

Annual Report
2010-11

Business Beyond Boundaries



THE STATE TRADING CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)



MISSION

“To emerge as one of the largest global trading companies with international standards of excellence nurturing a blend of quality, business ethics and proactive enthusiasm to enhance stakeholders’ value.”



Annual Report 2010-11



THE STATE TRADING CORPORATION OF INDIA LIMITED

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

Shri N.K. Mathur

FUNCTIONAL DIRECTORS

Shri N.K. Nirmal

Shri S.S. Roy Burman

Shri M.M. Sharma

Shri Khaleel Rahim

PART-TIME OFFICIAL DIRECTORS

(GOVERNMENT NOMINEES)

Shri P.K. Chaudhery

Dr. Sutanu Behuria (upto 10. 11. 2010)

Shri Saurabh Chandra (from 10.11.2010 to 15.12.2010)

Dr. Rajan Katoch (from 15.12.2010)

PART-TIME NON-OFFICIAL DIRECTORS

(INDEPENDENT DIRECTORS)

Dr. (Mrs.) B. Kinnera Murthy

Shri Jayendra N. Shah

Shri Proshanto Banerjee (from 28.06.2011)

Prof. Ravindra H. Dholakia (from 24.06.2011)

Shri Naresh Dayal (from 10.07.2011)

STATUTORY AUDITORS

Chandiok & Guliani
Chartered Accountants
C-44, Nizamuddin East
New Delhi - 110 013

COMPANY SECRETARY

Shri R.K. Gogia



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THE STATE TRADING CORPORATION OF INDIA LIMITED

JAWAHAR VYAPAR BHAWAN, TOLSTOY MARG, NEW DELHI-110 001

NOTICE

Notice is hereby given that the 55th Annual General Meeting of The State Trading Corporation of India Limited will be held on Thursday, the 29th September, 2011 at 3.00 P.M. at the Registered Office of the Corporation at Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011, audited Profit & Loss Account for the year ended 31st March, 2011, together with the reports of the Directors and Auditors thereon and comments of the Comptroller & Auditor General of India in terms of Section 619 of the Companies Act, 1956.
2. To declare dividend on equity shares for the year 2010-11.
3. To appoint Director in place of Shri S.S. Roy Burman, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Shri M.M. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
5. To authorize Board of Directors of the company to fix remuneration of the Statutory Auditors of the company in terms of the provisions of Section 224 (8) (aa) of the Companies Act, 1956 and to pass the following resolution, with or without modification(s), as an Ordinary Resolution :
"RESOLVED THAT the Board of Directors of the company be and is hereby authorized to decide and fix the remuneration of the Statutory/Branch Auditors of the Company for the financial year 2011-12, as may be deemed fit by the Board."

Special Business

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri Rajan Katoch, who was appointed as an Additional Director by the President of India and joined the Board w.e.f. 15.12.2010, be and is hereby appointed as part-time official Director of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time."
7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri Proshanto Banerjee, who was appointed as an Additional Director by the President of India and joined the Board w.e.f. 28.06.11, be and is hereby appointed as part-time non-official Director of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time."
8. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Prof. R.H. Dholakia, who was appointed as an Additional Director by the President of India and joined the Board w.e.f. 24.06.11, be and is hereby appointed as part-time non-official Director of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time."
9. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri Naresh Dayal, who was appointed as an Additional Director by the President of India and joined the Board w.e.f. 10.07.11, be and is hereby appointed as part-time non-official Director of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time."

Registered Office:

Jawahar Vyapar Bhawan,
Tolstoy Marg, New Delhi - 110001

Dated 2nd August, 2011

By Order of the Board of Directors
sd/-
(R.K.Gogia)
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company. Proxy Form duly completed should be deposited at the registered office of the company not less than 48 hours before the scheduled time of the meeting. Blank proxy form is enclosed at the end of the Annual Report.
2. Relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business, as set out above is annexed hereto.
3. Brief resume of the Directors seeking appointment/ re-appointment as mandated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto and forms part of the Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 24th September, 2011 to Thursday, the 29th September, 2011 (both days inclusive) for the purpose of payment of dividend, if any, to be declared at this meeting.
5. The Board had recommended a dividend of Rs. 3/- per share at its meeting held on 24.06.2011. The Dividend, if approved by the Members at the said Annual General Meeting, will be paid before 28.10.2011 to the members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before Friday, the 23.09.2011 and the respective Beneficial Owners as at the close of business hours on Friday, the 23.09.2011 as per details thereof to be furnished by the depositories in case of shares kept electronically.
6. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company - M/s MCS Limited: F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi- 110 020; Phone Nos: 41406149/50/51/52; Fax: 41709881; email ID: admin@mcsdel.com . M/s MCS Limited is also the depository interface of the Company with both NSDL and CDSL.
7. The Company has designated an exclusive e-mail ID called cs@stc.gov.in for redressal of shareholders'/ investors' complaints/grievances. In case of any queries/ complaints or grievances, members may write at the above e-mail address.
8. Members holding shares in electronic form may please note that the bank account details and 9 digits MICR Code of their Bankers, as noted in the records of their depository, shall be used for the purpose of remittance of dividend through Electronic Clearing Service (ECS), or for printing on dividend warrants wherever applicable.
9. Members are requested to immediately notify any change of address or updation of bank account particulars or other details to:
 - (i) their Depository Participants (DP) in respect of shares held in dematerialized form, and
 - (ii) the Company at its Registered Office or its Registrar & Transfer Agent, M/s MCS Ltd., in respect of their physical shares, if any, quoting their folio number.
10. In order to avoid the incidence of fraudulent encashment of dividend warrants, the Members holding shares in physical form are requested to provide their Bank Account Number, Name and Address of the Bank/ Branch to the Company or M/s MCS Limited to enable them to incorporate the same in the Dividend Warrant.
11. Reserve Bank of India (RBI) is providing ECS facility for payment of dividend in select cities. Members holding shares in physical form and who are desirous of availing this facility may give the details of their bank account i.e. 9-digits MICR Code, alongwith photocopy of a cheque or a blank cancelled cheque relating to the designated bank account latest by 23.09.2011 to the Registrar and Share Transfer agents, M/s MCS Limited.
12. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the company are required to be transferred to the Investor Education & Protection Fund of the Central Government. After such transfer, members have no claim whatsoever on the amount. Therefore, Members who have not yet encashed their dividend warrant(s) are requested to make their claims to the company, without any delay.
13. Members desirous of obtaining any information/ clarification(s) concerning the accounts and operations of the Company or intending to raise any query are requested to forward the same at least 10 days before the date of the meeting to Company Secretary at the Registered Office of the Company, so that the same may be attended to appropriately.

14. Members, who are not able to encash their dividend warrants within the validity period, may write to the Company at its Registered Office, for revalidating the warrants or payment in lieu of such warrants in the form of demand draft.
15. In terms of Section 109 A of the Companies Act, 1956, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail the nomination facility by filing form No. 2 B in their own interest. Blank forms can be had from M/s MCS Limited or from the office of the Company on request. Members holding shares in dematerilised form may contact their respective DPs for registration of nomination.
16. Members are requested to:-
 - (i) **bring their copies of Annual Report and Attendance Slip duly completed and signed** at the meeting.
 - (ii) **quote their Folio/DP & client identification** No. in all correspondence with the Company/R&T Agent.
 - (iii) note that 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.
 - (iv) **note that the Corporate Members** intending to send their authorized representatives are required to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
 - (v) Avoid bringing brief case, bags, eatables, cell phones etc. as such items may be prohibited inside the meeting hall for security reasons.
 - (vi) note that no **gifts/coupons** will be distributed at the meeting.
17. Shareholders holding shares in physical form are invited to contribute to the cause of Green initiative by registering their email ID by submitting the E-COMMUNICATION REGISTRATION FORM inserted in the annual report

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

APPOINTMENT OF DR. RAJAN KATOCH AS DIRECTOR

Dr. Rajan Katoch, IAS, Additional Secretary and Financial Adviser, Ministry of Commerce and Industry was appointed as an Additional Director and designated as part-time Official Director/ Government Director on the Board of STC by the President of India vide Order No.11/36/2001-FT(M&O) dated 7.12.2010. In terms of Section 260 of the Companies Act, 1956, he holds office up to 55th Annual General Meeting of the Company and is eligible for re-appointment. The Company has received necessary letter of consent from him under Section 264(1) of the Companies Act, 1956. A brief resume of Shri Rajan Katoch is given in the Annexure to Notice.

None of the Directors, except Dr. Rajan Katoch is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Dr. Rajan Katoch, it would be in the interest of the Company to appoint him as a Director of the Company. The Board recommends the resolution for your approval.

ITEM NO. 7

APPOINTMENT OF SHRI PROSHANTO BANERJEE AS DIRECTOR

Shri Proshanto Banerjee was appointed as Additional Director and designated as part-time non-official Director by the President of India vide Order No. 14/13/97 - FT (ST) - VOL.IV dated 7/9.6.2011. In terms of Section 260 of the Companies Act, 1956, he holds office up to 55th Annual General Meeting of the Company and is eligible for re-appointment. The Company has received necessary letter of consent from him under Section 264(1) of the Companies Act, 1956. A brief resume of Shri Proshanto Banerjee is given in the Annexure to Notice.

None of the Directors, except Shri Proshanto Banerjee is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri Proshanto Banerjee, it would be in the interest of the Company to appoint him as a Director of the Company. The Board recommends the resolution for your approval.

ITEM NO. 8

APPOINTMENT OF PROF. R.H. DHOLAKIA AS DIRECTOR

Prof. R.H. Dholakia was appointed as Additional Director and designated as part-time non-official Director by the President of India vide Order No. 14/13/97 - FT (ST) - VOL.IV dated 7/9.6.2011. In terms of Section 260 of the Companies Act, 1956, he holds office up to 55th Annual General Meeting of the Company and is eligible for re-appointment. The Company has received necessary letter of consent from him under Section 264(1) of the Companies Act, 1956. A brief resume of Prof. R.H. Dholakia is given in the Annexure to Notice.

None of the Directors, except Prof. R.H. Dholakia is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Prof. R.H. Dholakia, it would be in the interest of the Company to appoint him as a Director of the Company. The Board recommends the resolution for your approval.

ITEM NO. 9

APPOINTMENT OF SHRI NARESH DAYAL AS DIRECTOR

Shri Naresh Dayal was appointed as Additional Director and designated as part-time non-official Director by the President of India vide Order No. 14/13/97 - FT (ST) - VOL.IV dated 7/9.6.2011. In terms of Section 260 of the Companies Act, 1956, he holds office up to 55th Annual General Meeting of the Company and is eligible for reappointment. The Company has received necessary letter of consent from him under Section 264(1) of the Companies Act, 1956. A brief resume of Shri Naresh Dayal is given in the Annexure to Notice.

None of the Directors, except Shri Naresh Dayal is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri Naresh Dayal, it would be in the interest of the Company to appoint him as a Director of the Company. The Board recommends the resolution for your approval.

Registered Office:
Jawahar Vyapar Bhawan,
Tolstoy Marg, New Delhi - 110001
Dated 2nd August, 2011

By order of the Board of Directors

sd/-
(R.K. Gogia)
Company Secretary

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN FORTHCOMING
ANNUAL GENERAL MEETING
(in pursuance of Clause 49 of the Listing Agreement)**

Name	Shri S.S. Roy Burman	Shri M.M. Sharma	Dr. Rajan Katoch	Shri Proshanto Banerjee	Prof. R.H. Dholakia	Shri Naresh Dayal
Date of Birth & Age	15.02.1960 51 years	10.06.1954 57 years	03.02.1956 55 years	30.10.1947 63 years	02.04.1953 58 years	14.09.1949 61 years
Date of Appointment	01.05.2007	30.07.2008	15.12.2010	24.06.2011	24.06.2011	24.06.2011
Qualifications	B. Tech. (Engg.) MBA	BA, LLB, PG Diploma in Industrial Relations & Personnel Management	BA(Economics), MA(Economics) and Ph. D (Economics)	B. Tech (Chemical Engg.), Master in Management,	MA, Ph.D., Post-Doctoral Fellow (University of Toronto)	BA(Hons), MA(History), MS(Agriculture)
Expertise in specific functional areas	Shri Burman has an experience of over 30 years in exports of various engineering products, setting up turnkey projects in countries across Asia, Africa & Latin America and import of industrial raw materials. Prior to joining STC he served in PEC Ltd., for more than 26 years in different capacities.	Shri Sharma has an experience of over 32 years in managing issues concerning IR, Personnel Management and Law in Central PSUs. Prior to joining STC, he served in MTNL and NTC Limited in various capacities. He has been responsible for smooth conduct of administration and personnel activities, besides being member of Core Team, Instrumental in acquiring telecom business abroad while serving as GM in MTNL.	Dr. Katoch, is presently holding the position of Additional Secretary and Financial Adviser, Ministry of Commerce and Industry. He has 30 years experience of working at various levels in the State of Madhya Pradesh and the Government of India. He has worked in Land Revenue Management, Health and Family welfare, Industries, Finance, Energy, Power, Transport, Personnel & General Administration and Home departments in the state of Madhya Pradesh.	Shri Banerjee has an experience of over 37 years in Petroleum and Gas sector. He held senior management positions across marketing, operations, infrastructure & planning and information technology in the Indian Oil Corporation. He held the position of CMD, GAIL prior to his retirement.	Prof. R.H. Dholakia has about 33 years of experience of teaching Economics to different groups like students, executives, policy makers and senior Govt. Officers. He has carried out numerous consulting assignments in the private and public sector companies in India and has done work for international organizations like WHO, World Bank, UNDP, Hewlett Foundation, United Nations etc.	Shri Naresh Dayal is 1972 batch IAS Officer. He has an experience of over 37 years in various positions at State and National levels. Prior to his retirement, he held the position of Secretary, Ministry of Health and Family Welfare. He also held the position of Additional Secretary, Ministry of Environment and Forests, Principal Secretary, Home and Internal Security, Government of Uttar Pradesh etc.
Directorship held in other companies	Nil	Nil	MMTC Limited and India Trade Promotion Organization, New Delhi	West Bengal State Electricity Distribution Company Limited and Greater Kolkata Gas Supply Corporation Limited	PFC Limited and MPSEZ Limited	GSK Consumer Health Care Limited
Memberships/ chairmanship of Committees across all public companies	Nil	Nil	Chairman-Audit Committee, ITPO Member-Audit Committee, Shareholders/ Investors Grievance Committee and Remuneration Committee- MMTC	Nil	Member-Audit Committee, PFC Limited	Nil

DIRECTORS' REPORT

It gives me pleasure to present, on behalf of the Board of Directors, the 55th Annual Report on the working of the Corporation and Audited Statement of Accounts for the year ended 31st March 2011, together with the Auditors' Report and Comments on the Accounts by the Comptroller and Auditor General of India (C & AG).

FINANCIAL RESULTS

The overall performance of the Corporation vis-à-vis the previous year is summarized in the table given below:

	2010-11	2009-10
	₹ Crores	
TURNOVER		
Exports	492	1504
Imports	18938	19049
Domestic	555	956
GRAND TOTAL	19985	21509
FINANCIAL		
Trading Profit	178	145
Interest Income (Net)	18	138
Profit Before Tax (PBT)	80	171
Profit After Tax (PAT)	56	107
DIVIDEND	18	28.5
Net Worth	679	644

OPERATIONS AND BUSINESS PERFORMANCE

The Corporation achieved a turnover of the order of ₹ 20,000 crore during 2010-11 with a trading profit of ₹ 178 crore. The achievement is all the more significant as the same has been achieved despite a number of factors beyond the control of the Corporation adversely hampering trade.

The Profit Before Tax (PBT) during the year amounted to ₹ 80 crore.

DIVIDEND

The Board of Directors have recommended declaration of dividend @ ₹ 3 per share (30% of equity capital) amounting to ₹ 18 crore for the year 2010-11.

RESERVES

An amount of ₹ 584 crore was available in the Reserves and Surplus of your Company as on 1st April 2010. Your Directors have proposed that out of available profits for the year 2010-11, after payment of dividend and tax thereon, an amount of ₹ 6 crore be transferred to General Reserves of the Company, ₹ 19.18 crore be transferred to Export/Import Contingency Reserve and balance profit of

₹ 10.33 crore be carried forward as retained profits. Accordingly, as on 31st March 2011, the Reserves and Surplus stood at ₹ 619 crore.

FOREIGN EXCHANGE EARNINGS/OUTGO

The total foreign exchange earnings of the Corporation by way of exports, trade margins, etc. during the year amounted to ₹ 386 crore while the foreign exchange outgo by way of imports and other expenses amounted to ₹ 19516 crore.

RECOGNITIONS EARNED/AWARDS WON

During the year, the Corporation earned a number of recognitions and awards. These included :

- 14th rank in terms of net sales among 206 PSUs as per Public Enterprises Survey : 2009-10 brought out by the Department of Public Enterprises.
- 22nd rank in terms of net sales among Top 500 Companies by The Financial Express (Feb.'2010).
- 25th rank in terms of net sales among Top 1000 Companies by Business Standard (Feb.'2010).
- Won 1st prize under the category of agencies supplying gold to exporters against replenishment during 2009-10 from the Gems & Jewellery Export Promotion Council in October 2010.
- Won award for Gentle Giant Miniratna - I (Largest Non-Manufacturing Company) at the Third DSIJ PSU Awards 2011 ceremony held at New Delhi.
- Won Greentech HR Excellence Award 2010 from Greentech Foundation, New Delhi for outstanding achievement in innovation in employee retention strategies.
- Won Asia's Best Employer Brand Award 2010 for Talent Management.

PERFORMANCE OF SUBSIDIARY COMPANY

STCL Ltd. (Formerly Spices Trading Corporation Limited)

STCL, the wholly owned subsidiary of STC, based at Bangalore, is involved in import, export and domestic trading of spices and other agricultural products.

In view of lack of funds or banking limits, its activities during 2010-11 remained confined mainly to issuing NOC in respect of onion exports and undertaking cardamom auctions.

Annual Accounts of STCL for 2010-11 are yet to be finalised.

As per the accounts for 2009-10, STCL has a negative net worth of ₹ 1342 crore, due to provisions made towards recoveries outstanding from its business associates in

merchanting trade transactions undertaken during 2007-08 and earlier.

PERSONNEL

The Corporation had a manpower of 864 as on 31.03.2011. This included 536 managers and 328 staff.

During the year, the Corporation recruited 17 Probationary Officers with MBA/CA qualifications directly from the Professional Institutes/Universities.

Industrial Relations

During the year, the Corporation continued to maintain cordial and harmonious industrial relations. No man-days were lost. Mutual trust and understanding between the Management and employees was maintained through regular consultations held with the representatives of employees. This helped in arriving at amicable resolution of personnel issues in line with the company's goals and objectives. During the year, the Corporation introduced some new welfare schemes and modified certain rules and policies for achieving overall productivity.

Human Resource Development

The Corporation appreciates that Human Resource Development is vital for the growth and economic development both at micro and macro levels and therefore the Corporation continuously strives to provide maximum opportunities to its employees by way of training and field exposures enabling them to achieve organizational as well as individual goals. During the year, about 620 employees were imparted training in 20 in-house training programmes organized by the Corporation while 66 employees were nominated to various external seminars/ conferences. The areas of training covered functional, technical as well as behavioural aspects such as International Trade, Tax Laws, Finance, Computer Operations, Corporate Governance, Vigilance, Attitude Building, Stress Free Living and Work Life Balance. For the first time, the Corporation organized specially customized Management Development programmes on 'International Trade and Finance' in association with Administrative Staff College of India (ASCI) for the benefit of senior and middle level managers. STC is conscious of the need to nurture the talents of young executives so as to help them face the challenges in the future. Under a comprehensive and custom-built induction programme organized by STC at IIFT, New Delhi, all the new Probationary officers who joined the Corporation during the year were given exposure to the intricacies of International Trade. The young executives were also given an opportunity to represent STC at the National level game competitions.

Recruitment of SC/ST/OBC and Physically Challenged Persons

The Corporation has been implementing the policies and guidelines issued by the Government of India from time to time with regard to recruitment of SC/ST/OBC and physically challenged candidates. During the year, 3 SC,

1 ST, 3 OBC and 1 physically challenged (PH) candidates were recruited.

OFFICIAL LANGUAGE

The Corporation makes best efforts to implement the Official Language Policy of the Govt. of India and promotes use of Hindi in its day to day working in line with the directions of the Ministry of Home Affairs. During the year, meetings of the Departmental Official Language Implementation Committee and Hindi Workshops were organized from time to time. On the occasion of Hindi Divas, awards were given to selected employees / divisions at Corporate Office and Branches for outstanding work in Official Language.

In appreciation of the progress of Official Language work in the Corporation, Ministry of Commerce has felicitated it with 1st prize many a time. In this series, STC was awarded Rajbhasha Shield by the Hon'ble President of India for outstanding work in Official Language during 2009-10. The Official Language related work at STC's Corporate Office and Branches is examined by the Parliamentary Committee on Official Language from time to time. The Third Sub-Committee of the Parliamentary Committee on Official Language inspected STC's Corporate Office last year and appreciated the performance of its Official Language related work. STC always endeavours to propagate and increase the use of Official Language under the Official Language Policy of the Govt. of India.

VIGILANCE ACTIVITIES

The Vigilance Division of the Corporation performed the following Vigilance functions during the year:

- With a view to creating greater awareness, amongst employees, of the need for eradication of corruption and maintenance of high standards of integrity, Vigilance Awareness Week was observed in STC's Corporate Office and Branch Offices from 25th October to 1st November 2010. As part of observance of the week, a seminar on 'Preventive Vigilance' was organized in the Corporate Office during which a presentation on 'Risk Management in the context of International Trade' was made by the CVO. An interactive session on 'System Improvement in STC to Minimize Risks' was also conducted with the senior officials of STC. Besides, various programmes relating to vigilance awareness and anti-corruption were also organized at the Branch Offices.
- In-house training programme was organized on 'Vigilance Role and Mechanism' for Probationary Officers.
- Complaints received from various agencies / sources were duly investigated.
- Departmental inquiries having vigilance angle were handled.
- Constant liaison was maintained with various agencies for ensuring preventive vigilance and providing details/

inputs to regulatory agencies as per statutory requirements.

- Inspection of the Branch Offices of the Corporation was conducted thereby bringing various aspects to the attention of top management for taking corrective/preventive action.

PARTICULARS OF EMPLOYEES

A statement of the employees of the company drawing remuneration exceeding the limit laid down under provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended is placed at Annexure-I.

CORPORATE SOCIAL RESPONSIBILITY

During the year, your Corporation undertook a number of CSR activities in fulfilment of its obligations in terms of the guidelines on Corporate Social Responsibility (CSR) notified by the Department of Public Enterprises, as per details in Management Discussion & Analysis Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

The information required to be disclosed in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is 'nil' as the company is mainly engaged in trading activities.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of clause 49(IV) (F) of the Listing Agreement with the Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises, Govt. of India, a Management Discussion and Analysis Report is placed at Annexure - II which forms part of the Annual Report of the Company.

FINANCIAL ACCOUNTING

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and in compliance with all applicable Accounting Standards (AS-1 to AS-29) issued by The Institute of Chartered Accountants of India (ICAI) and provisions of the Companies Act, 1956.

CORPORATE GOVERNANCE

Your Company remains committed and dedicated to adoption of best corporate governance practices, aiming at greater transparency, accountability, performance orientation, honesty and integrity.

In terms of Clause 49 of the Listing Agreement and Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises in May 2010, a report on Corporate Governance for the year 2010-11, supported by a certificate from the Company's Auditors confirming compliance of conditions, forms part of this report (Annexure - III).

STC complies with the requirements stipulated under DPE guidelines for Corporate Governance for CPSEs and clause 49 of the Listing Agreement with Stock Exchanges except the Clause 49 (1A) of the listing agreement and para 3.1.4 of the DPE guidelines for Corporate Governance regarding number of Independent Directors on Board. Action in this regard is being taken by the Ministry of Commerce & Industry and the process of appointment of requisite number of Independent Directors is already on.

AUDITORS

M/s Chandiok and Guliani, Chartered Accountants were appointed as Statutory Auditors for the financial year 2010-11 by the Comptroller & Auditor General of India (C&AG). Their report, along with replies of the Management, is attached as addendum forming part of this report.

COMMENTS OF C&AG

The comments of C&AG under Section 619 (4) of the Companies Act, 1956 on the accounts of the Corporation for the year 2010-11 are attached and form part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2011 and of the profit or loss of the company for the year ended on that date;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

BOARD OF DIRECTORS

During the year, Shri Saurabh Chandra, Additional Secretary & Financial Adviser, Ministry of Commerce was appointed as Part-time Official Director on the Board of STC vice Dr. Sutanu Behuria w.e.f. 10.11.2010. Subsequently, Dr. Rajan Katoch, Additional Secretary & Financial Adviser, Ministry of Commerce, was appointed as Part-time Official Director on the Board of STC vice Shri Saurabh Chandra w. e. f. 15.12.2010. Your Directors place on record their deep appreciation for the valuable contributions made by Shri Sutanu Behuria and Shri Saurabh Chandra during their tenures.

Dr. Rajan Katoch, who was appointed as Additional Director after the last AGM, holds office up to the ensuing AGM. Also, three new independent Directors, namely, Sh. Proshanto Banerjee, Prof. R.H. Dholakia and Sh. Naresh Dayal have been appointed as Additional Directors on the Board w.e.f. 24.06.2011. They will hold office upto the ensuing AGM.

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956 and in terms of provisions of article 89 (2) of the Articles of Association of the Corporation, Shri S.S. Roy Burman and Shri M.M. Sharma would retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, have offered themselves for re-appointment.

Brief resumes of all Directors seeking Appointment/ Re-Appointment, as stipulated under Clause 49 of the Listing Agreement with the stock exchanges are given in the Annexure to notice convening the 55th Annual General Meeting of the Company, and form part of the Annual Report.

CODE OF CONDUCT

Pursuant to clause 49 (1) (d) of the Listing Agreement signed with the Stock exchanges and Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises, a detailed Code of Conduct for Board Members and Senior Management Personnel has been laid down and hosted on the website of the Company. All Board Members and Senior Management Personnel, to whom the said Code is applicable, have affirmed compliance of the

same for the year ended 31st March 2011.

ACKNOWLEDGEMENTS

The Board of Directors places on record its appreciation of the continued patronage and the confidence posed by business associates and customers during the year. The Board is grateful for the continued guidance and support received from the Ministry of Commerce & Industry, Ministry of Food, Consumer affairs & Public Distribution, Ministry of Chemicals and Fertilizers, different State Governments, various Govt. Departments and Agencies, Banks and Financial Institutions, Railways, Ports, Legal Advisers, Consultants and Shareholders. The Board also acknowledges with thanks the suggestions received from Comptroller & Auditor General of India, Statutory Auditors and Internal Auditors.

Last but not the least, the Board also acknowledges the unstinting efforts and contribution made by the employees at all levels without which it would not have been possible for your company to achieve such high volumes of business on a sustained basis.

For and on behalf of Board of Directors

Sd/-

(N.K. MATHUR)

Chairman & Managing Director

New Delhi

Date : 02.08.2011

INFORMATION REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975, AS AMENDED AND FORMING PART OF DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

(A) Employed throughout the financial year and in receipt of remuneration not less than Rs. 60,00,000/- in the aggregate for the year 2010-11

S.No.	Name of Employees	Desgn.	Age as on 31.03.11	Remuneration (Rs.)	Nature of Employment whether contract or regular	Qualification	Date of commencement of service in STC	Total Experience (Years)	Last employment held in
1	2	3	4	5	6	7	8	9	10

—NIL—

(B) Employed for part of the financial year 2010-11 and in receipt of remuneration not less than Rs. 5,00,000/- per month.

Employee code	Name of Employees	Desgn.	Age as on 31.03.11	Remuneration (Rs.)	Nature of Employment whether contract or regular	Qualification	Date of commencement of service in STC	Total Experience (Years)	Last employment held in
1	2	3	4	5	6	7	8	9	10
921	Meena Gangwani	Manager	60 Yrs.	1,029,608.00	Regular	M.A	16.04.74	36 Yrs	STC
999	A K Malhan	CM	60 Yrs.	990,928.00	Regular	M.A	29.06.74	36 Yrs	STC
3776	NB Pant	DGM	60 Yrs.	1,474,454.00	Regular	B.A, PGDM	07.04.77	33 Yrs	STC
3804	K K Madan	CM	60 Yrs.	1,123,836.00	Regular	B.A, PGDM	01.07.77	32 Yrs	STC
3934	G N Rao	GM	60 Yrs.	1,397,039.00	Regular	B.A, SAS	01.02.79	31 yrs	AG, ORISSA
Total				6,015,865.00					

* In case of VRS optees/normal retirements, amount of Provident fund paid should not be included.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

WORLD ECONOMIC OVERVIEW

In the year 2010-11, the global economy continued to expand unevenly, with emerging economies growing at a faster pace than the advanced economies. World real GDP growth was a robust 5.1 percent in 2010 as against a negative 0.5 percent in the previous year.

Growth resumed in many advanced countries as a result of governments' stimulus spending aimed at counterbalancing the worst global recession in decades, although their growth rate still remains below trend. Major advanced economies experienced modest economic growth of 3 percent in 2010. However, most of these economies remained burdened by unemployment, weak demand and spiraling debt, and are still struggling with reforms in the financial and labour markets, among other challenges. While USA grew at 2.9 percent during 2010, EU Zone registered a growth of 1.8 percent. The recovery in Europe got a boost by strong export growth of capital goods from this region.

On the other hand, the emerging and developing nations remained the engine of growth in the world economy registering an economic growth of 7.4 percent in 2010. Fuelled by healthy exports and domestic demand, Asia experienced rapid economic growth of 7.1 percent in 2010 led by China and India. Sub Saharan Africa also resumed a fast and sustainable growth. However, the rising food and commodity prices pose a threat to the social and economic environment of these regions.

The prospects for sustained global growth strengthened during this past year as uncertainties over private domestic demand in advanced economies have reduced. Meanwhile, the growth was again disrupted by the turmoil in Middle East and North Africa and the earthquake-related tragedy in Japan in mid-March 2011. Though the early and decisive actions by the Japanese government helped contain the initial damage from the Tohoku earthquake and Tsunami and had relatively limited negative impact on Japanese production, its aftermath continues to cast a shadow over the region and the world. The socio political tensions in the Middle East and North Africa have added pressure to the oil prices which, in turn, could disrupt global growth and affect Asian exports.

During the year, world trade grew by 12.4 percent in terms of volume. Commodity prices returned to high levels owing to stronger than anticipated global demand, especially from emerging Asia. Oil prices rose up from \$83 a barrel in April 2010 to over \$100 a barrel in May 2011. OPEC's lower than expected output and the unrest in the Middle East and North Africa since January 2011 contributed to the oil price rise.



SOURCE : IMF

(Cereals include wheat, maize, rice, barley; Metals include Copper, Aluminum, Iron Ore, Tin, Nickel, Zinc, Lead, and Uranium)

The rising commodity prices and disruptions in oil supply could pose new risks to global economic recovery and world trade. However, the gradual improvement in financial markets, buoyant activity in many emerging and developing economies and growing confidence in advanced economies point to good economic prospects for 2011-12.

OVERVIEW OF INDIAN ECONOMY

The Indian economy registered a robust growth during 2010-11, with GDP at factor cost touching 8.5 per cent as against 8.0 per cent during 2009-10.

The much improved performance of the agriculture sector in 2010-11 contributed significantly to the robust GDP growth. Agriculture and allied activities sector witnessed a growth of 6.6 per cent as compared to a drought induced meager growth of 0.4 per cent in the previous year. Foodgrain production reached a new record with both Kharif and Rabi crops turning out to be good.

During 2010-11, the industrial sector grew in line with the last year at a rate of 8.2 percent as against 8 percent last year amid fears of a slowdown. Growth in both the mining and manufacturing sectors was particularly weak with the Index of Industrial Production falling from 9.9 percent in 2009-10 to 5.8 in 2010-11 for mining and from 11 percent in 2009-10 to 8.3 percent in 2010-11 for manufacturing. Manufacturing sector registered lower growth due to a slowdown in growth of almost all the sectors except consumer goods which recorded a growth of 7.5 percent as against 6.2 percent in the 2009-10. Capital goods segment registered negative growth during 2010-11. Performance of the coal sector was a reason for worry. The growth in services sector also came down from 10.1 percent in 2009-10 to 9.6 per cent during 2010-11.

According to UNCTAD, India has been ranked second in global foreign direct investments. However, during the year, FDI flows into India totaled US\$ 23 billion, well below US\$ 37.76 billion in the previous year. One of the main

reasons of decline was the environment sensitive policies pursued with regard to the mining sector and integrated township projects.

During the year, exports grew by 37.5 percent and touched an all time high of US\$ 251 billion as against US\$ 179 billion in 2009-10. However, the growth was partly due to a smaller base resulting from decline in exports experienced during 2009-10. The CAGR over last three years amounted to 14.7 percent compared to 25.0 percent during the preceding three years. The better export performance was contributed by sectors such as engineering products, oil, gems and jewellery, textiles and pharmaceuticals. Imports also showed a healthy growth of 21.2 percent and totaled US\$ 381 billion. Thus the total trade figure of India reached almost US\$ 630 billion, which is about half the size of India's GDP of US\$ 1.2 trillion.

The Current Account Deficit is forecast to remain elevated at around 2.7 per cent of GDP in 2011-12 with a much stronger domestic and import demand. Exports during 2011-12 are forecast to be in the tune of US\$ 330 billion while imports are estimated to be around US\$ 484 billion.

The overall year-on-year WPI inflation stood at 8.98 per cent in March, 2011, which was a significant decline from the peak of 11.00 per cent recorded in April, 2010.

Total foreign exchange reserves of India as on 31 March 2011 stood at US \$ 305 billion, making it the seventh largest holder of foreign exchange reserves in the world after China, Japan, EU, Russia, Saudi Arabia and Taiwan.

However, a major concern in the domestic economy has been the inflation which stood at 9.4 percent. During the year, food inflation was high for cereals, sugar, pulses, vegetables, fruits, milk, eggs, meat and fish etc. Even in the non-food articles group, strong inflationary pressures were felt from fibres such as cotton, jute and silk. Mineral prices also went up due to higher global costs of copper and other base metals. Hardening of the international crude oil prices and petrol price decontrol introduced by the government led to a steep increase in petrol prices. Coal prices are also increasing fast and adding to overall inflationary pressures.

A host of other factors like high interest rate scenario, high input prices and muted investment activity along with the heightened uncertainties in the international economic scenario are likely to limit the GDP growth in the first half of the coming year. However, with moderating inflation, anticipated improvement in domestic demand conditions and expected return of normalcy in the global landscape, domestic economic activity is expected to improve in the second half of the current year.

OPPORTUNITIES & THREATS

Global economy is gradually recovering from the worst economic meltdown experienced in 2008. The high economic growth exhibited by the emerging and developing nations in 2010 has posed before them the

challenge of the present boom-like conditions developing into overheating over the coming year. Escalation of political tensions in Middle East and North Africa is likely to have a perceptible adverse impact on world trade in 2011. The aftermath of Tohoku Earthquake and Tsunami in Japan will also have its adverse effects on economic performance the world over. Oil, food, metals, and raw material prices have risen rapidly in 2010 and the upward pressure is expected to persist in 2011.

Thus, global growth is likely to moderate from 5.1 percent in 2010 to 4.3 percent in 2011 and 4.5 percent in 2012. Growth is projected to decelerate to 2.2 percent in advanced economies due to withdrawal of fiscal stimulus and high oil and other commodity prices. Growth in emerging and developing economies is also expected to decelerate to 6.6 percent on account of monetary tightening and rising commodity prices.

Indian economy is projected to grow at about 8.2 percent in 2011-12. Inflation is expected to remain at an elevated level in the first half of the year due to expected pass-through of increase in international petroleum prices to domestic prices and continued pass-through of high input prices into manufactured products.

As domestic prices adjust further to international commodity prices, inflation gap is likely to close slowly. Fresh pressures from commodity prices do make 2011-12 a challenging year for inflation management. RBI's anti-inflationary stance in the months ahead to bring down the persistent high inflation poses risk to sustaining India's high growth.

However, due to stabilization of global economic growth, recovery of India's key export markets and gradual diversification into new markets, country's exports are expected to grow substantially during 2011-12. Imports are also expected to increase substantially on account of sustained improvement in economic activity as well as anticipated high commodity prices. However, the uncertainty caused by the international developments may pose a challenge in sustaining the growth of exports in future. Further, slow growth rate of 5.1 percent in manufacturing sector as observed for the quarter ended March 2011 may eventually result in downward revision of all projected growth rates.

Buoyed by a 37.5 per cent surge in overseas shipments in the last fiscal, the Government of India has set a target of more than doubling India's merchandise exports from US \$ 251 billion in 2010-11 to US \$500 billion over the next three years i.e. by 2013-14.

As a marketing strategy, STC will focus on opening up new vistas in markets like Asia (including ASEAN), Africa and Latin America, retaining presence and market share in already developed markets and moving up the value chain in providing products in the already developed markets.

STC will try to make best use of the opportunity to increase its exports as well as imports thereby also improving its sales turnover and profitability.

STC's PERFORMANCE

The Corporation achieved a turnover of the order of ₹ 20,000 crore during 2010-11 with an improved trading profit of ₹ 178 crore. The Profit Before Tax (PBT) during the year amounted to ₹ 80 crore.

The performance during the year vis-a-vis the previous year is summarized below:

	(₹ Crores)	
	2010-11	2009-10
TURNOVER		
Exports	492	1504
Imports	18938	19049
Domestic	555	956
Grand Total	19985	21509
FINANCIAL		
Trading Profit	178	145
Interest Income (Net)	18	138
Profit Before Tax (PBT)	80	171
Profit After Tax (PAT)	56	107
Dividend	18	28.5
Net Worth	679	644

TURNOVER

The Corporation achieved a turnover of the order of ₹ 20,000 crore during 2010-11 with a trading profit of ₹ 178 crore. The achievement is all the more significant as the same has been achieved despite a number of factors beyond the control of the Corporation adversely hampering trade.

During the year, the Corporation explored a number of new areas of business and effected increases in business of many existing areas of trade.

SEGMENT-WISE PERFORMANCE

Exports

During the year, the Corporation laid thrust in developing diverse areas of export such as iron ore, maize, castor oil, etc. The Corporation successfully expanded iron ore business and effected shipments worth ₹ 140 crore as against only ₹ 46 crore in the previous year. The Corporation also undertook ₹ 69 crore worth of maize exports and ₹ 92 crore worth of castor oil exports. Iron & steel items also contributed an export turnover of ₹ 148 crore.

During the year, the Corporation initiated exports of a number of new items like molasses (₹ 31 crore) to Amsterdam & South Korea, transport & construction vehicles to Benin and sesame seeds to Vietnam.

The overall exports during the year under amounted to ₹ 492 crore.

Imports

The Corporation's Import turnover at ₹ 18938 crore was almost at the same level as in the previous year. Major items of imports are as under:

Bullion

Over the years, STC has emerged as one of the major importers of bullion in the country. Import sales of bullion reached an all time high of ₹ 14964 crore. During the year, the Corporation not only enlisted many fresh buyers but also expanded the supply base by finalizing arrangements with new foreign suppliers. The Corporation provided efficient services to its associates by way of deliveries, remittances, settlement of dues and maintained close coordination with Indian Buyers, Foreign Suppliers and Banks.

The Corporation proposes to further increase this business in the coming year. Steps have already been initiated for setting up a bullion dealing room at STC Corporate Office for meeting the requirement of overseas suppliers and for providing prompt service to customers.

Hydro-carbons

The Corporation was successful in securing order for supply of 12 million MT of imported steam coal valued at over ₹ 8000 crore to NTPC for its various power plants spread across the country. The order will be fully implemented during 2011-12.

Shipments have already commenced and, during the year under review, supplies of imported coal amounting to over ₹ 670 crore were made to various power stations of NTPC. Efforts are also being made to import coal to meet the requirements of various State Electricity Boards and other power generation companies.

Non-Ferrous Minerals

During the year, the Corporation, for the first time, undertook imports of manganese ore amounting to ₹ 51 crore.

It shall be the endeavor of the Corporation to increase this business in the coming year and to also include more non-ferrous ores to its trading basket.

Fertilizers

During the year, STC was once again asked by the Govt. of India to import urea. Accordingly, STC arranged import sale of approximately 1.5 million MT of urea worth ₹ 2208 crore as against imports of only 0.68 million MT amounting to ₹ 867 crore in the previous year.

STC plans to venture into supply of DAP/MOP/MAP/NPKs and has also got itself registered as an approved supplier of fertilizers with domestic fertilizer producer/marketing companies.

Pulses

STC continued to undertake import of pulses on Govt. directions for sale in the open market and also procured pulses on behalf of state governments for distribution under PDS. A sale turnover of ₹ 408 crore was achieved from these operations. In addition, the Corporation also undertook import of pulses on commercial account resulting in sales worth ₹ 37 crore.

Edible Oils

In spite of extremely volatile market, STC successfully arranged imports of edible oils, both on its own account as well as for the state governments of Maharashtra, Goa, Rajasthan and U.P. for supply under PDS in 1-litre pouches. While imports on Govt. account yielded a turnover of ₹ 228 crore, imports on commercial account contributed a turnover of ₹ 289 crore. The Corporation is trying to enter into short term and long term tie-up arrangements with refiners/processors for meeting their import requirements of edible oils on a continuous basis.

Domestic sales

During the year, the Corporation effected total domestic sales worth ₹ 555 crore. This included sale of oils, seeds and extractions amounting to ₹ 268 crore - up from ₹ 165 crore in the previous year. The Corporation also effected sales of hydrocarbons worth ₹ 117 crore and that of pulses amounting to ₹ 83 crore. Sales of jute goods worth ₹ 47 crore were also made.

The Corporation is also in talks with some state governments for supply of tea under STC's brand. With a view to expanding tea business, it also proposes to enlist more tea processing units in future.

Profitability

During the period under review, STC earned a trading profit of ₹ 178 crore against trading profit of ₹ 145 crore in the previous year. The PBT during the year amounted to ₹ 80 crore.

Key initiatives

During the year, the Corporation took a number of initiatives to increase its business in near as well as long term. Some of the major initiatives are indicated below:

- Successfully obtained order for supply of 12 million MT of imported steam coal to NTPC for its various power plants spread across the country.
- Signed an agreement with a Government company in Egypt for exports of tea under STC's own brand. The MoU also envisages exports of other commodities like raw rubber, sesame seeds, frozen meat, frozen fish/shrimps, loose leaf tobacco, etc. to Egypt as well as other African countries.
- Joined the SEA-LAC Consortium 2010-11 for contract farming in Latin America for agricultural commodities including pulses and undertaking research &

development for cultivation of pulses as a pilot project to establish suitability of soil and weather conditions for proceeding on a larger commercial scale.

- Diversified into import of manganese ore and imported over 40,000 MTs during the year.
- Successfully undertook export of buses, ambulances and construction equipments to countries like Bhutan, Benin, etc.
- Initiated export of sesame seeds and molasses.
- Re-started operations from STC's office at Bhopal to increase business in agro commodities.
- Initiated sale of pulses through National Spot Exchange Limited.

CORPORATE SOCIAL RESPONSIBILITY

Your Corporation is committed to fulfilling its obligations in terms of the guidelines on Corporate Social Responsibility (CSR) notified by the Department of Public Enterprises. In fact, fulfilment of CSR activities has been made a mandatory criteria in the annual MOUs signed between the Central Public Sector Enterprises with their administrative Ministries. For STC, CSR is an integral part of its business operations. Since 2007-08, the Corporation has been making domestic procurements of tea leaves directly from small farmers in Tamilnadu thereby assisting them in their socio-economic upliftment. Besides, every year, the Corporation undertakes a host of other CSR initiatives. Some such initiatives undertaken by STC during 2010-11 are given below :

- Felicitation of the winning Indian players of the Common Wealth Games 2010 at a function held at New Delhi.
- Support to Archaeological Survey of India in preservation, conservation and beautification of a historical monument in Karnataka.
- Solar lighting in villages in Himachal Pradesh.
- Tree plantation in Bangalore and Chennai.
- Co-sponsoring Nagpur International Marathon event.
- Organising of workshop on Education of Hygiene and Cleanliness for under-privileged slum-dweller women.
- Distribution of blankets to poor people in H.P.
- Supply of a Van for distribution of food to the under-privileged children in Haryana.
- Promoting of art, games, sports and culture by co-sponsoring various events from time to time.

INTERNAL CONTROLS AND PROCEDURES

STC has a sound system of internal controls which ensures compliance with statutory requirements, regulations and various policies and guidelines of the Corporation. Besides, Statutory Audit and Audit by the C&AG, regular and exhaustive internal audits are conducted through

professional agencies in close coordination with STC's Internal Audit Division to ensure that a proper system of checks and balances is in place in the Corporation to take care that all its assets are safeguarded and protected against any possible loss and all the transactions are authorized, recorded and reported properly.

Internal Audit is conducted as per the Accounting Standards, Annual Audit Programme and Rules/policies formulated by the Corporation from time to time. The observations/recommendations made by the auditing agencies are complied timely. The quarterly financial statements as also summary of the findings of internal, external and Government audit are reported to Management Audit Committee and the Audit Committee of Directors along with a report on compliance of directions issued in the past.

The Corporation has a well-defined Delegation of Powers (DoP) in place, which lays down the powers for different managerial level to facilitate faster commercial decisions. The systems and procedures laid down by the Corporation ensure maximum transparency in all commercial deals. The Corporation has a full-fledged Vigilance Division to oversee that the guidelines of the Government and the rules/procedures of the company are strictly adhered to/implemented in all matters.

During the year, all existing trade guidelines were reviewed, consolidated and re-issued in the form of an Operation Manual.

THE WAY FORWARD

The Corporation has drawn up a Business Plan for the next three years taking into consideration its strengths, past performance and current international and domestic trade scenario. The Plan aims at achieving significant increases both in the bottom-line and top-line of the Corporation. The Corporation has identified a host of countries in the Latin America, Africa and Asia as the potential markets for developing business. Simultaneously, a number of thrust products have also been identified.

Strategies proposed to be pursued by the Corporation include enlargement of supply base through marketing tie-ups, leveraging import assistance for generating additional export opportunities, increased participation in tenders under Government of India aid/grant programmes, utilization of port based infrastructure, export of tea under own brand name, undertaking contract farming abroad, domestic trading on STC's own account in items like soya seeds, chana, mustard seeds, etc. In addition, the Corporation shall continue to lay added emphasis on developing business of existing items, such as, bullion, coal, fertilizers, ferrous & non-ferrous metals, minerals & ores, edible oils, pulses, etc.

While action for implementation of some of the plans indicated above has already been initiated, other plans are also likely to be implemented soon.

Thus, the Corporation plans to double its turnover from the present level of about ₹ 20,000 crore to ₹ 40,000 crore by the end of the year 2013-14 with significant improvement in profitability.

CAUTIONARY STATEMENT

Certain statements contained in this Annual Report may constitute forward-looking statements within the meaning of applicable laws and regulations. These statements are based on management's views and assumptions at the time information was prepared and involve known and unknown risks and uncertainties that could cause actual results or performance to differ materially from those expressed or implied in such statements as discussed more fully elsewhere in this Annual Report. The Corporation expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained herein to reflect any change in the Corporation's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is essentially the system which guides and directs the management of a Company in handling its affairs in the best interest of the stakeholders and others. Corporate Governance which aims to promote fairness, transparency and integrity of the management is not a mere legal compulsion but rather a way of life, which helps in inspiring and strengthening investor's confidence and commitment to the Company.

The Clause 49 of the Listing Agreement with the Stock Exchanges that deals with Corporate Governance and also the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises (DPE) aims to achieve the highest standards of transparency, trust, integrity, responsibility, accountability and strong emphasis on ethical and professional conduct.

STC believes that Corporate Governance is a prerequisite for all round efficiency in the day-to-day affairs of a company which is necessary to maximize value for all its stakeholders. It strives to adopt such corporate practices that are based on transparency and proper disclosures and ensure accountability of the persons in key positions thereby benefiting investors, customers, creditors, employees and the society at large.

The company adheres to good corporate practices and constantly strives to improve the same.

1. BOARD OF DIRECTORS

1.1 The Company is managed by a Board of Directors, which formulates strategies, policies and reviews its performance periodically. The Chairman & Managing Director and five Whole-Time Directors viz. Director (Finance), three Directors (Marketing) and Director (Personnel) manage the business of the Company under the overall supervision, control and guidance of the Board. However, one post of Director (Marketing) is currently vacant.

1.2 Composition

STC being a Government Company, all its Directors are appointed /nominated by the President of India, through the Ministry of Commerce & Industries. Articles of Association of the Company stipulate that the number of Directors shall not be less than four and more than sixteen. As on 31st March, 2011, there were Nine Directors on the Board comprising five whole time Directors including Chairman & Managing Director, two part-time official Directors, who are the Government nominees and two part-time non-official Directors/ Independent Directors. All the Directors except CMD are liable to retire by rotation. At least one third of the Directors retire every year and if eligible, qualify for reappointment.

The members of the Board apart from CMD and Functional Directors, who receive Directors' remuneration, do not have any material pecuniary relationship or transaction with the Company, its promoters or its subsidiary, which in the light of judgment of Board may affect independence of judgment of Directors.

1.3 Meetings of the Board

The meetings of the Board are generally held at the registered office of the Company and are convened by giving appropriate advance notice after approval of the Chairman of the Board. The Board of STC meets regularly at least once in a quarter. The meetings of the Board are governed by a structured agenda and members of the Board have complete access to all information of the Company and are also free to recommend inclusion of any subject matter in the agenda for discussion. Detailed agenda containing the management reports and other explanatory statements are circulated in advance in the agenda format amongst the members of the Board for facilitating meaningful, informed and focused decisions at the meetings. Where it is not practicable to circulate any document or the agenda note for a particular item of business, the same is tabled with the approval of CMD. Senior officials are called to provide additional inputs to the items being discussed by the Board, as and when necessary.

During the year 2010-11, seven Board meetings were held on April 21, July 23, August 26, September 27, November 10 & December 15, 2010 and February 02, 2011.

The minimum and maximum interval between any two Board meetings was 31 days and 92 days respectively.

Attendance:

The details of the Directors with regard to their category, directorship in other companies, membership /

chairmanship in committees of the boards of other companies as well as attendance at Board Meetings/ Annual General Meeting are as follows:

Name & Designation of Director	No. of Board Meetings attended	Presence at last Annual General Meeting	Directorships held in other Public Limited Companies as on 31.03.2011	Memberships/ Chairmanship in Committees of the Boards of other companies as on 31.03.2011
Functional Directors				
Shri N.K. Mathur Chairman & Managing Director	7/7	Yes	1	1
Shri N.K. Nirmal Director (Finance)	7/7	Yes	1	Nil
Shri S.S. Roy Burman Director (Marketing)	7/7	Yes	Nil	Nil
Shri M.M. Sharma Director (Personnel)	6/7	Yes	Nil	Nil
Shri Khaleel Rahim Director (Marketing)	7/7	Yes	Nil	Nil
Part-time official Directors-Government Nominee				
Shri P.K. Chaudhery, Special Secretary, MOC	5/7	No	1	1
Dr. Sutanu Behuria, AS&FA, MOC	2/4	No	NA	NA
Shri Saurabh Chandra, AS&FA, MOC	1/1	NA	NA	NA
Dr. Rajan Katoch	1/ 2	NA	2	4
Part-time non-official Directors- Independent Directors				
Dr. (Mrs.) B. Kinnera Murthy	7/7	Yes	Nil	Nil
Shri Jayendra N. Shah	5/7	Yes	2	Nil

1.4 Changes in Board of Directors

Dr. Sutanu Behuria, ceased to be part-time official Director on the Board of STC and Shri Saurabh Chandra, AS & FA, MOC took over the charge as Part-time Official Director on the Board of STC vice Dr. Sutanu Behuria w.e.f. 10.11.2010.

Later, Shri Saurabh Chandra, AS & FA, MOC, ceased to be part-time official Director on the Board of STC and Dr. Rajan Katoch, AS & FA, MOC took over the charge as Part-time Official Director on the Board of STC vice Shri Saurabh Chandra w.e.f. 15.12.2010.

Shri Proshanto Banarjee, Prof. R.H. Dholakia and Shri Naresh Dayal has been appointed by president of India as part-time non-official Director on the Board of the company.

2. RESUME OF DIRECTORS PROPOSED TO BE RE-APPOINTED

The brief resumes of Directors retiring by rotation and seeking re-appointment and that of Additional Directors seeking appointment indicating nature of their experience in specific functional areas, names of the Companies in which they hold directorship and membership/ chairmanship of Board/ Committee is appended to the notice calling the Annual General Meeting.

3. BOARD COMMITTEES

The Company has the following Committees of the Board:

3.1 Audit Committee

The terms of reference of the Audit Committee are in accordance with Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement and the Guidelines on Corporate Governance for CPSEs issued by DPE in May, 2010. The Audit Committee is responsible for the effective supervision of the financial reporting processes to ensure proper disclosure of financial statements, their credibility and compliance with the accounting standards, stock exchanges and other legal requirements, reviewing internal control systems, reviewing findings of internal audit and ensuring follow up action on significant findings, and reviewing quarterly, half yearly and yearly accounts.

The Audit Committee of the Company constituted by the Board comprised Two Part-time Non-official Directors/ Independent Directors and one Part-time Official Director/ Government Nominee as its members. The meetings of the Committee were chaired by Dr. (Mrs.) B. Kinnera Murthy, Independent Director. Subsequent to induction of Dr. Rajan Katoch, AS & FA, MOC as Part-time Official Director on the Board of STC in place of Dr. Sutanu Behuria, the Audit Committee of Directors has been reconstituted by the Board of directors in its Meeting held on 15th December, 2010 comprising two independent Directors and one Govt. Nominee Part-time Official Director. Company Secretary continued to be Secretary of the Committee. All the members of the Committee have requisite financial and management experience.

Besides the above, Director (Finance) and Head of Internal Audit are permanent invitees to the meetings. Representative of Statutory Auditors are invited to attend and participate in the meetings. Functional Directors, Executives of Finance and other departments are invited on need basis.

Chairman of the Audit Committee was present at the last AGM of the Company.

During the year 2010-11, five meetings of the Audit Committee were held on April 21, July 23, September 27 & November 10, 2010 and February 02, 2011.

Attendance:

Members	Presence at Meetings held
DR. (Mrs.) B. Kinnera Murthy, Chairman	5/5
Shri Jayendra N. Shah	4/5
Dr. Sutanu Behuria, AS & FA, MOC (up to 10.11.2010)	1/4
Shri Saurabh Chandra, AS & FA, MOC (10.11.2010 to 15.12.2010)	N.A.
Dr. Rajan Katoch, AS & FA, MOC (from 15.12.2010)	1/1

3.2 Shareholders'/Investors' Grievance Committee:

The Company has a "shareholders'/ Investors' Grievance Committee" at the Board level to deal with various matters relating to redressal of shareholders' and investors' grievances. The Committee is headed by Shri P. K. Chaudhery, Special Secretary, MOC, Part-time Official Director/ Government Nominee. Shri N.K. Nirmal, Director (Finance) and Shri M.M. Sharma, Director (Personnel) are the members of the Committee.

There were no major complaints/ grievance during the year and as on 31.03.2011, no investor complaints were pending. The Company Secretary is also the Secretary of the Shareholders'/Investors' Grievance Committee.

During the year 2010-11, four meetings of the Committee were held on April 16, July 20 & October 26, 2010 and January 13, 2011. The attendance particulars are as under:

Name of Member	Presence at Meetings held
Shri P.K. Chaudhery, Special Secretary, MOC - Chairman	4/4
Shri N.K. Nirmal, Director (Finance)	4/4
Shri M.M. Sharma, Director (Personnel)	4/4

3.3 Remuneration Committee

The Company has a Remuneration Committee at Board level to decide the annual bonus/ variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits. The Committee is headed by Dr. (Mrs.) B. Kinnera Murthy, Part-time Non-official Director/ Independent Director. Shri N.K. Nirmal, Director (Finance) and Shri M.M. Sharma, Director (Personnel) are the members of the Committee.

STC being a Government Company, terms and conditions of appointment and remuneration of whole-time functional Directors are determined by the Government through administrative ministry, the Ministry of Commerce and Industry. Non-Executive part-time official Directors (Government nominees) do not draw any remuneration. Non-executive part-time non-official/ Independent Directors are paid sitting fees of Rs.10,000/- for each Board/ Committee meeting attended by them.

Two meetings of the above Committee were held on 27.09.2010 and 02.02.2011. All members were present.

3.3.1 Directors' Remuneration:

Remuneration of Directors' for the year ended 31.03.2011 was as follows:

(a) Functional Directors:

(Rs. Lacs)

Sr. No	Names	Salary including DA	Other benefits & perks	Performance Incentive	Contributions to PF and other fund	Provision for Leave as per AS-15	Provision for Gratuity as per AS-15	Grand Total
1.	Shri N.K. Mathur	22.32	2.86	12.85	1.71	5.57	0.62	45.93
2.	Shri N.K. Nirmal	22.80	2.00	9.35	1.66	4.53	0.67	41.01
3.	Shri S S Roy Burman	22.33	1.93	9.14	1.63	10.37	0.53	45.93
4.	Shri M. M. Sharma	18.70	6.76	8.64	1.57	7.25	0.58	43.50
5.	Shri Khaleel Rahim	17.41	6.16	8.73	1.55	8.84	2.53	45.22

(b) Part-time Non-Official Directors/ Independent Directors

Non-Executive non-official Directors were paid sitting fees at the rate of Rs.10,000/- for attending each meeting of the Board/ Committee thereof. Details of Sitting fees paid during the year under review are as follows:-

Sr. No.	Names	Sitting Fees (Rs. Lacs)
1.	Dr. (Mrs.) B. Kinnera Murthy	1.20
2.	Shri Jayendra N. Shah	0.90
Total		2.10

3.3.2 Equity Shares held by Directors

Except as stated hereunder, none of the Directors, hold any equity shares in the Company as per the declarations made by them to the Company:

Sr. No.	Name of Directors	No. of shares held
1.	Shri N.K. Mathur	2
2.	Shri P.K. Chaudhery	2
3.	Shri N.K. Nirmal	2
4.	Shri S S Roy Burman	2
5.	Shri Khaleel Rahim	1
6.	Shri M.M. Sharma	1

The above shares are held by the Directors in their official Capacity.

4. CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT.

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A code of conduct was adopted by the Board for Board Members and Senior Executives in line with the model code of conduct for Board Members and Senior Management stipulated in the Guidelines on Corporate Governance for CPSEs issued by DPE. A copy of the Code has been placed on the Company's website: www.stc.gov.in.

All the Members of the Board and other Key Executives have confirmed compliance with the Code of Conduct for the year under review. A declaration signed by the Chairman & Managing Director is:

"I hereby confirm that the Company has obtained from the members of the Board and Key Executives affirmation that they have complied with the Code of Conduct for Directors and Senior Management during the financial year 2010-11."

4.1 CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Board has approved the Code of Conduct for Prevention of Insider Trading in dealing with securities of STC. The objective of the Code is to prevent purchase and/ or sale of shares of the Company on the basis of unpublished price sensitive information. Under this Code, all Directors and employees

are prohibited to deal in the Company's shares during the closing of Trading Window and other specified period(s). To deal in securities, beyond specified limit, permission of Compliance Officer is required. All Directors and employees are required to disclose related information periodically as stipulated in the Code. The code has been circulated to all Directors and Employees and has been hosted on the Company website.

4.2 CEO/ CFO CERTIFICATION

In terms of revised Clause 49 of the Listing Agreement, the certification by the CEO/CFO on the financial statements and internal controls relating to financial reporting for the year 2010-11 was submitted to the Board on 24.06.2011 and is annexed to this report.

5 SUBSIDIARY COMPANY:

The Company has one wholly owned unlisted subsidiary Company, STCL Limited, which is not a material subsidiary company in terms of Clause 49 of the listing agreement.

6 COMPLIANCE OFFICER:

The Company Secretary has been nominated as the Compliance Officer. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and the regulatory authorities for governance matters.

7 ANNUAL GENERAL MEETINGS

The Annual General Meetings of the Company are held at the Registered Office of the Company i.e. Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001. The details of such meetings held during the last three years are as under:

Nature of Meeting	Financial Year	Date and Time
Annual General Meeting	2009-10	27.09.2010 - 3.00 P.M.
Annual General Meeting	2008-09	24.09.2009 - 3.00 P.M.
Annual General Meeting	2007-08	23.09.2008 - 12 Noon

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of members attending the meeting.

8 DISCLOSURES

- During the year, there were no transactions of material nature with the Directors or the Management or the subsidiary or relatives that had potential conflict with the interest of the company.
- The details of "Related Party Disclosures" have been disclosed at serial no. 12 in the Notes Forming Part of Accounts in the Annual Report.
- The Company follows accounting standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any accounting standard.
- None of the non-official part-time Directors had any pecuniary relationship or transactions with the Company during the financial year ending 31st March, 2011.
- No items of expenditure have been debited in the books of accounts, which are not for the purpose of business. No expenses, which are personal in nature, have been incurred for the Board of Directors and top management.
- There has been no instance of non-compliance by the Company on any matter related to capital markets, during the last three years. No penalties or strictures have been imposed by SEBI, the Stock Exchange or any Statutory Authority on the Company.
- The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement, except composition of the Board of Directors. The Government of India is in the process of selecting additional independent Directors for nomination on the Board of the Company.
- The Company has not opted for Employees Stock Option Scheme.

9 MEANS OF COMMUNICATION

- **Quarterly/Annual Results:** The Company regularly intimates un-audited as well as audited financial results to the stock exchanges immediately on approval by the Board. These results are also published in the leading

English and vernacular dailies having wide circulation across the country. The results are also displayed on the web site of the Company www.stc.gov.in.

- **News release:** The official news releases are displayed on the Company's website www.stc.gov.in.
- **Website:** The Company's Website www.stc.gov.in contains a separate section where the shareholders information is available. Full Annual Report and Corporate Governance Report etc. is available on the website in a user friendly manner.
- **Annual Report:** Annual Report containing inter-alia, Audited Accounts, Directors' report, Management Discussion and Analysis (MD&A) Report, Auditors Report, Corporate Governance Report including information for the Shareholders and other important information is circulated to the members and others entitled thereto.

10 SHAREHOLDERS' INFORMATION

10.1 Forthcoming AGM - Date, Time and Venue

The Annual General Meeting for the Financial Year ending 31st March, 2011 is scheduled for 29th September, 2011 at 3.00 P.M. at 4th Floor Annexe, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001.

10.2 Financial Calendar:

Period Ending	Last date for adoption of Financial Results
Quarter ending June 30, 2011	15th August, 2011
Quarter ending September 30, 2011	15th November, 2011
Quarter ending December 31, 2011	15th February, 2012
Quarter ending March 31, 2012	15th May, 2012
Audited Financial Results for 2011-12	30th September, 2012

10.3 Book Closure Period:

The Register of Members shall remain closed from 24th September, 2011 to 29th September, 2011 (both days inclusive) for the purpose of determining the eligibility of the members/beneficial owners of the Company for the payment of Dividend @ 30% on equity shares for the year ended 31st March 2011, if so approved by the shareholders. The dividend, if declared at the meeting, will be paid to those members whose names will appear in the register of members as beneficial owner on the close of the day on 23.09.2011.

10.4 Dividend Payment Date:

The Board has recommended payment of Dividend @ 30 % for the financial year 2010-11 for the consideration of the shareholders at the ensuing Annual General Meeting. If approved by the shareholders, the same will be transferred to the designated Bank account within five days from the date of declaration, as per the provisions of the Companies Act, 1956, and shall be paid within 30 days from the date of approval i.e. 29th September, 2011.

10.5 Transfer of Unpaid/ Unclaimed Dividend to Investor Education and Protection Fund

Pursuant to Section 205 C of the Companies Act, 1956, dividend amount(s) remaining unclaimed and unpaid for a period of seven years, from the date they become due for payment, are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Members, who have so far not en-cashed their dividend warrants are requested to write to the Company/ Registrar to claim the same, to avoid transfer to IEPF. Members are advised that no claim shall lie against the said Fund or the Company for the amounts of dividend so transferred to the said Fund.

10.6 Listing on Stock Exchanges

The Company is listed with Mumbai Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai and National Stock Exchange, Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai. The Annual Listing Fee/Annual Custody Fee for the year 2011-12 has already been paid to the concerned Stock Exchanges and National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

10.7 Stock Market Data

Month	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (in No. of Shares)	High (Rs.)	Low (Rs.)	Volume (in No. of Shares)
April, 10	486.00	436.00	35,45,579	485.80	394.95	84,74,940
May, 10	447.80	342.35	37,61,645	447.80	340.05	83,63,195
June, 10	453.80	383.85	88,49,578	454.00	383.85	2,03,06,865
July, 10	454.40	411.15	39,52,384	454.35	411.00	88,53,767
August, 10	434.50	365.00	19,16,344	434.70	364.00	43,62,746
September, 10	431.00	365.20	43,49,555	431.50	365.10	1,10,90,130
October, 10	428.50	372.00	15,38,060	431.10	372.00	33,67,256
November, 10	422.80	295.00	16,51,665	422.00	292.60	39,05,390
December, 10	364.80	295.00	19,49,208	364.40	292.00	41,45,529
January, 11	344.50	256.10	7,41,296	344.00	257.00	16,44,858
February, 11	285.75	200.00	40,59,963	285.90	200.10	96,77,348
March, 11	262.70	236.00	12,96,558	262.30	235.45	33,21,111

10.8 Share Transfer System

The Shares of the company are being compulsorily traded in dematerialized form. Shares received for transfer in physical form, are normally processed within a period of 30 days from the date of lodgment of valid share transfer deed along with share certificate. A Share Transfer Committee comprising of two whole time Directors and the Company Secretary is empowered to approve the transfers. No transfer was pending as on 31.03.2011. These requests are processed through the Company's Registrars & Share Transfer Agents, M/s MCS Limited.

Pursuant to the Clause 47-C of the Listing Agreement, certificates on quarterly basis confirming due compliance of share transfer formalities by the Company, certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 are sent to Stock Exchanges.

In addition, as part of the capital Integrity audit, A Secretarial Audit Report for reconciliation of the share capital confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Secretarial Audit Report is also submitted to the Stock Exchanges.

10.9 Registrars & Share Transfer Agents

M/s. MCS Ltd.
F-65, 1st Floor,
Okhla Industrial Area, Phase-I,
New Delhi-110020
Tel. No. 91-11-41406149/50/51/52
Fax: 91-41-41709881.
Website: www.mcsdel.com
e-mail: admin@mcsdel.com

10.10 Shareholding Pattern as on 31st March, 2011

Category	No. of Shares held	Percentage of Shareholding
President of India (Government of India)	54613600	91.0227
Mutual Funds/ UTI	94397	0.1573
Financial Institutions/ Banks	550	0.0009
Insurance Companies	696210	1.1604
Foreign Institutional Investors	40095	0.0668
Bodies Corporate	1018860	1.6981
Indian Public	3471724	5.7862
Non Resident Indians	64564	0.1076
Total	60000000	100.0000

10.11 Top 10 Shareholders as on 31st March, 2011

Sr. No.	Name	No. of Shares held	% of total shares
1.	President of India (Government of India)	5,46,13,600	91.0226
2.	The New India Assurance Company Limited	5,35,000	0.8917
3.	National Insurance Company Limited	1,00,274	0.1671
4.	HSBC Progressive Themes Fund	92,217	0.1537
5.	M. Kiran Kumar	80,000	0.1333
6.	Angel Broking Limited	61,442	0.1024
7.	The Oriental Insurance Company Limited	60,936	0.1016
8.	Religare Securities Limited	44,119	0.0735
9.	Karvy Stock Broking Limited	42,850	0.0714
10.	Praveen Chand Nahar	33,100	0.0552

10.12 Distribution of Shareholding by Size as on 31st March, 2011

Category (No. of Shares)	Number of shareholders	% of Shareholders	Total number of Shares	% of Shareholding
1-500	30077	95.8324	2069696	3.4495
501-1000	754	2.4024	595900	0.9932
1001-2000	320	1.0196	487426	0.8124
2001-3000	87	0.2772	215628	0.3594
3001-4000	47	0.1498	171993	0.2867
4001-5000	37	0.1179	169153	0.2819
5001-10000	31	0.0998	219389	0.3656
10001-50000	25	0.0797	527360	0.8789
50001-100000	4	0.0127	294595	0.4910
100001 and above.	3	0.0095	55248860	92.0814
Total	31385	100.0000	60000000	100.0000

10.13 Corporate Benefits

Years	Interim/ Final	Rate(%)	Per Share (Rs.)	Amount (Rs. lacs)
2006-07	Interim	20	2.00	600.00
	Final	40	4.00	1200.00
2007-08	Interim	35	3.50	1228.45
	Final	30	3.00	1800.00
2008-09	Interim	25	2.50	1500.00
	Final	22.50	2.25	1350.00
2009-10	Interim	25	2.50	1500.00
	Final	22.50	2.25	1350.00
2010-11	Interim	-	-	-
	Final	30	3.00	1800.00

10.14 Dematerialization of Shares and Liquidity

Description	No. of Shareholders	Shares	% of Equity
CDSL	11968	56118066	93.53
NSDL	19336	3857774	6.43
PHYSICAL	81	24160	0.04
Total	31385	60000000	100.00

The shares of the company are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. As on 31st March, 2011, 5,99,75,840 Equity shares forming 99.57 % of divested shareholding, stood dematerialized.

10.15 Address for Shareholders' Correspondence

Board Secretariat & Parliament Division
The State Trading Corporation of India Ltd.
Jawahar Vyapar Bhawan
Tolstoy Marg
New Delhi -110001
Phone No. 011-23313177
Fax No. 011-23701123, 23701191 E-mail: cs@stc.gov.in

As per Circular dated 22.01.2007, of Securities & Exchange Board of India, exclusive e-mail id cs@stc.gov.in is maintained for redressal of investor complaints.

For transfer of shares, dematerializing or re-materializing, receipt of dividend, change of address or other routine enquiries, the shareholders may also contact the Registrars and Share Transfer Agents at the address given at 10.9 above.

11 COMPLIANCE CERTIFICATE FROM AUDITORS

Certificate from the Auditors of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed to the Directors' Report forming part of the Annual Report. The Certificate has also been forwarded to the Stock exchanges where the securities of the Company are listed.

12 GUIDELINES ON CORPORATE GOVERNANCE BY DPE

In May, 2010, the Department of Public Enterprises (DPE) has notified mandatory Guidelines on Corporate Governance, 2010 for CPSEs. The Board of Directors of STC has adopted these guidelines as the Board approved policy on Corporate Governance.

STATEMENT SHOWING RECRUITMENT OF EX-SERVICEMEN MADE DURING 2010-11

Category	Reservation for Ex-Servicemen (% age)	Total Recruitment made during the year 2010-11	No. of Ex-Servicemen recruited during the year
Peon/ Watchmen/ Sweepers/Helpers & Carpenters	14.5	2	Nil
Jr. Assistants/Jr. Stenographers	14.5	Nil	Nil
Drivers	14.5	1	Nil

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the members of

The State Trading Corporation of India Limited

We have examined the compliance of the conditions of Corporate Governance by The State Trading Corporation of India Limited for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises(DPE).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by DPE except the Clause 49 (1A) of the Listing agreement and clause 3.1.4 of Guidelines on Corporate Governance regarding number of Independent and Non executive Directors in the Board of Directors.

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

For Chandiok & Guliani
Chartered Accountants

Sd/-
(V.K. Lalla)
Partner

Date: 24.06.2011
Place: New Delhi

Membership No.080847
Firm Reg. No. 001199N

CERTIFICATION BY THE CEO AND CFO UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Board of Directors of The State Trading Corporation of India Ltd.

We, N.K. Mathur, Chief Executive Officer & Chairman & Managing Director, and N.K. Nirmal, Chief Financial Officer & Director (Finance), certify that:

- a) We have reviewed financial statements and the cash flow statements for the year ended 31.03.2011 and that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that :
 - i) There has not been any significant change in internal control over financial reporting during the year under reference.
 - ii) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) There has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

sd/-
(N.K. Mathur)
CEO & Chairman & Managing Director

sd/-
(N.K. Nirmal)
CFO and Director (Finance)

Place : New Delhi
Date : 24.06.2011

AUDITORS' REPORT TO THE MEMBERS OF THE STATE TRADING CORPORATION OF INDIA LTD.

- 1) We have audited the attached Balance Sheet of **THE STATE TRADING CORPORATION OF INDIA LIMITED** as at 31st March, 2011, the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto in which are incorporated the accounts of the corporate office audited by us and the accounts of branches audited by the other Auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003 as amended by the companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the annexure to in paragraph 3 above, we report as follows
 - a) Reference is invited to Note No. 3(a) of Notes to Accounts, Schedule 23, relating to contracts of scrap, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of Metro Machinery Traders, New Delhi (the Business Associate). The Company has alleged fraud by the Business Associate and the matter has been referred to CBI. We also understand that two ex-Directors and a General Manager have been charge-sheeted. However, in the absence of details of the charge-sheets and the inquiries, we are unable to opine if there was a fraud or suspected Management fraud and comment on any mis-statement made in these accounts in respect of the above transaction. Pending out come of legal steps initiated for recovery/ CBI probe, full provision of Rs. 8739 lacs was made in earlier years.
 - b) Reference is invited to Note No. 3(b) of Notes to Accounts, Schedule 23, relating to wheat transactions undertaken on behalf of Business Associate, disposal of goods and recovery had not taken place as per contract due to quality problems and there was stock of wheat and unrecovered amounts outstanding from the Business Associate and Supplier. Also, cases of theft and misappropriation of uplifted stocks exported to Bangladesh have come to notice for which legal actions have been initiated. Pending out come of legal steps initiated, entire dues including recoverable from FCI aggregating to Rs. 5841 lacs has been provided/written off in earlier years. Further as the matter is not yet resolved, additional amount of central sales tax liability for non-export of 30392.010 MT of wheat procured from FCI is not ascertainable. The impact on Profit & Loss Account thus is not known.
 - c) Reference is invited to Note No. 3(c) of Notes to Accounts, Schedule 23, relating to Rs. 12199 lacs dues from Jhagadia Copper Limited, the company under liquidation and in the process of reconstruction by Asset Reconstruction Company (India) Limited. Financial impact of the same cannot be ascertained at this stage.
 - d) References invited to Note No. 3(d) of Notes to Accounts, Schedule 23, relating to sundry debtor of Rs.113793 lacs due from Global Steel Philippines who have stopped operation of their plant due to extreme volatility of prices. Though the outstanding is secured by way of Pledge of stock and post dated cheques and the corporate guarantees of holding company, however, in view of non availability of detailed valuation of plant & machinery being considered for sale, financial impact on account cannot be ascertained at this stage.
 - e) Reference is invited to Note No. 3 (e) of Notes to Accounts, Schedule 23, regarding booking of claims of Rs. 8167 lacs on account of differential actual trading losses, pending financial approval from Ministry of Consumer Affairs.
 - f) Reference is invited to Note No. 3(g) of Notes to Accounts, Schedule 23, relating to unsecured overdue of Rs. 39717 lacs against exports effected under the Exim Bank Insurance linked Post shipment Credit facility.
 - g) Reference is invited to Note No. 3 (h) of Notes to Accounts, Schedule 23, regarding non provision of Sundry Debtors of Rs 494 lacs towards reimbursement of the loss in supply of PDS items during 2008-09 to M/s Gujarat State Civil supplies Government Of Gujarat.

- h) Note No 3(j) and 6(a) of Notes to Accounts, Schedule 23, relating to pending reconciliations of personal accounts and consequential adjustments
 - i) Reference is invited to Note No. 4 of Notes to Accounts, Schedule 23, regarding non provision of diminution in value of investment in subsidiary company (STCL).
- 5) We further report that :
- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except for information pertaining to charges levied on two ex-Directors and a General Manager and details of inquiries in respect of transaction referred to in Para 4 (a) above, and further except as otherwise stated in the report, and the record of the cases being handled by the vigilance department of the company and the accounting of the consequential financial effect thereof on the matters under its scrutiny in such cases.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books and proper returns adequate for the purpose of our audit have been received from the Branches not audited by us. Reports of the Branch auditors have been considered while preparing our report.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the mandatory accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e) In terms of Notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs, Government of India, the provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to the Company.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to our observations in paragraphs 4 (a) to (i) above, provisions and write offs in respect of which have been made in the accounts based on the existing and known circumstances as reported in the said paragraphs and read together with the Significant Accounting Policies and other Notes appearing in the Notes to the Accounts, give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

Date: 24.06.2011
Place: New Delhi

For Chandiok & Guliani
Chartered Accountants
Firm Registration No. 001199N

sd/-
(V.K. Lalla)
Partner
Membership No.080847

ANNEXURE TO AUDITORS' REPORT

(Annexure referred to in Paragraph 3 of our report of even date on the financial statements for the financial year ended 31st March, 2011 of the State Trading Corporation of India Ltd.)

1. In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars including quantitative details and situations of its fixed assets except at Ahmadabad branch where Fixed Asset Register was not updated.
 - b. Physical verification of fixed assets has been conducted during the year. We are informed that no material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a. As explained to us, verification of inventories is undertaken by the Company through Surveyors from time to time. In respect of goods in the custody of third parties, certificate is obtained from the Clearing & Handling Agents or the Warehousing Corporation or from the related parties. In our opinion, the verification in case of goods like coal, wheat, etc is not by actual weighment, but by actual receipt and dispatch without accounting for handling losses. In respect of stock of wheat at Bangladesh, no confirmations of stock were available and the stocks of 26500 MT having aggregate cost of 1320 lacs had been written off (through reduction in valuation Rs. 951 lacs and through write off Rs. 369 lacs) in earlier years (during the financial year 2004-05 to 2006-07). In respect of stock of wheat 1925.78 MT at Kandla, as at 31.03.2011 there is no confirmation of the quantity and quality of stock available; hence the same has been valued at Rs. NIL.
 - b. In our opinion, though the procedures for physical verification is in place and instructions and guidelines are issued from time to time for verification of stock/inventories but the same is not being followed strictly for all materials which are handled by and are in custody of third parties.
 - c. The Company is not maintaining any separate Stock Register. However, transaction-wise stock details are compiled for control over the stock and necessary details are obtained from the custodians of stock viz., Port Authorities, Warehouse or Business Associates. Discrepancies, wherever noticed on verification have been properly dealt with, except in case of stock of wheat at Bangladesh and Kandla as mentioned in Para 2(a) above in our report.
3. In respect of loans availed/granted:
 - a. As informed, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b) (c) and (d) of Paragraph 4 of the Order are not applicable to the Company.
 - b. As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (f) and (g) of the Paragraph 4 of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of the business with regard to purchase of inventory, fixed assets and also for sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, we have not observed any instance of continuous failure to correct major weaknesses in the internal control procedures. However, internal control procedures regarding review, realization of advances and other claims and reconciliation of balance of sundry debtors and creditors require strengthening.
5. In respect of contracts/arrangements under Section 301 of the Companies Act, 1956:
 - a. According to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
 - b. There was no transaction hence clause (v) (b) of Paragraph 4 of the Order is not applicable.
6. In our opinion and as per the information and explanation provided to us, the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable, as the company has not accepted any deposits from the public.
7. The internal audit is conducted by the outside firms of Chartered Accountants and in our opinion is commensurate with the size and nature of its business.
8. As informed by the management, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the company.
9. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other Statutory Dues have been generally regularly deposited with the appropriate authorities. There were no undisputed amounts outstanding over six months from the date they became payable.
 - b. Disputed Statutory dues are aggregating to Rs. 70492.87 lacs on account of sales tax and Rs. 2,000.13 lacs on account of income tax. The details are as under:

SALES TAX :

FORUM	PERIOD	NATURE OF DISPUTE	AMOUNT (Rs. In Lacs)
MADRAS HIGH COURT	87 - 88	SALES TAX	0.01
MADRAS HIGH COURT	89-90	SALES TAX	0.28
MADRAS HIGH COURT	91-92	SALES TAX	0.01
MADRAS HIGH COURT	74-75	SALES TAX	7.72
MADRAS HIGH COURT	75-76	SALES TAX	2.12
MADRAS HIGH COURT	86-87	SALES TAX	47.60

FORUM	PERIOD	NATURE OF DISPUTE	AMOUNT (Rs. In Lacs)
MADRAS HIGH COURT	86-87	SALES TAX	25.36
MADRAS HIGH COURT	87-88	SALES TAX	0.01
SALESTAX APPELLATE TRIBUNAL	87-88	SALES TAX	0.70
MADRAS HIGH COURT	74-75/75-76	SALES TAX	1.20
MAHARASHTRA TRIBUNAL PENDING	90-91	SALES TAX	4.35
MAHARASHTRA TRIBUNAL PENDING	92-93	SALES TAX	72.24
MAHARASHTRA TRIBUNAL PENDING	96-97	SALES TAX	1.93
MAHARASHTRA TRIBUNAL PENDING	2000-01	SALES TAX	1327.54
JOINT COMMISSIONER	93-94	SALES TAX	9.25
JOINT COMMISSIONER	2003-04	SALES TAX	3160.01
JOINT COMMISSIONER	2004-05	SALES TAX	38931.85
JOINT COMMISSIONER	2002-03	SALES TAX	6.76
MP APPELLATE BOARD	93-94	SALES TAX	1.01
MP APPELLATE BOARD	95-96	SALES TAX	0.38
PENDING IN TRIBUNAL (BST)	81-82	SALES TAX	1.54
ORISSA HIGH COURT	81-82	SALES TAX	7.21
PENDING WITH SOD & BOARD	83-84	SALES TAX	0.77
WEST BENGAL COMMERCIAL TAX APPELLATE	85-86	SALES TAX	6.77
CASE DECIDED AGAINST US	88-89	SALES TAX	0.37
PENDING IN APPEAL 88-89	SALES TAX	1.25	
PENDING IN APPEAL 88-89	SALES TAX	0.30	
PENDING WITH HIGH COURT	93-94	SALES TAX	0.15
PENDING WITH HIGH COURT	94-95	SALES TAX	0.62
PENDING WITH HIGH COURT	95-96	SALES TAX	0.69
JOINT COMMISSIONER (PENDING IN APPEAL TILL 22/07/2011)	2003-04	SALES TAX	22.84
PENDING WITH FIRST APPELATE AUTHORITY	2006-07	SALES TAX	26817.27
PENDING WITH FIRST APPELATE AUTHORITY	2007-08	SALES TAX	32.89
			70493.00

INCOME TAX :

Forum where dispute	Nature	Rs. In Lacs
Income Tax Appellate Tribunal, Delhi	Income Tax	444.47
High Court Income Tax		22.44
CIT (A) Income Tax		1499.64
Income Tax Authority	Income Tax	33.58
Total		2000.13

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and the information and explanations given by the management, the company has not defaulted in payment of dues to any financial institution or bank or debenture holders.
12. According to information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of Paragraph 4 of the Order are not applicable to the Company.
14. The Company is not dealing or trading in securities, debentures and other investments and therefore question of maintaining proper records of transactions and contracts in respect of trading and timely entries do not arise. All shares have been held by the Company in its own name.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The Company has not raised any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud on/ or by the Company noticed or reported during the year, nor we have informed for such case by the Management.

For Chandio & Guliani
Chartered Accountants
FRN. No. 001199N
Sd/-
V.K. Lalla
(Partner)
M. No. 080847

Place: New Delhi
Date: 24.06.2011

BALANCE SHEET AS AT 31ST MARCH, 2011

			(Rs. Lacs)
PARTICULARS	Schedule No.	As At 31 March, 2011	As At 31 March, 2010
Sources of Funds			
Shareholders' Funds			
-Capital	1	6,000.00	6,000.00
-Reserves & Surplus	2	61,945.88	58,394.30
Loan Funds			
-Secured Loans	3	146,851.22	202,775.14
-Unsecured Loans	4	8,057.72	44,010.06
Total		222,854.82	311,179.50
Application of Funds			
Fixed Assets	5		
Gross Block		8,979.41	8,915.44
Less: Depreciation		3,672.93	3,419.93
Net Block		5,306.48	5,495.51
Capital Work In Progress		337.05	- 5,495.51
Investments	6	303.04	303.04
Deferred Tax Asset (Net)		6,581.79	7,340.53
Current Assets, Loans & Advances			
Inventories	7	131,374.80	56,701.27
Sundry Debtors	8	450,794.40	661,096.35
Cash and Bank Balances	9	73,703.22	48,682.74
Loans and Advances	10	43,362.30	39,096.67
		699,234.72	805,577.03
Less: Current Liabilities & Provisions			
Liabilities	11	479,521.40	499,854.67
Provisions	12	9,386.86	7,681.94
		488,908.26	507,536.61
Net Current Assets		210,326.46	298,040.42
Total		222,854.82	311,179.50
Significant Accounting Policies	22		
Notes on Accounts	23		

Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date attached

FOR CHANDIOK & GULIANI
Chartered Accountants

Sd/-
(V K LALLA)
Partner
M.No. 80847

Sd/-
(N.K.MATHUR)
Chairman & Managing Director

Sd/-
(MANOJ MISHRA)
Chief General Manager (Finance)

Sd/-
(N.K.NIRMAL)
Director (Finance)

Sd/-
(R. K. GOGIA)
Company Secretary

Place : New Delhi
Dated : 24.06.2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. Lacs)			
PARTICULARS	Schedule No.	Year ended 31 March, 2011	Year ended 31 March, 2010
Income			
Net Sales		1,998,484.43	2,150,865.36
Other Income (Trade)	13	49,080.80	50,575.59
Interest Income	14	19,595.79	25,809.85
Miscellaneous Income (Non-trade)	15	5,644.99	4,196.86
Total		2,072,806.01	2,231,447.66
Expenditure			
Cost of Goods Sold	16	2,029,777.72	2,186,985.62
Overheads	17	14,552.12	13,172.69
Interest	18	17,752.79	12,040.10
Depreciation	5	306.59	245.90
Write-Offs	19	2,772.00	335.99
Provisions against Doubtful Receivables & Investments	20	-	1,350.71
Total		2,065,161.22	2,214,131.01
Profit before prior period items		7,644.79	17,316.65
Prior Period Adjustment (Net)	21	318.04	(223.46)
Profit before Tax		7,962.83	17,093.19
Provision for tax			
- Current Tax	1,915.00		6,500.00
- Current Tax - relating to earlier years	(344.50)		1,109.13
- Deferred Tax	758.75		(1,223.17)
- FBT - relating to earlier years	(10.00)	2,319.25	12.36
Profit After Tax		5,643.58	10,694.87
Balance as per last account		19,214.02	14,978.10
Transfer from Bonus Reserve		0.15	0.40
Profit available for Appropriation		24,857.75	25,673.37
Appropriations			
Transfer to Bonus Reserve		0.10	0.11
Interim Dividend		-	1,500.00
Proposed Dividend		1,800.00	1,350.00
Tax on Dividend		292.01	479.14
Export/Import Contingency Reserve		1,918.42	1,980.10
Transfer to General Reserve		600.00	1,150.00
Balance Carried to Balance Sheet		20,247.22	19,214.02
		24,857.75	25,673.37
EPS - Basic & Diluted		9.41	17.82
(Face Value Rs. 10 per Share)			
(Refer Note No. 9 of Schedule 23)			
Significant Accounting Policies	22		
Notes on Accounts	23		

Schedules referred to above form an integral part of the Profit and loss Account

As per our report of even date attached

FOR CHANDIOK & GULIANI
Chartered Accountants

Sd/-
(V K LALLA)
Partner
M.No. 80847

Sd/-
(N.K.MATHUR)
Chairman & Managing Director

Sd/-
(MANOJ MISHRA)
Chief General Manager (Finance)

Sd/-
(N.K.NIRMAL)
Director (Finance)

Sd/-
(R. K. GOGIA)
Company Secretary

Place : New Delhi
Dated : 24.06.2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

			(Rs. Lacs)	
			2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES :				
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS		7,644.79		17,316.65
ADJUSTMENT FOR :				
- Interest on working capital loans	16,340.57		9,540.10	
- Depreciation	306.59		247.67	
- Unrealized foreign exchange difference	(69.57)		(83.79)	
- Write offs	2,772.00		335.99	
- Provisions against Receivables & Investments	-		1,350.71	
- Income/Expenditure relating to let out property	(2,369.88)		(1,706.00)	
- Loss on sale of asset and write off	1.14		1.28	
- Liabilities written back	(1,341.88)		(718.61)	
- Profit on sale of assets	(1.67)		(2.17)	
- Unclaimed credit balances written back	(41.87)	15,595.43	(185.55)	8,779.63
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		23,240.22		26,096.28
ADJUSTMENT FOR :				
- Trade and other receivables		224,135.52		(87,531.70)
- Inventories		(74,673.53)		89,672.69
- Trade and other payables		(16,872.81)		(38,336.35)
		155,829.40		(10,099.08)
Fringe Benefit Tax		-		(32.36)
Income tax paid		(3,939.00)		(6,097.13)
CASH FLOW BEFORE PRIOR PERIOD ITEMS		151,890.40		(16,228.57)
Prior period adjustment		318.04		(225.22)
NET CASH GENERATED/USED IN OPERATING ACTIVITIES (A)		152,208.44		(16,453.79)
B CASH FLOW FROM INVESTING ACTIVITIES :				
- Purchase of Fixed Assets		(493.05)		(1,983.89)
- Sale of Fixed Assets		38.98		7.65
- Let out properties (net)		2,369.88		1,706.00
NET CASH FROM INVESTING ACTIVITIES (B)		1,915.81		(270.24)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

		(Rs. Lacs)
	2010-11	2009-10
C CASH FLOW FROM FINANCING ACTIVITIES :		
- Dividend paid (including Dividend Tax)	(1,574.22)	(3,334.36)
- Increase in Working Capital Loan(net)	(91,876.26)	8,995.76
-Interest Paid	(16,340.56)	(9,540.10)
- Grant from VITC		-
NET CASH FROM FINANCING ACTIVITIES (C)	<u>(109,791.04)</u>	<u>(3,878.70)</u>
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	44,333.21	(20,602.73)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	17,041.15	37,643.88
CASH AND CASH EQUIVALENTS AS AT THE CLOSE OF THE YEAR	<u>61,374.36</u>	<u>17,041.15</u>
Reconciliation of Cash & Cash Equivalents		
Cash & Bank Balances as per Balance Sheet	73,703.22	48,682.72
Less : Fixed Deposit made with margin provided by Associates adjusted in Trade Receivables	(12,328.86)	(31,641.66)
Add: Bank balance under Court attachment	-	0.09
Cash & Bank Balances as per Cash Flow Statement	<u>61,374.36</u>	<u>17,041.15</u>

Significant Accounting Policies schedule 22

Notes on Accounts schedule 23

Schedules referred to above form an integral part of the Accounts.

As per our report of even date attached

FOR CHANDIOK & GULIANI
Chartered Accountants

Sd/-
(V K LALLA)
Partner
M.No. 80847

Sd/-
(N.K.MATHUR)
Chairman & Managing Director

Sd/-
(MANOJ MISHRA)
Chief General Manager (Finance)

Sd/-
(N.K.NIRMAL)
Director (Finance)

Sd/-
(R. K. GOGIA)
Company Secretary

Place : New Delhi
Dated : 24.06.2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET
AS AT 31 ST MARCH, 2011**

(Rs. Lacs)		
Schedule - 1 Share Capital	As At 31 March, 2011	As At 31 March, 2010
Authorised		
20,00,00,000 Equity Shares of Rs. 10/- each	20,000.00	20,000.00
Issued, Subscribed & Paid Up		
6,00,00,000 Equity Shares of Rs. 10/- each	6,000.00	6,000.00
(Of these 5,80,00,000 Equity Shares of Rs.10/- each allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve)		
Total	6,000.00	6,000.00

Schedule - 2 Reserves & Surplus	Balance as at 31.3.2010	Additions	Deductions	Balance as at 31.3.2011
Capital Reserve	100.00	-	-	100.00
Bonus Reserve	0.41	0.10	0.15	0.36
Exchange Fluctuation Reserve	649.53	-	-	649.53
Export/Import Contingency Reserve	7,677.58	1,918.43	-	9,596.01
General Reserve	30,752.76	600.00	-	31,352.76
Profit & Loss Account - as per account annexed	19,214.02	1,033.20	-	20,247.22
Total	58,394.30	3,551.73	0.15	61,945.88

- Note: 1. Bonus Reserve represents "Set On" available under the Payment of Bonus Act, 1965.
2. Deductions from Bonus Reserve represent amount transferred to Profit & Loss Account being "Set Off" as per the payments of Bonus Act, 1965.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Rs. Lacs)			
Schedule - 3 Secured Loans	As At 31 March, 2011		As At 31 March, 2010
Working Capital Loan From Banks			
Cash Credit(including WCDL)	97,242.41		168,583.15
(Secured by hypothecation of Stock in Trade excluding gold/ silver on consignment basis, book debts and receivables not older than 180 days)			
Add : interest accrued and due	45.69	97,288.10	145.26 168,728.41
Pre-shipment Export Credit (Secured by hypothecation of stocks & export bills)		8,334.08	168.65
Post shipment Export Credit (Secured by charge over receivable financed under export bill and assignment of credit insurance policy)		41,229.04	33,878.08
Total	146,851.22		202,775.14

Schedule -4 Unsecured Loans		
Working capital Demand Loan From Banks	5,000.00	20,000.00
Post shipment Export Credit	3,057.72	3,057.72
Buyer's Credit from Banks	-	20,952.34
Total	8,057.72	44,010.06

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Rs. Lacs)

Schedule -5

Fixed Assets

Description	As on 01.04.2010	Gross Block		As on 31.03.2011
		Additions	Deductions	
Land - Freehold	703.74	-	-	703.74
- Leasehold	261.84	-	-	261.84
Building-Free hold	2,802.18	18.07	-	2,820.26
-Lease hold	2,579.19	-	13.85	2,565.34
Roads, Culverts, Sewerage and Water Supply System	21.36	-	-	21.36
Railway Sidings	4.84	-	-	4.84
Plant and Machinery	1,577.37	12.12	-	1,589.49
Furniture and Fittings	322.83	57.93	18.46	362.30
Air Conditioners & Office Equipments	240.88	22.13	18.13	244.88
Vehicles	145.65	-	2.05	143.60
Computer, Data Processor & Communication Equipment	255.55	45.76	39.55	261.76
Total	8,915.44	156.01	92.04	8,979.41
Previous Year	6,215.61	2,730.89	31.06	8,915.44

CAPITAL WORK IN PROGRESS

Office Building	-	337.05	-	337.05
Total	-	337.05	-	337.05
Previous Year	747.00	-	747.00	-
Grand Total	8,915.44	493.06	92.04	9,316.46
Previous Year	6,962.61	2,730.89	778.06	8,915.44

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Rs. Lacs)

Depreciation			Net Block		
Upto 31.03.2010	Deductions/ Adjustment	For the year	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
-	-	-	-	703.74	703.74
59.30	-	7.49	66.79	195.05	202.54
134.81	(5.21)	73.76	213.78	2,606.48	2,667.38
1,156.51	5.21	81.50	1,232.80	1,332.54	1,422.68
17.31	-	0.36	17.67	3.69	4.05
4.84	-	-	4.84	-	-
1,287.56	-	58.00	1,345.56	243.93	289.81
272.82	6.95	15.12	280.99	81.31	50.01
172.84	11.89	18.42	179.37	65.51	68.04
92.64	2.05	19.57	110.16	33.44	53.01
221.31	32.71	32.37	220.97	40.79	34.24
3,419.94	53.60	306.59	3,672.93	5,306.48	5,495.50
3,198.33	26.06	247.67	3,419.94	5,495.50	-
-	-	-	-	337.05	-
-	-	-	-	337.05	-
-	-	-	-	-	-
3,419.94	53.60	306.59	3,672.93	5,643.53	5,495.50
3,198.33	26.06	247.67	3,419.94	5,495.50	-

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	(Rs. Lacs)	
Schedule - 6	As At	As At
Investments	31 March, 2011	31 March, 2010
Long Term - Shares and Units		
Unquoted (Non-Trade)		
Subsidiary Company		
STCL Ltd.,		
1,50,000 Equity Shares of Rs. 100/- each fully paid	282.00	282.00
Others		
Maharashtra Small Scale Industries Development Corporation Ltd. 10,000 Equity Shares of Rs.100/- each fully paid	10.00	10.00
Andhra Pradesh Trade Promotion Corp. Ltd. 100 Equity Shares of Rs. 1000/- each fully paid	1.00	1.00
The National Tannery Company Ltd.*, 87,946 Equity Shares of Rs. 10/- each fully paid	Neg.	Neg.
Indo Pirin Gloves (P) Ltd. (in liquidation)* 1,40,000 Equity Shares of Rs. 10/- each fully paid Less : Provision for diminution	14.00 <u>14.00</u> Neg.	14.00 <u>14.00</u> Neg.
Sindhu Resettlement Corporation Ltd., 4 Equity Shares of Rs. 1000/- each fully paid Less : Provision for diminution	0.13 <u>0.09</u> 0.04	0.13 <u>0.09</u> 0.04
NSS Satpura Agro Development Corporation Ltd 1,00,000 Equity Shares of Rs. 10/- each fully paid	10.00	10.00
Unquoted (Trade)		
Rich Field Aquatech Ltd., Vizag* 5,50,000 Equity Shares of Rs. 10/- each fully paid	Neg.	Neg.
Blue Gold Maritech Ltd., Chennai* 16,00,000 Equity Shares of Rs. 10/- each fully paid	Neg.	Neg.
Total	303.04	303.04

* valued at Re 1/-

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	(Rs. Lacs)	
Schedule - 7	As At	As At
Inventories	31 March, 2011	31 March, 2010
As taken, valued & Certified by the Management		
Stock-in-Trade (including with handling/ local agent and stock in transit)	131,359.35	56,627.18
Stores & Packing Materials	10.67	73.91
Others	4.78	0.18
Total	131,374.80	56,701.27

Schedule - 8 **Sundry Debtors**

a) Debts over six months				
i) Secured -Considered Good	180,530.45		87,329.93	
ii) Unsecured -Considered Good	123,958.87		225,602.05	
- Considered Doubtful	2,835.37		4,236.13	
	307,324.69		317,168.11	
Less:Provision for Doubtful Debts	2,835.37	304,489.32	4,236.13	312,931.98
b) Other Debts				
i) Secured -Considered Good	25,928.14		225,350.18	
i i) Unsecured -Considered Good	120,376.94		122,814.19	
-Considered Doubtful	-		-	
	146,305.08		348,164.37	
Less:Provision for Doubtful Debts	-	146,305.08	-	348,164.37
Total(a+b)	450,794.40		661,096.35	

Schedule - 9 **Cash and Bank Balances**

Stamps in Hand	0.57	0.09
Cheques in Hand	0.03	18.25
Balance with Scheduled Banks:		
— Cash Credit Account - Debit Balance	6,626.11	18.26
— Current Accounts*	2,548.46	16,679.99
— Current Accounts in Foreign Currency - EEFC***	124.44	125.70
— Short Term Deposit With Banks**	63,175.86	31,661.32
— Unpaid Dividend Bank Account	20.98	26.27
Interest Accrued on Term Deposits	1,206.77	152.86
Total	73,703.22	48,682.74

* Includes Rs. NIL (Previous year Rs.0.09 lacs) under bank lien.

** Includes Rs. 12328.86 lacs (Previous year Rs. 31641.66 lacs) Pledged with bank as margin against Letters of Credit

***USD 2.82 Lacs (Previous Year USD 2.82 Lacs)

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

		(Rs. Lacs)	
Schedule - 10		As At	As At
Loans & Advances		31 March, 2011	31 March, 2010
i)	Advances to Employees	1,044.53	1,687.69
ii)	Trade Advances : (recoverable in cash or kind or for value to be received or adjusted)	22,735.62	27,344.79
iii)	Other Loans (including inter-corporate loans & Deposits)	53.38	49.45
iv)	Balance with custom & port trust	1,061.80	76.66
v)	Claims recoverable	27,251.51	18,883.96
vi)	Deposits	1,097.61	1,191.59
vii)	Bill of Exchange	35.77	35.77
viii)	Intt.acc on loans,advances & deposits	729.24	2,604.76
ix)	Interest accrued on advances to employees	1,025.63	936.61
x)	Advance Tax including TDS & FBT	23,227.27	19,260.69
	Less : Provisions	21,945.26	19,260.69
xiii)	Others	69.57	110.65
		56,386.67	52,921.93
	Less : Provision for Doubtful Loans & Advances	13,024.37	13,825.26
	Total	43,362.30	39,096.67
Particulars of Loans & Advances			
	Secured Considered Good	8,193.74	10,377.01
	Unsecured Considered Good	35,168.56	28,719.66
	Unsecured Considered Doubtful	13,024.37	13,825.26
	Total	56,386.67	52,921.93
		Balance as at 31.03.2011	Maximum during 2010-11
		Balance as at 31.03.2010	Maximum during 2009-10
Advances due from :			
Directors		0.12	7.41
		-	5.66

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Rs. Lacs)		
Schedule - 11 Current Liabilities	As At 31 March, 2011	As At 31 March, 2010
Bills Acceptance	134,269.68	248,103.89
Sundry Creditors :		
- Micro and Small Enterprises	-	-
- Others	297,525.40	197,815.90
Customers at Credit	13,903.76	14,465.18
Advance from Customers	17,255.43	2,910.72
Unclaimed Dividend	20.99	26.27
Other Liabilities *	16,425.75	36,532.71
Interest accrued but not due on Loans	120.39	-
Total	479,521.40	499,854.67

* Includes Rs NIL Lacs as advance Rent From STCL Ltd (Rs.438.04 Lacs)

Schedule - 12 Provisions		
Proposed Dividend	1,800.00	1,350.00
Dividend Tax	292.00	224.22
Income Tax & FBT	21,945.26	20,150.26
Less : Advance Tax	21,945.26	-
Half Pay Leave	1,238.77	850.57
Post Retirement Medical Benefits	4,613.98	3,220.11
Pension	1,395.00	931.00
Other Provisions	47.11	216.47
Total	9,386.86	7,681.94

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT.
FOR THE YEAR ENDED 31ST MARCH, 2011**

	(Rs. Lacs)	
Schedule - 13 Other Income(Trade)	Year ended 31 March, 2011	Year ended 31 March, 2010
Exchange Fluctuations gain (net)	17,605.11	23,426.26
Discount on forward contract	629.65	433.15
Claims	28,785.17	22,347.67
Others	2,060.87	4,368.51
Total	49,080.80	50,575.59

**Schedule - 14
Interest Income**

Interest on Advances to Employees	163.49	100.00
Interest on Term Deposits With Banks & Financial Institutions(Gross)	312.31	9.43
Interest on Income Tax Refund	-	68.99
Interest on Trade Finance(Gross)	19,118.79	25,626.83
Other Interest	1.20	4.60
Total	19,595.79	25,809.85

**Schedule - 15
Miscellaneous Income (Non-Trade)**

Recoveries for common services	290.93	138.35
Rent	2,752.28	2,202.80
Security Deposits forfeited	-	10.49
Profit on Sale of Fixed Assets	1.67	2.17
Liabilities No Longer Required Written Back	1,341.88	718.61
Prov. W/back for doubtful amts. realised	-	-
-Debts	138.78	64.84
-Claims	305.66	151.36
-Deposits	-	0.93
Other Receipts :	-	-
- write back of unclaimed credit balances	41.87	185.54
- Exchange Fluctuations	122.83	148.73
- Others	649.09	573.04
Total	5,644.99	4,196.86

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT (Contd.)

	(Rs. Lacs)	
Schedule - 16	Year ended	Year ended
Cost of Goods Sold	31 March, 2011	31 March, 2010
Opening Stock (including goods -in-transit)	56,627.18	146,294.95
Purchases	2,053,168.26	2,028,567.84
Freight Including Reimbursement	3,011.78	29,486.55
Premium on forward contract	10.67	46.23
Insurance	140.83	102.47
Customs Duty	37,413.66	20,888.16
Clearing, Handling & Other Charges	5,072.41	12,545.19
Demurage	1.31	356.20
LC Negotiation and Bank Charges	375.66	1,129.26
Processing Charges	3,086.53	2,850.72
Godown, Plot, Tank Rent and Delivery Charges.	1,737.18	871.17
Turnover Tax/Sales Tax/ Purchase Tax /Octroi	188.55	221.66
Claims	55.18	15.69
Stores/ Packing Material Consumed	221.90	145.91
Commission on Sales	25.97	90.80
Total	2,161,137.07	2,243,612.80
Less :Closing Stock (including with handling /local agent and Stock in transit)	131,359.35	56,627.18
Cost of Goods Sold	2,029,777.72	2,186,985.62

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT (Contd.)

	(Rs. Lacs)	
Schedule - 17 Overheads	Year ended 31 March, 2011	Year ended 31 March, 2010
A. Establishment		
Salaries and Allowances	6,807.99	4,686.47
Provident fund & family pension contribution	486.17	404.92
Bonus	0.10	0.12
Performance Related Pay	250.00	800.00
Welfare Expenses:		
- Medical Expenses on regular employees	1,477.58	436.81
- Medical Expenses on retired employees	91.43	174.43
- Others	214.92	252.11
Gratuity	608.37	1,034.24
Pension*	464.00	931.00
Tax on perquisites	-	16.28
Total	10,400.56	8,736.38
Remuneration to Director**		
Salaries and Allowances	100.69	72.39
Provident fund & family pension contribution	8.13	9.42
Welfare Expenses		
- Medical Expenses on regular Directors	1.51	0.75
- Medical Expenses on retired Directors	4.31	3.87
Gratuity	4.94	-
Total	119.58	86.43
Grand Total (A)	10,520.14	8,822.81

* Pension includes contribution for Directors also.

** In addition, whole time Directors are also allowed the use of Corporation's car for non-duty journey upto 1000 kms. Per month on payment of Rs.490/520/780 per month as applicable.

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT (Contd.)

	(Rs. Lacs)			
Schedule - 17 (Contd.)	Year ended 31 March, 2011		Year ended 31 March, 2010	
B. Administration				
Rent		175.27		167.31
Rates and Taxes				
- Land & Development office charges	647.64		519.28	
- Property Tax to Municipal Corporation	644.62		631.38	
- Wealth Tax	12.00		14.00	
- Others	2.44	1,306.70	6.79	1,171.45
Electricity and Water Charges		135.98		146.72
Printing and Stationery		39.26		50.08
Postage, Telegram, Telepr. & Telex		12.72		13.01
Telephones		112.12		117.75
Books and Periodicals		17.97		31.27
Repairs		25.00		23.24
Travelling Expenses		218.93		161.77
Housing Colony Expenses		194.10		224.76
Service Vehicle Expenses		67.61		53.59
Insurance		19.87		17.23
Auditors' Remuneration :				
Audit Fees	9.85		9.57	
Tax Audit Fees	4.92		4.38	
Certification fees	2.83	17.60	2.45	16.40
Human Resource Development Expenses		60.73		18.30
Information Technology Expenses		27.26		43.41
Conveyance Expenses		128.91		242.95
Loss on sale of fixed assets		1.14		1.28
Maintenance of office building		419.04		301.83
Miscellaneous Expenses		350.93		428.94
Donation		-		0.50
Total : (B)		3,331.14		3,231.79
C. Trade				
Legal & Professional Expenses		209.50		221.00
Advertisement & Publicity		103.10		73.39
Exchange Fluctuations (net)		8.86		123.82
Bank Charges		39.99		498.34
Entertainment		58.44		83.42
Hospitality and Public Relations		11.97		9.30
Corporate Social Responsibility		210.03		-
Other Expenses		58.95		108.82
Total (C)		700.84		1,118.09
Grand Total (A+B+C)		14,552.12		13,172.69

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT (Contd.)

	(Rs. Lacs)	
Schedule - 18	Year ended	Year ended
Interest	31 March, 2011	31 March, 2010
On Other than Fixed Loans	16,340.57	9,540.10
On Trade Advances	167.80	53.01
On Income Tax / Wealth Tax	0.14	0.02
Others	1,244.28	2,446.97
Total	17,752.79	12,040.10

Schedule - 19				
Write Offs				
Bad Debts	1,262.45		344.40	
Less Provision	1,262.18	0.27	8.70	335.70
Claims	73.09		29.22	
Less Provision	73.09	-	29.22	-
Advances	3,193.49		6.54	
Less Provision	421.95	2,771.54	6.25	0.29
Deposits	0.19		5.95	
Less Provision	-	0.19	5.95	-
Assets	28.92		7.01	
Less Depreciation	28.92	-	7.01	-
Total		2,772.00		335.99

Schedule - 20				
Provisions against Doubtful Receivables & Investments				
Debts -		-	1,328.65	
Claims		-	22.01	
Deposits		-	0.05	
Total		-		1,350.71

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT (Contd.)

	(Rs. Lacs)	
Schedule - 21 Prior Period Adjustments	Year ended 31 March, 2011	Year ended 31 March, 2010
Income		
Sales	6.61	(21.51)
Other Income (Trade)	109.04	86.91
Interest Income	202.06	1.15
Total	317.71	66.55
Expenditure		
Cost of Sales		
— Purchase	(0.09)	21.63
— Customs duty	-	217.87
— LC Negotiation and Bank Charges	(13.04)	0.54
— Clearing , handling and Other Charges	0.10	21.65
Overheads		
— Establishment	3.05	(0.10)
— Administration	8.91	26.66
— Trade	0.16	-
Interest	0.58	-
Depreciation	-	1.76
Total	(0.33)	290.01
Net(Debit)/Credit	318.04	(223.46)

SIGNIFICANT ACCOUNTING POLICIES - 2010-11**1. FINANCIAL STATEMENTS**

The financial statements are prepared under the historical cost basis and conform to generally accepted accounting practices and policies in India. These statements have been prepared in accordance with applicable mandatory Accounting Standards and relevant presentation requirements under the Companies Act, 1956 except specified otherwise.

2. BASIS OF ACCOUNTING

Income and expenses are accounted for on accrual basis except the following which are recognised on cash basis:

- Claims for refund of excess insurance premium on open policies.
- Interest on loans to subsidiaries and on delayed payments of sales/ trade finance where realization is doubtful.
- Export benefits.
- Interest realisable from the items handled on Government account.
- Dividend on investment.

3. USE OF ESTIMATES

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

4. TRANSACTIONS IN FOREIGN CURRENCIES

- Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.
- All monetary items denominated in foreign currencies at the year-end are translated at year-end rates. In case of monetary items where the closing rate is unrealistic, translation rate is estimated based on past trend and expected realization/ disbursement.
- Non-monetary items other than fixed assets denominated in foreign currencies are reported on exchange rate at the transaction date. Fixed Assets are reported on exchange rate as at the transaction date as increased/reduced by the exchange difference arising on the corresponding foreign currency liability.
- Income or expense on account of exchange difference on settlement or translation is recognized in the Profit & Loss Account. Premium or Discount on forward exchange contracts is recognized on pro-rata basis with reference to the life of the forward contract except for forward covers taken at the behest of Business Associates, in which case the premium or discount is recognized at the inception of the forward exchange contract on matching principles since the corresponding transactions with the Associate are carried out based on the forward rate.

5. FIXED ASSETS

Fixed Assets are stated at historical cost less accumulated depreciation and impairment.

6. INTANGIBLE ASSETS

Cost incurred on Intangible assets, resulting in future economic benefits are capitalized as Intangible Assets and amortized on straight-line method beginning from the date of capitalization.

7. DEPRECIATION AND AMORTISATION

Fixed Assets other than land are depreciated on straight-line method on pro-rata basis with reference to the month of acquisition/ disposal at rates approved by the Board of Directors based on technical evaluation of estimated useful life, which are equal to or higher than those provided in Schedule XIV to the Companies Act, 1956. Premium on Leasehold land is amortised over the lease period. Assets with cost/written down value at the beginning of the year upto Rs. 5000/- are depreciated at 100% retaining a nominal value of Re. 1/-.

Depreciation rates adopted by the Company are as under:

Assets		Rates adopted by the Company (SLM basis)	Rates as per Schedule XIV to the Companies Act, 1956 (SLM)
1.	Building – Factory	3.34%	3.34%
	– Other than Factory	2.50%	1.63%
2.	Road, Culverts, Sewerage and Water Supply System	2.50%	1.63%
i)	Railway siding	12.5%	4.75%
ii)	Plant & Machinery	10%	4.75%
iii)	Furniture fittings	10%	6.33%
iv)	Air-conditioning & Office Equipments	12.50%	4.75%
v)	Computer, data processor and communication equipments	40%	16.21%
vi)	Vehicle	20%	9.50%
vii)	Warehouse	4%	1.63%
viii)	Land-lease hold	Over lease period	-
ix)	Capital items purchased upto Rs. 5000/-	100%	100%
x)	Assets having W.D.V upto Rs. 5000/-at the beginning of the year.	100%	-

8. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value and impairment loss is charged to Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

9. INVESTMENTS

- (i) Long term investments are carried at cost. When there is a decline (other than temporary) in the value of long term investments, the carrying amount is reduced to recognise the decline.
- (ii) Current investments are carried at the lower of cost and fair value.

10. INVENTORIES

Inventories are carried at lower of cost and net realizable value. Cost is determined as (a) on weighted average method in respect of inventories pertaining to own business and items handled on govt. account under PDS or otherwise, (b) on actual cost as per specific identification method in respect of items handled on back to back arrangement with business associates. (c) Goods-in-transit valued at CIF cost. Cost includes cost of procurement (excluding element of self-insurance, if any), duties, taxes and cess and all direct and indirect costs incurred to bring the stocks to the condition as at the time of valuation. Net realizable value is the estimated price realizable in the ordinary course of business less further costs to be incurred for completing the sale. Estimates of net realisable value are based on the most reliable evidence available at the time of estimation as to the amount the inventories are expected to realize and also take into consideration fluctuations of price or other factors affecting the realizable value including events occurring after balance sheet date to the extent that such events confirm the conditions existing at the balance sheet date.

11. COST OF SALES AND SALES

- a) Purchases and sales are recognised on the performance of contracts.
- b) In cases where contracts provide for crystallization of price or for price adjustment on a subsequent date, corresponding purchase and sales are booked on the basis of expected settlement price and any differential determined subsequently is accounted for at the time of final settlement. Cost of Sales and Sales are accounted for considering all costs and elements including usance interest on supplier's credit as provided for in the contract and incurred till the date of recognition including expenses incurred by and surplus accruing to Associates as per contract terms.
- c) In respect of back-to-back / tripartite / joint-execution / third party arrangements, purchases and sales are booked on the basis of documents furnished by the Business Associate as adjusted for the fixed trade margin accruing to the Company.
- d) Sales include transactions under third party arrangements and counter-trade obligations met by exports through the Company.
- e) In case of dealings on behalf of the Government (including consignments under Government's Gift / Grant Scheme), purchases and sales and incidental expenses or income thereof are accounted for under the respective head of accounts. Surplus or deficit to Government Account, after adjusting service margin accruing to the Company, is adjusted in Cost of Sales or Trade Income respectively.

12. CLAIMS

Claims are recognized in the Profit & Loss Account if there is no uncertainty relating to its ultimate realization. Claims recognized in Profit & Loss Account but subsequently becoming doubtful are provided for through the Profit & Loss Account.

13. SELF INSURANCE

The Company covers certain commodities handled by it on selective basis under its self-insurance scheme. The surplus of premia realised to cover the risk of commodities over the related claims and reinsurance premia paid to outside agencies to cover the risk of claims is included under the head 'Other Income (Trade)'. No provision is made in respect of unexpired risks and claims are accounted as expenditure when reported.

14. EMPLOYEE BENEFITS

- a. Short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
- b. Employees benefit under defined contribution plan comprising provident fund, recognized based on the undiscounted obligation of the company to contribute to the plan. The same is paid to a fund administered through a separate trust.
- c. Retirement Benefits:
 - i) Company's contributions to Gratuity Trust Fund and liability towards Leave Encashment and Half Pay Leave are provided on accrual basis. Gratuity, Leave Encashment and Half Pay Leave are determined on the basis of actuarial valuation undertaken as at the year end.
 - ii) Liability towards Post-retirement Medical Benefits is provided based on actuarial valuation as at the year end.
- d. Other Long Term Benefits:
Other long term benefits i.e. Long Service Award are determined on the basis of actuarial valuation undertaken at the year end.
- e. Termination Benefits:
Retirement benefits under voluntary retirement scheme is written off in the year in which opted.

15. PROVISION FOR DOUBTFUL DEBTS

Debtors, Loans and Advances wherever considered doubtful are fully provided for.

16. RESERVES

- a) Exchange Fluctuation Reserve represents exchange fluctuation gains on treasury operations set aside to meet future losses, if any.
- b) Export/Import Contingency Reserve is appropriated out of the profits to meet unforeseen losses in respect of export/import operations.

17. EXHIBITIONS AND FAIRS

The cost of samples and other items acquired for various exhibitions and fairs in India and abroad are charged to revenue in the year in which incurred.

18. EXPENSES ON COMMON SERVICES

Recovery of expenses in respect of certain common services between the Company and its erstwhile subsidiaries is based on turnover/contract concluded/occupancy/ utilisation of manpower as is considered appropriate to the nature of expense recovered.

19. BORROWING COSTS

Borrowing costs attributable to acquisition or construction of qualifying assets upto the date the assets are ready for their intended use are capitalized as part of cost of such asset. All other borrowing costs are recognized as expense of the year in which incurred.

20. TAXES ON INCOME

- a) Current tax is provided on the basis of taxable income determined under the Income Tax Act, 1961.
- b) Deferred tax is recognised, subject to the consideration of prudence, on timing difference. Deferred Tax Assets and Liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

21. CASH FLOW FROM OPERATING ACTIVITIES

Cash Flows relating to trade finance provided by Business Associates or the Company for execution of trading contracts including utilization of the finance towards fixed deposits with banks for opening letters of credit in favour of suppliers and refund/ payment/recovery of interest thereon as per the terms of Contract are treated as part of Operating Activities.

22. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if the following conditions are satisfied:

- i) The company has a present obligation as a result of past event,
- ii) A probable outflow of resources is expected to settle the obligation and
- iii) The amount of the obligation can be reliably estimated.

Contingent liability is disclosed, if

- i) The company has a possible obligation as a result of past event,
- ii) The Probability of out flow of resources is not remote,
- iii) No reliable estimation of such obligation is possible.

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

FOR CHANDIOK & GULIANI
Chartered Accountants

Sd/-
(V K LALLA)
Partner
M.No. 80847

Sd/-
(N.K.MATHUR)
Chairman & Managing Director

Sd/-
(MANOJ MISHRA)
Chief General Manager (Finance)

Sd/-
(N.K.NIRMAL)
Director (Finance)

Sd/-
(R. K. GOGIA)
Company Secretary

Place : New Delhi
Dated : 24.06.2011

SCHEDULE - 23

**NOTES FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH 2011**

	(Rs. Lacs)	
1.a. Contingent Liabilities not provided for	31.3.2011	31.3.2010
i) Claims against the Company not acknowledged as debt (excluding legal cases where amounts are unascertainable)	81114	75209
ii) Guarantees given by Banks on behalf of the Company	62935	27950
iii) Letter of Credit issued by Bank	305146	310579
iv) Sales Tax demands in dispute	70493	42996
v) Bonds given to Customs Authority	1120	100
vi) Sales Tax liability which may arise on re-assessment or assessment	214	108
vii) Estimated Tax incidence on amounts disputed in respect of Income Tax cases	2000	483
viii) Rent Air India Building	1995	1995

Note: The above claims/demands are at various stages of appeal and in the opinion of the company are not tenable. Further, in some of the cases amounts included under contingent liabilities relate to commodities handled on Government of India account and liability, if any, would be recoverable from Government of India.

1.b. Capital Commitments pending execution **294** **NIL**

2. FIXED ASSETS

- a) The process of issuance of sub-divided Lease Deeds in respect of STC Complex at New Delhi, residential land and flats at Mehrauli Road separately in the name of the company and its co-owners is pending. (Gross Cost of Land Rs. 104 lakh and Building Rs.2011 lakh)
- b) Registration of Deeds of Conveyance in respect of 2 flats at Kolkata is pending. (Total Purchase Value Rs. 6 lakh)
- c) Lease hold land valuing Rs.129 lakh at Bangalore is yet to be registered in favour of the company.

3. DEBTORS, LOANS, ADVANCES AND CLAIMS

- a) Loans and advances include a sum of Rs. 8739 lakh recoverable from one of the parties, against which the company has initiated legal actions including criminal proceedings. Yet as a measure of abundant caution, full provision has been made in the earlier years.
- b) In respect of a trading operation in Wheat, disposal of goods and recovery have not taken place as per contract for which legal actions have been initiated. Entire dues including recoverable from FCI aggregating to Rs. 5841 lakh has been provided / written off in earlier years. Further, the additional sales tax liability that may arise, for which the company has given declaration, is not ascertained.
- c) Sundry Debtors include Rs.12199 lakh (Rs.17641 lakh) of one of the Associates, which is overdue. The company is in the process of reconstruction by Asset Reconstruction Company (India) Limited (ARCIL). The dues are fully secured by pledge of Stocks. The decision to run the plant is in an advanced stage. No provision is considered necessary.
- d) Sundry Debtors include Rs.113793 lakh (Rs.90311 lakh) of one of the Associates, which include overdues of Rs.100375 lakh. The said dues are secured by pledge of stocks of Rs. 99065 lakh, Earnest Money Deposit of Rs. 3112 lakh, Corporate Guarantee of its holding company etc. As the Associate has initiated the process to sell its plant, no provision is considered necessary at this stage.
- e) Claims Recoverable include Rs. 2752 lakh towards trading loss incurred during 2010-11 on import of pulses on Government account. Further, as per minutes dated 14.02.2011 and 25.04.2011 of Ministry of Consumer Affairs, claims for 2008-09 and 2009-10 have been revised on "sold quantity basis" and differential actual trading losses of Rs.8167 lakh have been booked in the current financial year as claim recoverable from Ministry of Consumer Affairs.

- (f) Sundry Debtors include Rs.56785 lakh (Rs.57942 lakh) on account of export of Pharma product to Foreign Buyers on back to back basis. The entire amount is overdue. As there is default in payments against export bills by the buyers which have ultimately gone into liquidation, litigation processes have been initiated by STC as well as by Indian Associates and their bankers. A claim of Rs.52786 lakh has been admitted by the liquidator. There is, however, a corresponding credit under back to back arrangement of Rs. 56894 lakh under sundry creditors. In view of this no provision is considered necessary.
- (g) Sundry Debtors include overdues of Rs.39717 lakh (Rs.39761 lakh) against exports effected under the EXIM Bank Insurance Linked Post-shipment Credit Facility. Since there is delay in repatriation of export proceeds the company has initiated legal proceedings with defaulting associates. Repayment of some over dues have been received and with all-out efforts, which are being made, the Company is confident of full recovery hence no provision is considered necessary.
- (h) Sundry Debtors include Rs.494 lakh towards reimbursement of loss in supply of PDS Items to M/s Gujarat State Civil Supply Corporation under the subsidized scheme of Government of India. As the claim is under process in Government of India, no provision is considered necessary.
- (i) Debtors, loans, advances and claims include Rs.5737 lakh (Rs.1324 lakh) pertaining to previous year which are under dispute/litigation. In some cases, there are corresponding payments withheld or receivables relating to commodities handled on Government of India's accounts. Hence no provision is considered necessary.
- (j) Balances in parties' accounts are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.
- (k) Claims recoverable considered good include claims lodged on Insurance Companies amounting Rs.20.65 lakh, which are in the process of acceptance/final settlements.

4. INVESTMENT

Long term investment include Rs. 282 lakh in its 100% subsidiary company namely STCL. Though the subsidiary company is having negative net worth as per its Balance Sheet as on 31st March 2010, no provision has been made, as the subsidiary company is in business and had Trading Profit during 2009-10 and also keeping in view of its long term business plan.

5. DEFERRED TAX

In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income", the company has Deferred Tax Assets of Rs.6581.79 lakh as on 31.03.2011 (Rs. 7340.53 lakh). There is reasonable certainty that sufficient future taxable income will be available against which the deferred tax asset can be realised. The breakup of deferred tax assets is as under:

	(Rs. Lacs)	
	31.3.2011	31.3.2010
Expenses allowable on payment basis	1436.09	1340.99
Provisions allowable on write off	5145.70	5999.54
	6581.79	7340.53

6. LIABILITIES

- (a) Current liabilities include balances that are subject to reconciliation/ confirmation and consequential adjustments.
- (b) Amount outstanding and payable to Micro, Small or Medium Enterprises - NIL (NIL).

7. OTHER TRADE INCOME

Other Income (Trade) includes Exchange Gain (net) Rs.17605 lakh (Rs.23426 lakh) comprising Rs.1752 lakh (Rs.31641 lakh) credit and Rs.4147 lakh (Rs.8214 lakh) debit. Out of this Rs.16439 lakh (Rs. 21660 lakh) is on account of business associates which is adjusted against purchase/ sales as the case may be and to this extent there is no impact on the profits for the year.

8. PURCHASES & SALES

Purchases and Sales mainly represent procurement and/or supply undertaken for and on behalf of Business Associates by the Company on a fixed trade margin where the ultimate beneficiary is the Associate who is also liable to

indemnify the losses, if any. The recognition is based on the legal and contractual obligations assumed by the Company and the transfer of title to the goods passing through it under the contract.

9. ADDITIONAL INFORMATION PURSUANT TO PART II OF SCHEDULE-VI OF THE COMPANIES ACT,1956

- a) Quantitative details in compliance of para(s) 3(i) (a), 3(ii) (a) (1) &(2), 3(ii) (b) and 4-D(c) of Part II, Schedule-VI to the Companies Act, 1956 as amended by notification No.GSR.494 (E) dated 30th October, 1973 is annexed.
- b) The Company does not have any manufacturing unit or facility of its own as such information regarding licensed/installed capacity is not applicable.

(Rs. Lacs)		
c) Expenditure in Foreign Currency (on accrual basis)	2010-11	2009-10
i) Import of Goods including freight etc.*	1951517.04	1760582.85
ii) Interest	0	50.00
iii) Training	2.86	0.33
iv) Travelling	28.57	32.30
v) Agency Commission	28.85	8.37
vi) Books & Periodicals	1.75	0.47
vii) Others	1.09	0.00
Total	1951580.16	1760674.32
d) Earning in Foreign Exchange (on accrual basis)		
i) Export of goods on FOB basis*	37668.36	149373.84
ii) Dispatch Money	78.19	-
iii) Others	494.30	10.08
Total	38571.69	149383.92

* include third party transactions.

10. BASIC AND DILUTED EARNING PER SHARE (EPS):

		2010-11	2009-10
Profit after Taxation - Rs.in Lakh	(A)	5643.58	10694.87
Weighted Average no. of Equity Shares (No. in Lakh)	(B)	600	600
EPS - Basic & Diluted - Rs.	(A/B)	9.41	17.82
Face Value - Rs.		10.00	10.00

11. INFORMATION ABOUT BUSINESS SEGMENT AS AT 31.03.2011 - attached.

12. RELATED PARTY TRANSACTION:

1. Key Management Personnel

i. Directors

- a. Shri N. K. Mathur Chairman & Managing Director
- b. Shri N. K. Nirmal Director (Finance)
- c. Shri S. S. Roy Burman Director (Marketing)
- d. Shri M. M. Sharma Director (Personnel)
- e. Shri Khalil Rahim Director (Marketing)

ii. Relatives of Directors

None

Remuneration paid to Directors (Key Management Personnel) has been disclosed in Schedule - 17 (A) Overheads - Establishment

2. **Subsidiary** - STCL Ltd. (Wholly Owned Subsidiary)

Transactions - Advance Rent received during the year
Balance at the year end -

Nil (Rs.438.04 lakh)

Nil (Rs. 438.04 lakh)

The following officials of STC held key Management position in the above company:

Name of the officials	Designation
Sh. NK Mathur	Chairman
Sh. N.K. Nirmal	Director

13. DISCLOSURE AS PER AS-15 (EMPLOYEES BENEFIT)

General description of various defined employee benefit schemes are as under:

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognized as expense and is charged to the Profit & Loss Account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by the Government. Overall interest earnings and cumulative surplus is more than the statutory interest payment requirement

B. Post-Retirement Medical Facility (PRMF)

The Company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company. Post retirement medical benefits are recognised in the books as per the actuarial valuation.

C. Leave

The Company provides for Earned Leave (EL) benefit and Half Pay Leave (HPL) benefit to the employees of the Company which accrue annually at 30 days and 20 days respectively. EL subject to a maximum of 300 days is en-cashable while in service/on superannuation /death. 50% of EL subject to a maximum of 150 days is en-cashable on resignation. EL is en-cashable while in service leaving a minimum balance of 15 days twice in a year. HPL is en-cashable only on superannuation/death up-to the maximum of 300 days (150 days full pay) as per the rules of the Company. The liability for EL and HPL is recognised in the books as per the actuarial valuation.

D. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 x last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of Rs. 10 lakh on superannuation, resignation, termination, disablement or death. The liability for gratuity is recognized in the books as per the actuarial valuation.

E. Other Benefits

Service awards are given to regular employees for rendering continuous service in the Company for long service rendered by them on completion of 15/25/30/35 years of service. Beside this, service award @ Rs.1000/- per year for each completed year of service is also given at the time of retirement subject to a maximum of Rs. 30,000/-. The liability on this account is recognised in the books as per the actuarial valuation.

F. Pension

In pursuance to the guidelines issued by the Department of Public Enterprises, regarding revision of pay scales w.e.f. 1.1.07 inter-alia providing for superannuation benefits up to 30% of basic pay plus DA including CPF, gratuity, pension and post-superannuation medical benefits, the company had formulated a pension scheme for its retiring employees. Under the scheme the employer is to contribute 9% of Basic Pay + D.A of eligible employees.

The Pension Scheme has been approved by Govt. of India. The process for implementation of the Pension Scheme including creation of trust is on in consultation with LIC. A provision of Rs. 464 lakh (Rs. 931 lakh) has been made on estimated basis for the year.

The summarized position of various defined benefits recognised in the Profit & Loss Account and Balance Sheet are as under:

i. Expenses recognised in Profit & Loss Account

	(Rs. Lacs)			
Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Current Service Cost	184.12	276.83	101.37	8.87
Past Service Cost	-	-	-	-
Interest cost	262.78	88.63	65.45	11.13
Expected return on plan assets	(299.63)	-	-	-
Net actuarial (gain)/loss recognized in the year	356.18	(1.29)	(123.45)	(0.78)
Expenses recognized in the Profit & Loss Account	503.44	364.18	290.27	20.79

ii. The amount recognised in the Balance Sheet

	(Rs. Lacs)			
Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Present value of obligation as at 31.3.2011	3972.59	1349.48	1075.98	154.58
Fair value of plan assets as at 31.3.2011	3949.86	-	-	-
Funded Status	(22.73)	(1349.38)	(1075.98)	(154.58)
Net asset / (liability) recognized in the Balance Sheet	(22.73)	(1349.38)	(1075.98)	(154.58)

iii. Changes in the present value of the defined benefit obligations:

	(Rs. Lacs)			
Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Present value of obligation as at 1.4.2010	3404.17	1230.66	850.56	144.47
Interest cost	262.78	88.63	65.45	11.13
Current Service Cost	184.12	276.83	101.37	8.87
Past Service Cost	-	-	-	-
Benefits paid	(238.81)	(245.46)	(64.86)	(10.68)
Net actuarial (gain)/loss on obligation	360.34	(1.29)	123.45	(0.78)
Present value of the defined obligation as at 31.3.2011	3972.59	1349.38	1075.98	154.58

iv. Changes in the fair value of plan assets:

	(Rs. Lacs)			
Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Fair value of plan assets as at 1.4.2010	3404.17	-	-	-
Expected return plan assets	299.63	-	-	-
Contributions by employer	753.23	-	-	-
Benefit paid	238.81	-	-	-
Actuarial gain / (loss)	4.17	-	-	-
Fair value of plan assets as at 31.3.2011	3949.86	-	-	-
Funded Status	(22.73)	-	-	-

v. Actuarial Assumption

(Rs. Lacs)				
Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Discount rate	8.00%	8.00%	8.00%	8.00%
Rate of increase in compensation level	8.00%	8.00%	8.00%	-
Rate of return on plan asset	8.505	-	-	-

14. Foreign Exchange Exposure as on 31.03.2011

(Foreign Currency in Millions)

Particulars	Hedged*		Unhedged*	
	Receivables	Payables	Receivables	Payables
USD	-	17.55	564.96	568.92
EURO	-	-	1.03	-
CAD	-	-	-	-

* Exposure on behalf of Business Associates

15. GENERAL

- The company has a system of physical verification of inventories and fixed assets in phased manner at regular interval and verified with Books of Accounts and records. Differences observed, if any, are dealt with accordingly in the books.
- As required by the Accounting Standard-28 on "impairment of Assets", the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.
- Wherever necessary, previous year's figures have been re-arranged/re-grouped to make them comparable with those of the current year.
- Accounting policies, Schedules and Notes on accounts attached form an integral part of the accounts.
- Values in brackets indicate corresponding previous year figure.

FOR CHANDIOK & GULIANI
Chartered Accountants

Sd/-
(V K LALLA)
Partner
M.No. 80847

Sd/-
(N.K.MATHUR)
Chairman & Managing Director

Sd/-
(MANOJ MISHRA)
Chief General Manager (Finance)

Sd/-
(N.K.NIRMAL)
Director (Finance)

Sd/-
(R. K. GOGIA)
Company Secretary

Place : New Delhi
Dated : 24.06.2011

**STATEMENT FORMING PART OF TRADING, PROFIT & LOSS ACCOUNT INFORMATION IN PURSUANT TO PARA
3 & 4 PART II OF COMPANIES ACT, 1956, ANNEXED TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011**
(Rs. Lacs)

PARTICULARS	UNIT	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
EXPORT									
RICE & RICE BARN	MT	6430.000	305.07						
TEA	MT			153560.740	95.26	6430.000	200.97		
IRON ORE	MT	11608.010	243.93	350888.971	13425.65	362388.971	14002.42		
GOLD JEWELLERY	MT				(129.55)				
SUGAR & MOLASSES	MT			64095.000	3103.10	64095.000	3068.46		
CASTOR OIL	MT	2486.270	1420.00	15547.600	10997.40	14983.870	9191.53	3050.000	3065.25
WHEAT	MT								
MAIZE	MT			66118.045	6789.41	66118.045	6854.96		
H R COILS	MT			2409.380	653.60	2409.380	945.82		
SOYABEAN MEAL	MT				(14.82)				
CONST.MATERIAL	MT				(31.74)				
DRUGS & PHARMA	ASSORTED				238.49		244.20		
CONSUMER PRODUCTS	ASSORTED				459.87		468.00		
AGRO COMMODITIES	MT			190.000	104.58	190.000	108.25		
PETRO CHEMICALS	GAL			31457.800	80.65	31457.800	86.63		
TEXTILE	PCS			279350.000	163.24	279350.000	164.36		
IRON & STEEL	MT			43494.507	13602.41	43494.507	13857.45		
TOTAL EXPORT			1969.00		49537.55		49193.05		3065.25

STATEMENT FORMING PART OF TRADING, PROFIT & LOSS ACCOUNT INFORMATION IN PURSUANT TO PARA 3 & 4 PART II OF COMPANIES ACT, 1956, ANNEXED TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011
(Rs. Lacs)

PARTICULARS	UNIT	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
IMPORT									
METAL	MT			198.400	185.44	198.400	180.18		
PULSES COMMERCIAL A/C	MT			27500.000	3817.71	27500.000	3675.03		
SILVER	MT			483.404	184396.70	483.404	190746.00		
GOLD	MT	0.048	852.95	68.024	1292413.98	68.072	1305612.55		
MAIZE	MT			1847.000	323.30			1847.000	321.37
SUGAR	MT	14336.280	3872.24			10500.000	2900.37	3836.280	992.86
COAL	MT	3344.210	206.57	2551702.351	161140.07	964457.540	67344.41	1589548.371	108100.58
EDIBLE OIL	MT	968.085	380.95	61273.395	28909.75	62217.021	28913.25		
PULSES GOVT.A/C	MT	58653.193	19885.58	83887.110	19052.02	115217.728	29273.28	13822.901	5096.83
PULSES GOVT.A/C (PDS)	MT	18209.566	2504.00	67105.014	15825.12	76678.364	11555.83	21399.385	5767.81
HR COILS	MT						77.67		
CONSTRUCTION MATERIAL & EQUIPMENTS	ASSORTED				1486.68		1518.08		
CONSUMER PRODUCTS	MT			310.090	64.52	310.090	64.04		
CRUDE OIL	MT			789.570	1039.23	789.570	1293.95		
RAW CASHEW	MT			2163.632	1699.39	2163.632	1702.92		
ALMONDS	LBS			225000.000	184.42	225000.000	196.79		
AD BLUE	LT			5800.000	8.08	5800.000	9.92		
FERTILIZERS	MT			1485734.334	226133.19	1485734.334	220803.62		
MINERALS & ORES	MT			40412.336	5083.37	40412.336	5075.97		
OATS	MT			455.561	99.27	261.921	61.06	193.640	37.14
RBD PN PDS (GOVT. A/C)	MT	11999.942	4559.65	45999.070	21158.46	57826.204	22817.56	29,621	15.08
TOTAL IMPORT			32261.94		1963020.70		1893822.48		120331.67

STATEMENT FORMING PART OF TRADING, PROFIT & LOSS ACCOUNT INFORMATION IN PURSUANT TO PARA 3 & 4 PART II OF COMPANIES ACT, 1956, ANNEXED TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011
(Rs. Lacs)

PARTICULARS	UNIT	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
DOMESTIC									
JUTE PRODUCTS	PCS.			2585750.000	993.18	2585750.000	1003.21		
RAW JUTE	MT	682.500	200.61	10908.311	3686.21	11012.711	3724.51	578.100	199.18
TEA	MT	303803.280	194.21	444008.000	153.33	598191.050	309.26	30464.000	20.23
PULSES	MT	1389.840	494.21	11783.659	6084.97	13173.499	6645.59		
GOLD	MT			1373.000	240.03	1373.000	240.19		
COAL	MT			117768.288	11570.03	117768.288	11730.82		
MUSTARD OIL	MT			15757.500	7934.09	4235.000	2150.45	11522.500	5799.65
PULSES GOVT. A/C	MT			2429.050	1626.98	2429.050	1651.75		
CONSUMER PRODUCTS	ASSORTED		1.50				1.51		
BULLET PROOF JACKETS	ASSORTED				67.46		72.34		
CASTOR SEED	MT	6363.910	1781.89	8270.222	2448.60	14634.132	4275.75		
COTTON SEED	MT	14607.231	3441.80	14103.034	2409.43	27197.236	5702.94	1500.000	202.50
HR COILS & STEEL SCRAP	MT			5580.526	1237.38	5580.526	1252.65		
MUSTARD SEED	MT	61425.255	16282.02			54934.662	14686.55	6490.593	1740.86
WHEAT	MT	1925.780	-					1925.780	-
STEEL BLOOMS/BILLETS	MT			6864.679	2000.56	6864.679	2021.37		
TOTAL DOMESTIC			22396.24		40452.25		55468.89		7962.42
GRAND TOTAL			56627.18		2053010.50		1998484.42		131359.34

INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2011

(Rs. lacs)

PARTICULARS	EXPORT		IMPORT	
	2010-11	2009-10	2010-11	2009-10
Revenue				
External sales	50,693.06	147,305.84	1,941,332.42	1,950,268.21
Inter-segment sales	-	-	-	-
Total Revenue	50,693.06	147,305.84	1,941,332.42	1,950,268.21
Result				
Segment result	1,227.93	2,802.28	15,909.73	10,321.82
Unallocated common expenses	(376.76)	(488.12)	(1,327.07)	(453.85)
Operating Profit	1,604.69	3,290.40	17,236.80	10,775.67
Interest expenses	2,034.76	2,448.90	2,767.85	-
Interest Income	199.06	3,190.82	1,901.24	230.34
Income tax	-	-	-	-
Profit from ordinary activities	(231.01)	4,032.32	16,370.19	11,006.01
Extraordinary loss/Expenses	-	-	-	-
Prior period adjustment	(17.46)	-	430.69	-
Amortisation of expenses	-	-	-	-
Others	-	-	-	-
Net Profit	(248.47)	4,032.32	16,800.88	11,006.01
Other Information				
Segment assets	295,181.55	315,327.72	365,280.29	410,197.84
Unallocated Corporate assets	-	-	-	-
Total assets	295,181.55	315,327.72	365,280.29	410,197.84
Segment liabilities	129,828.02	182,331.40	388,660.33	305,780.73
Unallocated Corporate Liabilities	-	-	-	-
Total liabilities	129,828.02	182,331.40	388,660.33	305,780.73
Capital Expenditure	-	-	-	-
Depreciation	-	-	-	-
Non -cash expenses other than depreciation	2,772.00	-	-	335.64

INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2011

(Rs. lacs)

DOMESTIC		UNALLOCATED		CONSOLIDATED	
2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
55,539.76	103,866.90	-	-	2,047,565.24	2,201,440.95
-	-	-	-	-	-
55,539.76	103,866.90	-	-	2,047,565.24	2,201,440.95
649.86	1,331.23	-	-	17,787.52	14,455.33
(0.23)	(2.62)	13,689.80	11,853.01	11,985.74	10,908.42
650.09	1,333.85	(13,689.80)	(11,853.01)	5,801.78	3,546.91
0.07	4.71	12,950.11	9,586.49	17,752.79	12,040.10
-	0.09	17,495.50	22,388.60	19,595.80	25,809.85
-	-	-	6,398.32	-	6,398.32
650.02	1,329.23	(9,144.41)	(5,449.22)	7,644.79	10,918.34
-	-	-	-	-	-
(0.11)	(217.87)	(95.08)	(5.58)	318.04	(223.45)
-	-	-	-	-	-
-	-	-	-	-	-
649.91	1,111.36	(9,239.49)	(5,454.80)	7,962.83	10,694.89
26,935.29	46,134.83	21,876.41	13,797.90	709,273.54	785,458.29
-	-	4,404.52	52,518.51	4,404.52	52,518.51
26,935.29	46,134.83	26,280.93	66,316.41	713,678.06	837,976.80
1,761.45	17,909.96	92.38	10,057.23	520,342.18	516,079.32
-	-	124,692.70	257,503.18	124,692.70	257,503.18
1,761.45	17,909.96	124,785.08	267,560.41	645,034.88	773,582.50
-	-	50.67	1,983.89	50.67	1,983.89
-	0.34	306.59	247.33	306.59	247.67
-	0.05	-	1,351.00	2,772.00	1,686.69

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES.

1	Name of Subsidiary Company	STCL Limited	
2	The Financial year of the Subsidiary Company ended on	31st March 2011	31st March 2010
3	Shares of the Subsidiary Company held by STC of India Ltd.		
	i) Number	1,50,000	1,50,000
	ii) Extent of Holding	100%	100%
4	The Net aggregate of profit of the Subsidiary Company for the financial year so far as it concerns the members of STC of India Ltd.		
	i) Dealt within the Accounts of STC of India Ltd for the year ended 31st March	ACCOUNT NOT FINALISED	NIL
	ii) Not dealt within the Accounts of STC of India Ltd for the year ended.		NIL
5	The net aggregate amount of profit of the Subsidiary Company for the previous financial year so far as they concern the members of STC of India Ltd.		
	i) Dealt within the Accounts of STC of India Ltd for the year ended 31st March.		NIL
	ii) Not dealt within the Accounts of STC of India Ltd.		(9,108,749,046)

Sd/-
(N.K.MATHUR)
Chairman and Managing Director

Sd/-
(N.K.NIRMAL)
Director (Finance)

Sd/-
(R.K. GOGIA)
Company Secretary

Sd/-
(MANOJ MISHRA)
Chief General Manager(Fin)

Place: New Delhi
Date : 24.06.2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS ON 31.03.2011

- 1) Registration Details
Registration No. 2674 State Code 55 (Refer Code List)
Balance Sheet 31 03 2011
Date Date Month Year
- 2) Capital Raised During the year (Amount in Rs. Thousands)
- | | | |
|--------------|-------------------|--|
| Public Issue | Right Issue | |
| Nil | Nil | |
| Bonus Issue | Private Placement | |
| Nil | Nil | |
- 3) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)
- | | | |
|----------------------|--------------------|------------------------|
| | Total Liability | Total Assets |
| | 64,381,720 | 71,176,307 |
| Sources of Funds | Paid up Capital | Reserves and Surpluses |
| | 600,000 | 6,194,587 |
| | Secured Loans | Unsecured Loans |
| | 14,685,122 | 805,772 |
| Application of Funds | Net Fixed Assets | Investments |
| | 564,352 | 30,304 |
| | Net Current Assets | Misc. Expenditure |
| | 21,032,646 | 0 |
| | Accumulated Losses | |
| | Nil | |
- 4) Performance of Company (Amount in Rs. Thousand)
- | | | |
|--|--------------------------|-------------------|
| | Turnover | Total Expenditure |
| | 199,848,443 | 206,516,122 |
| | Profit Before Tax | Profit After Tax |
| | 796,283 | 564,358 |
| (Please Tick Appropriate box (+) for profit, (-) for loss) | | |
| | Earning Per Share in Rs. | Dividend |
| | 9.41 | 30% |
- 5) Generic names of Three Principal Products/Services of Company (as per monetary terms)
- | | | |
|---------------------|-------------|--|
| Item Code No. | 7108 | |
| (ITC Code) | | |
| Product Description | Gold | |
| Item Code No. | 3101 | |
| (ITC Code) | | |
| Product Description | Fertilisers | |
| Item Code No. | 7109 | |
| (ITC Code) | | |
| Product Description | Silver | |

Dated :24.06. 2011

Sd/-
(N.K.MATHUR)
Chairman and Managing Director

Sd/-
(N.K.NIRMAL)
Director (Finance)

Sd/-
(R.K. GOGIA)
Company Secretary

Sd/-
(MANOJ MISHRA)
Chief General Manager(Fin)

Place: New Delhi
Date : 24.06.2011

MANAGEMENT'S REPLY TO THE COMMENTS OF STATUTORY AUDITORS ON THE ACCOUNTS FOR THE YEAR 2010-11

Comments of the Statutory Auditors

1. Reference is invited to Note No. 3(a) of Notes to Accounts, Schedule 23, relating to contracts of scrap, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of Metro Machinery Traders, New Delhi (the Business Associate). The Company has alleged fraud by the Business Associate and the matter has been referred to CBI. We also understand that two ex-Directors and a General Manager have been charge-sheeted. However, in the absence of details of the charge-sheets and the inquiries, we are unable to opine if there is a fraud or suspected Management fraud and comment on any mis-statement made in these accounts in respect of the above transaction. Pending outcome of legal steps initiated for recovery/CBI probe, full provision of Rs. 8739 lacs was made in earlier years.

2. Reference is invited to Note No. 3(b) of Notes to Accounts, Schedule 23, relating to wheat transactions undertaken on behalf of Business Associate, disposal of goods and recovery had not taken place as per contract due to quality problems and there was stock of wheat and unrecovered amounts outstanding from the Business Associate and Supplier. Also, cases of theft and misappropriation of uplifted stocks exported to Bangladesh have come to notice for which legal actions have been initiated. Pending outcome of legal steps initiated, entire dues including recoverable from FCI aggregating to Rs. 5841 lacs has been provided/written off in earlier years. Further as the matter is not yet resolved, additional amount of central sales tax liability for non-export of 30392.010 MT of wheat procured from FCI is not ascertainable. The impact on Profit & Loss Account thus is not known.

3. Reference is invited to Note No. 3(c) of Notes to Accounts, Schedule 23, relating to Rs. 12199 lacs dues from Jhagadia Copper Limited, the company under liquidation and in the process of reconstruction by Asset Reconstruction Company (India) Limited. Financial impact of the same cannot be ascertained at this stage.

4. Reference is invited to Note No. 3(d) of Notes to Accounts, Schedule 23, relating to sundry debtor of Rs.113793 lacs due from Global Steel Philippines who have stopped operation of their plant due to extreme volatility of prices. Though the outstanding is secured by way of Pledge of stock and post dated cheques and the corporate guarantees of holding company, however, in view of non availability of detailed valuation of plant & machinery being considered for sale, financial impact on account cannot be ascertained at this stage

5. Reference is invited to Note No. 3 (e) of Notes to Accounts, Schedule 23, regarding booking of claims of Rs 8167 lacs on account of differential actual trading losses, pending financial approval from Ministry of Consumer Affairs

Management's Reply

As far as the charge sheet issued to ex-Directors and ex-GM is concerned, the same has been issued by the Vigilance Deptt. for which the documents are in the custody of Vigilance Deptt. of Ministry/Corporation which are of confidential nature. The charge sheet has been issued in connection with the procedural deficiencies and therefore no fraud or suspected management fraud has taken place. As a matter of abundant caution, a provision of Rs. 8739 lacs has been made in earlier years. The Company is confident to recover the same from the associate through legal recourse including recoveries through selling of balance stock as well as the properties of the associate, which have been attached as per Court Orders. The arbitration award has already been decided in favour of the Company and it is in the process of getting the same implemented.

The company has made a provision of Rs. 5841 lakhs including write off amounting to Rs. 547 lakhs up to 2008-09. These claims are however, recoverable from business associate and the management is confident of recovery of the same.

The export documents in respect of the total quantity released by FCI have been submitted and therefore no sales tax liability is likely to arise. Further the matter has been referred to Permanent Machinery of Arbitration (PMA) for recovering dues from FCI and to resolve the issue of submission of H and C forms.

The recoverable from Jhagadia Copper Limited are secured by way of pledge of stocks by the Company in favour of STC. The stocks are under the custody of Central Warehousing Corporation. As per latest valuation certificate issued by independent Surveyors the value of stocks is Rs.28996 lakhs as on 31/3/2011. Hence no provision is considered necessary against the dues.

The recoverable from Global Steel Philippines are secured by way of pledge of stocks worth Rs.99065 lakhs, EMD of Rs.3112 lakh, corporate Guarantee of its Holding Company and on dated cheques. The Company is in the process of selling its plant for which M/s. IDBI Capital market services, a wholly owned subsidiary of IDBI Bank has been mandated to complete transaction within 150 days. Hence no provision is considered necessary against the dues.

As per minutes dated 14.02.2011 and 25.04.2011 of Ministry of Consumer Affairs, claims for 2008-09 and 2009-10 have been revised on "sold quantity basis" and differential actual trading losses of Rs.8167 lakh have been booked in the current financial year as claim recoverable from Ministry of Consumer Affairs in accordance with the above minutes.

6. Reference is invited to Note No. 3(g) of Notes to Accounts, Schedule 23, relating to unsecured overdue of Rs. 39717 lacs against exports effected under the Exim Bank Insurance linked Post shipment Credit facility.

7. Reference is invited to Note No. 3 (h) of Notes to Accounts, Schedule 23, regarding non provision of Sundry Debtors of Rs 494 lacs towards reimbursement of the loss in supply of PDS items during 2008-09 to M/s Gujarat State Civil supplies Government Of Gujarat.

8. Note No 3(j) and 6(a) of Notes to Accounts, Schedule 23, relating to pending reconciliations of personal accounts and consequential adjustments

9. Reference is invited to Note No. 4 of Notes to Accounts, Schedule 23, regarding non provision of diminution in value of investment in subsidiary company (STCL).

10. The Company has maintained proper records showing full particulars including quantitative details and situations of its fixed assets except at Ahmadabad branch where Fixed Asset Register was not updated.

11. In our opinion, though the procedures for physical verification is in place and instructions and guidelines are issued from time to time for verification of stock/inventories but the same is not being followed strictly for all materials which are handled by and are in custody of third parties.

12. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of the business with regard to purchase of inventory, fixed assets and also for sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, we have not observed any instance of continuous failure to correct major weaknesses in the internal control procedures. However, internal control procedures regarding review, realization of advances and other claims and reconciliation of balance of sundry debtors and creditors require strengthening.

There are delays in repatriation of export proceeds from the foreign buyers in view of slump in Jewellery and construction sector in UAE, where most of the buyers are based. The associates have sought some more time to realise the proceeds. The company has negotiated a re-structuring proposal with EXIM Bank wherein additional time ranging between 2 to 5 years is now available to the company to recover the dues from associates/their foreign buyers. Repayment of some over dues has been received and with all out efforts, which are being made, the Company is confident of full recovery hence no provision for the outstanding export bill considered necessary.

The amount is towards reimbursement of loss in supply of RBD PLN during 2008-09 to M/s. Gujarat State Civil Supplies Corporation, Govt. of Gujarat for PDS supply under the subsidized scheme of Govt. of India. The claim is under process with the Govt. of India in terms of its letter no. 12/1/2006-C&P dated 4th March 2008 specifying that the loss to the PSU's, if any, will be borne by Govt. In view of this, no provision is considered necessary.

Balances of debtors/creditors and liabilities are being reconciled at the time of settlement of individual transaction. As the settlements are done with the consent of the associates, the procedure followed is considered adequate.

The subsidiary company is a going concern, is in business and having trading profit during 2009-10. Keeping in view its long term business plan no provision is considered necessary.

Though this observation has been made only in respect of one branch, to ensure avoidance of recurrence, necessary updation is being carried out.

Instructions and guidelines have been issued from time to time to branches and divisions for verification of the inventories/stocks by nominated surveyors as well as STC officials on periodical basis. Internal Auditors have also been advised to carry out the verification of such inspection reports during their quarterly audits. Instructions have been issued again for strict compliance.

Debtors, advances and other claims are being reviewed continuously by the concerned branches/divisions. The same are also reviewed at corporate office level and necessary instructions issued from time to time to the concerned branches and divisions. A position note on debtors is submitted to Board on quarterly basis. In order to strengthen the system further, debt review committee has already been constituted for review of dues.

Sd/-
(N.K. Mathur)
Chairman & Managing Director

Sd/-
(N.K. Nirmal)
Director (Finance)

SUMMARISED BALANCE SHEET OF THE STATE TRADING CORPORATION AND ITS SUBSIDIARY

(Rs. Crores)

Particulars	State Trading Corporation of India Limited		STCL Limited	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
A Capital and Loan Funds				
1. Equity Capital	60.00	60.00	A L I S E D	1.50
2. Reserves	626.43	583.94		8.01
3. Loans	1549.09	2467.86		1313.60
4. Deferred Tax Liability				0.10
Total	2235.52	3111.80		1323.21
B. Employment of Funds				
1. Fixed Assets	53.06	54.96	F I N E T	11.06
2. Investments	3.03	3.03		0.10
3. Capital WIP	3.37	—		0.26
4. Deferred Tax Assets	65.82	73.41		
5. Current Assets, Loans & Advances				
Stocks (including in transit)	1313.75	567.01	N O T	0.10
Debtors (Net)	4507.94	6610.97		5.65
Cash and Bank Balances	737.03	486.83		12.70
Loans and Advances	452.77	583.57		48.58
Other Current Assets	—	—		0.03
Total	7011.49	8248.38		67.06
6. Less: Current Liabilities & Provisions				
Sundry Creditors	4630.95	4633.22	A C C O U N T S	62.98
Other Liabilities	164.26	365.33		3.33
Provision for Tax	19.15	201.50		32.50
Other Provisions	72.94	52.19		1.28
Proposed Dividend (Incl.D.Tax)	13.95	15.74		—
Total	4901.25	5267.98		100.09
7. Net Current Assets (5-6)	2110.24	2980.40		-33.03
Profit & Loss Account				1344.82
Total B(1+2+3+4)+7	2235.52	3111.80		1323.21

SUMMARISED PROFIT AND LOSS ACCOUNT OF THE STATE TRADING CORPORATION AND ITS SUBSIDIARY

(Rs. Crores)				
Particulars	State Trading Corporation of India Limited		STCL Limited	
	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
Net Sales			F I N A L I S E D	
Exports	491.93	1503.79		33.37
Imports	18938.22	19049.10		—
Domestic	554.69	955.76		59.58
Total	19984.84	21508.65		92.95
Income			F I N A L I S E D	
Trading Profit	177.88	144.55		8.04
Miscellaneous Income	55.73	41.97		0.54
Interest (Net)	18.43	137.70		-169.31
Total	252.04	324.22		(-)160.73
Other Expenses			N O T Y E T	
Overheads	144.80	131.73		6.23
Depreciation	3.07	2.46		1.35
Provisions and Write-offs	27.72	16.87		293.84
Prior period Adjustments	-3.18	2.23		-29.19
Total	172.41	153.29		272.23
Profit			A C C O U N T S	
Before Tax	79.63	170.93		-432.96
Income Tax	15.70	76.09		10.87
Deferred Tax	7.59	-12.23		0.15
Fringe Benefit Tax	-0.10	0.12		—
After Tax	56.44	106.95		-443.98
Significant Ratios (%)			A	
Trading Profit : Sales	0.89	0.67		8.65
Inventories : Sales	6.57	2.64		0.11
Debtors : Sales	22.56	30.74		6.07



THE STATE TRADING CORPORATION OF INDIA LIMITED
Regd. Office: Jawahar Vyapar Bhawan, Tolstoy Marg,
New Delhi-110001

RE: Green Initiative In Corporate Governance: Go Paperless

Dear Shareholder

As you may be aware, the Ministry of Corporate Affairs, as a part of the Green Initiative in Corporate Governance, vide its Circular No.17/2011 & 18/2011 dated 21.04.2011 and 29.04.2011, has allowed paperless compliance by Companies, which may now send various notices / documents, such as Notice of General Meetings, Annual Report, etc., to its Shareholders through electronic mode at their e-mail address registered with the Company.

Your Company welcomes the spirit of this green initiative, which will reduce paper consumption to a great extent and allow Shareholders to contribute towards a Greener Environment. This will also ensure prompt receipt of communication by Shareholders and avoid their loss / misplacement in postal transit. In this backdrop, we wish to intimate / request as under:-

- (i) Shareholders holding shares in demat form may register/ update their e-mail ID with their respective Depository Participants, if not already done.
- (ii) Shareholders holding shares in physical mode may submit the appended E-COMMUNICATION REGISTRATION FORM, duly filled-in, at the address indicated therein. The said form is also available for download from our website, www.stc.gov.in. Shareholders could also submit the said form by way of fax on 011-41709881 or by e-mailing a scanned copy to admin@mcsdel.com.

Full text of notices/documents meant for general shareholders would also be made available on our website www.stc.gov.in, for reference /download.

We are sure that you would appreciate the "Green Initiative" taken by MCA. We solicit your patronage and support in helping the Company to implement the e-governance initiatives of the Government. Please note, as a valued shareholder, you are always entitled to demand and receive, free of cost a printed copy of the Annual Report of the Company and all other documents.

Best regards,

Thanking you,

Sd/-
(R.K. GOGIA)
Company Secretary



(Please tear here)



E-COMMUNICATION REGISTRATION FORM
(Exclusively meant for Shareholders holding shares in physical form)

To,

MCS LIMITED
(Unit: The State Trading Corporation of India Limited)
F-65, 1st Floor,
Okhla Industrial Area, Phase-I,
New Delhi-110 020.

RE: - Green Initiative in Corporate Governance

Regd. Folio No.	
Name of 1st Registered Holder	
Name of Joint Holder/s	1.
	2.
E-mail ID to be registered	

I / We, Shareholders of THE STATE TRADING CORPORATION OF INDIA LIMITED, hereby agree to receive all communications from the Company by way of an e-mail. Please register my e-mail ID in your records for sending communications through e-mail.

Date:

Signature
(First Holder)

ATTENDANCE SLIP**THE STATE TRADING CORPORATION OF INDIA LTD**
Registered Office: Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi. 110 001

Folio / DP & Client ID No. :

No. of Shares held :

Name :

Address :

Signature of Shareholder/Proxy :

I hereby record my presence at the **Fifty-fifth Annual General Meeting** of the Company to be held at its Registered Office on Thursday, 29th September, 2011 and at any adjournment thereof.

Note : The attendance slip duly signed be handed over at the entrance of the meeting hall.

Please tear here

PROXY FORM**THE STATE TRADING CORPORATION OF INDIA LTD**
Registered Office: Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi. 110 001

I/We _____ of _____ being a member of The State Trading Corporation of India Limited hereby appoint _____ of _____ or failing him / her of _____ as my / our proxy, in my / our absence to attend and vote for me / us and on my / our behalf at the **Fifty-fifth Annual General Meeting** of the Company to be held on Thursday, 29th September, 2011 at its Registered Office.

Folio / DP & Client ID No. :

No. of Shares held :

Name :

Address :

Signature of Shareholder/Proxy :

Affix
Revenue
Stamp

Note: The Proxy in order to be effective must be deposited at the Registered Office of the Company duly stamped, completed and signed, not less than 48 hours before the time for holding of the meeting.

55 Years of excellence in Global Trading



Business Beyond Boundaries

If undelivered, please return to :-



THE STATE TRADING CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

Board Secretariat & Parliament Division

Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001

Tel. : 011-23313177 Fax : 011-23701123, 23701191

E-mail: co@stc.gov.in website: www.stc.gov.in

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