



MMTC LIMITED

Regd. Office : Core-1, 'SCOPE Complex', 7 Institutional Area, Lodhi Road, New Delhi-110003

CIN : L51909DL1963GOI004033

NOTICE

The initial notice of 58th Annual General Meeting of the Members of MMTC Limited sent through e-mail on 24.11.2021, in which 58th AGM was scheduled to be held on 16th December 2021 and later was re-scheduled for 23rd December 2021 and then 29th December 2021 and later postponed.

It may be mentioned that the Audit Report of C&AG of India on the Financial Statement of the company for 2020-21 was still awaited from the Office of CAG. Upon receipt of the CAG Report, the Company is required to examine the same and submit its observations/compliances to the Board of Directors of MMTC Ltd. for approval, which then is sent to the stakeholders prior to the Annual General Meeting. Hence, the said AGM could not be held on 29th December 2021 and was postponed vide intimation dated 24.12.2021 sent to the shareholders through e-mail.

Now that the Report from the office of C&AG of India has been received and after examination and approval of the management's reply on the same, the 58th AGM is scheduled now. Notice is, therefore, hereby given that the **58th Annual General Meeting** of the Members of MMTC Limited will be held on **Saturday, the 23rd April, 2022** at 1200 Hrs. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements (including Consolidated Financial Statements) of the Company for the year ended 31st March, 2021, along with the Directors' Report, Statutory Auditors' Report, the Comments thereupon of Comptroller & Auditor General of India and the Report of the Secretarial Auditor for the Financial Year 2020-21. (Comments of C&AG of India and management's reply thereon (both standalone & consolidated) on the annual accounts of the company for the FY 2020-21 is attached herewith as an Addendum to the Directors' Report dt. 24.11.2021)
2. To re-appoint Shri R.R. Sinha, Director (Personnel) who retires by rotation at the AGM as Director (Personnel) of the company on the same terms & conditions as approved by the President of India. Being eligible, he has offered himself for re-appointment as Director (Personnel).
3. To authorize the Board of Directors of the company in terms of the provisions of Section 142(1) of Companies Act, 2013 to fix remuneration of the Statutory/Branch Auditors of the Company appointed by Comptroller & Auditor General of India u/s 139(5) of the Companies Act, 2013 for the financial year 2021-22.

SPECIAL BUSINESS

4. To regularize the appointment of Dr. Pradip Kumar Varma (DIN:01074691), as Non-Official Independent Director on the Board of the Company and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT the appointment of **Dr. Pradip Kumar Varma (DIN: 01074691)**, who was appointed as Non-Official Independent Director in MMTC Limited from **13.11.2021** pursuant to the provisions of

Section 152 and 161 of Companies Act, 2013, by the President of India in exercise of powers vested vide Article 87(2) of Articles of Association of the Company, communicated vide Department of Commerce, Ministry of Commerce & Industry Order File No. 11/9/20011-FT(M&O) dated 10.11.2021 and approved by the Board of Directors on 24.11.2021 on the terms, conditions and tenure as may be determined by the President of India from time to time, be and is hereby regularized.”

5. To regularize the appointment of Shri Vipul Bansal (DIN:02687229) who was appointed as Govt Nominee Director on the Board of the Company and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution :

“RESOLVED THAT the appointment of Shri Vipul Bansal (**DIN: 02687229**) who was appointed as Govt. Nominee Director in MMTC Limited w.e.f. **20.12.2021** pursuant to the provisions of Section 152 & 161 of Companies Act, 2013, by the President of India in exercise of powers vested vide Article 87(2) of Articles of Association of the Company, communicated vide Department of Commerce, Ministry of Commerce & Industry Order File No. 11/36/2001 -FT(M&O) dated 17.12.2021 and approved by the Board of Directors in circulation on 22.12.2021 on the terms, conditions and tenure as may be determined by the President of India from time to time, be and is hereby regularized.”

6. To regularize the appointment of Shri Vibhu Nayar (DIN:03590141) who was appointed as CMD (Addl Charge) on the Board of the Company and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution :

“RESOLVED THAT the appointment of Shri Vibhu Nayar (**DIN: 03590141**) who was appointed as Chairman & Managing Director in MMTC Limited w.e.f. **01.03.2022** pursuant to the provisions of Section 196 of Companies Act, 2013, by the President of India in exercise of powers vested vide Article 87(2) of Articles of Association of the Company, communicated vide Department of Commerce, Ministry of Commerce & Industry Order File No.A-12022/20/2019-E-IV dated 24.02.2022 and approved by the Board of Directors in its meeting held on 09.03.2022 on the terms, conditions and tenure as may be determined by the President of India from time to time, be and is hereby regularized.”

By Order of the Board
For MMTC Limited

sd/-

(G.Anandnarayanan)
Company Secretary

Place: New Delhi
Dated: 23.3.2022

NOTES:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 permitted the holding of the Annual General Meeting (AGM) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. The Company has enabled the Members to participate at the 58th AGM through the VC/OAVM facility provided by Central Depository Services Ltd. (CDSL). The instructions for participation by Members are given in the subsequent paragraphs.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. As per the provisions under the MCA Circulars, Members attending the 58th AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. The Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting and e-voting during the AGM. The process of remote e-voting is given in the subsequent paragraphs. Such remote e-voting facility is in addition to voting that will take place at the 58th AGM being held through VC.
6. Members joining the meeting through VC, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.
7. The Company has appointed Shri P. P. Agarwal, Practicing Company Secretary (FCS No.: 4955, C.P. No.: 10566) to act as the Scrutiniser, to scrutinise the e-voting process in a fair and transparent manner.
8. As per the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. Since the 58th AGM is being held through VC as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 58th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
9. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting. Corporate Members are required to send a certified copy of the Board resolution authorising their representative to attend the AGM through VC and vote on their behalf. The said Resolution/Authorisation shall be sent to the Scrutiniser by e-mail through its registered e-mail address to fcs.ppa@gmail.com with a copy marked to evoting@cdslindia.com.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. The cut off date for the purpose of ascertaining the eligibility of shareholders to receive the Notice of AGM is fixed as 25.3.2022.
12. In line with the MCA Circulars, the notice of the 58th AGM along with the Annual Report 2020-21 already being sent only by electronic mode to those Members whose e-mail addresses were registered with the Company/Depositories. Members may please note that this Notice and the addendum to the Directors' Report will also be available on the Company's website at www.mmtclimited.com and on the website of CDSL i.e. www.evotingindia.com.
13. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special businesses to be transacted at the 58th AGM is annexed hereto.
14. As required by Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of Shri R R Sinha, Director (Personnel) retiring by rotation and seeking re-appointment under Item No. 2 and the other Directors seeking appointment under Item No. 4,5 & 6 of the Notice in accordance with applicable provisions of the Companies Act, 2013 is forming part of the notice.
15. Pursuant to Section 139 of the Companies Act,2013, the Auditors of a Government Company are to be

appointed or reappointed by the Comptroller and Auditor General of India (C&AG) and in pursuant to Section 142 of the Companies Act, 2013, their remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. The Comptroller and Auditor General of India has appointed the Statutory Auditors of the Company for the FY 2021-22 under Section 139 of the Companies Act, 2013. The members may authorise the Board of Directors to fix an appropriate remuneration of Auditors for the FY 2021-22 as may be deemed fit by the Board.

16. In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialised form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialised so as to be able to freely transfer them and participate in corporate actions.
17. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as e-voting during the AGM. The voting rights shall be as per the number of equity share held by the Member(s) as on cut-off date. Members are eligible to cast vote only if they are holding shares as on that date. Kindly note that a person who is not a member of the Company as on the Cut-off date should treat this Notice for Information Purposes Only.
18. Pursuant to Section 124 read with Section 125 of the Companies Act, 2013, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. The shares in respect of which the dividends have not been paid or claimed for a period of seven consecutive years or more, are also liable to be transferred to the demat account of the IEPF Authority. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. The details of investors (whose payment is due) are available on company's website so as to enable the investors to claim the same.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. It has also made mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfers and for securities market transactions and off-market/ private transactions involving transfer of shares of listed companies in physical form. Accordingly, members holding shares in physical form can submit their PAN to MCS Shares Transfer Agents Ltd. - RTA of the Company.
20. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter to M/s MCS Shares Transfer Agents Ltd. - RTA of the Company.
21. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to write to RTA of the Company in the prescribed form. In case of shares held in dematerialised form, the nomination has to be lodged with the respective Depository Participant.
22. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to RTA of the Company in case the shares are held by them in physical form.
23. Members, who have not registered their NECS Mandate, are requested to send their NECS Mandate request to the Registrar / Investor Service Department of the Company or to their Depository Participant. Members who have not registered their e-mail addresses/ Bank details can update the same in the following manner:-

For shareholders holding shares in Physical Mode - Please send a request letter with following details to the RTA of the Company by post or through email at admin@ mcsregistrars.com with following details/ documents:

For updating email ID For updating Bank account: 1. Folio No. 2. Name of Shareholder 3. Copy of PAN and AADHAR (Self attested) (Signature shall match with the specimen signature available with the Company/ RTA)

In addition to details required for updating email, following details/documents are required :

Bank Account details like Bank Account number, Name of the Bank & Branch, MICR Code/ IFSC Code, 2. Cancelled Cheque

For shareholders holding shares in **Demat Mode:** Shareholders can update email IDs, mobile numbers and Bank Account details by contacting their respective Depository Participants as per the process advised by them.

24. The Register of Directors and Key Managerial Personnel and their shareholding will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice and up to the date of AGM. Members seeking to inspect such documents can send an email to mmtc@mmtclimited.com.
25. Since the 58th AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
26. Annual listing fee for the year 2021-22 has been paid to both the Stock Exchanges (NSE & BSE) wherein shares of the Company are listed.
27. None of the Directors of the Company or Key Managerial Personnel is in any way related with each other.

VOTING THROUGH ELECTRONIC MEANS

1. In compliance with provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering Remote E-voting facility to all the Shareholders of the Company in respect of items to be transacted at this Meeting. The Company has engaged the services of CDSL (India) Ltd for facilitating remote e-voting for AGM. Procedure and Instructions for Remote e-voting are given hereunder. All members are requested to read those instructions carefully before casting their e-vote.

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on 19.4.2022(9.00 AM) and ends on 22.4.2022(5.00 PM). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 16.04.2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the AGM.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant MMTC Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id.**

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **seven days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number and the questions at **mmtc@mmtclimited.com**. Since the date of AGM has been revised from the earlier announced dates, **the shareholders who had sent request for speaking at the AGM may send a fresh request for the revised AGM date in advance of at least seven days prior to the date of AGM.** The shareholders who do not wish to speak during the AGM but have queries may send their queries **in advance ten days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at **mmtc@mmtclimited.com**. These queries will be replied to by the company suitably by email.
6. **Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.**

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; ganarayanan@mmtclimited.com / fcs.ppa@gmail.com , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

Item No. 4

In accordance with Order File No. 11/9/2011-FT(M&O) dated 10.11.2021 from Department of Commerce, Ministry of Commerce & Industry, Government of India and pursuant to provisions of Section 161 of the Companies Act, 2013, Dr. Pradip Kumar Varma (DIN-01074691), was appointed as Non-Official Independent Director on the Board of MMTC Limited w.e.f. 13.11.2021.

Dr. Pradip Kumar Varma, aged 50 years, is a Post Graduate in Human Resource Management, and also holds Ph.D in Hindi.

The company has received a notice from a member u/s 160 of Companies Act, 2013 proposing the candidature of Dr. Pradip Kumar Varma as Non-Official Independent Director of the company.

Board considers it desirable that the Company should continue to avail itself of his services as Non-Official Independent Director and recommend this resolution for approval of the shareholders.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Dr. Pradip Kumar Varma to the extent of his appointment as Non-Official Independent Director, in any way concerned or interested, financially or otherwise in the above resolution.

Item No. 5

In accordance with Order File No.11/36/2001-FT(M&O) dated 17..12.2021 from Department of Commerce, Ministry of Commerce & Industry, Government of India and pursuant to provisions of Sections 152 & 161 of the Companies Act, 2013, Shri Vipul Bansal (DIN-02687229) was appointed as Govt. Nominee Director on

the Board of MMTC Limited w.e.f. 20.12.2021.

Shri Vipul Bansal, aged 44 years, has done his graduation in B.Com from SRCC, Delhi and has done CA from the Institute of Chartered Accountants of India. Shri Vipul Bansal is a 2005 batch, Karnataka Cadre IAS Officer and is presently holding the post of Joint Secretary in Department of Commerce, Ministry of Commerce & Industry.

The company has received a notice from a member u/s 160 of Companies Act, 2013 proposing the candidature of Shri Vipul Bansal as Govt Nominee Director of the company.

Board considers it desirable that the Company should continue to avail itself of his services as Govt. Nominee Director and recommend this resolution for approval of the shareholders.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Shri Vipul Bansal to the extent of his appointment as Govt. Nominee Director, in any way concerned or interested, financially or otherwise in the above resolution.

Item No. 6

In accordance with Order File No.A-12022/20/2016-E.IV dated 24.02.2022 from Department of Commerce, Ministry of Commerce & Industry, Government of India and pursuant to provisions of Sections 196 of the Companies Act, 2013, Shri Vibhu Nayar (DIN-03590141) was appointed as CMD (Addl.Charge) on the Board of MMTC Limited w.e.f. 01.03.2022.

Shri Vibhu Nayar, aged 56 years, has done M.Tech(Mechanical Engineering) from IIT, Delhi. Shri Vibhu Nayar is a member of the Indian Administrative Service and Senior Policy Maker in India with three decades of Experience in PSUs, Projects and Policy Implementation. He has led many mega infrastructure projects in collaboration with World Bank and other multi-lateral financial institutions. He is currently 'Executive Director' at the 'India Trade Promotion Organisation' (ITPO) under the Department of Commerce, Government of India, New Delhi.

The company has received a notice from a member u/s 160 of Companies Act, 2013 proposing the candidature of Shri Vibhu Nayar as CMD (Addl.Charge) of the company.

Board considers it desirable that the Company should continue to avail itself of his services as Chairman & Managing Director and recommend this resolution for approval of the shareholders.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Shri Vibhu Nayar to the extent of his appointment as Chairman & Managing Director(Addl.Charge), in any way concerned or interested, financially or otherwise in the above resolution.

The documents referred in Item No. 4 to 6 above, in respect of which explanatory statement has been provided, will be available electronically for inspection by the members from the date of circulation of this Notice and up to the date of AGM.

Details of Directors seeking appointment/re-appointment at the Annual General Meeting of the Company (Pursuant to Reg. 36 of the Listing Regulations and Secretarial Standards-2 on General Meetings)

Name of the Director	Sh. R.R Sinha	Dr. Pradip Kumar Varma	Shri Vipul Bansal	Shri Vibhu Nayar
Date of Birth	02.09.1964	24.02.1972	10.07.1977	24.10.1965
Date of Appointment	19.06.2019	13.11.2021	20.12.2021	01.03.2022
Qualification	Masters in Labor & Social Welfare	B.Com, M.A. (Hindi), MBA (HRM), Ph.D in Hindi	B.Com(Hons.), CA and IAS-2005 batch Karnataka Cadre.	M.Tech (Mechanical Engg.) from IIT, Delhi and IAS-1990 batch (TN Cadre)

Expertise in Specific functional areas	He has a distinguished career of more than 32 years and brings with him vast knowledge and experience in the field of HR.	He is a Social worker with comprehensive knowledge of Social Justice and systems affecting marginalized communities.	Prior to his joining the MOC&I, he held the portfolio of PS to Hon'ble Minister of Commerce & Industry from February 2017 to August 2017 and PS to Hon'ble Minister of Defence from September 2017 to March 2019. He also held the position of PS to Hon'ble Finance Minister from June 2019 to October 2021. He also held various positions with State Government of Karnataka the last one being Commissioner (Rural Development), Rural Development & Panchayati Raj Department, Govt of Karnataka.	Presently working as Executive Director (since Sept.2021) in India Trade Promotion Organisation under the Department of Commerce, MOC&I and holding additional charge of CMD, MMTC
No. of Equity Shares held in the Company as on March 31, 2021	NIL	N.A.	N.A.	N.A.
Terms & Conditions of the appointment	As per the Orders of the Govt of India in regard to his original appointment. He is only seeking re-appointment to fulfill the mandatory requirement and only Retiring by rotation.	As mentioned in the MOC&I Order No. 11/9/2011-FT(M&O) dated 10.11.2021	As per the Orders of the Govt of India in this regard indicated under relevant resolution.	As per the Orders of the Govt of India in this regard indicated under relevant resolution.
Remuneration	In the pay scale of Rs. 1,80,000-3,40,000	N.A.	N.A.	N.A.
No. of meetings of Board attended during the year	6	N.A.	N.A.	N.A.
Directorships held in other Companies as on 31.3.2021	MMTC Transnational Pte Ltd, Singapore. Neelachal Ispat Nigam Ltd.	N.A.	As Govt.Nominee Director: 1. STC of India Ltd 2. EXIM Bank 3. Export Credit Guarantee Corporation	Chairman-PEC Ltd and Director in following : ITPO, ITPO Services Ltd, TNTPO, KTPO WBTPPO, National Centre for Trade Information JKTPO
Relationship with any other Director inter-se and KMPs of the Company	Nil	Nil	Nil	Nil

कार्यालय प्रधान निदेशक लेखापरीक्षा,
उद्योग एवं कॉर्पोरेट कार्य
ए.जी.सी.आर. भवन, आई.पी. एस्टेट,
नई दिल्ली-110 002



OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,
INDUSTRY AND CORPORATE AFFAIRS
A.G.C.R. BUILDING, I.P. ESTATE,
NEW DELHI-110 002

संख्या: एएमजी-1/8(19)/वार्षिक खाता/
एमएमटीसी(2020-21)/2021-22/376-377
दिनांक: 29 DEC 2021

सेवा में,

अध्यक्ष एवं प्रबन्ध निदेशक,
एमएमटीसी लिमिटेड,
कोर 1, स्कोप कॉम्प्लेक्स, 7 इंस्टीट्यूशनल एरिया
लोधी रोड, नई दिल्ली-110003.

विषय : कंपनी अधिनियम 2013 की धारा 143 (6) (b) के अधीन 31 मार्च 2021 को समाप्त वर्ष के लिए एमएमटीसी लिमिटेड के वार्षिक वित्तीय लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

कंपनी अधिनियम 2013 की धारा 143 (6) (b) के अधीन 31 मार्च 2021 को समाप्त हुए वर्ष के लिए एमएमटीसी लिमिटेड के वार्षिक वित्तीय लेखों पर उपरोक्त विषय संबंधित संलग्न पत्र अंग्रेषित है।

भवदीया,

(विधु सूद)
प्रधान निदेशक लेखापरीक्षा
(उद्योग एवं कॉर्पोरेट कार्य)
नई दिल्ली

संलग्नक:- यथोपरि

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF MMTC LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

The preparation of Financial Statements of MMTC Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 the 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 27 October 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of MMTC Limited for the year ended 31 March 2021 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

A Comments on Profitability

A.1 Assets

A.1.1 Investments (Note 6)

Non-Current Investments held for Sale (Note 6 C): ₹466.95 crore

Above includes an investment of ₹16 crore in Indian Commodity Exchange (ICEX) against which a provision of ₹8.16 crore (considering the ratio of accumulated losses to share capital of ICEX which was about 51 *per cent*) was made by the Company in FY 2019-20. It was observed that ratio of accumulated losses to Share capital of ICEX has increased to 61 *per cent* as on 31 March 2021, however, the Company has not made an additional provision amounting to ₹1.60 crore which is against the Company's own accounting treatment followed in previous year.

This has resulted in overstatement of Non-Current Investments held for Sale and understatement of Loss by ₹1.60 crore.

A.1.2 Deferred Tax Assets (Note 10): ₹555.44 crore

Above includes Deferred Tax Assets (DTA) of ₹330.69 crore created on the probable income of ₹946.33 crore¹ assessed by the Company as receivable from Neelachal Ispat Nigam Limited (NINL) as on 31.03.2021. Though the Company did not recognize interest receivable for the FY 2019-20 and 2020-21 due to uncertainty of its realization, however, considered the same as certain for creation of DTA. Moreover, interest for FY 2021-22 was also considered for creation of DTA which was not only against the stand taken by the Company that income receivable from NINL is uncertain but also against the Generally Accepted Accounting Principles.

This has resulted in overstatement of Deferred Tax Assets and understatement of Loss by ₹330.69 crore.

A.1.3 Other Financial Assets (Note 9)

Other Advances (Non-Current): ₹8.79 crore

Above includes an amount of ₹0.21 crore shown as recoverable from various parties since more than 25 years on which the provision was made by the Company. The cases are very old and no documents are available with the Company and the chances of recovery are also remote. Thus, the above amount should have been written off in the books as on 31.03.2021. Despite being assured by the Company in the previous year to take necessary action on the above observation, the Company has failed to do so during the FY 2020-21.

This has resulted in overstatement of Other Advances by ₹0.21 crore and consequent understatement of Allowance for bad and doubtful receivables by the same amount.

A.2 Equity and Liabilities

A.2.1 Provisions – Current (Note 20 B)

A.2.1.1 Others – Provisions for litigation settlements: ₹888.81 crore

Above does not include provision towards interest of ₹103.11 crore payable for pre-arbitration period of the disputed case with M/s. Anglo American Metallurgical Coal Pte. Ltd.

The Company entered (March 2007) into a contract with M/s. Anglo American Metallurgical Coal Pte. Ltd (the supplier) for lifting 4,66,000 MTs of coking coal. However, the Company did not lift the contracted quantity and the supplier invoked arbitration in September 2012. The matter went into International Court of Arbitration (IA) and was decided in favour of the supplier directing the Company to pay USD 78,720,414.92 along with pre-award interest @ 7.5 per cent and future interest @ 15 per cent from the date of award till the date of payment.

¹ ₹547.87 for FY 2019-20 and 2020-21 and ₹398.46 crore for FY 2021-22

The matter went into the Hon'ble Supreme Court (SC) and the award of IA was upheld by the SC vide order dated 17 December 2020. The Company filed (16 January 2021) a review petition and SC ordered (29 July 2021) that given the large interest component of the award, *pendente lite* and future interest may be reduced to 6% simple interest.

However, SC order did not say anything about interest for pre-arbitration period which implies that interest rate for pre-arbitration period as decided by IA, holds good. However, the Company did not make any provision towards interest payable for pre-arbitration period and has sought clarification (October 2021) from SC. The Company has shown the entire pre-arbitration interest under contingent liabilities. Audit is of the view that, considering the conservative principle of accounting, a provision equivalent to 6 per cent should have, at least, been made in the Financial statements.

Thus, non-provision of interest for pre-arbitration period has resulted in understatement of Provisions and Loss by ₹103.11 crore. This has also resulted in overstatement of contingent liabilities by ₹103.11 crore.

A.2.1.2 Bonus/ Performance Related Pay: ₹17.46 crore

Above includes provision of ₹17.08 crore towards Performance Related Pay (PRP) of which ₹13.99 crore pertains to the FY 2017-18 & 2018-19 and ₹3.09 crore excess provision booked in earlier years. The Company booked interest receivable from its joint venture company, Neelachal Ispat Nigam Limited (NINL) during 2017-18 and 2018-19 to arrive at PRP, whereas the Company was actually not making profits on cash basis, a fact which was admitted by the Company in its reply (March 2021) to Deputy Chief Labour Commissioner and while seeking clarification (December 2020) from Department of Commerce.

Moreover, considering of interest receivable from JV company for the purpose of PRP is also in violation of DPE guidelines (18 September 2013) which *inter-alia* stipulates that, "PRP may be distributed based on profit accruing only from core business activities of the CPSEs". Further, the PRP for FYs 2017-18 and 2018-19 were not approved by the Remuneration Committee of the Directors and considering the extreme cash crunch, the Company is not in a position to recommend PRP.

In view of the above and considering the fact that the Company has also initiated the recovery of PRP in line with its BoD approval (November 2020), the provision created towards the PRP should also have been reversed.

This has resulted in overstatement of Provisions and Loss by ₹ 17.08 crore.

A.2.1.3 Provisions (Note 20 B): ₹926.59 crore

Above does not include ₹0.14 crore² payable to Post-Retirement Medical Benefit Trust (Trust) for the FY 2020-21. The BoD of the Company (411th meeting) approved additional contribution in lieu of interest at the rate admissible for a term-deposit of three years to be credited to the fund annually on the amount of fund vested with the company. Accordingly, the Company provided for additional contribution to the Trust @ 6.75 per cent and @ 3.70 per cent for FY 2018-19 and 2019-20. However, the Company did not provide additional contribution for FY 2020-21 on the net amount payable to the Trust.

This has resulted in understatement of Provisions and Loss by ₹0.14 crore.

A.2.2 Trade Payable (Note 18): ₹765.01 crore

Above includes an amount of ₹6.32 crore as payable to two foreign parties pending for payment since more than 10 years. Since, the law of limitation prescribes that the parties cannot claim the amount after a period of three years, the same should be written back. Despite being assured by the Company during the previous year to take necessary action, the Company has failed to do so during the FY 2020-21.

This has resulted in overstatement of Trade Payable and Loss by ₹ 6.32 crore.

A.2.3 Other Current Liabilities (Note 21)

Others - ₹1.13 crore

(i) Above does not include provision of ₹0.49 crore towards claims of Food Corporation of India (FCI). The Company accepted three claims of FCI valuing ₹0.49 crore which comprises of claims on account of dispatch earned (2006-08), Liquidated damages (2006-08) and net sling charges (1994-95). FCI claimed ₹92.18 crore in connection with wheat export from Central Pool Stock, interest towards delayed payment, cost of gunny bags, storage charges etc., from the Company and raised the issue at Administrative Machinery for Redressal of CPSEs' Disputes (AMRCD). The AMRCD directed (May 2020) the Company and FCI to reconcile the disputed matter and during reconciliation, the Company accepted three claims of ₹0.49 crore. However, no provision towards the same has been created by the Company.

This has resulted in understatement of Other Current Liabilities and Loss by ₹0.49 crore.

(ii) Above does not include provision of ₹0.13 crore towards electricity charges of the Scope Complex payable for the month of March 2021. As the invoice for the same had been received in June 2021 well before the finalization (October 2021) of the accounts, the amount should have been provided for in the accounts of FY 2020-21.

² ₹2.68 crore payable to Trust*5.3% (rate applicable for three years FD as approved by BoD)

This has resulted in understatement of Other Current Liabilities and Loss by ₹0.13 crore.

A.3 Exceptional Items – Expense (Note 32): ₹877.17 crore

Above does not include provision of ₹0.16 crore towards terminal dues of two employees of MMTC Employees Cooperative Canteen Society who were terminated by the Company in March 2016. The terminal dues were accepted to be paid by the Company.

This has resulted in understatement of exceptional items and Loss by ₹0.16 crore.

B. Comments on Disclosure

Contingent Liabilities and Disclosures (Note No.34): ₹ 942.62 crore

(i) Above does not include contingent liability of ₹7.29 crore on account of outstanding rent and interest of the NIC building as per the order passed by Estate Officer, Kolkata directing the Company to pay the amount to National Insurance Company Limited (NICL) for unauthorized occupation of its building for the period April 2014 to April 2019. The Company, against the above orders, filed an appeal before the City Civil Court, Kolkata and where the order of Estate Officer was stayed against which NICL filed a review petition before the Hon'ble High Court, Kolkata against the order passed by the Ld. Chief Judge, City Civil Court, Kolkata. The case is still pending and not listed for hearing and is sub judice, hence the same should be shown under Contingent Liabilities.

(ii) A Reference is invited to Note No.3 (c) which stated that, "*The valuation of MMTC's immovable properties have been carried out and as per latest valuation report fair value on 31.03.2021 is ₹1642 crore, as against the previous valuation of ₹1389 crore in May 2019 (Refer Note 32 (ii))*". However, it was observed that the Note 32 (ii) does not contain any such details regarding the valuation. Thus, the Notes to Accounts are deficient to that extent.

(iii) The Hon'ble Delhi High Court after hearing the execution petition plea of Anglo American Metallurgical Coal Pte. Ltd. directed (March 2021) the Company to deposit ₹585.94 crore within two months from the date of the said order. Due to financial crisis, the Company could not comply with the order. The Hon'ble Delhi High Court passed an order on 27.08.2021 for attachment of two bank accounts amounting to ₹1.02 crore.

As per Ind AS-10 on "Events after the Reporting Period", "an entity needs to update the disclosures in its financial statements to reflect information received after the reporting period, even when the information does not affect the amounts that it recognizes in its financial statements".

However, the Company has not disclosed the above fact in the Notes to Accounts and thus, the same was deficient to that extent.

**C. Comments on Independent Auditor's Report
Independent Auditor's Report for the year ended 31 March 2021**

- (i) Statutory Auditor at Sl. No. 1 (under the paragraph Key Audit Matters) has stated that "*the company has 5 regional offices*" whereas the Company has six regional offices as on 31.03.2021 which has also been disclosed under General Information in the Financial Statements. Hence, reporting by Independent Auditor is deficient to that extent.
- (ii) Considering the impact of above comments, the loss for the year (₹769.69 crore) as depicted in the statement of Profit & Loss of the Company would increase by 53.67 *per cent* to reach ₹1182.82 crore. Hence, the Financial Statements of the Company do not present a "true & fair view" and it was not proper on the part of the Independent Auditor to have provided the assurance that the Financial Statements presented a true & fair view.

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



**(Vidhu Sood)
Principal Director of Audit
(Industry & Corporate Affairs)
New Delhi**

**Place: New Delhi
Date: 29.12.2021**

कार्यालय प्रधान निदेशक लेखापरीक्षा,
उद्योग एवं कॉर्पोरेट कार्य
ए.जी.सी.आर. भवन, आई.पी. एस्टेट,
नई दिल्ली-110 002



OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,
INDUSTRY AND CORPORATE AFFAIRS
A.G.C.R. BUILDING, I.P. ESTATE,
NEW DELHI-110 002

संख्या: एएमजी-1/8(19)/वार्षिक खाता/ सीएफएस
एमएमटीसी(2020-21)/2021-22/378-79
दिनांक: 29 DEC 2021

सेवा में,

अध्यक्ष एवं प्रबन्ध निदेशक,
एमएमटीसी लिमिटेड,
कोर 1, स्कोप कॉम्प्लेक्स, 7 इंस्टीट्यूशनल एरिया
लोधी रोड, नई दिल्ली-110003.

विषय : कंपनी अधिनियम 2013 की धारा 143 (6) (b) के साथ धारा 129 (4) के अधीन 31 मार्च 2021 को समाप्त वर्ष के लिए एमएमटीसी लिमिटेड के समेकित वार्षिक वित्तीय लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

कंपनी अधिनियम 2013 की धारा 143 (6) (b) के साथ धारा 129 (4) के अधीन 31 मार्च 2021 को समाप्त हुए वर्ष के लिए एमएमटीसी लिमिटेड के समेकित वार्षिक वित्तीय लेखों (Consolidated Financial Statements) पर उपरोक्त विषय संबंधित संलग्न पत्र अग्रेषित है।

At SI. No. 3 of Emphasis of Matter paragraph in Independent Auditor's Report on Consolidated Financial Statements, the amount of Deferred Tax Assets has been mentioned as ₹ 330.69 instead of ₹ 30.69 crore. The same needs to be corrected at the time of printing of Annual Report of MMTC.

भवदीया,

(विधु सूद)
प्रधान निदेशक लेखापरीक्षा
(उद्योग एवं कॉर्पोरेट कार्य)
नई दिल्ली

संलग्नक:- यथोपरि

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 MMTC LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of consolidated Financial Statements of MMTC Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 the 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 27 October 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of MMTC Limited for the year ended 31 March 2021 under section 143(6)(a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of MMTC Limited (the Company), and Neelachal Ispat Nigam Limited (Joint Venture)¹ for the year ended on that date. Further, section 139 (5) and 143 (6)(a) of the Act are not applicable to six Joint Ventures/Subsidiary (Annexure A), being private entities/entity incorporated in foreign country under the respective laws, for appointment of their statutory auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the statutory auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129 (4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

A Comments on Consolidated Profitability

A.1 Assets

A.1.1 Non-Current Investment held for Sale (Note No. 6 D): ₹ 7.84 crore

Above includes an investment of ₹ 16 crore in Indian Commodity Exchange (ICEX) against which a provision of ₹ 8.16 crore (considering the ratio of accumulated losses to share capital of ICEX which was about 51 *per cent*) was made by the Company in FY 2019-20. It was observed that ratio of accumulated losses to Share capital of ICEX has increased to 61 *per cent* as on 31 March 2021, however, Company has not made an additional provision amounting to ₹ 1.60 crore which is against the Company's own accounting treatment followed in previous year.

This has resulted in overstatement of Non-Current Investment held for Sale and understatement of Loss by ₹1.60 crore.

¹ Audit in progress

A.1.2 Deferred Tax Assets (Note No.10): ₹ 555.44 crore

Above includes Deferred Tax Assets (DTA) of ₹ 330.69 crore created on the probable income of ₹ 946.33 crore² assessed by the Company as receivable from Neelachal Ispat Nigam Limited (NINL) assessed by the Company as on 31.03.2021. Though the Company did not recognize interest receivable for the FY 2019-20 and 2020-21 due to uncertainty of its realization, however, considered the same as certain for creation of DTA. Moreover, interest for FY 2021-22 was also considered for creation of DTA which was not only against the stand taken by the Company that income receivable from NINL is uncertain but also against the Generally Accepted Accounting Principles.

This has resulted in overstatement of Deferred Tax Assets and understatement of Loss by ₹ 330.69 crore.

A.1.3 Other Financial Assets (Note No.9)

Other Advances (Non-Current): ₹ 8.78 crore

Above includes an amount of ₹ 0.21 crore shown as recoverable from various parties since more than 25 years on which the provision was made by the Company. The cases are very old and no documents are available with the Company and the chances of recovery are also remote. Thus, the above amount should have been written back in the books as on 31.03.2021. Despite being assured by the Company in the previous year to take necessary action on the above observation, the Company has failed to do so during the FY 2020-21.

This has resulted in overstatement of Other Advances by ₹ 0.21 crore and consequent understatement of Allowance for bad and doubtful receivables by the same amount.

A.2 Equity and Liabilities

A.2.1 Provisions – Current (Note No - 20 B)

A.2.1.1 Others – Provisions for litigation settlements - ₹ 888.81 crore

Above does not include provision towards interest of ₹ 103.11 crore payable for pre-arbitration period of the disputed case with M/s. Anglo American Metallurgical Coal Pte. Ltd.

The Company entered (March 2007) into a contract with M/s. Anglo American Metallurgical Coal Pte. Ltd (the supplier) for lifting 466000 MTs of coking coal. However, the Company did not lift the contracted quantity and the supplier invoked arbitration in September 2012. The matter went into International Court of Arbitration (IA) and was decided in favour of the supplier directing the Company to pay USD 78,720,414.92 along with pre-award interest @ 7.5 per cent and future interest @ 15 per cent from the date of award till the date of payment.

The matter went into Hon'ble Supreme Court (SC) and the award of IA was upheld by the SC vide order dated 17 December 2020. Company filed (16 January 2021) a review petition and SC ordered (29 July 2021) that given the large interest component of the award, *pendent lite* and future interest may be reduced to 6% simple interest.

However, SC order did not say anything about interest for pre-arbitration period which implies that interest rate for pre-arbitration period as decided by IA, holds good. However, the Company did not make

² ₹ 547.87 for FY 2019-20 and 2020-21 and ₹ 398.46 crore for FY 2021-22

any provision towards interest payable for pre-arbitration period and has sought clarification (October 2021) from SC. The Company has shown the entire pre-arbitration interest under contingent liabilities. Audit is of the view that, considering the conservative principle of accounting, a provision equivalent to 6 per cent should have, at least, been made in the Financial statements.

Thus non-providing of interest for pre arbitration period has resulted in understatement of Provisions and Loss by ₹ 103.11 crore. This has also resulted in overstatement of contingent liabilities by ₹ 103.11 crore.

A.2.1.2 Bonus/Performance Related Pay: ₹ 17.84 crore

Above includes provision of ₹ 17.08 crore towards Performance Related Pay (PRP) of which ₹ 13.99 crore pertains to the FY 2017-18 & 2018-19 and ₹ 3.09 crore excess provision booked in earlier years. The Company booked interest receivable from its joint venture company, Neelachal Ispat Nigam Limited (NINL) during 2017-18 and 2018-19 to arrive at PRP, whereas the Company was actually not making profits on cash basis, a fact which was admitted by the Company in its reply (March 2021) to Deputy Chief Labour Commissioner and while seeking clarification (December 2020) from Department of Commerce.

Moreover, considering of interest receivable from JV company for the purpose of PRP is also in violation of DPE guidelines (18 September 2013) which *inter-alia* stipulates that, "PRP may be distributed based on profit accruing only from core business activities of the CPSEs". Further, the PRP for FYs 2017-18 and 2018-19 were not approved by the Remuneration Committee of the Directors and considering the extreme cash crunch, the Company is not in a position to recommend PRP.

In view of above and considering the fact that Company has also initiated the recovery of PRP in line with its BoD approval (November 2020), the provision created towards the PRP should also have been reversed.

This has resulted in overstatement of Provisions and Loss by ₹ 17.08 crore.

A.2.1.3 Provisions - Current (Note No.20 B): ₹ 926.97 crore

Above does not include ₹ 0.14 crore³ payable to Post-Retirement Medical Benefit Trust (Trust) as for the FY 2020-21. The BoD of the Company (411th meeting) approved additional contribution in lieu of interest at the rate admissible for a term deposit of three years to be credited to the fund annually on the amount of fund vested with the company. Accordingly, the Company provided for additional contribution to the Trust @ 6.75 per cent and @ 3.70 per cent for FY 2018-19 and 2019-20. However, the Company did not provide additional contribution for FY 2020-21 on the net amount payable to the Trust.

This has resulted in understatement of Provision and Loss by ₹ 0.14 crore.

A.2.2 Trade Payable (Note No.18): ₹ 998.17 crore

Above includes an amount of ₹ 6.32 crore as payable to two foreign parties pending for payment since more than 10 years. Since, the law of limitation prescribes that the parties cannot claim the amount after a

³ ₹ 2.68 crore payable to Trust*5.3% (rate applicable for three years FD as approved by BoD)

period of three years, the same should be written back. Despite being assured by the Company during the previous year to take necessary action, the Company has failed to do so during the FY 2020-21.

This has resulted in overstatement of Trade Payable and Loss by ₹ 6.32 crore.

A.2.3 Other Current Liabilities (Note No.21)

Others - ₹ 1.11 crore

(i) Above does not include provision of ₹ 0.49 crore towards claims of Food Corporation of India (FCI). The Company accepted three claims of FCI valuing ₹ 0.49 crore which comprises of claims on account of dispatch earned (2006-08), Liquidated damages (2006-08) and net sling charges (1994-95). FCI claimed ₹ 92.18 crore in connection with wheat export from Central Pool Stock, interest towards delayed payment, cost of gunny bags, storage charges etc., from the Company and raised the issue at Administrative Machinery for Redressal of CPSEs' Disputes (AMRCD). The AMRCD directed (May 2020) the Company and FCI to reconcile the disputed matter and during reconciliation, Company accepted three claims of ₹ 0.49 crore. However, no provision towards the same has been created by the Company.

This has resulted in understatement of Other Current Liabilities and Loss by ₹ 0.49 crore.

(ii) Above does not include provision of ₹ 0.13 crore towards electricity charges of the Scope Complex payable for the month of March 2021. As the invoice for the same had been received in June 2021 well before the finalization (October 2021) of the accounts, the amount should have been provided for in the accounts of FY 2020-21.

This has resulted in understatement of Other Current Liabilities and Loss by ₹ 0.13 crore.

A.3 Exceptional Items – Expense (Note No.32): ₹ 877.18 crore

Above does not include provision of ₹ 0.16 crore towards terminal dues of two employees of MMTC Employees Cooperative Canteen Society who were terminated by the Company in March 2016. The terminal dues were accepted to be paid by the Company.

This has resulted in understatement of exceptional items and Loss by ₹ 0.16 crore.

B. Comments on Disclosure

Contingent Liabilities and Disclosures (Note No.34): ₹ 942.61 crore

(i) Above does not include contingent liability of ₹ 7.29 crore on account of outstanding rent and interest of the NIC building as per the order passed by Estate Officer, Kolkata directing the Company to pay the amount to National Insurance Company Limited (NICTL) for unauthorized occupation of its building for the period April 2014 to April 2019. The Company, against the above orders, filed an appeal before the City Civil Court, Kolkata and where the order of Estate Officer was stayed against which NICTL filed a review petition before the Hon'ble High Court, Kolkata against the order passed by the Ld. Chief Judge, City Civil Court, Kolkata. The case is still pending and not listed for hearing and is sub judice, hence the same should be shown under Contingent Liabilities.

(ii) A Reference is invited to Note No.3 (c) which stated that, "The valuation of MMTC's immovable properties have been carried out and as per latest valuation report fair value on 31.03.2021 is ₹1642 crore, as against the previous valuation of ₹1389 crore in May 2019 (Refer Note 32 (ii))". However,

it was observed that the Note 32 (ii) does not contain any such details regarding the valuation. Thus, the Notes to Accounts are deficient to that extent.

- (iii) The Hon'ble Delhi High Court after hearing the execution petition plea of Anglo American Metallurgical Coal Pte. Ltd. directed (March 2021) the Company to deposit ₹ 585.94 crore within two months from the date of the said order. Due to financial crisis, the Company could not comply with the order. The Hon'ble Delhi High Court passed an order on 27.08.2021 for attachment of two bank accounts amounting to ₹ 1.02 crore.

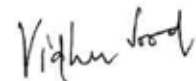
As per Ind AS-10 on "Events after the Reporting Period", "an entity needs to update the disclosures in its financial statements to reflect information received after the reporting period, even when the information does not affect the amounts that it recognizes in its financial statements".

The Company has not disclosed the above fact in the Notes to Accounts and thus, the same was deficient to that extent.

**C. Comments on Independent Auditor's Report on Consolidated Financial Statements
Independent Auditor's Report for the year ended 31 March 2021**

- (i) Statutory Auditor at Sl. No. 1 (under the paragraph Key Audit Matters) has stated that "*the company has 5 regional offices*" whereas the Company has six regional offices as on 31.03.2021 which has also been disclosed under General Information in Financial Statement. Hence, reporting by Independent Auditor is deficient to that extent.
- (ii) Considering the impact of above comments, the loss for the year (₹ 789.28 crore) as depicted in the statement of Profit & Loss of the Company would increase by 52.34 per cent to reach ₹ 1202.41 crore. Hence, the Financial Statements of the Company do not present a "true & fair view" and it was not proper on the part of the Independent Auditor to have provided the assurance that the Financial Statements presented a true & fair view.

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



**(Vidhu Sood)
Principal Director of Audit
(Industry & Corporate Affairs)
New Delhi**

**Place: New Delhi
Date: 29.12.2021**

Annexure A

Details of Joint Ventures/Associates of MMTC Limited

Sl. No.	Name of the Company	JV/Subsidiary	Status
1.	MMTC Gitanjali Limited	Joint Venture	Private entities
2.	MMTC PAMP India Pvt. Ltd.	Joint Venture	Private entities
3.	SICAL Iron Ore Terminal Limited	Joint Venture	Private entities
4.	TM Mining Company Limited	Joint Venture	Private entities
5.	Free Trade Ware-housing Pvt. Limited	Joint Venture	Private entities
6.	MMTC Transnational Pte. Ltd.	Subsidiary	Incorporated in foreign country

MMTC Limited: Corporate Office, New Delhi

Replies to Final Comments issued by C&AG on Annual Accounts (Standalone) for the year ended 31st March 2021

C&AG Final comments(Standalone)	Management's reply to C&AG comments
<p>A Comments on Profitability</p> <p>A.1 Assets</p> <p>A.1.1 Investments (Note 6)</p> <p>Non-Current Investments held for Sale (Note 6 C): Rs.466.95 crore</p> <p>Above includes an investment of Rs.16 crore in Indian Commodity Exchange (ICEX) against which a provision of Rs.8.16 crore (considering the ratio of accumulated losses to share capital of ICEX which was about 51 per cent) was made by the Company in FY 2019-20. It was observed that ratio of accumulated losses to Share capital of ICEX has increased to 61 per cent as on 31 March 2021, however, the Company has not made an additional provision amounting to Rs.1.60 crore which is against the Company's own accounting treatment followed in previous year.</p> <p>This has resulted in overstatement of Non-Current Investments held for Sale and understatement of Loss by Rs.1.60 crore.</p>	<p>It was decided that it would be appropriate to make partial provision of Rs.8.16 crores for impairment of investment in ICEX out of Rs.16 crores invested during the year 2019-20 and accordingly the provision for impairment was made.</p> <p>Further ICEX have informed that total turnover of exchange during 2020-21 was Rs.1666.17 crore with a total of 1960 clients. Due to impact of Covid-19 trading operations during 2020-21 were severely affected in all commodity exchanges including ICEX. ICEX have planned to strengthen their operations on account of global pandemic and global recession. Their focus is on utilizing mutual fund transactions and raising capital with renewed emphasis on commodities. In view of above creating further provision of Rs.1.60 crores may not be required.</p> <p>However, the observation of C&AG with respect to provision of accumulated losses if any on ICEX will be reviewed and suitable action including provision will be taken in FY 2021-22.</p>
<p>A.1.2 Deferred Tax Assets (Note 10): Rs.555.44 crore</p> <p>Above includes Deferred Tax Assets (DTA) of Rs330.69 crore created on the probable income of Rs.946.33 crore assessed by the Company as receivable from Neelachal Ispat Nigam Limited (NINL) as on 31.03.2021. Though the Company did not recognize interest receivable for the FY 2019-20 and 2020-21 due to uncertainty of its realization, however, considered the same as certain for creation of DTA. Moreover, interest for FY 2021-22 was also considered for creation of DTA which was not only against the stand taken by the Company that income receivable from NINL is uncertain but also against the Generally Accepted Accounting Principles.</p> <p>This has resulted in overstatement of Deferred Tax Assets and understatement of Loss by Rs.330.69 crore.</p>	<p>MMTC is having a business loss of Rs. 1,094.22 crores (Standalone) for the F.Y. 2020-21.</p> <p>As per the provisions of Income Tax Act, this loss can be carried forward up to 8 years as unused Tax losses and may be adjusted with the future taxable business profits. Further, as per Ind As 12 – Income Taxes, "a deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized."</p> <p>MMTC signed a Master Debt Resolution Agreement during the year. According to which, interest income is expected from NINL in March, 2022 through divestment proceeds of NINL to the tune of Rs. 946.33 crores.</p>

C&AG Final comments(Standalone)	Management's reply to C&AG comments
	<p>As approved by the Competent Authority, Deferred Tax Assets amounting to Rs. 324.60 crores have been created on tax losses limited to the probable interest proceeds from NINL i.e Rs. 946.33 crores for compliance with provisions of Income Tax and Ind AS 12 and to make clear picture of current tax and future tax.</p> <p>Further, as per Ind AS 12 – the carrying amount of a Deferred Tax Asset shall be reviewed at the each reporting period. The carrying amount of DTA shall be reduced to the extent that it is no longer probable that sufficient taxable profit will be available and such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.”</p> <p>As the bidding process of divestment of NINL has reached its finality and M/s Tata Steel Long Products Limited (TSLP) became the H1 bidder for Rs 12100 crs, Post Divestment of NINL issue will be reviewed and suitable action will be taken in FY 2021-22. Hence MMTC will get all the dues including interest which has not been recognized in accounts due to uncertainty of realisability of receipt.</p> <p>In view of the above, MMTC Management is confident of recovering all its dues from the divestment proceeds of NINL and hence deferred tax created is in line with Ind AS 12.</p>
<p>A.1.3 Other Financial Assets (Note 9)</p> <p>Other Advances (Non-Current): Rs. 8.79 crore</p> <p>Above includes an amount of Rs.0.21 crore shown as recoverable from various parties since more than 25 years on which the provision was made by the Company. The cases are very old and no documents are available with the Company and the chances of recovery are also remote. Thus, the above amount should have been written off in the books as on 31.03.2021. Despite being assured by the Company in the previous year to take necessary action on the above observation, the Company has failed to do so during the FY 2020-21.</p> <p>This has resulted in overstatement of Other Advances by Rs.0.21 crore and consequent understatement of Allowance for bad and doubtful receivables by the same amount.</p>	<p>As the cases pertains to the year 1995-96 and the files/ records are difficult to be traced. However, efforts are being made to trace out the relevant files/documents. The observation of C&AG will be reviewed and it will be written off in 2021-22.</p>

C&AG Final comments(Standalone)	Management's reply to C&AG comments
<p>A.2 Equity and Liabilities</p> <p>A.2.1 Provisions - Current (Note 20 B)</p> <p>A.2.1.1 Others - Provisions for litigation settlements: Rs.888.81 crore</p> <p>Above does not include provision towards interest of Rs.103.11 crore payable for pre-arbitration period of the disputed case with M/s. Anglo American Metallurgical Coal Pte. Ltd.</p> <p>The Company entered (March 2007) into a contract with M/s. Anglo American Metallurgical Coal Pte. Ltd (the supplier) for lifting 4,66,000 MTs of coking coal. However, the Company did not lift the contracted quantity and the supplier invoked arbitration in September 2012. The matter went into International Court of Arbitration (1A) and was decided in favour of the supplier directing the Company to pay USD 78,720,414.92 along with pre-award interest @ 7.5 per cent and future interest @ 15 per cent from the date of award till the date of payment.</p> <p>The matter went into the Hon'ble Supreme Court (SC) and the award of IA was upheld by the SC vide order dated 17 December 2020. The Company filed (16 January 2021) a review petition and SC ordered (29 July 2021) that given the large interest component of the award, <i>pendents lite</i> and future interest may be reduced to 6% simple interest.</p> <p>However, SC order did not say anything about interest for pre-arbitration period which implies that interest rate for pre-arbitration period as decided by I A, holds good. However, the Company did not make any provision towards interest payable for pre-arbitration period and has sought clarification (October 2021) from SC, The Company has shown the entire pre-arbitration interest under contingent liabilities. Audit is of the view that, considering the conservative principle of accounting, a provision equivalent to 6 per cent should have, at least, been made in Ilie Financial statements.</p> <p>Thus, non-provision of interest for pre-arbitration period has resulted in understatement of Provisions and Loss by Rs.103.11 crore. This has also resulted in overstatement of contingent liabilities by Rs.103.11 crore.</p>	<p>As per the Hon'ble Supreme Court decision dated 29.07.2021, interest rate for the Pendent elite period and future period is reduced to 6% from 7.5% & 15% respectively but order is silent on the interest rate for pre Arbitration period. As per the decision of Hon'ble Supreme Court, MMTC had already made provision of Rs. 887.43 crores in the books of accounts for the F.Y. 2020-21. Considering the order of Hon'ble Supreme Court interest rate for pre Arbitration period from 1.10.2009 to 26.09.2012 has been kept as NIL. Keeping in view Learned Attorney General of India (AG) opinion, Quote "<i>it may not be prudent at this stage as the learned AG has opined that any ambiguity arising from the Hon'ble Supreme Court order dated 29.7.2021 could be resolved by the court itself</i>" Unquote Further as per the advice of Learned AG, MMTC had filed an application before Supreme Court for clarification of order dated 29.07.2021, passed by Apex Court.</p> <p>It is reiterated that Learned AG opined that any ambiguity arising from the Hon'ble Supreme Court order dated 29.7.2021 could be resolved by the court itself. The Company have filled clarification application which was listed on 28.01.2022 by Hon'ble Supreme Court. Upon hearing, Hon'ble Court listed the matter after two weeks. The specific date of hearing is awaited.</p> <p>On clarification from Hon'ble Supreme Court, the observation of C&AG will be reviewed and suitable action will be taken in FY 2021-22.</p>

C&AG Final comments(Standalone)	Management's reply to C&AG comments
<p>A.2.1.2 Bonus/ Performance Related Pay: Rs.17.46 crore</p> <p>Above includes provision of Rs.17.08 crore towards Performance Related Pay (PRP) of which Rs.13.99 crore pertains to the FY 2017-18 & 2018-19 and 53.09 crore excess provision booked in earlier years. The Company booked interest receivable from its joint venture company, Neelachai Ispat Nigam Limited (NINL) during 2017-18 and 2018-19 to arrive at PRP, whereas the Company was actually not making profits on cash basis, a fact which was admitted by the Company in its reply (March 2021) to Deputy Chief Labour Commissioner and while seeking clarification (December 2020) from Department of Commerce,</p> <p>Moreover, considering of interest receivable from JV company for the purpose of PRP is also in violation of DPE guidelines (18 September 2013) which inter-alia stipulates that, "PRP may be distributed based on profit accruing only from core business activities of the CPSEs". Further, the PRP for FYs 2017-18 and 2018-19 were not approved by the Remuneration Committee of the Directors and considering the extreme cash crunch, the Company is not in a position to recommend PRP.</p> <p>In view of the above and considering the fact that the Company has also initiated the recovery of PRP in line with its BoD approval (November 2020), the provision created towards the PRP should also have been reversed.</p> <p>This has resulted in overstatement of Provisions and Loss by Rs. 17.08 crore.</p>	<p>The concept of PRP as part of pay package was introduced by DPE as per the guidelines in its OM dated 26/11/2008 & 09/02/2009. As per the DPE guidelines, the PRP is to be paid to the serving employees after the accounts are finalized and approved by the Board, CAG and adopted by the AGM, Company rating, the employees grade and rating of the employee concerned.</p> <p>The final PRP is paid after the approval of nomination and Remuneration Committee of Directors (RCoD) as mandated in DPE guidelines.</p> <p>The proposal for final payment of PRP for FY 2017-18 & 2018-19 have not been put up to the RCoD for approval pending MOU rating of company & employee rating thus, final PRP for both FYs not paid. However, as per the past practice, pending finalization of PRP an ad hoc advance was released to the employees against undertaking, with due approval of CMD. This was in line with the past precedence of releasing ad hoc advance for several years.</p> <p>MMTC Board of Directors in its 459th meeting held on 13/11/2020 observed that such ad hoc payments was unfair and needs to be recovered by following due procedure. The matter relating to the ad hoc advance was observed adversely by the MMTC Board of Directors, the entire matter was placed before the RCoD vide division's note dated 30/03/2021. The said note was taken up for discussion by the RCoD in its 10th meeting held on 31/03/2021. RCoD after taking note of the position as explained in the note for discussion was of the view that the recovery of ad hoc/ advance be put on hold till the Labour Commissioner decides on the petition of the Staff Federation and receipt of opinion from DPE on the same and directed to place the matter before the Board of Directors for appraisal.</p> <p>Since the Company had registered profit during FY 2017-18 and 2018-19 provisions were made in books of accounts for payment of PRP in line with the accounting principles & DPE guidelines.</p>

C&AG Final comments(Standalone)	Management's reply to C&AG comments
	<p>With regard to deduction of interest on idle cash/ bank balances for the purpose of calculating PBT and distribution of PRP in CPSE's, it is submitted that at the time of calculation of PBT, the interest earned on idle cash/bank balances has been deducted.</p> <p>Further, due to precarious liquidity position of the company, 50% of eligible PRP was only released to the serving employees for FY 16-17. No PRP to superannuated employees was released.</p> <p>It is assured that the provision created will be reversed in 2021-22 and recoveries will be made as soon as possible following due process.</p> <p>As the bidding process of divestment of NINL has reached its finality and M/s Tata Steel Long Products Limited (TSLP) became the H1 bidder for Rs 12100 crs, MMTC will get all the dues including interest which has not been recognized in accounts due to uncertainty of realisability of receipt. Hence Board may like to review the issue of PRP once again.</p>
<p>A.2.1.3 Provisions (Note 20 B): Rs.926.59 crorc</p> <p>Above does not include Rs.0.14 crore payable to Post-Retirement Medical Benefit Trust (Trust) for the FY 2020-21. The BoD of the Company (411th meeting) approved additional contribution in lieu of interest at the rate admissible for a term-deposit of three years to be credited to the fund annually on the amount of fund vested with the company. Accordingly, the Company provided for additional contribution to the Trust @ 6.75 per cent and @ 3.70 per cent for FY 2018-19 and 2019-20. However, the Company did not provide additional contribution for FY 2020-21 on the net amount payable to the Trust.</p> <p>This has resulted in understatement of Provisions and Loss by Rs. 0.14 crore.</p>	<p>Board in its 447th meeting dated 15.05.2019 had approved "the formation of Trust for medical need of Retired employees of MMTC and also transfer of Rs 150.05 crores in one or more instalments after receipt of Income tax exemptions for the TRUST and to make regular transfer of contributions thereafter".</p> <p>Total Funds of Rs 150 crores in 7 instalments from the period 19.12.2019 to 3.3.2020 was transferred to Trust.</p> <p>As approved by BOD in its 411th meeting additional contribution in lieu of interest at the rate admissible for a term deposit of three years to be credited to the fund annually on the amount of fund vested with the company.</p> <p>As on 31.03.2021, Rs 9.31 crs is payable to Trust & Rs 6.63 crs is receivable from Trust and interest payable to Trust is meagre, hence interest provision has not been created.</p> <p>The observation of C&AG will be complied with and suitable action will be taken in FY 2021-22</p>

C&AG Final comments(Standalone)	Management's reply to C&AG comments
<p>A.2.2 Trade Payable (Note 18): Rs.765.01 crore</p> <p>Above includes an amount of Rs.6.32 crore as payable to two foreign parties pending for payment since more than 10 years. Since, the law of limitation prescribes that the parties cannot claim the amount after a period of three years, the same should be written back. Despite being assured by the Company during the previous year to take necessary action, the Company has failed to do so during the FY 2020-21.</p> <p>This has resulted in overstatement of Trade Payable and Loss by Rs. 6.32 crore.</p>	<p>As per approval of competent authority, RO Chennai has already passed necessary entries in the books of accounts for FY 2021-22 to write back the Liability in respect of M/s V. S. LAD amounting to Rs 4.06 crore.</p> <p>As regards the liability in respect of M/s Obalapuram Mining Co. Pvt Ltd, Bellary (OMC) amounting to Rs 2.26 crore is concerned, R/O Chennai has been advised to review the matter.</p> <p>The observation of C&AG will be complied with and suitable action will be taken in FY 2021-22</p>
<p>A.2.3 Other Current Liabilities (Note 21) Others - Rs.1.13 crore</p> <p>(i) Above does not include provision of Rs .49 crore towards claims of Food Corporation of India (FCI). The Company accepted three claims of FCI valuing Rs.0.49 crore which comprises of claims on account of dispatch earned (2006-08), Liquidated damages (2006-08) and net sling charges (1994-95). FCI claimed Rs.92.18 crore in connection with wheat export from Central Pool Stock, interest towards delayed payment, cost of gunny bags, storage charges etc., from the Company and raised the issue at Administrative Machinery for Redressal of CPSEs' Disputes (AMRCD). The AMRCD directed (May 2020) the Company and FCI to reconcile the disputed matter and during reconciliation, the Company accepted three claims of Rs.0.49 crore. However, no provision towards the same has been created by the Company.</p> <p>This has resulted in understatement of Other Current Liabilities and Loss by Rs.0.49 crore.</p>	<p>FCI has moved AMRCD proceedings against MMTC. The committee comprising Secretary (F&PD), Commerce Secretary and Law Secretary has directed both MMTC and FCI to reconcile their claims and counter claims on each other. Accordingly, both MMTC and FCI are working towards reconciliation of the claims.</p> <p>As mentioned in GAP note MMTC has accepted three claims of FCI and GAP has further enumerated the claims; claims totaling to Rs. 1.11 crore, this is a matter of record. The three claims accepted by MMTC were also confirmed by Chartered Accountants (ASC & Associates) appointed for verification of claims between MMTC and FCI in their report dated 29.06.2021. The reconciliation of claims and counter claims between MMTC and FCI is continuing.</p> <p>Further to above , the following points may also be perused</p> <ol style="list-style-type: none"> 1.The three claims accepted by MMTC (after due approval of Competent Authority) referred in the POM 4 dated 26.11.2021 pertain to wheat imports of 2007-08 (Despatch and LD) and sugar imports of 1995-96(Sling charges). Interest to be charged on admitted amounts will be decided by AMRCD while deciding the case. 2. The matter is pending for final decision by AMRCD and the requirement for provisioning on the admitted amount by MMTC shall be considered after the final decision of AMRCD is known. <p>Hence the observation of C&AG be complied with and suitable action will be taken in FY 2021-22.</p>

<p>C&AG Final comments(Standalone)</p> <p>(ii) Above does not include provision of Rs 0.13 crore towards electricity charges of the Scope Complex payable for the month of March 2021. As the invoice for the same had been received in June 2021 well before the finalization (October 2021) of the accounts, the amount should have been provided for in the accounts of FY 2020-21.</p> <p>This has resulted in understatement of Other Current Liabilities and Loss by Rs 0.13 crore.</p>	<p>Management's reply to C&AG comments</p> <p>The provision for administrative expenses like electricity charges and other miscellaneous expenses payable been created on estimated basis in the books of accounts as on 31.03.2021, if the bill is not received on actual basis. Any difference between provision created on particular head and actual expenses on settlement shall be accounted for in the next financial year. Accordingly the shortfall amount of Rs.13 lakhs has been accounted for in the 1st quarter of financial year 2021-22.</p> <p>The electricity bill of SCOPE Complex was paid in the month of June 2021 and the same has been accounted for in 2021-22.</p>
<p>A 3. Exceptional Items - Expense (Note 32): Rs.877.17 crore</p> <p>Above does not include provision of Rs.0.16 crore towards terminal dues of two employees of MMTC Employees Cooperative Canteen Society who were terminated by the Company in March 2016. The terminal dues were accepted to be paid by the Company.</p> <p>This has resulted in understatement of exceptional items and Loss by Rs.0.16 crore.</p>	<p>VSS compensation was not accepted by two employees of the MMTC Employees Cooperative Society and filed the case in the Labour Court Delhi challenging termination of their service. The case is sub-judice as on date.</p> <p>In the case of Kundan Lal vs MMTC pleadings were completed. Matter is now fixed for arguments. Previous date was 10.11.2021. Next Date of hearing is awaited. The matter is sub judice and not reached its finality. Liability, if any, will be provided once the legal case concludes.</p> <p>However gratuity being the statutory obligation has been paid by the MMTC Canteen Society. Acceptance of Gratuity leads to cessation of service, thus, it is felt that the dispute on termination has no locus standi.</p> <p>The VSS compensation not accepted by the two employees of erstwhile MMTC employees Cooperative Canteen Society while rest of the employees have taken the compensation and accepted the same. These two employees are contesting for regularization in MMTC in the Industrial Tribunal alleging that their termination is illegal.</p> <p>Since the matter is sub judice, it would not be prudent to make any provision on this account till the time the matter gets resolved by the Industrial Tribunal.</p>

C&AG Final comments(Standalone)	Management's reply to C&AG comments
<p>B. Comments on Disclosure</p> <p>Contingent Liabilities and Disclosures (Note No.34): Rs. 942.62 crore</p> <p>(i) Above does not include contingent liability of Rs.7.29 crore on account of outstanding rent and interest of the NIC building as per the order passed by Estate Officer, Kolkata directing the Company to pay the amount to National Insurance Company Limited (N1CL) for unauthorized occupation of its building for the period April 2014 to April 2019. The Company, against the above orders, filed an appeal before the City Civil Court, Kolkata and where the order of Estate Officer was stayed against which N1CL filed a review petition before the Hon'ble High Court. Kolkata against the order passed by the Ld. Chief Judge, City Civil Court, Kolkata. The case is still pending and not listed for hearing and is sub judice, hence the same should be shown under Contingent Liabilities.</p>	<p>MMTC has already booked firm liability from time to time in the books of accounts of RO. Kolkata towards rent and electricity charges payable as per the lease agreement dated 23.06.2004 issued by NIC for the period from February,2014 to 15.4.2019 and part of the liabilities have also been adjusted against payment of bills raised by NIC to MMTC towards electricity and other charges. As per books of accounts as on 31.3.2020, the amount of firm liability on account of rent payable till 31.03.2019 to NIC stands Rs.91,77,890.00.</p> <p>In the light of the direction of City Civil Court vide their order dated 9.7.2019 and also in terms of the lease agreement dated 23.06.2004 issued by NIC for having lease for a period of 15 years with 25% enhancement of rent in every five years w.e.f.01.04.2004 till 31.03.2019, the provision for contingent liability of Rs.8.21 crore towards damages claimed by NIC, at this stage ,may not arise. In the meanwhile MMTC, Kolkata vacated the premises of NIC.</p> <p>Since the matter is sub judice, it would not be prudent to disclose Rs.8.21 crore towards damages claimed by NIC in contingent liabilities account till the time the matter gets resolved by the Court.</p>
<p>(ii) A Reference is invited to Note No.3 (c) which stated that, "The valuation of MMTC's immovable properties have been carried out and as per latest valuation report fair value on 31.03.2021 is Rs 1642 crore, as against the previous valuation of Rs 1389 crore in May 2019 (Refer Note 32 (ii))". However, it was observed that the Note 32 (ii) does not contain any such details regarding the valuation. Thus, the Notes to Accounts are deficient to that extent.</p>	<p>The observation of C&AG is noted and same shall be suitably incorporated/modified in the printed accounts of the financial year 2020-21.</p>
<p>(iii) The Hon'ble Delhi High Court after hearing the execution petition plea of Anglo American Metallurgical Coal Pte. Ltd. directed (March 2021) the Company to deposit Rs.585.94 crore within two months from the date of the said order. Due to financial crisis, the Company could not comply with the order. The Hon'ble Delhi High Court passed an order on 27,08.2021 for attachment of two bank accounts amounting to Rs.1.02 crore.</p> <p>As per Ind AS-10 on "Events after the Reporting Period", "an entity needs to update the disclosures in its financial statements to reflect information received after the reporting period, even when the information does not affect the amounts that it recognizes in its financial statements".</p> <p>However, the Company has not disclosed the above fact in the Notes to Accounts and thus, the same was deficient to that extent.</p>	<p>As the order for attachment of the bank accounts of BBSR and Paradip has been passed in the year 2021-22 and necessary accounting entries will also be passed during the year 2021-22. Hence the necessary disclosure will also be looked into in accounts of the Financial year 2021-22.</p> <p>However, attachment of two bank accounts has been effected on 27.08.2021, accordingly necessary accounting entry of the said amount will be passed and disclosure in the notes to accounts, as required in the books of accounts will be made during the financial year 2021-22.</p>

C&AG Final comments(Standalone)	Management's reply to C&AG comments
<p>C. Comments on Independent Auditor's Report on Independent Auditor's Report for the year ended 31 March 2021</p> <p>(i) Statutory Auditor at Sl. No. 1 (under the paragraph Key Audit Matters) has stated that "the company has 5 regional offices" whereas the Company has six regional offices as on 31.03.2021 which has also been disclosed under General Information in Financial Statement. Hence, reporting by Independent Auditor is deficient to that extent.</p>	<p>The observation of C&AG is noted and would be suitably incorporated/modified in the printed accounts of the financial year 2020-21.</p>
<p>(ii) Considering the impact of above comments, the loss for the year (Rs.769.69 crore) as depicted in the statement of Profit & Loss of the Company would increase by 53.67 per cent to reach Rs.1182.82 crore. Hence, the Financial Statements of the Company do not present a "true & fair view" and it was not proper on the part of the Independent Auditor to have provided the assurance that the Financial Statements presented a true & fair view.</p>	<p>It has been assured by statutory auditors that necessary provision will be made in 2021-22 after discussing the matters with the management. Further that there is sufficient reason for the recognition of deferred tax asset and non provision of interest payable to Anglo American Metallurgical Coal Pte Ltd is correct and thus present a true and fair view on the financial statements. It is a matter of opinion only.</p> <p>Further the loss and contingent liabilities has been correctly shown in the books of accounts for 2020-21 .</p>

Replies to Final Comments issued by C&AG on Annual Accounts (Consolidated) for the year ended 31st March 2021

Report on the Directions issued by C&AG under section 143(5) of the Companies Act, 2013 for the Financial Year 2020-2021

C&AG Final comments(Consolidated)	Management's reply to C&AG comments
<p>A Comments on Consolidated Profitability</p> <p>A.1 Assets</p> <p>A.1.1 Non-Current Investment held for Sale (Note No. 6 D): Rs 7.84 crore</p> <p>Above includes an investment of Rs 16 crore in Indian Commodity Exchange (ICEX) against which a provision of Rs 8.16 crore (considering the ratio of accumulated losses to share capital of ICEX which was about 51 per cent) was made by the Company in FY 2019-20. It was observed that ratio of accumulated losses to Share capital of ICEX has increased to 61 per cent as on 31 March 2021, however, Company has not made an additional provision amounting to Rs. 1.60 crore which is against the Company's own accounting treatment followed in previous year. This has resulted in overstatement of Non-Current Investment held for Sale and understatement of Loss by Rs 1.60 crore.</p>	<p>It was decided that it would be appropriate to make partial provision of Rs.8.16 crores for impairment of investment in ICEX out of Rs.16 crores invested during the year 2019-20 and accordingly the provision for impairment was made.</p> <p>Further ICEX have informed that total turnover of exchange during 2020-21 was Rs.1666.17 crore with a total of 1960 clients. Due to impact of Covid-19 trading operations during 2020-21 were severely affected in all commodity exchanges including ICEX. ICEX have planned to strengthen their operations on account of global pandemic and global recession. Their focus is on utilizing mutual fund transactions and raising capital with renewed emphasis on commodities. In view of above creating further provision of Rs.1.60 crores may not be required.</p> <p>However, the observation of C&AG with respect to provision of accumulated losses if any on ICEX will be reviewed and suitable action including provision will be taken in FY 2021-22.</p>
<p>A 1.2 Deferred Tax Assets (Note No.10): Rs 555.44 crore</p> <p>Above includes Deferred Tax Assets (DTA) of Rs 330.69 crore created on the probable income of Rs 946.33 crore assessed by the Company as receivable from Neelachal Ispat Nigam Limited (NINL) assessed by the Company as on 31.03.2021. Though the Company did not recognize interest receivable for the FY 2019-20 and 2020-21 due to uncertainty of its realization, however, considered the same as certain for creation of DTA, Moreover, interest for FY 2021-22 was also considered for creation of DTA which was not only against the stand taken by the Company that income receivable from NINL is uncertain but also against the Generally Accepted Accounting Principles. This has resulted in overstatement of Deferred Tax Assets and understatement of Loss by Rs 330.69 crore.</p>	<p>MMTC is having a business loss of Rs. 1,094.22 crores (Standalone) for the F.Y. 2020-21.</p> <p>As per the provisions of Income Tax Act, this loss can be carried forward up to 8 years as unused Tax losses and may be adjusted with the future taxable business profits. Further, as per Ind As 12 – Income Taxes, “a deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.”</p> <p>MMTC signed a Master Debt Resolution Agreement during the year. According to which, interest income is expected from NINL in March, 2022 through divestment proceeds of NINL to the tune of Rs. 946.33 crores.</p> <p>As approved by the Competent Authority, Deferred Tax Assets amounting to Rs. 324.60 crores have been created on tax losses limited to the probable interest proceeds from NINL i.e Rs. 946.33 crores for compliance with provisions of Income Tax and Ind As 12 and to make clear picture of current tax and future tax.</p> <p>Further, as per Ind AS 12 – the carrying amount of a Deferred Tax Asset shall be reviewed at the each reporting period. The carrying amount of DTA shall be reduced to the extent that it is no longer probable that sufficient taxable profit will be available and such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.”</p> <p>As the bidding process of divestment of NINL has reached its finality and M/s Tata Steel Long Products Limited (TSLP) became the H1 bidder for Rs 12100 crs, Post Divestment of NINL issue will be reviewed and suitable action will be taken in FY 2021-22. Hence MMTC will get all the dues including interest which has not been recognized in accounts due to uncertainty of realisability of receipt.</p> <p>In view of the above, MMTC Management is confident of recovering all its dues from the divestment proceeds of NINL and hence deferred tax created is in line with Ind AS 12.</p>

C&AG Final comments(Consolidated)	Management's reply to C&AG comments
<p>A.1.3 Other Financial Assets (Note No.9) Other Advances (Non-Current): Rs 8.78 crore</p> <p>Above includes an amount of Rs 0.21 crore shown as recoverable from various parties since more than 25 years on which the provision was made by the Company. The cases are very old and no documents are available with the Company and the chances of recovery are also remote. Thus, the above amount should have been written back in the books as on 31.03.2021. Despite being assured by the Company in the previous year to take necessary action on the above observation, the Company has failed to do so during the FY 2020-21.</p> <p>This has resulted in overstatement of Other Advances by Rs 0.21 crore and consequent understatement of Allowance for bad and doubtful receivables by the same amount.</p>	<p>As the cases pertain to the year 1995-96 and the files/records are difficult to be traced. However, efforts are being made to trace out the relevant files/documents.</p> <p>The observation of C&AG will be reviewed and it will be written off in 2021-22.</p>
<p>A.2 Equity and Liabilities</p> <p>A.2.1 Provisions - Current (Note No - 20 B)</p> <p>A.2.1.1 Others - Provisions for litigation settlements - Rs 888.81 crore</p> <p>Above does not include provision towards interest of Rs 103.11 crore payable for pre-arbitration period of the disputed case with M/s. Anglo American Metallurgical Coal Pte. Ltd.</p> <p>The Company entered (March 2007) into a contract with M/s. Anglo American Metallurgical Coal Pte. Ltd (the supplier) for lifting 466000 MTs of coking coal. However, the Company did not lift the contracted quantity and the supplier invoked arbitration in September 2012. The matter went into International Court of Arbitration (IA) and was decided in favour of the supplier directing the Company to pay USD 78.720,414.92 along with pre-award interest® 1.5 per cent and future interest @ \5percent from the date of award till the date of payment.</p> <p>The matter went into Hon'ble Supreme Court (SC) and the award of IA was upheld by the SC vide order dated 17 December 2020. Company filed (16 January 2021) a review petition and SC ordered (29 July 2021) that given the large interest component of the award, pendent lite and future interest may be reduced to 6% simple interest.</p>	<p>As per the Hon'ble Supreme Court decision dated 29.07.2021, interest rate for the Pendent lite period and future period is reduced to 6% from 7.5% & 15% respectively but order is silent on the interest rate for pre Arbitration period. As per the decision of Hon'ble Supreme Court, MMTC had already made provision of Rs. 887.43 crores in the books of accounts for the F.Y. 2020-21. Considering the order of Hon'ble Supreme Court interest rate for pre Arbitration period from 1.10.2009 to 26.09.2012 has been kept as NIL. Keeping in view Learned Attorney General of India (AG) opinion, Quote <i>"it may not be prudent at this stage as the learned AG has opined that any ambiguity arising from the Hon'ble Supreme Court order dated 29.7.2021 could be resolved by the court itself"</i> Unquote Further as per the advice of Learned AG, MMTC had filed an application before Supreme Court for clarification of order dated 29.07.2021, passed by Apex Court.</p> <p>It is reiterated that Learned AG opined that any ambiguity arising from the Hon'ble Supreme Court order dated 29.7.2021 could be resolved by the court itself. The Company have filled clarification application which was listed on 28.01.2022 by Hon'ble Supreme Court. Upon hearing, Hon'ble Court listed the matter after two weeks. The specific date of hearing is awaited.</p> <p>On clarification from Hon'ble Supreme Court, the observation of C&AG will be reviewed and suitable action will be taken in FY 2021-22.</p>

C&AG Final comments(Consolidated)	Management's reply to C&AG comments
<p>However, SC order did not say anything about interest for pre-arbitration period which implies that interest rate for pre-arbitration period as decided by IA, holds good. However, the Company did not make: Rs 547.87 for FY 2019-20 and 2020-21 and Rs 398.46 crore for FY 2021-22 any provision towards interest payable for pre-arbitration period and has sought clarification (October 2021) from SC. The Company has shown the entire pre-arbitration interest under contingent liabilities. Audit is of the view that, considering the conservative principle of accounting, a provision equivalent to 6 per cent should have, at least, been made in the Financial statements.</p> <p>Thus non-providing of interest for pre arbitration period has resulted in understatement of Provisions and Loss by Rs 103.11 crore. This has also resulted in overstatement of contingent liabilities by Rs 103.11 crore.</p>	
<p>A.2.1.2 Bonus/Performance Related Pay: Rs 17.84 crore</p> <p>Above includes provision of Rs 17.08 crore towards Performance Related Pay (PRP) of which Rs 13.99 crore pertains to the FY 2017-18 & 2018-19 and Rs 3.09 crore excess provision booked in earlier years. The Company booked interest receivable from its joint venture company, Neeiachal Ispat Nigam Limited (NINL) during 2017-18 and 2018-19 to arrive at PRP, whereas the Company was actually not making profits on cash basis, a fact which was admitted by the Company in its reply (March 2021) to Deputy Chief Labour Commissioner and while seeking clarification (December 2020) from Department of Commerce.</p> <p>Moreover, considering of interest receivable from JV company for the purpose of PRP is also in violation of DPE guidelines (18 September 2013) which inter-alia stipulates that, "PRP may be distributed based on profit accruing only from core business activities of the CPSEs". Further, the PRP for FYs 2017-18 and 2018-19 were not approved by the Remuneration Committee of the Directors and considering the extreme cash crunch, the Company is not in a position to recommend PRP.</p>	<p>The concept of PRP as part of pay package was introduced by DPE as per the guidelines in its OM dated 26/11/2008 & 09/02/2009. As per the DPE guidelines, the PRP is to be paid to the serving employees after the accounts are finalized and approved by the Board, CAG and adopted by the AGM, Company rating, the employees grade and rating of the employee concerned.</p> <p>The final PRP is paid after the approval of nomination and Remuneration Committee of Directors (RCoD) as mandated in DPE guidelines.</p> <p>The proposal for final payment of PRP for FY 2017-18 & 2018-19 have not been put up to the RCoD for approval pending MOU rating of company & employee rating thus, final PRP for both FYs not paid. However, as per the past practice, pending finalization of PRP an ad hoc advance was released to the employees against undertaking, with due approval of CMD. This was in line with the past precedence of releasing ad hoc advance for several years.</p> <p>MMTC Board of Directors in its 459th meeting held on 13/11/2020 observed that such ad hoc payments was unfair and needs to be recovered by following due procedure. The matter relating to the ad hoc advance was observed adversely by the MMTC Board of Directors, the entire matter was placed before the RCoD vide division's note dated 30/03/2021. The said note was taken up for discussion by the RCoD in its 10th meeting held on 31/03/2021. RCoD after taking note of the position as explained in the note for discussion was of the view that the recovery of ad hoc/advance be put on hold till the Labour Commissioner decides on the petition of the Staff Federation and receipt of opinion from DPE on the same and directed to place the matter before the Board of Directors for appraisal.</p>

C&AG Final comments(Consolidated)	Management's reply to C&AG comments
<p>In view of above and considering the fact that Company has also initiated the recovery of PRP in line with its BoD approval (November 2020), the provision created towards the PRJ1 should also have been reversed.</p> <p>This has resulted in overstatement of Provisions and Loss by Rs 17.08 crore.</p>	<p>Since the Company had registered profit during FY 2017-18 and 2018-19 provisions were made in books of accounts for payment of PRP in line with the accounting principles & DPE guidelines.</p> <p>With regard to deduction of interest on idle cash/bank balances for the purpose of calculating PBT and distribution of PRP in CPSE's, it is submitted that at the time of calculation of PBT, the interest earned on idle cash/bank balances has been deducted.</p> <p>Further, due to precarious liquidity position of the company, 50% of eligible PRP was only released to the serving employees for FY 16-17. No PRP to superannuated employees was released.</p> <p>It is assured that the provision created will be reversed in 2021-22 and recoveries will be made as soon as possible following due process.</p> <p>As the bidding process of divestment of NINL has reached its finality and M/s Tata Steel Long Products Limited (TSLP) became the H1 bidder for Rs 12100 crs, MMTC will get all the dues including interest which has not been recognized in accounts due to uncertainty of realisability of receipt. Hence Board may like to review the issue of PRP once again.</p>
<p>A.2.1.3 Provisions - Current (Note No.20 B): Rs 926.97 crore</p> <p>Above does not include Rs 0.14 crore payable to Post-Retirement Medical Benefit Trust (Trust) as for the FY 2020-21. The BoD of the Company (411th meeting) approved additional contribution in lieu of interest at the rate admissible for a term deposit of three years to be credited to the fund annually on the amount of fund vested with the company. Accordingly, the Company provided for additional contribution to the Trust @ 6.75 per cent and @ 3.70per cent for FY 2018-19 and 2019-20. However, the Company did not provide additional contribution for FY 2020-21 on the net amount payable to the Trust.</p> <p>This has resulted in understatement of Provision and Loss by Rs 0.14 crore.</p>	<p>Board in its 447th meeting dated 15.05.2019 had approved "the formation of Trust for medical need of Retired employees of MMTC and also transfer of Rs 150.05 crores in one or more instalments after receipt of Income tax exemptions for the TRUST and to make regular transfer of contributions thereafter".</p> <p>Total Funds of Rs 150 crores in 7 instalments from the period 19.12.2019 to 3.3.2020 was transferred to Trust.</p> <p>As approved by BOD in its 411th meeting additional contribution in lieu of interest at the rate admissible for a term deposit of three years to be credited to the fund annually on the amount of fund vested with the company.</p> <p>As on 31.03.2021, Rs 9.31 crs is payable to Trust & Rs 6.63 crs is receivable from Trust and interest payable to Trust is meagre, hence interest provision has not been created.</p> <p>The observation of C&AG will be complied with and suitable action will be taken in FY 2021-22</p>
<p>A.2.2 Trade Payable (Note No.18): Rs 998.17 crore</p> <p>Above includes an amount of Rs 6.32 crore as payable to two foreign parties pending for payment since more than 10 years. Since, the law of limitation prescribes that the parties cannot claim the amount period of three years, the same should be written back. Despite being assured by the Company during the previous year to take necessary action, the Company has failed to do so during the FY 2020-21.</p> <p>This has resulted in overstatement of Trade Payable and Loss by Rs 6.32 crore,</p>	<p>As per approval of competent authority, RO Chennai has already passed necessary entries in the books of accounts for FY 2021-22 to write back the Liability in respect of M/s V. S. LAD amounting to Rs. 4.06 crore.</p> <p>As regards the liability in respect of M/s Obalapuram Mining Co. Pvt Ltd, Bellary (OMC) amounting to Rs 2.26 crore is concerned, R/O Chennai has been advised to review the matter.</p> <p>The observation of C&AG will be complied with and suitable action will be taken in FY 2021-22</p>

C&AG Final comments(Consolidated)	Management's reply to C&AG comments
<p>A.2.3 Other Current Liabilities (Note No.21) Others - Rs 1.11 crore</p> <p>(i) Above does not include provision of Rs 0.49 crore towards claims of Food Corporation of India (FCI). The Company accepted three claims of FCI valuing Rs 0.49 crore which comprises of claims on account of dispatch earned (2006-08), Liquidated damages (2006-08) and net sling charges (1994-95). FCI claimed Rs 92.18 crore in connection with wheat export from Central Pool Stock, interest towards delayed payment, cost of gunny bags, storage charges etc., from the Company and raised the issue at Administrative Machinery for Redressal of CPSEs' Disputes (AMRCD), The AMRCD directed (May 2020) the Company and FCI to reconcile the disputed matter and during reconciliation. Company accepted three claims of Rs 0.49 crore. However, no provision towards the same has been created by the Company. This has resulted in understatement of Other Current Liabilities and Loss by Rs 0.49 crore.</p>	<p>FCI has moved AMRCD proceedings against MMTC. The committee comprising Secretary (F&PD), Commerce Secretary and Law Secretary has directed both MMTC and FCI to reconcile their claims and counter claims on each other. Accordingly, both MMTC and FCI are working towards reconciliation of the claims.</p> <p>As mentioned in GAP note MMTC has accepted three claims of FCI and GAP has further enumerated the claims; claims totaling to Rs. 1.11 crore, this is a matter of record. The three claims accepted by MMTC were also confirmed by Chartered Accountants (ASC & Associates) appointed for verification of claims between MMTC and FCI in their report dated 29.06.2021. The reconciliation of claims and counter claims between MMTC and FCI is continuing.</p> <p>Further to above, the following points may also be perused</p> <ol style="list-style-type: none"> 1.The three claims accepted by MMTC (after due approval of Competent Authority) referred in the POM 4 dated 26.11.2021 pertain to wheat imports of 2007-08 (Despatch and LD) and sugar imports of 1995-96(Sling charges). Interest to be charged on admitted amounts will be decided by AMRCD while deciding the case. 2. The matter is pending for final decision by AMRCD and the requirement for provisioning on the admitted amount by MMTC shall be considered after the final decision of AMRCD is known. <p>Hence the observation of C&AG be complied with and suitable action will be taken in FY 2021-22.</p>
<p>(ii) Above does not include provision of Rs 0.13 crore towards electricity charges of the Scope Complex payable for the month of March 2021, As the invoice for the same had been received in June 2021 well before the finalization (October 2021) of the accounts, the amount should have been provided for in the accounts of FY 2020-21. This has resulted in understatement of Other Current Liabilities and Loss by Rs 0.13 crore.</p>	<p>The provision for administrative expenses like electricity charges and other miscellaneous expenses payable been created on estimated basis in the books of accounts as on 31.03.2021, if the bill is not received on actual basis. Any difference between provision created on particular head and actual expenses on settlement shall be accounted for in the next financial year. Accordingly the shortfall amount of Rs. 13 lakhs has been accounted for in the 1st quarter of financial year 2021-22.</p> <p>The electricity bill of SCOPE Complex was paid in the month of June 2021 and the same has been accounted for in 2021-22.</p>
<p>A.3 Exceptional Items - Expense (Note No.32): Rs 877.18 crore</p> <p>Above does not include provision of Rs 0.16 crore towards terminal dues of two employees of M.MTC Employees Cooperative Canteen Society who were terminated by the Company in March 2016. The terminal dues were accepted to be paid by the Company. This has resulted in understatement of exceptional items and Loss by Rs 0.16 crore.</p>	<p>VSS compensation was not accepted by two employees of the MMTC Employees Cooperative Society and filed the case in the Labour Court Delhi challenging termination of their service. The case is sub-judice as on date.</p> <p>In the case of Kundan Lal vs MMTC pleadings were completed. Matter is now fixed for arguments. Previous date was 10.11.2021. Next Date of hearing is awaited. The matter is sub judice and not reached its finality. Liability, if any, will be provided once the legal case concludes.</p> <p>However gratuity being the statutory obligation has been paid by the MMTC Canteen Society. Acceptance of Gratuity leads to cessation of service, thus, it is felt that the dispute on termination has no locus standi.</p> <p>The VSS compensation not accepted by the two employees of erstwhile MMTC employees Cooperative Canteen Society while rest of the employees have taken the compensation and accepted the same. These two employees are contesting for regularization in MMTC in the Industrial Tribunal alleging that their termination is illegal.</p> <p>Since the matter is sub judice, it would not be prudent to make any provision on this account till the time the matter gets resolved by the Industrial Tribunal.</p>

C&AG Final comments(Consolidated)	Management's reply to C&AG comments
<p>B. Comments on Disclosure</p> <p>Contingent Liabilities and Disclosures (Note No.34): Rs-942.61 crore</p>	
<p>(i) Above does not include contingent liability of Rs 7.29 crore on account of outstanding rent and interest of the NIC building as per the order passed by Estate Officer, Kolkata directing the Company to pay the amount to National Insurance Company Limited (NICL) for unauthorized occupation of its building for the period April 2014 to April 2019. The Company, against the above orders, filed an appeal before the City Civil Court, Kolkata and where the order of Estate Officer was stayed against which NICL filed a review petition before the Hon'ble High Court, Kolkata against the order passed by the Ld. Chief Judge, City Civil Court, Kolkata. The case is still pending and not listed for hearing and is sub judice, hence the same should be shown under Contingent Liabilities.</p>	<p>MMTC has already booked firm liability from time to time in the books of accounts of RO Kolkata towards rent and electricity charges payable as per the lease agreement dated 23.06.2004 issued by NIC for the period from February,2014 to 15.4.2019 and part of the liabilities have also been adjusted against payment of bills raised by NIC to MMTC towards electricity and other charges. As per books of accounts as on 31.3.2020, the amount of firm liability on account of rent payable till 31.03.2019 to NIC stands Rs.91,77,890.00.</p> <p>In the light of the direction of City Civil Court vide their order dated 9.7.2019 and also in terms of the lease agreement dated 23.06.2004 issued by NIC for having lease for a period of 15 years with 25% enhancement of rent in every five years w.e.f.01.04.2004 till 31.03.2019, the provision for contingent liability of Rs.8.21 crore towards damages claimed by NIC, at this stage, may not arise. In the meanwhile MMTC, Kolkata vacated the premises of NIC.</p> <p>Since the matter is sub judice, it would not be prudent to disclose Rs.8.21. crore towards damages claimed by NIC in contingent liabilities account till the time the matter gets resolved by the Court.</p>
<p>(ii) A Reference is invited to Note No.3 (c) which stated that, "The valuation of MMTC's Immovable properties have been carried out and as per latest valuation report fair value on 31.03.2021 is Rs 1642 crore, as against the previous valuation of Rs 1389 crore in May 2019 (Refer Note 32 (ii))". However, it was observed that the Note 32 (ii) does not contain any such details regarding the valuation. Thus, the Notes to Accounts are deficient to that extent.</p>	<p>The observation of C&AG is noted and same shall be suitably incorporated/modified in the printed accounts of the financial year 2020-21.</p>
<p>(iii) The Hon'ble Delhi High Court after hearing the execution petition plea of Anglo American Metallurgical Coa! Pte. Ltd. directed (March 2021) the Company to deposit Rs 585.94 crore within two months from the date of the said order. Due to financial crisis, the Company could not comply with the order. The Hon'ble Delhi High Court passed an order on 27.08.2021 for attachment of two bank accounts amounting to Rs 1.02 crore.</p> <p>As per Ind AS-10 on "Events after the Reporting Period", "an entity needs to update the disclosures in its financial statements to reflect information received after the reporting period, even when the information does not affect the amounts that it recognizes in its financial statements".</p> <p>The Company has not disclosed the above fact in the Notes to Accounts and thus, the same was deficient to that extent.</p>	<p>As the order for attachment of the bank accounts of BBSR and Paradip has been passed in the year 2021-22 and necessary accounting entries will also be passed during the year 2021-22. Hence the necessary disclosure will also be looked into in accounts of the Financial year 2021-22.</p> <p>However, attachment of two bank accounts has been effected on 27.08.2021, accordingly necessary accounting entry of the said amount will be passed and disclosure in the notes to accounts, as required in the books of accounts will be made during the financial year 2021-22.</p>

C&AG Final comments(Consolidated)	Management's reply to C&AG comments
C. Comments on Independent Auditor's Report on Consolidated Financial Statements Independent Auditor's Report for the year ended 31 March 2021	
<p>(i) Statutory Auditor at Sl. No. 1 (under the paragraph Key Audit Matters) has stated that "the company has 5 regional offices" whereas the Company has six regional offices as on 31.03.2021 which has also been disclosed under General Information in Financial Statement. Hence, reporting by Independent Auditor is deficient to that extent.</p>	<p>The observation of C&AG is noted and would be suitably incorporated/ modified in the printed accounts of the financial year 2020-21.</p>
<p>(ii) Considering the impact of above comments, the loss for the year (Rs 789.28 crore) as depicted in the statement of Profit & Loss of the Company would increase by 52.34 per cent to reach Rs 1202.41 crore. Hence, the Financial Statements of the Company do not present a "true & fair view" and it was not proper on the part of the Independent Auditor to have provided the assurance that the Financial Statements presented a true & fair view.</p>	<p>It has been assured by statutory auditors that necessary provision will be made in 2021-22 after discussing the matters with the management. Further that there is sufficient reason for the recognition of deferred tax asset and non provision of interest payable to Anglo American Metallurgical Coal Pte Ltd is correct and thus present a true and fair view on the financial statements. It is a matter of opinion only.</p> <p>Further the loss and contingent liabilities has been correctly shown in the books of accounts for 2020-21 .</p>