी एवं निजी क्षेत्र की कंपनियों के लिए एनपीए के रूप में चल एवं अचल परिसंपत्तियों के लिए नियमित रूप से नीलामी का संचालन कर रही है। एमएसटीसी ने सरफेसी अधिनियम के अधीन विभिन्न बैंकों की गिरवी रखी संपत्तियों की बिक्री हेतु आईबीए की ईबीक्रेय वेबसाइट के अभिन्न अंश के रूप में कार्य करने हेतु एक ई-ऑक्शन पोर्टल विकसित किया है। सभी लोक क्षेत्र उद्यम बैंकों द्वारा सरफेसी अधिनियम के अधीन अपने एनपीए की बिक्री हेतु पोर्टल का इस्तेमाल किया जा रहा है। यह पोर्टल संभावित खरीदारों को विभिन्न वेबसाइट के जरिये खोज-बीन करने की प्रेशानी उठाए बिना अपनी पसंद की संपत्तियों को खरीदने के लिए सिंगल विण्डो की सुविधा प्रदान करता है।

## निजी कंपनियों को लक्ष्य बनाना

एमएसटीसी निजी क्षेत्र से अनछुए ई-कॉमर्स व्यवसाय पर अधिक ध्यान दे रही है एवं अपने इस प्रयास के तहत एमएसटीसी ने रिलायंस इंडस्ट्री, इंडस टावर, टाटा पावर, वेदांता आदि जैसे कुछ बड़े नामों के साथ स्वीकृति हेतु अनुबंध पर हस्ताक्षर किया है।

## आला जैविक कृषि-बागवानी क्षेत्र को लक्ष्य बनाना

एमएसटीसी ने कृषि मंत्रालय की ओर से जैविक किसानों को बाजार तक प्रत्यक्ष पहुँच की सुविधा प्रदान करने हेतु जैविक खेती पोर्टल विकसित किया है। जैविक खेती पोर्टल ई-कॉमर्स के साथ साथ नॉलेज का एक प्लेटफॉर्म है। खरीदार इस पोर्टल के माध्यम से अपने घर के द्वार पर ही जैविक उत्पादों को प्राप्त कर सकते हैं। यह पोर्टल विभिन्न हितधारकों जैसे कि क्षेत्रीय काउंसिल, स्थानीय समूहों, व्यक्तिगत किसानों, खरीदारों, सरकारी एजेंसियों एवं निविष्ट आपूर्तिकर्ताओं से जुड़ा हुआ है, जिससे जैविक खेती के लिए परिपूर्ण-समावेशित विकास एवं प्रोत्साहन प्राप्त होता है। यह पोर्टल किसानों को फारवर्ड ऑक्शन, प्राइस क्वांटिटी बिडिंग, बुक बिल्डिंग एवं रिवर्स ऑक्शन विधियों के माध्यम से उनके उत्पादों के लिए सर्वोत्तम मूल्य पाने में मदद करने के लिए विभिन्न मूल्य अनुसंधान कार्य-प्रणालियाँ प्रदान करता है।

## अवसर

1) **ई-कॉमर्स** : एमएसटीसी देश में एक प्रमुख स्टैंडएलोन ई-कॉमर्स सेवा प्रदाता के रूप में उभरकर सामने आया है। भारत सरकार की अग्रणी परियोजनाओं के साथ नए एवं विविध व्यवसाय स्तरों में कदम रखने हेतु, इन कार्यक्षेत्रों में बहुगुणा विकास लाने की प्रबल संभावनाएँ हैं।

2) एमएसटीसी निजी क्षेत्र की अनछुई संभावनाओं का उपयोग करने के लिए पुरजोर प्रयास कर रही है।

3) **पुनर्चक्रण क्षेत्र** : एमएसटीसी पुनर्चक्रण नीति के गठन के लिए नई पहलों को प्रस्तुत करने में आगे रही है। ऑटोमोबाइल सेक्टर, ई-वेस्ट एवं सॉलिड वेस्ट मैनेजमेंट-सेक्टर जो कि एक उभरता सेक्टर है, में पुनर्चक्रण संयंत्र की स्थापना में अपनी महत्वपूर्ण भूमिका के साथ एमएसटीसी सबसे आगे है।

## संकट

1) **जीईएम पोर्टल - जोखिम कम होने का अवसर** : क्रय के लिए जीईएम पोर्टल इस्तेमाल करने के सरकारी अनुदेश के साथ, वस्तुओं एवं सेवाओं का ई-प्रोक्योरमेंट व्यवसाय प्रभावित होगा। ई-प्रोक्योरमेंट की कार्य-परिधि में कमी आएगी क्योंकि किसी भी निगम के व्यवसाय का बड़ा हिस्सा वस्तुओं एवं सेवाओं के क्रय पर खर्च किया जाता है।

## Non-Performing Assets (NPAs)

MSTC has been conducting regular auctions for movable and immovable assets as NPAs for Government as well as private companies. MSTC has developed an e-auction portal to function as an integral part of IBA's eBKray website for sale of mortgaged properties of different banks under SARFAESI Act. The portal is being used by all PSU Banks to sell their NPAs under SARFAESI Act. The portal provides the prospective buyers a single window for purchasing the properties of their choice without the trouble of surfing through multiple websites.

## Targeting private companies

MSTC is casting more focus on the untapped e-Commerce business from the private sector and in this stride MSTC has signed big ticket agreement with Reliance Industry, Indus Tower, Tata Power, Vedanta etc. to name a few.

## Targeting niche organic agri-horti sector:

MSTC has developed Jaivik Kheti portal for providing direct access to the market for organic farmers, on behalf of Ministry of Agriculture. The Jaivik kheti portal is an E-commerce as well as a knowledge platform. Buyers can avail organic products at their door step through the portal. This portal links various stakeholders like regional councils, local groups, individual farmers, buyers, government agencies and input suppliers for the all-inclusive development and promotion of organic farming. The portal provides various price discovery mechanisms to help farmers get the best prices for their products through forward auction, price-quantity bidding, book building and reverse auction mechanisms.

## Opportunities

- E-Commerce**: MSTC has emerged as a major standalone e-commerce service provider in the country. With its foray into new and diverse business verticals including the flagship projects of the Govt. of India, it has an immense potential to grow multifold in this arena.
- MSTC is trying hard to harness the untapped potential in the Private Sector.
- Recycling Sector**: MSTC is spearheading the initiatives of framing a recycling policy, its pivotal role in setting up recycling plant in the automobile sector, e-waste and solid based management sector which is a sunrise sector.

## Threats

- GeM portal** – reducing opportunity in exposure: With the Govt.'s directive to use the GeM Portal for purchases, the business in e-procurement of goods and services will take a hit. The scope of work in e-procurement gets a bit downsized, as major percentage of any Corporation's business is spent on procurement of goods and services.

2) ट्रेडिंग व्यवसाय : नीति के अंतर्गत एमएसटीसी ने पारंपरिक ट्रेडिंग व्यवसाय में जोखिम अवस्थिति को ध्यान में रखते हुए सुरक्षित मार्ग अपनाया है। हालांकि यह इसके पुनरुत्थान का प्रायास कर रही है, परन्तु आर्थिक वृद्धि की धीमी रफ्तार एवं एनपीए में जबरदस्त वृद्धि ने ऋण प्रणाली को अस्थिर कर दिया है। इसके फलस्वरूप व्यवसाय के लिए एक मुश्किल परिस्थिति उत्पन्न हुई है।

3) साइबर हमले – इस प्रकार के संकट की दिनों-दिन बढ़ती आशंका को देखते हुए साइबर हमले का जोखिम हमेशा के लिए बना रहता है। व्यवसाय परिचालनों को प्रभावित करने के अलावा, सुरक्षा उल्लंघन से प्रतिष्ठा पर आंच, दंड और कानूनी एवं वित्तीय देनदारियाँ उत्पन्न हो सकती हैं।

#### निवेशक सेवाएँ

दोनों ही डिपॉजिटरी अर्थात एनएसडीएल एवं सीडीएसएल में कंपनी के शेयर अभौतिकीकृत हुए हैं। लगभग 13000 शेयरधारकों में से 88 शेयरधारक अभी भी भौतिक स्वरूप में शेयर रख रहे हैं। मैं शेष शेयरधारकों से अनुरोध करता हूँ कि अपने शेयर को अभौतिकीकृत कराएँ ताकि “एमएसटीसी लिमिटेड दावारहित बोनस सस्पेंस खाता” में पड़े हुए बोनस शेयरों को संबंधित शेयरधारकों के डिमैट खाते में स्थानांतरित किया जा सके। इसके अलावा, इससे शेयरधारक समय पर लाभांश पाने में सक्षम हो पाएँगे।

#### निगमित अभिशासन

आपकी कंपनी निगमित अभिशासन अभ्यासों के उच्चतम मानदंडों को हासिल करने के लिए हमेशा प्रयत्नशील रही है। सीपीएसई के लिए सार्वजनिक उद्यम विभाग (डीपीई) एवं सेबी (सूचीयन बाध्यता एवं प्रकटन आवश्यकता) विनियम, 2015 द्वारा गठित निगमित अभिशासन पर सरकारी अनुदेशों का कंपनी पूर्णतया पालन कर रही है। आपकी कंपनी अपने हितधारकों के यथा उपयुक्त लाभ के लिए निरंतर कार्य कर रही है एवं इन दायित्वों को पूरा करने के लिए अपने निगमित संचालन में बदलाव किया है। आपकी कंपनी ने कंपनी के निदेशक मंडल को नीतियों के बारे में यथा अवगत रखने के लिए प्रणालियों एवं कार्य-प्रक्रियाओं को स्थापित किया है ताकि वे अपने दायित्वों का निर्वाह कर सकें एवं सभी हितधारकों के लिए मूल्य सृजन में वृद्धि ला सकें। आपकी कंपनी बदलते विधि-विधानों को अपनाते एवं पालन करने की दिशा में सर्वोत्तम प्रयास कर रही है एवं अपनी नियंत्रण सीमा के अधीन निगमित अभिशासन के अनुदेशों/मानदंडों का अनुसरण करना जारी रखा है।

#### पुरस्कार एवं सम्मान:

वर्ष के दौरान आपकी कंपनी को अपनी गतिविधियों के विभिन्न क्षेत्रों में पहचान व सम्मान प्राप्त हुआ है। उनमें से कुछ महत्वपूर्ण उपलब्धियाँ निम्नानुसार हैं :

1) राजभाषा विभाग, गृह मंत्रालय द्वारा राजभाषा के कार्य के निष्पादन में अपने उत्कृष्ट प्रयासों के लिए राजभाषा कीर्ति पुरस्कार में प्रथम पुरस्कार से सम्मानित किया गया।

2) नगर राजभाषा कार्यान्वयन समिति, कोलकाता द्वारा राजभाषा में कार्य के निष्पादन में अपने उत्कृष्ट प्रयासों के लिए प्रथम पुरस्कार से सम्मानित किया गया। यह पुरस्कार पश्चिम बंगाल के राज्यपाल महामहिम, श्री जगदीप धनखड़ के कर कमलों से प्रदान किया गया था।

ii) **Trading business:** As a policy matter, MSTC has decided to play safe in the traditional trading business due to the extent of risk involved. Though it is making efforts to resurrect the same, the slowness of the economic growth and the exponential increase in NPAs etc has destabilized the credit system and it poses a difficult scenario, for the business.

iii) **Cyber attacks-** Risks of cyber-attacks are forever a threat on account of the fast-evolving nature of the threat. In addition to impact on business operations, a security breach could result in reputational damage, penalties and legal and financial liabilities.

#### Investor Services

The Company's shares have been dematerialized in both the depositories, i.e., NSDL and CDSL. 88 Shareholders out of around 13000 shareholders are still holding shares in physical mode. I would like to request to the remaining shareholders to get their shares dematerialized so that the bonus shares lying in the “MSTC Limited Unclaimed Bonus Suspense account” can be transferred to the demat account of the respective shareholders. Further this will also enable the shareholders to receive the dividend on time.

#### Corporate Governance

Your Company always strives to attain highest standards of Corporate Governance practices. The Company is complying with Government Guidelines on Corporate Governance framed by the Department of Public Enterprises (DPE) for CPSEs, and SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 in true letter and spirit. Your company is continuously working for the optimum benefit of its stakeholders and has thus molded its corporate conduct to fulfill these responsibilities. The Company has established systems & procedures to ensure that its Board of Directors is well informed about the policies of the Company to enable them to discharge their responsibilities and to enhance the overall value of all stakeholders. Your Company is making best efforts to adapt and comply with the changing statutes and continue to comply with the Corporate Governance guidelines/ norms to the extent within its control.

#### Accolades & Recognitions:

During the year your company has received recognitions in various spheres of its activities. A few of the significant are as follows:

1. Awarded the 1st prize in Raj Bhasha Kriti Award by Department of Official Language, Ministry of Home Affairs for its excellent efforts in execution of working in official Language.

2. Awarded the 1st prize by Town Official Language Implementation Committee, Kolkata for its excellent efforts in execution of working in official language. The prize was received from Shri Jagdeep Dhankhar, Governor of West Bengal.



## मानव संसाधन

आपकी कंपनी ने हमेशा से ही वह अपने मानव संसाधन को एक महत्वपूर्ण संसाधन के रूप में विवेचित किया है एवं वह विभिन्न कर्मचारी लाभदायी कार्यक्रमों का संचालन कर रही है। इसके औद्योगिक संबंध बहुत ही सौहार्द भरे एवं सहभागी प्रकृति के रहे हैं। हमारे प्रिंसिपल एवं ग्राहकों तक आसानी से पहुँचने एवं ज्यादा व्यापार हासिल करने के लिए हमने भारत के कई शहरों में नए कार्यालयों का उद्घाटन किया है। इसके लिए अपने व्यवसाय को बढ़ाने के लिए अधिकारियों एवं सभी शाखाओं में गैर-कार्यपालकों को नियुक्त किया है ताकि हर प्रकार के ग्राहकों की जरूरतों को पूरा कर सकें।

प्रबंधन की ओर से मैं आप सबको विश्वास दिलाता हूँ कि विवेकपूर्ण एवं अनुभवी बोर्ड सदस्यों, सुदृढ़ एवं निष्ठावान कर्मचारियों और सुदृढ़ वित्तीय संसाधनों के साथ, हम हितधारकों के हितों का ध्यान रखते हुए सर्वाधिक उपयुक्त तरीके से कंपनी के मामलों को कुशलता से संभाल रहे हैं।

## आभारोक्ति

मैं पूरी कृतज्ञता के साथ माननीय केन्द्रीय इस्पात मंत्री, माननीय राज्य इस्पात मंत्री, सचिव (इस्पात), अपर सचिव एवं एफए (इस्पात), संयुक्त सचिव इस्पात एवं इस्पात मंत्रालय, रक्षा मंत्रालय, कोयला मंत्रालय, खनन मंत्रालय, नागरिक एवं विमानन, पेट्रोलियम, प्राकृतिक गैस मंत्रालय एवं केन्द्र सरकार के विभिन्न अन्य मंत्रालयों, सभी राज्य सरकार, विभिन्न केन्द्रीय एवं राज्य सार्वजनिक क्षेत्र के उपक्रमों, निजी क्षेत्र की कंपनियों, बैंकों, हमारे प्रिंसिपल और अन्य व्यक्तियों को वर्ष के दौरान उनके द्वारा दिए गए बहुमूल्य सहयोग एवं मार्गदर्शन के लिए अपना आभार व्यक्त करता हूँ। मैं विभिन्न कर्मचारियों द्वारा किए गए उनके ईमानदार प्रयासों के लिए भी अपनी कृतज्ञता व्यक्त करता हूँ। मैं सभी हितधारकों, ग्राहकों एवं आपूर्तिकर्ताओं को साल-दर-साल कंपनी के प्रति उनके विश्वास और भरोसे के लिए भी अपनी कृतज्ञता प्रकट करता हूँ एवं आपको आश्चस्त करता हूँ कि हमारे हितधारकों के लिए और भी बेहतर मूल्य सृजन हेतु हम अपने प्रयास को निरंतर जारी रखेंगे।

धन्यवाद,

जय हिन्द!



एस. के. गुप्ता

अध्यक्ष एवं प्रबंध निदेशक

स्थान : कोलकाता

तिथि : August 24, 2020

## Human Resources

Your company has always considered its human resource as the most important resource and has been conducting various employee benefits programs. The industrial relations have remained cordial and participative all along. We have opened offices in many cities in India so that we can reach out to our principals and customers easily and generate more business. Therefore we have recruited officers for expansion of business and non – executives all over the branches to cater the needs of all type of clients.

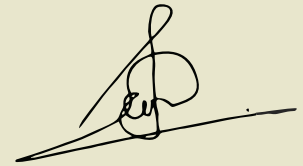
I can assure you, on behalf of the management that with prudent and experienced Board members, an efficient and loyal manpower and sound financial resources, we are managing the affairs in the most reasonable way keeping in view the interest of the stakeholders.

## Acknowledgement

I would like to place on record my gratitude to the Hon'ble Union Minister for Steel, Hon'ble State Minister for Steel, Secretary (Steel), Additional Secretary and FA (Steel), Joint Secretary Steel and other officials of the Ministry of Steel, Defence Ministry, Coal Ministry, Mining Ministry, Civil & Aviation, Petroleum, Natural Gas Ministry and various other Central Government Ministries, all State Governments, various Central and State Public Sector Undertakings, private companies, the bankers, our principals and others for their valuable assistance and guidance extended to the Company during the year. I also place on record the appreciation of the sincere efforts made by various employees at all level. I also express my gratitude to all stakeholders, customers and suppliers for the trust and confidence reposed by them on your Company year after year and assure you that we shall continue to create more value for our stakeholders.

Thanking you,

Jai Hind!



S.K.Gupta

Chairman and Managing Director

Place : Kolkata

Date : August 24, 2020

## Management Discussion and Analysis

### Overview of Indian Economy

The Indian economy slowed down with GDP growth moderating to 4.8 per cent in H1 of 2019-20, lower than 6.2 per cent in H2 of 2018-19. A sharp decline in real fixed investment induced by a sluggish growth of real consumption has weighed down GDP growth from H2 of 2018-19 to H1 of 2019-20. Real consumption growth, however, has recovered in H2 of 2019-20, cushioned by a significant growth in government final consumption. At the same time, India's external sector gained further stability in H1 of 2019-20, with a narrowing of Current Account Deficit (CAD) as percentage of GDP from 2.1 in 2018-19 to 1.5 in H1 of 2019-20, impressive Foreign Direct Investment (FDI), rebounding of portfolio flows and accretion of foreign exchange reserves. Imports have contracted more sharply than exports in H1 of 2019-20, with easing of crude prices, which has mainly driven the narrowing of CAD. On the supply side, agricultural growth, though weak, is moderately higher in H1 of 2019-20 than in H2 of 2018-19. Headline inflation rose from 3.3 per cent in H1 of 2019-20 to 7.4 per cent in December 2019 on the back of temporary increase in food inflation, which is expected to decline by year end. Rise in CPI-core and WPI inflation in December 2019 suggests building of demand pressure.

India's GDP growth is seen dipping to an 11-year low of 5 per cent in the current fiscal, mainly due to poor showing by manufacturing and construction sectors, India's GDP is expected to reach US\$ 5 trillion by FY25 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms. To achieve this, the government has taken multiple long-term steps including:

- **Made in India**
- **Start up India**
- **NITI Aayog**
- **PayGov and Jan Dhan Yojna**
- **E-Taal, MyGov, E-Sampark**
- **BharathNet**

which has helped India improve its ranking in the World Bank's Doing Business Report by 23 spots over its 2017 ranking to be ranked 77 among 190 countries in 2020 edition of the report.

### Global Scenario

The year 2019 was a difficult year for the global economy with world output growth estimated to grow at its slowest pace of 2.9 per cent since the global financial crisis of 2009, declining from a subdued 3.6 per cent in 2018 and 3.8 per cent in 2017. Amidst a weak environment for global manufacturing, trade and demand, Global growth, estimated at 2.9 percent in 2019, it was projected to increase to 3.3 percent in 2020 and inch up further to 3.4 percent in 2021.

Further, COVID-19 pandemic has, with alarming speed, delivered a global economic shock of enormous magnitude, leading to steep recessions in many countries. The global

recession would be deeper if bringing the pandemic under control took longer than expected, or if financial stress triggered cascading defaults. It is leading to steep recessions in many countries a global health crisis that, in addition to an enormous human toll, is leading to the deepest global recession since the second world war. While the ultimate growth outcome is still uncertain, and an even worse scenario is possible if it takes longer to bring the health crisis under control, the pandemic will result in output contractions across the vast majority of emerging market and developing economies (EMDEs). Moreover, the pandemic is likely to exert lasting damage to fundamental determinants of long-term growth prospects, further eroding living standards for years to come.

Global e-Commerce trade value was estimated to be USD 27.7 Trillion in 2016. During the time period 2012-16, the value of e-Commerce trade globally has increased by a CAGR of almost 9%. B2B e-Commerce accounted for nearly 86% of the total e-Commerce trade. In terms of trade value, US is the largest B2B market followed by Japan and China. However, China leads the global B2C e-Commerce table. Indian e-Commerce industry has been growing at a fast pace, and the country entered the list of top 10 e-Commerce markets in the world in 2015.

### Top 10 B2B e-commerce Markets in the World (Traded Value in USD Billion) in 2016

Country	B2B e-commerce Sale	% of total e-commerce
USA	6,904	91%
Japan	2,675	95%
China	1,389	64%
South Korea	1,133	95%
Germany	926	92%
United Kingdom	497	72%
France	487	86%
Ganada	402	90%
India	305	91%
Italy	271	93%

Source : United Nations Conference on Trade and Development (UNCTAD), Note Size of India is estimates for 2015 (considering in the previous edition India's B2B size was specifically mentioned as 2014 date)

### Competitive Scenario in B2B E-Commerce

The competitive intensity in the overall B2B e-Commerce industry is accelerating due to entry of large global players and a host of start-up ventures funded by private equity. However, large established players enjoy a clear dominance over the emerging startups. This is primarily due to scale of business operation, rich experience, technology benefit that ensure transparency in business transaction, service quality and ability to handle large volume of data. With respect to auctioning of natural resources such as coal, iron ore, sand,

public enterprises continue to dominate through nominations which limits intense competition in this segment. At present there are only a handful of government platforms that provide e-auctioning services to various government entities which include MSTC Ltd.

Besides natural resource auctioning, MSTC Ltd. has been providing e-auction services for scraps sale, minerals, old plant & machineries, coal and non-coal mine blocks, land parcels, agricultural produce, tea, gorgon nut, tendu leaves, timbers and other forest produce etc to various clients in the public as well as private sector. MSTC Ltd. and other government agencies such as eNAM, GeM, CPPP, Government E-Auction platform are driving government penetration in B2B e-Commerce sector.

### Company's Business

MSTC has two core business segments namely e-Commerce & Trading. MSTC plays a very important role as a service provider in e-Commerce and is a market leader in this sector. It has the distinction of serving majority of Central/PSUs/State Govt. Department and a few leading Private Institutions for providing transparent, fair & seamless e-Commerce services to its clients.

#### A. e-Commerce Business

MSTC is a major standalone e-Commerce service provider in the country. MSTC has introduced e-Commerce in various commodities line such as coal, Iron ore, minerals, pulses, grains, oil seeds, timber, in forest products, fly-ash etc. Apart from this, MSTC has also undertaken the e-Auction of land, buildings, apartment, banks' NPAs and also assets under DRT, organic Agri produce etc.

e-Auction of sand Mining blocks in UP and exim-product of IOCL have been the signature events in the recent past.

Development of portal for regular auction of coal and mineral blocks (both major & minor) has been the reflection of Government faith in MSTC's e-Commerce services.

#### Selling Agency Business

For a long period of time now, MSTC is acting as the selling

agent of a large number of Government departments/PSUs for disposal of scrap, surplus stores, old Plant & Machinery, e-waste, hazardous items, obsolete items, etc. MSTC's processes enable the sellers to achieve their annual revenue generation target from such disposal activities. MSTC offers complete package of services from preparation of the auction catalogue to the issuance of delivery order with minimum human efforts.

#### E - Sales

Starting with sale of coal through e-Auction way back in 2004, MSTC has been developing different modules of e-Auction to cater to the various needs of different sellers of items. Besides coal, MSTC is selling other minerals like manganese ore, iron ore, lignite, chrome ore, bauxite etc. and various other products, raw pet coke, pet coke, human hair, fly ash etc. MSTC is a nominated agency for all major mineral blocks and minor mineral blocks in various states/UT's.

#### E - Procurement

In e-procurement, MSTC provides e-Tender and e-Reverse auction services backed by mandatory STQC certificate for quality requirements. Although, MSTC made a modest beginning in FY 2013-14 but it has made a significant growth in the subsequent year and is poised for exponential growth in future. The system complies with the guidelines framed by STQC for quality and security checks. Recently MSTC has launched a newer version of e-procurement services which is more user friendly, less human intervention with advanced scalable and customised interface.

MSTC has added a unique feature in the e-procurement services in the form of multi browser facility to make it more user friendly.

#### E - Solutions

MSTC has delivered certain key e-bidding packages for various ministries of Government of India. The DEEP portal became fully operational for medium term PPA and PPAs worth more than one Million MW was settled through this portal. Jaivik kheti portal is a unique initiative of Ministry of



1st prize for Raj Bhasha implementation by TOLIC (PSU), Kolkata



Shri B.B.Singh, Ex Chairman & Managing Director, MSTC Limited addressing the AGM



Agriculture (MoA), Department of Agriculture (DAC) along with MSTC to promote organic farming globally. It is a one stop solution for facilitating organic farmers to sell their organic produce and promoting organic farming and its benefits.

For providing direct access to the market for organic farmers, on behalf of Ministry of Agriculture MSTC has developed the portal. This portal provides a single window for creating general awareness & knowledge sharing on Organic Farming, developing network between the Farmers, Buyers & Input Suppliers and also transacting business online with e-payment & logistic support. More than 60,000 farmers, 2,500 farmer groups have already been registered with the portal.

Jaivik kheti portal is an E-commerce as well as a knowledge platform. E-commerce section of the portal provides the whole bouquet of organic products ranging from grains, pulses, fruits and vegetables. Buyers can avail organic products at their door step through the portal. This portal links various stakeholders like regional councils, local groups, individual farmers, buyers, government agencies and input suppliers for the all-inclusive development and promotion of organic farming. The portal provides various price discovery mechanisms to help farmers get the best prices for their products through forward auction, price-quantity bidding, book building and reverse auction mechanisms.

MSTC has been nominated by Indian Bank Association (IBA) as the agency to develop an e-auction portal to function as an integral part IBA's eBKray website for sale of stressed assets of all nationalized banks under SARFAESI Act. The said portal became operational in December'2019 and upto 31.03.2019, a total of 15 Public Sector Banks had auctioned 6895 properties.

MSTC has developed and implemented Inventory Management software for Zoological Survey of India. The application has been hosted in BSNL Cloud. The online Draw System software has been developed for distributing the dealership of Retail petrol Pumps across the country by the Oil Marketing Companies. More than 10000 retail pumps have already been allotted through this process. For selection of bulk transporter online draw system has also been developed for Oil Marketing Companies.

**a. EXIM Portal for Petroleum Industry**

The online bidding platform for Export & Import of petroleum products has been developed & delivered to IOCL. The EXIM portal is fully operational and IOCL is reaping the benefits after transforming its Import & Export activities to online mode. This is a path breaking portal for all the players in petroleum sector in India and abroad.

**b. e-RaKAM (e-RastriyaKishan Agri Mandi) Portal**

MSTC Ltd had launched a nationwide electronic portal – e-RaKAM for trading in the agriculture produces. The online trading platform which primarily deals in food grains, pulses, and all agriculture related commodities and connected farmers directly with consumers.

This portal will eliminate multi layers of middlemen and help farmers get remunerative prices for their produce besides promising rich produces at reasonable prices to consumers also.

**c. Online Draw System for selection of LPG Dealership:**

Online Draw System is the process to select the applicants out of the eligible applicants, in secured and transparent manner, without any human intervention. In the current system, online



Annual Business Meeting dated 16<sup>th</sup> & 17<sup>th</sup> April 2019 at Kolkata



Business review Meeting dated 27<sup>th</sup> January 2020

applications are requested from the interested candidate and then from these candidates, eligible candidates are allowed to take part in the draw. This software is used in events to conduct online draws and display the names of the winners on the screen. The system is easy to use and ready for more complex draws. The application is developed with random number generation algorithm for conducting on-line computerized draw of lots (Online Computerized Draw System) by selecting only one eligible candidate at each time out of the total eligible applicants. Shuffling will occur for the names of the applicants along with their details in random order at the press of a button. Visualization of the shuffling process for display on the screen is there.

**d. E-Procurement services for Purchase of Coal:** MSTC has developed e-Procurement services providing end-to-end solution to NTPL for their purchases of coal. In addition, MSTC has developed and implemented e-Reverse auction portal for imported Thermal Coal which has made import of coal transparent, hassle free and economical. NTPL has utilized the system for procurement of 2.4 Million tons of coal and immensely benefited by reducing their cost of material. Taking a cue from this, other clients have also sought for the similar services of MSTC.

E-Commerce business constitutes about **99% (93% in 2018-19)** of the total volume of business of the Company during **FY 2019-20** and has the potential to grow exponentially. During FY 2019-20, the service charge income generated on e-Commerce business was ₹1831.40 Million (₹2042.60 Million in FY 2018-19).

### B. Trading Business

In trading business, which constituted **1% (7% in 2018-19)** of the total volume of business during **FY 2019-20**, MSTC acts as a facilitator for procurement of raw material for secondary steel producers and petrochemical industry on behalf of buyers and charge mark-up on percentage basis.

The trading division was engaged in import as well as domestic sourcing of bulk industrial raw material for actual users as well as traders. This division looks after sourcing, purchase and sale of industrial raw materials like Heavy Melting Scrap, Low Ash Metallurgical Coke, HR Coil, Naptha, Crude Oil, Coking Coal, Steam Coal etc. on behalf of various industries. Due to various issues faced in the past the model of business was changed to BG backed and Associateship.

As already mentioned above, MSTC has also developed another scheme under which procurement is done backed by bank Guarantee (BG) from the Customer. Customers who have sanctioned BG limits can use the same to procure raw materials / commodities for their projects or for trading. In this model, MOA is signed with the Customer after following the laid down process. Procurement is done on behalf of the Customers backed by 110% BG opened on any Scheduled commercial Bank. The payment is released to the Supplier by

way of LC/RTGS in facilitator mode for import or domestic procurement. The material is directly shipped to the customer thereby eliminating the need for storage which results in saving on account of warehouse and custodian charges. MSTC's entire exposure is covered by the Bank Guarantee submitted by the party/Customer.

Trading division has contributed significantly to the top line as well as the bottom line. The Service charge earned from this segment was ₹ 93.93 Million during the year.

### Import of Thermal Coal & Supply of Domestic coal

This line of business was started in order to meet the demand for imported thermal coal by the various power utilities in India, MSTC had imported thermal coal to such buyers on door delivery basis either by participating in tenders floated by power Utilities or on nomination basis. However, with the opening up of the sector and increased supply from Coal India Limited, import of coal by the power utilities have come down drastically. The situation was further aggravated by low demand of power which resulted in reduced PLF for the Power utilities. These factors resulted in no business from this segment.

However, MSTC has successfully supplied 548925 MT of domestic coal valued at ₹ 2,417.77 Million and earned a markup of ₹ 18.83 Million. The supplies were effected to West Bengal Power Development Corporation Limited (WBPDCL) under purchase sale mode.

### Supply of Line Pipes

MSTC has been supplying Line pipes to GAIL on delivery to dump site basis. MSTC participates in the tenders floated by GAIL for supply of Line pipes through its business associate on back-to-back basis. The business associates are empanelled through an open tender by MSTC. MSTC has successfully supplied **44,133 Mtrs** of line pipes to various projects of GAIL valued at ₹ **3,283.34 Million** this year against **3,31,425 Mtrs** valued at ₹ **6,339.30 Million** in the previous year. With more such tenders expected from GAIL, IOCL, HPCL, the business is expected to grow in the coming year. Under this model, all the arrangements are on back to back basis with the Associate Supplier.

The total performance of Trading Division during **FY -2019-20** stands at ₹ **11,523.20 Million**.

### C. Recycling:

MSTC has already forayed into recycling business by setting up Collection & Dismantling Centre (C&D) at Greater Noida in Joint Venture with Mahindra Intratrade Limited wherein the End of Life Vehicles (ELVs) are purchased for de-polluting, dismantling and converting the metallic parts into bales and in an environmental friendly manner. This plant at Greater Noida, is the nation's first authorized recycling unit for End of Life Vehicles. Three more such C&D centres are planned to be set up in various parts of the country during this fiscal. The

Shredding Plant is also planned to be set up at costal belt of Gujarat during this fiscal.

MSTC is also conducting auctions for scrap goods and Hazardous item generated in the collection centre at Greater Noida.

#### **Diversification of Growth and future developments**

MSTC in association with the Ministry of Road Transport and Highways, Ministry of Heavy Industries, Society of Indian Automobile Manufacturers (SIAM) and other such bodies has taken up for enactment of a Law for incentivizing compulsory scrapping of End of Life Vehicles as existing in other developed and developing countries. In the near future, Govt. of India is likely to come up with a policy in this regard.

#### **Future Outlook**

1. MSTC is looking at giving more value added services to existing and future clients in terms of logistics, valuation consultancy and technology driven assistance for decision making.
2. MSTC is a nominated agency for allocation of coal blocks and all major mineral blocks in the country through its very customized e-Commerce portal. The minor mineral blocks allocation is also happening through MSTC's e-Commerce portal in the various states in the country.  
  
The selection of Mine Developer-cum-Operator is mostly done through e-Procurement portal of MSTC.  
  
In addition, all the major minerals including coal is being sold through e-Auction portal of MSTC barring a couple of mines for mineral in Barbil area which is at the confluence of Orissa, Jharkhand & West Bengal.
3. Although MSTC has made inroads into forest and Agri sector in India but has to play lead role for huge market in India through aggressive marketing strategy and rendering seamless services. The niche market, such as organic produces and natural grown Agri-horti produces of North-East are the target market for MSTC.
4. MSTC has carved niche for itself by developing an unique exim portal for Oil marketing companies and in the process MSTC has developed required expertise for providing e-Retail Software solutions to the Government and private organizations particularly the MSME. This sector holds a great opportunity and potential for MSTC in future.
5. MSTC has been conducting regular auction for moveable and immovable assets as NPAs for Government as well as private companies. But the recent move of banks for consolidation of the sale of NPAs by a single service provider is on the anvil and MSTC is poised for grabbing this business in immediate future.
6. MSTC is casting more focus on the untapped e-Commerce business from the private sector and in this

stride MSTC has signed big ticket agreement with Reliance Industries, Indus Tower, Tata Power, Vedanta etc. to name a few.

7. MSTC is spearheading the initiatives of framing a recycling policy for India which will pave the path of converting presently an unorganized sector into an environmentally sensitive organised recycling sector.
8. Besides, the possibility of inclusion of e-Waste recycling plant which can also extract & recover precious metals availability in the e-Waste with the proposed Auto Shredding Plant, is also being considered.
9. MSTC is increasing the e-Commerce business exponentially to exploit the available potential with a focus on e-auction of mining blocks (both coal & non-coal), minerals, agri & forest produce and e-procurement. MSTC has plans to launch e-shopping malls for handicrafts, apparels, painting, etc. in various States to promote Cottage Industries.

#### **Some of the major opportunities MSTC is pursuing:**

- a. The recent initiative of the Government for sale of mineral blocks, both major and minor, through e-auction has also opened window of opportunity for MSTC and it has signed agreement with most of the State Governments which may yield positive results to the revenue of MSTC.
- b. MSTC is exploring e-auction of sand mining block in other states in line with uttar Pradesh model.
- c. MSTC has signed an agreement with NAFED to sell the food grain lying with various godowns in the country through e-auction. Procurement of the same is also within the ambit of agreement through e-reverse auction.
- d. e-Procurement is another potential area in which MSTC is making a rapid stride to grab the business. MSTC has introduced multi broker facility to make much deeper dent in the e-procurement domain of business.
- e. Govt. of Rajasthan has appointed MSTC for e-Auction of Royalty Collection Contract, excess Royalty collection contract (ERCC), Prospective License-cum-Mining Lease (PL cum ML) and Mining Lease for minor minerals.
- f. Govt. of India has engaged MSTC for implementation of its various flagship of Innovative schemes through its e-Commerce portal. Some are already implemented and some are upcoming. One such scheme is disinvestment of CPSE through e-Commerce route and is being spearheaded by DIPAM.
- g. MSTC has successfully conducted e-auction of coal linkages for unregulated sector such as cement, steel, sponge iron, etc. The e-auction of coal linkage has commenced under Shakti scheme by Ministry of Coal.
- h. The successful portals for EXIM products for IOCL may be extended to other OMC's both public and private.



## Discussion on Financial Parameters with respect to Operations and Performance

### Performance

#### A) Agency Business

This year the total volume of Agency Business stands at ₹ 4,20,415.90 Million, against ₹ 4,54,326.70 Million in 2018-19. Break-up for the year 2019-20 vis-à-vis 2018-19 is as follows:

Business Segment	Volume of Business (₹ in Million)	
	2019-20	2018-19
Scrap Disposal	42,209.10	51,555.70
e-Sale	2,38,621.50	2,40,352.20
Coal e-Auction	70,399.90	98,011.30
Iron ore e-Auction	69,185.40	64,407.50
<b>Total (A) :</b>	<b>4,20,415.90</b>	<b>4,54,326.70</b>



Shri S K Gupta, CMD, MSTC Limited called on Shri Dharmendra Pradhan, Minister of Petroleum & Natural Gas and Minister of Steel on 7th January, 2020 at New Delhi

#### B) E-Procurement

Business Segment	Volume of Business (₹ in Million)	
	2019-20	2018-19
e-Procurement	8,41,973.20	5,81,554.40
<b>Total (B) :</b>	<b>8,41,973.20</b>	<b>5,81,554.40</b>
<b>Total (A+B) :</b>	<b>12,62,389.10</b>	<b>10,35,881.10</b>

#### C) Trading

The performance of the Trading Division shows a total volume of business of ₹ 11,523.20 Million, against ₹ 76,856.26 Million in 2018-19. Break-up for the year 2019-20 vis-à-vis 2018-19 is as follows:

Business Segment	Volume of Business (₹ in Million)	
	2019-20	2018-19
Imported materials	201.20	21,800.77
Indigenous materials	11,322.00	55,055.49
<b>Total (C) :</b>	<b>11,523.20</b>	<b>76,856.26</b>
<b>Grand Total (A+B+C) :</b>	<b>12,73,912.30</b>	<b>11,12,737.36</b>

### Risks and Concerns

#### Agency Business

The Selling Agency business has inherent risk since principal can any time decide to do the selling job themselves. Of late, principals are resorting to tendering and small players are quoting very less rate of service charge owing to their less investment in infrastructure and nil obligations towards CVC guidelines and IT Act, 2000. However, because of quality and transparency, MSTC has retained most of the business in this segment.



Shri S K Gupta, CMD MSTC Limited called on Shri Faggan Singh Kulaste, Union Minister of State for Steel on 24th December 2019

### Key Financial Ratios:

Key Ratios	FY 2019-20	FY 2018-19	Change in %	Reason for Difference
Debtors Turnover	1.04	0.95	9.47	The Company has tapered down its Trading business and Covid-19 pandemic has impacted the trading business of MSTC delaying the repayments by the Customers.
Inventory Turnover	NOT APPLICABLE			
Interest Coverage Ratio	0.17	-0.27	164.01	Negative EBITDA in last year due to provision & write off against bad & doubtful trade receivables for ₹ 5420.83 million
Current Ratio	0.96	0.93	2.90	The difference is in line with the normal course of the business.
Debt Equity Ratio	NOT APPLICABLE			
Operating Profit Margin (%)	15.59	-9.20	24.79	The difference is in line with the normal course of the business.
Net profit Margin (%)	9.05	-11.09	20.14	The difference is in line with the normal course of the business.
Return on net Worth	26.87	-155.93	182.81	Negative EBITDA in last year due to provision & write off against bad & doubtful trade receivables for ₹ 5420.83 million

Being a PSU, MSTC has to follow all the guidelines issued by CVC, regulation of IT Act 2000 and other audit requirements of STQC for which, MSTC has to invest huge amount towards Systems infrastructure, whereas, the private players are not under any such obligation. Therefore, unless Government Departments and PSUs insist upon fulfillment of criteria in line with CVC guidelines by the service providers in the tender documents, it would be increasingly difficult for MSTC to get orders, since private players, having scanty infrastructure, can afford to quote very low service charge.

#### Trading Business (Import & Export)

This segment mainly functions as sourcing of raw materials for industries either through import or domestically. The materials remain pledged to MSTC and delivery is given to the customers on payment basis. There is an inherent risk of not lifting material as per schedule by the customers mainly due to change in their production schedule and volatility in the market. The said model of business has been discontinued in view of the risks involved. However, the risk is substantially reduced for sourcing materials against receipt of Bank Guarantee for 110% of value from the customers.

#### COVID – 19 - Effect

During the last quarter of F.Y. 2019-20, an exceptional phenomenon occurred in the form of COVID 19 virus attack. Nationwide lockdown was imposed in the Country to counter this. As a result of which the business operations across the Country were affected, with MSTC being no exception to it. Majority of the revenue of MSTC comes from E commerce segment. The E commerce services were fully functional during this period providing services to our valued customers. The Company continued with its development and planning activities during the period. MSTC assumes that there will not be any further exigency due to this phenomenon and the business will grow to reach at normal level. The Company has considered the possible effects that may result from the pandemic relating to COVID 19. There has been impact on

revenue during the last quarter of F.Y. 2019-20. The financial implications on the business operations due to COVID 19 are yet to be ascertained.

#### Litigation risks

Given the scale and geographic spread of the company's operations, litigation risks can arise from commercial disputes, perceived violation of intellectual property rights and employment related matters. This risk is inherent to doing business across various countries and commensurate with the risk faced by other players similarly placed in the industry. In addition to incurring legal costs and distracting management, litigations garner negative media attention and pose reputation risk. Adverse rulings can result in substantive damages.

#### Breach of data protection laws

Data privacy and protection of personal data is an area of increasing concern globally. Many countries are enacting their



Shri B.B.Singh, Ex Chairman & Managing Director, MSTC Limited, being felicitated by Shri Subrata Sarkar, DF, MSTC Limited on the occasion of retirement function of Shri B.B. Singh



Data Privacy regulations to ensure protection of personal data. Violation of data protection laws or security breaches can result in substantive liabilities, fines or penalties and reputational impact.

**Cyber attacks**

Risks of cyber-attacks are forever a threat on account of the fast-evolving nature of the threat. In addition to impact on business operations, a security breach could result in reputational damage, penalties and legal and financial liabilities.

**Business model challenges**

Rapidly evolving technologies are changing technology consumption patterns, creating new classes of buyers within the enterprise, giving rise to entirely new business models and therefore new kinds of competitors. This is resulting in increased demands on the company's agility to keep pace with the changing customer expectations. Failure to cope may result in loss of market share and impact business growth.

**Risks, Internal Control Systems and their adequacy**

Risk Management Policy in MSTC for trading was introduced in the year 2008-09. The policy has been last revised on 05.04.2018. MSTC makes it certain that the internal control system functions within the risk appetite of the Company and is being fine-tuned to include more safeguards for being more effective.

Risk Management Policy for another segment of business i.e. e-Commerce has also been introduced in 2015-16 to have necessary safeguards in this business too.

M/s. S Guha & Associates., Chartered Accountants was assigned with the Internal Audit function of the Company for the year and their reports are put up to the management at regular intervals and summarized statement of important issues are placed before the Audit Committee. The Audit Committee analyses the functions of the internal control

system and recommendations of the committee are put up to the Board and those are implemented as per the considerations of the Board. Audit Committee also considers various financial statements for risk analysis and control.

**Conservation of Energy and Resources**

MSTC works primarily in the field of procurement of scrap materials, especially ferrous scraps from different consumers and trading of those scraps for recycling. Thus, MSTC works for the conservation of the natural resources, reduction in pollutants, conservation of energy by recycling ferrous scraps into a re-useable form. MSTC is in a way recycling Company that consolidates facilities and auctions scrap of various types for reuse after processing by its buyers.

The Auto Shredding Plant being planned by MSTC will be first of its kind in India, will promote Secondary Steel making in India using IF and EAF routes. These processes consume less energy and pollute less than primary process of utilizing BF's and Convertors etc.

**Cautionary Statement**

Statements under "Management Discussion and Analysis" are on Company's projections and estimates. Actual results may materially differ from such projections and depend on economic condition and industry demand in the relevant domestic and international market. Government regulations including fiscal regulations and other incidental factors may also affect the projections and estimates.

For & on behalf of the Board of Directors

Dated: August 24, 2020  
Place: Kolkata



(Surinder Kumar Gupta)  
Chairman-and Managing Director



54<sup>th</sup> Annual General Meeting of MSTC Limited



## BOARD'S REPORT

To,  
The Shareholders  
MSTC Limited

The Directors are pleased to present the 55th Annual Report on the business and operation of the Company together with the Audited Financial Statements, Auditor's Report and comments of the Comptroller & Auditor General of India for the year ended 31st March, 2020.

### Financial Highlights of the Company

The Profit after Tax stands at ₹ 752.03 Million in Financial Year 2019-20 as against Loss of ₹ 3,244.65 Million last year.

The Standalone Financial results of the Company for the financial year 2019-20 and 2018-19 are given below:-

Particulars	₹ in Million	
	2019-20	2018-19
Volume of Business	12,73,912.30	11,12,737.36
Profit (Loss) before tax	1,294.91	(2692.09)
Tax	542.88	552.56
Profit after tax	752.03	(3244.65)
Paid up capital (Equity)	704	704
Reserves	2,094.31	1376.83
Dividend (%)	33%	-
PBT Per Employee	4.00	(7.56)
Earnings per share ( ₹ ) (Face value ₹10/-)	10.68	(46.09)

### Covid 19

In the last month of FY 2019-20, the COVID-19 pandemic developed rapidly, forcing governments to enforce lock-downs of all economic activities. With such unprecedented measures taken by both the Central and respective State Governments to contain the spread of COVID – 19, the Country's economy has been impacted and have caused hardship and disruption in people's lives. For the Company, the focus immediately



Introductory Meeting of Shri B.B.Singh, CMD, MSTC Limited with newly appointed Independent External Monitors

shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers. The Company has taken proactive measures to comply with various directions / regulations / guidelines issued by the Government and local bodies to ensure safety of workforce across all its offices. Company in accordance with the various guidelines issued by Govt. of India has shifted the workforce to an entirely new 'work-from-home' model during the lockdown I phase. The Company thereafter gradually and in accordance with the guidelines issued by the Govt. of India, started operation at various offices.

As a responsible member of the community the Company has contributed ₹ 55.40 Million to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund). All the employees of the Company have contributed one day salary to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund).

Due to outbreak of Covid-19 globally and in India, the Company's management has made initial assessment of likely adverse impact on business and financial risks on account of Covid-19, and that the management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities.



Board of Directors of MSTC Limited



Bussiness Review Meeting dated 28<sup>th</sup> January, 2020



Joint Secretary, Ministry of Steel, Govt of India welcomes our new CMD, Shri Surinder Kumar Gupta

### Dividend

The Board of Directors of your Company is pleased to recommend a final dividend of ₹ 3.30 per equity share of the face value of ₹ 10 each (@ 33 %), payable to those Share holders whose names appear in the Register of Members as on the Book Closure / Record Date. The total proposed dividend for the year aggregates to ₹ 232.32 million. The dividend pay-out will be in accordance with the Company's dividend distribution policy. The Dividend Distribution policy as formulated by the Company may be accessed at the web link [www.mstcindia.co.in](http://www.mstcindia.co.in).

### Reserves

The Reserves stand at ₹ 2094.31 Million as on March 31, 2020.

### Changes in Share Capital

The authorized share capital of your Company as on March 31, 2020 stands at ₹ 1500.00 Million divided into 150.00 Million equity shares of ₹ 10.00 each. During the year under review there is no change in share capital of your company.

### Directors Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Board of Directors state that:

- In the preparation of the Annual Accounts the applicable Indian Accounting Standards (INDAS) have been followed along with proper explanation relating to material departures.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the financial year 2019-20.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for

preventing and detecting frauds and other irregularities.

- The Directors have prepared the Annual Accounts for the year ended 31st March, 2020 on a going concern basis.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- The Directors had laid down internal financial controls of the Company and that such systems were adequate and operating effectively.

### Directors & Key Managerial Personnel

Shri Surinder Kumar Gupta, Chairman and Managing Director, Smt. Bhanu Kumar, Director (Commercial) and Shri Subrata Sarkar , Director (Finance) and Chief Financial Officer are whole time Directors of the Company. Shri Surinder Kumar Gupta is also acting as Chairman of Ferro Scrap Nigam Limited (FSNL) and Mahindra MSTC Recycling Pvt. Ltd. (MMRPL). Smt. Bhanu Kumar, Director (Commercial) is also acting as Director of Ferro Scrap Nigam Limited. Shri Subrata Sarkar is also acting as Director of Mahindra MSTC Recycling Pvt. Ltd. (MMRPL).

During the year under review Shri B.B.Singh, Chairman & Managing Director of the company on attaining the age of superannuation ceased to be the Chairman and Managing Director of the Company. Dr. Promodita Sathish ceased to be the member of the board w.e.f 2nd July, 2020. The Board places on its record the sincere gratitude for the valuable guidance and support rendered by Shri B.B.Singh and Dr. Promodita Sathish during their long association with the company.

Administrative Ministry has vide its letter no F.No. 8/1/2018-BLA dated October 11, 2019 appointed Shri Surinder Kumar Gupta as Chairman and Managing Director of the Company from the date of his assumption of the charge till the date of his superannuation. Shri Surinder Kumar Gupta has assumed the charge of the post of Chairman and Managing Director of the company w.e.f 17th December, 2019.

Administrative Ministry has vide its order no. 1/16/2015-BLA dated July 2, 2020, appointed Shri Awadhesh Kumar Choudhary, Economic Advisor, Ministry of Steel as Govt. Nominee Director in the Board of the Company with immediate effect until further order from the administrative Ministry.

During the year under review Smt. Bhanu Kumar, is retiring by rotation and being eligible offered himself for reappointment. The Directors recommended her reappointment in the ensuing Annual General Meeting of the Company.

The Company has received necessary declaration and certificate from all the Independent Directors confirming that they meet the criteria prescribed for Independent Directors under the applicable provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and rules made there under.

**A separate meeting of Independent Directors was held during the year.**

The provisions of Section 134(3)(p) of the Companies Act, 2013 require a listed entity to include a statement indicating the manner of formal evaluation of performance of the Board, its Committees and of individual Directors. However, the said provisions are not applicable for Government Companies as the performance evaluation of Directors is carried out by the Administrative Ministry as per laid down evaluation methodology.

A brief profile of the Directors proposed to be appointed and reappointed at the ensuing AGM is provided in the Corporate Governance Report section.

The details of the Key Managerial Personnel of the Company as on the date of this report are as follows;

Sl. No.	KMP	Designation
1.	Shri Surinder Kumar Gupta (w.e.f 17.12.2019)	Chairman and Managing Director
2.	Shri B.B. Singh (upto 30.11.2019)	Chairman and Managing Director
3.	Smt. Bhanu Kumar	Director (Commercial)
4.	Shri Subrata Sarkar	Director (Finance) & CFO
5.	Shri Ajay Kumar Rai	Company Secretary & Compliance Officer

The provisions of Section 134(3)(e) of the Companies Act, 2013 regarding the policy on Directors appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided in Sec 178(3) are exempted for Government Companies

**Related Party Transactions**

All Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Hence, the provision of section 188 of Companies Act, 2013 as amended are not attracted. Details of all related party transactions are provided

in the financial statement in notes to accounts. Thus disclosures in Form AOC-2 are not required. Further there are no related party transactions with the directors and KMP or other designated persons, which may have a potential conflict with the interest of the Company. All Related Party Transactions are placed before the Audit Committee for approval.

The Company has a related party transaction policy and the same has been uploaded on the website of the Company at [www.mstcindia.co.in](http://www.mstcindia.co.in).

The details of the related party transactions during the financial year are provided in note no. 40 of the financial statement.

**Conservation of Energy, Technology, Absorption and Foreign Exchange Earning and Outgo**

In accordance with the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in **Annexure-I** to this Report.

**Corporate Governance Report**

Separate details on Corporate Governance report along with the Compliance Certificate on Corporate Governance are attached herewith as **Annexure II** and form part of this Board's Report.

**Management Discussion and Analysis Report**

Management Discussion and Analysis Report forms part of the Board's Report.

**Business Responsibility Report**

Business Responsibility Report are attached herewith as **Annexure III** and forms part of this Board's Report.

**Extract of Annual Return**

In compliance of Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules 2014, extract of Annual Report in format MGT-9 for the financial year 2019-20 has been enclosed with this report as **Annexure IV** and also uploaded on the website of the company, [www.mstcindia.co.in](http://www.mstcindia.co.in).

**Corporate Social Responsibility**

The Company is seriously committed to social upliftment. In line with the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 & DPE guidelines, the Company has constituted a CSR Committee which functions as per the Govt. guidelines and the Company's CSR policy. The CSR Policy of the Company has been approved by the Board and is hosted on the website of the Company.

The Company has undertaken various activities as per the CSR policy of the Company. The Projects/programmes/activities are taken up in line with Schedule VII of the Companies Act, 2013.

Annual Report on Corporate Social Responsibility as required under Rule 8 of Companies (Corporate Social Responsibility



Policy) Rules, 2014 is placed as **Annexure V**.

#### Secretarial Audit

In compliance with Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Shri Saumayo Jyoti Seal, (MCM No. FCS9766) practicing Company Secretary has been appointed as the Secretarial Auditor for the year 2019-20. The Report of the Secretarial Auditor as prescribed is enclosed as **Annexure VI** to this report.

The Secretarial Auditor has made following observations;

1. With respect to constitution of Board of Directors of the company, there exist shortage in the number of Independent Director on and from 1st July, 2019 to 31st March, 2020.
2. With respect to transfer of shares to IEPF and filing of form IEPF4, the shares were not transferred to IEPF since the shares were under lock-in period till 27th march, 2020 as per the terms and conditions of IPO and hence form IEPF could not be filled within 31st March, 2020.

With regard to requisite number of Independent Directors on its Board for the period 02.07.2019 to 31.03.2020. In this regard it is clarified that the Company is a Govt. Company under the administrative control of Ministry of Steel and neither the Board nor the Company is empowered to appoint Independent Directors as the power to appoint Independent Director vest with Government of India as per the Government guidelines.

With regard to non-transfer of shares to IEPF, it is clarified that due to IPO shares of the company were in lock period till 27th march, 2020 and thereafter due to Covid-19 pandemic and nation wise lockdown the same could not be transferred.

#### Auditors

Pursuant to Section 139 of the Companies Act, 2013, the Comptroller and Auditor General of India, has appointed M/s. S Ghose & Co LLP Chartered Accountants (FRN: 302184E), as Statutory Auditors of the Company for the year 2019-20. The report of the Auditors is attached to the Annual Accounts of the Company. Management replies on the comments/observations of the Auditors are placed at **Annexure VII** to the Board's Report.

#### Comments by the Comptroller and Auditor General of India (CAG)

The comments of the CAG on the Annual Accounts of the Company in terms of Section 143(6) (b) of the Companies Act, 2013, shall be deemed as part of the Board's Report.

#### Number of Meetings of the Board

The Board met eight times during the financial year 2019-20. The details of the number of the meetings of the Board of Directors held during the year 2019-20 form a part of the Corporate Governance Report.

#### Disqualification of Directors

Pursuant to Section 164(2) of the Act and Rule 14(1) of

Companies (Appointment and Qualification of Directors) Rules, 2014, all the Directors have intimated that, they stand free from any disqualification from being a Director.

#### Notice of Interest by the Directors

Pursuant to Section 184(1) of the Act, Rule 9(1) of the Companies (Meetings of Board and its Powers) Rules, 2014 and applicable provisions of SEBI, all the Directors have given Notice of Interest.

#### Committees of the Board

MSTC has constituted four committees of the Board viz., Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Stakeholders Relationship Committee, details of which are provided in the Corporate Governance report.

#### Audit Committee

The Company has in place a Board Level Audit Committee, in terms of the requirements of the Companies Act, 2013 read with rules made there under and Regulation 18 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, the details in respect of which are given at the Corporate Governance Report. Further, there has been no instance where the Board of Directors has not accepted the recommendation of Audit Committee.

#### Corporate Social Responsibility (CSR) Committee

In compliance of Section 135(1) of the Act, read with Rule 5 of the Companies (CSR Policy) Rules 2014, the Company had constituted the CSR Committee of the Board with Dr. T. V. Murali Vallabhan, Independent Director as Chairman, Dr. R.S.Yeli, Independent Director, Shri Subrata Sarkar, Director (Finance) and Dr. Promodita Sathish, Govt. nominee Director as members.

#### Subsidiary Company and Joint Venture

##### Ferro Scrap Nigam Limited

Ferro Scrap Nigam Limited is the 100% Subsidiary of the Company. The Operational result of two years is given below:

(₹ in Million)

Particulars	2019-20	2018-19
Total Revenue	4,098.96	3784.13
Profit/(Loss) Before Tax	460.17	410.90
Profit/(Loss) After Tax	305.76	266.88

The detailed information relating to the subsidiary Company in form AOC-1 in compliance of Section 129(3) of the Companies Act, read with Rule 5 of Companies (Accounts) Rules forms part of Annual Report.

##### Mahindra MSTC Recycling Pvt. Ltd

MSTC had entered into JVA with Mahindra Intertrade Limited and formed a Joint Venture Company "Mahindra MSTC Recycling Pvt. Ltd.". The Company's auto recycling plant at Greater Noida has completed its first full financial year of operations and has gained significant traction. The



Employees and Staff participated with full enthusiasm in the Blood Donation Camp organized by MSTC Employees Recreation Club

Company's output from the recycling operations was well received by the market. The Company's second plant, located at Chennai, has commenced operations from February 2020. In FY 2019-20, the company has dismantled/shredded 1774 nos. ELV. During the year ended 31st March 2020, the Company earned an Income of ₹ 58.32 Million as against a figure of ₹ 11.89 Million in earlier year.

#### Consolidated Financial Results

In accordance with the provisions of the Companies Act, 2013 and the Accounting Standards issued by the Institute of Chartered Accountants of India, your Company has prepared the Consolidated Financial Statement for the group, including its subsidiary and joint venture and attached with your Companies Report.

The Summary of Consolidated Financial Results is as follows:

(₹ in Million)

Particulars	2019-20	2018-19
Profit (Loss) before tax	1,667.43	(2374.47)
Tax	697.29	696.57
Profit after tax	970.15	(3071.04)
Paid up capital (Equity)	704	704
Reserves	4035.23	3175.69
PBT Per Employee	4.85	(6.67)
Earnings per share (₹)		
(Face value ₹ 10/-)	13.78	(43.62)

#### Material Changes and Commitments, if any, affecting the Financial Position of the Company

There are no material changes and commitments affecting the financial position of the Company that have occurred between the close of the financial year ended 31st March, 2020 and the date of Board's Report.

#### Details of Significant and material order passed by the Regulators, Courts and Tribunals

No significant and material order has been passed by the



Annual Cultural celebrations of MSTC Limited

Regulators, Courts and Tribunals impacting the going concern status and the Company's operation in future.

#### Particulars of Loans, Guarantees or Investments

Details of loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 and Rules made there under are given in the notes to the financial statements.

#### Public Deposits

Your company has not accepted any deposits under the Companies Act, 2013 during the financial year ended 31st March, 2020.

#### Compliance of DPE Guidelines and Policies

The guidelines and policies issued by the Department of Public Enterprise from time to time are duly complied with by the Company.

#### Compliance with Secretarial Standards

Your Company complies with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

#### Internal Financial Controls

Your Company has put in place adequate internal financial controls for ensuring the efficient conduct of its business in adherence with laid-down 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, which is commensurate with the operations of the Company.

M/s. S Guha & Associates., Chartered Accountants (FRN : 322493E) was the Internal Auditor of the Company for the year and their reports are put up to the management at regular intervals and summarized statement of important issues are placed before the Audit Committee.

#### Systems

MSTC's IT infrastructure is by far the most sophisticated and robust in the country to take up ecommerce services in a

secure and transparent manner for more than 1,00,000 clients across the globe.

MSTC's IT Department is equipped with the powerful RISC based IBM Power Series Servers having robust processing power and can serve more than ten thousand of concurrent hits. The servers are highly energy efficient leading to saving of power and these servers are in operation with redundancy & high availability disaster recovery mode for providing uninterrupted services to our stake holders like Principals, Bidders & other users.

Mumbai Disaster Recovery site is also having a similar set up as in Kolkata Data Center.

MSTC is concerned with information security issues and has left no stone unturned to achieve maximum security by installing different OEM Next Generation Firewall, Intrusion Prevention System (IPS), Managed Distributed Denial of Service (MDDOS), SSL etc.

The much needed security features 'Write Once Media' which captures the Audit trails on a non-editable tamperproof media, has been the hallmark of MSTC's e-Commerce system.

#### SSL Encryption

SSL (Secure Sockets Layer) is the standard security technology for establishing an encrypted link between a web server and a client end browser. This link ensures that all data passed between the web server and browsers remain private and integral. We have implemented 256-bit SSL in our web server with enforcement of TLS 1.2 & above.

All network equipment like routers, switches are from CISCO/CHECKPOINT and are totally ready for IPv6 migration. Security Appliances like Firewalls, IPS are in place to prevent unauthorized intrusion with latest signatures.

Periodical Application Security Testing is conducted by STQC, a Govt. of India Department. MSTC ensures security through periodical penetration, vulnerability & performance testing by STQC. MSTC conducts its business through a dedicated 155.52 MBPS ILL and also has a standby ILL connectivity taken from a different provider and with a point-to-point(P2P) connectivity between DC & DR for data synchronization.

MSTC has developed an upgraded in-house e-Procurement solution with e-tendering, e-reverse auction, e-reverse auction with L1 matching and many other models. General Financial Rules, CVC guidelines, IT Act 2000 and its Amendment of 2008 have been adhered to in this e-Procurement application and the said service has been certified by STQC.

MSTC server in Kolkata is manned round-the-clock throughout the year. The Systems dept. is well equipped with qualified professionals whose skills are continuously upgraded with training on latest technology.

MSTC's System Department is ISO 27001:2013 certified from STQC.

MSTC e-Commerce division is also ISO 9001:2015 Quality certified.

MSTC e-Commerce has been appraised to CMMI Level-3 Dev.

#### Developments of Information Technology during 2019-20

- 1) STQC Certification on MSTC e-Procurement services is certified by STQC Kolkata that included all the testing like Functional testing, CVC and IT Act compliance Audit, Web Application Security Testing, Performance Testing, Vulnerability Assessment & Penetration Testing and the certificate is valid till 24-07-2022.
- 2) Security is in place by two different OEM Checkpoint & CISCO Next Generation Firewall at two levels.
- 3) ISO 9001:2015 certification is also maintained as per standards
- 4) MSTC Systems division is CMMi Level 3 appraised. The same has been renewed and is valid up to 18-09-2022.
- 5) Imperva Write-once management device is in place for better management & monitoring of activities related to data.
- 6) Security of our corporate website [www.mstcindia.co.in](http://www.mstcindia.co.in) was enhanced by implementing 256 bit Secured Socket Layer and this site has received compliance certification as per GIGW from STQC and is valid till 04-02-2022.
- 7) Implementation of global pre-bid EMD resulting increase



Annual Sports Day being celebrated by MSTC Limited



Various participants are ready to go in the Women's Spoon Race during MSTC's Annual Sports Day Event



Yoga Day being celebrated in MSTC Limited



in transparency in the e-Auction system has been extended to few other modes of bidding also in 2019-20.

- 8) In 2019-20 MSTC had executed 46,535 no. of Auctions/events through its portal as compared to previous year figure of 36,640 which could not be increased further due to COVID-19 pandemic.
- 9) MSTC replaced its old IBM Power series servers with new model of green effect faster IBM power series servers which was made live on 06th January, 2020.
- 10) MSTC In-house Java Team developed and implemented customized ecommerce solutions for IBAPI - Property sale, e-Procurement common portal, Shakti BII R-III ,Reliance Industries e-Auctions, RMC property lease, ITPO,MMB AP, KSEB renewable energy, PPA LTSP, eProcurement for NTCL,CVPPL, Aryavart Bank, Govt of Orissa & others, KFD vehicle bidding, eRAKAM 2 Stage Bidding with global pre-bid EMD, RCS UDAN 4th Tranche and MMB UP bidding with global pre-bid EMD during 2019-20 along with upgradation of all applications to compatible versions with latest IBM Middleware.
- 11) MSTC In-house dotnet Team developed and implemented customized solutions for Online Medical Bill Submission & Reimbursement, Online Mobile Handset Bill Reimbursement, Online Mobile Bill Submission & Re-imburement, Online Laptop Advance & Re-imburement, Online Office Bag Reimbursement, Online Furniture Reimbursement, Knowledge Management – Pink Umbrella for Women – An exclusive knowledge sharing and chat platform for Women employees of the Organization, Online appraisal for Non-Executive, Online appraisal for E-8, Online Exit formalities for Resignation, Retirement etc., Online Employee Service book along with addition of different new modules in jaivikkheti portal of MoA.

- 12) Customized integrated e-Auction platform for auction of NPAs of all nationalised banks has been developed & implemented. Some NPAs have already been auctioned successfully.
- 13) As appointed by honourable Supreme Court of India, portal for auctioning of Properties of Amrapali Group has been developed.
- 14) Customised e-tendering portal for EPC contract for Renewable Energy has been developed for Kerala State Electricity Board.
- 15) MSTC has developed the upgraded e-procurement platform with advanced features and launched the same in the year 2019-2020.
- 16) Bidding platform for new major clients for e-procurement, viz. NPCC, WAPCOS, EPIL, CVPPL, etc have been developed.
- 17) MoU has been signed with SPMCIL for e-procurement services.
- 18) 22 nos. of new agreements signed with Principals during FY 2019-20 in e-Procurement with yearly procurement of ₹ 20 Million and above.
- 19) In 2019-20, MSTC has generated ₹ 50.90 Million revenue in retail software & through E-RaKAM portal.
- 20) During FY 2019-20, MSTC had tie-ups with 15 nos. new banks and conducted atleast one auction for disposal of attached properties under NPAs of banks.
- 21) STQC, one of the CERT-IN authorised agencies has conducted vulnerability assessment and ethical hacking of e-Commerce system of MSTC and submitted their report on vulnerability assessed on 18.12.2019.

#### MOU PERFORMANCE

The Memorandum of Understanding (MoU) with the



Our Women Employees performing on the occasion of International Women's Day Celebration



MSTC organised Painting Competition to Express – Invitation for Painting Competition. Shri Samir Aich and Shri K Muralidharan, renowned professional Artists

Government of India setting performance parameters and targets for the year 2019-20 was signed by Chairman and Managing Director of the Company and Secretary (Ministry of Steel), Govt. of India, on June 13, 2019. MoU targets for the Company continue to be more challenging and tougher over the years. However, the Company has been continuously striving to achieve new heights in terms of performance numbers surpassing all previous achievements. The performance rating for the financial year 2019-20 is under evaluation.

#### Human Resource Development (HRD)

MSTC Limited has always considered its human resource as the most important resource. With the increase in volume of business and employees retiring from the Company, recruitment has been undertaken at the entry level of both executive cadre and Junior Computer Assistant posts. Total of 4 persons have joined our company through direct recruitment during the year 2019-20.

Since we are a people oriented company, development of employees through training has been an important area of HR activities. Emphasis was laid on competency building of employees for higher roles in the Company. The company has trained 106 employees [57 through in-house training (including MT& AMs) and 49 through external training] on various topics for capability enhancement and skill development. The topics for training were chosen to promote overall development and to foster understanding, collaboration, teamwork and leadership qualities amongst the employees in the organization.

Besides special emphasis was given on HRMS implementation under which various processes were converted into online system with an objective to empower employees of the Company. Various initiatives for women employees promoting work life balance and leadership were undertaken during the years some of which were introduction of sabbatical policy for executives, Pink Umbrella- an online women forum, etc. Further, other activities under various HR parameters, as per MOU target were also undertaken.

#### Welfare of weaker sections

The Presidential Directives issued from time to time in regard to reservation, relaxation, concession, etc. for the SC/ST/OBC/PWD candidates pertaining to the policies and procedures of the Government were duly observed. The directives in matters concerning recruitment and promotion regarding the weaker sections have been duly complied with. All Departmental Promotion Committees and Selection Committees (in case of recruitment) constituted during the year had representatives of SC/ST community. Out of 55 no. of persons recruited during the year, 16, 9 and 2 persons belonged to OBC, SC and ST category respectively; of which 2 persons were PWD (VH).

During the year, 6 SC, 4 ST and 24 OBC employees of the Company, were sponsored for training programmes, Institutional training programmes. In addition, all possible cooperation and assistance was provided to the MSTC SC/ST Employees' Council, which function primarily to safeguard the interest of the reserved section of employees of the Company.

#### Empowerment of Women

MSTC is a Corporate Life Member of Forum of Women in Public Sector (WIPS) and women employees were nominated in the programs organized by WIPS. Internal Complaints Committees constituted in all the offices of MSTC have been functioning successfully. Periodical meetings and Complaint redressal, awareness programs, etc. are also duly conducted by the Committees.

This year we have conducted five initiatives for promoting work-life balance and enhance women leadership amongst women employees of the company: Introduction of Pink Umbrella- an online forum for women employees for various issues.

- Training of women employees for programmes on work-life balance and leadership
- Painting to Express- A painting competition on "Dreams-Something which gives you wings: how you imagine it in your worldview", amongst all women employees, with a Judges panel constituted by Artists Samir Aich and K Muralidharan.
- Health Checkup Camps were organized in collaboration with renowned hospital.
- Stress management Programmes were organized across all offices of the Company for women employees, addressing their issues.

#### Disclosure under section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

MSTC has in place a mechanism for prevention and redressal of sexual harassment of women employees at the workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committees (ICCs) have been set up in all the offices of the Company for rendering necessary assistance to and dealing with complaints, if any, of all the women employees of the Company. All employees (permanent, outsourced, trainees etc.) are covered under this policy. Workshop are held with an objective to create awareness among the employees

- (a) Number of Complaints filed during the financial year 2019-20: Nil
- (b) Number of complaints disposed off during the financial year 2019-20: Nil
- (c) Number of Complaints pending as on end of the financial year 2019-20: Nil

### MANPOWER STATISTICS OF MSTC AS ON 31-03-2020

	BBR	BLR	BPL	CDG	DDN	ERO	GHY	HO	HYD	JPR	LKO	NGP	NRO	PTN	RNC	RPR	SRO	TVC	VAD	VZG	WRO	Total	TOTAL AS ON 31.03.19
Executive	5	10	7	7	1	10	5	87	8	7	8	1	16	2	5	6	10	9	9	8	14	235	242
Non Executive	0	7	2	0	0	8	0	34	3	1	2	0	12	0	1	1	6	3	7	10	12	109	114
Total	5	17	9	7	1	18	5	121	11	8	10	1	28	2	6	7	16	12	16	18	26	344	356

### SC/ST/OBC/PHYSICALLY HANDICAPPED/EX-SERVICEMEN STATUS AS ON 31-03-2020

Group	Total Employee	OBC	GENERAL	SC	ST	PHYSICALLY HANDICAPPED
Group A	235(68.31%)	60(25.53%)	115(48.94%)	36(15.32%)	16(6.81%)	8(3.40%)
Group B	7(2.03%)	0(0.00%)	4(57.14%)	3(42.86%)	0(0.00%)	0(0.00%)
Group C	94(27.33%)	24(25.53%)	45(47.87%)	19(20.21%)	3(3.19%)	3(3.19%)
Group D	8(2.33%)	0(0.00%)	5(62.50%)	3(37.50%)	0(0.00%)	0(0.00%)
<b>Total Employee</b>	<b>344</b>	<b>84(24.42%)</b>	<b>169(49.13%)</b>	<b>61(17.73%)</b>	<b>19(5.52%)</b>	<b>11(3.20%)</b>

### MALE/FEMALE AS ON 31-03-2020

Groups	Male	Female	Total
Non-Executive	93	16	109
Executive	192	43	235
<b>Total</b>	<b>285</b>	<b>59</b>	<b>344</b>



Rajbhasha Trimas being conducted in MSTC Limited



Rajbhasha first prize won by MSTC Limited





Vigilance Awareness Week celebration in MSTC, Head Office



Outreach programme during Vigilance Awareness Week

### Grievance Redressal Mechanism

Your Company is Providing Public Grievance Redressal Cells. There are total eight (08) cells in regions and branches of the organisation and there are's a Nodal Officer and a Public Grievance officer in the Head Office. There is facility of online registration for lodging grievance on the Company's website [www.mstcindia.co.in](http://www.mstcindia.co.in). MSTC has also implemented Centralized Public Grievance Redress and Monitoring System (CPGRAMS) for online receipt and disposal of public grievances, so that grievance can be sorted out immediately and to take action to solve the cases. Some grievances are also received by post. Action is taken to address and redress grievances received from outside and from staff of the organisation.

Apart from the cells, a Grievance Committee is also constituted at Head Office. The Grievance Committee makes recommendations after examination of the grievances and comments obtained from the concerned department/region/branch. The Grievance Committee meets at periodical intervals to review the cases. The Centralized Public Grievance Redress and Monitoring System (CPGRAMS) and Public Grievance site of the Company are monitored regularly by the Head Office. Report on Public Grievance Redress is sent to the Administrative Ministry.

During 01.04.2019 to 31.03.2020, total 34 grievances were received. Out of this, 32 grievances have been disposed of and 02 are under process.

#### Statement of Public Grievances for the period of 01.04.2019 to 31.03.2020

Grievances outstanding as on 01.04.2019	Grievances registered in 2019-20	Grievances redressed in 2019-20	Grievances outstanding as on 31.03.2020
4	34	36	02

### Right to Information Act 2005

Your Corporation has aligned with the online RTI portal launched by DoPT and all the applications / appeals received through the portal have been disposed off through the portal, namely <https://rtionline.gov.in>.

Provisions of RTI Act 2005 were complied with for processing the RTI applications and appeals received in all offices of MSTC. There are's one Transparency Officer, one First Appellate Authority, one CPIO, one Nodal Officer in MSTC, Head office and every region/branch has one PIO for effectively processing the RTI applications received at various locations of the Company.

All quarterly reports have been submitted on-line. All quarterly reports have been uploaded on CIC site. During 01.04.2019 to 31.03.2020, total 113 RTI applications have been received through online and by post also. 13 First Appeals have been received. Out of that 105 RTI Applications and 13 First Appeals have been disposed of and 01 RTI applications have been rejected. Remaining 07 RTI applications are under process.

### Official Language

Continuous efforts are being made for propagation and effective implementation of Rajbhasha in all units of the Company and the progress is being reviewed and monitored continuously.

MSTC was awarded 'Rajbhasha Bhushan' for the year 2017-18 at the "35th Akhil Bharathiya Rajbhasha Prashikshan Shibir and Sammelan" held at Mysore from 6th to 8th June 2019.

MSTC has organized the "Rashtriya Hindi Sangosthi" to mark the 139th birth anniversary of famous novelist, Munshi Prem Chand, which was inaugurated by Shri Faggan Singh Kulastay, Union Minister of State, Ministry of Steel on 31.07.2019. Eminent Hindi writers from across the country delivered lectures on Munshi Prem Chand and a drama based on his novel was staged. On this occasion, senior officers from various PSEs and a large number of Hindi professors/ students were also present.

"Rajbhasha Trimas" was inaugurated on September 14, 2019. During this period, Hindi competitions and workshops were organized in Head office, Regional and Branch offices and 90 employees were awarded for winning in various Hindi competitions and 27 employees were awarded certificate for

passing Hindi Examinations. Besides, 88 employees were awarded under the Official Language Incentive Scheme.

MSTC Limited was awarded by the World Hindi Council, Delhi on 14th September 2019 at International Hindi Conference for outstanding efforts in the field of implementation of Official Language for the year 2018-19.

On 10 January 2020, Vishwa Hindi Divas was celebrated in the organization. Officers and Employees participated with enthusiasm in this occasion.

During the May and November 2019 sessions, 27 employees were nominated for the examinations conducted by the Hindi Teaching Scheme. Training was provided to these employees through internal classes and LILAAPP.

Quarterly workshops were also organized. During the year, Regional and Branch offices were inspected by the H.O. Officials. During the year 2019-20, the quarterly meetings of Official Language Implementation Committee were held regularly.

Various documents of the office were also translated from English to Hindi and vice versa. These include documents of various parliamentary committees, policies, MOUs, press releases, etc. Besides, the Annual Report was published in bilingual format.

The Quarterly reports for Head office as well as Regional and Branch offices were submitted online. The ISO 9001:2015 certification of Rajbhasha Cell of the Corporation was also renewed. Besides, MSTC officials have actively participated in the Official Language Implementation committee meeting organized by the Ministry of Steel on 26th July 2019.

In the Town Official Language Implementation Committee Meeting held on 29 January 2020, Shri S.K. Gupta, Chairman and Managing Director received 1st prize from Shri Jagdeep Dhankhar, Governor of West Bengal as MSTC was selected for the first prize in Corporate Office category for the best performance in the field of Official Language Implementation.



Run for Unity being organized by MSTC Limited on the occasion of birth anniversary of Shri. Sardar Vallabhbhai Patel.

## Vigilance

Vigilance is defined as watchfulness and alertness. Being watchful & alert and thereby ensuring a corruption free environment in the organisation is the responsibility of the Vigilance department. MSTC Ltd is having a full-fledged Vigilance setup headed by the Chief Vigilance Officer (CVO), who is appointed for a fixed tenure by the Central Government with the approval of Central Vigilance Commission (CVC). The CVO and the vigilance setup functions as the extended arm of CVC, the apex statutory anticorruption body of the Nation. The Vigilance department also acts as a link between the organisation and other anti-corruption agencies like CBI, Anti-Corruption Branches (ACB) of State Governments and Administrative Ministry etc. on vigilance related matters.

Vigilance function essentially is a management function and is part of the checks that are required for healthy growth of the organization. Vigilance department takes up the anti-corruption fight mainly on two fronts – Preventive & Punitive. It includes detecting irregularities, analysing and finding out reasons for such irregularities and making effective systemic improvements to curb them. The department also entails identifying the officials responsible for misconduct and taking appropriate actions to punish them. Though 'punitive action' against errant officials are certainly important, the department recognises the comparative advantage of 'surveillance' and 'preventive measures' as the saying goes, "prevention is better than cure".

During the year 2019-20, 10 inspections were carried out by Vigilance including surprise checks. 81 Property Returns were scrutinized and Audit Report for the preceding year was examined. 68 Complaints received in MSTC; 64 Complaints disposed. 09 taken up for detailed Investigation (08 from complaints and 01 from scrutiny of files). 05 Training/Workshops were held for sensitization of employees as well as refresher courses for Vigilance Officers. Besides, 05 Departmental Inquiries initiated-03 proceeding disposed which resulted in punitive action against 03 officials. Such



Swachh Bharat Abhiyan being observed by MSTC Limited

examinations/investigations have resulted into initiation of various system improvement measures.

Total 56 system improvements carried out during the year. System improvements were effected in the following areas;

- ❖ Complaint Handling System
- ❖ Recruitment rules & process
- ❖ Standardization of terms and conditions in the NIT of Car Hiring
- ❖ Corruption Hazard Assessment of scrap e-auction system
- ❖ Effectiveness of Bill Tracking System
- ❖ Leveraging Technology in Vigilance Clearance
- ❖ Online Submission of Annual Property Return
- ❖ Vigilance administration

In accordance with the directives of the Central Vigilance Commission, the Vigilance Awareness Week was observed in MSTC Limited across the country w.e.f. 29.10.19 to 03.11.19 emphasizing the theme of this year for Vigilance Awareness Week "Integrity- A Way of Life" (ईमानदारी - एक जीवन शैली). Besides MSTC employees, outreach programmes were undertaken for vendors and public with a view to make them aware about corruption and to publicize the menace of corruption and to emphasize its ill effects on the wellbeing of the country with an aim to encourage them to prevent and combat corruption. The initiatives included publicizing of the Integrity e-Pledge; and awareness Campaigns in 06 schools & 02 colleges/management institute; organizing lectures, walkathon, debates, quiz, essay writing, slogans/elocution/cartoon/poster competitions on topics such as moral values, ethics, good governance practices etc. A skit play on the theme was also organized in corporate office. A vigilance magazine, named Jaagrat, was also brought out during the period.

### Acknowledgement

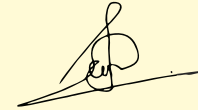
The Board of Directors wish to place on record their gratitude to the Hon'ble Union Minister for Steel, Hon'ble State Minister for Steel, Secretary (Steel), Additional Secretary and FA (Steel), and other officials of the Ministry of Steel, Defence Ministry, Coal Ministry, Mining Ministry, Civil Aviation, Petroleum, Natural Gas Ministry and various other Central Government Ministries, all State Governments, various Central and State public sector undertakings, private companies, the bankers, our principals and others for their valuable assistance and guidance extended to the Company during the year. The Directors express their gratitude to all stake holders, customers and suppliers for the trust and confidence reposed by them on your Company year after year.

Your Directors also place on record the appreciation of the sincere efforts made by employees which has resulted in excellent performance of the Company.

Dated: August 24, 2020

Place: Kolkata

For & on behalf of the Board of Directors



(Surinder Kumar Gupta)

Chairman-and Managing Director



## Annexure: I

**Particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo as per Section 134 of the Companies Act, 2013, as read with Rule 8(3) of the Companies (Accounts) Rules, 2014.**

### A. Conservation of Energy and Technology Absorption

The Company has upgraded its Server to the latest IPV6 which consumes much less electrical power and conserves energy. Being an IT oriented Company, technological upgradation is a continuous process in MSTC and has been fully achieved by your Company.

### B. Foreign Exchange Earnings & Outgo

The total foreign exchange outgo during the year **2019-20** for import of goods and others was ₹ **201.25 Million** as against ₹ **21,801.71 Million** in the year **2018-19**. The Company has earned ₹ **NIL** in foreign exchange during the year **2019-20**. In the previous year i.e. **2018-19**, the foreign exchange earning was ₹ **0.42 Million**.

## Annexure: II

### Corporate Governance

Corporate governance implies the way in which a company is managed to ensure that all of its stakeholders get their fair share in its earnings and assets. Good corporate governance involves the commitment of a company to run its businesses in a legal, ethical and transparent manner - a dedication that must come from the very top and permeate throughout the organization. Good corporate governance is necessary, not only in order to gain credibility and trust, but also as a part of strategic management for growth, sustenance and consolidation. Corporate governance helps to enforce confidence in the stock market and thereby in the economic environment as a whole, creating an attractive environment for investment/investor.

### Corporate Governance Philosophy of MSTC

Effective corporate governance practices to provide for an environment in achieving the objectives of the Company have been the basic management philosophy of your Company.

All out efforts are made for transparency and integrity at all levels of management in order to retain confidence reposed in its management by the stakeholders.

MSTC aspires to follow high ethical standards, commitment to values while doing business, maintain transparency, conduct due diligence in commercial contracts and follows best governing practices.

### Board of Directors

Composition & Category of Board of Directors:

The Board of MSTC comprises of Executive (Whole Time Directors) and Non Executive Directors (Which includes Independent Directors and Government Nominee Directors). Independent Directors are eminent persons having vast experience in the field of economics, administration etc.

As on 31st March, 2020, the Board of MSTC comprises of 9 Directors which includes 3 Executive Directors (Whole- Time Directors) and 6 Non – Executive Directors, out of which 4 are Independent Directors and 2 are Government Nominee Directors. The Board Comprises of 4 women directors. As stipulated by LODR, 2015 the nomination and remuneration committee of the company and Board of Directors has identified following list of core skills/competence of the Board of Directors

- ◆ Executive Leadership
- ◆ Governance Experience
- ◆ Strategy/Risk management
- ◆ Financial Acumen
- ◆ Sectorial/Domain Knowledge
- ◆ Marketing Knowledge
- ◆ Policy Evaluation and Culture Building



CMD, MSTC Limited called on Additional Chief Secretary(Steel & Mines), Odisha on March 6, 2020



CMD, MSTC called on CMD, NALCO on March 6, 2020



CMD, MSTC, Shri S K Gupta, called on Dr. Nalin Shinghal, CMD, BHEL on January 6, 2020

As required in the context of its business and sector for it to function effectively are those actually available with the Board are as follows:

Skills & its Description	S.K.Gupta	Bhanu Kumar	Subrata Sarkar	Ruchika Govil	Promodita Sathish	G.R.Aloria	Dr. T.V. Murali	Dr. R.S. Yeli	Aparna Chaturvedi
Leadership Experience of running large enterprise	✓	✓	✓	✓	✓	✓	✓	✓	✓
Governance Experience understanding of the changing regulatory landscape	✓	✓	✓	✓	✓	✓	✓	✓	✓
Experience of crafting Business Strategies and Risk Management	✓	✓	✓	✓	✓	✓	X	X	✓
Finance and Accounting Experience	✓	✓	✓	✓	✓	✓	✓	X	✓
Understanding of Consumer and Customer Insights in diverse environments and conditions	✓	✓	✓	X	X	✓	X	X	✓
Experience in overseeing ecommerce functioning and use of Digital Technology across industry	✓	✓	✓	X	X	✓	X	X	X
Experience in overseeing Policy Evaluation and Culture Building	✓	✓	✓	✓	✓	✓	✓	✓	✓

The Composition of Board of Directors is as follows:

Name of Director	Category	No. of Directorships and Committee Positions in other companies incorporated in India			No. of Shares Held in the Company
		As a Director	As a Member**	As a Chairman**	
Shri Surinder Kumar Gupta (W.e.f 17.12.2019)	Chairman and Managing Director	2	0	0	0
Shri B.B Singh(upto 30.11.2019)	Chairman and Managing Director	0	0	0	160*
Smt. Bhanu Kumar	Whole Time Director (Commercial)	1	0	0	160*
Shri Subrata Sarkar	Whole Time Director (Finance)	1	0	0	160*
Smt. Ruchika Chaudhry Govil	Government Nominee Director (Non Executive)	1	0	0	NIL
Dr. Promodita Sathish	Government Nominee Director (Non Executive)	0	0	0	160*
Shri Gangaram Aloria	Non Executive & Independent Director	0	0	0	NIL
Smt. Pravati Parida (upto 01.04.2019)	Non Executive & Independent Director	0	0	0	NIL
Dr. R.S. Yeli	Non Executive & Independent Director	0	0	0	NIL
Dr. T.V.Murali Vallabhan	Non Executive & Independent Director	0	0	0	NIL
Smt. Aparna Chaturvedi	Non Executive & Independent Director	2	2	0	NIL

**Notes:**

\* Shares are held by directors as Nominee of the President of India.

\*\* Only Membership and Chairmanship in the Audit Committee and Stakeholder's Relationship Committee was considered.

**Board meetings**

During the Financial Year under review, 8 Meetings of the Board were held on 3rd May 2019, 29th May 2019, 17th July 2019, 13th August, 2019, 16th October 2019, 13th November 2019, 09th January 2020, & 12th February 2020. The Maximum Gap between two meetings did not exceed 120 days.

The information as required to be disclosed under Schedule V of the Listing Regulations, pertaining to Composition of Board and related matters including number of Board Meetings attended by Directors during the year 2019-20, attendance at the last Annual General Meeting by them and the number of other Directorship/Committee Membership in various companies as of 31st March, 2020 are tabulated below:-

Name of Director	Category	No of Meetings Held During Tenure	Attendance By Directors in Meetings	Whether attended last AGM held on 25.09.2019	No. of Directorships in other Companies
Shri Surinder Kumar Gupta (w.e.f. 17.12.2019)	Chairman Cum Managing Director	2	2	NA	2
Shri B.B.Singh(Upto 30.11.2019)	Chairman Cum Managing Director	6	6	Yes	0
Smt. Bhanu Kumar	Whole Time Director (Commercial)	8	8	Yes	1
Shri Subrata Sarkar	Whole Time Director (Finance)	8	8	Yes	1
Smt. Ruchika Chaudhry Govil	Government Nominee Director (Non Executive)	8	8	No	1
Dr. Promodita Sathish	Government Nominee Director (Non Executive)	8	6	Yes	0
Shri Gangaram Aloria	Non Executive & Independent Director	8	7	Yes	0
Smt. Pravati Parida (Upto 01.04.2019)	Non Executive & Independent Director	0	0	NA	0
Dr. R.S. Yeli	Non Executive & Independent Director	8	8	Yes	0
Dr. T. V. Murali vallabhan	Non Executive & Independent Director	8	8	Yes	0
Smt. Aparna Chaturvedi	Non Executive & Independent Director	8	7	Yes	2



**Note:**

1. Shri. B.B.Singh ceased to be the Chairman and Managing Director w.e.f 30th November, 2019.
2. Shri Surinder Kumar Gupta has assumed the charge as Chairman & Managing Director of the Company with effect from 17th December, 2019.
3. None of the directors is a member of more than 10 Committees or Chairman of more than 5 Committees, across all companies in which he/she is a director as per regulation 26(1) (a) & (b).
4. Directors are not per se related to each other.
5. The Company has proper system to enable the Board of Directors to periodically review the compliance reports of all laws applicable to the Company.
6. Information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.
7. The Company also, has in place, procedures to inform Members of the Board of Directors about the risk assessment and minimization.
8. Except Shri B.B Singh, Shri Subrata Sarkar, Smt. Bhanu Kumar and Dr. Promodita Sathish, who are holding 160 shares each as nominee of the President of India, no other director is holding shares in the Company.
9. None of the directors of your company is holding directorship in other listed Company.

In order to familiarize the Independent directors with their roles, rights, responsibilities, business model, nature of Industry in which company operates, etc. the Company has conducted various familiarization programmes.

The details of the familiarization program is disclosed in the website of the company at [www.mstcindia.co.in](http://www.mstcindia.co.in).

**Brief information of the newly appointed and Re-appointed Directors**

**Shri Surinder Kumar Gupta**

Shri S K Gupta has assumed charge as Chairman and Managing Director of MSTC Ltd on 17th December 2019. Shri S.K. Gupta is a Bachelor of Engineering from NIT, Kurukshetra and M. Tech. from PEC, Chandigarh. After serving as a lecturer in NIT, Kurukshetra for 2 years, he has joined Indian Railway Stores Service. He has 31 years rich experience of materials management activities involving Procurement/Warehousing of materials required for manufacture, maintenance and operations in Indian Railways as well as global procurement for purchase of sophisticated machinery etc.

He has shouldered important assignments spread over various states like Gujarat, Maharashtra, Punjab, Haryana, Delhi and Uttar Pradesh. While working in Centre for Railway Information Systems (CRIS), New Delhi, he has been instrumental in design, development and implementation of Indian Railways E-Procurement



Rashtriya Hindi Sangosti

and E-Auction Systems which are widely used by all Indian Railways Zones and Production Units.

**Smt. Bhanu Kumar**

Bhanu Kumar, aged around fifty three (53) years is the Director (Commercial) and Whole Time Director of our Company. She holds a degree of Bachelor of Science (Honours) in chemistry from the University of Delhi and also holds a degree of Master of Science in chemistry from the University of Delhi. She has over thirty (30) years of experience in operation and commercial department. She has been associated with our Company since November 1989.

**Awadhesh Kumar Choudhary**

Awadhesh Kumar Choudhary, aged fifty one years (51) years holds a degree in MA in Economics and M. Phil from Jawaharlal Nehru University. He has over 27 years of experience in Government of India. Prior to being appointed as Economic Advisor in Ministry of Steel, he served as Economic Advisor, in Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, Government of India

**Committees of the Board**

The Board Committees plays a crucial role in the Governance Structure of the Company and have been constituted to deal with specific areas/ activities which concern the company and need a closer review. The

Board Committees are set up under the formal approval of the Board to carry clearly defined roles which are considered to be performed by the Members of the Board, as part of Good Corporate Governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairman of the respective Committees inform the Board about the summary of the discussion held in the Committee Meetings. The Minutes of the Meeting of all the Committees are placed before the Board for review.

MSTC has constituted four committees of the Board viz, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Stakeholders Relationship Committee.

**i) Audit Committee**

**Terms of Reference**

The Terms of Reference of the Audit Committee covers the matters specified for Audit Committee under Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as well as in section 177 of the Companies Act, 2013. In Addition, the role of Audit Committee and review of Information by Audit Committee is as prescribed under part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



MSTC participated in International Buyer Seller Meet

The Audit Committee also complies with the guidelines issued by DPE on Corporate Governance relating to Audit Committee.

The Terms of Reference of Audit Committee covers all matters specified in the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 which inter-alia includes the following;

- 1) To assist the Board in its oversight functions relating to:
  - a) quality and integrity of disclosures contained in the audited and unaudited financial statements;
  - b) compliance with legal and regulatory requirements;
  - c) qualifications, experience, performance and independence of external auditors;
  - d) integrity of the internal controls established from time to time; and
  - e) Investments of the Company.
- 2) To investigate into any matter in relation to the items specified in Section 177 of the Companies Act, 2013 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and seek external professional advice, if necessary.
- 3) To investigate any activity within its terms of reference.
- 4) To seek information from any source including employees.
- 5) To obtain outside legal or other professional advice, if necessary.
- 6) To secure attendance of outsiders with relevant expertise, if it considers necessary.
- 7) To protect whistle blowers.
- 8) The role of the Audit Committee shall include the following:
  - a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
  - b) Reviewing with the management, the quarterly / half yearly financial statements before submission to the Board for approval.
  - c) Reviewing with the management, annual financial statements and auditors report thereon

before submission to the Board for approval, with particular reference to:

- i) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (3)(c) of Section 134 of the Companies Act, 2013;
- ii) Changes, if any, in accounting policies and practices and reasons for the same;
- iii) Major accounting entries involving estimates based on the exercise of judgment by management;
- iv) Significant adjustments made in the financial statements arising out of audit findings;
- v) Compliance with accounting standards issued by the Institute of Chartered Accountants of India;
- vi) Compliance with legal requirements relating to financial statements;
- vii) Disclosure of any related party transaction; and
- viii) Qualifications in the draft audit report.

## 9) Audit(s)

### a) Internal Audit:

- Reviewing, with the management, performance of internal auditors (external firms) and adequacy of internal control systems.
- Reviewing the adequacy of internal audit (in house) function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of such audit.
- Discussion with internal auditors on any significant findings and follow up thereon.
- Recommending to the Board for appointment and fixation of fees for Internal Auditors for Audit and other services if any.

### b) Statutory Audit & Branch Audit:

- Discussion with Statutory Auditors & Branch Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Discussion with Statutory Auditors & Branch Auditors on any significant findings and follow up thereon.
- Recommending to the Board the fixation of Statutory and Branch Audit Fees.



- Approval of payment to statutory auditors for any other services (other than audit) rendered by them.

**c) Cost Audit & Tax Audit:**

Recommending to the Board, the appointment, re-appointment and if required, replacement or removal of cost auditors and tax auditors and fixation of Audit fees and other terms of appointment.

- 10) Reviewing and monitoring the auditors' independence and performance and effectiveness of audit process.
- 11) Review the Cost Audit Report along with full information and explanation on every reservation or qualification contained therein and recommend the report to the Board for consideration
- 12) Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- 13) Review with the independent auditors the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
- 14) Consider and review the following with the independent auditors and management:
  - a) The adequacy of internal controls including computerized information system controls and security, and
  - b) Related findings and recommendations of the Independent auditor and internal auditor, together with the management responses.
- 15) Consider and review the following with the management, internal auditor and the independent auditor:
  - a) Significant finding during the year, including the status of previous audit recommendations
  - b) Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
- 16) Government audit- To review the follow up action on the audit observations of the C&AG audit.
- 17) Reviewing the findings of any internal investigations by the internal auditors/statutory auditors/other agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- 18) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 19) To review the functioning of the Whistle Blower Mechanism.
- 20) To review the follow-up action taken on the recommendations of committee on public undertakings (COPU) of the Parliament.
- 21) Review and pre-approve all related party transactions in our Company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.
- 22) Review the Company's financial policies, commercial policies and risk management policies.
- 23) Evaluation of internal financial controls and risk management system.
- 24) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
- 25) Scrutiny of inter-corporate loans and investments.
- 26) Valuation of undertakings or assets of the Company, wherever it is necessary.
- 27) Approval or any subsequent modification of transactions of the Company with related parties.
- 28) Review the following information:
  - a) The management discussion and analysis of financial condition and results of operations;
  - b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
  - c) Management letter / letters of internal control weaknesses issued by the statutory auditors;
  - d) Internal audit reports relating to internal control weaknesses;

- e) The appointment, removal and terms of remuneration of internal auditors/chief internal auditor; and
- f) Certification / declaration of financial statements by the chief executive/chief finance officer.
- 29) To call for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and to discuss any related issue with the internal and statutory auditors and the management of the Company.
- 30) Review of the quarterly statement for deviation including report of monitoring agency, if applicable submitted to Stock Exchanges.
- 31) Review the utilization of loans and/ or advances from investment by the Company in its subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments which shall be effective from April 1, 2020 or such other date as may be prescribed by SEBI, as the case may be.
- 32) Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors

#### **Composition & Details of Meetings of Audit Committee**

The Audit Committee presently Comprises of 4 Members out of which three are Independent Directors and one is Government Nominee Director. The Chairman of the Committee is an Independent Director.

Director (Finance) and Director (Commercial) are the Permanent Invitees of the Audit Committee.

Company Secretary acts as Secretary to the Audit Committee.

The Committee met 8 times during the financial year ended 31st March, 2020, on 03rd May, 2019, 29th May, 2019, 17th July, 2019, 13th August, 2019, 26th September, 2019, 13th November, 2019, 11th February, 2020 & 04th March, 2020.

The current composition of the Audit Committee and details of meeting & Attendance is as follows:

Members	Category	Position	No. of Meetings held	Attendance by Members
Shri G.R.Aloria	Independent Director	Chairman	8	8
Dr. T. V. Murali vallabhan	Independent Director	Member	8	8
Smt. Pravati Parida (Upto 01.04.2019)	Independent Director	Member	0	0
Dr. Promodita Sathish	Government Nominee Director	Member	8	7
Aparna Chaturvedi (w.e.f 03.05.2020)	Independent Director	Member	7	6

#### **ii) Nomination and Remuneration Committee**

##### **Terms of Reference**

The Company, being a Government Company, the appointment, tenure and remuneration of directors are decided by the Government of India. Further, the remuneration of the employees of the Company including senior management personnel is decided by the Board in line with applicable DPE Guidelines. Further, provisions of the Companies Act, 2013 relating to criteria for appointment of Director(s), policy relating to the remuneration of Director(s) and performance evaluation pertaining to NRC shall not be applicable to Government Companies. Similar exemption is anticipated from SEBI in terms of requirements Under Listing Regulations. However, it is mandatory for NRC to decide the annual Bonus/ variable pay pool and policy for its distribution among the employees of the Company within the limits as provided under DPE Guidelines.

Terms of reference for the Nomination and Remuneration Committee are as follows:

1. To decide the annual bonus / variable pay pool Performance Related Pay (PRP) and policy for its Distribution across the executives (including Board Level executives) and non-unionised supervisors within the prescribed limits for each financial year.
2. To examine all the proposals related to HR issue and give its recommendations.
3. The recommendations of the "Nomination & Remuneration Committee" are placed before the Board of Directors for approval;
4. Formulation of the criteria for determining



CSR Work Construction of a Training Centre for the unemployed youth and marginalized women in North 24 Parganas, West Bengal

qualifications, positive attributes and recommend to the board of directors a policy relating to, the remuneration of the Senior Executives and other employees of the Company;

5. Devising a policy on diversity of board of directors;
6. Identifying persons who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
7. Recommend to the board, all remuneration, in whatever form, payable to senior management which shall be effective from April 1, 2020 or such other date as may be prescribed by SEBI, as the case may be.

#### Composition and Details of Meetings of Nomination & Remuneration Committee

The Committee Consists of Four Members out of which three members are Independent Directors and one is Government Nominee Director. The Chairman of the Committee is Non – Executive Independent Director.

Company Secretary acts as the Secretary to the Nomination & Remuneration Committee.

The Committee met six times during the financial year 2019-20 on 03rd May, 2019, 17th July, 2019, 13th August, 2019, 26th September, 2019, 09th January, 2020 & 11th February, 2020.

The current composition of the Nomination & Remuneration Committee and details of meeting & Attendance is as follows:

Members	Category	Position	No. of Meetings held	Attendance by Members
Shri G.R.Aloria	Independent Director	Chairman	6	6
Dr. Promodita Sathish	Government Nominee Director	Member	6	4
Dr. T.V.Murali vallabhan	Independent Director	Member	6	6
Dr. R.S.Yeli	Independent Director	Member	6	6

#### Remuneration Policy

##### Remuneration to the Directors

MSTC Limited being a Government Company, the terms and conditions of the appointment and remuneration of functional directors are determined by Government of India through its Administrative Ministry, Ministry of Steel. Part Time official Directors (Government Nominee Directors) do not draw any remuneration from the company.

The part-time non – Official Directors (Independent Directors) are paid a sitting fees of ₹ 15000/- per Meeting of the Board and its Committee meetings as approved by the board within the ceiling fixed under the companies act, 2013 and as per the guidelines fixed by the Government of India.



(Amount in ₹ million)

Sl no.	Name	Designation	Salary and Perquisites as per Section 17(1) &(2) of the Income Tax Act, 1961	Post Employment Benefit	Other Long term Benefit	Total
1.	Shri Surinder Kumar Gupta (w.e.f 17.12.2019)	Chairman & Managing Director	1.20	0.06	0	1.26
2.	Shri B.B.Singh (upto 30.11.2019)	Chairman & Managing Director	4.06	0	0	4.06
3.	Shri Subrata Sarkar	Director (Finance)	3.91	0.59	0	4.50
4.	Smt. Bhanu Kumar	Director (Commercial)	4.67	0.87	0	5.54

The Details of the Remuneration paid to the Functional Directors during the financial year 2019-20 are as under:

Sl No.	Name	Total Remuneration (₹ in Million)
1.	Shri G.R.Aloria	0.32
2.	Dr. T. V. Murali Vallabhan	0.39
3.	Dr. R.S.Yeli	0.32
4.	Smt. Aparna Chaturvedi	0.23

### iii) Stakeholders Relationship Committee

The Board of Directors in their meeting held on 7th December, 2018 has renamed the Share Transfer Committee as the 'Stakeholders Relationship Committee'.

#### TERMS OF REFERENCE

The Terms of reference are as follows:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

#### Composition and Details about Meeting & Attendance of Stakeholders Relationship Committee

As on 31st March, 2020 the committee comprises of Four

Members out of which 2 Members are Non- Executive Independent directors and two members are Functional Directors. The Chairman of the Committee is an Independent Director.

The Company Secretary shall act as Secretary to the Committee.

The Committee met Four times during the financial year 2019-20 on 11th October,2019, 14th November, 2019, 28th November, 2019 & 17th December, 2019.

The current composition meetings and Attendance of our Stakeholders Relationship Committee are as follows:

Members	Category	Position	No. of Meetings held During Tenure	Attendance by Members
Dr. T. V. Murali vallabhan	Independent Director	Chairman	4	0
Smt.Bhanu Kumar	Director (Commercial)	Member	4	4
Shri Subrata Sarkar	Director (Finance)	Member	4	4
Dr. R.S.Yeli (w.e.f 03.05.2019)	Independent Director	Member	4	0

### iv) Corporate Social Responsibility (CSR) Committee

In compliance of Section 135(1) read with Rule 5 of the Companies (CSR Policy) Rules 2014, the Company had constituted the CSR Committee of the Board.

Corporate Social Responsibility Committee Shall provide recommendations, suggestions, and inputs to the board of Directors for formulation of a Corporate Social responsibility policy of the company covering, inter alia, the matters specified in Schedule VII of the Companies Act, 2013.



National Voters' Day being observed in MSTC Limited



CMD, MSTC (extreme right) at State Level Workshop on Organic Farming & marketing at Agartala, Tripura

### TERMS OF REFERENCE

The Terms of Reference of Corporate Social Responsibility Committee is as follows:

- Formulate and recommend to the Board, a Corporate Social Responsibility and Sustainability Policy which shall indicate the activities to be undertaken by your company as specified in Schedule – VII of the Companies Act, 2013.
- Recommend amount of Expenditure to be incurred on CSR Activities.
- Monitor the Corporate Social Responsibility and Sustainability Policy of the Company and its effective Implementation from time to time.

### Composition and Details of Meeting & Attendance of CSR Committee

Presently Corporate Social Responsibility Committee Comprises of four Members out of which two are independent directors, one is Government Nominee Director and one is Functional director. The Chairman of the Committee is a Non-Executive Independent Director.

The Company Secretary shall act as Secretary to the Committee.

During the Financial Year 2019-20 four meetings of Corporate Social Responsibility Committee were held on 29th May, 2019, 17th July, 2019, 13th August, 2019 & 11th February, 2020.

The Composition and Details of Meeting and attendance is as follows:

Members	Category	Position	No. of Meetings held During Tenure	Attendance by Members
Dr. T. V. Murali vallabhan	Independent Director	Chairman	4	4
Dr. Promodita Sathish	Government Nominee Director	Member	4	3
Dr. R.S Yeli	Independent Director	Member	4	4
Shri Subrata Sarkar	Director (Finance)	Member	4	4

### SUBSIDIARY COMPANIES

The Company has one subsidiary as on date, namely, Ferro Scrap Nigam Limited (FSNL). The Minutes of Meetings of the Board of Directors of the FSNL is placed before the Meetings of the Board of Directors of the Company.

## GENERAL BODY MEETINGS

(a) The Details of last three Annual general meetings are as follows:

Meeting No	Venue	Date & Time	Special Resolution Passed
52nd	Registered office of MSTC Limited Located at 225C, AJC Bose Road, Kolkata-700020	21st September, 2017 at 11:00 Hours	No
53rd	Registered office of MSTC Limited Located at 225C, AJC Bose Road, Kolkata-700020	26th September, 2018 at 11:00 Hours	No
54th	Hall No. 6, (Auditorium at Level 1), Biswa Bangla Convention centre, Biswa Bangla Sarani, DG Block, New town, Action Area-1, Kolkata – 700156.	25th September, 2019 at 11:00 Hours	Yes
EGM	Registered office of MSTC Limited Located at 225C, AJC Bose Road, Kolkata-700020	26th December, 2018 at 11:00 Hours	Yes

(b) The Shareholders in the extra General Meeting has Passed special resolution for the following items:

- To alter the capital clause 2(i) of the Articles of Association resulting in altering Authorized Capital from ₹ 500 Million to ₹1500 Million.
- To adopt the new set of Article of Association.

(c) The Shareholders in the 54th Annual General Meeting has Passed special resolution for the following items:

- To maintain Company's register of members etc. at the office of Registrar and Share Transfer Agent at New Delhi in addition to the same being maintained at the registered office of the company.

(d) No special resolution was passed last year through postal ballot and no special resolution is proposed to be passed through Postal Ballot in the ensuing AGM.

### Disclosures

#### 1. Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large

The Board has approved a policy on materiality of related party transactions and on dealing with related parties and the same is posted on the company's website at [www.mstcindia.co.in](http://www.mstcindia.co.in).

#### 2. Disclosure by senior management in accordance with regulation 26(5) of the SEBI listing regulations

For the Financial year ended 31st march, 2020 the senior Management Personnel of the Company has confirmed to the board of directors that they do not have any personal interest relating to material, financial and commercial transactions and commercial transactions entered into with the company that may have a potential conflict with the interests of the company at large.

#### 3. Disclosures on Compliance of Law

The Company has complied with the Mandatory requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures were imposed by SEBI, stock exchanges, or any statutory authorities on any matter related to capital markets during the last three years.

However, during the year, the Company received notices from

NSE as well as BSE regarding non-compliance with the provision of Regulations 17(1) of the SEBI (LODR) for the quarter ended September, 2019, December, 2019 and March, 2020 and imposition of monetary penalty for not having 50% of the Independent Directors in the Board. The Company informed the exchange that MSTC is a Govt. Company in which appointment of all directors is done by the Government of India. MSTC further requested the exchange to waive off the penalties as shortcoming was not due to any negligence on part of the Company.

#### 4 Vigilance Mechanism/Whistle Blower Policy

The Company has a Whistle Blower Policy/Vigil Mechanism which is posted on the Website of the company at [www.mstcindia.co.in](http://www.mstcindia.co.in) for its directors and employees to report their concerns about the company's working or about any violation of its policies. The Vigil mechanism provides for adequate safeguards against victimization of Director(s) or Employee(s) or any other person who avail the mechanism and also provide direct access to the chairperson of the Audit Committee. No personnel have been denied any access to the audit Committee.

#### 5. Code of Prevention of Insider Trading Practices

In compliance with the SEBI Regulation on prohibition of Insider Trading, the company has in place a comprehensive code of conduct for its Directors and Senior Management. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the company. The code clearly specifies, among other matters, that directors and specified employees of the company can trade in the shares of the company only during 'trading window open period'. The trading window is closed during the time of declaration of results, dividend and other material events, as per the code and the same is posted on the website of the company at [www.mstcindia.co.in](http://www.mstcindia.co.in).

#### 6. Details of Compliance with mandatory requirements and adoption of non mandatory requirements

All mandatory requirements have been complied with and the non mandatory requirements are dealt with at the end of the Report.



### 7. Policy for determining 'material' subsidiaries

The Company has adopted Policy for determining 'material' subsidiaries and the same is posted on the Company's website at [www.mstcindia.co.in](http://www.mstcindia.co.in).

### 8. Commodity price risk or foreign exchange risk and hedging activities

Not applicable to the Company.

### 9. Certificate from the Managing Director and the Chief Financial Officer

Certificate from Shri Surinder Kumar Gupta, Chairman & Managing Director and Shri Subrata Sarkar, Chief Financial Officer, in terms of Regulation 17(8) of the SEBI Listing Regulations for the financial year ended 31st March, 2020 was placed before the Board of Directors of the Company.

### 10. Code of Conduct

A Code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013, has been adopted by the Board, to bring it in line with the SEBI Listing Regulations. The Code of Conduct for Board Members and Senior Management Personnel of the Company is posted on the Company's website at [www.mstcindia.co.in](http://www.mstcindia.co.in). All Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis. A declaration to this effect signed by the Chairman & Managing Director in terms of SEBI Listing Regulations forms a part of this Annual Report.

### 11. Declaration by Independent Directors under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations

During the financial year ended 31st March, 2020, the Company received declarations in terms of the provisions of Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations from the following Independent Directors namely, Dr. T. V. Murali Vallabhan, Dr. R.S Yeli, Mr. G.R. Aloria, and Smt. Aparna Chaturvedi.

### 12. The Total fees for all services paid by the company and its subsidiaries, on a consolidated basis, to the statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part

Please refer Note 31 on payments to Auditors in standalone financial statements for total payment/accrual of fees charged by M/s. S GHOSE & CO LLP (302184E). Other than that, Statutory Auditors of the Company have not provided any service to the company or its subsidiaries.

### 13. Dividend Distribution Policy

The Company has formulated a Dividend Distribution Policy in accordance with Regulation 43A of the SEBI Listing Regulations. The policy has been detailed in the Boards' Report and is posted on the Company's website [www.mstcindia.co.in](http://www.mstcindia.co.in).

## MEANS OF COMMUNICATION

### 1. Financial Results

The quarterly results of the Company were announced within due time as per the statutory requirements and were sent to the Stock Exchanges. These results were also published in the leading English, Hindi & Bengali newspapers. The results are also displayed on the Company's website [mstcindia.co.in](http://mstcindia.co.in), as well as on the BSE and NSE websites.

### 2. News releases

Whenever the Company issues any press release, it is immediately sent to the Stock Exchanges as well as posted on the Company's website. The Company also puts forth the key information about the Company and its performance, including quarterly results, official news releases and presentations made to institutional investors or analysts, on its website – [www.mstcindia.co.in](http://www.mstcindia.co.in) regularly for the benefit of its shareholders and the public at large. The intimations are also given to the Stock Exchanges simultaneously.

### Meetings of Independent Directors

Pursuant to Schedule VI of the companies act, 2013 and as per regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the independent directors of the company was held on February 11, 2020. The Independent directors reviewed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees, which is necessary to effectively and reasonably perform and discharge their duties.

The Company follows a structured orientation and familiarization program through periodic representations made at the board meeting on business performance, long term strategic initiatives and risk involved.

### Shareholder's Information

#### (A) Annual General Meeting

The Annual General Meeting for the Year 2019-20 will held on 25th September, 2020 through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

#### (B) Financial Calendar: From 1st April to 31st March every year.

The financial calendar to approve quarterly / annual financial result for the year 2020-21 is given below:

Quarter ending 30th June 2020 on or before 15.09.2020

Quarter ending 30th September 2020 on or before 14.11.2020

Quarter ending 31st December 2020 on or before 14.02.2021

Quarter and year ending 31st March 2021 on or before 30.05.2021

#### (C) Book Closure Date: 17th September, 2020-25th September, 2020.

#### (D) Record Date for payment of Dividend: 17th September, 2020

#### (E) Dividend Payment Date: The final dividend, if approved, shall be paid/credited on or before 29th September, 2020.

**(F) Dividend History:**

MSTC has been paying dividend consistently. The details of dividend paid by MSTC in the last seven years are as follows;

Financial Year	Type	%	Amount of unclaimed dividend as non 31.03.2020 (in Million)	Total amount of Dividend (in Million)
2018-19	During the financial year 2018-19 no dividend was declared			
2017-18	Final	74.00	0.81	260.48
2016-17	Interim	95.00	1.11	167.20
2016-17	Final	71.00	2.49	249.90
2015-16	Final	102.50	1.05	180.40
2014-15	Final	207.00	1.12	182.16
2012-13	Final	300.00	1.47	264.00

**Transfer to Investor Education and Protection Fund:**

Section 124 of the Companies Act, 2013 provides that any dividend that has remained unpaid / unclaimed for a period of seven years from the date of transfer to unpaid dividend account shall be transferred to the Investor Education and Protection Fund (IEPF) established by Central Government.

Unclaimed dividend for the FY 2012-13 was transferred to the IEPF within the due date. However, unclaimed dividend in respect of Interim dividend for the financial year 2011-12 was deposited after due date for transfer of dividend to IEPF account.

Section 124(6) of the Companies Act, 2013 read with rules made there under provide that all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of Investor Education and Protection Fund.

In compliance of the IEPF Rules, the Company sends reminder letter to all such shareholders, whose dividend has remained unpaid /unclaimed for a consecutive period of 7 years with a request to claim the dividends, failing which the shares would be transferred to the IEPF Authority on the due date.

Accordingly, all such shares in respect of which dividend had remained unclaimed for the FY 2012-13 to 2018-19 were transferred to the demat account of the IEPF authority. The details of such shares are hosted on the website of the company at [www.mstcindia.co.in](http://www.mstcindia.co.in).

In respect of dividend/Shares which have been transferred to IEPF, shareholders can claim the same from IEPF authority by following the procedure prescribed under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. These Rules are available on the website of IEPF ([www.iepf.gov.in](http://www.iepf.gov.in)) and Company's website [www.mstcindia.co.in](http://www.mstcindia.co.in).

Disclosure with respect to demat suspense account / unclaimed suspense account as required under

Schedule V (F) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Sl. No.	Particulars	No. of Shareholders	No. of Equity Shares
a)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1st April, 2019	148	19,17,153
b)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year.	57	8,78,916
c)	Number of shareholders to whom the shares were transferred from the Unclaimed Suspense Account during the year.	57	8,78,916
d)	Number of shareholders whose unclaimed dividends were transferred to the IEPF account in terms of Ministry of Corporate Affairs General Circular No. 12/2017 dated 16th October, 2017.	1	16,640
e)	Aggregate number of shareholders and the outstanding Shares lying in the Unclaimed Suspense Account as on 31st March, 2020.  Note: MSTC Limited issued Bonus Shares in the year 2018-19 and allotted the shares on 11/01/2020 to the shareholders who were holding shares in the demat mode. However, the bonus shares pertaining to the shareholders who were holding shares in physical mode were transferred to "MSTC Limited Unclaimed Suspense Account". Balance in "MSTC Limited Unclaimed Suspense Account" is shown.	91	10,38,237
f)	It is hereby confirmed that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

**(G) Listing on Stock Exchanges**

The Equity Shares of the Company are listed on the Following Stock Exchanges:

Name & Address	Stock Code
BSE Limited	
P.J. Towers, Dalal Street, Fort	
Mumbai- 400001	542597

National Stock Exchange of India limited (NSE)	
Exchange Plaza, C-1, G Block,	
Bandra – Kurla Complex,	
Bandra (E), Mumbai - 400051	MSTCLTD

**(H) Registrar to Issue and Share Transfer Agents:**

**Alankit Assignments Limited**

205-208, Anarkali Complex, Jhandewalan

Extension, New Delhi - 110 055

**Tel:** +91-11-4254-1951/+91-22-4348-1200

**E-mail:** sarunraj@alankit.com/ saching@alankit.com

**Investor Grievance E-mail:** mstcigr@alankit.com

**Website:** www.alankit.com

**Contact Person:** S. Arunraj/Sachin Gupta

**SEBI Registration No.:** INR000002532

**(I) Share Transfer System**

The Shares of the Company are traded in dematerialized form. Shares sent for transfer are registered within stipulated period. Shares under objection are returned within the stipulated period seeking suitable rectification. The Company has a Stakeholders Relationship Committee for approving requests related to Dematerialization /Rematerialization/ Transfer/ Transmission/ Splitting/ consolidation/ Reissue of Shares Certificates etc. received from the shareholders from time to time.

**(J) Dematerialization of Share and Liquidity**

As on 31st March 2020, 99.17% of the Equity Shares are held in dematerialized form with NSDL and CDSL. The details are as under:

Form	No. of Shares	Percentage (%)
Held in Dematerialized form in CDSL	39,52,049	5.61
Held in Dematerialized form in NSDL	6,58,64,402	93.56
Held in Physical Form	5,83,549	0.83

**(K) Listing Fees**

Annual Listing fees for the year 2019-20, as applicable, have been paid to the stock Exchanges.

**(L) Stock Market Information**

The share of the Company is listed with BSE and NSE on 29th March, 2019.

**(M) Stock Market Price Data**

The Monthly High and Low (traded price) and Number of shares traded (Volume) at BSE and NSE for the financial year 2019-20 are as under:

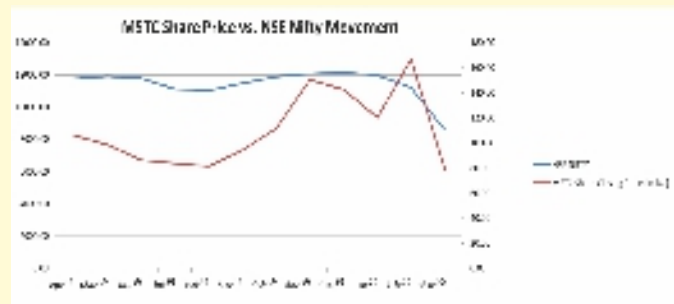
Month	BSE LIMITED*			NSE LIMITED*		
	High (Per Share)	Low (per Share)	Volume	High (Per Share)	Low (Per Share)	Volume
April 2019	120.00	99.00	3,00,000	120.50	97.95	11,55,999
May 2019	106.15	95.55	1,00,000	106.20	95.10	4,66,339
June 2019	98.85	84.00	Negligible	99.05	83.20	2,65,147
July 2019	103.70	8.55	1,00,000	103.65	83.50	11,89,625
August 2019	100.00	70.40	2,00,000	100.00	73.10	12,96,592
September 2019	114.80	77.40	3,00,000	110.00	77.10	17,46,292
October 2019	114.90	89.00	2,00,000	115.45	88.75	17,41,721
November 2019	184.10	111.95	27,00,000	184.85	111.25	2,05,37,272
December 2019	155.65	124.15	6,00,000	156.50	124.35	58,92,159
January 2020	152.50	118.75	4,00,000	152.80	118.85	42,80,863
February 2020	235.15	112.00	32,00,000	235.20	112.55	2,71,05,874

\*Source: Website of BSE and NSE.

**(N) Performance of the share price of the Company in comparison to the BSE Sensex:**



**(O) Performance of the share price of the Company in comparison to the NSE Nifty:**





**(P) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity – NIL**

**(Q) CIN of Company: L27320WB1964GOI026211**

**(R) Demat ISIN No: INE255X01014**

**(S) Address for Communication:**

For any assistance, request or instruction regarding transfer or transmission of shares, dematerialization of shares, change of address, non-receipt of annual report, dividend warrant and any other query relating to the company, the investors may please write to the following address :

The Company Secretary & Compliance Officer

MSTC Limited

225-C, A. J. C. Bose Road,

Kolkata – 700020, West Bengal, India

Tel: +91-33- 2281-3088

Email: cosec@mstcindia.co.in

**(T) Top ten shareholder's as on 31st March, 2020.**

S.No.	Name of Shareholders	No. of Shares held	% of Total Shareholding
1	President of India	4,55,80,000	64.74
2	Life Insurance Corporation of India	67,16,279	9.54
3	Suryavanshi Commotrade Private Limited	14,65,809	2.08
4	MSTC Limited Unclaimed Suspense Account	10,38,237	1.47
5	The New India Assurance Company Limited	7,80,735	1.11
6	Madhulika Agarwal	7,50,462	1.07
7	Ashish Kacholia	6,94,758	0.99
8	Steel Authority of India Limited	6,40,000	0.91
9	Sanjay Katkar	5,57,220	0.79
10	Investor Education and Protection Fund	3,15,520	0.45

**(U) Distribution of Shareholding by Size as on 31st March, 2020**

Category (Shares)		Shareholders		Number of Shares	
From	To	Number	%	Number	%
1	500	11,821	89.30	12,00,821	1.71
501	1000	554	4.18	4,48,839	0.64
1001	2000	328	2.48	5,04,587	0.72
2001	3000	107	0.81	2,74,979	0.39
3001	4000	115	0.87	3,94,769	0.56
4001	5000	56	0.42	2,63,892	0.37
5001	10000	89	0.67	6,60,704	0.94
10001	ABOVE	168	1.27	6,66,51,409	94.68

**(V) List of All Credit Rating Obtained by the Company:**

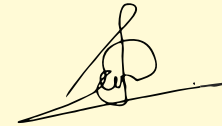
**(i) Credit Rating by CARE Ratings Limited:**

Sr. No.	Particulars	Amount (in Million)	Rating Agency	Rating
1.	Long Term facilities	6200	CARE Ratings Limited	CARE BBB; Stable (triple B; Outlook : Stable)
2.	Short Term facilities	48800	CARE Ratings Limited	CARE A3+ (A Three Plus)
	<b>Total</b>	<b>55000</b>		

**(ii) Credit Rating by Acuite Ratings & Research Limited:**

Sr. No.	Particulars	Amount (in Million)	Rating Agency	Rating
1.	Long Term facilities	6200	Acuite Ratings & Research Limited	ACUITE A+
2.	Short Term facilities	48800	Acuite Ratings & Research Limited	ACUITE A1+
	<b>Total</b>	<b>55000</b>		

For & on behalf of the Board of Directors



(Surinder Kumar Gupta)

Chairman and Managing Director

Date: August 24, 2020

Place: Kolkata

## CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,  
The Board of Directors  
MSTC Limited

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of MSTC Limited ('the Company'), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2020 and to the best of our knowledge and belief, we state that:
- These statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are 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 hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- (d) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (e) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
- significant changes, if any, in the internal control over financial reporting during the year;
  - significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - instances of significant fraud of which we have 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.

*Subrata Sarkar*

(Subrata Sarkar)  
Chief Financial Officer & D(F)

*Surinder Kumar Gupta*

(Surinder Kumar Gupta)  
Chairman & Managing Director

Place : Kolkata

Date : 29th June, 2020

### CMD'S CERTIFICATION

I declare that the Model Code of Business Conduct and Ethics for Board Members and Senior Management issued by the Government of India, Ministry of Heavy Industries and Public Enterprises was adopted by the Board of Directors of the company and all the Board Members and Senior Management have affirmed compliance with the Code of Conduct for the current year.

For & on behalf of Board of Directors

Date: 29th June, 2020

Place: Kolkata

*Surinder Kumar Gupta*  
(Surinder Kumar Gupta)

Chairman and Managing Director



# BAJAJ TODI & ASSOCIATES

Practising Company Secretaries

225D, A. J. C Bose Road  
Kolkata-700020, West Bengal, India  
Tel: +91 33 22809045 Email: ps@bajajtodi.in

## TO WHOMSOEVER IT MAY CONCERN

I, Priti Todi, Partner of Bajaj Todi & Associates, Practising Company Secretaries do hereby certify that none of the directors on the board of MSTC Limited have been debarred or disqualified from being appointed or from continuing as directors of Companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority to the best of my knowledge.

This certificate is being issued as per Schedule V under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Issued this 14<sup>th</sup> day of June, 2020, at Kolkata

## CORPORATE GOVERNANCE CERTIFICATE

Pursuant to Clause (i) of point (10) of Para C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**To the Members of  
MSTC Limited**

We have examined the compliance of the conditions of Corporate Governance by MSTC Limited ('the Company') for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020 except for the following:-

The Company has not complied with the conditions with regard to minimum number of Independent Directors in the composition of the Board of Director for the period 01.07.2019 to 31.03.2020.

We further state that such compliance is neither an assurance as to the further viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Bajaj Todi & Associates  
(Formerly known as PS & Associates)



(Priti Todi)  
Partner  
C.P. No.: 7270, ACS:14611

Place : Kolkata  
Dated : 26/06/2020

Note : My attendance for the purpose of physical verification and examination of the records of the company was impracticable due to lockdown restrictions imposed by the Government due to COVID-19 and I have, therefore, relied on the electronic data as provided by the company to gather information and proper records as necessary for verification.

**BUSINESS RESPONSIBILITY REPORT**

[See Regulation 34(2)(f)]

Section A : General Information about the Company

1. Corporate Identity Number (CIN) of the Company	L27320WB1964GOI026211
2. Name of the Company	MSTC LIMITED
3. Registered address	225C, A.J.C. BOSE ROAD, KOLKATA – 700 020
4. Website	www.mstcindia.co.in
5. E-mail id	cosec@mstcindia.co.in
6. Financial Year reported	2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	1. Trading Business 2. E-commerce
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	1. E-commerce platform 2. Digitization of e-governance 3. Jaivik Kheti portal
9. Total number of locations where business activity is undertaken by the Company	21
a) Number of International Locations (Provide details of major 5)	Nil
b) Number of National Locations	21
10. Markets served by the Company – Local/State/National/International	Local, State and National.

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1. Paid up Capital (INR)	₹ 704 Million
2. Total Turnover (INR)	₹ 8922.08 Million
3. Total profit after taxes (INR)	₹ 752.03 Million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Due to loss incurred in the financial year 2018-19, company does not have any fund/budget for the CSR activities in the financial year 2019-20.  However, during the financial year company has spent ₹ 5.40 Million towards CSR.
5. List of activities in which expenditure in 4 above has been incurred:-	
a.	Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund ( PM CARES Fund) for Covid 19

**SECTION C: OTHER DETAILS**

1. Does the Company have any Subsidiary Company/ Companies?	Yes.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No The company has only 1(one) subsidiary and it does not participate in the BR Initiatives of the company.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60% More than 60%]	No

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### (a) Details of the Director/Directors responsible for implementation of the BR policy/policies

1. DIN Number : 08643406
2. Name : Surinder Kumar Gupta
3. Designation : Chairman and Managing Director

#### (b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	08643406
2	Name	Surinder Kumar Gupta
3	Designation	Chairman and Managing Director
4	Telephone number	033-2287-0810
5	e-mail id	cmd@mstcindia.co.in

### 2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility

These briefly are as follows:

P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 Businesses should promote the wellbeing of all employees.

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 Businesses should respect and promote human rights.

P6 Business should respect, protect, and make efforts to restore the environment.

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 Businesses should support inclusive growth and equitable development.

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

#### (a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for...	Y	N	Y	Y	Y	N	Y	Y	N
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	N	Y	Y	Y	N	Y	Y	N
3	Does the policy conform to any national / international standards?	MSTC has framed various policy which conform to different applicable statutes/ guidelines/ rules/ policies, etc., issued by the Government of India from time to time. Industry practices, national/international standards are kept in view while formulating the policies.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	The policies are approved by the Board/Competent Authorities as per the approved Delegation of Authority.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Has the policy been formally communicated to all relevant internal and external stakeholders?	@ The details of link are given below								
7	Does the company have in-house structure to implement the policy/ policies.	Yes, wherever appropriate.								
8	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The policies are not audited/evaluated by external agencies. However, the policies are formulated within the ambit of various statutory guidelines and business requirement, which are amended from time to time.								



**Name of the Policy**

**Weblink**

Policy for Prevention of Fraud

[https://mstcindia.co.in/MSTC\\_Static\\_Pages/frontpage/FPF-MSTC.htm](https://mstcindia.co.in/MSTC_Static_Pages/frontpage/FPF-MSTC.htm)

Whistle Blower Policy

[https://mstcindia.co.in/MSTC\\_Static\\_Pages/frontpage/Whistle\\_Blower\\_Scheme.htm](https://mstcindia.co.in/MSTC_Static_Pages/frontpage/Whistle_Blower_Scheme.htm)

Code of Business Conduct and Ethics

[https://mstcindia.co.in/MSTC\\_Static\\_Pages/frontpage/BOD/Model\\_code\\_of\\_business\\_conduct.pdf](https://mstcindia.co.in/MSTC_Static_Pages/frontpage/BOD/Model_code_of_business_conduct.pdf)

Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions

[https://mstcindia.co.in/MSTC\\_Static\\_Pages/frontpage/newpolicy/RELATEDPARTYTRANSACTIONS.pdf](https://mstcindia.co.in/MSTC_Static_Pages/frontpage/newpolicy/RELATEDPARTYTRANSACTIONS.pdf)

Policy on Criteria for determining Materiality of Events or Information for disclosure to Stock Exchanges

[https://mstcindia.co.in/MSTC\\_Static\\_Pages/frontpage/newpolicy/POLICYFORDETERMINATIONOFMATERIALITYOFEVENTSORINFORMATION.pdf](https://mstcindia.co.in/MSTC_Static_Pages/frontpage/newpolicy/POLICYFORDETERMINATIONOFMATERIALITYOFEVENTSORINFORMATION.pdf)

Dividend Distribution Policy

[https://mstcindia.co.in/MSTC\\_Static\\_Pages/frontpage/newpolicy/DIVIDENDDISTRIBUTIONPOLICY.pdf](https://mstcindia.co.in/MSTC_Static_Pages/frontpage/newpolicy/DIVIDENDDISTRIBUTIONPOLICY.pdf)

Code of Conduct for prevention of Insider Trading, Policy for determining legitimate purpose, Fair Disclosure of Unpublished Price Sensitive Information and Policy and procedure for inquiry in case of leak of UPSI

[https://mstcindia.co.in/MSTC\\_Static\\_Pages/frontpage/newpolicy/THECODEOFINTERNALPROCEDURESANDCONDUCTFORPROHIBITIONOFINSIDERTRADING.pdf](https://mstcindia.co.in/MSTC_Static_Pages/frontpage/newpolicy/THECODEOFINTERNALPROCEDURESANDCONDUCTFORPROHIBITIONOFINSIDERTRADING.pdf)

Corporate Social Responsibility and Sustainable Development Policy

[https://mstcindia.co.in/MSTC\\_Static\\_Pages/frontpage/CSR/MSTC\\_CSR\\_Policy.pdf](https://mstcindia.co.in/MSTC_Static_Pages/frontpage/CSR/MSTC_CSR_Policy.pdf)

Preservation of documents and Archive Policy

[https://mstcindia.co.in/MSTC\\_Static\\_Pages/frontpage/newpolicy/PreservationofdocumentsandArchivepolicies.pdf](https://mstcindia.co.in/MSTC_Static_Pages/frontpage/newpolicy/PreservationofdocumentsandArchivepolicies.pdf)

Sexual Harassment Policy

[www.mstcindia.co.in](http://www.mstcindia.co.in)

No.	Questions	P 1	P 2	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	--	--	--	--	--	--	--	----
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	--	--	--	--	--	--	--	----
3	The company does not have financial or manpower resources available for the task	--	--	--	--	--	--	--	----
4	It is planned to be done within next 6 months	--	--	--	--	--	--	--	----
5	It is planned to be done within the next 1 year	--	MSTC being a Govt. company follows policies issued by the Govt. of India from time to time. Company has relevant system and procedure in place related to the principal. Policy will be framed within the financial year 2020-21.	--	--	The Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company participates in initiatives towards addressing environmental issues. Policy will be framed within the financial year 2020-21	--	--	MSTC being a Govt. company has system and procedure in place as per applicable guidelines issued of the Govt. of India from time to time. Policy will be framed within the financial year 2020-21
6	Any other reason (please specify)	--		--	--	--	--	--	----

### 3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

Annually

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The BR is a part of its Annual Report. The hyperlink of viewing annual report is <https://mstcindia.co.in/content/Financialperformance.aspx>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Ethics, Transparency and Accountability

1.1 Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs /Others?

Yes. MSTC has signed an Integrity Pact (IP) with Transparency International India (TII). Further the The Vigilance department also acts as a link between the organisation and other anti-corruption agencies of State Governments and Administrative Ministry etc. and guide company in achieving the objective.

1.2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the Financial Year 2019-20, 52 grievances in total were received from both internal and external stakeholders. Out of this, 50 grievances (96.15%) were disposed of and 2 are under process. 22 grievances disposed of in favour of the stakeholders and 10 grievances were rejected. Grievances of the internal and external stakeholders and the comments of the concerned region/branch and department were examined by the Grievance Committee to pass the recommendation for redressal of the grievances. According to the recommendation of the Committee, concerned Region/Branch and Departments have taken action to redress the grievances.

### Principle 2 Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

2.1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

MSTC is a ecommerce service provider company.

1. E Commerce Platform
2. Digitization of e-governance
3. Jaivik Kheti portal for Agro Sector.

2.2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

E-commerce and E-Auction platform helps in reducing carbon footprint and bring more transparency. Open auctions ensure competitive bidding, and eliminate the possibility of cartelization and collusion between the interested parties, for profit maximization in general, and against public interest in particular.

Jaivik Kheti portal - encourages sustainable agricultural practices and will help in long range to demolish the monopoly enjoyed by the traders and commission agents.

2.3 Does the company have procedures in place for sustainable sourcing (including transportation)?

Not applicable

If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

2.4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes, MSTC support and encourage the participation of local and small vendors and MSME and follows various policies and guidelines issued by the Govt. of India from time to time.

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Company has attended in workshop and development programme conducted by govt. and MSME.

2.5 Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

MSTC is an e-commerce company and mainly providing platform for sale and purchase. The company is basically providing software and as a good corporate citizen adopted focused approach to manage waste generation.

The Company has a 100% Subsidiary namely Ferro Scrap Nigam Limited which carries out the business of process of steel mills slag and other refuse and debris for the recovery of iron and steel scrap and other metallic. Further company has an associate company namely Mahindra MSTC Recycling Pvt. Limited which is engaged in the business of collection, segregating, processing, recycling and importing of ELVs and end of life white goods and other materials.

**Principle 3 Business should promote the well-being of all employees**

- 3.1 Please indicate the Total number of employees. 344 as on 31.03.2020
- 3.2 Please indicate the Total number of employees hired on temporary/contractual/casual basis. 137 as on 31.03.2020
- 3.3 Please indicate the Number of permanent women employees. 59 as on 31.03.2020
- 3.4 Please indicate the Number of permanent employees with disabilities 11 as on 31.03.2020

- 3.5 Do you have an employee association that is recognized by management? Yes
- 3.6 What percentage of your permanent employees is members of this recognized employee association? 90% approximately

No.	Category	No. of complaints filed during the financial year
1	Child labour/ forced labour/ involuntary labour	Nil
2	Sexual harassment	Nil
3	Discriminatory employment	Nil

- 3.7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.
- 3.8 What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
  - (a) Permanent Employees 14.2%
  - (b) Permanent Women Employees 20.00%
  - (c) Casual/Temporary/Contractual Employees 10.9%
  - (d) Employees with Disabilities 2.00%

**Principle 4 Business should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

- 4.1 Has the company mapped its internal and external stakeholders? Yes/No
 

Yes.  
The key categories are

  1. Employees
  2. Customers
  3. Government and Regulatory authorities
  4. Investors
  5. Local communities
- 4.2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? Yes
- 4.3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. Yes company through its CSR activities works in the field of Education, Women empowerment, skill development and Swachh Bharat Mission.

**Principle 5 Business should respect and promote human policy**

- 5.1 Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? The policy covers only to MSTC. However, MSTC its subsidiary and associate companies are committed to work with stakeholders in all sectors to promote good corporate governance and to carried out business in utmost transparency and ethical way.



5.2 How many stakeholder complaints have been received in were the past financial year and what percent was satisfactorily resolved by the management? During the Financial Year 2019-20, 52 grievances in total received from both internal and external stakeholders. Out of this, 50 grievances (96.15%) were disposed of and 2 are under process.

**Principle 6 Business should respect, protect and make efforts to restore the environment**

- 6.1 Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others. The aspects outlined under this Principle are not relevant to the nature of business of the Company. The Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company participates in initiatives towards addressing environmental issues. The Company is coordinating with Ministry of Steel for introducing scrapage policy.
- 6.2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. Yes. Company through its subsidiary and associate company are working in this area.
- 6.3 Does the company identify and assess potential environmental risks? Y/N Yes
- 6.4 Does the company have any project related to Clean into Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? MSTC through its Joint Venture company MMRPL forayed into the recycling sector. MMRPL is poised to set up one of the organized state of the art auto shredding plant in India for recycling ELVs and other white goods by converting these into shredded scrap which is a vital raw material for steel plants.
- 6.5 Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. Yes. The Head office of the Company which is under construction is proposed to be energy efficient and GRIHA 3 star rated green building. The proposed building will result in less consumption of electricity and help to keep environment clean.
- 6.6 Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? Not applicable
- 6.7 Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on the end of Financial Year. 2

**Principle 7 Business when engaged in influential public and regulatory policy, should do so in a responsible manner.**

- 7.1 Is your company a member of any trade and chamber or association? Yes,  
If Yes, Name only those major ones that your business deals with: 1. Indian Chamber of Commerce (ICC)  
2. Confederation of Indian Industry (CII)
- 7.2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? No  
Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

**Principle 8 Business should support inclusive growth and equitable development**

8.1 Does the company have specified programmes / initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof. During the current financial year company does not taken up any project however in earlier financial years company has various projects and initiative defined in the CSR policy. Some of the major initiative taken by the company in the earlier financial years are as follows;

**Literacy and Education;**

- Support to schools imparting education in rural and tribal areas.
- Construction and renovation of class rooms/ school building in various schools across India.

8.2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/Government structures/any other organization?

8.3 Have you done any impact assessment of your initiative?

8.4 What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

8.5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

**Principle 9 Business should engage with and provide value to their customers and customers in a responsible manner**

9.1 What percentage of customer complaints/consumer cases are pending as on the end of financial year.

9.2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

9.3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

9.4 Did your company carry out any consumer survey/ consumer satisfaction trends?

- Construction of Dining Space for mid-day meal scheme

**Healthcare;**

- Construction of toilet for girls in school.
- Purchase of Ambulance for rural areas
- Purchase of medical equipment for medical centers.
- Construction of ill baby care center.

**Skill development and Women empowerment**

- Construction of training center for youth.
- Organising skill development training for poor youth
- Construction of shelter home for marginalized women and provide training
- Distribution of sewing machine to tribal women
- Purchase of computers and laboratory equipments for girls school laboratory.

MSTC take up various CSR activities in partnership with NGO's, State/District Authorities and Trust . The CSR activities are monitored by CSR committees and partnering organisation.

Impact assessment is not applicable to MSTC Limited

During the current financial year company has only contributed ₹ 5.40 Million to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund ( PM CARES Fund) for Covid 19.

The CSR Committee of the Company visits the projects on time to time basis and ensure that the development work carried by the CSR team is adopted by the community.

Negligible i.e. 4 out of around 250 pending cases are consumer cases pending as on 31.03.2020.


Further 5.88 % of complaints are pending as on 31.03.2020.

Not applicable

No

No

For & on behalf of the Board of Directors



(Surinder Kumar Gupta)  
Chairman and Managing Director

Date: August 24, 2020

Place: Kolkata

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31st March, 2020**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

- i) CIN:- L27320WB1964GOI026211
- ii) Registration Date:- 09/09/1964
- iii) Name of the Company:- MSTC Limited
- iv) Category / Sub-Category of the Company:- Company limited by shares/ Government Company
- v) Address of the registered office and contact details:-  
225C, Acharya Jagadish Chandra Bose Road,  
Kolkata – 700020, West Bengal  
Tel : +91-033-2281-3088  
Email : cosec@mstcindia.co.in
- vi) Whether listed company Yes / No:- Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:-  
M/s Alankit Assignments Limited  
205-208, Anarkali Complex, Jhandewalan  
Extension, New Delhi -110 055  
Tel: +91-11-4254-1951/+91-22-4348-1200  
E-mail: sarunraj@alankit.com/ saching@alankit.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of	NIC Code of the Product/ service main products / services	% to total turnover of the company
1	Agency Business	NA	33.30
2	Marketing	NA	66.70

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Ferro Scrap Nigam Limited	U27102CT1989GOI005468	Subsidiary	100	2(87) of the Companies Act, 2013
2.	Mahindra MSTC Recycling Private Limited	U37100MH2016PTC288535	Joint Venture	50	2(6) of the Companies Act, 2013



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholder	Number of shares held at the beginning of the year				Number of shares held at the end of the year				Change During the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
(a) Individual/ HUF	0	0	0	0.0000	0	0	0	0.0000	0.00
(b) Central Government	4,55,80,800	0	4,55,80,800	64.75	4,55,80,800	0	4,55,80,800	64.75	0.00
(c) State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.00
(d) Bodies Corporate	0	0	0	0.0000	0	0	0	0.0000	0.00
(e) Banks/FI	0	0	0	0.0000	0	0	0	0.0000	0.00
(f) Any Other	0	0	0	0.0000	0	0	0	0.0000	0.00
<b>Sub Total(A)(1)</b>	<b>4,55,80,800</b>	<b>0</b>	<b>4,55,80,800</b>	<b>64.75</b>	<b>4,55,80,800</b>	<b>0</b>	<b>4,55,80,800</b>	<b>64.75</b>	<b>0.00</b>
(2) Foreign									
(a) NRIs-Individuals	0	0	0	0.0000	0	0	0	0.0000	0.00
(b) Other - Individuals	0	0	0	0.0000	0	0	0	0.0000	0.00
(c) Bodies Corporate	0	0	0	0.0000	0	0	0	0.0000	0.00
(d) Banks/FI	0	0	0	0.0000	0	0	0	0.0000	0.00
(e) Any Other	0	0	0	0.0000	0	0	0	0.0000	0.00
<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>4,55,80,800</b>	<b>0</b>	<b>4,55,80,800</b>	<b>64.75</b>	<b>4,55,80,800</b>	<b>0</b>	<b>4,55,80,800</b>	<b>64.75</b>	<b>0.00</b>
B. Public shareholding									
1. Institutions									
(a) Mutual Funds	0	0	0	0.00	7,400	0	7,400	0.01	0.01
Banks/FI	1,03,11,370	0	1,03,11,370	14.65	1,06,641	0	1,06,641	0.15	(14.50)
(c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	0	0	0	0.00	74,97,014	0	74,97,014	10.65	10.65
(g) FIIs	13,52,435	0	13,52,435	1.92	0	0	0	0.00	(1.92)
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Other (specify)									
Alternative Investment Funds	0	0	0	0.00	91,500	0	91,500	0.13	0.13
<b>Sub-Total (B)(1)</b>	<b>1,16,63,805</b>	<b>0</b>	<b>1,16,63,805</b>	<b>16.57</b>	<b>77,02,555</b>	<b>0</b>	<b>77,02,555</b>	<b>10.94</b>	<b>(5.63)</b>

Category of Shareholder	Number of shares held at the beginning of the year				Number of shares held at the end of the year				Change During the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Non-institutions									
(a) Bodies Corporate									
(i) Indian	35,12,332	6,83,475	41,95,807	5.96	40,02,878	2,80,475	42,83,353	6.08	0.12
(ii) Overseas	0	0	0	0.0000	0	0	0	0.0000	0.00
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to Rs 2 lakh	24,27,668	1,86,678	26,14,346	3.71	37,65,858	1,02,474	38,68,332	5.49	1.78
(ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	32,59,676	4,27,000	36,86,676	5.24	68,36,989	1,96,600	70,33,589	9.99	4.75
(c) NBFCs registered with RBI	0	0	0	0.00	2,300	0	2,300	0.00	0.00
(d) Others (specify)									
(i) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.0000	
(ii) Trust & Foundations	0	0	0	0.00	0	0	0	0.0000	
(iii) Non-Resident Individuals	70,638	0	70,638	0.10	69,908	0	69,908	0.10	(0.01)
(iv) Non Resident Non Repatriates	0	0	0	0.00	1,21,669	4,000	1,25,669	0.18	0.18
(v) Investor Education & Protection Fund	3,07,200	0	3,07,200	0.44	3,15,520	0	3,15,520	0.45	0.01
(vi) MSTC Limited Unclaimed Suspense Account	19,17,153	0	19,17,153	2.72	10,38,237	0	10,38,237	1.47	(1.25)
(vii) Clearing Member	2,32,681	0	2,32,681	0.33	1,32,082	0	1,32,082	0.19	(0.14)
(viii) Foreign Nationals	0	4,000	4,000	0.01	0	0	0	0.00	(0.01)
(ix) HUF	1,26,894	0	1,26,894	0.18	2,27,044	0	2,27,044	0.32	0.14
(x) Employees/ Office Bearers	0	0	0	0.00	20,611	0	20,611	0.03	0.03
<b>Sub-Total (B)(2)</b>	<b>1,18,54,242</b>	<b>13,01,153</b>	<b>1,31,55,395</b>	<b>18.69</b>	<b>1,65,33,096</b>	<b>5,83,549</b>	<b>1,71,16,645</b>	<b>24.31</b>	<b>5.62</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2,35,18,047</b>	<b>13,01,153</b>	<b>2,48,19,200</b>	<b>35.26</b>	<b>2,42,35,651</b>	<b>5,83,549</b>	<b>2,48,19,200</b>	<b>35.26</b>	<b>0.00</b>
C. Shares held by Custodians for GDRs & ADRs	0	0	0	0.0000	0	0	0	0.0000	0.00
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>6,90,98,847</b>	<b>13,01,153</b>	<b>7,04,00,000</b>	<b>100</b>	<b>6,98,16,451</b>	<b>5,83,549</b>	<b>7,04,40,000</b>	<b>100</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company to total shares	% of Shares Pledged / encumbered	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	President of India	4,55,80,800	64.75	NIL	4,55,80,800	64.75	NIL	0.00

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

SI No.	Particulars	Shareholding at the Beginning of the year		Transactions during the year			Cumulative Shareholding during the year	
		No. of the Shares	% of the total shares of the	Date	Increase/Decrease during the year	Reason Shares of	No. of the Pledged / the Company	% of the total shares of
1.	At the Beginning of the year	45580800	64.75	-	0	-	45580800	64.75
2.	At the end of the Year	45580800	64.75	-	0	-	45580800	64.75

**(iv) Share holding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

SI No.	Particulars	Shareholding at the Beginning of the year		Cumulative Shareholding during the year	
		No. of the Shares	% of the total shares of the Company	No. of the Shares	% of the total Company
1.	<b>LIFE INSURANCE CORPORATION OF INDIA</b>				
	At the beginning of the year	7026976	9.98	7026976	9.98
	Bought during the year	NIL	NIL	7026976	9.98
	Sold during the year	310697	0.44	6716279	9.54
	At the End of the Year	NA	NA	6716279	9.54
2.	<b>SURYAVANSHI COMMOTRADE PRIVATE</b>				
	At the beginning of the year	1465809	2.08	1465809	2.08
	Bought during the year	NIL	NA	1465809	2.08
	Sold during the year	NIL	NA	1465809	2.08
	At the End of the Year	NIL	NA	1465809	2.08
3.	<b>MSTC LIMITED UNCLAIMED SUSPENSE ACCOUNT</b>				
	At the beginning of the year	1917153	2.72	1917153	2.72
	Bought during the year	NIL	NA	1917153	2.72
	Sold during the year	878916	1.25	1038237	1.47
	At the End of the Year	NIL	NA	1038237	1.47
4.	<b>THE NEW INDIA ASSURANCE COMPANY LIMITED</b>				
	At the beginning of the year	780735	1.11	780735	1.11
	Bought during the year	NIL	NA	780735	1.11
	Sold during the year	NIL	NA	780735	1.11
	At the End of the Year	NIL	NA	780735	1.11
5.	<b>MADHULIKA AGARWAL</b>				
	At the beginning of the year	750462	1.06	750462	1.06
	Bought during the year	NIL	NA	750462	1.06



SI No.	Particulars	Shareholding at the Beginning of the year		Cumulative Shareholding during the year	
		No. of the Shares	% of the total shares of the Company	No. of the Shares	% of the total Company
6.	Sold during the year	NIL	NA	750462	1.06
	At the End of the Year	NIL	NA	750462	1.06
7.	ASHISH KACHOLIA				
	At the beginning of the year	NIL	NA	NIL	NA
8.	Bought during the year	894758	1.27	894758	1.27
	Sold during the year	200000	0.28	694758	0.98
9.	At the End of the Year	NIL	NA	694758	0.98
	STEEL AUTHORITY OF INIDA LIMITED				
10.	At the beginning of the year	320000	0.45	320000	0.45
	Bought during the year	320000	0.45	640000	0.91
11.	Sold during the year	NIL	NA	640000	0.91
	At the End of the Year	NIL	NA	640000	0.91
12.	SANJAY KATKAR				
	At the beginning of the year	NIL	NA	NIL	NA
13.	Bought during the year	557220	0.79	557220	0.79
	Sold during the year	NIL	NA	557220	0.79
14.	At the End of the Year	NIL	NA	557220	0.79
	INVESTOR EDUCATION AND PROTECTION FUND				
15.	At the beginning of the year	307200	0.43	307200	0.43
	Bought during the year	8320	0.01	315520	0.44
16.	Sold during the year	NIL	NA	315520	0.44
	At the End of the Year	NIL	NA	315520	0.44
17.	ABHINANDAN LEASING AND FINANCE PVT LTD				
	At the beginning of the year	69273	0.09	69273	0.09
18.	Bought during the year	811609	1.15	880882	1.25
	Sold during the year	580199	0.82	300683	0.42
19.	At the End of the Year	NIL	NA	300683	0.42

**(v) Shareholding of Directors and Key Managerial Personnel:**

SI No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shri Bam Bahadur Singh	160	Negligible	160	Negligible
2.	Smt Bhanu Kumar	160	Negligible	160	Negligible
3.	Shri Subrata Sarkar	160	Negligible	160	Negligible
4.	Dr. Promodita Sathish	160	Negligible	160	Negligible
5.	Shri Ajay Kumar Rai	160	Negligible	160	Negligible

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Millions)

Sl No.	Particulars	Secured Loans excluding deposits	Unsecured Loans Indebtedness	Deposits	Total
1	<b>Indebtedness at the beginning of the financial year</b>				
	i) Principal Amount	4612.77	1436.20	0	6048.97
	ii) Interest due but not paid	0.13	0	0	0.13
	iii) Interest accrued but not due	0	788.90	0	788.90
	<b>Total ( i+ii+iii )</b>	<b>4612.90</b>	<b>2225.10</b>	<b>0</b>	<b>6838.00</b>
2	<b>Change in Indebtedness during the financial year</b>				
	i) Addition	0	0	0	0
	ii) Reduction	3732.95	0	0	3732.95
	<b>Net Change</b>	<b>3732.95</b>	<b>0</b>	<b>0</b>	<b>3732.95</b>
3	<b>Indebtedness at the end of the financial year</b>				
	i) Principal Amount	879.95	1436.20	0	2316.15
	ii) Interest due but not paid	0	0	0	0
	iii) Interest accrued but not due	0	788.90	0	788.90
	<b>Total ( i+ii+iii )</b>	<b>879.95</b>	<b>2225.10</b>	<b>0</b>	<b>3105.05</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Millions)

Sl No.	Particulars of Remuneration	Name of MD/WTD/manager				Total Amount
		Shri Surinder Kumar Gupta Chairman Cum Managing Director (w.e.f 17.12.2019)	Shri B.B.Singh, Chairman Cum Managing Director (Upto 30.11.2019)	Shri Subrata Sarkar Director (Finance)	Smt. Bhanu Kumar Director (Commercial)	
1	Gross salary	1.20	4.06	3.91	4.67	13.84
2	Stock Option	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0
4	Commission	0	0	0	0	0
5	Others, please specify: Company's contribution to CPF	0.06	0	0.59	0.87	1.52
	<b>Total (A)</b>	<b>1.26</b>	<b>4.06</b>	<b>4.50</b>	<b>5.54</b>	<b>15.36</b>

B. Remuneration to other directors:

(₹ in Millions)

Sl No.	Particulars of Remuneration	Name of Director Shri G. R. Aloria	Name of Director Dr. T. V. Muralivallabhan	Name of Director Shri. R.S Yeli	Name of Director Smt. Aparna Chaturvedi
1.	Independent Directors Fee for attending board / committee meetings Commission Others, please specify	0.32	0.39	0.32	0.23
	<b>Total (1)</b>	<b>0.32</b>	<b>0.39</b>	<b>0.32</b>	<b>0.23</b>
2.	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify	0	0	0	0
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total (B)=(1+2)</b>	<b>0.32</b>	<b>0.39</b>	<b>0.32</b>	<b>0.23</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/WTD/MANAGER**

(₹ in Millions)

SI No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
		Shri A. K. Rai	Shri Subrata Sarkar	
1	Gross salary	2.75	3.91	6.66
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
5	Others, please specify: Company's Contribution to CPF	0.49	0.59	1.08
	<b>Total</b>	<b>3.24</b>	<b>4.50</b>	<b>7.74</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

**ANNUAL REPORT ON CSR ACTIVITIES FOR 2019-20**

**1. Brief outline of the Company's CSR Policy:**

- (A) Company has formulated a CSR and Sustainable Development Policy in line with the Companies Act, 2013 which has been recommended by duly constituted CSR Committee of the Board and approved by the Board. The policy is available at Company's website [www.mstcindia.co.in](http://www.mstcindia.co.in). The policy has been revised in 2018 which has been duly approved by the Board in its 280th meeting held on 05.04.2018.
- (B) The vision of the Policy is blending responsible business with inclusive growth and Sustainable Development for protecting environment, conserving resources and improving human health and education.
- (C) Board shall constitute a CSR Committee with an Independent Director as Chairman. Nodal officers shall implement the decisions taken by the Committee. Company Secretary shall be secretary to the Committee.
- (D) The Committee shall recommend budget, the projects to be taken up, and the method of implementation. The Committee and the Board shall ensure that at least 2% of the average Profit Before Tax (PBT) of preceding 3 years is the budget for the current year.
- (E) Activities shall include all activities covered under Annexure to the CSR Policy of the Company which includes inter alia, items as provided under Schedule VII of the Companies Act, 2013 and DPE guidelines. Additionally, any Govt. guidelines/instructions shall be considered by the Committee/Board.
- (F) MSTC shall also encourage collaborative projects with other PSUs, Govt. agencies, NGOs, if required, on the basis of merit of the project.

**2. Composition of the CSR Committee:**

Pursuant to section 135 of the Companies Act, 2013 and Department of Public Enterprises (DPE) guidelines, a Board level CSR committee was constituted. As on March 31, 2020 the members of the Committee are as follows:-

1. Dr. T. V. Muralivallabhan, Chairman of CSR Committee
2. Dr. Promodita Sathish, Member
3. Dr. R. S. Yeli, Member
4. Shri Subrata Sarkar, Member

This committee oversees the CSR activities of the Company as per Company's CSR policy. Designated officers of the Company implement the decisions taken by the Committee.

**3. Average Profit Before Tax (PBT) of the Company for last three Financial Years (2016-17, 2017-18, 2018-19):**

₹ (203.36) Crore.

**4. Prescribed CSR expenditure budget for FY 2019-20 (two percent of the above amount):**

Since, Company has incurred losses in the financial year company 2018-19 and further as the Average Profit Before Tax is ₹ (203.36) crores, it was decided by the CSR Committee and Board that during the financial year 2019-20 there will not be any budget for CSR expenditure.

The Committee and Board further decided that project which were not completed in the financial year 2018-19 will be reviewed by the CSR Committee and based on the review of the CSR committee and approval of the Board, fund may be released to eligible project on case to case basis.

Details of CSR expenditure during the Financial Year 2019-20:

- (a) Total amount spent for the financial year: ₹ 54.00 lacs
- (b) Amount unspent, if any : Nil
- (c) Manner in which the amount spent during the financial year is detailed below: Contribution in Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund ( PM CARES Fund) for Covid 19.



**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to Section 204 (1) of the companies act, 2013 and rule No.9 of the companies (Appointment and Remuneration of Managerial Personal) rules, 2014]

To,  
The Members,  
MSTC Limited

I have conducted the secretarial audit of the compliance of applicable statutory provision and the adherence to good corporate practices by MSTC Limited (CIN: L27320WB1964GOI026211) (hereinafter called the company). Secretarial Audit was conducted in a manner that provides me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the MSTC Limited's books, paper, minute books, forms, and return filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representative during the conduct of secretarial audit and as per the explanations given to me and the representation made by the management, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined books, papers, minute books, forms and returns filed and other records made available to me and maintained by the MSTC Limited for the financial year ended on 31st March, 2020 according to the applicable provision of:

- i. The Companies Act ,2013 ('the Act') and the rules made there under, as applicable;
- ii. The Securities contract (regulation) Act, 1956 ('SCRA') and the rules made there under ;
- iii. The Depository Act, 1996 and the regulation and Bye-laws framed there under;

**NOT APPLICABLE**

- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct investment, Overseas direct Investment and External Commercial borrowing;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act,1992('SEBI Act'):
  - a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - d. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - e. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - f. Securities and Exchange Board of India (Registrar to an issue and Share Transfer Agents) Regulations, 1993;
- vi. Other laws applicable to the company as per the representations made by the Management.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial standers of the Institute of Company Secretaries of India with respect board and general meetings are yet to be specified under the Act by the Institute.
- ii. The Listing agreements entered into by company with BSE limited and National Stock Exchange of India limited.

During the period under review and as per the explanations and clarifications given to me and the representation made by management, the company has generally complied with the provision of the Act, Rules, Regulations, Guidelines, etc. mentioned above. However, with respect to the following matters my observations are as follows:

- With respect to constitution of Board of Directors of the Company, there exists shortage in the number of Independent Director on and from 1st July, 2019 to 31st March, 2020.

- With respect to filing of forms to Registrar of Companies some forms were filed after the due dates.
- With respect to transfer of shares to IEPF and filing of Form IEPF 4, the shares were not transferred to IEPF since the shares were under lock-in period till 27/03/2020 as per the terms and conditions of IPO and hence Form IEPF 4 could not be filed within 31st March, 2020.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act. Adequate notice was given to all Directors. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the board meeting, as represented by the management, were taken unanimously.

I further report as per the explanation given to me and the representation made by the management and relied upon by me there are adequate systems and processes in the company commensurate with the size and operations of the company to the monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has not taken any actions having a major bearing on the Companies affair in pursuance of the above applicable laws, rules, regulations, guidelines, standards etc referred to above.

Place: Kolkata  
Date: 26/06/2020

CS SAUMAYO JYOTI SEAL  
FCS: 9766  
C. P. No. 11169  
UDIN: F009766B000385889

This report is to be read with my letter of even date which is annexure A and forms an integral part of this report.

**'Annexure A'**

To,  
The Members,  
MSTC Limited

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the management representative about the compliance of laws, rules, and regulations and happening of events etc.
5. The Compliance of the provision of corporate and other applicable laws, rules, regulation, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. I have relied upon the information, extracts, declarations etc as provided by the Company for this Secretarial Audit, considering the COVID 19 pandemic & lockdown the information and confirmation were received digitally.
7. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

ANNEXURE - VII(A)

**Management Replies to Comments/Observations of the Statutory Auditors on the Standalone Ind AS Financial Statement of MSTC Ltd. for the financial year ending on March 31, 2020.**

Sl. No.	Qualified Opinion/ Observation	Management's Replies
i(c)	The title deed of the Company's immovable properties have been found to be held in the name of the company except a flat at Mumbai (book value: gross / net ₹ 0.74 / ₹ 0.44 million respectively) for which no title deed could be made available for verification.	The Company holds clear title over the asset in question. Due to very old nature the relevant papers could not be shown during audit. Efforts are on to retrieve title deed of the property.
viii	In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, except subjudice cases of loans from Standard Chartered Bank and Indian Overseas Bank ₹ 1436.20 million and ₹ 13.80 million as mentioned in Note No. 20(a) and 20(b) of the notes to the standalone financial statements.	Both the matters are subjudice in various forums and have been adequately disclosed in Note No.20 of the Notes on Accounts.
Pt. 6(a)	The Company falls short of exercising internal control system for customer acceptance, credit evaluation and establishing credit limits for sales, which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection.	<p>The trading business model of Cash and Carry Business was approved by Board and was in vogue since previous decades. In the past MSTC has fully realized hefty dues in respect of Ispat Industries Ltd, Haldia Petrochemicals Ltd and many other cases. There is a Marketing Manual which describes the set of rules and procedures for handling day-to-day operations and which covers other relevant aspects of Marketing operations. Over and above, there is a Board approved Risk Management policy in place which inter alia provides guidelines for customer selection, credit evaluation and establishing credit limits for customers etc. and the same is also reviewed and modified from time to time with Board approval. Besides, Company has insulated default risk significantly by introducing trading business with new customers only by accepting Bank Guarantee for 110% of value of materials. The Company has already closed business with customers under the 'Cash and Carry' model with effect from this financial year. In this line the company has also decided to taper down other models to finally discontinue the trading business w.e.f 2021-22.</p> <p>There is a system of regular follow up with customers for timely realization of dues. Reminders are sent in case of occurrence of any default and further procurements are restricted. Rigorous follow up is also done over phone and representatives from the parties are called to meet directors/CMD at periodical intervals. Month wise reports are generated inter alia showing transactions, realizations, outstanding and age wise analysis thereof. Monthly reports are sent to the Ministry of Steel in this regard also detailing the current status related to outstanding receivables. The trading business is also reviewed regularly by Audit committee of the Board and suggestions are implemented.</p>
Pt. 6(b)	In the process of maintaining safe custody of pledged stock of raw materials procured by the company on behalf of its customers under the Company appointed custodian, it has been observed that there is inadequacy of required internal control.	The Company had engaged Central Rail side Warehousing Corporation Ltd., a CPSE as a custodian for pledged stock w.e.f.F.Y 18-19, replacing the earlier custodian. In addition to this there is a system of physical verification of stock through third party inspection agency at periodic intervals and same is being strengthened. However, shortages, if any, arising out of the said verification are immediately addressed by recovering the same wherever feasible, else police complaints are lodged immediately, and other legal steps are taken against the defaulting customer.

For and on behalf of the Board of Directors



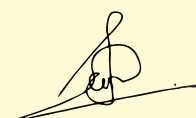
(S. K. Gupta)

Chairman and Managing Director

**Management Replies to Comments/Observations of the Statutory Auditors on the Consolidated Ind AS Financial Statement of MSTC Ltd. for the financial year ending on March 31, 2020.**

Sl. No.	Qualified Opinion/ Observation	Management's Replies
	Other Regulatory Requirement Pt 8(f) (Annexure A)	
Pt. 6(a)	The Holding Company falls short of exercising internal control system for customer acceptance, credit evaluation and establishing credit limits for sales, which could potentially result in the Holding Company recognizing revenue without establishing reasonable certainty of ultimate collection.	<p>The trading business model of Cash and Carry Business was approved by the Board of Holding Company (Company) and was in vogue since previous decades. In the past Company has fully realized hefty dues in respect of Ispat Industries Ltd, Haldia Petrochemicals Ltd and many other cases. There is a Marketing Manual which describes the set of rules and procedures for handling day-to-day operations and which covers other relevant aspects of Marketing operations. Over and above, there is a Board approved Risk Management policy in place which inter alia provides guidelines for customer selection, credit evaluation and establishing credit limits for customers etc. and the same is also reviewed and modified from time to time with Board approval. Besides, Company has insulated default risk significantly by introducing trading business with new customers only by accepting Bank Guarantee for 110% of value of materials. The Company has already closed business with customers under the 'Cash and Carry' model with effect from this financial year. In this line the company has also decided to taper down other models to finally discontinue the trading business w.e.f 2021-22.</p> <p>There is a system of regular follow up with customers for timely realization of dues. Reminders are sent in case of occurrence of any default and further procurements are restricted. Rigorous follow up is also done over phone and representatives from the parties are called to meet directors/CMD at periodical intervals. Month wise reports are generated inter alia showing transactions, realizations, outstanding and age wise analysis thereof. Monthly reports are sent to the Ministry of Steel in this regard also detailing the current status related to outstanding receivables. The trading business is also reviewed regularly by Audit committee of the Board and suggestions are implemented.</p>
Pt. 6(b)	In the process of maintaining safe custody of pledged stock of raw materials procured by the Holding Company on behalf of its customers under the Company appointed custodian, it has been observed that there is inadequacy of required internal control.	The Holding Company had engaged Central Rail side Warehousing Corporation Ltd., a CPSE as a custodian for pledged stock w.e.f F.Y 18-19, replacing the earlier custodian. In addition to this there is a system of physical verification of stock through third party inspection agency at periodic intervals and same is being strengthened. However, shortages, if any, arising out of the said verification are immediately addressed by recovering the same wherever feasible, else police complaints are lodged immediately, and other appropriate legal steps are taken against the defaulting customer.

For and on behalf of the Board of Directors



(S. K. Gupta)  
Chairman and Managing Director



# STANDALONE REPORT

## INDEPENDENT AUDITOR'S REPORT

To The Members of MSTC Limited

Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of MSTC Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2020, profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules made there under, 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 our opinion.

### Emphasis of Matter

2. Without qualifying our opinion, we draw attention to the following:
  - a. Attention is drawn to Note No 44 of the standalone financial statements, as regards the Managements evaluation of COVID 19 impact on the future performance of the company.
  - b. Attention is drawn to Note No. 36 of the standalone financial statements regarding Non Provision of Deferred Tax Asset of ₹ 1,565.54 Million on Provision for Doubtful Debts of ₹ 4480.13 Million made after 01.04.2018.

- c. The title deed of a freehold flat in Mumbai having gross block of ₹ 0.74 million as at 31.03.2020 could not be furnished before the audit.

### Key Audit Matters

3. Key audit matters are those matters that, in our professional judgement, 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 standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl.	Key Audit Matters	Auditor's Response
i.	<p><b>Recoverability of Trade Receivables:</b></p> <p>As at 31st March 2020, trade receivables Gross is ₹ 21,834.48 million (Net ₹ 12334.44 million). Out of which ₹ 10,428.42 million was unsecured and provision of ₹ 9,500.04 million for bad and doubtful debts has been made by the Company.</p> <p>In the event of insolvency of customers, the Company is exposed to potential risk of financial loss when the customers fail to meet their contractual obligation in accordance with the requirements. The recoverable amount was estimated by management based on their specific recoverability assessment on individual debtor with reference to the ageing profile and credit worthiness of the customer.</p> <p>The disclosures related to Trade Receivables of the Company are provided in Note 8 to the accompanying standalone financial statement</p>	<p>Examining details of receivables and transactions during the year ended 31st March 2020. We have observed the nature of the trade receivables, the sustainability and the likelihood of recoverability of receivables.</p> <p>Since Company's obtaining of balance confirmations from Parties is an ongoing process (Refer note 42), substantive audit procedures have been followed to ensure accuracy of balances. We have assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers and their historical payment pattern, wherever applicable, along with the latest correspondences with the customers, read with the company's existing risk management policy.</p>

<p>ii. <b>IT Systems &amp; Control:</b> Preparation and presentation of Financial Statements are dependent on Company's supporting software and hardware controls involving risk management exercise for maximum elimination of erroneous data. Thus quality of audit outcome and its authenticity are dependent on the extent of IT controls and systems.</p>	<p>We have planned, designed and carried out the desired audit procedures and sample checks, which in our opinion are adequate to provide reasonable assurance on the adequacy of IT controls in place.</p>
<p>iii. <b>Assessment of allowance for Bad and Doubtful Advances and Contingent Liabilities:</b> Assessment of allowance for Bad and Doubtful Advances and Contingent liabilities require assessment of probable outcomes and cash flows. The identification and quantification require estimation and judgment by the management. The disclosure related to allowance for Bad and Doubtful Advances and Contingent liabilities are provided in Note No 30 &amp; 35 (a) to the accompanying Standalone Financial Statements.</p>	<p>We have carried out the validation of the information provided by the management by performing the following procedures:-</p> <ul style="list-style-type: none"> <li>- Evaluating reasonableness of the underlying assumptions.</li> <li>- Understanding the current status of the litigations.</li> <li>- Examining the relevant documents on available records.</li> <li>- Reviewing legal opinion / industry practices wherever necessary.</li> <li>- Verification of various disclosures made by the management.</li> <li>- Obtaining Management's Representation as per guidelines of the ICAI.</li> </ul>
<p>iv. <b>Impact of COVID 2019 :</b></p>	<p>As a result of COVID 19 Pandemic situation prevailing in the country, we had to encounter difficulties / delay in the process of collection of data and analysing the same to come to an audit conclusion without compromising the maintenance of quality of audit as desired by the regulatory authorities.</p>

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

4. The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

**Responsibility of Management and Those Charged with Governance for Standalone Financial Statements**

5. 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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the IND AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

6. 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 standalone financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the standalone 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the standalone 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.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the standalone financial statement that, individually or in aggregate, makes it probable that the economic decision of a reasonably knowledgeable user of the financial statement may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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 Matter**

7. The Standalone Financial Statements of the Company for the year ended March 31, 2019 were audited by the other auditor under Companies Act, 2013 who, vide their report dated May 29, 2019 expressed an unmodified opinion on those financial statements.

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

8. As required by the Companies (Auditor's Report) Order,



2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

9. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant Rules thereto.
  - As per notification no. G.S.R 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Companies Act, 2013 regarding disqualification of the Director is not applicable to the Company, since it is a Government Company.
  - 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".
  - The company being a Government Company, provisions of section 197 (16) of the companies Act 2013 regarding managerial remuneration is not applicable to the Company as per notification no. G.S.R. 463(E) dated 05 June 2015 issued by Ministry of Corporate Affairs.
  - 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:
    - The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 35(a) to the standalone financial statements.
    - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - There was delay in transferring unpaid Interim Dividend of Rs. 1.01 million to the Investor Education

and Protection Fund (declared on 30.12.2011 for FY 2011-12) and the amount was deposited on 09.04.2019.

10. As required by section 143(5) of the Act the directions and sub-directions issued by the Comptroller & Auditor General of India, we give our comments in the standalone financial statements in "Annexure-C" annexed herewith.

**For S Ghose & Co LLP**  
**Chartered Accountants**  
**FRN- 302184E/E300007**

**CA Ranjan Kumar Paul**

**Partner**

**M.No.060084**

**UDIN : 20060084AAAAAW5652**

**Place: Kolkata**

**Date: 29.06.2020**

## Annexure-A to the Independent Auditor's Report

(Referred to in paragraph 8 under 'Report on Other Legal & Regulatory Requirement' of our report of even date)

- (i)
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has physically verified its fixed assets during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The title deed of the Company's immovable properties have been found to be held in the name of the company except a flat at Mumbai (book value : gross / net ₹ 0.74 / ₹ 0.44 million respectively) for which no title deed could be made available for verification.
- (ii) The company does not hold any Inventory as at the year end. Therefore the provisions of Clause 3(ii) of the order are not applicable to the company.
- (iii) As per information and explanations given to us, the Company has not granted any loan, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of Clause 3 (iii) of the order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loan or provided any guarantee/security and hence Section 185 of the Act is not applicable. The company has not made any investment during the year under section 186 of the Act. Accordingly, the provisions of Clause 3 (iv) of the order are not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence 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. Therefore, the provision of Clause 3(v) of the Order is not applicable on the Company
- (vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act. Therefore, the provision of Clause 3(vi) of the Order is not applicable on the Company
- (vii)
  - (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and any other statutory dues as applicable with the appropriate authorities. According to the information and explanation given to us, no undisputed amount payable in respect of aforesaid dues were outstanding as at 31st march, 2020 for a period of more than six months from the date of becoming payable.
  - (b) According to the information and explanations given to us, and the records of the Company examined by us, the particulars of dues of income tax, service tax, sales tax, value added tax, duty of customs, etc as at 31st March, 2020 which has not been deposited on account of a dispute are as follows:

SI No	Name of the Statute	Nature of Dues	Period to which the amount relates (FY)	Amount (₹ in Million)	Forum where the dispute is pending
1	UP VAT Act 2008	Claim by Sales Tax Authority	2001-02	0.19	High Court Allahabad
	UP VAT Act 2008		2004-05	0.17	Commercial Tax Tribunal Bench, Ghaziabad.
2	WB VAT Act 2003	Claim by Sales Tax Authority	2009-10	42.63	Appellate Revision Board, Kolkata
	WB VAT Act 2003		2012-13	51.72	Senior Joint Commissioner, Commercial Taxes, Kolkata
3	AP VAT Act 2005	Claim by Sales Tax Authority	1998-99	2.25	Sales Tax Appellate Tribunal (STAT) , Visakhapatnam
	AP VAT Act 2005		1999-00	4.11	
	AP VAT Act 2005		2004-05	0.91	Sales Tax Appellate Tribunal (STAT) , Visakhapatnam

SI No	Name of the Statute	Nature of Dues	Period to which the amount relates (FY)	Amount (₹ in Million)	Forum where the dispute is pending
	AP VAT Act 2005		2005-06	0.37	Sales Tax Appellate Tribunal (STAT) , Visakhapatnam
	AP VAT Act 2005		2006-07	0.08	Sales Tax Appellate Tribunal (STAT) , Visakhapatnam
	AP VAT Act 2005		2008-13	7.93	High Court of Judicature at Hyderabad
	AP VAT Act 2005		2008-13	5.62	Appellate Joint Commissioner (Appeals), Vijayawada
4	J&K Sales Tax Act 1962	Claim by Sales Tax Authority	2015-16	0.03	Commercial Tax Circle-N, Jammu
5	CST (CENTRAL SALES TAX ACT)	Claim by Sales Tax Authority	2009-10	24.90	Sales Tax Appellate Tribunal (STAT) , Visakhapatnam
	CST (CENTRAL SALES TAX ACT)		2015-16	1.43	CTO-Suryabagh circle
6	Orissa Sales Tax Act	Claim by Sales Tax Authority	1986-87	26.90	High Court Orissa
7	Gujarat VAT Act 2003	Claim by Sales Tax Authority	2002-03	5.22	Pre-Audit Deptt. Ahmedabad
	Gujarat VAT Act 2003		2004-05	21.80	Appeal filed in Gujarat Value Added Tax Tribunal against DC (Appeal Order)
<b>Total of Sales Tax Dues</b>				<b>196.26</b>	
8	Customs Act 1962	Claim by Custom Department	1995-96	26.63	Madras High Court
	Customs Act 1962		2001-02	20.38	High Court Calcutta
	Customs Act 1962		2012-13	63.57	CESTAT Bangalore or CESTAT Chennai
	Customs Act 1962		2013-14	8.35	CESTAT Bangalore or CESTAT Chennai
<b>Total of Custom Dues</b>				<b>118.93</b>	
9	Finance Act 1994 (Service Tax)	Service Tax Demand	2005-07	149.01	CESTAT Kolkata
<b>Total of Service Tax Dues</b>				<b>149.01</b>	
10	Income Tax Act 1961	Income Tax Demand	2004-05	0.11	CIT Appeals Kolkata
	Income Tax Act 1961		2011-12	2.13	Commissioner Appeals Kolkata
	Income Tax Act 1961		2012-13	22.11	Commissioner Appeals Kolkata
	Income Tax Act 1961		2013-14	0.99	Commissioner Appeals Kolkata
	Income Tax Act 1961		2016-17	0.24	Commissioner Appeals Kolkata
	Income Tax Act 1961 (TDS)		2015-16	0.99	Commissioner Appeals Kolkata
<b>Total of Income Tax Dues</b>				<b>26.57</b>	
<b>TOTAL TAX DUES</b>				<b>490.77</b>	

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, except subjudice cases of loans from Standard Chartered Bank and Indian Overseas Bank Rs. 1436.20 million and Rs. 13.80 million as mentioned in Note No. 20(a) and 20(b) of the notes to the standalone financial statements.  
The company did not have any loans or borrowings from financial institutions or Government and has not issued any debentures.
- (ix) Based upon the information and explanations given by the management, the company has not raised any money by way of initial public offer or further public offer including debt instruments. Further Money raised by way of term loan was applied for the purpose for which it was raised.
- (x) During the course of our examination of the books and record of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no fraud on or by the Company or no fraud by the officers and employees of the company has been noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) Section 197 of the Act regarding managerial remuneration is not applicable to the Company by virtue of Notification No. G.S.R 463(E) dated 05 June 2015, issued by the Ministry of Corporate Affairs, Govt. of India.
- (xii) As per information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provision of clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) As per information and explanations given to us, 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 Note No 39 to the Standalone Financial Statements as required by the applicable Indian accounting standards.
- (xiv) Based upon the audit procedures performed and according to the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year. Accordingly, the provision of clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) Based upon the audit procedures performed and according to the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with them as referred to in Section 192 of Companies Act 2013. Accordingly, the provision of clause 3 (xv) of CARO is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provision of clause 3 (xvi) of the Order is not applicable to the Company.

**For S Ghose & Co LLP**  
**Chartered Accountants**  
**FRN- 302184E/E300007**

**Place: Kolkata**  
**Date: 29.06.2020**

**CA Ranjan Kumar Paul**  
**Partner**  
**M.No.060084**  
**UDIN : 20060084AAAAAW5652**



## Annexure - B to the Independent Auditor's Report

Referred to in paragraph 9(f) of the Independent Auditor's Report of even date to the members of MSTC Limited on the Standalone Financial Statements for the year ended March 31, 2020.

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

1. We have audited the internal financial controls over Financial Reporting of MSTC Limited as at 31st March, 2020 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

2. 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

3. 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") issued by the Institute of Chartered Accountant of India ("ICAI") and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the 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 standalone 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 internal financial controls system over financial reporting of the Company.

### Meaning of Internal Financial Controls over Financial Reporting

4. 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 authorisations of management and directors of the company; and
  - (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

5. 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.

### Qualified Opinion

6. According to the information and explanations given to us and based on our audit, the following weaknesses have been identified as at 31st March 2020:-
- The Company falls short of exercising internal control system for customer acceptance, credit evaluation and establishing credit limits for sales, which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection.
  - In the process of maintaining safe custody of pledged stock of raw materials procured by the company on behalf of its customers under the Company appointed custodian, it has been observed that there is inadequacy of required internal control.

However the Company has already introduced a separate Audit for Audit of its Internal Financial Control System and the report is yet to be submitted.

In our opinion, except for the possible effects of the weaknesses described herein above, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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.

**For S Ghose & Co LLP**  
**Chartered Accountants**  
**FRN- 302184E/E300007**

**Place: Kolkata**  
**Date: 29.06.2020**

**CA Ranjan Kumar Paul**  
**Partner**  
**M.No.060084**  
**UDIN : 20060084AAAAAW5652**

## Annexure – C to the Independent Auditors’ Report

Directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013, based on the verification of records of the Company and according to information and explanation given to us, we report as under:

	Directions	Auditor’s Reply
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The matter has adequately been dealt with in our report of even date. (Para 3 (ii) Key Audit Matter)
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the company’s inability to repay the loan? If yes, the financial impact may be stated.	No, there is no instance of restructuring of an existing loan or cases of waiver / write off of debts/ loans / interest etc. made by a lender to the company due to company’s inability to repay the loan.
3.	Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilised as per its term and conditions? List the cases of deviation.	No, there is no such case of funds being received/ receivable during Financial Year 2019-20 for specific schemes from central/state agencies.

**For S Ghose & Co LLP**  
Chartered Accountants  
FRN- 302184E/E300007

**CA Ranjan Kumar Paul**  
Partner  
M.No.060084  
UDIN : 20060084AAAAAW5652

Place: Kolkata  
Date: 29.06.2020

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MSTCLIMITEDFOR THE YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of MSTC Limitedfor the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on these financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 June2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of MSTC Limitedfor the year ended 31March 2020under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditorand is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

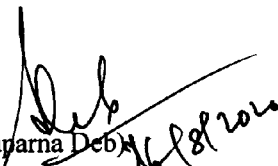
On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

Place: Kolkata

Date:

26 AUG 2020

  
(Suparna Deb)  
Director General Audit (Mines)  
Kolkata



## Standalone Balance Sheet as at 31<sup>st</sup> March 2020

	Notes	As at 31 <sup>st</sup> Mar 2020	(Amount in ₹ million) As at 31 <sup>st</sup> Mar 2019
<b>ASSETS</b>			
(1) Non-current assets			
(a) Property, Plant and Equipment	2	79.23	51.68
(b) Capital Work in Progress	2	289.23	204.62
(c) Leasehold Land	2	71.57	72.32
(d) Intangible assets	2	11.39	4.60
		451.42	333.22
(e) Financial assets			
(i) Investments			
(a) In Subsidiary	3	158.10	158.10
(b) In Joint Venture	3	186.00	186.00
(ii) Other financial assets	4	50.12	53.53
(f) Non-Current tax assets	5	521.57	449.76
(g) Deferred tax assets (net)	6	2,245.05	2,532.50
(h) Other non current assets	7	26.34	59.16
<b>Total non-current assets</b>		<b>3,638.60</b>	<b>3,772.27</b>
(2) Current assets			
(a) Financial assets			
(i) Trade receivables	8	12,334.44	17,200.05
(ii) Cash and cash equivalents	9	604.56	960.27
(iii) Other Bank Balances	10	1,106.94	2,429.95
(iv) Other financial assets	11	131.16	365.68
(b) Other current assets	12	20.81	20.88
<b>Total current assets</b>		<b>14,197.91</b>	<b>20,976.83</b>
<b>TOTAL ASSETS</b>		<b>17,836.51</b>	<b>24,749.10</b>
<b>EQUITY AND LIABILITIES</b>			
(1) Equity			
(a) Equity Share Capital	13	704.00	704.00
(b) Other equity	14	2,094.31	1,376.83
<b>Total equity</b>		<b>2,798.31</b>	<b>2,080.83</b>
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	33.91	9.35
(ii) Trade payables			
Total Outstanding dues of			
a) Creditors other than Micro & Small Enterprises	15	2.64	2.64
(iii) Other financial liabilities	16	5.70	7.45
(b) Provisions	17	165.98	118.31
(c) Other non-current liabilities	18	63.25	80.55
<b>Total non-current liabilities</b>		<b>271.48</b>	<b>218.30</b>
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	2,282.24	6,039.62
(ii) Trade payables			
Total Outstanding dues of			
a) Micro & Small Enterprises	21	0.75	0.48
b) Creditors other than Micro & Small Enterprises	21	5,916.39	9,047.77
(iii) Other financial liabilities	22	6,463.13	7,165.68
(b) Provisions	23	25.17	9.65
(c) Other current liabilities	24	79.04	186.77
<b>Total current liabilities</b>		<b>14,766.72</b>	<b>22,449.97</b>
<b>Total liabilities</b>		<b>15,038.20</b>	<b>22,668.27</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,836.51</b>	<b>24,749.10</b>

The accompanying notes forms an integral part of the financial statements.  
In terms of our report of even date.

In terms of our report of even date  
For S. Ghose & Co LLP  
Chartered Accountants  
FRN : 302184E/E30000

For MSTC LIMITED

CA Ranjan Kumar Paul  
Partner  
M. No : 060084

(S. K. Gupta)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR  
DIN- 08643406

(Subrata Sarkar)  
DIRECTOR FINANCE  
DIN- 8290021

Dated : 29.06.2020  
Place : Kolkata

(S K Barnwal)  
ADDL GENERAL MANAGER  
FINANCE & ACCOUNTS

(Ajay Kumar Rai)  
COMPANY SECRETARY  
M. No : F5627

## Standalone Statement of Profit & Loss for the period 31<sup>st</sup> March 2020

(Amount in ₹ million)

Particulars	Note	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>ASSETS</b>			
I Revenue from operations	25	8,307.08	29,270.04
II Other Income	26	615.00	415.28
<b>III Total Revenue (I + II)</b>		<b>8,922.08</b>	<b>29,685.32</b>
<b>IV EXPENSES</b>			
(a) Purchases of Stock-in-Trade	27	5,663.12	25,426.34
(b) Employee benefit expense	28	711.54	598.83
(c) Finance costs	29	274.56	569.37
(d) Depreciation and amortisation expense	2	20.35	12.46
(e) Other expenses	30	957.60	5,770.41
<b>Total Expenses</b>		<b>7,627.17</b>	<b>32,377.41</b>
<b>V Profit before tax (III- IV)</b>		<b>1,294.91</b>	<b>(2,692.09)</b>
<b>VI Tax Expense 36</b>			
(a) Current tax		238.24	338.75
(b) Deferred tax		304.64	213.81
Total tax expense		542.88	552.56
<b>VII Profit for the year (V- VI)</b>		<b>752.03</b>	<b>(3,244.65)</b>
<b>VIII Other comprehensive income</b>			
(a) Items that will not be reclassified to profit or loss			
Remeasurement of Defined Benefit Plan	40	(51.73)	2.00
(b) Income tax on above		17.18	(3.30)
		(34.55)	(1.30)
<b>IX Total comprehensive income for the year (VII + VIII)</b>		<b>717.48</b>	<b>(3,245.95)</b>
<b>X Earnings per equity share (face value ₹10each):</b>			
(a) Basic (in ₹)	37	10.68	(46.09)
(b) Diluted (in ₹)		10.68	(46.09)

The accompanying notes forms an integral part of the financial statements.  
In terms of our report of even date.

In terms of our report of even date  
For S. Ghose & Co LLP  
Chartered Accountants  
FRN : 302184E/E30000

CA Ranjan Kumar Paul  
Partner  
M. No : 060084

Dated : 29.06.2020  
Place : Kolkata

For MSTC LIMITED

(S. K. Gupta)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR  
DIN- 08643406

(S K Barnwal)  
ADDL GENERAL MANAGER  
FINANCE & ACCOUNTS

(Subrata Sarkar)  
DIRECTOR FINANCE  
DIN- 8290021

(Ajay Kumar Rai)  
COMPANY SECRETARY  
M. No : F5627

## Standalone Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2020

(Amount in ₹ million)

Particulars	Nos.	Face Value (₹)	(₹ Million)
<b>A. Equity Share Capital</b>			
<b>Equity shares of ₹10 each issued, subscribed and fully paid</b>			
	Nos	Face Value (₹)	Amount (₹ Million)
Balance as at March 31, 2018	3,52,00,000	10	352.00
Bonus Shares issued in the ratio 1:1	3,52,00,000	10	352.00
Balance as at March 31, 2019	7,04,00,000	10	704.00
Balance as at March 31, 2020	7,04,00,00	10	704.00
<b>B. Other Equity</b>			
	General Reserve	Retained Earnings	Total
Balance as at March 31, 2018	4,961.60	314.01	5,275.61
Profit for the year	-	(3,244.65)	(3,244.65)
Other Comprehensive Income for the year	-	(1.30)	(1.30)
Transfer to General Reserve/(From) Retained Earning	-	-	-
Final Dividend FY 17-18	-	(260.48)	(260.48)
Dividend Distribution Tax on Final Dividend FY 17-18	-	(40.35)	(40.35)
Issue of Bonus Shares	-	(352.00)	(352.00)
Balance as at March 31, 2019	4,961.60	(3,584.77)	1,376.83
Profit for the year ended 31st March 2020	-	752.03	752.03
Other Comprehensive Income for the year	-	(34.55)	(34.55)
Transfer to General Reserve/(From) Retained Earning	-	-	-
Balance as at March 31, 2020	4,961.60	(2,867.29)	2,094.31

The accompanying notes forms an integral part of the financial statements.  
In terms of our report of even date.

In terms of our report of even date  
For S. Ghose & Co LLP  
Chartered Accountants  
FRN : 302184E/E30000

CA Ranjan Kumar Paul  
Partner  
M. No : 060084

Dated : 29.06.2020  
Place : Kolkata

For MSTC LIMITED

(S. K. Gupta)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR  
DIN- 08643406

(S K Barnwal)  
ADDL GENERAL MANAGER  
FINANCE & ACCOUNTS

(Subrata Sarkar)  
DIRECTOR FINANCE  
DIN- 8290021

(Ajay Kumar Rai)  
COMPANY SECRETARY  
M. No : F5627

## Standalone Statement of Cash Flows for the Year ended 31<sup>st</sup> March 2020

(Amount in ₹ million)

Particulars	For the Year Ended 31st Mar 2020	For the Year Ended 31st Mar 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax for the year	1,294.91	(2,692.09)
Adjustments for:		
Depreciation /Amortisation Expenses	21.10	13.21
Dividend Income	(60.70)	(64.20)
Interest Income	(75.53)	(346.06)
Finance Cost	274.56	569.37
Loss on sale of Property Plant and Equipments	1.06	0.36
Provision no Longer Required Written Back	(474.94)	-
Bad Debt Witten Off	373.99	1,100.81
Provision for Bad and Doubtful Advances	339.91	4,320.02
<b>Operating profit before Working Capital changes</b>	<b>1,694.36</b>	<b>2,901.42</b>
Adjustments for changes in Operating Assets & Liabilities		
Adjustments for (increase) / decrease in Operating Assets:		
Movement in working capital:		
(Increase)/decrease in Trade and Other Receivables	4,864.88	15,823.38
(Increase)/decrease in Other Assets	32.89	(0.79)
Adjustments for increase / (decrease) in Operating Liabilities:		
Increase/ (decrease) in Trade Payables & Others Financial Liabilities	(3,835.27)	(17,728.53)
Increase/ (decrease) in Other Liabilities	(125.03)	35.03
Increase/ (decrease) in Provisions	11.46	(36.44)
<b>Cash generated from Operations</b>	<b>2,643.29</b>	<b>994.07</b>
Direct Taxes Paid (Net of Refund)	(310.05)	(394.68)
<b>Net cash from Operating Activities</b>	<b>2,333.24</b>	<b>599.39</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds of Property Plant and Equipment (Net)	(140.36)	(169.03)
Investment In Fixed Deposits	1,323.01	870.98
Investment in Joint Venture	-	(80.00)
Interest received	75.20	355.52
Dividend Income	60.70	64.20
<b>Net cash (used) in Investing Activities</b>	<b>1,318.55</b>	<b>1,041.67</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(Repayment) of Short Term Borrowings	(2,031.84)	(1,230.05)
Interest Paid	(274.69)	(569.94)
Dividend Paid	-	(260.48)
Tax on Dividends	-	(40.35)
<b>Net cash used in Financing Activities</b>	<b>(2,306.53)</b>	<b>(2,100.82)</b>
<b>Net increase/(decrease) in Cash &amp; Cash equivalents(A+B+C)</b>	<b>1,345.26</b>	<b>(459.76)</b>
Cash and Cash equivalents at the beginning of the Period	(741.94)	(282.18)
<b>Cash and Cash equivalents at the end of the Period</b>	<b>603.32</b>	<b>(741.94)</b>
<b>Note :</b>		
(1) Figures in brackets indicate outflows.		
(2) <b>Statement Showing Cash and Cash Equivalents</b>		
Cash and Cash equivalents at the end of the Period	604.56	960.27
Less : Over Draft Balances at the end of the Period	(1.24)	(1,702.21)
<b>Net Cash and Cash equivalents at the end of the Period</b>	<b>603.32</b>	<b>(741.94)</b>

**Note :** Statement of Cash Flows is prepared using Indirect Method as per Indian Accounting Standard-7: Statement of Cash Flows.  
The accompanying notes forms an integral part of the financial statements.  
In terms of our report of even date.

In terms of our report of even date  
For S. Ghose & Co LLP  
Chartered Accountants  
FRN : 302184E/E30000

For MSTC LIMITED

CA Ranjan Kumar Paul  
Partner  
M. No : 060084

(S. K. Gupta)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR  
DIN- 08643406

(Subrata Sarkar)  
DIRECTOR FINANCE  
DIN- 8290021

Dated : 29.06.2020  
Place : Kolkata

(S K Barnwal)  
ADDL GENERAL MANAGER  
FINANCE & ACCOUNTS

(Ajay Kumar Rai)  
COMPANY SECRETARY  
M. No : F5627



## Notes to Standalone financial statements for the year ended 31st March, 2020

### 1.A General Information

MSTC Limited (the “Company”) is a Miniratna Category-I Company was incorporated under the Companies Act, 1956 on 9th September, 1964. It is domiciled in India, having registered office at 225 C AJC Bose Road Kolkata 700020 and limited by shares (CIN:L27320WB1964GOI026211). Pursuant to Initial Public Offer equity shares of MSTC Limited are listed and traded on both BSE Limited and National Stock Exchange of India Limited w.e.f. March 29, 2019. The Company undertakes trading activities, e-commerce and also disposal of ferrous and non-ferrous scrap, surplus stores, minerals, agri and forest produces etc. mostly from Public Sector Undertakings and Govt. Departments. The core activity of the Company has been divided into two Operational Divisions, i.e. e-Commerce and Trading. The e-Commerce division undertakes disposal of Scrap, surplus stores, e-sales of minerals, agri and forest produces, and e procurement. The list of Principals includes Ministry of Defence, State Governments, PSUs like Indian Oil Corporation Ltd., Oil and Natural Gas Corporation Ltd, Bharat Sanchar Nigam Ltd, Hindustan Petroleum Corporation Ltd. etc. The mode of disposal includes e-auction, e-tender, e-reverse auction etc. Besides, MSTC also e-auctions coal from Coal India Ltd, Singareni Coalfields Ltd etc. Apart from these MSTC also provides e-procurement solution. The trading division handles import/export and domestic trade of mainly bulk industrial raw material. It looks after sourcing, purchase and sales of industrial raw materials like Heavy Melting Scrap, Low Ash Metallurgical Coke, HR Coil, Crude Oil, Naptha, Coking Coal, Steam Coal etc. for supply to Indian industries. The end customers are Coal/Steel Industries, Oil sector, State owned Power Companies etc.

### 1.B RECENT ACCOUNTING DEVELOPEMENTS

Ind As 116 –“Leases” has been made applicable w.e.f. 1st April, 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019 and application of the same does not have any significant impact on the financial result of the Company.

### 1.C SIGNIFICANT ACCOUNTING POLICIES

#### 1.C.1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be measured at fair value at the end of each reporting period by Ind ASs. The financial statements of the Company have been prepared to comply with the Indian Accounting Standards (‘Ind ASs’), including the rules notified under the relevant provisions of the Companies Act 2013.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### Functional Currency and Presentation Currency

The financial statements are prepared in Indian Rupees (₹) which is the Company’s functional currency for all its operations. All financial information presented in Indian Rupees (₹) has been rounded to the nearest Million, unless otherwise stated.

#### Current and Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the schedule III to the Companies Act, 2013 and Ind AS 1 – ‘Presentation of Financial Statements’.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### Use of estimates and critical judgements

The preparation of accounts in accordance with Ind ASs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the accounts and reported amounts of income and expenses during the period.

Actual results could differ from those estimates. The most significant techniques for estimation are described in the accounting policies below. Critical accounting judgments and the key sources of estimation or uncertainty in applying the Company’s accounting policies arise in relation to property, plant and equipment, current asset provisions, deferred tax, retirement benefits. The detailed accounting policies, including underlying judgments and methods of estimations for each of these items are discussed below. All of these key factors are reviewed on a continuous basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and any future periods affected.

#### 1.C.2 FOREIGN CURRENCY TRANSLATION

In preparing the financial statements of the Company, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of

the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the Statement of Profit and Loss for the period. Exchange differences arising on retranslation on non-monetary items carried at fair value are included in statement of profit and loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income.

Wherever foreign exchange fluctuations are to be borne by the customers as per agreement with them, foreign exchange gain/ loss are not recognised in the books of the Company.

### 1.C.3 (a) PROPERTY, PLANT AND EQUIPMENT

An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the company and its cost can be measured reliably. This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognised in the Statement of Profit and Loss as incurred. When a replacement occurs, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in the Statement of Profit and Loss.

Included in property, plant and equipment are loose plant and tools which are stated at cost less amounts written off related to their expected useful lives and estimated scrap value and also spares, against which impairment provisions are made where necessary to cover slow moving and obsolete items.

Land has an indefinite economic life. The Company can enjoy the part of the life restricted to years of lease. The lease rent paid in advance is being amortised over the period of lease.

### 1.C.3 (b) Depreciation of property, plant and equipment

Depreciation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment to their

residual value. These charges are commenced from the date the assets are available for their intended use and are spread over their estimated useful lives. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. No further charge is provided in respect of assets that are fully written down but are still in use.

Depreciation on assets under construction commences only when the assets are ready for their intended use.

Depreciation is provided to allocate the costs of property, plant and equipment, net of their residual values, over their useful life as specified in Schedule II of the Companies Act, 2013. The estimated useful lives for the main categories of property, plant and equipment are:

Type of Asset	Estimated Useful life (Years)
Office Equipment	5
Vehicles	8
Furnitures and Fixtures	10
Partition and Cubicles	10
Building	60
Air Conditioners	10
Computers	3
Servers	6

Assets in the course of construction are included under capital work in progress and are carried at cost, less any recognized impairment loss. Such capital work-in-progress, on completion, is transferred to the appropriate category of property, plant and equipment.

### 1.C.3 (c) Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Further, the management estimates that the intangible assets are having zero carrying cost at the end of its useful life i.e. zero residual value.

Softwares acquired separately are capitalised as software. These are amortized over a period of their license. In case of perpetual licences the cost is amortized over a period of five years.

### 1.C.4 Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication

that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Intangible assets with an indefinite useful life are tested for impairment annually and whenever there is an indication, the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the Statement of Profit and Loss as and when the carrying amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit and loss immediately.

#### 1.C.5 Investment in Subsidiaries and Joint venture

Investment in subsidiaries and Joint venture are carried at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and carrying amounts are recognised in Statement of Profit and Loss.

#### 1.C.6 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are immediately recognised in the Statement of Profit and Loss.

##### a) Financial assets

###### I. Financial assets at amortised cost

Financial assets are subsequently measured at amortised

cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

###### II. Financial assets measured at fair value through Other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on remeasurement recognised in other comprehensive income. However, the interest income, losses and reversals, and foreign exchange gains and losses are recognised in the Statement of Profit and Loss.

###### III. Financial assets measured at fair value through profit and loss

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through profit and loss.

##### Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income.

Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. For financial instruments whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised.

##### Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and

rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralised borrowing of the proceeds received.

#### **b) Financial liabilities and equity instruments**

##### **Classification**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Transaction costs of an equity transaction are being accounted as a deduction from equity.

##### **Financial Liabilities**

The Company's financial liabilities include Trade and other payables and borrowings including bank overdrafts are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

##### **Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

##### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

#### **1.C.7 CASH AND CASH EQUIVALENTS**

For the purpose of presentation in the statement of cash flows, cash and cash equivalent includes cash on hand, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, cash at bank, and bank overdraft and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

#### **1.C.8 INVENTORIES**

Stock in trade including material-in-transit is valued at cost or estimated net realisable value whichever is less.

#### **1.C.9 REVENUE RECOGNITION**

Revenue is recognized when the performance obligation towards transfer of goods and services to a customer is satisfied.

##### **SALES**

- i) High sea sales are booked on the basis of date of issuance of high sea sale letter. As regards value, sales are booked either at contracted forward exchange rates, if booked, or provisionally on the basis of FEDAI spot exchange rates prevailing on the last date of the financial year, where forward cover was not taken, which includes C&F / CIF price, usance interest followed by final adjustment on due date of payment in subsequent financial year.
- ii) In case of indigenous material, sales are accounted for on the basis of date of transport documents and as regards value, based on the value of invoices. In case of sale on door delivery basis sales are booked on sales invoice dates.
- iii) In case of export, sales are accounted for on the basis of date of shipment. As regards value, sales are booked either at contracted forward exchange rates, if booked, or at the FEDAI rate on the date of shipment as per custom clearance document, followed by final adjustment on actual realisation of export proceeds.

##### **SERVICE CHARGES**

Remuneration for transaction in Marketing Department through facilitator mode and for conducting sales/procurement on behalf of Principals, by way of auctions, tenders, or any other means, are accounted for as service charges.

- (a) Service charges are accounted for as income at contracted rates on:
  - i. Tender/Auction sale on behalf of Public Sector Undertakings, Defence and other Government Departments on issuance of sale orders / delivery orders.
  - ii. On satisfactory completion of e-sales.  
In respect of (i) & (ii), service charges are accounted for on bid price of auction with adjustments, if any, on the basis of actual delivery by the Principals, in case service charges are payable on percentage basis.
  - iii. On occurrence of event, in case of service contract on event basis.
  - iv. In case of E -Procurement Service charges are booked, where service charges are collectable from the Principal, on completion of event.



- (b) E Procurement transaction fees collected from bidders are accounted on successful conduct of event.
- (c) Service charges accrued in respect of purchase as facilitator are accounted for at the contracted rate on the basis of date of bill of lading / railway receipt / lorry receipt as the case may be. For imported materials, value is ascertained either at forward cover rate or at FEDAI spot rate prevailing on the last date of the Financial Year. Final adjustment is made on actual payment. In case of indigenous materials, value is ascertained on the basis of actual payment at contracted rate.

#### **E-AUCTION REGISTRATION**

E-auction Registration fees collected from buyers is considered as income of the current year if the validity of registration is upto one year. In case of life long registration, the amount so collected is distributed in five years equally.

#### **OTHER INCOME**

Revenue is recognised on accrual basis except in the following items which are accounted on actual realization since realisability of such items is uncertain in accordance with the provisions of the accounting standards:

- i) Decrees pending for execution/contested dues and interest thereon, if any.
- ii) Interest on overdue recoverables where realisability is uncertain.
- iii) Liquidated damages on suppliers or contractors.
- iv) Refund of Income-Tax/Sales Tax/VAT and interest thereon.
- v) Dividend income is recognised when right to receive payment is established

#### **PURCHASES**

- (i) Imported materials are accounted for as purchase on the basis of date of bill of lading. As regards value, purchase are booked on the basis of actual remittance and where such remittance are outstanding at the close of the year, on the basis of contracted forward exchange rates, if booked, or FEDAI spot exchange rates prevailing on the last date of the financial year, in case forward cover is not taken, as the case may be. Purchase value includes material value freight, insurance etc. and usance interest followed by final adjustments on actual payment in subsequent financial year.
- (ii) In case of indigenous materials, purchases are booked on the basis of transport documents and as regards value, based on the value of invoices.

#### **1.C.10 BORROWING COST**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of

those assets, until such time as the assets are substantially ready for their intended use or sale.

Other income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

#### **1.C.11 EMPLOYEE BENEFITS**

##### **(a) Short term benefits**

Short term employee benefits are accounted for at their undiscounted amount in the accounting period in which the services are rendered by the employees are recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

##### **(b) Leave encashment**

The liabilities for earned leave and commuted leave are not expected to be settled wholly within 12 month after the end of the period in which the employees render related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period based on actuarial valuation using the projected unit credit method.

The benefits are discounted using the market yield at the end of the reporting period that have terms of approximating to the terms of related obligations. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss. The facility is funded through LIC of India.

##### **(c) Post-employment obligation**

###### **Defined Contribution Plan - i. Provident Fund**

Provident Fund is administered by a Trust recognised by Income Tax Authorities and contribution to this Fund is charged to revenue. Pensioner's Benefits are secured through Employees' Pension Scheme 1995.

###### **Defined Contribution Plan - ii. Pension**

Pension plan is administered through an independent trust and contribution to this Fund is charged to revenue. The fund is being managed through Life Insurance Corporation of India. The contribution amount is governed by Ministry of Steel directives in terms of DPE guidelines.

###### **Defined Benefit Plan - i. Service Gratuity**

The liabilities or assets recognised in the Balance Sheet in respect of defined gratuity plan is the present value of the defined benefits obligation at the end of the reporting period less the fair value of plan assets. The defined benefits obligations are calculated annually by actuaries using projected unit credit method. The present value of defined benefits obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that are

terms approximating to the terms of the related obligations.

The net interest cost is calculated by applying the discounted rate to the net balance of defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity.

Changes in the present value of defined benefit obligation resulting from amendments and curtailments are recognised immediately in profit or loss as past service cost. The Gratuity obligation is funded through Group Gratuity Life Assurance Scheme of Life Insurance Corporation of India and is administered through a separate irrevocable trust created by the Company for this purpose.

#### **Defined Benefit Plan - ii. Post Retirement medical benefit**

The Company provides post retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to the retirement age and the completion of minimum service period. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. The fund is administered through a separate trust created for this purpose.

#### **1.C.12 TAXATION**

Tax expense for the year comprises current and deferred tax.

##### **(i) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax for the year as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in the country where the Company operates by the end of the reporting period.

##### **(ii) Deferred tax**

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income tax recoverable in future in respect of deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable

profits will be available against which the deferred tax assets can be utilised.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

Current and deferred tax are recognised as an expense or income in the Statement of Profit and Loss, except when they relate to items credited or debited either in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

#### **1.C.13 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised in the Balance Sheet when the Company has a present obligation (legal or constructive) as a result of a past event, which is expected to result in an outflow of resources embodying economic benefits which can be reliably estimated. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. When appropriate, provisions are measured on a discounted basis.

Constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Contingent liabilities are disclosed by way of notes. These are reviewed at each Balance Sheet date and are adjusted to reflect the current estimate of management.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

#### **1.C.14 SEGMENT REPORTING**

Ind AS 108 establishes standards for the way that public business enterprises report information about operating

segments and related disclosures. The Company undertakes trading activities, and also acts as e-commerce service provider. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates Company's performance and allocates resources on an analysis of various performance indicators by operating segments. In terms of above the Company has identified Marketing and e-Commerce as its two Primary Reportable Business Segments. Revenue and identifiable operating expenses in relation to segments are categorised based on items that are individually identifiable to that segment. Rest of the items of revenue and expenses, which cannot be specifically allocated under specific segments are separately disclosed as unallocated.

### 1.C.15 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, and disclosures of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the paragraphs that follow.

#### (i) Useful economic lives and impairment of other assets

The estimated useful life of property, plant and equipment (PPE) and intangible asset is based on a number of factors including the effects of obsolescence, usage of the asset and other economic factors (such as known technological advances).

The Company reviews the useful life of PPE and intangibles at the end of each reporting date and any changes could affect the depreciation rates prospectively.

The Company also reviews its property, plant and equipment for possible impairment if there are events or changes in circumstances that indicate that the carrying value of the assets may not be recoverable. In assessing the property, plant and equipment for impairment, factors leading to significant reduction in profits, such as the Company's business plans and changes in regulatory environment are taken into consideration.

#### (ii) Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Company. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

Although there can be no assurance regarding the final outcome of the legal proceedings, the Company does not expect them to have a materially adverse impact on the Company's financial position or profitability.

#### (iii) Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend on assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

#### (iv) Fair Value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the notes to the financial statements.

#### (v) Recognition of deferred tax assets for carried forward tax losses and unused tax credit

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition significant judgement is required in assessing the impact of any legal or economic limits.

### 1.C.16 PROVISION OF TRADE RECEIVABLES

The Company has a provision policy in place which provides for quarterly review and provision as per the policy.

MSTC LIMITED

2. Property, Plant and Equipment

Amount in ₹ million

Particulars	Freehold Buildings	Office Equipment	Office Air Conditioner	Furniture and fixtures	Office Partition & Cubicles	EDP Equipments	Vehicles	Total Tangible Assets
<b>Gross Block as at March 31, 2018</b>	<b>10.50</b>	<b>1.86</b>	<b>4.57</b>	<b>13.42</b>	<b>9.39</b>	<b>24.23</b>	<b>2.09</b>	<b>66.06</b>
Additions	0.77	2.52	0.19	0.47	0.00	24.49	0.00	28.44
Disposals	0.00	0.35	0.52	0.29	0.00	10.06	0.00	11.22
<b>Gross Block as at March 31, 2019</b>	<b>11.27</b>	<b>4.03</b>	<b>4.24</b>	<b>13.60</b>	<b>9.39</b>	<b>38.66</b>	<b>2.09</b>	<b>83.28</b>
Additions	0.00	0.92	0.69	0.31	0.74	37.98	0.00	40.64
Disposals	0.00	1.22	0.87	0.23	2.56	20.98	0.00	25.86
<b>Gross Block as at Mar 31, 2020</b>	<b>11.27</b>	<b>3.73</b>	<b>4.06</b>	<b>13.68</b>	<b>7.57</b>	<b>55.66</b>	<b>2.09</b>	<b>98.06</b>
<b>Depreciation as at March 31, 2018</b>	<b>0.79</b>	<b>0.93</b>	<b>2.52</b>	<b>9.02</b>	<b>5.74</b>	<b>15.54</b>	<b>0.56</b>	<b>35.10</b>
Charge for the year	0.27	0.53	0.45	0.78	0.33	4.40	0.25	7.01
Disposals	0.00	0.35	0.48	0.29	0.00	9.39	0.00	10.51
<b>Depreciation as at March 31, 2019</b>	<b>1.06</b>	<b>1.11</b>	<b>2.49</b>	<b>9.51</b>	<b>6.07</b>	<b>10.55</b>	<b>0.81</b>	<b>31.60</b>
Charge for the year	0.29	0.65	0.28	0.47	0.38	9.43	0.25	11.75
Disposals	0.00	1.16	0.79	0.22	2.43	19.92	0.00	24.52
<b>Depreciation as at Mar 31, 2020</b>	<b>1.35</b>	<b>0.60</b>	<b>1.98</b>	<b>9.76</b>	<b>4.02</b>	<b>0.06</b>	<b>1.06</b>	<b>18.83</b>
<b>Net book value as at March 31, 2019</b>	<b>10.21</b>	<b>2.92</b>	<b>1.75</b>	<b>4.09</b>	<b>3.32</b>	<b>28.11</b>	<b>1.28</b>	<b>51.68</b>
<b>Net book value as at Mar 31, 2020</b>	<b>9.92</b>	<b>3.13</b>	<b>2.08</b>	<b>3.92</b>	<b>3.55</b>	<b>55.60</b>	<b>1.03</b>	<b>79.23</b>

Particulars	Capital Work in Progress	Leasehold Land	Software Licence	Trade Mark	Total Intangible Assets
<b>Gross Block as at March 31, 2018</b>	<b>64.80</b>	<b>73.07</b>	<b>14.22</b>	<b>0.00</b>	<b>14.22</b>
Additions	139.82	0.00	1.09	0.04	1.13
Disposals*	0.00	0.75	0.00	0.00	0.00
<b>Gross Block as at March 31, 2019</b>	<b>204.62</b>	<b>72.32</b>	<b>15.31</b>	<b>0.04</b>	<b>15.35</b>
Additions	84.61	0.00	15.39	0.00	15.39
Disposals*	0.00	0.75	0.00	0.00	0.00
<b>Gross Block as at Mar 31, 2020</b>	<b>289.23</b>	<b>71.57</b>	<b>30.70</b>	<b>0.04</b>	<b>30.74</b>
<b>Depreciation as at March 31, 2018</b>	<b>0.00</b>	<b>0.00</b>	<b>5.30</b>	<b>0.00</b>	<b>5.30</b>
Charge for the year	0.00	0.00	5.44	0.01	5.45
Disposals	0.00	0.00	0.00	0.00	0.00
<b>Depreciation as at March 31, 2019</b>	<b>0.00</b>	<b>0.00</b>	<b>10.74</b>	<b>0.01</b>	<b>10.75</b>
Charge for the year	0.00	0.00	8.58	0.02	8.60
Disposals	0.00	0.00	0.00	0.00	0.00
<b>Depreciation as at Mar 31, 2020</b>	<b>0.00</b>	<b>0.00</b>	<b>19.32</b>	<b>0.03</b>	<b>19.35</b>
<b>Net book value as at March 31, 2019</b>	<b>204.62</b>	<b>72.32</b>	<b>4.57</b>	<b>0.03</b>	<b>4.60</b>
<b>Net book value as at Mar 31, 2020</b>	<b>289.23</b>	<b>71.57</b>	<b>11.38</b>	<b>0.01</b>	<b>11.39</b>

\* Disposal of Leasehold land represents amortisation of Prepaid Lease Payment.

All Freehold buildings are under attachment by the order of DRT, Mumbai.



### 3. Investment in Unquoted Equity Shares, fully paid up- carried at cost.

Amount in ₹ million

Particulars	No. of Shares		Amount in ₹ Millions	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
<b>(a) Investment in Wholly Owned Subsidiary Company</b>				
Ferro Scrap Nigam Limited (Face Value ₹10/- each)	3,20,00,000	3,20,00,000	158.10	158.10
<b>(b) Investment in 50:50 Joint Venture Company</b>				
Mahindra MSTC Recycling Private Limited (Face Value ₹ 10/- each)	1,86,00,000	1,86,00,000	186.00	186.00

**Notes:**

- 1) During F.Y 2019-20 MSTC Limited have invested Nil (Previous Year ₹ 80 Million) towards equity contribution in Mahindra MSTC Recycling Private Limited.

### 4. Other Financial Assets (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Security deposits	8.11	8.24
(b) Loans to employees	41.82	45.11
(c) Interest accrued on loans to employees	0.14	0.15
(d) Balance with scheduled banks in deposit accounts Term Deposits with original maturity of more than 12 months	0.05	0.03
<b>Total</b>	<b>50.12</b>	<b>53.53</b>

### 5. Non-Current Tax Assets

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Advance payment of Taxes	6,474.68	6,164.63
Less: Provision for Taxation	5,953.11	5,714.87
<b>Total</b>	<b>521.57</b>	<b>449.76</b>

## 6. Deferred Tax Assets (Net)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
<b>(a) Through Profit or Loss</b>		
<b>Deferred tax (liabilities) / assets:</b>		
<b>Tax effect of items constituting deferred tax liabilities</b>		
EFBS Scheme	(0.64)	(0.69)
<b>Tax effect of items constituting deferred tax liabilities</b>	<b>(0.64)</b>	<b>(0.69)</b>
<b>Tax effect of items constituting deferred tax assets</b>		
On difference between book balance and tax balance of Property, Plant and Equipment & Intangible assets	0.00	1.22
Allowances for doubtful debts / advances	1754.15	1857.31
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	150.38	137.92
Unabsorbed Business loss	0.00	179.12
MAT credit Entitlement	304.16	337.82
<b>Tax effect of items constituting deferred tax assets</b>	<b>2,208.69</b>	<b>2,513.39</b>
<b>Deferred tax (liabilities) / assets (net)</b>	<b>2,208.05</b>	<b>2,512.70</b>
<b>(b) Through Other Comprehensive Income</b>		
<b>Tax effect of items constituting deferred tax assets</b>		
Remeasurement of Defined Benefit Plan	37.00	19.80
<b>Deferred tax (liabilities) / assets (net)</b>	<b>37.00</b>	<b>19.80</b>
<b>Deferred tax (liabilities) / assets (net)</b>	<b>2,245.05</b>	<b>2,532.50</b>

## 7. Other Assets (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
<b>(a) Advance with public bodies</b>		
Sales Tax	0.69	29.56
Other government authorities		
<b>(b) Advance for Building Construction</b>	<b>23.66</b>	<b>27.88</b>
<b>(c) Other Advances</b>		
(i) Prepaid expenses	1.65	1.25
(ii) Others	0.34	0.47
<b>Total</b>	<b>26.34</b>	<b>59.16</b>

## 8. Trade Receivables (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Trade receivables		
(a) Secured considered good	11,406.06	16,492.58
(b) Unsecured, considered good	928.38	707.47
(c) Credit Impaired	9,500.04	9,635.07
Less: Allowance for Doubtful trade receivables	9,500.04	9,635.07
<b>Total</b>	<b>12,334.44</b>	<b>17,200.05</b>

**Notes:**

**8.1 Trade Receivables**

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, Considered good	3696.75	3572.73
Unsecured, Considered good	530.99	261.71
Credit Impaired	9500.04	9635.07
Less: Allowance for doubtful trade receivables	9500.04	9635.07
	4,227.74	3,834.44
Trade Receivables outstanding for a period less than six months from the date they are due for payment		
Secured, Considered good	7709.31	12919.85
Unsecured, Considered good	397.39	445.76
	8,106.70	13,365.61
<b>Total</b>	<b>12,334.44</b>	<b>17,200.05</b>

"8.2: Trade Receivables include an amount of ₹ 1478.20million ( prev year 1478.20 million) on account of exports of Gold Jewelleries undertaken by the Company during the year 2008-09. The said Receivables were purchased by Standard Chartered Bank (SCB) under a Receivable Purchase Agreement . In terms of the said Agreement, SCB would purchase the bills raised by MSTC on the foreign buyers on account of the exports made to such buyers and pay off MSTC 95% of the bill amount and the foreign buyers would be making payments against the bills directly to SCB on the respective due dates. The said export transactions for the Company were also insured by SCB along with MSTC as co-insured, with ICICI Lombard General Insurance Company. On non-receipt of the proceeds of the bills on the due dates from the foreign buyers, SCB claimed the amounts from the Insurance Company, who, however, wrongfully repudiated the claim of SCB. On such repudiation, SCB unilaterally converted the receivables purchased by it from MSTC into debts of MSTC and filed the case being Original Application in the Debt Recovery Tribunal, Mumbai. MSTC had been and is contesting the claims of SCB before various forums including before the Hon'ble Bombay High Court , the DRT and DRAT, Mumbai including the Misc. Appeal filed by MSTC against an interim Order dated 16th September 2017 passed by the DRT, Mumbai against MSTC. SCB had filed a Summary Suit against ICICI Lombard for the recovery of the unrealised debts under the insurance policy , before the Bombay High Court which is pending. Pending final disposal of such cases including the Appeal Misc. Appeal filed by MSTC before the DRAT, Mumbai challenging the validity of the Order dated 16th September 2017 passed by the DRT, Mumbai, the disputed claim of SCB against MSTC has been shown as Unsecured Borrowings (vide note no 20 )and Trade Receivables, without adjustments, in the books of the Company for accounting and disclosure purposes but are not acknowledged as debts .

8.3: Trade receivables are generally secured either by way of stocks pledged by the customers with the Company or Bank Guarantees or by liability where there is back to back arrangement with the associate suppliers. In case there is a significant depletion in realizable value of such pledged stock against the book value of the corresponding receivables, the differential amount has been shown under 'Unsecured'.

8.4(a): Trade Receivable includes ₹ 988.30 million (Previous year ₹ 1096.47 million) due from M/s Jai Balaji Industries Ltd. for procuring and supply of materials. Entire amount of present outstanding is overdue for a period of more than three years. During the last financial year an amount of ₹108.19 million (net) has been realized from the party. There exists a provision of ₹ 315.70 million against the receivables. In terms of provisioning policy no further provisioning is required for this party.

8.4(b): Trade Receivable includes ₹ 1037 million (Previous year ₹1037 million) due from M/s Topworth Steels & Power Pvt. Ltd. ("the Customer", hereinafter ) for procuring and supply of materials. Entire amount of the present outstanding is overdue for a period of more than three years. The Provisional Liquidator appointed by the Hon'ble Bombay High Court in the Winding Up petition filed by MSTC against the Customer, had taken over the control of the affairs of the Customer in terms of the earlier orders of the High Court. On an application filed by the Director/promoter of the Customer/Company in the said Winding Up petition filed by MSTC, the High Court allowed the application of the Director/promoter, transferring, subject to specified conditions, the pending Winding Up petition filed by MSTC to the NCLT, Mumbai where the State Bank of India, a financial creditor of the Customer has filed an application under Section 7 of IB Code, 2016 against the Customer for initiating Corporate Insolvency Resolution process against it . Accordingly, MSTC has filed its claim before the NCLT, Mumbai on 22/11/2019. The application of SBI was allowed by the NCLT, Mumbai by its Order dated

29/01/2020, ordering the start of moratorium, appointment of the Interim Resolution Professional(IRP). IRP so appointed had issued public notice inviting claims from the creditors against the Customer and MSTC had duly re-submitted its Proof of Claim with the IRP. Placed in the position as aforesaid, the chances of recovery being doubtful, an amount of ₹ 917 million has so far been provided in the books due to uncertainties in realization of the Trade Receivables. In terms of provisioning policy no further provisioning is required for this party.

- 8.4(c): Trade Receivable includes ₹ 378 Million (Previous year ₹ 378 Million) due from M/s Crest Steel & Power Pvt. Ltd. for procuring and supply of materials. Entire amount of present outstanding is overdue for a period of more than three years. The party has been referred to NCLT under Insolvency & Bankruptcy Code. RP has been appointed to take over the management control. MSTC also filed its claim before RP. There exists a provision of ₹ 299 Million against the receivables. In terms of provisioning policy no further provisioning is required for this party.
- 8.5: Trade Receivables include ₹ 6537.58 Million ( Previous Year ₹ 9074.44 Million), against business done in facilitator mode(net of provision) .
- 8.6: Trade Receivables include (net of provision) ₹ 695.00 Million (Previous Year ₹ 613.09 Million ),against E-Commerce business (net of provision) .

## 9. Cash and Cash Equivalents

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Cash and Cash Equivalents		
(a) Balances with banks		
Balance with scheduled banks		
In Current Account	604.56	960.27
<b>Total</b>	<b>604.56</b>	<b>960.27</b>

## 10. Bank balances other than cash & cash equivalents

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Earmarked Balances with banks		
(i) In Unclaimed dividend account	8.03	10.48
(ii) Deposits with original maturity of more than 3 months but less than 12 months	1,098.91	2,419.47
<b>Total</b>	<b>1,106.94</b>	<b>2,429.95</b>

- 10.1 The above deposits include ₹ 424.65 Million ( Previous Year ₹ 2288.93 Million ) pledged with banks against over draft facility. Margin against guarantee ₹ 106.24 Million ( Previous Year ₹ 105.93 Million ).

## 11. Other financial assets (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Security deposits	115.81	354.38
(b) Other loans and advances		
(i) Loans to employees	5.32	5.57
(ii) Recoverable Advances to employees	0.98	2.07
(iii) Receivable from third party	6.49	0.00
(iv) Other Advances	1.81	3.21
(c) Interest accrued on		
(i) Term deposits	0.72	0.39
(ii) Loans to employees	0.03	0.06
<b>Total</b>	<b>131.16</b>	<b>365.68</b>



## 12. Other Assets (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Advance with public bodies GST , Service Tax & Sales Tax	9.24	9.79
(b) Other Advances		
(i) Advances to employees	11.08	9.71
(ii) Prepaid expenses	0.43	1.32
(iii) Others	0.06	0.06
<b>Total</b>	<b>20.81</b>	<b>20.88</b>

## 13. Share Capital

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Authorised: 15,00,00,000 Ordinary Shares of ₹ 10 each	1,500.00 <b>1,500.00</b>	1,500.00 <b>1,500.00</b>
Issued, Subscribed and fully paid up : 704,00,000 Ordinary Shares of ₹ 10 each	704.00 <b>704.00</b>	704.00 <b>704.00</b>

### 13(a)(i) Statement of Reconciliation of Shares Outstanding

Particulars	31st March 2020			31st March 2019		
	Number	Face Value (₹)	Amount (₹ Million)	Number	Face Value (₹)	Amount (₹ Millions)
Opening Balance	7,04,00,000	10	704.00	3,52,00,000	10	352.00
Add:						
Issue of Bonus Shares				3,52,00,000	10	352.00
Closing Balance	7,04,00,000	10	704.00	7,04,00,000	10	704.00

### 13(a)(ii) Rights, preferences and restrictions attached to equity shares.

The Company has only one class of ordinary shares ('Equity Shares') having a par value of ₹10 each. Each holder of ordinary shares ('Equity Shareholders') is entitled to one vote per share and are entitled to dividend and to participate in surplus, if any, in the event of winding up.

13(a)(iii) : 88,00,000 bonus shares have been issued during F.Y 2016-17 in the ratio of 1:1

13(a)(iv) : 1,76,00,000 bonus shares have been issued during F.Y 2017-18 in the ratio of 1:1

13(a)(v) : 3,52,00,000 bonus shares have been issued during F.Y 2018-19 in the ratio of 1:1

13(a)(vi) : Details of shareholders holding more than 5% of the company.

Name of the Shareholder	31st March 2020		31st March 2019	
	No. of shares held	% of holding	No. of shares held	% of holding
President of India	45580800	64.75%	45580800	64.75%
Life Insurance Corporation of India (LIC)	6716279	9.54%	7026976	9.98%

The Government of India has divested its 25.10 % stake in MSTC Ltd through IPO during March 2019. Equity shares of MSTC Limited are listed and traded on both BSE Limited and National Stock Exchange of India Limited w.e.f. March 29, 2019. Change in shareholding pattern post IPO is as following:

Shareholders	Pre IPO%	Post IPO%
Government of India	89.85%	64.75%
Others	10.15%	35.25%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

#### 14. Other Equity

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(1) General Reserve		
Opening balance	4,961.60	4,961.60
Closing Balance	4,961.60	4,961.60
(2) Retained Earnings		
Opening balance	(3,584.77)	314.01
Add: Profit for the year	752.03	(3,244.65)
Other Comprehensive income for the year	(34.55)	(1.30)
Less: Final Dividend: FY 17-18	-	(260.48)
Less: Dividend Distribution Tax: FY 17-18 (on final dividend)	-	(40.35)
Less: Issue of Bonus Shares	-	(352.00)
Closing Balance	(2,867.29)	(3,584.77)
<b>Total Other Equity(1+2)</b>	<b>2,094.31</b>	<b>1,376.83</b>

#### 15. Trade payables (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Creditors for supplies and services		
- Dues to micro and small enterprises	-	-
- Others	2.64	2.64
<b>Total</b>	<b>2.64</b>	<b>2.64</b>

As at March 31, 2020 there is no outstanding to Micro, Small and Medium Enterprises. As at March 31, 2019 there were no outstanding dues to Micro, Small and Medium Enterprises.

#### 16. Other financial liabilities (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Liability under EFBS Scheme	5.70	7.45
<b>Total</b>	<b>5.70</b>	<b>7.45</b>

#### 17. Provision (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Provision for Post Retirement Medical Scheme	119.79	53.84
(b) Provision for Leave Encashment	29.48	41.30
(c) Provision for Gratuity	16.71	23.17
<b>Total</b>	<b>165.98</b>	<b>118.31</b>

#### 18. Other liabilities (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Advance from customers	63.25	64.56
(b) Others	-	15.99
<b>Total</b>	<b>63.25</b>	<b>80.55</b>

## 19 - Borrowings (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Secured Borrowings		
House Building Loan from SBI	33.91	9.35
<b>Total</b>	<b>33.91</b>	<b>9.35</b>

The amount represents the loan obtained from State Bank of India for the construction of Office Building at Newtown, Rajarhat kolkata. Out of the total sanctioned amount of ₹ 300 Million, ₹ 60.76 Million has been disbursed on 29/09/2018 and ₹ 73.23 Million has been disbursed on 29/02/2020 which shall be repaid in Quarterly Installments of ₹ 12.50 Million commencing from 30th June 2019. The amount is secured by way of mortgage of the proposed office building. The loan is repayable in 24 Quarterly EMI commencing from 30th June 2019 and last installment falling due on 31st March 2025. Interest is computed on daily balance method and is payable on monthly rest basis from the date of disbursement. Prepayment charges as applicable shall be payable in case of prepayment of Term loan installments.

## 20 - Borrowings (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
A. Secured Borrowings		
(a) Repayable on Demand		
From Banks		
(i) Working Capital Demand Loans#	794.11	2,851.20
(ii) Overdraft against lien on FDR*	1.24	1,702.21
(b) House Building Loan from Bank (Refer Note No. 19)	50.69	50.00
<b>Total Secured Borrowings</b>	<b>846.04</b>	<b>4,603.42</b>
B. Unsecured Borrowings		
Repayable on Demand		
From Banks	1,436.20	1,436.20
<b>Total Unsecured Borrowings</b>	<b>1,436.20</b>	<b>1,436.20</b>
<b>Total(A+B)</b>	<b>2,282.24</b>	<b>6,039.62</b>

a) Loan from Indian Overseas Bank (IOB) amounting to ₹ 13.8 Million : (lying since 19.9.2011) This amount represents legal fees paid by the bank in defending their claims to which the Company has lodged its protest with the Bank. MSTC has filed a case in Hon'ble High Court of Calcutta against IOB for ₹ 365.6 Million (which includes ₹ 279.8 Million towards debit of LC value & ₹ 85.8 Million as debit towards legal expenses).

b) The above amount represents ₹ 1436.20 million (Previous year ₹ 1436.20 million) towards payment made by Standard Chartered Bank (SCB), after purchase of export bills of MSTC raised on foreign buyers against export of Gold Jewellery to the buyers during 2008-09, under a Receivable Purchase Agreement. Under the said Agreement, SCB paid 95% of the value of export bills to MSTC and the foreign buyers on whom the bills were raised by MSTC would be paying against the bills directly to SCB on respective due dates mentioned in the bills. Payment failures, if any from the foreign buyers against the bills raised by MSTC was covered by SCB through an insurance Policy taken from ICICI Lombard General Insurance Company with MSTC as co-insured. On non receipt of the proceeds from the foreign buyers against the bills, SCB submitted claims with the Insurance Company, who, however, wrongfully repudiated the claim of SCB. Thereafter, SCB converted the receivables purchased from MSTC under the Receivables Purchase Agreement into loans / debts as if owing by MSTC, claimed the amount from MSTC and filed a case, being the Original Application in the Debt Recovery Tribunal, Mumbai(DRT) in the year 2012, which MSTC has denied and disputed. The validity of the claim of SCB in such proceedings including against an Interim Order passed by the DRT, Mumbai on 16th September, 2017 have been challenged by MSTC by filing a Misc. Appeal before the Debt Recovery Appellate Tribunal, Mumbai, which are currently pending. Other proceedings challenging the claim of SCB are also pending before various forums including the Hon'ble High Court, Bombay and in the Civil Court at Alipore, Kolkata initiated by MSTC both against SCB and the Insurance Company. Subsequently, SCB also filed a Summary Suit in late 2012 in the Hon'ble Bombay High Court against ICICI Lombard claiming the same amount under the Policy from ICICI Lombard on account of the repudiation of the claim of SCB by ICICI Lombard. The claim of SCB is contingent upon the outcome of the legal cases. Pending final disposal of all such court cases where the matters are currently pending, MSTC has disclosed the amount simultaneously as Unsecured Borrowings and as Trade Receivables (vide Note No. - 8.2) without adjustments. For accounting and disclosure purposes but are not acknowledged as debts. Appropriate disclosure has been made as contingent liabilities for the interest claimed by SCB on the above mentioned amount of claim as per INDAS-37."

# Secured against Current Assets.

\* Secured by lien on FDR for F.Y. 2019-20 is ₹ 424.65 Million ( Previous Year ₹ 2288.93 Million ).

## 21. Trade payables (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Creditors for supplies and services		
- Dues to micro and small enterprises	0.75	0.48
- Others #	5,805.54	8,956.14
- Accrued wages and salaries*	110.85	91.63
<b>Total trade payables</b>	<b>5,917.14</b>	<b>9,048.25</b>

\* Includes ₹ 28.06 Million in FY 2019-20 (Previous Year ₹ 25.36 Million) towards provision for pension benefit of employees, and ₹ 47.36 Million in FY 2019-20 (Previous Year ₹ 47.27 Million) towards wage revision of the employees due from 01.01.2017.

# Trade Payable includes ₹ 484.32 Million (Previous Year ₹ 996.79 Million) backed by Letter of credit.

As at March 31, 2020 there is no interest outstanding to Micro, Small and Medium Enterprises. As at March 31, 2019 there were no interest outstanding dues to Micro, Small and Medium Enterprises.

## 22. Other Financial Liabilities (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Interest payable		
(i) Interest accrued and due on borrowings	-	0.13
(ii) Interest accrued but not due on borrowings	788.90	788.90
(b) Unclaimed dividends	8.03	10.48
(c) Creditors for other liabilities		
(i) Security deposits/EMD	4,537.99	3,554.07
(ii) Deposits received from customers	1,109.14	2,788.70
(iii) Deposit under EFBS	8.27	12.76
(iv) Payable under EFBS Deposit schemes	1.89	2.67
(v) Others	8.91	7.97
<b>Total</b>	<b>6,463.13</b>	<b>7,165.68</b>

## 23. Provision (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Provision for Post Retirement Medical Scheme	-	9.65
Provision for Provident Fund	25.17	-
<b>Total</b>	<b>25.17</b>	<b>9.65</b>

\* This represents the provision for ₹ 25.17 Million (Previous Year - Nil) towards the contribution for deficit in income of PF Trust for the FY 2019-20 (Refer Note No. -40)

## 24. Other Liabilities (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Statutory Dues		
(i) Service Tax & GST payable	29.50	97.31
(ii) Tax deducted and collected at source	9.73	51.89
(b) Advance from customers	39.81	37.58
<b>Total</b>	<b>79.04</b>	<b>186.77</b>



## 25. Revenue from operations

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Sale of Goods	5,703.60	25,683.00
(b) Service Charges	1,903.75	2,645.19
(c) Other Operating Revenues	699.73	941.85
<b>Total</b>	<b>8,307.08</b>	<b>29,270.04</b>

(a) During the year, an amount of ₹48.12 Million ( Previous Year ₹ 55.54 Million ) was collected towards E-auction Registration. Out of total collection of current year, an amount of ₹ 38.50 Million ( Previous Year ₹44.42 Million ) has been kept in liabilities to be distributed in subsequent four years, since related registration is valid for life long. Accumulated undistributed balance standing as on 31.03.2020 is ₹ 103.07 Million ( Previous Year ₹102.14 Million). Balance amount for which registration is valid upto one year is accounted for as income during the current period.

(b) Other Operating Revenues also include Interest from customers ₹ 586.73 Million in current year ( Previous Year ₹ 851.17 Million ).

(c) Tax deducted at source on Service Charge and Interest income amounts to ₹126.67 Million in current year ( Previous Year ₹ 175.11 Million ).

## 26. Other income

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Interest income		
(1) Interest on FDR	75.53	346.06
(2) Interest on Employee Advances	3.23	3.34
(b) Dividend Income		
From investment in subsidiaries	60.70	64.20
(c) Provision no longer required written back	474.94	0.00
(e) Miscellaneous income	0.60	1.68
<b>Total</b>	<b>615.00</b>	<b>415.28</b>

Tax deducted at source from interest on bank deposits amounted to ₹ 7.54 Million ( Previous Year ₹34.57 Million).

## 27. Purchases of Stock-in-Trade

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Purchases of Stock-in-Trade	5,663.12	25,426.34
<b>Total</b>	<b>5,663.12</b>	<b>25,426.34</b>

## 28. Employee Benefit Expense

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Salaries and Wages	615.50	510.27
(b) Contribution to Provident and other funds	54.27	48.95
(c) Staff welfare expenses	41.77	39.61
<b>Total</b>	<b>711.54</b>	<b>598.83</b>

## 29. Finance costs

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Interest expense		
(i) Interest on Short term borrowings from Banks	217.72	112.63
(ii) Interest Paid to Customers	56.70	456.03
(iii) Interest on account of EFBS Deposits	0.14	0.71
<b>Total</b>	<b>274.56</b>	<b>569.37</b>

### 30 . Other expenses

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Repairs and Maintenance	43.87	28.80
(b) EDP Expenses	14.72	12.87
(c) Insurance charges	0.38	3.42
(d) Rent	35.02	35.88
(e) Rates and taxes	7.08	7.57
(f) Bank Charges	7.89	72.27
(g) Travelling Expenses	24.36	34.71
(h) Foreign Travelling Expenses	-	3.78
(i) Car Hire Charges	12.70	12.41
(j) Meeting and Conference	5.43	12.52
(k) Training	5.26	2.38
(l) Directors' Sitting Fees	1.25	0.99
(m) Statutory Auditor's Remuneration		
(i) Audit Fees	0.90	0.88
(ii) Tax Audit Fees	0.10	0.10
(iii) Out-of-Pocket Expenses	0.41	0.37
(n) Stock Yard Expenses	9.80	14.51
(o) Telex, Postage and Telegram	4.09	5.20
(p) Electricity	11.47	11.42
(q) Printing and Stationery	3.80	3.78
(r) Entertainment	2.02	2.70
(s) Telephone Charges	3.14	3.24
(t) Advertisement	5.19	23.28
(u) Legal Expenses	18.47	9.41
(v) Consultancy Charges	5.69	8.40
(w) Internal Audit fees	0.28	0.20
(x) Out-of-Pocket Expenses (Internal Auditor)	0.63	0.48
(y) Staff Recruitment Expenses	0.71	3.76
(z) Newspaper, Books and Periodicals	0.24	0.25
(aa) Corporate Social Responsibility (Refer Note No- 41)	5.40	20.00
(ab) Auction Tender Expenses	9.99	3.38
(ac) Bad Debts Written off	373.99	1,100.81
(ad) Allowance for Bad and Doubtful Advances *	339.91	4,320.02
(ae) Miscellaneous Expenses	2.66	9.87
(af) Plot Rent	0.75	0.75
<b>Total</b>	<b>957.60</b>	<b>5,770.41</b>

#### \* Notes

- 1) The Company has formulated Provisioning policy on Trade Receivables which has been implemented from the third quarter accounts ending 31st December 2019. Party wise provisions made under the Provisioning policy on Trade Receivables for the F.Y. 2019-20 are as under : (₹ Million)

Party	Balance as on 31.03.2020	Balance as on 31.03.2019	Cumulative Provision under Policy
Balasore Alloys Ltd.	166.13	243.4	19.71
Maa Mahamaya Industries Ltd.	104.10	153.77	11.55
Rohit Ferro Tech Ltd.	432.37	556.60	308.65

- 2) Trade Receivable includes ₹ 432.37 Million (Previous year ₹ 556.60 Million) due from M/s Rohit Ferro Tech Ltd. for procuring and supply of materials. During the year during physical verification of pledged stock huge shortages were noticed. Necessary steps have been taken against the same. In terms of provisioning policy ₹ 308.65 Million has been provided for this shortages in pledged stock against this receivable. The company has been referred to NCLT by a petition filed by one of its creditors namely SBI under section 7 of IBC. Accordingly the management of the affairs of the Corporate Debtor has been taken over by IRP. On invitation from IRP, MSTC has filed its claim.

**Note 31 : Statement of Opening Stock, Purchases, Sales and Closing Stock for the year ended 31st March 2020**

(Qty '000 MT/MTR) Amount in ₹ million

Description of material		Opening Stock		Purchases		Sales		Closing Stock	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value
Coke / Coal	2019-20	-	-	548.92 mt	2,398.94	548.92 mt	2,417.77	-	-
	2018-19	-	-	1328.47 mt	19,126.43	1328.47 mt	19,343.70	-	-
Pipes & Tubes	2019-20	-	-	44.13 mtr	3,261.69	44.13 mtr	3,283.34	-	-
	2018-19	-	-	331.42 mtr	6,299.91	331.42 mtr	6,339.30	-	-
<b>Sub Total</b>	<b>2019-20</b>	-	-	-	<b>5,660.63</b>	-	<b>5,701.11</b>	-	-
	<b>2018-19</b>	-	-	-	<b>25,426.34</b>	-	<b>25,683.00</b>	-	-
Add :	2019-20	Final Bill Adjustment			-	2.49	-	2.49	-
	2018-19	-			-	-	-	-	-
Closing	2019-20				5,663.12	-	5,703.60	-	-

**Note 32 : In addition to Note no. 31, the Company have also purchased material as facilitator as per details below:**

(Qty '000 MT/MTR) Amount in ₹ million

Description of material		Qty	Purchase Value	Service Charges Earned
Coke / Coal	2019-20	132.33	236.85	4.40
	2018-19	1,314.85	11,929.31	158.99
Iron Ore / Pellete	2019-20	-	-	-
	2018-19	8,071.48	24,958.36	291.05
Tower	2019-20	3.97	93.61	0.94
	2018-19	-	-	-
Misc Items	2019-20	396.26	642.79	11.05
	2018-19	901.95	1,712.02	17.60
TMT Bar	2019-20	2,942.83	2,094.74	30.51
	2018-19	257.69	5,845.65	63.03
Chrome Ore	2019-20	17.65	1,430.64	13.19
	2018-19	88.43	789.24	7.92
Channel	2019-20	22.19	1,045.13	9.02
	2018-19	56.83	2,067.87	16.66
Electrical Equipment/Project Materials	2019-20	364.00	315.85	3.18
	2018-19	161.71	3,268.25	47.31
<b>Total</b>	<b>2019-20</b>	<b>3,879.23</b>	<b>5,859.61</b>	<b>72.29</b>
	<b>2018-19</b>	<b>10,852.94</b>	<b>50,570.70</b>	<b>602.56</b>

**Note 33 : Segmental Reporting as per IndAS 108:**

In terms of IndAS 108 the Company has identified Marketing and E-Commerce as its two Primary Reportable Business Segments.

Amount in ₹ million

Particulars	Year	Marketing	E-Commerce	Others (unallocated)	Total
Total Revenue	2019-20	6,463.57	2,019.99	438.52	8,922.08
	2018-19	27,482.79	2,133.32	69.21	29,685.32
Total expenses	2019-20	6,295.14	24.71	1,307.31	7,627.17
	2018-19	31,502.75	16.24	858.42	32,377.41
Result (Profit/Loss(-) before Tax)	2019-20	168.42	1,995.28	(868.79)	1,294.91
	2018-19	(4,019.96)	2,117.08	(789.21)	(2,692.09)
Tax expenses	2019-20				542.88
	2018-19				552.56
Profit/ Loss(-) for the period	2019-20				752.03
	2018-19				(3,244.65)

Assets and liabilities used in the Company's business are not identified to any of the reportable segments, as these are used interchangeably between the segments. Hence the Management believes, that it is currently not practicable to provide segment disclosure related to assets and liabilities.

**Information about major customers**

The revenues from transactions with a single external customer amounting to 10 per cent or more of the entity's revenues are given below:-

Amount in ₹ million

Major Customer (Customer having more than 10% revenue)	2019-20	2018-19
Total Revenue	6293.32	25683.00
No. of Customers	2	3
% of Total Revenue	70.54	88.00
Product Segment	Marketing	Marketing

**34 (a) Expenditure incurred in Foreign Currency :**

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Import of Goods	201.25	21800.77
Travelling Expenses & other	0.00	0.94
<b>Total</b>	<b>201.25</b>	<b>21801.71</b>

**34 (b) Earnings in Foreign Currency :**

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
E auction Registration fees	0.00	0.42
<b>Total</b>	<b>0.00</b>	<b>0.42</b>

**35 . Contingent Liabilities and Commitments**

**(a) Contingent Liabilities**

Amount in ₹ million

Sl No.	Particulars	31st March 2020	31st March 2019
1	Sales Tax & Customs	315.19	346.83
2	Money Suits	1567.84	1468.91
3	Arbitration	3.02	3.02
4	Income Tax	26.57	240.38
5	Service Tax	149.01	158.62
6	Outstanding Bank Guarantees	140.55	135.83
	<b>Total</b>	<b>2202.18</b>	<b>2353.59</b>



### 35 (b) Commitments

Amount in ₹ million

SI No.	Particulars	31st March 2020	31st March 2019
1	Construction of New Office Building at New town Kolkata	160.92	101.47
	<b>Total</b>	<b>160.92</b>	<b>101.47</b>

### 36. Tax Expenses

#### (I) Income Tax Recognised in Profit or Loss

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(1) Current tax		
- For the period	183.34	337.82
- For earlier years	54.90	0.93
	<b>238.24</b>	<b>338.75</b>
(2) Deferred tax	304.64	213.81
<b>Total income tax expense recognised in the current year</b>	<b>542.88</b>	<b>552.56</b>

#### (II) The income tax expense for the period can be reconciled to the accounting profit (loss) as follows:

Particulars	31st March 2020	31st March 2019
(1) Profit before tax for the period	1,294.91	(2,692.09)
(2) Income tax expense calculated at 34.944 %	452.49	-
(3) Effect of expenses that are not deductible in determining taxable profit	14.82	128.09
(4) Effect of income that is exempt from tax	20.66	21.88
(5) Tax for earlier years	54.90	0.93
(6) Carry Forward of Business Loss	-	179.12
(7) Reversal of MAT credit	-	222.54
<b>Total income tax expense recognised in the current year</b>	<b>542.88</b>	<b>552.56</b>

The tax rate used for the year 2019-20 and 2018-19 in the reconciliations above is the corporate tax rate of 34.944% (30% plus surcharge @ 12% and education cess @ 4 %) payable by corporate entities in India on taxable profits under the Indian tax law. For Deferred Tax calculation of financial year 2019-20, income tax rate of 34.944% (30% plus surcharge @ 12% and education cess @ 4 %).

However the company has a MAT credit of ₹ 304.16 Million ( Previous Year - ₹ 337.82 Million) for which company is entitled to credit in next assessment years against tax payable on income for those years. The Company feels that it will earn sufficient profit in coming years. Accordingly deferred tax assets has been recognised for carry forward of MAT credit entitlement. However no Deferred tax asset has been created on the provision for Doubtful Debts of Rs.339.91 Million (Previous Year - Rs. 4140.22 Million) as a conservative approach.

The company has opted for Vivad Se Vishwas Scheme (VSVS) as per "The Direct Tax Vivad Se Vishwas Act 2020" for AY 2009-10 and AY 2015-16 and deposited ₹ 5.42 Million and ₹ 4.83 Million respectively. Accordingly differential provision has been made in the books for that years.

The company has not adopted new Income Tax Rate specified under section 115BAA and it continued to apply normal Income Tax Rate.

**(III) Disclosure in terms of IndAS-8**

Amount in ₹ million

Particulars	31st March 2019
Total Comprehensive Income attributable to owners of the company reported earlier	745.81
<b>Adjustments for Prior period items:</b>	
MAT credit reversed in Tax Expenses	(222.54)
MAT credit reversed in Deferred Tax Assets	222.54
<b>Total Comprehensive Income attributable to owners of the company reported</b>	<b>745.81</b>
Deferred Tax Assets	2,972.14
Adjustment for MAT credit reversal	(222.54)
<b>Net</b>	<b>2,749.60</b>
Non Current Tax Assets	171.29
Adjustment for MAT credit reversal	222.54
<b>Net</b>	<b>393.83</b>

**(IV) Movement in Deferred Tax**

Amount in ₹ million

Particulars	31st March 2019	Charge/ (credit) for the Year	31st March 2020
<b>Through Profit or Loss</b>			
<b>Deferred Tax Liabilities</b>			
Employee Family Benefit Scheme	0.69	(0.05)	0.64
	0.69	(0.05)	0.64
<b>Deferred Tax Assets</b>			
Property, Plant & Equipment and Intangible Assets	1.22	(1.22)	-
Provision against other expenses	137.92	12.46	150.38
Allowance for Doubtful Debts & Advances	1,857.31	(103.16)	1,754.15
Unabsorbed business loss	179.12	(179.12)	-
MAT Credit Entitlement	337.82	(33.66)	304.16
Net Deferred Tax (Liabilities)/ Assets	2,513.39	(304.69)	2,208.69
<b>Total Deferred Tax (Liabilities)/ Assets</b>	<b>2,512.70</b>	<b>(304.64)</b>	<b>2,208.05</b>
<b>Through Other Comprehensive Income</b>			
<b>Deferred Tax Assets</b>			
Remeasurement of Defined Benefit Plan	19.80	17.20	37.00
<b>Gross Deferred Tax (Liabilities)/ Assets</b>	<b>2,532.50</b>	<b>(287.44)</b>	<b>2,245.05</b>

**37. Earnings Per Share**

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Profit for the year	752.03	(3,244.65)
Profit attributable to Shareholders	752.03	(3,244.65)
Weighted average No. of Shares for Basic EPS	7,04,00,000	7,04,00,000
Nominal value of Ordinary Shares (₹)	10.00	10.00
Basic/Diluted Earnings per Share (₹ Per Share)	10.68	(46.09)

### 38. Disclosures on financial instruments

"This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes to the standalone financial statements."

#### (1) Categories of Financial Instruments

The following table presents carrying amount and fair value of each category of financial assets and liabilities as at the year end. The Fair value is equivalent to the Carrying value.

Particulars	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million	Measured at
<b>Financial assets</b>			
Trade Receivables	12,334.44	17,200.05	Amortised cost
Other Financial Assets	181.28	419.21	Amortised cost
Cash and Cash Equivalents	604.56	960.27	Amortised cost
Other Bank Balances	1,106.94	2,429.95	Amortised cost
Investments	344.10	344.10	Amortised cost
<b>Total Financial Assets</b>	<b>14,571.33</b>	<b>21,353.59</b>	
<b>Financial Liabilities</b>			
Borrowings	2,316.15	6,048.97	Amortised cost
Trade Payables	5,919.03	9,050.41	Amortised cost
Other Financial Liabilities	6,468.83	7,173.13	Amortised cost
<b>Total Financial Liabilities</b>	<b>14,704.01</b>	<b>22,272.51</b>	

#### (2) Capital Management

The Company manages its capital to ensure that the Company is able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company is not subject to any externally imposed capital requirements.

#### (3) Financial risk management objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company. These risks include market risk (like- currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter into or trade of financial instruments, including derivative financial instruments, for speculative purposes.

##### (a) Market Risk

The Company's activities exposes it, primarily to the financial risks of changes in foreign currency exchange rates. On a case to case basis, the Company enters into Forward foreign exchange contracts to hedge the exchange rate risk.

##### (a) Interest rate risk management

At present company has converted maximum of its loan to MCLR based, hence the rate is firm for a contract period usually for a year. Further Interest on Overdraft facility is linked with interest of Fixed deposits, which are usually firm for one year.

##### (b) Foreign Currency risk management

The foreign currency exposure of the Company is due to import liabilities. Transactions are on back to back basis with customers. The gain and loss if any is passed on to the customers. Some times forward cover is taken to hedge the related foreign currency exposure in terms of discussion with the customers. Wherever foreign exchange fluctuations are to be borne by the customers as per agreement with them, foreign exchange gain/ loss are not recognized in the books of the Company.

### (b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transact with entities that are rated by agencies where available and if not available, the company uses other publicly available financial information and its own past records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are monitored and the aggregated value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Senior management committee.

### (c) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual undiscounted cash obligations of financial liabilities including estimated interest payments for the period 31st March 2020.

Financial Liabilities	31st March 2020				
	Carrying amount	Contractual cash flows	less than 1 year	between 1 - 5 years	More than 5 years
	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Borrowings	2,316.15	2,316.15	2,282.24	33.91	-
Trade payables	5,919.03	5,919.03	5,916.39	-	2.64
Other financial liabilities	6,468.83	6,470.66	6,264.92	154.62	51.12
	14,704.01	14,705.84	14,463.55	188.53	53.76
Financial Liabilities	31st March 2019				
	Carrying amount	Contractual cash flows	less than 1 year	between 1 - 5 years	More than 5 years
	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Borrowings	6,048.97	6,050.38	6,039.62	10.76	-
Trade payables	9,050.41	9,050.41	9,047.77	2.64	-
Other financial liabilities	7,173.13	7,173.13	7,162.93	7.90	2.30
	22,272.51	22,273.92	22,250.32	21.30	2.30

### (d) Fair value Measurement

None of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period.

### 39. Related Party Disclosure

(i) Name of the related parties and description of relationship:

- 1) Subsidiary Company  
Ferro Scrap Nigam Limited
- 2) Joint Venture  
Mahindra MSTC Recycling Private Limited
- 3) Key Managerial Personnel
 

Sri Surinder Kumar Gupta (From 17.12.2019)	Chairman cum Managing Director
Sri Bambahadur Singh (Upto 30.11.2019)	Chairman cum Managing Director
Sri Subrata Sarkar	Director (Finance)
Smt Bhanu Kumar	Director (Commercial)
Sri A.K Basu (upto 30.11.2018)	Director (Finance)
Sri A.K.Rai	Company Secretary
Sri S.K Ray (upto 27.07.2018)	Company Secretary
Sri Gangaram Aloria	Independent Director



Dr. Rudramauni Shivayogappa Yeli	Independent Director
Smt. Pravati Parida (Upto 01.04.2019)	Independent Director
Smt. Aparna Chaturvedi	Independent Director
Dr. T V Muralivallabhan	Independent Director

(ii) Transaction with Related Parties

(a) Compensation to Key Managerial Personnel

Particulars	Remuneration (₹ in Million)				
	Nature of related party / relationship	Short Term Benefit	Post Employment Benefits	Other Long Term Benefits	Total
<b>(a) Compensation to Key Managerial Personnel For the year ended March 31st,2020</b>					
Sri Surinder Kumar Gupta (From 17.12.2019)	Chairman cum Managing Director	1.20	0.06	-	1.26
Sri Bambahadur Singh (Upto 30.11.2019)	Chairman cum Managing Director	4.06	-	-	4.06
Sri Subrata Sarkar	Director (Finance)	3.91	0.32	0.27	4.50
Smt Bhanu Kumar	Director (Commercial)	4.67	0.36	0.51	5.54
Sri A.K.Rai	Company Secretary	2.75	0.11	0.38	3.24
Sri Gangaram Aloria	Independent Director	*0.32	-	-	0.32
Dr. Rudramauni Shivayogappa Yeli	Independent Director	*0.32	-	-	0.32
Smt. Aparna Chaturvedi	Independent Director	*0.23	-	-	0.23
Dr. T. V. Muralivallabhan	Independent Director	*0.39	-	-	0.39

Particulars	Remuneration (₹ in Million)				
	Nature of related party / relationship	Short Term Benefit	Post Employment Benefits	Other Long Term Benefits	Total
<b>(a) Compensation to Key Managerial Personnel For the year ended March 31st,2019</b>					
Sri Bambahadur Singh	Chairman cum Managing Director	7.36	0.22	-	7.58
Sri Subrata Sarkar (From 01.12.2018 )	Director (Finance)	1.85	0.15	0.22	2.22
Smt Bhanu Kumar	Director (Commercial)	5.88	0.11	0.09	6.08
Sri A.K Basu(From 01.04.2018 To 30.11.2018)	Director (Finance)	5.17	-	-	5.17
Sri A.K.Rai(From 27.07.2018 )	Company Secretary	2.01	0.09	-	2.10
Sri S.K Ray (upto 27.07.2018)	Company Secretary	0.48	-	-	0.48
Sri Gangaram Aloria	Independent Director	0.27*	-	-	0.27
Dr. Rudramauni Shivayogappa Yeli	Independent Director	0.21*	-	-	0.21
Smt. Pravati Parida	Independent Director	0.09*	-	-	0.09
Smt. Aparna Chaturvedi (From 14.12.2018)	Independent Director	0.08*	-	-	0.08
Dr. T. V. Muralivallabhan	Independent Director	0.34*	-	-	0.34

Note :\* It indicate Director's Sitting Fees.

- (a) Since the facility of private use of car for limited mileage is provided by the company to the Directors, such facility has not been considered as benefit/perquisite.
- (b) The above includes Performance related pay on actual payment basis.

**(b) Transaction with FSNL Limited (100% Subsidiary)**

(₹ in million)

Particulars	31st March 2020	31st March 2019
Payment of Custodian Service for the Warehouse Management	-	1.98
Payment for Valuation Service	0.09	-
Amount Received for providing E-Auction Service	0.27	0.06

**(c) Transaction with Mahindra MSTC Recycling Private Limited (50:50 Joint Venture)**

(₹ in million)

Particulars	31st March 2020	31st March 2019
Investment in Joint Venture	-	80.00
Amount received towards reimbursement of expenditure	0.66	0.73
Amount paid towards reimbursement of expenditure	0.61	0.22
Amount Received for providing E-Auction Service	0.23	0.13

**40 . Employee Benefits**

**Defined Contribution Plans**

**1. Provident Fund**

12% of Basic pay and dearness allowance contributed to the provident fund trust by the company.

**2. Pension**

In terms of Ministry of Steel Directives Pension scheme for the employees of MSTC has been formulated , under Defined Contribution Plan. The company contributes annually to LIC of India through a trust. LIC will provide the pension to the employees from the corpus created on account of employees, by way of contribution from MSTC (The Employer)."

**Defined Benefits Plans**

**1. Gratuity:**

The Gratuity is payable on separation at the rate of 15 days pay for each completed year of service to eligible employees who render continuous service for a minimum period of 5 years. The Gratuity is calculated at the rate of one month's wages last drawn by the employee for every completed year of service in excess of 30 years in case of non executives only. The maximum amount of Gratuity payable to employee is ₹ 2 Million. In case of non executive joined on or before 01.07.2014, the gratuity is ceiling less. The Gratuity is funded with LIC of India. The Company contributes in the fund every year as premium on the basis of demand raised by LIC of India.

**2. Post Retirement Medical Benefit:**

The Post Retirement Medical Benefit is a medical benefit to the superannuated employees and their spouse. The members will be covered through Mediclaim Insurance of the Insurance Company. This is available to superannuated employees at any hospital under the Mediclaim Insurance Policy. In addition to this expenses incurred in domiciliary treatment is also reimbursed as per prescribed ceiling. The benefits are funded through a separate trust formed for this purpose. The Company provides the corpus for this. Deficit, if any, is being compensated by the company.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments. Further, the overseas plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the overseas Fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
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Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(a) The company has recognised an amount of ₹ 90.25 Million ( Previous Year ₹ 61.93 Million) in Statement of Profit and Loss for the current year as expenses under defined contribution plans.

Benefit (Contribution to)	31st March 2020	31st March 2019
	₹ in Million	₹ in Million
Provident Fund*	62.19	36.62
Pension	28.06	25.31
<b>Total</b>	<b>90.25</b>	<b>61.93</b>

\* This represents the provision for ₹ 25.17 Millions (Previous Year - Nil ) towards the contribution for deficit in income of PF Trust for the FY 2019-20 (Refer Note No. - 23)

(b) The company operates post retirement defined benefit plans as follows :

- i. Funded
  - a. Gratuity
  - b. Post Retirement Medical Benefit Scheme

(c) Details of the Gratuity Plan are as follows :

	For the year ended	
	31st March 2020	31st March 2019
<b>1. Assumptions</b>		
a. Discount rate (per annum)	6.20%	7.25%
b. Estimated rate of return on plan assets (per annum)	6.20%	7.25%
c. Rate of escalation in salary (per annum)	8.00%	8.00%
<b>2. Amounts recognised in standalone statement of profit and loss in respect of defined benefit plans under Gratuity are as follows:</b>		
	For the year ended	
	31st March 2020	31st March 2019
	₹ in Million	₹ in Million
a. Current service cost	15.38	8.64
b. Service Cost	15.38	8.64
c. Net Interest on net defined benefit liability / (asset)	1.51	2.66
<b>d. Cost recognized in P&amp;L</b>	<b>16.89</b>	<b>11.30</b>
<b>Remeasurement on the net defined benefit liability/asset:</b>		
a. Actuarial (gain)/loss due to DBO Experience	(6.09)	6.42
b. Actuarial (gain)/loss due to DBO assumption changes	11.49	1.73
c. Actuarial (gain)/loss arising during period	5.40	8.15
d. Return on plan assets (greater)/less than discount rate	(0.94)	(0.71)
e. Actuarial (gains)/losses recognised in OCI	4.46	7.44
f. (Income)/Cost recognized in OCI	4.46	7.44

3. The current service cost and the net interest expenses for the year are included in the 'Employee benefits expense' line item in the standalone statement of profit and loss on the basis of actuarial valuation under IndAS 19.

4. The remeasurement of the net defined benefit liability is included in other comprehensive income.

5. Movements in the present value of the defined benefit obligation are as follows

	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
a. Obligation as at the beginning of the year	188.74	189.68
b. Current Service Cost	15.38	8.64
c. Interest Cost on DBO	13.51	12.86
d. Past Service Cost- Plan Ammdement	-	-
e. Acquisitions ( credit)/cost	-	1.07
f. Actuarial gains and losses arising from changes in financial assumptions	-	1.73
g. Actuarial (gains) and losses arising from experience adjustments	5.40	6.42
h. Benefits paid from plan asset	(20.81)	(31.65)
<b>i. Closing defined benefit Obligation</b>	<b>202.22</b>	<b>188.74</b>

6. Movements in the fair value of the plan assets are as follows

	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
a. Fair value of the assets at end of prior period	165.56	121.02
b. Interest Income on plan assets	12.00	10.20
c. Employer Contributions	27.81	65.28
d. Return on plan assets greater/(lesser) than discount rate	0.94	0.71
e. Benefits paid	(20.81)	(31.65)
<b>f. Fair Value of assets at the end of current period</b>	<b>185.50</b>	<b>165.56</b>

6. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected medical cost inflation. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
<b>Effect of a 1% change in discount rate</b>		
Increase		
(i) aggregate current service and interest cost	(10.94)	(10.92)
(ii) closing balance of obligation	191.28	177.82
Decrease		
(i) aggregate current service and interest cost	11.50	12.48
(ii) closing balance of obligation	213.72	201.22

	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
<b>Effect of a 1% change in salary escalation rate</b>		
Increase		
(i) aggregate current service and interest cost	5.42	6.32
(ii) closing balance of obligation	207.64	195.06
Decrease		
(i) aggregate current service and interest cost	(5.10)	(6.27)
(ii) closing balance of obligation	197.12	182.47



7. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(d) Details of the Post Retirement Medical Benefit Scheme are as follows :

Description	For the year ended	
	31st March 2020	31st March 2019
<b>1. Assumptions</b>		
a. Discount rate (per annum)	6.20%	7.25%
b. Medical Inflation (per annum)	5.00%	5.00%

2. Amounts recognised in standalone statement of profit and loss in respect of defined benefit plans under Post Retirement Medical Benefit Scheme are as follows:

Description	For the year ended	
	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
a. Current service cost	4.62	4.65
b. Service Cost	4.62	4.65
c. Net Interest on net defined benefit liability / (asset)	4.39	4.71
<b>d. Cost recognized in P&amp;L</b>	<b>9.01</b>	<b>9.36</b>
<b>Remeasurement on the net defined benefit liability/asset:</b>		
e. Actuarial (gain)/loss due to DBO Experience	12.60	(10.74)
f. Actuarial (gain)/loss due to DBO assumption changes	23.36	3.04
g. Actuarial (gain)/loss arising during period	35.96	(7.70)
h. Return on plan assets (greater)/less than discount rate	11.31	(1.75)
i. Actuarial (gains)/losses recognised in OCI	47.27	(9.45)
j. Adjustments for limit on net assets	-	-
<b>k. (Income)/Cost recognized in OCI</b>	<b>47.27</b>	<b>(9.45)</b>

3. The current service cost and the net interest expenses for the year are included in the 'Employee benefits expense' line item in the standalone statement of profit and loss.

4. The remeasurement of the net defined benefit liability is included in other comprehensive income.

5. Movements in the present value of the defined benefit obligation are as follows

Description	For the year ended	
	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
a. Obligation as at the beginning of the year	171.39	172.45
b. Current Service Cost	4.62	4.65
c. Interest Cost	12.22	12.38
d. Actuarial gains and losses arising from changes in financial assumptions	35.96	(10.74)
e. Actuarial gains and losses arising from experience adjustments	-	3.04
f. Benefits paid directly by the Company	(11.65)	(10.38)
<b>g. Closing defined benefit Obligation</b>	<b>212.54</b>	<b>171.39</b>

**6. Movements in the fair value of the plan assets are as follows:-**

Description	For the year ended	
	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
a. Fair value of the assets at end of prior period	107.90	108.86
b. Interest Income on plan assets	7.82	7.67
c. Employer Contributions	-	-
d. Return on plan assets greater/(lesser) than discount rate	(11.31)	1.75
e. Benefits paid	(11.65)	(10.38)
f. Fair Value of assets at the end of current period	92.76	107.90

**7. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected medical cost inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.**

Description	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
Effect of a 1% change in discount rate		
Increase		
(i) aggregate current service and interest cost	(24.64)	(18.63)
(ii) closing balance of obligation	187.90	152.76
Decrease		
(i) aggregate current service and interest cost	26.57	23.00
(ii) closing balance of obligation	239.11	194.39

Description	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
Effect of a 1% change in medical inflation rate		
Increase		
(i) aggregate current service and interest cost	18.37	15.61
(ii) closing balance of obligation	230.91	187.00
Decrease		
(i) aggregate current service and interest cost	(16.90)	(12.57)
(ii) closing balance of obligation	195.64	158.82

**41. Expenditure Incurred on Corporate Social Responsibility Activities**

- (a) Gross amount required to be spent by the company during the year ₹ 5.40 Million
- (b) In accordance to section 135 of Companies Act 2013, the company has incurred ₹ 5.40 Million (Previous Year ₹ 20.00 Million), as CSR expenditure.

₹ in Million

Particulars	31st March 2020	31st March 2019
(1) Construction/ Renovation of assets	-	15.19
(2) Construction of Toilets Blocks	-	0.50
(3) Tube Wells	-	0.00
(4) Contribution to PM Cares Fund	5.40	0.00
(5) Other	-	4.31
	5.40	20.00

Above figures are disclosed separately in note no. 30

42. Balances of Trade Receivables, Trade Payables and Advances includes balances subject to confirmation/reconciliation and consequential adjustment, if any. Reconciliations are carried out on on-going basis. Provisions, wherever considered necessary, have been made.
43. The current assets of the company are under charge with consortium bank against sanction of credit facilities to the company.
44. During the last quarter of F.Y. 2019-20, an exceptional phenomenon occurred in the form of COVID 19 virus attack. Nationwide lockdown was imposed in the Country to counter this. As a result of which the business operations across the Country were affected, with MSTC being no exception to it. Majority of the revenue of MSTC comes from E commerce segment. The E commerce services were fully functional during this period providing services to our valued customers. The Company continued with its development and planning activities during the period. MSTC assumes that there will not be any further exigency due to this phenomenon and the business will grow to reach at normal level. The Company has considered the possible effects that may result from the pandemic relating to COVID 19. There has been impact on revenue during the last quarter of F.Y. 2019-20. The financial implications on the business operations due to COVID 19 are yet to be ascertained.
45. The figures for the corresponding previous years have been regrouped/reclassified wherever necessary to make them comparable.
46. The Board of Directors of the Company in its 298th Meeting held on 29.06.2020 has proposed a final dividend in respect of year ending 31st March 2020 , @ 33% on equity share capital which is ₹ 704.00 Million as on date. The payment of Dividend is subject to approval of shareholders at Annual General Meeting. If approved it will result in a cash outflow of ₹ 232.32 Million.

In terms of our report of even date  
For S Ghose & Co. LLP  
Chartered Accountants  
FRN : 302184E/E300007

For MSTC LIMITED

:

(CA Ranjan Kumar Paul)  
Partner  
M. No : 060084

(S K Gupta)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR  
DIN – 08643406

(Subrata Sarkar)  
DIRECTOR FINANCE  
DIN- 8290021

Date: 29/06/2020  
Place : Kolkata

(S K Barnwal)  
ADDL. GENERAL MANAGER  
(FINANCE & ACCOUNTS)

Ajay Kumar Rai)  
COMPANY SECRETARY

# CONSOLIDATED REPORT



## INDEPENDENT AUDITOR'S REPORT

To the Members of MSTC Limited

Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying Consolidated Financial Statements of MSTC Limited (hereinafter referred to as the "Holding Company"), and considered financial statements of subsidiary (Holding Company and its subsidiary together referred to as "the Group") and Joint Venture audited by other auditor, which comprise the consolidated Balance Sheet as at 31st March 2020, and the Consolidated statement of Profit and Loss (including Other Comprehensive Income), the Consolidated statement of Changes in Equity, Consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Joint Venture as at March 31, 2020, their consolidated profit and other comprehensive income, consolidated changes in equity and the consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements 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 and its joint venture in accordance with the Code of Ethics issued by The Institute of Chartered Accountants of India (ICAI), together with the ethical requirements that are relevant to our audit of the consolidated financial statement under the provision of the Act and the Rules made there under, 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 our audit opinion on the Consolidated Financial Statements.

### Emphasis of Matter

2. Without qualifying our opinion, we draw attention to the following:

- Attention is drawn to Note No 45 of the consolidated financial statements, as regards the Managements evaluation of COVID 19 impact on the future performance of the company.
- Attention is drawn to Note No. 37 of the consolidated financial statements regarding Non Provision of Deferred Tax Asset of ₹ 1,565.54 Million on Provision for Doubtful Debts of ₹ 4480.13 Million made after 01.04.2018.
- The title deed of a freehold flat in Mumbai of Holding Company having gross block of ₹ 0.74 million as at 31.03.2020 could not be furnished before the audit.

### Key Audit Matters

- Key audit matters are those matters that, in our professional judgement, 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl.	Key Audit Matters	Auditor's Response
i.	<p><b>Recoverability of Trade Receivables:</b></p> <p>As at 31st March 2020, trade receivables Gross is ₹ 21,834.48 million (Net ₹ 12334.44 million). Out of which ₹ 10,428.42 million was unsecured and provision of ₹ 9,500.04 million for bad and doubtful debts has been made by the Holding Company.</p> <p>In the event of insolvency of customers, the Holding Company is exposed to potential risk of financial loss when the customers fail to meet their contractual obligation in accordance with the requirements. The recoverable amount was estimated by management based on their specific recoverability assessment on individual debtor with reference to the ageing profile and credit worthiness of the customer.</p>	<p>Examining details of receivables and transactions during the year ended 31st March 2020. We have observed the nature of the trade receivables, the sustainability and the likelihood of recoverability of receivables.</p> <p>Since Holding Company's obtaining of balance confirmations from Parties is an ongoing process (Refer note 43), substantive audit procedures have been followed to ensure accuracy of balances. We have assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers and their historical payment pattern, wherever applicable, along with the</p>



security for a majority of the company's short term debt. As per the financial statement as at 31.03.2020, Trade Receivables of subsidiary amounts to ₹ 2291.90 Million (Net of Provision).

**Bad Debts and Provision for Doubtful Debts / Expected Credit Loss for Trade Receivable of the subsidiary** - The Subsidiary Company has come up with its own policy to make provision of doubtful debts which shall be effective from the fourth quarter of the F.Y 2019-20 i.e. from 01/01/2020 to 31/03/2020 Refer to note no. 1.C.16 to the consolidated financial statement. The valuation of allowance for impairment of trade receivables requires significant management judgement and specific factors, management considers the age of the balance, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether a write off / provision for impairment is required either for a specific transaction or for a customer's balance overall, Refer to note no. 1.C.6 to the Consolidated Financial Statements.

provisioning and collection process.

Where there were indicators that trade receivables were unlikely to be collected within contracted payment terms they have assessed the adequacy of the allowance for impairment of trade receivables.

- They have assessed the ageing of trade receivables quantum of other contract assets, contract performance, disputes with customers, and past payment and credit history of the customers;

- Considered the historical accuracy of forecasting the allowance of impairment of trade receivables.

#### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

4. The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

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

5. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity, and consolidated cash flows of the Group including its Joint Venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its Joint Venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and

fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its Joint Venture are responsible for assessing the ability of the Group and its Joint Venture's to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group including its Joint Venture or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its Joint Venture are also responsible for overseeing the financial reporting process of the Group and of its Joint Venture.

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

6. 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 consolidated financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the consolidated 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its Joint Venture 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 consolidated 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 and its Joint Venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its Joint Ventures entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatement in the consolidated financial statement that, individually or in aggregate, makes it probable that the economic decision of a reasonably knowledgeable user of the financial statement may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.



We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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

7.(a) We have considered information from the financial statements of one subsidiary, namely, Ferro Scrap Nigam Limited, whose financial statement have been audited by other auditor, which reflect total assets of ₹ 4407.04 Million as at 31st March, 2020, Total Revenues of ₹ 4098.96 Million, total net profit after tax of ₹ 305.76 Million, total comprehensive income of ₹ 241.98 Million and cash outflows (net) of ₹ 172.58 Million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Holding Company's share of net loss of ₹ 26.94 Million and total comprehensive loss of ₹ 26.74 Million in respect of Joint Venture namely Mahindra MSTC Recycling Pvt Ltd for the year ended 31st March, 2020 whose financial statements have been audited by other auditor.

The financial statements of Joint Venture Company, namely, Mahindra MSTC Recycling Pvt Ltd, have been audited by other auditor whose audit reports have been furnished to us by the Holding Company's Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of subsidiary and joint venture and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture, is based solely on the

reports of the other auditors.

Our opinion on consolidated financial statements and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

- (b) The Consolidated financial statements for the year ended March 31, 2019 were audited by the other auditor under Companies Act 2013 who, vide their report dated May 29, 2019 expressed an unqualified opinion on those financial statements.
- (c) Subsidiary's other auditor has mentioned that they have done audit without physical visit to the unit. Subsidiary's other auditor has expressed their opinion based on the information, facts and inputs made available to them through electronic means by the units of the subsidiary company. They have informed that due to the COVID-19 induced restrictions on physical movement and strict timelines, they could not visit the units except Bhilai unit for undertaking the required audit procedures as prescribed under ICAI issued Standards on Auditing, including but not limited to:
  - Inspection, observation, examination and verification of the original documents/ files.
  - Physical verification of stocks of spares items including adequate internal controls thereof.
  - Physical verification of fixed assets (movable & immovable), vehicle movement records and their including adequate internal controls thereof.
  - Observation with regard to internal controls.
  - Adequate audit procedures for various assertion specified in CARO Reports.
  - Examination of vouchers and invoices of expenses etc.

#### Report on Other Legal and Regulatory Requirements

8. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the consolidated statement of profit and loss (including other

comprehensive income), consolidated statement of changes in Equity and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant Rules thereto.
- (e) As per notification no. G.S.R 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Companies Act, 2013 regarding disqualification of the Director is not applicable to the Holding Company since it is a Government Company. In respect of Subsidiary and Joint Venture, the other auditors have mentioned that none of the Directors are disqualified as on 31.03.2020 from being appointed as a Director in terms of Section 164(2) of the Act.
- (f) In respect of the issues of adequacy of internal financial controls over financial reporting of the Group and Joint Venture, and the operating effectiveness of such controls, please refer to our separate report in "Annexure A".
- (g) The Holding Company being a Government Company, provisions of section 197 (16) of the companies Act 2013 regarding managerial remuneration is not applicable to the company as per notification no. G.S.R. 463(E) dated 05 June 2015 issued by Ministry of Corporate Affairs. On the basis of the reports of the other auditors of its subsidiary and joint venture, the remuneration paid by the respective companies to their directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and Joint Venture - Refer Note no 36 (a) to the consolidated financial statements.
  - The Holding Company and its joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. The subsidiary's other auditor has mentioned that subsidiary company has made provision, as required under the applicable laws or accounting standards, for material foreseeable

losses; if any, on long term contracts including derivative contracts.

- There was delay in transferring unpaid Interim Dividend of ₹ 1.01 million to the Investor Education and Protection Fund (declared on 30.12.2011 for FY 2011-12) and the amount was deposited on 09.04.2019 by the Holding Company. In respect of Subsidiary and Joint Venture, no amounts were required to be transferred to the Investor Education and Protection Fund by those companies.
9. As required by section 143(5) of the Act the directions and sub-directions issued by the Comptroller & Auditor General of India we give our comments in the consolidated financial statements in "Annexure-B" annexed herewith.

**For S Ghose & Co LLP**  
**Chartered Accountants**  
**FRN- 302184E/E300007**

**CA Ranjan Kumar Paul**  
**Partner**

**Place: Kolkata**  
**Date: 29.06.2020**

**M.No.060084**

**UDIN : 20060084AAAAAW5652**

## Annexure - A to the Independent Auditor's Report

**Referred to in paragraph 8(f) of the Independent Auditor's Report of even date to the members of MSTC Limited on the Consolidated Financial Statements for the year ended March 31, 2020.**

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

1. We have audited the internal financial controls over Financial Reporting of MSTC Limited (hereinafter referred to as "the Holding Company"), and considered financial statements of subsidiary (Holding Company and its subsidiary together referred to as "the Group") and Joint Venture, (which is a company incorporated in India as of that date) audited by other auditors, as at 31st March, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company and joint venture are responsible for establishing and maintaining internal financial controls based on the internal financial control over financial reporting criteria established by the respective Companies 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 respective companies' 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.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Group and the joint venture based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 consolidated 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 judgement, 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 internal financial controls system over consolidated financial reporting of the Holding Company and its subsidiary company and joint venture.

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

4. 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 authorisations of management and directors of the company; and
  - (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

5. 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 consolidated financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Qualified Opinion

6. According to the information and explanations given to us and based on our audit, the following weaknesses have been identified as at 31st March 2020 :-
  - a. The Holding Company falls short of exercising internal control system for customer acceptance, credit evaluation and establishing credit limits for sales, which could potentially result in the Holding Company recognizing revenue without establishing reasonable certainty of ultimate collection.
  - b. In the process of maintaining safe custody of pledged stock of raw materials procured by the Holding Company on behalf of its customers under the Company appointed custodian, it has been observed that there is inadequacy of required internal control.

However the Holding Company has already introduced a separate Audit for Audit of its Internal Financial Control System and the report is yet to be submitted.

In our opinion, except for the possible effects of the weaknesses described herein above, the Group and its joint venture, which are companies incorporated in India, have maintained in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the respective Companies 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.

### Other Matters

- i. Our aforesaid report u/s 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting in so far as it relates to its one subsidiary company and one joint venture, which are Companies incorporated in India, is

based on the corresponding reports of the auditors of such companies incorporated in India.

- ii. Further subsidiary's other auditor would like to draw attention of stakeholders in respect of hiring of equipment on rent by the subsidiary company. CVO has observed that the notice inviting tender is not being published in the official website of the company. Also limit of turnover and work experience required to get empanelled for the same is too restrictive for many other vendors to participate. These observations are recorded in minutes of 178<sup>th</sup> meeting of directors held on 12th November 2019.

On sample checking of work orders, tendering process and bills of equipment on rent, subsidiary's other auditor had found that only limited vendors are empanelled for the above contracts and the contracts awarded by the customers on nomination basis are sub-contracted to them in the form of "Hiring of Module of Equipments and Manpower". The Expense under this head amounts to ₹ 1510.4 Million as against total turnover of ₹ 4099.00 Million. Subsidiary Company has proposed certain changes in their Purchase and Stores manual regarding system improvement in their purchase procedures. The Subsidiary's other auditor has informed that they are unable to form an opinion on this, as they do not have access to all the documents and records related to the above matter.

**For S Ghose & Co LLP**  
**Chartered Accountants**  
**FRN- 302184E/E300007**

**CA Ranjan Kumar Paul**  
**Partner**

**Place: Kolkata**  
**Date: 29.06.2020**

**M.No.060084**

**UDIN : 20060084AAAAAW5652**



## Annexure – B to the Independent Auditors' Report

Directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013, based on the verification of records of the Company and according to information and explanation given to us, we report as under:

	Directions	Auditor's Reply
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	<p><b>In Case of Holding Company :</b></p> <p>The matter has adequately been dealt with in our report of even date. (Para 3 (ii) Key Audit Matter)</p> <p>In case of the subsidiary, the subsidiary's other auditor reported that :</p> <p>The Subsidiary Company process all accounting transaction through integrated Accounting package i.e. FAST Package.</p> <p>The company has 2 separate IT package for</p> <p>(1) Payroll &amp; (2) Inventory are integrated in Accounting Package Jvs.</p> <p>Complete financial data with respect to Payroll &amp; Inventory are incorporated in Accounting Package i.e. in FAST Package</p>
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	<p><b>In Case of Holding Company :</b></p> <p>No, there is no instance of restructuring of an existing loan or cases of waiver / write off of debts/ loans / interest etc. made by a lender to the Company due to company's inability to repay the loan.</p> <p>In case of the Subsidiary, the subsidiary's other auditor reported that :</p> <p>The subsidiary company has not taken any loan during the F.Y.2019-2020.</p> <p>Hence there is no restructuring of any loan or cases of waiver /write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.</p>
3.	Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilised as per its term and conditions? List the cases of deviation.	<p><b>In Case of Holding Company :</b></p> <p>No, there is no such case of funds being received/ receivable during Financial Year 2019-20 for specific schemes from central/state agencies.</p> <p>In case of subsidiary, the subsidiary's other auditor reported that :</p> <p>During the F.Y. 2019-2020 subsidiary company has not received any fund for specific schemes from Central/state agencies.</p>

**For S Ghose & Co LLP**  
**Chartered Accountants**  
**FRN- 302184E/E300007**

**CA Ranjan Kumar Paul**  
**Partner**  
**M.No.060084**  
**UDIN : 20060084AAAAW5652**

**Place: Kolkata**  
**Date: 29.06.2020**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MSTC LIMITED FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of consolidated financial statements of MSTC Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on these financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of MSTC Limited for the year ended 31 March 2020 under Section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of MSTC Limited and its subsidiary company Ferro Scrap Nigam Limited for the year ended on that date. **Further, section 139(5) and 143(6)(a) of the Act are not applicable to Mahindra MSTC Recycling Private Limited being private entity for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller & Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this company.** This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

Place: Kolkata

Date: 26 AUG 2020

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

(Suparna Deb)  
Director General Audit (Mines)  
Kolkata

## Consolidated Balance Sheet as on 31st March 2020

(Amount in ₹ million)

	Notes	As at 31 <sup>st</sup> Mar 2020	As at 31 <sup>st</sup> Mar 2019
<b>ASSETS</b>			
(1) Non-current assets			
(a) Property, Plant and Equipment	2	876.19	750.58
(b) Capital Work in Progress	2	293.42	231.81
(c) Leasehold Land	2	71.57	72.32
(d) Intangible assets	2	12.21	11.53
		1,253.39	1,066.24
(e) Financial assets			
(i) Investment In Joint Venture	3	112.07	138.81
(ii) Trade receivables	16	-	-
(iii) Other financial assets	4	348.47	272.42
(f) Non-Current tax assets	5	588.19	582.42
(g) Deferred tax assets (net)	7	2,296.96	2,615.31
(h) Other non-current assets	6	26.39	59.24
<b>Total non-current assets</b>		<b>4,625.47</b>	<b>4,734.44</b>
(2) Current assets			
(a) Inventories	8	70.00	60.35
(b) Financial assets			
(i) Trade receivables	9	14,626.40	18,697.26
(ii) Cash and cash equivalents	10	606.76	962.21
(iii) Other Bank Balances	11	1,725.14	3,204.72
(iv) Other financial assets	12	231.91	483.03
(c) Other current assets	13	96.22	104.30
		17,356.43	23,511.87
Assets classified as held for sale	27	29.60	30.76
<b>Total current assets</b>		<b>17,386.03</b>	<b>23,542.63</b>
<b>TOTAL ASSETS</b>		<b>22,011.50</b>	<b>28,277.07</b>
<b>EQUITY AND LIABILITIES</b>			
(1) Equity			
(a) Equity share capital	14	704.00	704.00
(b) Other equity	15	4,035.22	3,175.69
<b>Total equity</b>		<b>4,739.22</b>	<b>3,879.69</b>
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	33.91	9.35
(ii) Trade payables			
Total Outstanding dues of			
a) Creditors other than Micro & Small Enterprises	17	2.64	2.64
(iii) Other financial liabilities	18	5.70	7.45
(b) Provisions	19	827.90	706.23
(c) Other non-current liabilities	20	63.25	80.55
<b>Total non-current liabilities</b>		<b>933.40</b>	<b>806.22</b>
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	2,552.61	6,137.15
(ii) Trade payables			
Total Outstanding dues of			
a) Micro & Small Enterprises	23	0.75	0.48
b) Creditors other than Micro & Small Enterprises	23	6,536.02	9,522.99
(iii) Other financial liabilities	24	6,616.12	7,329.62
(b) Provisions	25	403.15	314.46
(c) Other current liabilities	26	221.77	284.48
		16,330.42	23,589.18
		16,330.42	23,589.18
Liabilities classified as held for sale	27	8.46	1.98
<b>Total current liabilities</b>		<b>16,338.88</b>	<b>23,591.16</b>
<b>Total liabilities</b>		<b>17,272.28</b>	<b>24,397.38</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,011.50</b>	<b>28,277.07</b>

The accompanying notes forms an integral part of the financial statements.  
In terms of our report of even date.

In terms of our report of even date  
For S. Ghose & Co LLP  
Chartered Accountants  
FRN : 302184E/E30007

For MSTC LIMITED

CA Ranjan Kumar Paul  
Partner  
M. No : 060084

(S. K. Gupta)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR  
DIN- 08643406

(Subrata Sarkar)  
DIRECTOR FINANCE  
DIN- 8290021

Dated : 29.06.2020  
Place : Kolkata

(S K Barnwal)  
ADDL GENERAL MANAGER  
FINANCE & ACCOUNTS

(Ajay Kumar Rai)  
COMPANY SECRETARY  
M. No : F5627

## Consolidated Statement of Profit & Loss for the year ended 31st March 2020

(Amount in ₹ million)

Particulars	Note	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>ASSETS</b>			
I Revenue from operations	28	12,313.99	32,919.97
II Other Income	29	645.99	483.25
<b>III Total Revenue (I + II)</b>		<b>12,959.98</b>	<b>33,403.22</b>
<b>IV EXPENSES</b>			
(a) Purchases of Stock-in-Trade/Operational Consumables & Spares	30	6,151.98	25,914.28
(b) Employee benefit expense	31	1,828.05	1,690.13
(c) Finance costs	32	287.22	578.05
(d) Depreciation and amortisation expense	2	166.15	146.86
(e) Other expenses	33	2,832.21	7,419.30
<b>V Total Expenses</b>		<b>11,265.61</b>	<b>35,748.62</b>
VI Profit before share of profit/(loss) of Joint Ventures and tax (III - V)		1,694.37	(2,345.40)
VII Share of profit/(loss) of Joint Ventures		(26.94)	(29.07)
<b>VIII Profit before tax (VI + VII)</b>		<b>1,667.43</b>	<b>(2,374.47)</b>
IX Tax Expense			
(a) Current tax	37	361.75	499.34
(b) Deferred tax		335.54	197.23
Total tax expense		697.29	696.57
<b>X Profit for the period (VIII - IX)</b>		<b>970.14</b>	<b>(3,071.04)</b>
XI Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss	41	(136.96)	(64.30)
(ii) Income tax on above		38.63	19.87
B Share of Other Comprehensive Income of Joint Venture		0.20	(0.12)
		(98.13)	(44.55)
<b>XII Total comprehensive income for the period (X + XI)</b>		<b>872.01</b>	<b>(3,115.59)</b>
XIII Earnings per equity share (face value of ` 10 each):	38		
(1) Basic (in ₹)		13.78	(43.62)
(2) Diluted (in ₹)		13.78	(43.62)

The accompanying notes forms an integral part of the financial statements.  
In terms of our report of even date.

In terms of our report of even date  
For S. Ghose & Co LLP  
Chartered Accountants  
FRN : 302184E/E30007

CA Ranjan Kumar Paul  
Partner  
M. No : 060084

Dated : 29.06.2020  
Place : Kolkata

For MSTC LIMITED

(S. K. Gupta)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR  
DIN- 08643406

(S K Barnwal)  
ADDL GENERAL MANAGER  
FINANCE & ACCOUNTS

(Subrata Sarkar)  
DIRECTOR FINANCE  
DIN- 8290021

(Ajay Kumar Rai)  
COMPANY SECRETARY  
M. No : F5627



## Consolidated Statement of Changes in Equity for the year ended 31st March 2020

(Amount in ₹ million)

### A. Equity Share Capital

Particulars	Nos	Face Value (₹)	Amount (₹) Million
Balance as at March 31, 2018	35,200,000	10	352.00
Bonus Shares issued in the ratio 1:1	35,200,000	10	352.00
Balance as at March 31, 2019	70,400,000	10	704.00
Balance as at March 31, 2020	70,400,000	10	704.00

### B. Other Equity

	Capital Reserve	General Reserve	Retained Earnings	Total
Balance as at March 31, 2018	341.60	6,482.50	133.20	6,957.30
Profit for the year	-	-	(3,071.04)	(3,071.04)
Other Comprehensive Income for the year	-	-	(44.55)	(44.55)
Transfer to General Reserve/(From) Retained Earning	-	-	-	-
Issue of Bonus Shares	-	-	(352.00)	(352.00)
Final Dividend FY 17-18	-	-	(260.48)	(260.48)
Dividend Distribution Tax on Final Dividend FY 17-18	-	-	(53.54)	(53.54)
Balance as at March 31, 2019	341.60	6,482.50	(3,648.41)	3,175.69
Profit for the year	-	-	970.14	970.14
Other Comprehensive Income for the year	-	-	(98.13)	(98.13)
Transfer to General Reserve/(From) Retained Earning	-	-	-	-
Dividend Distribution Tax on Final Dividend FY 18-19	-	-	(12.48)	(12.48)
Balance as at March 31, 2020	341.60	6,482.50	(2,788.88)	4,035.22

In terms of our report of even date  
For S. Ghose & Co LLP  
Chartered Accountants  
FRN : 302184E/E30007

CA Ranjan Kumar Paul  
Partner  
M. No : 060084

Dated : 29.06.2020  
Place : Kolkata

For MSTC LIMITED

(S. K. Gupta)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR  
DIN- 08643406

(S K Barnwal)  
ADDL GENERAL MANAGER  
FINANCE & ACCOUNTS

(Subrata Sarkar)  
DIRECTOR FINANCE  
DIN- 8290021

(Ajay Kumar Rai)  
COMPANY SECRETARY  
M. No : F5627

## Consolidated Statement of Cash Flows for the year ended 31st March 2020

(Amount in ₹ million)

Particulars	For the Year Ended 31st Mar 2020	For the Year Ended 31st Mar 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	1,667.43	(2,374.47)
Adjustments for:		
Depreciation / Amortisation of non-current assets	166.90	147.61
Loss from Investment in JV	26.94	29.07
Loss/(Gain) on disposal of Property Plant and Equipment	1.44	(0.08)
Finance Cost	287.22	578.05
Interest Income recognised in profit & loss	(140.85)	(424.50)
Provision no Longer Required Written Back	(482.51)	(29.58)
Bad Debt Witten Off	373.99	1,100.81
Provision for Bad and Doubtful Advances/Debts	387.36	4,320.02
Operating profit before Working Capital changes	2,287.92	3,346.94
Adjustments for changes in Operating Assets & Liabilities		
Adjustments for (increase) / decrease in Operating Assets:		
Movement in working capital:		
(Increase)/decrease in Trade and Other Receivables	3,950.22	16,033.28
(Increase)/decrease in Other Assets	42.08	6.88
(Increase)/ decrease in Inventories	(9.65)	(18.75)
Adjustments for increase / (decrease) in Operating Liabilities:		
Increase/ (decrease) in Trade Payables & Others Financial Liabilities	(3,701.84)	(17,743.39)
Increase/ (decrease) in Other Liabilities	(73.53)	25.02
Increase/ (decrease) in Provisions	73.40	(149.65)
Cash generated from Operations	2,568.60	1,500.33
Direct Taxes Paid (Net of Refund)	(346.07)	(487.02)
<b>Net cash from Operating Activities</b>	<b>2,222.53</b>	<b>1,013.30</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for Property, Plant & Equipment	(387.78)	(392.23)
Proceeds from disposal of Property Plant & Equipment	32.29	46.33
Investment In Fixed Deposits	1,479.58	584.68
Investment in Joint Venture	-	(80.00)
Interest received	157.74	439.47
<b>Net cash (used) in Investing Activities</b>	<b>1,281.83</b>	<b>598.25</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Short term borrowings	(2,031.85)	(1,275.44)
Interest Paid	(287.35)	(578.62)
Dividend Paid	0.00	(260.48)
Tax on Dividends Paid	(12.48)	(53.54)
<b>Net cash used in Financing Activities</b>	<b>(2,331.68)</b>	<b>(2,168.08)</b>
Net increase/(decrease) in Cash & Cash equivalents(A+B+C)	1,172.68	(556.53)
Cash and Cash equivalents at the beginning of the Year	(837.53)	(281.00)
<b>Cash and Cash equivalents at the end of the Year</b>	<b>335.15</b>	<b>(837.53)</b>
<b>Note :</b>		
(1) Figures in brackets indicate outflows.		
(2) <b>Statement Showing Cash and Cash Equivalents</b>		
Cash and Cash equivalents at the end of the Year	606.76	962.21
Less : Over Draft Balances at the end of the year	271.61	1,799.74
<b>Net Cash and Cash equivalents at the end of the Year</b>	<b>335.15</b>	<b>(837.53)</b>

Note : Statement of Cash Flows is prepared using Indirect Method as per Indian Accounting Standard-7: Statement of Cash Flows.  
The accompanying notes forms an integral part of the financial statements.  
In terms of our report of even date.

In terms of our report of even date  
For S. Ghose & Co LLP  
Chartered Accountants  
FRN : 302184E/E30007

For MSTC LIMITED

CA Ranjan Kumar Paul  
Partner  
M. No : 060084

(S. K. Gupta)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR  
DIN- 08643406

(Subrata Sarkar)  
DIRECTOR FINANCE  
DIN- 8290021

Dated : 29.06.2020  
Place : Kolkata

(S K Barnwal)  
ADDL GENERAL MANAGER  
FINANCE & ACCOUNTS

(Ajay Kumar Rai)  
COMPANY SECRETARY  
M. No : F5627

## Notes to Consolidated financial statements for the year ended 31st March, 2020

### 1.A General Information

MSTC Limited (the "Company") is a Miniratna Category-I Company was incorporated under the Companies Act, 1956 on 9th September, 1964. It is domiciled in India, having registered office at 225CAJC Bose Road, Kolkata 700020 and limited by shares (CIN:L27320WB1964GOI026211). Pursuant to Initial Public Offer equity shares of MSTC Limited are listed and traded on both BSE Limited and National Stock Exchange of India Limited w.e.f. March 29, 2019. The Company undertakes trading activities, e-commerce and also disposal of ferrous and non-ferrous scrap, surplus stores, minerals, agri and forest produces etc. mostly from Public Sector Undertakings and Govt. Departments. The core activity of the Company has been divided into two Operational Divisions, i.e. e-Commerce and Trading. The e-Commerce division undertakes disposal of Scrap, surplus stores, e-sales of minerals, agri and forest produces, and e procurement. The list of Principals includes Ministry of Defence, State Governments, PSUs like Indian Oil Corporation Ltd., Oil and Natural Gas Corporation Ltd, Bharat Sanchar Nigam Ltd, Hindustan Petroleum Corporation Ltd. etc. The mode of disposal includes e-auction, e-tender, e-reverse auction etc. Besides, MSTC also e-auctions coal from Coal India Ltd, Singareni Coalfields Ltd etc. Apart from these MSTC also provides e-procurement solution. The trading division handles import/export and domestic trade of mainly bulk industrial raw material. It looks after sourcing, purchase and sales of industrial raw materials like Heavy Melting Scrap, Low Ash Metallurgical Coke, HR Coil, Crude Oil, Naptha, Coking Coal, Steam Coal etc. for supply to Indian industries. The end customers are Coal/Steel Industries, Oil sector, State owned Power Companies etc.

It is having wholly owned subsidiary company, Ferro Scrap Nigam Limited (FSNL) with CIN: U27102CT1989GOI005468, having registered office at Bhilai, Chattisgarh which was incorporated on 28th March 1979. FSNL undertakes the job of recovery and processing of scrap from slag and refuse generated during iron and steel making at Steel Plants. They offers specialised services for Dig and Haul of Blast Furnaces and Steel Melting Shop Slag at slag yards, processing of iron and steel skulls, Mill rejects and Maintenance scrap as per customer's requirement. FSNL also offers scarfing of slabs, crushing and screening of LD slag to be used in sinter plant, blast furnace, steel melting shop and rail ballast. It removes sludge and ash deposit from sludge compartments and ash ponds. They also handle and neutralise Acid Sludge in open Hearth Muck Dump.

### 1.B RECENT ACCOUNTING DEVELOPEMENTS

Ind As 116 –"Leases" has been made applicable w.e.f. 1st April, 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019 and application of the same does not

have any significant impact on the financial result of the Group.

### 1.C Significant Accounting Policies

#### 1.C.1 (a) Basis of preparation

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be measured at fair value at the end of each reporting period by Ind ASs. The financial statements of the Group have been prepared to comply with the Indian Accounting Standards ('Ind Ass'), including the rules notified under the relevant provisions of the Companies Act 2013.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### Functional Currency and Presentation Currency

The financial statements are prepared in Indian Rupees (Rs.) which is the Group's functional currency for all its operations. All financial information presented in Indian Rupees (Rs.) has been rounded to the nearest Million, unless otherwise stated.

#### Current and Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the schedule III to the Companies Act, 2013 and Ind AS 1 – 'Presentation of Financial Statements'.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### Use of estimates and critical judgements

The preparation of accounts in accordance with Ind ASs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the accounts and reported amounts of income and expenses during the period.

Actual results could differ from those estimates. The most significant techniques for estimation are described in the accounting policies below. Critical accounting judgments and the key sources of estimation or uncertainty in applying the Group's accounting policies arise in relation to property, plant and equipment, current asset provisions, deferred tax, retirement benefits. The detailed accounting policies,

including underlying judgments and methods of estimations for each of these items are discussed below. All of these key factors are reviewed on a continuous basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and any future periods affected.

### 1.C.1(b) Principles of consolidation

The consolidated financial statements relate to MSTC Ltd ('the Company') and its subsidiary company Ferro Scrap Nigam Ltd. and Joint Venture Mahindra MSTC Recycling Pvt Ltd. The consolidated financial statements have been prepared on the following basis:

- A. The financial statements of the Company and its subsidiary has been combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- B. Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.
- C. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- D. The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.
- E. Non Controlling Interest's share of profit / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- F. Non Controlling Interest's share of net assets of consolidated subsidiary is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.
- G. Investment in Joint Venture has been accounted under the equity method as per Ind AS 28 - Investments in Associates and Joint Ventures.

#### Equity method

Under the equity method, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of other comprehensive income of the investee. Dividends from joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has

incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments is tested for impairment in accordance with the policy.

### 1.C.2 Foreign currency translation

In preparing the financial statements of the Group, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the Statement of Profit and Loss for the period. Exchange differences arising on retranslation on non-monetary items carried at fair value are included in statement of profit and loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income.

Wherever foreign exchange fluctuations are to be borne by the customers as per agreement with them, foreign exchange gain/ loss are not recognised in the books of the Group.

### 1.C.3 (a) Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognised in the Statement of Profit and Loss as incurred. When a replacement occurs, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use.



The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in the Statement of Profit and Loss.

Included in property, plant and equipment are loose plant and tools which are stated at cost less amounts written off related to their expected useful lives and estimated scrap value and also spares, against which impairment provisions are made where necessary to cover slow moving and obsolete items.

Land has an indefinite economic life. The Company can enjoy the part of the life restricted to years of lease. The lease rent paid in advance is being amortised over the period of lease.

Capital work-in-progress is valued at cost and includes equipment in transit and the cost of fixed assets that are not ready for their intended use at the reporting date.

In case of subsidiary, "Assets classified as held for sale" is under "Non-current Asset" at their carrying amount will be recovered principally through a sale transaction, rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for asset such as Deferred Tax Asset, Assets arising from employee benefits, Financial Assets which are specifically exempt from this requirement. Further, where the management expects that any part of said assets is likely to be disposed off within one year on the Balance Sheet date, the same are classified as current assets.

In case of subsidiary, "Assets classified as held for sale" is classified under "Non-current Asset" at their net written down value since these assets have already been retired from normal continuing operations and is held only for sale/ auction.

In case of subsidiary, "Assets classified as held for sale" are presented separately from the other assets in the balance sheet. The liabilities classified as held for sale are presented separately from the other liabilities in the balance sheet.

### 1.C.3(b) Depreciation of property, plant and equipment

Depreciation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment to their residual value. These charges are commenced from the date the assets are available for their intended use and are spread over their estimated useful economic lives. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. No further charge is provided in respect of assets that are fully written down but are still in use.

Depreciation on assets under construction commences only when the assets are ready for their intended use.

Depreciation is provided to allocate the costs of property, plant and equipment, net of their residual values, over their useful life as specified in Schedule II of the Companies Act, 2013.

The estimated useful lives for the main categories of property, plant and equipment are:

Type of Asset	Estimated Useful life(Years)
Office Equipment	5
Vehicles	8
Furniture and Fixtures	10
Partition and Cubicles	10
Building	60
Air Conditioners	10
Computers	3
Servers	6
Excavators 1.2 to 5 Cum used for Hot Slag handling	5
Dozer	7
Excavators 1.2 to 5 Cum Not used for Hot Slag handling	7
Cranes	15
Magnetic Separators	15
All assets under "Plant and Machinery" except assets mentioned above	9.19
Solar Plant	10
Assets with value less than Rupees Five Thousand	100 %

Assets in the course of construction are included under capital work in progress and are carried at cost, less any recognized impairment loss. Such capital work-in-progress, on completion, is transferred to the appropriate category of property, plant and equipment.

### 1.C.3 (c) Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software is amortised over its estimated useful life of 6 years (without any residual value) on a straight line basis.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Further, the management estimates that the intangible assets are having zero carrying cost at the end of its useful life i.e. zero residual value.

Softwares acquired separately are capitalised as software. These are amortized over a period of their license. In case of perpetual licences the cost is amortized over a period of five years.

#### 1.C.4 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Intangible assets with an indefinite useful life are tested for impairment annually and whenever there is an indication, the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the Statement of Profit and Loss as and when the carrying amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

#### 1.C.5 Investment in Subsidiaries and Joint venture

Investment in subsidiary and Joint venture are carried at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary and joint venture, the difference between net disposal proceeds and carrying amounts are recognised in Statement of Profit and Loss.

#### 1.C.6 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are immediately recognised in the Statement of Profit and Loss.

#### a) Financial assets

##### I. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

##### II. Financial assets measured at fair value through Other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on remeasurement recognised in other comprehensive income. However, the interest income, losses & reversals, and foreign exchange gains and losses are recognised in the Statement of Profit and Loss.

##### III. Financial assets measured at fair value through profit or loss

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through profit or loss.

##### Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income.

Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. For financial instruments whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised.

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it

transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing of the proceeds received.

## b) Financial liabilities and equity instruments

### Classification

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Transaction costs of an equity transaction are being accounted as a deduction from equity.

### Financial Liabilities

The Group's financial liabilities include Trade and other payables and borrowings including bank overdrafts are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

### Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

### 1.C.7 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalent includes cash on hand, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, cash at bank, and bank overdraft and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

### 1.C.8 Inventories

Stock in trade including material-in-transit is valued at cost or estimated net realisable value whichever is less.

In case of subsidiary:

- (i) Inventories other than non-moving inventories are valued at cost of estimated net realizable value whichever is less. The cost includes purchase cost and other direct expenses but exclude excise duty on such goods where the company is eligible to take cenvat credit in accordance with rule 3(1) of the Cenvat Credit Rules 2004.
- (ii) The inventory items, which have not moved for more than three years, are considered as non-moving inventories. Non-moving inventories are valued at cost reduced by ten percent of cost every year from the year 2001-02.
- (iii) The scrapped/redundant stores items are valued at cost of estimated net realizable value whichever is lower.

### 1.C.9 Revenue recognition

Revenue is recognized when the performance obligation towards transfer of goods and services to a customer is satisfied.

Revenue is measured at the fair value of consideration received or receivable and recognised on accrual basis.

Interest Income is reported on an accrual basis using the effective interest method.

### SALES

- i) High sea sales are booked on the basis of date of issuance of high sea sale letter. As regards value, sales are booked either at contracted forward exchange rates, if booked, or provisionally on the basis of FEDAI spot exchange rates prevailing on the last date of the financial year, where forward cover was not taken, which includes C&F / CIF price, usance interest followed by final adjustment on due date of payment in subsequent financial year.
- ii) In case of indigenous material, sales are accounted for on the basis of date of transport documents and as regards value, based on the value of invoices. In case of sale on door delivery basis sales are booked on sales invoice dates.
- iii) In case of export, sales are accounted for on the basis of date of shipment. As regards value, sales are booked either at contracted forward exchange rates, if booked, or at the FEDAI rate on the date of shipment as per custom clearance document, followed by final adjustment on actual realisation of export proceeds.

### SERVICE CHARGES

Remuneration for transaction in Marketing Department through facilitator mode and for conducting sales/procurement on behalf of Principals, by way of auctions, tenders, or any other means, are accounted for as service charges.

- (a) Service charges are accounted for as income at contracted rates on:
- Tender/Auction sale on behalf of Public Sector Undertakings, Defence and other Government Departments on issuance of sale orders / delivery orders.
  - On satisfactory completion of e-sales.  
In respect of (i) & (ii), service charges are accounted for on bid price of auction with adjustments, if any, on the basis of actual delivery by the Principals, in case service charges are payable on percentage basis.
  - On occurrence of event, in case of service contract on event basis.
  - In case of E -Procurement Service charges are booked, where service charges are collectable from the Principal, on completion of event.
- (b) E Procurement transaction fees collected from bidders are accounted on successful conduct of event.
- (c) Service charges accrued in respect of purchase as facilitator are accounted for at the contracted rate on the basis of date of bill of lading / railway receipt / lorry receipt as the case may be. For imported materials, value is ascertained either at forward cover rate or at FEDAI spot rate prevailing on the last date of the Financial Year. Final adjustment is made on actual payment. In case of indigenous materials, value is ascertained on the basis of actual payment at contracted rate.
- (d) In case of subsidiary, service charges represent the income earned for processing of scrap and other items, custodian services for warehouse management and service related to valuation of assets done by the company at the rates agreed with/offered to the respective Steel Plants and other parties.

#### **E-AUCTION REGISTRATION**

E-auction Registration fees collected from buyers is considered as income of the current year if the validity of registration is upto one year. In case of life long registration, the amount so collected is distributed in five years equally.

#### **OTHER INCOME**

Revenue is recognised on accrual basis except in the following items which are accounted on actual realization since realisability of such items is uncertain in accordance with the provisions of the accounting standards:

- Decrees pending for execution/contested dues and interest thereon, if any.
- Interest on overdue recoverables where realisability is uncertain.
- Liquidated damages on suppliers or contractors.
- Refund of Income-Tax/Sales Tax/VAT and interest thereon.
- Dividend income is recognised when right to receive payment is established

#### **PURCHASES**

- Imported materials are accounted for as purchase on the basis of date of bill of lading. As regards value, purchase are booked on the basis of actual remittance and where such remittance are outstanding at the close of the year, on the basis of contracted forward exchange rates, if booked, or FEDAI spot exchange rates prevailing on the last date of the financial year, in case forward cover is not taken, as the case may be. Purchase value includes material value freight, insurance etc. and usance interest followed by final adjustments on actual payment in subsequent financial year.
- In case of indigenous materials, purchases are booked on the basis of transport documents and as regards value, based on the value of invoices.

#### **1.C.10 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **1.C.11 Employee benefits**

##### **(a) Short term benefits**

Short term employee benefits are accounted for at their undiscounted amount in the accounting period in which the services are rendered by the employees are recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

##### **(b) Leave encashment**

The liabilities for earned leave and commuted leave are not expected to be settled wholly within 12 month after the end of the period in which the employees render related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period based on actuarial valuation using the projected unit credit method.

The benefits are discounted using the market yield at the end of the reporting period that have terms of approximating to the terms of related obligations. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The facility is funded through LIC of India.

##### **(c) Post-employment obligation**

Defined Contribution Plan - i. Provident Fund

Provident Fund is administered by a Trust recognised by



Income Tax Authorities and contribution to this Fund is charged to revenue. Pensioner's Benefits are secured through Employees' Pension Scheme 1995.

#### **Defined Contribution Plan - ii. Pension**

Pension plan is administered through an independent trust and contribution to this Fund is charged to revenue. The fund is being managed through of Life Insurance Corporation of India. The contribution amount is governed by of Ministry of Steel directives in terms of DPE guidelines in this regard.

#### **Defined Benefit Plan – i. Service Gratuity**

The liabilities or assets recognised in the Balance Sheet in respect of defined gratuity plan is the present value of the defined benefits obligation at the end of the reporting period less the fair value of plan assets. The defined benefits obligations are calculated annually by actuaries using projected unit credit method. The present value of defined benefits obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that are terms approximating to the terms of the related obligations.

The net interest cost is calculated by applying the discounted rate to the net balance of defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of defined benefit obligation resulting from amendments and curtailments are recognised immediately in profit or loss as past service cost. The Gratuity obligation is funded through Group Gratuity Life Assurance Scheme of Life Insurance Corporation of India and is administered through a separate irrevocable trust created by the Group for this purpose.

#### **Defined Benefit Plan – ii. Post Retirement medical benefit**

The Group provides post retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to the retirement age and the completion of minimum service period. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. The fund is administered through a separate trust created for this purpose.

### **1.C.12 Taxation**

Tax expense for the year comprises current and deferred tax.

#### **(i) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax for the year as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in the country where the Group operates by the end of the reporting period.

#### **(ii) Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

Current and deferred tax are recognised as an expense or income in the Statement of Profit and Loss, except when they relate to items credited or debited either in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

### **1.C.13 Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the Balance Sheet when the Group has a present obligation (legal or constructive) as a result of a past event, which is expected to result in an outflow of resources embodying economic benefits which can be reliably estimated. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. When appropriate,

provisions are measured on a discounted basis.

Constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Contingent liabilities are disclosed by way of notes. These are reviewed at each Balance Sheet date and are adjusted to reflect the current estimate of management.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

#### 1.C.14 Segment reporting

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures. The Group undertakes trading activities, and also acts as e-commerce service provider. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates Group's performance and allocates resources on an analysis of various performance indicators by operating segments. In terms of above the Group has identified Marketing, E-Commerce and Scrap Recovery & allied jobs as its three Primary Reportable Business Segments. Revenue and identifiable operating expenses in relation to segments are categorised based on items that are individually identifiable to that segment. Rest of the items of revenue and expenses, which cannot be specifically allocated under specific segments are separately disclosed as unallocated.

#### 1.C.15 Critical accounting estimates, assumptions and judgments

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, and disclosures of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the paragraphs that follow.

#### (I) Useful economic lives and impairment of other assets

The estimated useful life of property, plant and equipment (PPE) and intangible asset is based on a number of factors including the effects of obsolescence, usage of the asset and other economic factors (such as known technological advances).

The Group reviews the useful life of PPE and intangibles at the end of each reporting date and any changes could affect the depreciation rates prospectively.

The Group also reviews its property, plant and equipment for possible impairment if there are events or changes in circumstances that indicate that the carrying value of the assets may not be recoverable. In assessing the property, plant and equipment for impairment, factors leading to significant reduction in profits, such as the Group's business plans and changes in regulatory environment are taken into consideration.

#### (ii) Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Group. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

Although there can be no assurance regarding the final outcome of the legal proceedings, the Group does not expect them to have a materially adverse impact on the Group's financial position or profitability.

#### (iii) Actuarial Valuation

The determination of Group's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend on assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

#### (iv) Fair Value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the notes to the financial statements.

**(v) Recognition of deferred tax assets for carried forward tax losses and unused tax credit**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition significant judgement is required in assessing the impact of any legal or economic limits.

**1.C.16 PROVISION OF TRADE RECEIVABLES**

The Company has a provision policy in place which provides for quarterly review and provision as per the policy.

In case of subsidiary, the quantum of provision will be made against trade receivables in the books of accounts as narrated below:

<b>Age of Debtors</b>	<b>Amount of provisioning</b>
Upto 2 Years	No provision
More than 2 years and upto 3 years	20%
More than 3 years and upto 4 years	30%
More than 4 years	50%

MSTC LIMITED

Amount in ₹ Million

**2 . Property, Plant and Equipment**

Particulars	Freehold Buildings	Office Equipment	Office Air Conditioner	Furniture and fixtures	Office Partition & Cubicles	EDP Equipments	Plant and Equipment	Vehicles	Total Tangible Assets
<b>Gross Block as at March 31, 2018</b>	<b>41.20</b>	<b>14.40</b>	<b>4.60</b>	<b>18.70</b>	<b>9.30</b>	<b>24.20</b>	<b>881.40</b>	<b>29.10</b>	<b>1,022.90</b>
Additions	5.79	5.25	0.19	1.19	0.00	24.49	182.35	1.99	221.26
Disposals	0.00	0.38	0.52	0.29	0.00	10.06	9.91	0.13	21.29
<b>Gross Block as at March 31, 2019</b>	<b>46.99</b>	<b>19.27</b>	<b>4.27</b>	<b>19.60</b>	<b>9.30</b>	<b>38.63</b>	<b>1,053.85</b>	<b>30.97</b>	<b>1,222.87</b>
Additions	3.12	2.09	0.69	0.51	0.74	37.98	238.95	1.70	285.78
Disposals	0.00	1.30	0.87	0.23	2.56	20.98	1.73	0.18	27.85
<b>Gross Block as at March 31, 2020</b>	<b>50.10</b>	<b>20.06</b>	<b>4.09</b>	<b>19.88</b>	<b>7.48</b>	<b>55.63</b>	<b>1,291.07</b>	<b>32.49</b>	<b>1,480.80</b>
<b>Depreciation as at March 31, 2018</b>	<b>8.10</b>	<b>7.20</b>	<b>2.60</b>	<b>10.30</b>	<b>5.60</b>	<b>15.50</b>	<b>288.90</b>	<b>7.60</b>	<b>345.80</b>
Charge for the year	2.49	2.87	0.45	1.27	0.33	4.40	125.23	3.76	140.81
Disposals	0.00	0.37	0.48	0.29	0.00	9.39	3.78	0.00	14.31
<b>Depreciation as at March 31, 2019</b>	<b>10.59</b>	<b>9.70</b>	<b>2.57</b>	<b>11.28</b>	<b>5.93</b>	<b>10.51</b>	<b>410.35</b>	<b>11.36</b>	<b>472.29</b>
Charge for the year	2.89	2.66	0.28	1.03	0.38	9.43	136.81	3.73	157.21
Disposals	0.00	1.16	0.79	0.22	2.43	19.92	0.24	0.13	24.89
<b>Depreciation as at March 31, 2020</b>	<b>13.48</b>	<b>11.19</b>	<b>2.06</b>	<b>12.09</b>	<b>3.88</b>	<b>0.02</b>	<b>546.92</b>	<b>14.97</b>	<b>604.61</b>
<b>Net book value as at March 31, 2019</b>	<b>36.40</b>	<b>9.57</b>	<b>1.70</b>	<b>8.32</b>	<b>3.37</b>	<b>28.12</b>	<b>643.50</b>	<b>19.60</b>	<b>750.58</b>
<b>Net book value as at March 31, 2020</b>	<b>36.62</b>	<b>8.87</b>	<b>2.03</b>	<b>7.79</b>	<b>3.60</b>	<b>55.61</b>	<b>744.15</b>	<b>17.52</b>	<b>876.19</b>

Particulars	Capital Work in Progress	Leasehold Land	Computer Software	Intangible Assests under Development	Total Intangible Assets including intangible under development
<b>Gross Block as at March 31, 2018</b>	<b>104.40</b>	<b>73.07</b>	<b>16.60</b>	<b>2.90</b>	<b>19.50</b>
Additions	166.69	0.00	1.49	2.80	4.29
Disposals*	39.28	0.75	0.00	0.00	0.00
<b>Gross Block as at March 31, 2019</b>	<b>231.81</b>	<b>72.32</b>	<b>18.09</b>	<b>5.70</b>	<b>23.79</b>
Additions	86.60	0.00	15.39	0.00	15.39
Disposals*	24.99	0.75	0.08	5.70	5.78
<b>Gross Block as at March 31, 2020</b>	<b>293.42</b>	<b>71.57</b>	<b>33.40</b>	<b>0.00</b>	<b>33.40</b>
<b>Depreciation as at March 31, 2018</b>	<b>0.00</b>	<b>0.00</b>	<b>6.20</b>	<b>0.00</b>	<b>6.20</b>
Charge for the year	0.00	0.00	6.05	0.00	6.05
Disposals	0.00	0.00	0.00	0.00	0.00
<b>Depreciation as at March 31, 2019</b>	<b>0.00</b>	<b>0.00</b>	<b>12.25</b>	<b>0.00</b>	<b>12.25</b>
Charge for the year	0.00	0.00	8.94	0.00	8.94
Disposals	0.00	0.00	0.00	0.00	0.00
<b>Depreciation as at March 31, 2020</b>	<b>0.00</b>	<b>0.00</b>	<b>21.19</b>	<b>0.00</b>	<b>21.19</b>
<b>Net book value as at March 31, 2019</b>	<b>231.81</b>	<b>72.32</b>	<b>5.83</b>	<b>5.70</b>	<b>11.53</b>
<b>Net book value as at March 31, 2020</b>	<b>293.42</b>	<b>71.57</b>	<b>12.21</b>	<b>0.00</b>	<b>12.21</b>

\* Disposal of Leasehold land represents amortisation of Prepaid Lease Payment in Holding Company.

All Freehold buildings of Holding Company are under attachment by the order of DRT , Mumbai.

In case of Subsidiary estimated useful life of Excavators has been reviewed by the management considering used in Hot Slag handling or otherwise. The change in estimate resulted additional depreciation of Rs.8.83 Million has been accounted for during FY. 2018-19.



### 3. Investment in Unquoted Equity Shares, fully paid up- carried at cost.

Amount in ₹ million

Particulars	No. of Shares		Amount (in ₹ Millions)	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
<b>(a) Investment in 50:50 Joint Venture Company</b>				
Mahindra MSTC Recycling Private Limited (Face Value ₹10/- each)	18,600,000	18,600,000	186.00	186.00

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Opening Value of Investment	138.81	88.00
Investment During the Year	-	80.00
Decrease in Value due to Current Period Loss in JV shown in P/L	(26.94)	(29.07)
Decrease in Value due to Current Period Loss in JV shown in OCI	0.20	(0.12)
<b>Closing Balance of Investment</b>	<b>112.07</b>	<b>138.81</b>

### 4. Other financial assets (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Security deposits	10.42	10.56
(b) Other loans and advances		
Loans to employees	42.00	45.32
(c) Interest accrued on loans to employees	0.30	0.51
(d) Term Deposits with original maturity of more than 12 months	295.75	216.03
<b>Net other financial assets</b>	<b>348.47</b>	<b>272.42</b>

4.1 In case of subsidiary, the 4(d) deposit includes ₹ 245.70 Millions ( Previous Year ₹ 216.00 Millions) pledged with Andhra Bank and Indian Bank against Bank Guarantee & Overdraft facility.

### 5. Non-Current tax assets

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Advance payment of Taxes	7,261.74	6,969.17
Less: Provision for Taxation	6,673.55	6,386.75
Net	588.19	582.42
<b>Non-Current tax assets</b>	<b>588.19</b>	<b>582.42</b>

## 6. Other assets (Non Current)

Amount in ₹ million

Particulars (Unsecured, considered good)	31st March 2020	31st March 2019
(a) Advance with public bodies		
(a) Customs, Excise, Sales Tax ,Port Trusts etc.	0.69	29.56
(b) Advance for Building Construction	23.66	27.88
(c) Prepaid Lease Payment Cost *	0.01	0.01
(d) Other loans and advances		
(a) Prepaid expenses	1.70	1.32
(b) Others	0.33	0.47
(e) Post Retirement benefit assets	-	-
<b>Total Other assets</b>	<b>26.39</b>	<b>59.24</b>

6.1 \* The land on which the plant and building of the subsidiary company are situated at Rourkela, Bumpur, Bhilai, Bokaro Vizag, Durgapur & Duburi are neither freehold nor leasehold. The group has acquired right of free use from landholders as a part of service agreement. The group has however, acquired leasehold land from SAIL - BSP on perpetual lease of 33 years w.e.f 29th December 1988 on which the Registered Office Building of the subsidiary company has been constructed.

## 7. Deferred Tax Assests (Net)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
<b>Deferred tax (liabilities) / assets:</b>		
<b>Tax effect of items constituting deferred tax liabilities</b>		
On difference between book balance and tax balance of Property, Plant and Equipment & Intangible assets	(12.50)	(8.29)
EFBS Scheme	(0.64)	(0.69)
<b>Tax effect of items constituting deferred tax liabilities</b>	<b>(13.14)</b>	<b>(8.98)</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for compensated absences, gratuity and other employee benefits	50.31	88.28
Allowance for doubtful debts / advances	1,767.29	1,858.80
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	150.38	137.92
On difference between book balance and tax balance of Property, Plant and Equipment	0.00	1.22
MAT credit Entitlement	304.16	337.82
Provision for claim payable to vendor against escalation claim	0.00	-
Provision for Interest on Service tax	0.96	1.33
Unabsorbed business losses	0.00	179.12
Through Other Comprehensive Income	37.00	19.80
Tax effect of items constituting deferred tax assets	2,310.10	2,624.29
<b>Deferred tax (liabilities) / assets (net)</b>	<b>2,296.96</b>	<b>2,615.31</b>

## 8. Inventories

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Stores and Spares parts including loose tools	61.23	43.42
(b) Stock of Non-Moving inventory	16.33	15.20
(c) Stores and Spares - Awaiting Disposal	2.60	2.60
(d) Inventory Shortage-Pending Adjustment	0.01	0.01
(e) Goods in Transit	0.01	0.12
(f) Stock of Printing & Stationary	1.06	0.98
(g) Inventory for Capital Project	-	8.67
(h) Less: Provision		
(1) for stock of non-moving	9.83	9.24
(2) for stores & spares - awaiting disposal	1.40	1.40
(3) for inventory shortage	0.01	0.01
<b>Total Inventories</b>	<b>70.00</b>	<b>60.35</b>

## 9. Trade receivables (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
<b>Trade receivables</b>		
(a) Secured, considered good	11,406.06	16,492.58
(a) Unsecured, considered good	3,114.43	2,204.68
(b) Credit Impaired	9,652.91	9,635.07
Less: Allowance for Doubtful trade receivables (expected credit loss allowance)	9,547.00	9,635.07
<b>Total</b>	<b>14,626.40</b>	<b>18,697.26</b>

### 9.1 Trade Receivables

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, Considered good	3696.75	3,572.73
Unsecured, Considered good	1127.13	502.34
Credit Impaired	9652.91	9,635.07
Less: Provision for doubtful trade receivables	9547.00	9,635.07
	<b>4,929.79</b>	<b>4,075.07</b>
Trade Receivables outstanding for a period less than six months from the date they are due for payment		
Secured, Considered good	7,709.31	12,919.85
Unsecured, Considered good	1,987.30	1,702.34
	<b>9,696.61</b>	<b>14,622.19</b>
<b>Total</b>	<b>14,626.40</b>	<b>18,697.26</b>

9.2: Trade Receivables include an amount of ₹ 1478.20 millions (prev year 1478.20 millions) on account of exports of Gold Jewellery undertaken by the Company during the year 2008-09. The said Receivables were purchased by Standard Chartered Bank (SCB) under a Receivable Purchase Agreement. In terms of the said Agreement, SCB would purchase the bills raised by MSTC on the foreign buyers on account of the exports made to such buyers and pay off MSTC 95% of the bill amount and the foreign buyers would be making payments against the bills directly to SCB on the respective due dates. The said export transactions for the Company were also insured by SCB along with MSTC as co-insured, with ICICI Lombard General Insurance Company. On non-receipt of the proceeds of the bills on the due dates from the foreign buyers, SCB claimed the amounts from the Insurance Company, who, however, wrongfully repudiated the claim of SCB. On such repudiation, SCB unilaterally converted the receivables purchased by it from MSTC into debts of MSTC and filed

the case being Original Application in the Debt Recovery Tribunal, Mumbai. MSTC had been and is contesting the claims of SCB before various forums including before the Hon'ble Bombay High Court, the DRT and DRAT, Mumbai including the Misc. Appeal filed by MSTC against an interim Order dated 16th September 2017 passed by the DRT, Mumbai against MSTC. SCB had filed a Summary Suit against ICICI Lombard for the recovery of the unrealised debts under the insurance policy, before the Bombay High Court which is pending. Pending final disposal of such cases including the Appeal Misc. Appeal filed by MSTC before the DRAT, Mumbai challenging the validity of the Order dated 16th September 2017 passed by the DRT, Mumbai, the disputed claim of SCB against MSTC has been shown as Unsecured Borrowings (vide note no 22) and Trade Receivables, without adjustments, in the books of the Company for accounting and disclosure purposes but are not acknowledged as debts.

- 9.3: Trade receivables are generally secured either by way of stocks pledged by the customers with the Company or Bank Guarantees or by liability where there is back to back arrangement with the associate suppliers. In case there is a significant depletion in realizable value of such pledged stock against the book value of the corresponding receivables, the differential amount has been shown under 'Unsecured'.
- 9.4(a): Trade Receivable includes ₹ 988.30 million (Previous year ₹ 1096.47 million) due from M/s Jai Balaji Industries Ltd. for procuring and supply of materials. Entire amount of present outstanding is overdue for a period of more than three years. During the last financial year an amount of ₹ 108.19 million (net) has been realized from the party. There exists a provision of ₹ 315.70 million against the receivables. In terms of provisioning policy no further provisioning is required for this party.
- 9.4(b): Trade Receivable includes ₹ 1037 million (Previous year ₹ 1037 million) due from M/s Topworth Steels & Power Pvt. Ltd. ("the Customer", hereinafter) for procuring and supply of materials. Entire amount of the present outstanding is overdue for a period of more than three years. The Provisional Liquidator appointed by the Hon'ble Bombay High Court in the Winding Up petition filed by MSTC against the Customer, had taken over the control of the affairs of the Customer in terms of the earlier orders of the High Court. On an application filed by the Director/promoter of the Customer/Company in the said Winding Up petition filed by MSTC, the High Court allowed the application of the Director/promoter, transferring, subject to specified conditions, the pending Winding Up petition filed by MSTC to the NCLT, Mumbai where the State Bank of India, a financial creditor of the Customer has filed an application under Section 7 of IB Code, 2016 against the Customer for initiating Corporate Insolvency Resolution process against it. Accordingly, MSTC has filed its claim before the NCLT, Mumbai on 22/11/2019. The application of SBI was allowed by the NCLT, Mumbai by its Order dated 29/01/2020, ordering the start of moratorium, appointment of the Interim Resolution Professional (IRP). IRP so appointed had issued public notice inviting claims from the creditors against the Customer and MSTC had duly re-submitted its Proof of Claim with the IRP. Placed in the position as aforesaid, the chances of recovery being doubtful, an amount of ₹ 917 million has so far been provided in the books due to uncertainties in realization of the Trade Receivables. In terms of provisioning policy no further provisioning is required for this party.
- 9.4(c): Trade Receivable includes ₹ 378 Million (Previous year ₹ 378 Million) due from M/s Crest Steel & Power Pvt. Ltd. for procuring and supply of materials. Entire amount of present outstanding is overdue for a period of more than three years. The party has been referred to NCLT under Insolvency & Bankruptcy Code. RP has been appointed to take over the management control. MSTC also filed its claim before RP. There exists a provision of ₹ 299 Million against the receivables. In terms of provisioning policy no further provisioning is required for this party.
- 9.5: Trade Receivables include ₹ 6537.58 Million, against business done in facilitator mode (net of provision) (Previous Year ₹ 9074.44 Million).
- 9.6: Trade Receivables include (net of provision) ₹ 695.00 Millions (Previous Year ₹ 613.09 Million), against E-Commerce business (net of provision).

## 10. Cash and Cash Equivalents

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
<b>Cash and Cash Equivalents</b>		
(a) Cash in hand	0.00	0.06
(b) Balances with banks		
(1) In Current Account	606.76	962.15
<b>Total</b>	<b>606.76</b>	<b>962.21</b>



### 11 . Bank balances other than Cash & cash equivalents

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Earmarked Balances with banks		
(i) In Unclaimed dividend account	8.03	10.48
(ii) Deposits with original maturity of more than 3 months but less than 12 months	1,717.11	3,194.24
<b>Total</b>	<b>1,725.14</b>	<b>3,204.72</b>

11.1 The a(ii) deposits include ₹ 424.65 Million ( Previous Year ₹ 2288.93 Million) pledged with banks against over draft facility. Margin against guarantee ₹ 106.24 Million ( Previous Year ₹ 105.93 Million).

11.2 In case of subsidiary, the a(ii) deposits includes ₹ 338.19 Million (Previous Year ₹ 367.77 Million) pledged with Bank of Baroda, IDBI, Indian Bank and Andhra Bank against Bank Guarantee and Overdraft facility.

### 12 . Other financial assets (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Security deposits	115.87	354.43
(b) Other loans and advances		
(1) Loans to employees	5.49	5.92
(2) Recoverable Advances to employees	5.22	5.46
(3) Receivable from vendors / contractors / third party	6.49	-
(4) Other Advances	1.81	3.21
(c) Interest accrued on		
(1) Term deposits	96.95	113.84
(2) Loans to employees	0.08	0.17
<b>Net Loans and advances</b>	<b>231.91</b>	<b>483.03</b>

### 13 . Other assets (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Advance with public bodies		
(1) Customs, Excise, Sales Tax ,Port Trusts etc.	50.70	64.04
(b) Prepaid Lease Payments Cost		
(1) Prepaid Lease Payments Cost	0.01	0.03
(c) Other loans and advances		
(1) Advances to employees	18.92	17.58
(2) Advances to suppliers and service providers	2.42	2.40
(3) Prepaid expenses	24.11	20.19
(4) Others	0.06	0.06
<b>Total Other assets</b>	<b>96.22</b>	<b>104.30</b>

## 14. Share Capital

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Authorised:		
15,00,00,000 Ordinary Shares of ₹ 10 each	1,500.00	1,500.00
	<b>1,500.00</b>	<b>1,500.00</b>
Issued, Subscribed and fully paid up :		
704,00,000 Ordinary Shares of ₹ 10 each	704.00	704.00
	<b>704.00</b>	<b>704.00</b>

### 14(a)(i) Statement of Reconciliation of Shares Outstanding

Particulars	31st March 2020			31st March 2019		
	Number	Face Value (Rs.)	Amount (Rs. Million)	Number	Face Value (Rs.)	Amount (Rs. Million)
Opening Shares Outstanding	70,400,000	10	704.00	35,200,000	10	352.00
Add:						
Issue of Bonus Shares				35,200,000	10	352.00
<b>Closing Shares Outstanding</b>	<b>70,400,000</b>	<b>10</b>	<b>704.00</b>	<b>70,400,000</b>	<b>10</b>	<b>704.00</b>

### 14(a)(ii) Rights, preferences and restrictions attached to equity shares.

The Company has only one class of ordinary shares ('Equity Shares') having a par value of ₹ 10 each. Each holder of ordinary shares ('Equity Shareholders') is entitled to one vote per share and are entitled to dividend and to participate in surplus, if any, in the event of winding up.

14(a)(iii) : 88,00,000 bonus shares have been issued during F.Y 2016-17 in the ratio of 1:1

14(a)(iv) : 1,76,00,000 bonus shares have been issued during F.Y 2017-18 in the ratio of 1:1

14(a)(v) : 3,52,00,000 bonus shares have been issued during F.Y 2018-19 in the ratio of 1:1

14(a)(vi) : Details of shareholders holding more than 5% of share holding

Name of the Shareholder	31st March 2020		31st March 2019	
	No. of shares held	% of holding	No. of shares held	% of holding
President of India	45580800	64.75%	45580800	64.75%
Life Insurance Corporation of India (LIC)	6716279	9.54%	7026976	9.98%

The Government of India has divested its 25.10 % stake in MSTC Ltd through IPO during March 2019. Equity shares of MSTC Limited are listed and traded on both BSE Limited and National Stock Exchange of India Limited w.e.f. March 29, 2019. Change in shareholding pattern post IPO is as following:

Shareholders	Pre IPO%	Post IPO%
Government of India	89.85%	64.75%
Other	10.15%	35.25%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### 15. Other Equity

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Capital Reserve		
Opening balance	341.60	341.60
<b>Closing Balance</b>	<b>341.60</b>	<b>341.60</b>
General Reserve		
Opening balance	6,482.50	6,482.50
<b>Closing Balance</b>	<b>6,482.50</b>	<b>6,482.50</b>
Retained Earnings		
Opening balance	(3,648.41)	133.20
Add: Profit for the year	970.14	(3,071.04)
Other Comprehensive income for the year	(98.13)	(44.55)
Less: Final Dividend: FY 17-18	-	260.48
Less: Dividend Distribution Tax: FY 17-18 (on final)	-	53.54
Less: Dividend Distribution Tax: FY 18-19 (on final)	12.48	-
Less: Issue of Bonus Shares	-	352.00
Closing Balance	(2,788.88)	(3,648.41)
<b>Total Other Equity</b>	<b>4,035.22</b>	<b>3,175.69</b>

### 16. Trade Receivables (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Trade Receivables		
(1) Unsecured, considered good	-	-
(2) Unsecured, considered doubtful	1.14	1.17
(3) Less: Provision for doubtful trade receivables	1.14	1.17
<b>Total Trade Receivables</b>	<b>0.00</b>	<b>0.00</b>

### 17. Trade payables (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(1) Creditors for supplies and services		
- Dues to micro and small enterprises	-	-
- Others	2.64	2.64
<b>Total trade payables</b>	<b>2.64</b>	<b>2.64</b>

As at March 31, 2020 and March 31, 2019, there are no outstanding dues to Micro, Small and Medium Enterprises. There is no interest due or outstanding on the same.

### 18. Other financial liabilities (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Liability under EFBS Scheme	5.70	7.45
<b>Total other financial liabilities</b>	<b>5.70</b>	<b>7.45</b>

## 19 - Provisions (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Provision for employee benefits		
(1) Defined benefit Obligations		
(i) Employees Family Benefit Scheme	65.05	55.41
(ii) Gratuity	93.19	74.62
(2) Retirement Benefit Obligations		
(i) Post Retirement Medical Benefit	395.27	288.31
(ii) Contributory Post Retirement Medical Benefit	21.80	17.49
(iii) Employees Settlement Benefit Scheme	3.29	4.14
(3) Other employee benefits		
(i) Leave Encashment Benefit	248.74	265.71
(ii) Long Service Awards	0.56	0.55
(b) Other Provisions		
Claim Payable to vendor for escalation claim	-	0.00
<b>Total Provisions</b>	<b>827.90</b>	<b>706.23</b>

## 20 . Other liabilities (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(i) Advance from customers	63.25	64.56
(ii) Others	0.00	15.99
<b>Total Other liabilities</b>	<b>63.25</b>	<b>80.55</b>

## 21 - Borrowings (Non Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Secured Borrowings		
House Building Loan from SBI	33.91	9.35
<b>Total</b>	<b>33.91</b>	<b>9.35</b>

The amount represents the loan obtained from State Bank of India for the construction of Office Building of Holding Company at Newtown, Rajarhat kolkata. Out of the total sanctioned amount of ₹ 300 Million, ₹ 60.76 Million has been disbursed on 29/09/2018 and ₹ 73.23 Million has been disbursed on 29/02/2020 which shall be repaid in Quarterly Installments of ₹ 12.50 Million commencing from 30th June 2019. The amount is secured by way of mortgage of the proposed office building. The loan is repayable in 24 Quarterly EMI commencing from 30th June 2019 and last installment falling due on 31st March 2025. Interest is computed on daily balance method and is payable on monthly rest basis from the date of disbursement. Prepayment charges as applicable shall be payable in case of prepayment of Term loan installments.

## 22 . Borrowings (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
A. Secured Borrowings		
(a) Repayable on Demand		
(1) From Banks		
(i) Working Capital Demand Loans#	794.11	2,851.21
(ii) Overdraft against lien on FDR*	271.61	1,799.74
(b) House Building Loan from Bank (Refer Note No.21)	50.69	50.00
Total Secured Borrowings	1,116.41	4,700.95
B. Unsecured Borrowings		
(a) Repayable on Demand		
From Banks	1,436.20	1,436.20
<b>Total Unsecured Borrowings</b>	<b>1,436.20</b>	<b>1,436.20</b>
<b>Total Borrowings</b>	<b>2,552.61</b>	<b>6,137.15</b>

- a) Loan from Indian Overseas Bank (IOB) amounting to ₹ 13.8 Million : (lying since 19.9.2011) This amount represents legal fees paid by the bank in defending their claims to which the Company has lodged its protest with the Bank. MSTC has filed a case in Hon'ble High Court of Calcutta against IOB for ₹ 365.6 Million (which includes ₹ 279.8 Million towards debit of LC value & ₹ 85.8 Million as debit towards legal expenses).
- b) The above amount represents Rs. 1436.20 million (Previous year ₹ 1436.20 million) towards payment made by Standard Chartered Bank (SCB), after purchase of export bills of MSTC raised on foreign buyers against export of Gold Jewellery to the buyers during 2008-09, under a Receivable Purchase Agreement. Under the said Agreement, SCB paid 95% of the value of export bills to MSTC and the foreign buyers on whom the bills were raised by MSTC would be paying against the bills directly to SCB on respective due dates mentioned in the bills. Payment failures, if any from the foreign buyers against the bills raised by MSTC was covered by SCB through an insurance Policy taken from ICICI Lombard General Insurance Company with MSTC as co-insured. On non receipt of the proceeds from the foreign buyers against the bills, SCB submitted claims with the Insurance Company, who, however, wrongfully repudiated the claim of SCB. Thereafter, SCB converted the receivables purchased from MSTC under the Receivables Purchase Agreement into loans / debts as if owing by MSTC, claimed the amount from MSTC and filed a case, being the Original Application in the Debt Recovery Tribunal, Mumbai (DRT) in the year 2012, which MSTC has denied and disputed. The validity of the claim of SCB in such proceedings including against an Interim Order passed by the DRT, Mumbai on 16th September, 2017 have been challenged by MSTC by filing a Misc. Appeal before the Debt Recovery Appellate Tribunal, Mumbai, which are currently pending. Other proceedings challenging the claim of SCB are also pending before various forums including the Hon'ble High Court, Bombay and in the Civil Court at Alipore, Kolkata initiated by MSTC both against SCB and the Insurance Company. Subsequently, SCB also filed a Summary Suit in late 2012 in the Hon'ble Bombay High Court against ICICI Lombard claiming the same amount under the Policy from ICICI Lombard on account of the repudiation of the claim of SCB by ICICI Lombard. The claim of SCB is contingent upon the outcome of the legal cases. Pending final disposal of all such court cases where the matters are currently pending, MSTC has disclosed the amount simultaneously as Unsecured Borrowings and as Trade Receivables (vide Note no - 9.2) without adjustments. For accounting and disclosure purposes but are not acknowledged as debts. Appropriate disclosure has been made as contingent liabilities for the interest claimed by SCB on the above mentioned amount of claim as per INDAS-37.
- # Secured against Current Assets .
- \* Secured by lien on FDR current year ₹ 695.02 Millions (Previous Year ₹ 2,288.93 Million) .

### 23 . Trade payables (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(1) Creditors for supplies and services		
- Dues to micro and small enterprises	0.75	0.48
- Others #	6,297.86	9,317.40
- Accrued wages and salaries*	238.16	205.59
<b>Total trade payables</b>	<b>6,536.77</b>	<b>9,523.47</b>

\* It includes ₹ 28.06 Million in FY 2019-20 ( Previous Year ₹ 25.36 Million) towards provision for pension benefit of employees, and ₹ 47.36 Million in FY 2019-20 ( Previous Year ₹ 47.27 Million) towards wage revision of the employees due from 01.01.2017. In case of Subsidiary (FSNL) it includes ₹ 95.66 Million in FY 2019-20 ( Previous Year ₹ 72.19 Million) towards wage revision of the employees due from 01.01.2017.

# Trade Payable includes ₹ 484.32 Million (Previous Year ₹ 996.79 Million) backed by Letter of credit.

As at March 31, 2020 there is no interest outstanding to Micro, Small and Medium Enterprises. As at March 31, 2019 there were no outstanding dues to Micro, Small and Medium Enterprises.

### 24 . Other financial liabilities (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Interest payable		
(i) Interest accrued but not due on borrowings	788.90	788.90
(ii) Interest accrued and due on borrowings	0.00	0.13
(b) Unclaimed dividends	8.03	10.48
(c) Creditors for other liabilities		
(i) Security deposits/EMD	4,690.98	3,718.01
(ii) Deposits received from customers	1,109.14	2,788.70
(iii) Deposit under EFBS	8.27	12.76
(iv) Payable under EFBS Deposit schemes	1.89	2.67
(v) Others	8.91	7.97
<b>Total other financial liabilities</b>	<b>6,616.12</b>	<b>7,329.62</b>



## 25. Provisions (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Provision for employee benefits		
(1) Defined benefit Obligations		
(i) Employee Family Benefit Scheme	19.06	14.33
(2) Retirement Benefit Obligations		
(i) Post Retirement Medical Benefit	9.19	17.73
(ii) Contributory Post Retirement Medical Benefit	1.24	1.02
(iii) Employees Settlement Benefit Scheme	0.26	0.27
(3) Other employee benefits		
(i) Leave Encashment Benefit	17.23	12.97
(ii) Long Service Awards	0.13	0.16
(iii) Wage Revision	262.16	166.49
(iv) Additional Resource Generation Scheme payable to Non-executives	6.43	5.92
(v) Performance Related Pay		
For 2017-18	0.00	1.70
For 2018-19	16.46	17.50
For 2019-20	20.56	0.00
(vi) Gratuity Payable	0.00	0.00
(vii) Pension Scheme	0.00	59.40
(4) Provident Fund #	25.17	0.00
(b) Other Provisions*	25.26	16.97
<b>Total Provisions</b>	<b>403.15</b>	<b>314.46</b>

\* Other Provisions includes accident claim, demand raised by MVI, etc. in case of subsidiary company.

# This represents the provision for ₹ 25.17 Million (Previous Year - Nil) towards the contribution for deficit in income of PF Trust for the FY 2019-20 (Refer Note No. - 41)

## 26. Other liabilities (Current)

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(i) Statutory Dues		
(a) Sales tax and VAT payable	-	97.31
(b) Service Tax & GST payable	124.22	69.29
(c) Tax deducted and collected at source	24.91	62.94
(d) Provident Fund and Pension	17.30	17.19
(e) Pension for Executive	15.38	0.00
(f) Others	0.15	0.17
(ii) Advance from customers	39.81	37.58
<b>Total Other liabilities</b>	<b>221.77</b>	<b>284.48</b>

## 27. Assets classified as held for sale

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Property, Plant and Equipment	29.60	30.76
(b) Liabilities associated with asset held for sale	8.46	1.98

- Asset classified as held for sale is classified under "Current Assets" at their written down value since these assets have already been retired from normal continuing operations and is held only for sale / auction. Further, where management expects that any part of the said assets is likely to be disposed off written off within one year on the Balance Sheet date, the same are classified as current assets.
- Amount deposited by H1 bidder but asset / sub-assemblies not lifted on reporting date is considered under "Liabilities directly associated with asset held for sale".

## 28 . Revenue from operations

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Sale of Goods	5,703.60	25,683.00
(b) Service Charges	1,903.47	2,645.13
(c) Other Operating Revenues	699.73	941.85
(d) Processing of scrap & other items	4,007.19	3,648.29
(e) Service related to valuation of assets	0.00	1.70
<b>Total Revenue from Operations</b>	<b>12,313.99</b>	<b>32,919.97</b>

- (a) During the year, an amount of ₹48.12 Million ( Previous Year ₹55.54 Million ) was collected towards E-auction Registration. Out of total collection of current year, an amount of ₹ 38.50 Million ( Previous Year ₹ 44.42 Million) has been kept in liabilities to be distributed in subsequent four years, since related registration is valid for life long. Accumulated undistributed balance standing as on 31.03.2020 is ₹ 103.07 Million (Previous Year ₹102.14 Million). Balance amount for which registration is valid upto one year is accounted for as income during the current period.
- (b) Other Operating Revenues also include Interest from customers ₹ 586.73 Million in current year ( Previous Year ₹ 851.17 Million) .
- (c) Tax deducted at source on Service Charge and Interest income of Holding Company amounts to ₹ 126.67 Million in current year ( Previous Year ₹ 175.11 Million) .

## 29 . Other income

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Interest income		
(1) Interest on FDR	140.85	424.50
(2) Interest on Employee Advances	3.23	3.34
(b) Provision no longer required written back	482.51	29.58
(c) Sale of Sub-assemblies	1.01	1.11
(d) Profit on Sale of Assets	0.47	0.46
(e) Liquidated damages and other recoveries	2.68	1.75
(f) Miscellaneous income	15.24	22.51
<b>Total Other Income</b>	<b>645.99</b>	<b>483.25</b>

29.1 Tax deducted at source from interest on bank deposits of Holding company amounted to ₹ 7.54 Million (Previous Year ₹ 34.57 Million) .

## 30 . Purchases of Stock-in-Trade

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
<b>Particulars</b>	<b>31st March 2020</b>	<b>31st March 2019</b>
(a) Purchases of Stock-in-Trade	5,663.12	25,426.34
(b) Lancing Tubes	4.92	4.49
(c) Oxygen & Acetylene	29.98	26.84
(d) Lubricants	14.51	14.74
(e) Diesel & Gasolene	295.11	302.91
(f) Stores & Spare Parts	133.19	123.96
(g) Water, Power, Fuel	11.15	15.00
<b>Total</b>	<b>6,151.98</b>	<b>25,914.28</b>

### 31. Employee Benefit Expense

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Salaries and wages, including bonus	1,502.96	1,393.47
(b) Contribution to provident and other funds		
(1) Provident Fund	148.82	151.94
(c) Staff welfare expenses	176.27	144.72
<b>Total Employee Benefit Expense</b>	<b>1,828.05</b>	<b>1,690.13</b>

### 32. Finance costs

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Interest expense		
(1) Interest on Short term borrowings	230.38	121.31
(2) Interest Paid to Customers	56.70	456.03
(3) Interest on account of EFBS Deposits	0.14	0.71
<b>Total finance costs</b>	<b>287.22</b>	<b>578.05</b>

### 33 . Other expenses

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(a) Repairs and Maintainance for		
(i) Machinery	87.53	68.96
(ii) Building	3.74	8.66
(iii) Others	46.11	31.03
(b) EDP Expenses	14.73	12.87
(c) Insurance charges	11.21	11.69
(d) Rent	35.03	35.89
(e) Rates and taxes	10.83	11.54
(f) Bank Charges	8.18	72.45
(g) Travelling Expenses	33.47	47.24
(h) Foreign Travelling Expenses	-	4.53
(i) Car Hire Charges	12.70	12.41
(j) Meeting and Conference	5.44	12.52
(k) Training	5.26	2.38
(l) Directors' Sitting Fees	1.25	0.99
(m) Statutory Auditors' Remuneration		
(i) Audit Fees	1.14	1.17
(ii) Tax Audit Fees	0.14	0.14
(iii) Out-of-Pocket Expenses	0.72	0.53
(n) Telex, Postage and Telegram	4.09	5.20
(o) Electricity	11.47	11.42
(p) Printing and Stationery	7.44	7.40
(q) Entertainment	2.02	2.70
(r) Telephone Charges	5.18	4.94
(s) Advertisement	7.44	26.18
(t) Legal Expenses	18.47	9.41
(u) Consultancy Charges	10.79	14.57
(v) Internal Audit fees	0.28	0.20
(w) Out-of-Pocket Expenses (Internal Auditor)	0.63	0.48
(x) Miscellaneous Expenses	37.32	37.86
(y) Staff Recruitment Expenses	0.71	3.76
(z) Newspaper, Books and Periodicals	0.24	0.25
(aa) Corporate Social Responsibility (Refer Note No - 42)	11.71	26.68
(ab) Auction Tender Expenses	9.99	1.40
(ac) Cost of services through outside agency/Equipment rent	1,510.41	1,376.45
(ad) Hiring of manpower for operational activities	88.29	76.65
(ae) Security Services	43.20	35.96
(af) Expenses for Custodian Services	-	1.84
(ag) Expenses for Valuation Services	-	0.50
(ah) Bad Debts Written off	373.99	1,100.81
(ai) Allowance for Bad and Doubtful Advances/Debts *	387.36	4,320.02
(aj) Stock Yard Expenses	9.80	14.51
(ak) Freight	4.75	4.33
(al) Loss of written off / Sale of Fixed Assets	0.84	0.03
(am) Provision for Assets Awaiting for Disposal	7.56	-
(an) Plot Rent	0.75	0.75
<b>Total Other Expenses</b>	<b>2,832.21</b>	<b>7,419.30</b>

**\* Notes on Allowance for Bad and Doubtful Advances/Debts**

- 1) The Holding Company has formulated Provisioning policy on Trade Receivables which has been implemented from the third quarter accounts ending 31st December 2019. Party wise provisions made under the Provisioning policy on Trade Receivables for the F.Y. 2019-20 are as under : (₹ Million)

Party	Balance as on 31.03.2020	Balance as on 31.03.2019	Cumulative Provision under Policy
Balalore Alloys Ltd.	166.13	243.4	19.71
Maa Mahamaya Industries Ltd.	104.1	153.77	11.55
Rohit Ferro Tech Ltd.	432.37	556.6	308.65

- 2) In case of Holding Company Trade Receivable includes ₹ 432.37 Million (Previous year ₹ 556.60 Million) due from M/s Rohit Ferro Tech Ltd. for procuring and supply of materials. During the year during physical verification of pledged stock huge shortages were noticed. Necessary steps have been taken against the same. In terms of provisioning policy ₹ 308.65 Million has been provided for this shortages in pledged stock against this receivable. The company has been referred to NCLT by a petition filed by one of its creditors namely SBI under section 7 of IBC. Accordingly the management of the affairs of the Corporate Debtor has been taken over by IRP. On invitation from IRP, MSTC has filed its claim.

**Note 34 (a) . Statement of Opening Stock, Purchases, Sales and Closing Stock of Holding Company for the year ended 31st March 2020**

(Qty '000 MT/MTR) Amount in ₹ million

Description of material		Opening Stock		Purchases		Sales		Closing Stock	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value
Coke / Coal	2019-20	-	-	548.92 mt	2,398.94	548.92 mt	2,417.77	-	-
	2018-19	-	-	1328.47 mt	19,126.43	1328.47 mt	19,343.70	-	-
Pipes & Tubes	2019-20	-	-	44.13	3,261.69	44.13	3,283.34	-	-
	2018-19	-	-	331.42 mtr	6,299.91	331.42 mtr	6,339.30	-	-
	2019-20	-	-		5,660.63	-	5,701.11	-	-
	2018-19	-	-		25,426.34	-	25,683.00	-	-
Add :	2019-20	Final Bill Adjustment			2.49	-	2.49	-	-
	2018-19				-	-	-	-	-
Closing	2019-20			5,663.12	-	5,703.60	-	-	-
	2018-19			25,426.34	-	25,683.00	-	-	-



**Note 34 (b) . In addition to above the Holding Company have also purchased material as facilitator as per details below:**

(Qty '000 MT/MTR) Amount in ₹ million

Description of material		Qty	Purchase Value	Service Charges Earned
Coke / Coal	2019-20	132.33	236.85	4.40
	2018-19	1,314.85	11,929.31	158.99
Iron Ore / Pellete	2019-20	-	-	-
	2018-19	8,071.48	24,958.36	291.05
Tower	2019-20	3.97	93.61	0.94
	2018-19	-	-	-
Misc Items	2019-20	396.26	642.79	11.05
	2018-19	901.95	1,712.02	17.60
TMT Bar	2019-20	2,942.83	2,094.74	30.51
	2018-19	257.69	5,845.65	63.03
Chrome Ore	2019-20	17.65	1,430.64	13.19
	2018-19	88.43	789.24	7.92
Channel	2019-20	22.19	1,045.13	9.02
	2018-19	56.83	2,067.87	16.66
Electrical Equipment/Project Materials	2019-20	364.00	315.85	3.18
	2018-19	161.71	3,268.25	47.31
<b>Total</b>	<b>2019-20</b>	<b>3,879.23</b>	<b>5,859.61</b>	<b>72.29</b>
	<b>2018-19</b>	<b>10,852.94</b>	<b>50,570.70</b>	<b>602.56</b>

**Note 34 (c) . Segmental Reporting as per IndAS 108:**

In terms of IndAS 108 the Group has identified Marketing, E-Commerce and Scrap Recovery & Allied Jobs as its three Primary Reportable Business Segments. There is no Secondary Segment.

Amount in ₹ million

Particulars		Marketing	E-Commerce	Others (unallocated)	Scrap Recovery & Allied Jobs	Total
Total Revenue	2019-20	6,463.57	2,019.72	377.82	4,098.87	12,959.98
	2018-19	27,482.79	2,133.26	5.01	3,782.16	33,403.22
Total Expenses	2019-20	6,295.15	24.71	1,334.16	3,638.53	11,292.55
	2018-19	31,500.77	16.24	887.50	3,373.18	35,777.69
Profit/(Loss) before Tax	2019-20	168.42	1,995.01	(956.34)	460.34	1,667.43
	2017-18	(4,017.98)	2,117.02	(882.49)	408.98	(2,374.47)
Tax expenses	2019-20					697.29
	2018-19					696.57
Profit/(Loss) for the year	2019-20					970.14
	2018-19					(3,071.04)

Assets and liabilities used in the Group's business are not identified to any of the reportable segments, as these are used interchangeably between the segments. Hence the Management believes, that it is currently not practicable to provide segment disclosure related to assets and liabilities.

**Information about major customers**

The revenues from transactions with a single external customer amounting to 10 per cent or more of the entity's revenues are given below:-

Amount in ₹ million

Major Customer (Customer having more than 10% revenue)	2019-20	2018-19
Total Revenue	6293.32	25683.00
No. of Customers	2	3
% of Total Revenue	48.56	78.00
Product Segment	Marketing and Scrap Recovery & Allied Jobs	Marketing and Scrap Recovery & Allied Jobs

### 35 (a) Expenditure incurred in Foreign Currency :

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
Import of Goods	201.25	21,800.77
Travelling Expenses & other	0.00	1.36
<b>Total</b>	<b>201.25</b>	<b>21,802.13</b>

### 35 (b) Earnings in Foreign Currency :

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
E auction Registration fees	0.00	0.42
<b>Total</b>	<b>0.00</b>	<b>0.42</b>

### 36. Contingent Liabilities & Commitments

#### (a) Contingent Liabilities

Amount in ₹ million

Sl No.	Particulars	31st March 2020	31st March 2019
1	Sales Tax & Customs	327.82	351.48
2	Money Suits	1567.84	1,468.91
3	Arbitration	3.02	3.02
4	Legal Expense	0.00	-
5	Income Tax	26.57	240.38
6	Service Tax	792.25	793.53
7	Claims against the company not acknowledged as debt	13.59	6.29
8	Outstanding Bank Guarantees	146.95	137.23
	<b>Total</b>	<b>2878.04</b>	<b>3,000.84</b>

#### (b) Commitments

Amount in ₹ million

Sl No.	Particulars	31st March 2020	31st March 2019
1	Construction of New Office Building at New town Kolkata	160.92	101.47
2	Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	7.97	55.17
	<b>Total</b>	<b>168.89</b>	<b>156.64</b>

### 37. Tax Expenses

#### (i) Income Tax Recognised in the Statement of Profit and Loss

Amount in ₹ million

Particulars	31st March 2020	31st March 2019
(1) Current Tax		
- For the period	306.85	498.41
- For earlier years	54.90	0.93
(2) Deferred Tax	335.54	197.23
<b>Total income tax expense recognised in the current year</b>	<b>697.29</b>	<b>696.57</b>

(ii) The income tax expense for the period can be reconciled to the accounting profit (loss) as follows:

Particulars	31st March 2020	31st March 2019
(1) Profit before tax for the year	1,667.43	(2,374.47)
(2) Income tax expense calculated at 34.944 % in Holding Company and 25.168% in Subsidiary Company (FSNL)	568.31	-
(3) Effect of expenses that are not deductible in determining taxable profit	16.63	274.02
(4) Effect of income that is exempt from tax	34.28	19.96
(5) Effect on deferred tax due to change in income tax rate @34.944% To 25.168% (In case of Subsidiary Company - FSNL)	23.17	-
(6) Tax for earlier years	54.90	0.93
(7) Carry Forward of Business Loss	-	179.12
(8) Reversal of MAT credit	-	222.54
	<b>697.29</b>	<b>696.57</b>

In case of Holding Company tax rate used for the year 2019-20 and 2018-19 in the reconciliations above is the corporate tax rate of 34.944% (30% plus surcharge @ 12% and education cess @ 4 %) payable by corporate entities in India on taxable profits under the Indian tax law. For Deferred Tax calculation of financial year 2019-20, income tax rate of 34.944% (30% plus surcharge @ 12% and education cess @ 4 %).

However the Holding company has a MAT credit of ₹ 304.16 Million ( Previous Year - ₹ 337.82 Million)for which company is entitled to credit in next assessment years against tax payable on income for those years. The Company feels that it will earn sufficient profit in coming years. Accordingly deferred tax assets has been recognised for carry forward of MAT credit entitlement. However no Deferred tax asset has been created on the provision for Doubtful Debts of ₹.339.91 Million (Previous Year - ₹ 4140.22 Million) as a conservative approach.

The Holding company has opted for Vivad Se Vishwas Scheme (VSVS) as per "The Direct Tax Vivad Se Vishwas Act 2020" for AY 2009-10 and AY 2015-16 and deposited ₹ 5.42 Million and ₹ 4.83 Million respectively. Accordingly differential provision has been made in the books for that years.

The Holding Company has not adopted new Income Tax Rate specified under section 115BAA and it continued to apply normal Income Tax Rate.

Subsidiary Company (Ferro Scrap Nigam Limited) has opted for the tax rates specified under section 115BAA at lower rates and has considered @ 25.168% for the purpose of these results. Due to change in tax rate there is reduction in tax liability by ₹ 34.16 Million in Subsidiary Company during the F.Y. 2019-20.

(iii) Disclosure in terms of IndAS-8

Particulars	31st March 2019
Total Comprehensive Income attributable to owners of the company reported earlier	745.81
<b>Adjustments for Prior period items:</b>	
MAT credit reversed in Tax Expenses	(222.54)
MAT credit reversed in Deferred Tax Assets	222.54
<b>Total Comprehensive Income attributable to owners of the company reported</b>	<b>745.81</b>
Deferred Tax Assets	3,038.30
Adjustment for MAT credit reversal	(222.54)
<b>Net</b>	<b>2,815.76</b>
Non Current Tax Assets	349
Adjustment for MAT credit reversal	222.54
<b>Net</b>	<b>571.54</b>

(iv) Movement in Deferred Tax

Particulars	31st March 2019	Charge/ (credit) for the Year	31st March 2020
<b>Through Profit or Loss</b>			
<b>Deferred Tax Liabilities</b>			
Employee Family Benefit Scheme Property Plant & Equipment and Intangible Assets and Others	8.98	4.16	13.14
	<b>8.98</b>	<b>4.16</b>	<b>13.14</b>
<b>Deferred Tax Assets</b>			
Property Plant & Equipment Others	1.22	(1.22)	-
Provision against other expenses	226.20	(25.51)	200.69
Allowances for Doubtful Debts & Advances	1,858.80	(91.51)	1,767.29
Allowances for Doubtful Claims Receivable	-	-	-
Provision for Vendor Escalation	-	-	-
Unabsorbed business losses	179.12	(179.12)	-
Others	1.33	(0.37)	0.96
MAT credit entitlement	337.82	(33.66)	304.16
<b>Net Deferred Tax (Liabilities)/ Assets</b>	<b>2,604.49</b>	<b>(331.38)</b>	<b>2,273.10</b>
<b>Total Deferred Tax (Liabilities)/ Assets</b>	<b>2,595.51</b>	<b>(335.54)</b>	<b>2,259.96</b>
<b>Through Other Comprehensive Income</b>			
<b>Deferred Tax Assets</b>			
Remeasurement of Defined Benefit Plan	19.80	17.20	37.00
<b>Gross Deferred Tax (Liabilities)/ Assets</b>	<b>2,615.31</b>	<b>(318.34)</b>	<b>2,296.96</b>

38 . Earnings per Share

Particulars	31st March 2020	31st March 2019
Profit for the period	970.14	(3,071.04)
Profit attributable to Shareholders	970.14	(3,071.04)
Weighted average No. of Shares for Basic EPS	70,400,000	70,400,000
Nominal value of Ordinary Shares (₹ )	10.00	10.00
Basic/Diluted Earnings per Share (₹ Per Share)	13.78	(43.62)

39 . Disclosures on financial instruments

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note to the consolidated financial statements.

(1) Categories of Financial Instruments

The following table presents carrying amount and fair value of each category of financial assets and liabilities as at the year end. Carrying value is equivalent to the fair value.

Financial assets	31st March 2020 ₹ in Millions	31st March 2019 ₹ in Millions	Measured at
Trade Receivables	14626.40	18697.26	Amortised cost
Other Financial Assets	580.38	755.45	Amortised cost
Cash and Cash Equivalents	606.76	962.21	Amortised cost
Other Bank Balances	1725.14	3204.72	Amortised cost
Investments	112.07	138.81	Amortised cost
<b>Total Financial Assets</b>	<b>17650.75</b>	<b>23758.45</b>	
Financial Liabilities			
Borrowings	2586.52	6146.50	Amortised cost
Trade Payables	6538.66	9525.63	Amortised cost
Other Financial Liabilities	6621.81	7337.07	Amortised cost
<b>Total Financial Liabilities</b>	<b>15747.00</b>	<b>23009.20</b>	

## (2) Capital Management

The Group manages its capital to ensure that the Group is able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group is not subject to any externally imposed capital requirements.

## (3) Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (like- currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade of financial instruments, including derivative financial instruments, for speculative purposes.

### (a) Market Risk

The Group's activities exposes it, primarily to the financial risks of changes in foreign currency exchange rates. On a case to case basis, the Group enters into Forward foreign exchange contracts to hedge the exchange rate risk.

#### (a) Interest rate risk management

At present Group has converted maximum of its loan to MCLR based, hence the rate is firm for a contract period usually for a year. Further Interest on Overdraft facility is linked with interest of Fixed deposits, which are usually firm for one year.

#### (b) Foreign Currency risk management

The foreign currency exposure of the Group is due to import liabilities. Transactions are on back to back basis with customers. The gain and loss if any is passed on to the customers. Some times forward cover is taken to hedge the related foreign currency exposure in terms of discussion with the customers. Wherever foreign exchange fluctuations are to be borne by the customers as per agreement with them, foreign exchange gain/ loss are not recognized in the books of the Group.

### (b) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transact with entities that are rated by agencies where available and if not available, the Group uses other publicly available financial information and its own past records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are monitored and the aggregated value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Senior management committee.

### (c) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.



The table below provides details regarding the contractual undiscounted cash obligations of financial liabilities including estimated interest payments as at March 31, 2020, as at March 31, 2019.

Financial Liabilities	31st March 2020				
	Carrying amount	Contractual cash flows	less than 1 year	between 1 - 5 years	More than 5 years
	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Borrowings	2,586.52	2,586.52	2,552.61	33.91	-
Trade payables	6,538.66	6,538.66	6,538.66	-	2.64
Other financial liabilities	6,621.81	6,623.64	6,623.64	154.62	51.12
	<b>15,747.00</b>	<b>15,748.83</b>	<b>15,714.92</b>	<b>188.53</b>	<b>53.76</b>
Financial Liabilities	31st March 2019				
	Carrying amount	Contractual cash flows	less than 1 year	between 1 - 5 years	More than 5 years
	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Borrowings	6,146.50	6,147.91	6,137.15	10.76	-
Trade payables	9,525.63	9,525.63	9,522.99	2.64	-
Other financial liabilities	7,337.07	7,337.07	7,326.87	7.90	2.30
	<b>23,009.20</b>	<b>23,010.61</b>	<b>22,987.01</b>	<b>21.30</b>	<b>2.30</b>

#### (4) Fair value Measurement

None of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period.

#### 40 . Related Party Disclosures

##### (i) Name of the related parties and description of relationship:

##### 1) Joint Venture

Mahindra MSTC Recycling Private Limited

##### 2) Key Managerial Personnel

Sri Surinder Kumar Gupta(From 17.12.2019)"	Chairman cum Managing Director
Sri Bambahadur Singh(Upto 30.11.2019)"	Chairman cum Managing Director
Sri Subrata Sarkar	Director (Finance)
Sri A.K Basu(From 01.04.2018 To 30.11.2018)"	Director (Finance)
Smt Bhanu Kumar	Director (Commercial)
Sri S.K Ray (upto 27.07.2018)	Company Secretary
Sri A.K.Rai	Company Secretary
Sri Gangaram Aloria	Independent Director
Dr. Rudramauni Shivayogappa Yeli	Independent Director
Smt. Pravati Parida (Upto 01.04.2019)	Independent Director
Dr. T V Muralivallabhan	Independent Director
Smt. Aparna Chaturvedi	Independent Director
Sri Rajib Bhattacharya	Managing Director
Sri Satadal Mitra	Chief Financial Officer
Sri Ashok Mishra	Company Secretary
Sri Aurobindo Behera	Independent Director
Smt. Aparna Chaturvedi	Independent Director
Smt. Laxmi Verma	Independent Director

(ii) Transaction with Related Parties

(a) Compensation to Key Managerial Personnel

Particulars	Nature of related party / relationship	Remuneration (₹ in Million)			Total
		Short Term Benefit	Post Employment Benefits	Other Long Term Benefits	
As at March 31st,2020					
Sri Surinder Kumar Gupta (From 17.12.2019)	Chairman cum Managing Director	1.20	0.06	-	1.26
Sri Bambahadur Singh (Upto 30.11.2019)	Chairman cum Managing Director	4.06	-	-	4.06
Sri Subrata Sarkar	Director (Finance)	3.91	0.32	0.27	4.50
Smt Bhanu Kumar	Director (Commercial)	4.67	0.36	0.51	5.54
Sri A.K.Rai	Company Secretary	2.75	0.11	0.38	3.24
Sri Gangaram Aloria	Independent Director	0.32*	-	-	0.32
Dr. Rudramauni Shivayogeppa Yeli	Independent Director	0.32*	-	-	0.32
Dr. T V Muralivallabhan	Independent Director	0.39*	-	-	0.39
Smt. Aparna Chaturvedi	Independent Director	0.41*	-	-	0.41
Sri Rajib Bhattacharya	Managing Director	4.59	0.31	(0.20)	4.70
Sri Satadal Mitra	Chief Financial Officer	3.38	0.30	0.21	3.89
Sri Ashok Mishra	Company Secretary	1.54	0.09	0.16	1.79
Sri Aurobindo Behera	Independent Director	0.17*	-	-	0.17
Smt. Laxmi Verma	Independent Director	0.21*	-	-	0.21

Particulars	Nature of related party / relationship	Remuneration (₹ in Million)			Total
		Short Term Benefit	Post Employment Benefits	Other Long Term Benefits	
<b>As at March 31st,2019</b>					
Sri Bambahadur Singh	Chairman cum Managing Director	7.36	0.22	-	7.58
"Sri Subrata Sarkar(From 01.12.2018 )"	Director (Finance)	1.85	0.15	0.22	2.22
"Sri A.K.Basu(From 01.04.2018 To 30.11.2018)"	Director (Finance)	5.17	-	-	5.17
Smt Bhanu Kumar	Director (Commercial)	5.88	0.11	0.09	6.08
Sri S.K Ray (upto 27.07.2018)	Company Secretary	0.48	-	-	0.48
"Sri A.K.Rai(From 27.07.2018 )"	Company Secretary	2.01	0.09	-	2.10
Sri Gangaram Aloria	Independent Director	0.27*	-	-	0.27
Dr. Rudramauni Shivayogeppa Yeli	Independent Director	0.21*	-	-	0.21
Smt. Pravati Parida	Independent Director	0.09*	-	-	0.09
Dr. T V Muralivallabhan	Independent Director	0.34*	-	-	0.34
Smt. Aparna Chaturvedi (from 14.12.2018)	Independent Director	0.09*	-	-	0.09
Sri Rajib Bhattacharya	Managing Director	4.33	0.21	0.32	4.86
Sri Satadal Mitra	Chief Financial Officer	3.19	0.19	0.33	3.71
Sri Ashok Mishra	Company Secretary	1.41	0.05	0.11	1.57
Sri Aurobindo Behera	Independent Director	0.27*	-	-	0.27
Smt. Laxmi Verma	Independent Director	0.05*	-	-	0.05
<b>Note : * It indicate Directors Sitting Fees.</b>					

- (i) Since the facility of private use of car for limited mileage is provided by the company to the Directors, such facility has not been considered as benefit/perquisite.
- (ii) The above includes Performance related pay on actual payment basis.

**(b) Transaction with Mahindra MSTC Recycling Private Limited (50:50 Joint Venture)**

(₹ in million)

Particulars	31st March 2020	31st March 2019
Investment in Joint Venture	-	80.00
Amount received towards reimbursement of expenditure	0.66	0.73
Amount paid towards reimbursement of expenditure	0.61	0.22
Amount Received for providing E-Auction Service	0.23	0.13

**41. Employee Benefits**

**Defined Contribution Plans**

**1. Provident Fund**

12% of Basic pay and dearness allowance contributed to the provident fund trust by the Group.

**2. Pension**

In terms of Ministry of Steel Directives Pension scheme for the employees of MSTC has been formulated, under Defined Contribution Plan. The company contributes annually to LIC of India through a trust. LIC will provide the pension to the employees from the corpus created on account of employees, by way of contribution from MSTC (The Employer).

**3. Leave Encashment Benefit**

In case of subsidiary, it is payable on separation to eligible employees, shall be limited to 300 days (Earned Leave and Half-Pay Leave combined), and HPL shall not be commuted as per DPE Guidelines for calculation of 300 days limit. Encashment of accumulated earned leave is also allowed upto 30 days once in a calendar year.

**4. Post Retirement Settlement Benefit**

In case of subsidiary, it is payable to retiring employees for settlement at their declared home town.

**5. Employee Family Benefit Scheme**

In case of subsidiary, monthly payment to disabled separated employees / legal heirs of deceased employees in lieu of prescribed deposit till the notional date of superannuation of deceased employees.

**6. Long Term Service Award**

In case of subsidiary, it is payable in kind for rendering minimum 25 years of service and also on superannuation.

**Defined Benefits Plans**

**1. Gratuity:**

The Gratuity is payable on separation at the rate of 15 days pay for each completed year of service to eligible employees who render continuous service for a minimum period of 5 years and upto 30 years. The Gratuity is calculated at the rate of one month's wages last drawn by the employee for every completed year of service in excess of 30 years. The maximum amount of Gratuity payable to employee is ₹ 2 Million. The Gratuity is funded with LIC of India. Till March'18 the Company contributed in the fund every year as premium on the basis of demand raised by LIC of India which was accounted as Gratuity on the basis of payment of premium. In addition, the company has done actuarial valuation of Gratuity Fund in accordance with Ind AS 19.

**2. Post Retirement Medical Benefit:**

The Post Retirement Medical Benefit is a medical benefit to the superannuated employees and their spouse. The members will be covered through Medclaim Insurance admitted of the Insurance Company. This is available to superannuated employees at any hospital under the Medclaim Insurance Policy. In addition to this expenses incurred in domiciliary treatment is also reimbursed as per prescribed ceiling. The benefits are funded through a separate trust formed by the Holding Company for this purpose. The Holding Company provides the corpus for this. Deficit if any is being compensated by the Holding Company. Till F.Y 2015-16, the Company used to contribute to the fund based on own estimates. From F.Y 2016-17, first time actuarial valuation has been done and accordingly liability has been provided in the books of accounts.

**3. Contributory Scheme for Post Retirement Medical Facilities (Domiciliary):**

In case of subsidiary, the payment of medical facilities (Domiciliary) to the separated executives as covered under contributory scheme for post retirement medical facilities (domiciliary) for executives.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments. Further, the overseas plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the overseas Fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(a) The Group has recognised an amount of ₹ 165.23 Million (Previous Year ₹ 119.52 Million ) in Statement of Profit and Loss for the current year as expenses under defined contribution plans.

Benefit (Contribution to)	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
Provident Fund & others*	137.17	94.21
Pension	28.06	25.31
<b>Total</b>	<b>165.23</b>	<b>119.52</b>

\* This represents the provision for ₹ 25.17 Million (Previous Year - Nil ) towards the contribution for deficit in income of PF Trust for the FY 2019-20 (Refer Note No. - 25)

(b) The company operates post retirement defined benefit plans as follows :

- i. Funded:
  - a. Gratuity.
  - b. Post Retirement Medical Benefit Scheme.
- ii. Unfunded:
  - a. In case of subsidiary, Post Retirement Medical Benefit Scheme is unfunded.
  - b. Contributory scheme for Post Retirement Medical Facilities (Domiciliary)

(c) Details of the Gratuity Plan are as follows :	For the year ended	
	31st March 2020	31st March 2019
<b>1. Assumptions</b>		
a. Discount rate (per annum)	6.20%	7.25%
b. Estimated rate of return on plan assets (per annum)	6.20%	7.25%
c. Rate of escalation in salary (per annum)	8.00%	8.00%
In case of subsidiary, rate of escalation in salary (per annum)	Non-Executive-10% for the first year and 6% thereafter Executive-10% for first year and 5% thereafter	Non-Executive-10% for the first year and 6% thereafter Executive-10% for first year and 5% thereafter

2. Amounts recognised in Consolidated statement of profit and loss in respect of defined benefit plans under Gratuity are as follows:

	For the year ended	
	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
a. Current service cost	36.90	32.77
b. Service Cost	36.90	32.77
c. Net Interest on net defined benefit liability / (asset)	3.34	10.69
<b>d. Cost recognized in P&amp;L</b>	<b>40.24</b>	<b>43.46</b>
Remeasurement on the net defined benefit liability/asset:		
a. Actuarial (gain)/loss due to DBO Experience	22.08	14.46
b. Actuarial (gain)/loss due to DBO assumption changes	39.41	13.49
c. Actuarial (gain)/loss arising during period	61.49	27.95
d. Return on plan assets (greater)/less than discount rate	(3.89)	(1.23)
e. Actuarial (gains)/losses recognised in OCI	57.59	26.72
<b>f. (Income)/Cost recognized in OCI</b>	<b>57.59</b>	<b>26.72</b>

3. The current service cost and the net interest expenses for the year are included in the 'Employee benefits expense' line item in the Consolidated statement of profit and loss on the basis of actuarial valuation under INDAS 19.

4. The remeasurement of the net defined benefit liability is included in other comprehensive income.

5 (a). Movements in the present value of the defined benefit obligation are as follows

	For the year ended	
	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
a. Obligation as at the beginning of the year	866.87	871.20
b. Current Service Cost	36.90	32.78
c. Interest Cost on DBO	58.01	59.80
d. Past Service Cost- Plan Amendment	-	-
e. Acquisitions ( credit)/cost	-	1.07
f. Actuarial gains and losses arising from changes in financial assumptions	27.92	11.08
g. Actuarial gains and losses arising from experience adjustments	33.57	14.46
h. Actuarial gains and loss arising demographic assumption	-	2.42
i. Benefits paid from plan asset	(123.45)	(125.93)
<b>J. Closing defined benefit Obligation</b>	<b>899.82</b>	<b>866.87</b>

5 (b). Movements in the fair value of the plan assets are as follows

	For the year ended	
	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
a. Fair value of the assets at the end of prior period	792.25	585.52
b. Interest Income on plan assets	54.68	49.11
c. Employer Contributions	79.26	282.30
d. Return on plan assets greater/(lesser) than discount rate	3.89	1.24
e. Benefits paid	(123.45)	(125.93)
<b>f. Fair Value of assets at the end of current period</b>	<b>806.62</b>	<b>792.24</b>



6. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected medical cost inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
<b>Effect of a 1% change in discount rate</b>		
Increase		
(i) aggregate current service and interest cost	(41.83)	(41.18)
(ii) closing balance of obligation	857.99	825.69
Decrease		
(i) aggregate current service and interest cost	45.20	45.45
(ii) closing balance of obligation	945.02	912.32
<b>Effect of a 1% change in salary escalation rate</b>		
Increase		
(i) aggregate current service and interest cost	27.30	30.99
(ii) closing balance of obligation	927.12	897.86
Decrease		
(i) aggregate current service and interest cost	(28.86)	(31.92)
(ii) closing balance of obligation	870.96	834.95

7. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

8. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years

Details of the Post Retirement Medical Benefit Scheme are as follows :

Description	For the year ended	
	31st March 2020	31st March 2019
<b>1. Assumptions</b>		
a. Discount rate (per annum)	6.20%	7.25%
b. Medical Inflation (per annum)	5.00%	5.00%

2. Amounts recognised in consolidated statement of profit and loss in respect of defined benefit plans under Post Retirement Medical Benefit Scheme are as follows:

	For the year ended	
	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
a. Current service cost	10.02	9.43
b. Service Cost	10.02	9.43
c. Net Interest on net defined benefit liability / (asset)	21.30	18.11
d. Cost recognized in P&L	31.32	27.54
Remeasurement on the net defined benefit liability/asset:		
e. Actuarial (gain)/loss due to DBO Experience	6.61	28.16
f. Actuarial (gain)/loss due to DBO assumption changes	57.91	11.27
g. Actuarial (gain)/loss arising during period	64.52	39.43
h. Return on plan assets (greater)/less than discount rate	11.31	(1.75)
i. Actuarial (gains)/losses recognised in OCI	75.83	37.68
j. Adjustments for limit on net assets		-
<b>k. (Income) / Cost recognized in OCI</b>	<b>75.83</b>	<b>37.68</b>

3. The current service cost and the net interest expenses for the year are included in the 'Employee benefits expense' line item in the consolidated statement of profit and loss.
4. The remeasurement of the net defined benefit liability is included in other comprehensive income.
5. Movements in the present value of the defined benefit obligation are as follows

	For the year ended	
	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
a. Obligation as at the beginning of the year	413.94	357.38
b. Current Service Cost	10.02	9.43
c. Interest Cost	29.13	25.78
d. Actuarial gains and losses arising from changes in financial assumptions	70.51	(0.96)
e. Actuarial gains and losses arising from experience adjustments	(5.99)	41.94
f. Actuarial gains and loss arising from demographic assumption	-	(1.55)
f. Benefits paid directly by the Company	(20.41)	(18.07)
<b>g. Closing defined benefit Obligation</b>	<b>497.21</b>	<b>413.94</b>

6. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected medical cost inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
<b>Effect of a 1% change in discount rate</b>		
Increase		
(i) aggregate current service and interest cost	(62.64)	(49.03)
(ii) closing balance of obligation	434.57	364.91
Decrease		
(i) aggregate current service and interest cost	73.89	57.45
(ii) closing balance of obligation	571.09	471.39

<b>Effect of a 1% change in medical inflation rate</b>		
Increase		
(i) aggregate current service and interest cost	65.78	45.10
(ii) closing balance of obligation	562.99	459.04
Decrease		
i) aggregate current service and interest cost	(55.62)	(36.90)
(ii) closing balance of obligation	441.59	377.04

7. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.
8. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

In case of subsidiary, details of the Contributory Scheme for Post Retirement Medical Facilities (Domiciliary) are as follows:

	For the year ended	
	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
<b>Description</b>		
<b>1. Assumptions</b>		
a. Discount rate (per annum)	6.20%	7.10%
b. Medical Inflation (per annum)	Not Applicable	Not Applicable

**2. Amounts recognised in Consolidated statement of profit and loss in respect of defined benefit plans under Contributory Scheme for Post Retirement Medical Facilities (Domiciliary) are as follows:**

a. Current service cost	0.57	0.56
b. Service Cost	0.57	0.56
c. Net Interest on net defined benefit liability / (asset)	1.28	1.27
d. Immediate recognition of (gains)/losses-other long term employee benefit plans	-	-
<b>e. Cost recognized in P&amp;L</b>	<b>1.86</b>	<b>1.83</b>
Remeasurement on the net defined benefit liability/asset:		
a. Actuarial (gain)/loss due to DBO Experience	1.24	(1.00)
b. Actuarial (gain)/loss due to DBO assumption changes	2.30	0.88
c. Actuarial (gain)/loss arising during period	3.54	(0.12)
d. Actuarial (gains)/losses recognised in OCI	3.54	(0.12)
e. (Income)/Cost recognized in OCI	3.54	(0.12)

**3. The current service cost and the net interest expenses for the year are included in the 'Employee benefits expense' line item in the consolidated statement of profit and loss.**

**4. The remeasurement of the net defined benefit liability is included in other comprehensive income.**

**5. Movements in the present value of the defined benefit obligation are as follows**

	For the year ended	
	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
a. Obligation as at the beginning of the year	(18.51)	(17.45)
b. Current Service Cost	(0.57)	(0.56)
c. Interest Cost	(1.28)	(1.27)
d. Actuarial gains and losses arising from experience adjustments	-	-
g. Benefits paid directly by the Company	0.86	0.65
h. Amounts recognized in OCI	(3.54)	0.12
<b>i. Closing defined benefit Obligation</b>	<b>(23.04)</b>	<b>(18.51)</b>

6. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected medical cost inflation. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
<b>Effect of a 1% change in discount rate</b>		
Increase		
(i) aggregate current service and interest cost	(2.53)	(1.98)
(ii) closing balance of obligation	(25.57)	(20.49)
Decrease		
(i) aggregate current service and interest cost	3.07	2.39
(ii) closing balance of obligation	(19.98)	(16.12)

<b>Effect of a 1% change in medical inflation rate</b>		
Increase		
(i) aggregate current service and interest cost	Not Applicable	Not Applicable
(ii) closing balance of obligation	-	-
Decrease		
(i) aggregate current service and interest cost	Not Applicable	Not Applicable
(ii) closing balance of obligation	-	-

7. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

8. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

#### 42. Expenditure incurred on Corporate Social Responsibility Activities

- a. In accordance to Section 135 of the Companies Act 2013, gross amount required to be spent by the group during the year - ₹ 11.71 Million.
- b. The group has incurred ₹ 11.71 Million in current year (Previous Year ₹ 21.00 Million) as CSR expenditure.

Particulars	31st March 2020 ₹ in Million	31st March 2019 ₹ in Million
(1) Construction/ Renovation of any asset	3.28	16.16
(2) Construction of Toilet Blocks	3.03	0.50
(3) Contribution to PM Cares Fund	5.40	0.00
(4) Other	-	4.34
	11.71	21.00

Above figures are disclosed separately in note no 33(aa).

- 43 . Balances of Trade Receivables, Trade Payables and Advances includes balances subject to confirmation/reconciliation and consequential adjustment, if any. Reconciliations are carried out on on-going basis. Provisions, wherever considered necessary, have been made.
- 44 . The current assets of the holding company are under charge with consortium bank against sanction of credit facilities to the company.
- 45 . During the last quarter of F.Y. 2019-20, an exceptional phenomenon occurred in the form of COVID 19 virus attack. Nationwide lockdown was imposed in the Country to counter this. As a result of which the business operations across the Country were affected, with MSTC being no exception to it. Majority of the revenue of MSTC comes from E commerce segment. The E commerce services were fully functional during this period providing services to our valued customers. The Company continued with its development and planning activities during the period. MSTC assumes that there will not be any further exigency due to this phenomenon and the business will grow to reach at normal level. The Company has considered the possible effects that may result from the pandemic relating to COVID 19. There has been impact on revenue during the last quarter of F.Y. 2019-20. The financial implications on the business operations due to COVID 19 are yet to be ascertained.
- 46 . The figures for the corresponding previous years have been regrouped/reclassified wherever necessary to make them comparable.
- 47 . The Board of Directors of the Holding Company in its 298th Meeting held on 29.06.2020 has proposed a final dividend in respect of year ending 31st March 2020, @ 33% on equity share capital which is ₹ 704.00 Million as on date. The payment of Dividend is subject to approval of shareholders at Annual General Meeting. If approved it will result in a cash outflow of ₹ 232.32 Million.

In terms of our report of even date  
For S Ghose & Co. LLP  
Chartered Accountants  
FRN : 302184E/E300007

For MSTC LIMITED

:

(CA Ranjan Kumar Paul)  
Partner  
M. No : 060084

(S K Gupta)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR  
DIN - 08643406

(Subrata Sarkar)  
DIRECTOR FINANCE  
DIN- 8290021

Date: 29/06/2020  
Place : Kolkata

(S K Barnwal)  
ADDL. GENERAL MANAGER  
(FINANCE & ACCOUNTS)

Ajay Kumar Rai)  
COMPANY SECRETARY  
M. No : F5627



**Form AOC-1**

**Part B Associates and Joint Ventures**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures**

**Part A Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs. Million)

1. Sl.No.	1
2. Name of the subsidiary	Ferro Scrap Nigam Limited
3. The date since when subsidiary was acquired	1979-80
4. Reporting period for the subsidiary concerned,	2019-20
if different from the holding company's reporting period.	
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable
6. Share capital	₹ 320.00
7. Reserves and surplus	₹ 1852.98
8. Total assets	₹ 4407.04
9. Total Liabilities	₹ 4407.04
10. Investments	Nil
11. Turnover	₹ 4098.96
12. Profit before taxation	₹ 460.17
13. Provision for taxation	₹ 154.41
14. Profit after taxation	₹ 305.76
15. Proposed Dividend	Not Applicable
16. Extent of shareholding (in percentage)	100%

**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associates or Joint Ventures	Mahindra MSTC Recycling Pvt Ltd
1. Latest audited Balance Sheet Date	31.03.2020
2. Date on which the Associate or Joint Venture was associated or acquired	16.12.2016
3. Shares of Associate or Joint Ventures held by the company on the year end	Face Value of ₹ 10/- each
No. of shares	18.60 Million
Amount of Investment in Associates or Joint Venture	₹ 186 Million
Extent of Holding (in percentage)	50%
4. Description of how there is significant influence	Significance influence due to share holding
5. Reason why the associate / joint venture is not consolidated	Not Applicable
6. Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 111.98 Million
7. Profit or (Loss) for the year	(₹ 53.88) Million
i. Considered in Consolidation	50% share (₹ 26.94) Million
ii. Not Considered in Consolidation	50% share (₹ 26.94) Million

In terms of our report of even date  
For S Ghose & Co. LLP  
Chartered Accountants  
FRN : 302184E/E300007

For MSTC LIMITED

(CA Ranjan Kumar Paul)  
Partner  
M. No : 060084

(S K Gupta)  
CHAIRMAN-CUM-  
MANAGING DIRECTOR  
DIN - 08643406

(Subrata Sarkar)  
DIRECTOR FINANCE  
DIN- 8290021

Date: 29/06/2020  
Place : Kolkata

(S K Barnwal)  
ADDL. GENERAL MANAGER  
(FINANCE & ACCOUNTS)

Ajay Kumar Rai)  
COMPANY SECRETARY  
M. No : F5627



CIN : L27320WB1964GOI0266211

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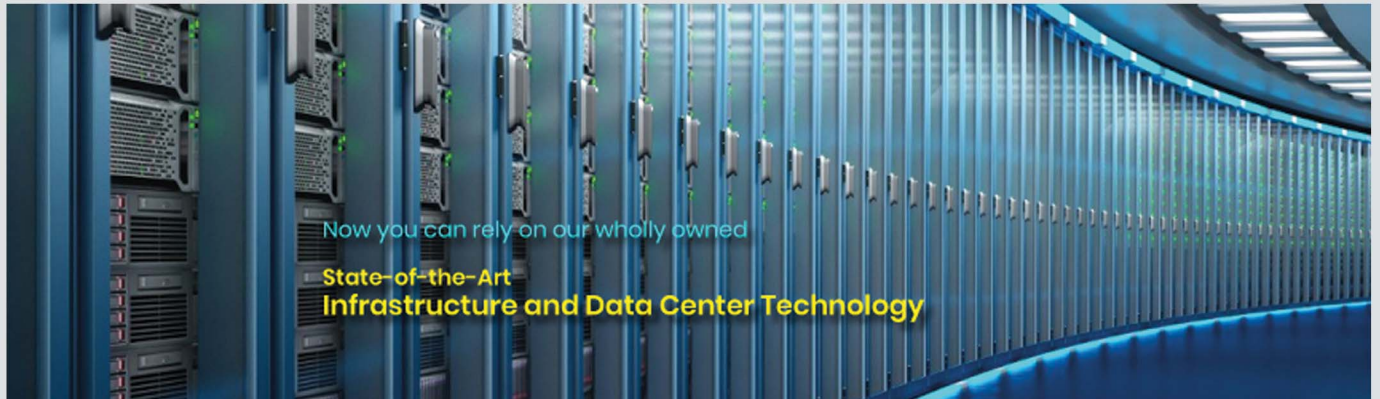
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