



Trading Arm of India



2012 - 13

ANNUAL REPORT



Annual Report 2012-13



THE STATE TRADING CORPORATION OF INDIA LIMITED

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

Shri Khaleel Rahim (from 12.08.2013)

Shri J.S. Deepak (from 01.12.2012 to 12.08.2013)

FUNCTIONAL DIRECTORS

Shri M.M. Sharma

Shri Khaleel Rahim (upto 11.08.2013)

Shri Manoj Mishra (from 15.10.2012)

Shri Rajiv Chopra (from 01.01.2013)

PART-TIME OFFICIAL DIRECTORS

(GOVERNMENT NOMINEES)

Shri Madhusudan Prasad

Mrs. Anita Agnihotri

PART-TIME NON-OFFICIAL DIRECTORS

(INDEPENDENT DIRECTORS)

Shri Jayendra N. Shah

Dr. (Mrs.) B. Kinnera Murthy

Prof. Ravindra H. Dholakia

Shri Proshanto Banerjee

Shri Naresh Dayal

Shri Uday N. Abhyankar

Shri S.C. Tripathi

Shri S.C. Saraf

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-110001

NOTICE

Notice is hereby given that the 57th Annual General Meeting of The State Trading Corporation of India Limited will be held on Wednesday, the 25th September, 2013 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, 2013, and Statement of Profit & Loss for the year ended 31st March, 2013, 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 2012-13.
3. To appoint a Director in place of Shri Naresh Dayal, who retires by rotation and being eligible, has offered himself for re-appointment.
4. To appoint a Director in place of Shri R.H. Dholakia, who retires by rotation and being eligible, has offered himself for re-appointment.
5. To appoint a Director in place of Shri Uday N. Abhyankar, who retires by rotation and being eligible, has offered himself for re-appointment.
6. To appoint a Director in place of Shri S.C. Tripathi, who retires by rotation and being eligible, has offered himself for re-appointment.
7. To authorize Board of Directors of the Company to fix remuneration of the Statutory Auditor(s) 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 appointed by Comptroller and Auditor General of India for the financial year 2013-14, as may be deemed fit by the Board."

Special Business

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Manoj Mishra, who, on appointment by the President of India, joined the Board as an Additional Director w. e. f. 15.10.2012, be and is hereby appointed as Director (Finance) 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 Rajiv Chopra, who, on appointment by the President of India, joined the Board as an Additional Director w. e. f. 01.01.2013, be and is hereby appointed as Director (Marketing) 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."

By order of the Board of Directors

Registered Office:

Jawahar Vyapar Bhawan
Tolstoy Marg, New Delhi - 110001
Dated : 13.08.2013

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. THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS (48 HRS.) BEFORE THE TIME OF COMMENCEMENT 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 resumes of the Directors seeking appointment/ re-appointment as mandated under Clause 49 of the Listing Agreement with the Stock Exchanges are annexed hereto and form part of the Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 21st September, 2013 to Wednesday, the 25th September, 2013 (both days inclusive) for the purpose of payment of dividend, if any, to be declared at the said Annual General Meeting.
5. The Board had recommended a dividend of ₹ 2/- per share at its meeting held on 30.05.2013. The Dividend, if approved by the Members at the said Annual General Meeting, will be paid before 24.10.2013 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 20th September, 2013 and the respective Beneficial Owners as at the close of business hours on Friday, the 20th September, 2013 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 - 110020; 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, namely, 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-digit 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 Agents, M/s MCS Ltd., in respect of physical shares, if any, quoting their folio number.
10. Reserve Bank of India 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-digit MICR Code, alongwith photocopy of a cheque or a blank cancelled cheque relating to the designated bank account latest by 20th September, 2013 to the Registrar and Share Transfer Agents, M/s MCS Ltd.
11. 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 Ltd. for incorporation of the same on the dividend warrant.
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 any dividend warrant(s) issued earlier 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 dematerialised form may contact their respective DPs for registration of nomination.
16. Members holding physical shares in multiple folios in identical names are requested to send their share certificates to Company's Registrar and Share Transfer Agents, M/s MCS Limited for consolidation.
17. 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/Registrar & Share Transfer Agents.
 - (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) not bring brief case, bags, eatables, cell phones etc. as they are prohibited inside the meeting hall for security reasons.
 - (vi) note that no gifts/coupons will be distributed at the meeting.
18. Shareholders holding shares in physical form are invited to contribute to the cause of Green initiative by registering their e-mail ID by submitting E-COMMUNICATION REGISTRATION FORM inserted in the annual report.

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

ITEM NO. 8

APPOINTMENT OF SHRI MANOJ MISHRA AS DIRECTOR (FINANCE)

Shri Manoj Mishra was appointed as Director (Finance) by the President of India vide Order No. A-12022/11/2012-E. IV dated 10.10.2012. He joined the Board as an Additional Director w. e. f. 15.10.2012. In terms of Section 260 of the Companies Act, 1956, he holds office up to conclusion of 57th 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 Manoj Mishra is given in the Annexure to the Notice.

None of the Directors, except Shri Manoj Mishra is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri Manoj Mishra, it would be in the interest of the Company to appoint him as Director (Finance) of the Company. The Board recommends the resolution for your approval.

ITEM NO. 9

APPOINTMENT OF SHRI RAJIV CHOPRA AS DIRECTOR (MARKETING)

Shri Rajiv Chopra was appointed as Director (Marketing) by the President of India vide Order No. A-12022/10/2012-E. IV dated 31.12.2012. He joined the Board as an Additional Director w. e. f. 01.01.2013. In terms of Section 260 of the Companies Act, 1956, he holds office up to conclusion of 57th 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 Rajiv Chopra is given in the Annexure to the Notice.

None of the Directors, except Shri Rajiv Chopra is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri Rajiv Chopra, it would be in the interest of the Company to appoint him as Director (Marketing) of the Company. The Board recommends the resolution for your approval.

By order of the Board of Directors

Registered Office:

Jawahar Vyapar Bhawan,
Tolstoy Marg, New Delhi - 110001
Dated : 13.08.2013

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

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT (in pursuance of Clause 49 of the Listing Agreement)

Name	Shri Manoj Mishra	Shri Rajiv Chopra	Shri Naresh Dayal	Prof. R.H. Dholakia	Shri Uday N. Abhyankar	Shri S.C. Tripathi
Date of Birth & Age	29.11.1961, 51 years	10.07.1960, 52 Years	14.09.1949, 63 years	02.04.1953, 60 years	21.11.1943, 69 years	01.01.1946, 67 years
Date of Appointment	10.10.2012	31.12.2012	24.06.2011	24.06.2011	29.09.2011	29.09.2011
Qualification	B.Com. (Hons.), ACMA	B.Sc. Engineering (Electrical), MBA(Marketing)	BA(Hons), MA (History), MS(Agriculture)	MA, Ph.D., Post-Doctoral Fellow (University of Toronto)	BA and MA (Mathematics and Economics) Tripos, Trinity College, Cambridge University, England	Master's Degree in Science (Physics – Spl. in Electronics) from Allahabad University, LLB, Diploma in Development (Cantab.), AIMA Diploma in Management.
Expertise in specific functional area	Shri Manoj Mishra is a member of the Institute of Cost Accountants of India and has over 27 years of professional experience in the area of financial management including resource mobilization from domestic and international markets, project monitoring and Corporate Governance. Prior to his appointment as Director (Finance) in STC, he held the position of Chief General Manager (Finance) in STC. He was also holding additional charge of the post of Director (Finance) of the company from December 13, 2011 to October 14, 2012. Before joining STC he held various positions in Krishak Bharati Co-operative Limited (KRIBHCO).	Shri Rajiv Chopra has more than 27 years of experience in various capacities in the fields of management and engineering with the leading organizations such as NHPC, Power Grid and MMTC. While working with NHPC and Power Grid, Shri Chopra was instrumental in Planning, Design and implementation of extra high voltage projects associated with interconnected high voltage transmission systems as well as consultancy jobs for various utilities. In MMTC, he handled important portfolios such as Import of Cement, Development of Gomia Coal block, Feasibility analysis of Solar Project in coordination with Govt. of Rajasthan and Supply of 12.5 Million MT imported thermal coal to NTPC power stations in a period of 11 months (2010-11).	Shri Naresh Dayal is 1972 batch retired 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.	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 Abhyankar joined the IFS in 1967 and retired as Special Adviser to the President of the International Fund for Agriculture Development (IFAD) at the UN D2 rank. He has extensive and varied experience in the Government of India and in international organizations in management, bilateral and multilateral diplomacy and economic and political analysis.	Shri Tripathi joined the IAS in 1968 and retired as Secretary to the Govt. of India, Ministry of Petroleum and Natural Gas on 31.12.2005. He has held important positions in Government both at the state and central level. He spent nearly 20 years in finance and industry sector at Chief Executive/ Secretary level in the state and at Chief Executive/ Jt. Secy./ Addl. Secy/ Secretary level at Central Govt. and in representative capacity at international levels.

(Contd.)

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT
(in pursuance of Clause 49 of the Listing Agreement)

Name	Shri Manoj Mishra	Shri Rajiv Chopra	Shri Naresh Daval	Prof. R.H. Dholkia	Shri Uday N. Abhyankar	Shri S.C. Tripathi
Directorship held in other companies	in STCL Limited (a wholly owned Subsidiary of STC)	Fertilizer Association of India	GSK Consumer Health Care Limited	Adani Enterprises Limited Union Bank of India Air India	Nil	Indus Ind Bank Limited, Reliance Capital Asset Management Limited, IL&FS Infrastructure Corporation Limited, IL&FS Energy Development Company Limited, Gammon Projects Limited, Kailash Health Care Limited, and Motherson Sumi System Limited.
Memberships/ Chairmanship of Committees in other companies	Nil	Nil	Member - Shareholders Grievance Committee, GSK Consumer Health Care Limited	Member-Audit Committee, Adani Enterprises Limited	Nil	Member - Audit Committee in all the above-stated Companies.
No. of Shares held	2	2	Nil	Nil	Nil	Nil

DIRECTORS' REPORT

The Board of Directors of your Company is pleased to present the 57th Annual Report and Audited Statement of Accounts for the year ended 31st March 2013, together with the Auditors Report and Comments on the Accounts by the Comptroller and Auditor General (C&AG) of India.

FINANCIAL RESULTS

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

	2012-13	2011-12
	₹ Crore	
TURNOVER		
Exports	1563	344
Imports	17015	29961
Domestic	120	139
GRAND TOTAL	18698	30444
FINANCIALS		
Profit Before Tax	14	18
Profit After Tax	18	16.5
DIVIDEND	12	12
Net Worth	590	682

OPERATIONS AND BUSINESS PERFORMANCE

The Corporation achieved a turnover of ₹18,698 crore during 2012-13 as against ₹30,444 crore in 2011-12. During the year, the Corporation effected higher exports than any of the preceding three years. The overall turnover was lower mainly due to decline of ₹9765 crore in the imports of coal and ₹6647 crore in the imports of bullion. The Profit After Tax (PAT) during the year amounted to ₹18 crore – 9% higher than the previous year.

DIVIDEND

The Board of Directors have recommended a dividend of ₹2 per share (i.e 20% of the paid up equity) amounting to ₹12 crore for the year 2012-13 which is the same as paid during 2011-12. The Dividend payout including dividend distribution tax accounts for 78% of profit after tax for the year 2012-13.

RESERVES

An amount of ₹622 Crore was available in the Reserves and Surplus of your Company as on 1st April 2012. During the year 2012-13, write-off and provisions of ₹155.23 crore (net of write-backs) have been made in the accounts as a matter of prudence. However, write off to the extent of ₹95.96 crore have been offset against transfer from Export/ Import Contingency Reserve. Your Directors have proposed that out of post-dividend profits of ₹3.91 crore for the year 2012-13, an amount of ₹1.79 crore be transferred to General Reserves of the Company

and balance profit of ₹2.12 crore be carried forward as retained profits. During the year an amount of ₹238 crore from General Reserve and ₹150 crore from Profit Surplus Account was transferred to Export/ Import Contingency Reserve to meet any unforeseen future losses on account of doubtful receivables and advances towards export and import transactions. Accordingly, as on 31st March 2013, the Reserves and Surplus stood at ₹530 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 ₹1573 crore while the foreign exchange outgo by way of imports and other expenses amounted to ₹16391 crore.

RECOGNITIONS EARNED

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

- 'Very Good' rating by the Department of Public Enterprises in terms of MOU for the year 2011-12.
- 13th rank in terms of net sales among 215 Central Public Sector Enterprises as per Public Enterprises Survey: 2011-12 brought out by the Department of Public Enterprises.
- 32nd rank in terms of total income among top 500 companies by Business Today.
- 50th rank in terms of total income + total assets among 500 Biggest Non-Financial Companies by Business Standard (Oct.'2012).

PERFORMANCE OF SUBSIDIARY COMPANY

STCL Ltd. (Formerly Spices Trading Corporation Limited)

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

In view of lack of funds and banking limits, its activities during 2012-13 remained confined mainly to participation in cardamom auctions, issuing NOC for onion exports and supply of fertilizers to tobacco growers.

Annual Accounts of STCL for 2012-13 are under audit. As per the unaudited accounts for 2012-13, STCL has a negative net worth of ₹2041 crore, due to provisions made towards recoveries outstanding from its business associates and the accumulated interest thereon in merchanting trade transactions undertaken during 2007-08 and earlier.

Your Corporation has not given any corporate guarantee on behalf of STCL and its liability is limited to its investment (₹2.82 crore) in the equity of STCL. Due to erosion of

entire equity of STCL, provision of entire amount of ₹2.82 crore has already been made in the Books of Accounts of STC for the year 2011-12. As such, STC has no further liability for the losses of STCL.

The decision of the STCL Board to wind up STCL and introduce a Voluntary Separation Scheme has been approved by the Board of Directors of The State Trading Corporation of India Ltd. and has been referred to Department of Commerce, Ministry of Commerce & Industry on 10.05.2013 for further approval.

HUMAN RESOURCE

Manpower

The Corporation had manpower of 830 as on 31.03.2013. This included 554 managers and 276 staff.

Recruitments

During the year, the Corporation recruited 24 Probationary Officers with MBA/CA qualifications directly from Professional Institutes/Universities. The Corporation also recruited 12 managers at various levels from Deputy Managers to Deputy General Manager depending on the skillsets required and business volumes.

Industrial Relations

During the year, the Corporation continued to maintain harmonious industrial relations. Co-operation between the elected representative bodies of employees and management ensured that no man-days were lost. Personnel policies and welfare schemes were continuously aligned with company's goals and objectives.

Recruitment of SC/ST/OBC

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, 7 SC/ST, 11 OBC and 2 candidates from Minority Communities were recruited by the Corporation.

Human Resource Development

During the year, a Training and Learning Policy for all employees of the Corporation was evolved. The main objective of the policy is to identify training needs of the employees and provide for their systematic knowledge improvement. During the year 2012-13, adequate opportunities were provided to employees through in-house and external training programmes to enable them to develop their talents and improve performance.

A total of 267 employees of the Corporation were nominated to 34 external and 8 in-house training programmes arranged on varied subjects. Also a visit to Mundra port was organized for 20 young professionals to enable them to acquire first hand knowledge of port operations, customs procedures, shipping etc. In addition, interactive sessions were also arranged at the port.

The Corporation's excellence in HR was recognized by India Human Capital Summit 2012 by bestowing HR Leadership Award on STC.

OFFICIAL LANGUAGE

In compliance with the Government's Policy on Official Language, continuous efforts were made for propagating and progressively increasing the use of Hindi in Official work. Every year, Hindi Diwas & Rajbhasa week/fortnight are organised in the Corporate Office as well as in the Branch Offices of the Corporation. During these events, employees doing exemplary work in Hindi in their day-to-day official tasks are felicitated.

In recognition of the efforts made by the Corporation in implementation of Government's Policy on official language, Ministry of Commerce felicitated STC at Hindi Salahakar Samiti organized in August 2012 at Delhi.

The employees of the Corporation won various prizes in Hindi Competitions organized by Town Official Language Implementation Committees (TOLIC) at Delhi, Mumbai and Agra.

STC's efforts in propagating use of Hindi in Official work were appreciated by the Parliamentary Committee on Official Language during its inspection of Jalandhar Branch Office.

VIGILANCE ACTIVITIES

During the year, a number of activities were undertaken as part of preventive vigilance. As a major step in this direction, a Whistle Blower Policy was introduced in the Corporation. Presentations were made in the Branch Managers' Conferences to sensitize the senior managers of the Corporation about the need of preventive and punitive vigilance in day to day activities. Also, a seminar on 'Transparency in Public Procurement' was organized at the Corporate Office in which eminent personalities shared their valuable views on the subject.

The concept of Integrity Pact has been introduced in the Corporation. Two Independent External Monitors (IEMs) have been appointed by the Corporation for this purpose.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The detailed Management Discussion and Analysis Report forms part of this Report and is placed at Annexure-I.

PARTICULARS OF EMPLOYEES

The particulars of employees under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed to this report at Annexure-II.

RIGHT TO INFORMATION

In order to promote transparency and accountability, an appropriate mechanism has been set up in the Corporation to provide information to citizens under the provisions of Right to Information (RTI) Act, 2005. For this purpose, the

Company has, in line with the RTI Act, nominated Central Public Information Officers at all its Divisions at New Delhi and at Branch Offices across the country. First Appellate Authority has also been nominated for considering the appeals of information seekers against the orders of Public Information Officers.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

In furtherance of its commitment towards Corporate Social Responsibility and Sustainable Development, the Corporation undertook following initiatives during 2012-13 for the welfare of the community and environment protection:

- Rehabilitation of physically challenged BPL persons in J&K and Ahmedabad by providing them with artificial limbs, calipers, crutches, wheel-chairs, hand-paddled tricycles, etc.
- Vocational Training Programme for slum women.
- Installation of bore wells in Hamirpur District, Himachal Pradesh.
- Supporting needy students of fine arts through scholarship programme.
- Promoting biodiversity by planting trees in Garhi Mandu Wilderness Area, Delhi.

RESEARCH & DEVELOPMENT

In compliance with the guidelines on Research & Development (R&D) notified by the Department of Public Enterprises, the Corporation formulated the R&D Policy and R&D Plan and the same were approved by its Board of Directors. Also, during the year, a study was commissioned to identify investment opportunity in Kenya / Malawi / Mozambique by an external agency for cultivation of pulses.

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.

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 issued by The Institute of Chartered Accountants of India (ICAI) and provisions of the Companies Act, 1956.

CORPORATE GOVERNANCE

Your Company believes that Corporate Governance is at the root of the shareholders value creation.

Pursuant to clause 49 of the Listing Agreement with the

Stock Exchanges and Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises (DPE), a report on Corporate Governance for the year 2012-13 forms part of this report (Annexure-III).

The Statutory Auditors of the Company have examined and certified your Company's compliance with respect to the conditions enumerated in Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance for CPSEs. The certificate forms part of this report and is placed at Annexure -IV.

STATUTORY AUDITORS

M/s Chandiok and Guliani, Chartered Accountants were appointed as Statutory Auditors for the financial year 2012-13 by the Comptroller & Auditor General of India (C&AG). Their report, along with replies of the Management, is attached and forms 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 2012-13 and replies of the management thereto are attached and form part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of annual accounts for the year ended 31st March 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) 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 the end of the financial year and of the profit or loss of the company for the year under review;
- (iii) 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
- (iv) The Directors have prepared the annual accounts of the Company for the year ended 31st March 2013 on a "going concern basis".

BOARD OF DIRECTORS

On attaining superannuation, Shri N.K. Mathur relinquished charge as a member of the Board of Directors and Chairman & Managing Director of the Corporation on 30.11.2012. Shri J.S. Deepak Additional Secretary, Department of Commerce held the post of Chairman &

Managing Director, STC in addition to his own duties w.e.f. 01.12.2012 to 12.08.2013, when Shri Khaleel Rahim was appointed as Chairman & Managing Director of the Corporation.

The Board places on record its deep appreciation for the valuable contributions of Shri N.K. Mathur and Shri J.S. Deepak as members of the Board and CMDs of the Corporation.

Since the last AGM, Shri Manoj Mishra and Shri Rajiv Chopra have been appointed as Director (Finance) and Director (Marketing) on the Board of STC w.e.f. 15.10.2012 and 01.01.2013 respectively.

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956 and in terms of provisions of article 79 (2) of the Articles of Association of the Corporation, Shri Naresh Dayal, Prof. R.H. Dholakia, Shri Uday N. Abhyankar and Shri S.C. Tripathi would retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Brief resume of all Directors seeking appointment/ re-appointment are given in the notice convening the 57th Annual General Meeting of the Company as stipulated under Clause 49 of the Listing Agreement with the stock exchanges and form part of the Annual Report.

CODE OF CONDUCT

Pursuant to the requirements of clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance

for CPSEs, the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March 2013.

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 expresses its gratitude for the continued co-operation and support provided by Government of India, in particular the Ministry of Commerce and Industry, Ministry of Food, Consumer Affairs and Public Distribution, Ministry of Chemicals and Fertilizers, various state governments, financial institutions, banks, railways, ports, regulatory and statutory authorities, shareholders, legal advisers and consultants from time to time.

The Board also acknowledges the constructive suggestions received from Comptroller & Auditor General of India, Statutory Auditors and Internal Auditors.

Last but not the least, the Board places on records its appreciation for the hard work and dedication of the employees of the Corporation.

For and on behalf of Board of Directors

New Delhi
Date : 13.08.2013

Sd/-
(Khaleel Rahim)
Chairman & Managing Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

WORLD ECONOMIC OVERVIEW

Global economic and financial conditions remained depressed in 2012 leading to a contraction of world economic growth to 3.1 percent as against 3.9 percent in 2011.

The advanced economies grew at a modest 1.2 percent as the hopes to economic recovery remained subdued. Although advanced economy policymakers successfully managed to counter two of the biggest threats to the global recovery viz. a breakup of the euro area and a sharp fiscal contraction in the United States, the earlier concerns however still remain and new risks too have come to the fore.

With the credit and housing markets healing in the US, the country showed signs of sustained recovery and grew at a rate of 2.2 percent in 2012 as against 1.8 percent in the previous year. However, continued fiscal consolidation, a weak external environment and temporary shocks, including the severe drought that affected farm activity and inventories and disruptions in the northeast after Superstorm Sandy, played spoilsport for the recovering US economy in 2012.

In the Euro area, banks were still struggling with poor profitability and low capital, constraining the supply of credit. The Euro area contracted at a rate of 0.6 percent in 2012 as against growth of 1.5 percent in 2011. Furthermore, new political and financial risks came to the fore such as contraction of the Cyprus economy following the write down of Greek bonds and politics in Italy as well as vulnerabilities in the periphery.

Japan witnessed a fiscal and monetary stimulus driven rebound in 2012 and grew at 1.9 percent as against a negative growth rate in 2011. After many years of deflation and little or no growth, the new government announced a new policy, based on aggressive quantitative easing, a positive inflation target, fiscal stimulus, and structural reforms.

In contrast to this mixed picture for the advanced economies, emerging market economies continued to do reasonably well and grew at a rate of 4.9 percent in 2012, though the growth rates were lower than in 2011. Growth had slowed across Asia in the middle of 2012 following a broad-based weakening of exports both within and outside Asia. Developing Asia grew at 6.5 percent as against 7.8 percent in the last year. Chinese economy grew at 7.8 percent in 2012, slowest in the last thirteen years since 1999. The fall has been driven by the government's focus on using investment spending as the main expedient to underpin an economy still levered to external demand.

Economic performance across the Middle East and North Africa was again mixed in 2012. Although most of the region's oil exporting countries grew at healthy rates, economic growth remained sluggish in the oil importing countries many of which are passing through political transition.

World exports remained virtually flat in 2012. However, some regions and countries were able to generate growth in exports - such as North America (4 per cent), China (8 per cent), Turkey (13 per cent), Vietnam (18 per cent), Thailand (3 per cent) and Philippines (7.5 per cent). A few other countries could also beat the trend of negative export growth and generate positive growth in the closing months of 2012.

Commodity prices bottomed out in June 2012 and have since risen by 12 percent as a result of supply constraints and some improvement in demand. Weather related supply shocks such as the extreme heat in the United States and drought in Eastern Europe and central Asia helped lift cereal prices higher by 10 percent. In addition, prices continue to be supported by high input prices that are transmitted through various channels, including fuel, fertilizer, and bio fuel.

Energy prices increased 15 percent supported by outages due to geopolitical events in several countries in the Middle East and Africa, the European Union oil embargo and U.S. sanctions against Iran, and other unexpected outages, such as in the North Sea. Metal prices rose 10 percent on expectations of stronger emerging market demand, but stocks remained high.

OVERVIEW OF INDIAN ECONOMY

Amidst continuing difficult global economic situation, Indian economy too suffered a setback in its GDP growth and grew at only 5 percent in 2012-13 as against 6.2 percent in 2011-12. While India's slowdown is partly rooted in external conditions, a number of domestic factors were also unsupportive of growth in 2012-13.

Agriculture and allied services sector grew at a meagre 1.8 percent in 2012-13 as against 3.6 percent in the previous year due to inadequate rainfall in parts of the country, especially in Maharashtra and Gujarat.

The industry sector suffered a further decline in growth and grew at only 3.1 percent in 2012-13 as against 3.5 percent in the previous year. Mining sector performed poorly at 0.4 percent due to court orders to stop mining until licensing and governance issues were sorted out. The rate of growth of the manufacturing sector, the most dominant sector within industry, was at its lowest since 1992 at 1.9 percent in 2012-13. The moderation in

industrial growth, particularly in the manufacturing sector, is largely attributed to sluggish growth of investment, squeezed margins of the corporate sector, deceleration in the rate of growth of credit flows and the fragile global economic recovery. The factory output measured in term of Index of Industrial Production (IIP) grew by merely one per cent in 2012-13 compared to a growth of 2.9 percent in previous fiscal, the lowest in the last 20 years.

Growth in services sector, which registered a double-digit growth continuously for five years and narrowly missed double digit growth in the sixth (between 2005-06 and 2010-11), also witnessed a decline to 6.6 percent in 2012-13 from 8.2 percent in 2011-12. However, growth in this sector remained higher than the two other major sectors of the Indian economy viz. agriculture and industry.

The Indian economy was plagued with persisting inflation during 2012-13. The WPI inflation headline rate up to March 2013 (provisional) stood at 7.3 percent. Inflationary pressures from primary food - both grains (wheat, rice & coarse cereals) and perishables (vegetables, fruit, eggs, meat & fish) remained potent.

Performance of merchandise exports in 2012-13 was disappointing with a negative growth of 3 percent, while imports grew marginally. The merchandise trade deficit increased by 6.3 percent to \$195 billion. Export of engineering goods, manmade textiles and ready-made garments registered the maximum decline in 2012-13. Wheat exports, however, rose to 50.6 lakh tonnes in the ten month period April'12 to Jan'13, compared to 7.4 lakh tonnes in 2011-12. During 2012-13, import of gold & silver is estimated at \$56 billion. The two important import intensive export categories – gems & jewellery and refined petroleum products also fared poorly.

India's foreign exchange reserves stood at US\$ 293 billion as on 29th March 2013 compared to US \$ 294 billion a year ago.

OPPORTUNITIES & THREATS

In July 2013, IMF lowered its earlier world GDP growth projections for 2013 by 0.2 percentage point to 3.1% on account of downside risks that continue in light of renewed setbacks in the Euro area and continued risks of excessive fiscal consolidation in the United States. Poor performance of advanced economies continues to weigh on India's growth story. Advanced EU countries are increasingly resorting to non-tariff barriers such as carbon trade measures that are too difficult to penetrate through free trade pacts.

On the domestic side, concerns continue to exist over the current account deficit scenario, prevailing supply side constraints, inadequate infrastructure investments and

long term policy directions. India's farm exports suffer from poor post-harvest infrastructure, less emphasis on processing and policy flip-flops on export. Manufacturing exports suffer from a series of bottlenecks, ranging from poor transport infrastructure to rising input cost. Sectors such as pharma, auto, leatherware, textiles etc. in which India was having competitive advantage over other countries are also losing their competitiveness. Slower regulatory approvals, and rising cost of compliance make India's merchandise exports uncompetitive, and lead to increasing exports of low value raw materials/intermediates, such as fibre or yarn instead of apparel, or mineral ores instead of finished products. Margins are facing more and more pressure because of the increasing competition from low cost countries such as Bangladesh, Cambodia and Vietnam.

The share of manufactured goods in India's export has been on the decline in recent years. On the other hand, imports from low-cost countries are on the rise because domestic manufacturing is increasingly becoming uncompetitive.

Gradual recovery in Japanese economic conditions along with recent rebound in China's manufacturing sector is expected to improve trade conditions in the region. However, China could make it difficult for India to gain a larger share of global exports due to its higher labour productivity, world class infrastructure and large manufacturing base. India's share of 1.7 percent in global merchandise export, as compared with China's 10.5 percent, is quite low. India's bilateral trade with China is also currently running an annual trade deficit of \$17 billion. However, the measures announced by the Govt. of India aimed at enhancing exports and easing export procedures in the annual supplement to the Foreign Trade Policy 2009-14 will definitely go a long way in providing much needed support for India's exports.

Against the above backdrop, STC will try to make good use of every trade opportunity coming its way in further increasing its turnover and profitability.

STC's PERFORMANCE

The Corporation achieved a turnover of ₹ 18,698 crore during 2012-13 as against ₹ 30,444 crore in 2011-12. During the year, the Corporation effected higher exports than any of the preceding three years. The overall turnover was lower mainly due to decline of ₹ 9765 crore in the imports of coal and ₹ 6647 crore in the imports of bullion. However, excluding coal and bullion, the Corporation's turnover increased to more than double – from ₹ 2,654 crore in 2011-12 to ₹ 7,319 crore in 2012-13. The Profit After Tax (PAT) during the year amounted to ₹ 18 crore – 9% higher than the previous year.

The performance during the year vis-à-vis the previous year is summarized in the following table:

	2012-13	2011-12
₹ Crore		
TURNOVER		
Exports	1563	344
Imports	17015	29961
Domestic	120	139
	18698	30444
FINANCIALS		
Profit Before Tax	14	18
Profit After Tax	18	16.5
Dividend	12	12
Net Worth	590	682

SEGMENT-WISE PERFORMANCE & OUTLOOK

Exports

Total exports at ₹1,563 crore during 2012-13 increased to over 4.5 times the exports made during the previous year. Major highlights of export performance are as under:

Wheat & Rice

During the year, STC, along with MMTC and PEC, was nominated by the Govt. of India to export wheat out of surplus stocks held by FCI. Accordingly, the Corporation contracted 9 lakh MTs of wheat resulting in exports worth ₹1,525 crore. Shipments of wheat were made from Mundra, Chennai and New Mangalore ports.

The Corporation also exported rice amounting to about ₹30 crore during the year.

Iron Ore

Exports of iron ore continued to be hampered due to high export duty and restrictions on mining and transportation of iron ore imposed by various state governments. During the year, no exports of iron ore could be undertaken as against exports worth ₹195 crore in 2011-12.

Imports

The import turnover at ₹17,015 crore was 43% lower than the previous year. Lower import turnover is mainly due to reduced imports of bullion and coal. These two items contributed ₹27,791 crore in the import turnover during the previous year which fell to ₹11,379 crore during the year under review – a decline of ₹16,412 crore. While coal imports decreased by ₹9,765 crore, the imports of bullion fell by ₹6,647 crore. Details of performance of major items of imports are as under:

Bullion

Though bullion continued to be the single largest item of import with sales valuing 11,258 crore, the volume of bullion business suffered a setback when compared to all-time high sales of ₹17,905 crore made during 2011-12.

This was due to increase in international prices of gold, steep increase in the import duty by the Govt. of India and subdued economic performance leading to reduction in import demand.

Fertilizers

During the year, the Corporation imported a record 2.04 million MT of urea on behalf of the Govt. as against 0.56 million MT imported in 2011-12. This resulted in sales of fertilizers reaching an all-time high of ₹5,127 crore during 2012-13, as against imports worth ₹1,398 crore in the previous year.

Coal

Import of coal was drastically lower at ₹121 crore as against ₹9,885 crore in the previous year due to a change in the system for import of coal by NTPC whereby its power plants are now individually importing coal to meet their requirements and inability of the Corporation to get a share of non-NTPC coal business.

Pulses

Import of pulses also fell from ₹205 crore in 2011-12 to ₹44 crore in 2012-13 due to discontinuance of both the earlier subsidy schemes of Government of India for import of pulses.

Edible Oils

During the year, the Corporation continued to import edible oils both on commercial as well as government accounts. Import of edible oils on commercial account increased substantially from ₹111 crore in 2011-12 to ₹300 crore in 2012-13. However, imports on behalf of state governments for Public Distribution System declined from ₹373 crore in 2011-12 to ₹87 crore in 2012-13 due to lower quantities indented by the state governments.

Other Items

The Corporation imported industrial raw material, namely, manganese ore and shredded steel scrap worth ₹25 crore and ₹10 crore respectively during 2012-13. Maize worth ₹34 crore was also imported under Tariff Rate Quota (TRQ) Policy of the Govt. of India on behalf of actual users.

Domestic Sales

The domestic sales of the Corporation amounted to ₹120 crore. The main items of domestic sales were jute goods (₹40 crore), pulses (₹38 crore) and oilseed/extracts (₹36 crore). During the year, the Corporation bagged an order for supply of about 3 million jute bags to Rajasthan Seeds Corporation and RAJFED.

With a view to reduce dependence on back to back business, increase the overall trade margins and diversify portfolio of business, the Corporation had made a small beginning in stock and sale of soyabean seed during 2011-12. Similar operations were undertaken in Chana during the year 2012-13 at a small scale. It is proposed

to scale up the volumes gradually and include more agricultural commodities such as soya, chilli, turmeric, mustard etc. in the trade basket.

During 2012-13, a turnover of ₹4 crore was achieved from domestic sale of tea. The tea is being sold in retail packs under STC brand through various outlets in Southern India.

PROFITABILITY

During the year, STC earned a Profit After Tax (PAT) of ₹18 crore as compared to ₹16.5 crore earned during 2011-12. The profit would have been higher but for provisions and write-offs amounting to ₹59 crore (net of write-backs and net of withdrawals from Export/Import Contingency Reserve) made in the accounts as a matter of prudence.

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:

- Export of over ₹1500 crore worth of wheat was undertaken as one of the three nominated CPSEs of the Government of India.
- A quantity of 2.04 million MT of urea was imported on behalf of the Government during 2012-13 resulting in sale of fertilizers reaching an all-time high of ₹5,127 crore.
- During the year, the Corporation achieved a turnover of ₹300 crore from import for edible oils on commercial account as against only ₹111 crore during 2011-12.
- Coal import was identified as a thrust area and various initiatives undertaken with a view to participate in the tenders invited by various agencies.
- Efforts were initiated with various State Governments / Agencies for export of approximately 8000 MT of confiscated Red Sanders Wood and import of cashew for processing by the domestic industry.

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 all the assets of the Corporation are protected against any possible loss and all the transactions are authorized, recorded and reported properly. A proper system of checks and balances is in place.

Internal Audit is conducted as per the Accounting Standards and Rules/policies formulated by the Corporation from time to time. Annual Audit Programme is approved by

the Audit Committee of Directors. The observations/recommendations made by the auditing agencies are complied timely. Summary of the findings of internal 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 quarterly financial statements as also reports of statutory and Government audit are reviewed by the Audit Committee of Directors before these are submitted to the Board of Directors.

The Corporation has a well-defined Delegation of Powers (DoP) in place, which lays down the powers for different managerial levels and Committees to facilitate faster commercial decisions. The systems and procedures laid down by the Corporation ensure required transparency in all commercial deals. The various policies, procedures and guidelines are continuously reviewed and modified from time to time based on experience gained in the past transactions so as to improve the effectiveness of the systems of due diligence of associates and risk mitigation.

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, the Vigilance Division conducted inspection of Branch Offices of the Corporation and various aspects were brought to the attention of top Management for taking corrective / preventive action.

THE WAY FORWARD

The Corporation has signed an MOU with the Govt. for the year 2013-14 in terms of which a turnover target of ₹23,500 crore has been fixed for achievement during the next financial year. This envisages an increase of more than 25% over 2012-13. The profitability has also been projected to improve significantly. Detailed Business Plan has already been prepared for the next three years starting from 2013-14 for achievement of the targets contained in the MOU.

The Business Plan aims to identify thrust areas of business, new business strategies, new items / markets proposed to be developed, businesses to be developed on STC's own account as well as on behalf of state governments, services to exporters/importers, etc. Some of the strategies proposed to be pursued by the Corporation include import of coal for Coal India Ltd./state electricity boards/independent power producers, continue export of wheat on behalf of Govt. of India, diversification of WFP business in commodities like tea, maize & wheat, import of non- urea fertilizers like DAP, MOP, NPK, etc., supply of processed pulses to retail outlets and packaged pulses to state civil supply organisations, import of raw cashew on behalf of Kerala Government, forming consortium of jute manufacturers to participate in global tenders and stock & sale of raw jute, etc.

Besides above, the Corporation shall make efforts to take advantage of the bearish bullion market to increase its bullion turnover. Negotiations have already been initiated with a party to re-start import of copper. The Corporation shall also try to scale up its operations of import of mechanical and engineering equipment for the state governments and their entities, stock and sale of agricultural commodities and retail sale of tea under own brand in the domestic market.

With many other plans in the pipeline, the Corporation hopes to not only achieve but surpass the projected turnover and profitability targets for the year 2013-14.

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 made 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.

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 DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013.

(A) Employed throughout the financial year and in receipt of remuneration not less than ₹60,00,000/- in the aggregate for the year 2012-13

S. No.	Name of Employees	Desgn.	Age as on 31.03.13	Remuneration (₹)	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 2012-13 and in receipt of remuneration not less than ₹5,00,000/- per month.

S. No.	Name of Employees	Desgn.	Age as on 31.03.13	Remuneration (₹)	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 -----

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

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is essentially an ethos which guides and directs the management of a company in handling its affairs in the best interest of all the stakeholders and promotes fairness, transparency and integrity.

The Clause 49 of the Listing Agreement with the Stock Exchanges deals with Corporate Governance requirements. Also the Department of Public Enterprises (DPE) has issued Guidelines on Corporate Governance which are applicable to all Central Public Sector Enterprises (CPSEs) so as to achieve the highest standards of fairness, transparency, trust, integrity, responsibility and accountability with a strong emphasis on ethical and professional conduct.

However, Corporate Governance is not a mere legal compliance but rather a way of life, which helps in inspiring and strengthening investors' confidence and commitment to a company.

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 Corporate Governance in the Company has been strengthened by formulating and adopting suitable codes and policies viz. Code of Conduct for Board Members and Senior Management Personnel, Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy, etc.

Audit Committee oversees the internal control systems and their adequacy to bring transparency in decision making. A consolidated compliance report of all laws applicable to the Company is periodically put up to the Board.

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 and policies, oversees its implementation and also reviews its performance periodically. Board of Directors is at core of your Company's corporate governance practice and oversees how the management serves and protects the long term interest of the stakeholders.

1.2 Composition

STC being a Government Company, all its Directors are appointed by the President of India, through the Ministry of Commerce & Industry. 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, 2013, there were fifteen Directors on the Board comprising Chairman & Managing Director, four whole time Directors, two part-time official Directors, who are the Government nominees and eight 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 charge of post of CMD at the close of the year 2012-13 was held by Shri J.S. Deepak, Additional Secretary, Department of Commerce in addition to his own duties.

Apart from Functional Directors, who receive directors' remuneration, other Directors of the Board do not have any material pecuniary relationship or transactions 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 Board Meetings

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 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 Chairman of the Board. Senior officials are called to provide additional inputs to the items being discussed by the Board, as and when necessary.

1.3.1 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 during 2012-13 are as follows:

Name & Designation	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Whether attended last AGM held on 27.09.2012	As on 31.03.2013	
				No. of Directorships in other Public Limited Companies	Memberships/ Chairmanship in Committees of the Boards of other companies
Functional Directors					
Shri N.K. Mathur Chairman & Managing Director (up to 30.11.2012)	7	7	Yes	NA	NA
Shri J.S. Deepak, Chairman & Managing Director (w. e. f. 01.12.2012)	2	2	NA	2	Nil
Shri M.M. Sharma Director (Personnel)	9	9	Yes	Nil	Nil
Shri Khaleel Rahim Director (Marketing)	9	9	Yes	Nil	Nil
Shri Manoj Mishra Director (Finance) (w. e. f. 15.10.2012)	5	5	NA	1	Nil
Shri Rajiv Chopra Director (Marketing) (w. e. f. 01.01.2013)	2	2	NA	1	Nil
Part-time official Directors - Government Nominee					
Dr. Rajan Katoch, Addl. Secretary and Financial Adviser, MOC &I (up to 30.05.2012)	1	0	NA	NA	NA
Shri Madhusudan Prasad, Additional Secretary, MOC & I	9	7	Yes	1	1
Smt. Anita Agnihotri, Addl. Secretary and Financial Adviser, MOC & I (w.e.f. 30.05.2012)	8	4	No	4	2
Part-time Non-Official Directors - Independent Directors					
Dr. (Mrs.) B. Kinnera Murthy (w.e.f.18.04.2012)	9	9	Yes	Nil	Nil
Shri Jayendra N. Shah (w.e.f.18.04.2012)	9	6	Yes	2	Nil
Prof. R.H. Dholakia	9	8	Yes	1	1
Shri Proshanto Banerjee	9	4	Yes	2	2
Shri Naresh Dayal	9	7	Yes	1	1
Shri Uday N. Abhyankar	9	7	Yes	Nil	Nil
Shri S.C. Tripathi	9	8	Yes	8	8
Shri S.C. Saraf	9	2	No	1	1

Notes:

- The Company being a Government Company, all Directors are appointed by the President of India.
- Directors are not per se related to each other.
- Directors do not have any pecuniary relationships or transactions with the Company except receipt of remuneration by CMD and functional directors from the Company.
- The Directorships/ Committee Membership are based on the latest disclosures received.
- Only Chairmanship/ Membership of the Audit Committee and Shareholders' and Investors' Grievance Committee of public limited companies are taken into account.
- None of the Directors is a member of more than 10 Committees or Chairman of more than 5 Committees, across all the Companies in which he/ she is a Director.

1.3.2 Details of Board Meetings

During the financial year 2012-13, 9 (Nine) meetings of the Board were held, the details of which are as below:

Sr. No.	Meeting No.	Date of Board Meeting
1.	577	10.05.2012
2.	578	30.05.2012
3.	579	13.08.2012
4.	580	27.09.2012
5.	581	30.10.2012
6.	582	09.11.2012
7.	583	30.11.2012
8.	584	15.01.2013
9.	585	11.02.2013

The minimum and maximum interval between any two Board meetings was 09 days and 74 days respectively.

1.4 Changes in the Board of Directors

On attaining superannuation, Shri N.K. Mathur relinquished charge as a member of the Board of Directors and Chairman & Managing Director of the Corporation on 30.11.2012. Shri J.S. Deepak assumed charge of the post of Chairman & Managing Director, STC in addition to his own duties as Additional Secretary, Department of Commerce w. e. f. 01.12.2012.

Subsequently, Shri Khaleel Rahim, Director (Marketing) has been appointed as Chairman and Managing Director, STC vice Shri J.S. Deepak, Additional Secretary, Department of Commerce w.e.f. 12th August, 2013.

Since the last AGM, Shri Manoj Mishra and Shri Rajiv Chopra have been appointed as Director (Finance) and Director (Marketing) on the Board of STC w.e.f. from 15.10.2012 and 01.01.2013 respectively.

2. RESUME OF DIRECTORS PROPOSED TO BE APPOINTED/ RE-APPOINTED

The brief resumes of Directors retiring by rotation and seeking re-appointment and those of Additional Directors seeking appointment indicating nature of their experience in specific functional areas, names of Companies in which they hold directorship and membership/ chairmanship of Boards/ Committees are 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, 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 constituted by the Board comprises four independent Directors and one Govt. Nominee Part-time Official Director. The Committee is chaired by an Independent Director. Company Secretary is the 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.

Chairperson of the Audit Committee was present at the AGM of the Company held on 27th September, 2012.

3.1.1 Attendance:

Member	No. of Meetings held during the tenure	No. of Meetings Attended
DR. (Mrs.) B. Kinnera Murthy, Chairperson (w. e. f. 18.0 4. 2012)	4	4
Shri Jayendra N. Shah (w. e. f. 18.0 4. 2012)	4	2
Dr. Rajan Katoch, AS & FA, MOC (up to 30.05.2012)	1	Nil
Smt. Anita Agnihotri, AS & FA, MOC(w. e. f. 30.05.2012)	3	Nil
Shri Proshanto Banerjee	4	3
Prof. R.H. Dholakia	4	3

3.1.2 Details of Audit Committee Meetings:

During the financial year 2012-13, 4 (Four) meetings of Audit Committee were held. The details of Audit Committee meetings held during the year are as follows:

Sr. No.	Meeting No.	Date of the Audit Committee Meeting
1.	60	30.05.2012
2.	61	13.08.2012
3.	62	09.11.2012
4.	63	11.02.2013

3.2 Remuneration Committee

The Company has set up a Remuneration Committee comprising three Independent Directors viz. Dr. (Mrs.) B. Kinnera Murthy, Chairperson and Shri Proshanto Banerjee, Independent Director and Shri Naresh Dayal, Independent Director as members. The Committee decides the annual performance related pay/ bonus/ variable pay pool and policy for its distribution to employees. Director (Personnel) and Director (Finance) are the permanent invitees to this 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 or sitting fee. Non-executive part-time non-official (Independent Directors) are paid sitting fees of ₹10,000/- for each Board/ Committee meeting attended by them.

One meeting of the above Committee was held on 27.09.2012 during the year. All members except Shri Proshanto Banerjee were present.

3.2.1 Directors' Remuneration:

Remuneration of Directors' for the year ended 31.03.2013 was as follows:

(a) Functional Directors:

(₹ lakh)								
Sr. No.	Names	Salary incl. DA	Other benefits & perks	Performance Related Pay	Contribution to PF and other funds	Provision for Leave as per AS-15	Provision for Gratuity as per AS-15	Total
1.	Shri N.K. Mathur Upto 30.11.12	31.02	2.59	1.14	2.34	–	–	37.09
2.	Shri S.S. Roy Burman Upto 30.04.12	14.06	0.16	–	0.16	–	–	14.38
3.	Shri M. M. Sharma	22.71	3.35	0.77	3.35	28.80	8.92	67.90
4.	Shri Khaleel Rahim	21.11	3.32	0.77	3.32	16.51	5.93	50.96
5.	Shri Manoj Mishra (w.e.f. 15.10.12)	11.00	1.82	–	1.54	4.99	1.83	21.18
6.	Shri Rajiv Chopra (w.e.f. 01.01.13)	5.55	0.52	–	0.46	0.46	7.84	14.83

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

Non-Executive non-official Directors are paid sitting fees at the rate of ₹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 (₹ Lac)
1.	Dr.(Mrs.) B. Kinnera Murthy	1.45
2.	Shri Jayendra N. Shah	0.81
3.	Shri Naresh Dayal	0.84
4.	Shri Proshanto Banerjee	0.74
5.	Prof. R.H. Dholakia	1.15
6.	Shri S.C. Tripathi	0.84
7.	Shri Uday N. Abhyankar	0.72
8.	Shri S.C. Saraf	0.21
Total		6.76

3.2.2 Stock Options

The Company has not issued any Stock Options to its Directors/ Employees.

3.2.3 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 J.S. Deepak	2
2.	Shri Madhusudan Prasad	2
3.	Smt. Anita Agnihotri	2
4.	Shri M.M. Sharma	2
5.	Shri Khaleel Rahim	2
6.	Shri Manoj Mishra	2
7.	Shri Rajiv Chopra	2

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

3.3 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 Madhusudan Prasad, Additional Secretary, MOC, Part-time Official Director/ Government Nominee. Shri Khaleel Rahim, Director (Marketing) and Shri M.M. Sharma, Director (Personnel) are the other members of the Committee.

There were no major complaints/ grievance during the year and no investor complaints were pending as on 31.03.2013. The Company Secretary is also the Secretary of the Shareholders'/Investors' Grievance Committee.

During the year 2012 - 13, two meetings of the Committee were held on 25th July, 2012 & 18th December, 2012. The attendance details are as under:

Name of Member	No. of Meetings held during the tenure	No. of Meetings Attended
Shri Madhusudan Prasad, Additional Secretary - Chairman	2	2
Shri M.M. Sharma, Director (Personnel) – Member	2	2
Shri Khaleel Rahim, Director (Marketing) – Member	2	2

3.3.1 Compliance Officer

Shri R.K. Gogia, Company Secretary is 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.

3.3.2 Redressal of Investors' Grievance

The Company addresses all complaints, suggestions and grievances of the investors expeditiously and usually resolves the issues within 7-10 days except in case of dispute over facts or other legal constraints. No request for share transfer is pending beyond 30 days except those that are disputed or sub-judice. All requests for de-materialization of shares are likewise processed and confirmation communicated to investors and Depository Participants within 10 working days.

The total number of complaints/ queries/ correspondence received and replied/ attended to the satisfaction of the shareholders was 103. There was no complaint pending as on 31st March, 2013.

3.3.3 Settlement of Grievances

Investors may register their grievances in the manner stated below:

Sl. No.	Nature of Complaint	Contact Office	Action to be taken
1.	For Shares in Physical form – Change of address, status, Bank account, Mandate, ECS mandate, transfer/ transmission of shares, bonus shares etc.	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: 91-41709884. Website: www.mcsdel.com e-mail: admin@mcsdel.com	Letter on plain paper stating the nature of complaint, Folio No., lodging of original shares and other documents/ instruments as the case may be.
2.	For Share in Demat form- Change of address, status, Bank account, Mandate, ECS mandate etc.	Concerned Depository Participant (DP) where shareholder is maintaining his/her account.	As per procedure prescribed by the DP.
3.	Dividend from Financial year 2005-06 (Final) to 2011-12	Company Secretary, The State Trading Corporation of India Limited, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001 Phone: 23703177 e-mail:cs@stc.gov.in	Letter on plain paper stating the nature of complaint, Folio No./ DPID, client ID, and other documents/ instruments as the case may be. Members are requested to apply for renewal or issue of duplicate dividend warrants for the final dividend 2005-06 before 24.10.2013. The unpaid amount for the year 2005-06 will be transferred on or before 23.11.2013 by the Company to the Investor Education & Protection Fund (IEPF) set up by Govt. of India and no claim will lie neither against IEPF nor against the Company.

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

The Company is committed to conducting its 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 as follows has been signed by Chairman & Managing Director:

"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 2012-13.

Sd/-
(J.S. Deepak)
CMD"

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 2012-13 was submitted to the Board on 30.05.2013 and is annexed to this report.

5. SUBSIDIARY COMPANY:

The Company has one wholly owned unlisted subsidiary Company, STCL Limited. The said subsidiary is a Board managed company with its Board having the rights and obligations to manage the Company in the best interest of its stakeholders. The Directors on the Board are appointed by the President of India through Administrative Ministry, Ministry of Commerce and Industry. The present composition of the Board is as follows:

- (i) Chairman STC - Part-time Chairman of the Board
- (ii) Managing Director – STCL (Whole-time)
- (iii) Director (Finance) STC - Part-time Director
- (iv) Director - FT(ST) , Department of Commerce, Ministry of Commerce and Industry, Government of India – Part-time Official Director/ Government Director

The performance of the subsidiary is reported to the Board every quarter.

6. 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:

Natural of Meeting	Financial Year	Date and Time
Annual General Meeting	2011-12	27.09.2012 - 12.00 Noon
Annual General Meeting	2010-11	29.09.2011 - 3.00 P.M.
Annual General Meeting	2009-10	27.09.2010 - 3.00 P.M.

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.

7. 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 of interest with the company.
- The details of "Related Party Disclosures" have been disclosed at serial no.53 in the other Notes Forming Part of Accounts in the Annual Report.
- The applicable accounting standards have been followed in the preparation of financial statements along with proper explanation relating to material departures.
- None of the non-official part-time Directors had any pecuniary relationship or transactions with the Company during the financial year ending 31st March, 2013.
- 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.
- Directors are nominated on training programmes organized by DPE & SCOPE from time to time.

8. MEANS OF COMMUNICATION

- **Quarterly/Annual Results:** The Company regularly intimates un-audited as well as audited financial results to the stock exchanges immediately after these are approved by the Board. These financial results are normally 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. The results are not sent individually to the shareholders.
- **Limited Review Reports:** "Limited Review" reports of the unaudited financial results for the respective quarter(s) obtained from statutory auditors of the Company are filed with the Stock Exchange(s) from time to time.
- **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, Shareholding Pattern and Corporate Governance Report etc. are also 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.

9. SHAREHOLDERS' INFORMATION

9.1 Forthcoming AGM – Date, Time and Venue

The Annual General Meeting for the Financial Year ending 31st March, 2013 is scheduled to be held on 25th September, 2013 at 3.00 p.m. at 4th Floor Annexe, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001.

9.2 Financial Calendar:

Adoption of Quarterly results for the quarter ending	Last date for adoption of Financial Results
June 30, 2013	15th August, 2013
September 30, 2013	15th November, 2013
December 31, 2013	15th February, 2014
March 31, 2014(Audited)	30th May, 2014

9.3 Book Closure Period:

The Register of Members shall remain closed from 21.09.13 to 25.09.13 (both days inclusive) for the purpose of determining the eligibility of the members/beneficial owners of the Company for the payment of Dividend on equity shares for the year ended 31st March 2013, 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 20.09.13.

9.4 Dividend Payment Date:

The Board has recommended payment of Dividend @20% for the financial year 2012-13 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. 25.09.13.

9.5 Listing on Stock Exchanges

The equity shares of the Company are listed on the following Stock Exchanges:

Name, address and contact details	Security Code	Type of Security
The Bombay Stock Exchange Limited (BSE) P.J. Towers, Dalal Street, Mumbai - 400 001 Telephone: 022-22721233/4 Fax: 022-22723121/3719/2037/2039 E-mail: info@bseindia.com Website: www.bseindia.com	512531	Equity
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No.1, G- Block, Bandra- Kurla Complex, Bandra (East), Mumbai - 400 051. Telephone: 022-26598100-8114 Fax: 022-26598237/38 E-mail: cc_nse@nse.co.in Website: www.nseindia.com	STCINDIA-EQ	Equity

9.6 Listing Fee

The Annual Listing Fee for the listed equity shares pertaining to the year 2013-14 has been paid to the concerned Stock Exchanges.

9.7 Demat ISIN Numbers in NSDL and CDSL

Stock code: INE655A01013

The Company has paid Annual Custody Fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year 2013-14 based on the Folio/ISIN positions as on 31.03.2013.

9.8 Stock Market Data: High/ Low during each month in last financial year

Month	National Stock Exchange			Bombay Stock Exchange		
	High (₹)	Low (₹)	Volume (in no. of Shares)	High (₹)	Low (₹)	Volume (in no. of Shares)
April'12	291.45	252.00	36,92,523	292.00	251.45	14,37,257
May' 12	288.40	238.30	46,14,939	288.50	238.50	18,16,143
June' 12	283.50	244.60	37,82,323	283.55	241.25	17,72,068
July'12	292.40	235.05	37,18,037	325.00	236.75	17,33,952
August'12	300.90	243.95	1,19,55,811	300.85	244.20	48,99,115
September'12	281.90	253.20	68,43,068	282.00	253.70	22,82,267
October'12	262.85	221.25	38,17,977	262.50	221.40	13,81,792
November'12	249.00	214.10	51,86,564	249.40	214.10	19,89,399
December'12	229.00	217.50	16,86,428	228.50	217.10	6,87,062
January'13	239.15	212.95	12,02,999	238.90	213.15	4,97,872
February'13	239.00	186.95	91,89,909	239.20	185.00	34,21,928
March'13	222.50	132.20	50,29,938	222.50	132.00	21,07,549

Source: Web-sites of BSE and NSE

9.9 Share Transfer System

M/s MCS Limited (MCS) is the Registrar and Share Transfer Agent (RTA) for the physical shares. MCS is also the depository interface of the Company with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Shares of the company are traded compulsorily 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 31.03.2013.

Pursuant to the Clause 47-C of the Listing Agreement, certificates from practicing Company Secretary 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 on quarterly basis.

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 Audit Report is also submitted to the Stock Exchanges.

9.10 Shareholding Pattern as on 31st March, 2013

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
President of India (Government of India)	8	5,46,13,600	91.0225
Mutual Funds/ UTI	4	20,627	0.0344
Financial Institutions/ Banks	1	295	0.0005
Insurance Companies	3	6,49,530	1.0826
Foreign Institutional Investors	4	80,825	0.1347
Bodies Corporate	844	13,51,675	2.2528
Indian Public	29,417	32,28,679	5.3812
Non Resident Indians	182	54,769	0.0913
Total	30,463	6,00,00,000	100.0000

9.11 Top 10 Shareholders as on 31st March, 2013

Sr. No.	Name	No. of Shares held	% of total shares
1.	President of India (Government of India)	5,46,13,600	91.0225
2.	Uniways Agri Commodities Private Limited	5,38,593	0.8977
3.	The New India Assurance Company Limited	5,35,000	0.8917
4.	National Insurance Company Limited	73,594	0.1227
5.	MV SCIF Mauritius	65,369	0.1089
6.	The Oriental Insurance Company Limited	40,936	0.0682
7.	Praveen Chand Nahar	33,100	0.0552
8.	Baalakh Holdings Private Limited	31,278	0.0521
9.	Dwirek Kalyanji Raj	28,300	0.0472
10.	Dave Yogesh Dinakarray	27,524	0.0459

9.12 Distribution of Shareholding by Size as on 31st March, 2013

Category (No. of Shares)	Number of shareholders	% of Shareholding	Total number of Shares	% of Shareholders
1-500	29223	95.9295	19,97,691	3.3295
501-1000	716	2.3504	5,57,711	0.9295
1001-2000	303	0.9946	4,57,025	0.7617
2001-3000	88	0.2889	2,19,236	0.3654
3001-4000	38	0.1247	1,35,607	0.2260
4001-5000	34	0.1116	1,57,589	0.2626
5001-10000	38	0.1247	2,75,882	0.4598
10001-50000	18	0.0591	3,73,117	0.6219
50001-100000	2	0.0066	1,38,963	0.2316
100001 and above.	3	0.0098	5,56,87,179	92.8120
Total	30463	100.0000	6,00,00,000	100.0000

9.13 Geographical Distribution of Shareholders as on 31st March, 2013

Sr. No.	City	No. of Shareholders	% to Total	No. of Shares	% to Total
1.	Ahmedabad	1,804	5.92	2,23,404	0.37
2.	Bengaluru	758	2.49	1,14,155	0.19
3.	Chennai	1,088	3.57	2,33,322	0.39
4.	Delhi	5,232	17.17	5,51,65,516	91.94
5.	Hyderabad	529	1.74	1,20,490	0.20
6.	Jaipur	497	1.63	84,365	0.14
7.	Kanpur	158	0.52	24,053	0.04
8.	Kolkata	1,335	4.38	2,52,144	0.42
9.	Mumbai	4,514	14.82	16,47,009	2.75
10.	Patna	91	0.30	16,696	0.03
11.	Kochi	111	0.36	36,858	0.06
12.	Others	14,346	47.10	20,81,988	3.47
	Total	30,463	100.00	6,00,00,000	100.00

9.14 Corporate Benefits

(i) Dividend History:

Year	Interim/ Final	Rate (%)	Per Share (₹)	Amount (₹ lakh)
2007-08	Interim	35	3.50	1050.00
	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	Final	30	3.00	1800.00
2011-12	Final	20	2.00	1200.00
2012-13	Final	20	2.00	1200.00

(ii) Bank Details/ NECS Mandate:

It is necessary that the members holding shares in electronic mode should ensure their correct bank details and/ or 9-digit MICR Code number in the records of their DP as these are used for the purpose of remittance of Dividend through National Electronic Clearing Services (NECS) or printing on Dividend Warrants as applicable. As per mandate noted in the records of DP, the amount of dividend will be credited directly to bank account of the shareholder. The credit of dividend amount can also be confirmed from pass book/ bank statement.

Members holding shares in physical mode and desirous of availing direct credit of dividend into their accounts may give the details of their bank account and 9-digit MICR Code, along with photocopy of the cheque or a blank cancelled cheque relating to the designated bank account to the Registrar and Share Transfer Agents. However, this facility can be used only by shareholders in cities covered under NECS.

9.15 Transfer of Unpaid/ Unclaimed Dividend to Investor Education and Protection Fund (IEPF)

During the year, amounts of ₹40,437/- and ₹41,838/- pertaining to unclaimed/unpaid final dividend for the year 2004-05 and Interim dividend for FY 2005-06 respectively were transferred to the Investor Education and Protection Fund (IEPF) set up by the Central Government. This is in accordance with the Section 205 A and Section 205 C of the Companies Act, 1956 requiring transfer of dividend remaining unclaimed and unpaid for a period of 7 years from the due date to the IEPF.

The unclaimed/ unpaid final dividend for the FY 2005-06 and interim dividend for FY 2006-07 which is due for transfer to IEPF, should be claimed by the members before 24.10.2013 and 27.03.2014 respectively. After

which, no claim shall lie against the Fund/ Company in respect of said amount. The due dates of transfer of unpaid/ unclaimed dividend to IEPF for the different financial years are as under:

Sr. No.	FY	Type of Dividend	Dividend (%)	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
1.	2005-06	Final	35	24.10.2013	23.11.2013
2.	2006-07	Interim	20	27.03.2014	26.04.2014
		Final	40	31.10.2014	30.11.2014
3.	2007-08	Interim	35	26.03.2015	25.04.2015
		Final	30	28.10.2015	27.11.2015
4.	2008-09	Interim	25	20.03.2016	19.04.2016
		Final	22.50	30.10.2016	29.11.2016
5.	2009-10	Interim	25	25.03.2017	24.04.2017
		Final	22.50	01.11.2017	01.12.2017
6.	2010-11	Final	30	03.11.2018	03.12.2018
7.	2011-12	Final	20	02.11.2019	02.12.2019
8.	2012-13	Final	20	31.10.2020	30.11.2020

Members, who have not yet encashed their dividend warrant may approach the Registrars and Share Transfer Agents/ Company for issuance of demand draft upon completion of necessary formalities in the said behalf in lieu of such warrant.

9.16 Dematerialization of Shares and Liquidity

Description	No. of Shareholders	Shares	% of Equity
CDSL	11,036	5,59,67,072	93.28
NSDL	18,523	40,09,544	6.68
PHYSICAL	904	23,384	0.04
Total	30,463	6,00,00,000	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, 2013, 5,99,76,616 equity shares forming 99.96 % of the shareholding, stood dematerialized.

10. OUTSTANDING GDRs/ADRs/ WARRANTS OR CONVERTIBLE INSTRUMENTS

No GDRs/ADRs/ Warrants or Convertible Instruments have been issued by the Company.

11. ADDRESSES FOR SHAREHOLDERS' CORRESPONDENCE

These have been given at 3.3.3 above.

12. RISK MANAGEMENT

A Risk Management Framework has been instituted to add further objectivity to the process of risk assessment while taking a decision on accepting or rejecting a trade proposal. The Risk Management Framework measures the risk involved in a business proposal in the form of a total risk score which is weighed vis-à-vis available risk mitigation measures.

13. 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.

14. ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE 49

The following non-mandatory requirements have been implemented and reflected elsewhere in this report.

- The Company has constituted a Remuneration Committee (Refer to para 3.2).

- With regard to Shareholders' Rights on communication of financial results, the same are being published widely and also hosted on the Company's website (Refer to para 8).
- Whistle Blower Policy

In terms of Clause 49 of the Listing Agreement, one of the non-mandatory clauses provides that a listed company may establish a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Also, in terms of Clause 8 of the DPE Guidelines on Corporate Governance for CPSEs issued in 2010, Company may establish a mechanism for employees to report to the management concerns of unethical behavior etc. Accordingly, the Company has framed a Whistle Blower Policy with the approval of the Board and the same has been implemented w. e. f. 10th May, 2012.

A suitable mechanism has been put in place to protect the whistle blowers from any kind of harm or harassment.

15. GUIDELINES ON CORPORATE GOVERNANCE BY DPE

The Board of Directors of STC has adopted Guidelines on Corporate Governance, 2010 for CPSEs issued by Department of Public Enterprises (DPE) on mandatory basis as the Board approved policy on Corporate Governance.

STATEMENT SHOWING RECRUITMENT OF EX-SERVICEMEN MADE DURING 2012-13

Category	Reservation for Ex-Servicemen (% age)	Total Recruitment made during the year 2012-13	No. of Ex-Servicemen recruited during the year
Peon/ Watchmen/ Sweepers/ Helpers & Carpenters	14.5	1	Nil
Jr. Assistants/Jr. Stenographers	14.5	Nil	Nil
Drivers	14.5	Nil	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, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the 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 procedure and implementation thereof, adopted by the Company, for ensuring the 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 explanation 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.

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 Chandio & Guliani
Chartered Accountants
FRN 001199N

Date : 30.05.2013
Place : New Delhi

Sd/-
(V.K. Lalla)
Partner

Membership No.080847

DECLARATION BY THE CEO AND CFO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

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

We, J.S. Deepak, Chief Executive Officer & Chairman & Managing Director, and Manoj Mishra, Chief Financial Officer & Director (Finance), certify that:

- a) We have reviewed financial statements and the cash flow statements for the year ended 31.03.2013 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 propose 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 significant changes in accounting policies during the year except those disclosed in the notes to the financial statements; and
 - iii) There has not been any instances during the year of significant fraud except to the extent disclosed in notes to the accounts, of which we had become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Sd/-
(J.S. Deepak)
Chief Executive Officer and
Chairman & Managing Director
Place : New Delhi
Date : 26.05.2013

Sd/-
(Manoj Mishra)
Chief Financial Officer and
Director (Finance)

Highlights: Ten Years at a Glance											(₹ in Crore)
PARTICULARS	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	
Operating Results											
Sales											
Exports	1,563.49	344.32	491.93	1,503.79	2,131.88	4,002.06	2,927.17	1,094.56	568.07	1,192.05	
Imports	17,015.28	29,961.20	18,938.22	19,049.10	16,315.54	10,773.24	10,692.46	5,493.27	8,406.78	6,977.99	
Domestic	119.73	138.78	554.69	955.76	1,338.42	998.82	715.64	537.41	547.32	178.72	
Total	18,698.50	30,444.30	19,984.84	21,508.65	19,785.84	15,774.12	14,335.27	7,125.24	9,522.17	8,348.76	
Profits											
Trading	118.53	89.73	177.87	144.55	113.06	194.25	167.42	99.56	62.85	53.89	
Before tax	14.42	17.80	79.63	170.93	144.87	176.51	122.72	56.69	37.03	25.82	
After tax	17.95	16.47	56.43	106.95	78.51	124.45	88.28	38.95	25.03	19.73	
Overheads (Note 1)	134.04	126.29	145.52	131.73	149.31	100.21	98.08	62.28	76.46	61.33	
Interest Outgo (Net)	(69.88)	(69.57)	18.43	(137.70)	(184.30)	(73.13)	(67.40)	(31.31)	(31.84)	(25.15)	
Dividend	12.00	12.00	18.00	28.50	28.50	28.50	18.00	15.00	9.00	7.50	
Net Worth											
Share Capital	60.00	60.00	60.00	60.00	60.00	60.00	30.00	30.00	30.00	30.00	
Reserves	529.93	621.98	619.46	583.94	510.29	464.89	403.77	335.14	289.99	266.07	
Total	589.93	681.98	679.46	643.94	570.29	524.89	433.77	365.14	319.99	296.07	
Bank Borrowings	1,505.39	2,030.32	1,549.09	2,467.85	2,377.32	1,098.66	894.83	202.73	129.66	321.03	
Working Capital (Note 2)											
Inventories	43.50	543.71	1,313.75	567.01	1,463.74	647.62	561.18	330.12	239.93	135.93	
Trade Receivables	2,289.11	3,454.85	4,507.94	6,610.96	5,558.53	5,783.80	2,521.23	1,694.19	1,067.72	451.29	
Other (Net)	(2,111.53)	(3,826.51)	(3,718.43)	(4,197.57)	(4,176.51)	(4,983.23)	(1,920.49)	(1,598.72)	(977.73)	(100.65)	
Total	221.08	172.05	2,103.26	2,980.40	2,845.76	1,448.19	1,161.92	425.59	329.92	486.57	
Capital Employed	589.62	681.67	676.43	640.91	567.25	434.17	343.05	274.42	229.27	205.35	
Significant Ratios											
Trading Profit : Sales (%)	0.63	0.29	0.89	0.67	0.57	1.23	1.17	1.40	0.66	0.65	
Profit Before Tax : Sales (%)	0.08	0.06	0.40	0.79	0.73	1.12	0.86	0.80	0.39	0.31	
Profit Before Tax : Networth (%)	2.44	2.61	11.72	26.54	25.40	33.63	28.29	15.53	11.57	8.72	
Sales : Capital Employed (Times)	31.71	44.66	29.54	33.56	34.88	36.33	41.79	25.96	41.53	40.66	
Inventories : Sales (%)	0.23	1.79	6.57	2.64	7.40	4.11	3.91	4.63	2.52	1.63	
Trade Receivables : Sales (%)	12.24	11.35	22.56	30.74	28.09	36.67	17.59	23.78	11.21	5.41	
Overheads : Sales (%)	0.72	0.41	0.73	0.61	0.75	0.64	0.68	0.87	0.80	0.73	

Note 1 : Overheads excludes Rent related expenditure for 2012-13 & 2011-12

Note 2 : Excludes Non Current Items as per revised Schedule VI for 2012-13 & 2011-12

INDEPENDENT AUDITORS' REPORT

To
The Members of
THE STATE TRADING CORPORATION OF INDIA LIMITED

1. Report on Financial Statements

We have audited the accompanying financial statements of THE STATE TRADING CORPORATION OF INDIA LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, in which are incorporated the accounts of the corporate office audited by us and the accounts of 7 independent 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. Management's responsibility for the financial statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and Cash Flow of the company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standard on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4. Emphasis of Matters

Without qualifying our opinion, we draw attention to the following:

- a) Reference is invited to note no.18.1 relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of the business associate. The company has alleged fraud by the business associates and matter was referred to CBI in earlier years. We also understand that two ex-Directors and a General Manager had been charge sheeted. However, in absence of details of the charge sheets and pending inquiries, we are unable to opine if there was a fraud or a suspected management fraud and comment on any misstatements made in these accounts in respect of the above transactions.
- b) Reference is invited to note no.18.2 relating to Wheat transactions undertaken on behalf of Business associates, 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 associates and suppliers. Also case of theft and misappropriation of unlifted stocks exported to Bangladesh were noticed for which legal action has been initiated, entire dues including recoverable from FCI aggregating to ₹58.41 Crores has been provided/written off in earlier years. Further as the matter is not yet fully resolved, additional amount of sales tax liability for non-export of 30392.010 MT of wheat procured from FCI is not ascertainable. The financial impact at this stage cannot be ascertained.
- c) Reference is invited to note no.18.3, in respect of over dues of ₹94.09 Crores from Business Associate against which there are no stock pledged to the company. However the company has initiated legal steps for recovery.

As the associate has submitted the payment plan with the initial remittance after the balance sheet date management is hopeful of realization of entire dues thus no provision was considered necessary at this stage.

- d) Reference is invited to note no.19.1, regarding ₹568.44 Crores on account of export of pharma product to foreign buyer on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone in to liquidation, litigation processes have been initiated by STC as well as by Indian Associates and their bankers. A claim of ₹527.86 Crore has been admitted by the liquidator. There is however corresponding credit balance of ₹568.60 Crore under trade payables. Management does not anticipate any liability on this account.
- e) Reference is invited to note no.19.2, Long term trade receivable include ₹788.71 Crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹348.62 Crores are available leaving net receivable of ₹440.09 Crores. Action against the associates has been initiated. An amount of ₹1.28 Crores was realized from an associate during 2011-12. The matter is being pursued and the company is hopeful of the recovery. Yet as a measure of abundant caution a provision of ₹69.56 Crores has been made during the year, making the total provision to ₹108.01 Crores to the extent the company has already paid to Exim Bank as there are no commensurate recoveries from the associates.
- f) Reference is invited to Note no.19.3, pending Long Term Trade Receivable of ₹4.94 Crores towards reimbursement of loss in supply of Edible Oil under PDS scheme of Govt. of India. As the claim is under process with Govt. of India no provision was considered necessary by the management.
- g) Reference is invited to note no.22.1, relating to trade receivable of ₹121.99 Crores due from an associate, the Company is under liquidation and in the process of reconstruction by Asset Reconstruction Company (India) Limited. The dues are fully secured by pledge of stock. Financial impact of the same cannot be ascertained at this stage.
- h) Reference is invited to note no.22.2, Trade Receivable includes ₹1353.25 Crores recoverable from one of the associates for stock sold to them in earlier years who have stopped operation of their plant due to extreme volatility of prices. Consequent upon Conciliation Award dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to STC by 10.11.2012. However, the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. As the associate has affirmed its commitment to repay entire dues with interest and had paid ₹185.13 Crores during 2012-13. Management is hopeful of full recovery and no provision considered necessary.
- i) Reference is invited to note no.25.1, regarding claims recoverable amounting to ₹158.93 Crores towards the imports of pulses under Government account since the year 2006-07 onwards. The claim for the same has been lodged on Government which is under active consideration of Government for re-imbursement of actual loss as informed by Ministry of Consumer Affairs. An amount of ₹11.70 Crores has been received from the Government after the balance sheet date towards the part payment against the claims. Management is hopeful of full recoveries.
- j) Reference is invited to note no.25.2, regarding claim recoverable of ₹49.18 Crores on account of edible oil import-PDS, which is under process by Ministry of Food and Public Distribution, Government of India and company is hopeful of full recovery.
- k) Reference is invited to note no.25.3, regarding pending balance claim of ₹5.28 Crores towards imports of pulses on behalf of UP Government for sales under PDS being pursued by the company with the Ministry of Consumer Affairs and management is hopeful of full recovery thus no provision was considered necessary.
- l) Reference is invited to note no.46, the company has written off overdue receivable amounting to ₹96.15 Crore pertaining to previous year export import transactions, where recovery is uncertain and withdrawn ₹95.96 Crores from the Export/Import Contingency Reserve created out of appropriations of earlier years profit with an objective to setoff such losses. There would have been loss of ₹81.54 Crores instead of profit of ₹14.42 Crores (before Tax) and EPS would have been (-) ₹13 instead of ₹2.99 for the year ended on 31st March, 2013, if the company had not utilized this reserve.
- m) Note no.48 and 49 relating to pending reconciliation/ confirmation of balances in parties accounts and current liabilities and consequential adjustment that may arise on reconciliation.

5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements subject to our observations in Paragraph 4 (a) to (m) above provisions and write offs in respect of which made in the financial statements based on the existing and known circumstances as reported in the said paragraphs and read together with Significant Accounting Policies and Notes to the Financial Statements and Other Notes, 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 accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013.
- b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

6. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by Section 227 (3) of the Act, we report that:
 - a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose 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 and management replies to the observation of the Branch Auditors have been considered while preparing our report;
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with the books of accounts;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the 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 the Company Affairs, Government of India, the provision of Section 274(1)(g) of the Companies Act, 1956, are not applicable to the Company.

For Chandio & Guliani
Chartered Accountants
FRN: 001199N

Sd/-
(V.K. Lalla)
Partner

Membership No. 080847

Place: New Delhi
Date: 30th May, 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Annexure referred to in paragraph 6 of our report of even date on the financial statements for the financial year ended 31st March, 2013 of the State Trading Corporation of India Limited)

- (i) In respect of its Fixed Asset:
- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - The fixed assets were physically verified by the management during the year. We have been informed that no material discrepancies were noticed on such physical verification.
 - In our opinion, substantial part of the fixed assets has not been disposed of during the year and going concern status of the company is not affected.
- (ii) In respect of its Inventories:
- As explained to us, verification of inventories undertaken by the company through surveyor from time to time. In respect of the 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 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 1925.78 MTs at Kandla Port lying since the year 2004-05 as there was no confirmation of the Quality and quantity available the value of the same is being taken as NIL.
 - In our Opinion, though the procedures for physical verification is in place and instructions & 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.
 - The company is not maintaining any separate stock register. However, transactions-wise stock details are compiled for control over the stock and necessary details are obtained from the custodian 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 Kandla as mentioned in Para 2 (a) above in our report.
- (iii) In respect of Loans availed/granted:
- As informed, the Company has not granted any loans, secured or unsecured, to Companies, firms and other parties, covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the order are not applicable to the company.
 - As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other Parties covered in register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (f), and (iii) (g) of paragraph 4 of the order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and also the sale of goods. Further on the basis of our examination and according to the information and explanation given to us, we have not observed any instance of continuous failure to correct major weaknesses in internal control procedures. However, internal control procedure regarding review, realization of advances and other claims and reconciliation of balance of sundry debtors and creditors require strengthening.
- (v) In respect of contracts / arrangements under section 301 of the Companies Act, 1956:
- 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 in the register maintained under section 301 of the Companies Act, 1956.
 - There was no transaction hence clause 5 (b) of paragraph 4 of the order is not applicable.
- (vi) In our opinion and as per the explanation provided to us, the provisions of Section 58A & 58AA of the Companies Act, 1956 and the rules framed there under are not applicable, as the Company has not accepted any deposit from the public.
- (vii) The internal audit is conducted by outside firms of Chartered Accountants and in our opinion is commensurate with the size and nature of its business except Mumbai Branch Auditor has suggested for strengthening of internal audit at the branch.
- (viii) 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 its product of the company.
- (ix) In respect of statutory dues:
- According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise duty, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities. There were no undisputed amounts payables in respect of the aforesaid dues which were outstanding as at March 31, 2013 for a period of over 6 Months from the date they became payables.
 - Disputed Statutory dues are aggregating to ₹64.55 Crores on account of Income Tax, ₹439.09 Crores on account of Sales Tax and 7.29 Crores on account of Service Tax. The details are as under: -

Income Tax:			
Name of the Statute	Nature of the Dues	Amount (₹ in Crores)	Period to which the amount relates
ITAT, DELHI	INCOME TAX	7.40	2008-09
ITAT, DELHI	INCOME TAX	6.93	2009-10
CIT (A)	INCOME TAX	50.22	2010-11
Total		64.55	

Sales Tax:			
FORUM	Nature of the Dues	Amount (₹ in Crores)	Period to which the amount relates
MADRAS HIGH COURT	Sales Tax	0.84	1974-75 to 1989-90
SALES TAX APPELLATE TRIBUNAL (Chennai Branch)	Sales Tax	0.01	1987-88
PENDING IN TRIBUNAL(BST) (Kolkata)	Sales Tax	0.02	1981-82
ODISHA HIGH COURT	Central Sales Tax	0.07	1981-82
PENDING WITH SOD & BOARD (Kolkata)	Sales Tax	0.01	1983-84
WEST BENGAL COMMERCIAL TAXES APPELLATE	Sales Tax	0.07	1985-86
BST ORDER NOT YET RECEIVED (Kolkata)	Sales Tax	0.01	1988-89
PENDING IN APPEAL 88-89 (Kolkata)	Sales Tax	0.02	1988-89
PENDING WITH HIGH COURT	Central Sales Tax (Assam)	0.01	1993-94 to 1995-96
JOINT COMMISSIONER (PENDING IN APPEAL TILL 27/06/2011)	Central Sales Tax (West Bengal)	0.22	2003-04
STO, consequent to set aside order	Sales Tax	0.34	2007-08
PENDING WITH FIRST APPELATE AUTHORITY, DELHI	Sales Tax	2.33	2008-09
Joint Commissioner of sales Tax (Maharashtra)	Sales Tax	421.12	1990-91 to 2004-05
Maharashtra Sales Tax Tribunal	Sales Tax	14.02	1992-93 to 2000-01
Total		439.09	

Service Tax			
FORUM	Nature of Dues	Amount (₹in Crore)	Year
CESTAT	Service Tax	7.29	2005-06 & 2006-08

- (x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedure and the information and explanations given by the management, the company has not defaulted in repayment of dues to any Financial Institution or Banks or Debenture holders.
- (xii) According to the 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.
- (xiii) In our Opinion, the Company is not a Chit Fund company 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.
- (xiv) The Company is not dealing in or trading in securities, debentures and other investments and therefore clause regarding maintaining of proper records of transactions in respect of trading and timely entries is not applicable. All shares have been held by the company in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or Financial Institutions.
- (xvi) The Company has not raised any term loans during the year. Hence clause (xvi) of paragraph 4 of the order not applicable.
- (xvii) According to 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.
- (xviii) The Company has not made preferential allotment of shares during the year, to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year. Hence clause (xix) of paragraph 4 of the order not applicable.
- (xx) The Company has not raised any money by way of public issue during the Year.
- (xxi) Based upon the audit procedures performed and the information and explanations given by the management, we report that no material fraud on or by the company has been noticed or reported during the course of our audit.

For Chandio & Guliani
Chartered Accountants
FRN: 001199N

Place : New Delhi
Date : 30th May, 2013

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

BALANCE SHEET AS AT 31ST MARCH, 2013

(Amount in ₹ Crore)

PARTICULARS	Note No.	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share capital	1	60.00	60.00
(b) Reserve & Surplus	2	529.93	621.98
(c) Money received against share warrants	3	–	–
(2) Share application money pending allotment	4	–	–
TOTAL (1+2)		589.93	681.98
(3) Non-Current Liabilities			
(a) Long-term borrowings	5	–	–
(b) Other long term liabilities	6	1,156.71	1,122.58
(c) Long-term provisions	7	73.24	66.03
TOTAL (3)		1,229.95	1,188.61
(4) Current Liabilities			
(a) Short-term borrowings	8	1,505.39	2,030.32
(b) Trade Payables	9	912.10	2,223.36
(c) Other current liabilities	10	213.01	290.36
(d) Short-term provisions	11	29.23	39.45
TOTAL (4)		2,659.73	4,583.49
Total		4,479.61	6,454.08
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	57.70	51.71
(ii) Intangible Assets	13	0.07	0.07
(iii) Capital Work In Progress	14	8.69	9.87
(iv) Intangible Assets under development	15	–	–
Total (a)		66.46	61.65
(b) Non-Current investments	16	0.31	0.31
(c) Deferred tax assets (net)	17	73.01	73.01
(d) Long-term loans and advances	18	108.54	106.08
(e) Other non-current assets	19	1,350.48	1,457.50
TOTAL (1)		1,598.80	1,698.55
(2) Current Assets			
(a) Current investments	20	–	–
(b) Inventories	21	43.50	543.71
(c) Trade receivables	22	2,289.11	3,454.85
(d) Cash and cash equivalents	23	248.14	227.03
(e) Short-term loans and advances	24	41.31	205.21
(f) Other current assets	25	258.75	324.73
TOTAL (2)		2,880.81	4,755.53
Total		4,479.61	6,454.08

Significant Accounting Policies

44

Other Notes

45-59

Notes referred to above form an integral part of accounts.
As per our report of even date attached

FOR CHANDIOK & GULIANI

Chartered Accountants
Firm Reg. No. 001199N

Sd/-
(V. K. LALLA)

Partner
M. No. 80847

Place : New Delhi
Dated : 30.05.2013

Sd/-
J. S. DEEPAK

Chairman & Managing Director

Sd/-
B. B. SAHA

Chief General Manager (Finance)

Sd/-
MANOJ MISHRA
Director (Finance)

Sd/-
R. K. GOGIA
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹ Crore)			
PARTICULARS	Note No.	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
I. Revenue from operations	26	19,041.62	30,773.10
II. Other income	27	258.90	309.99
III. Total Revenue (I+II)		19,300.52	31,083.09
Expenses-			
a) Cost of material consumed	28	0.10	1.34
b) Purchase of stock-in -Trade	29	18,414.37	29,885.82
c) Changes in inventories of finished goods, work -in-progress and stock-in-trade	30	500.24	770.18
d) Employee benefits expense	31	106.54	100.64
e) Finance cost	32	166.25	203.47
f) Depreciation and amortisation expense	33	3.58	3.07
g) Other expenses	34	35.88	51.67
IV. Total expenses (a+b+c+d+e+f+g)		19,226.96	31,016.19
V. Profit before exceptional and extraordinary items and tax (III-IV)		73.56	66.90
VI. Exceptional items - Debit/(Credit)	35	155.68	45.93
VII. Withdrawal from Export Import Contingency Reserve		(95.96)	-
VIII. Profit before extraordinary items and tax (V-VI-VII)		13.84	20.97
IX. Extraordinary items	36	-	-
X. Prior Period Adjustment Net - (debit)/credit	37	0.58	(3.17)
XI. Profit before tax (VIII-IX+X)		14.42	17.80
XII. Tax expense:			
(1) Current tax	38	-	12.14
(2) Tax relating to earlier years		(3.53)	1.34
(3) Provision for MAT Credit Entitlement		-	(4.96)
(4) Deferred tax	39	-	(7.19)
Total Tax Expense (XII)		(3.53)	1.33
XIII. Profit(loss) for the period from continuing operations (XI-XII)		17.95	16.47
XIV. Profit (loss) from discontinuing operations	40	-	-
XV. Tax expense of discontinuing operations	41	-	-
XVI. Profit (loss) from discontinuing operations after tax (XIV-XV)		-	-
XVII. Profit (Loss) for the period (XIII +XVI)		17.95	16.47
XVIII. Earning per equity share			
(1) Basic (in ₹)	42	2.99	2.74
(2) Diluted (in ₹)	43	2.99	2.74

Significant Accounting Policies

44

Other Notes

45-59

Notes referred to above form an integral part of accounts.
As per our report of even date attached

FOR CHANDIOK & GULIANI

Chartered Accountants
Firm Reg. No. 001199N

Sd/-

(V. K. LALLA)

Partner

M. No. 80847

Place : New Delhi

Dated : 30.05.2013

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J. S. DEEPAK

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Sd/-

B. B. SAHA

Chief General Manager (Finance)

Sd/-

MANOJ MISHRA

Director (Finance)

Sd/-

R. K. GOGIA

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹ Crore)

	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	13.84	20.97
ADJUSTMENT FOR:		
-Interest on working capital loans	160.66	186.39
-Depreciation	3.58	3.07
-Unrealized foreign exchange difference	(0.01)	(0.79)
-Write offs	109.38	33.68
-Transfer from Reserve	(95.96)	–
-Provisions against Investments	–	2.82
-Income/Expenditure relating to let out property	(22.55)	(21.72)
-Loss on sale of asset and write off	0.03	0.01
-Liabilities written back	(7.48)	(29.27)
-Profit on sale of assets	(0.01)	(0.02)
-Unclaimed credit balances written back	(7.21)	140.42
		(1.22)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	154.27	193.92
ADJUSTMENT FOR:		
-Trade and other receivables	1,404.00	(643.78)
-Inventories	500.21	770.04
-Trade and other payables	(1,513.94)	(1,223.46)
Changes In Working Capital	544.54	(903.29)
Income tax paid	(12.38)	(16.11)
CASH FLOW BEFORE PRIOR PERIOD ITEMS	532.16	(919.40)
Prior period adjustment	0.58	(3.17)
NET CASH GENERATED/USED IN OPERATING ACTIVITIES (A)	532.73	(922.57)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
-Purchase of Fixed Assets	(17.17)	(8.34)
-Sale of Fixed Assets	0.04	0.46
-Let out properties (net)	22.55	21.72
NET CASH FROM INVESTING ACTIVITIES (B)	5.42	13.84

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹ Crore)

	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES :		
-Dividend paid (including Dividend Tax)	(13.95)	(20.92)
-Increase in Working Capital Loan(net)	(524.94)	481.24
-Interest Paid	(160.66)	(186.39)
NET CASH FROM FINANCING ACTIVITIES (C)	(699.54)	273.93
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(161.38)	(634.80)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	227.03	737.03
CASH AND CASH EQUIVALENTS AS AT THE CLOSE OF THE YEAR	65.65	102.23
Reconciliation of Cash & Cash Equivalents		
Cash & Bank Balances as per Balance Sheet	248.14	227.03
Less : Fixed Deposit made with margin provided by Associates adjusted in Trade Receivables	182.48	124.81
Cash & Bank Balances as per Cash Flow Statement	65.65	102.23

Significant accounting policies

44

Other Notes

45-59

Notes referred to above form an integral part of accounts.
As per our report of even date attached

FOR CHANDIOK & GULIANI

Chartered Accountants
Firm Reg. No. 001199N

Sd/-

(V. K. LALLA)

Partner

M. No. 80847

Place : New Delhi

Dated : 30.05.2013

Sd/-

J. S. DEEPAK

Chairman & Managing Director

Sd/-

B. B. SAHA

Chief General Manager (Finance)

Sd/-

MANOJ MISHRA

Director (Finance)

Sd/-

R. K. GOGIA

Company Secretary

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013

(Amount in ₹ Crore)

NOTE NO. 1 SHARE CAPITAL

	As at 31st March 2013	As at 31st March 2012
I) Authorized Share Capital		
200,000,000 Equity Shares having face value of ₹10/- each	200.00	200.00
II) Issued, Subscribed & Fully Paid up		
60,000,000 Equity shares having face value of ₹10/- each	60.00	60.00

III) Details of Bonus Issue during the preceding five years :

-----NIL-----

IV) Equity shares issued and subscribed do not enjoy any differential rights

V) Reconciliation of no. of shares :

Class of share capital	Opening as at 01.04.2012	issued during the year	Shares bought back during the year	Closing as at 31.03.2013
Equity share of ₹10/- each	60,000,000	–	–	60,000,000
Previous Year	60,000,000	–	–	60,000,000

VI) Details of Share holders holding more than 5% shares as on 31.03.2013

S. No.	Name	No. of shares held	% of shares held
1	Govt. of India	54,613,600	91.0227

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 2 RESERVE & SURPLUS

Particulars	Balance as at 01.04.2012	Additions	Deductions/ Appropriation	Balance as at 31.3.2013
Capital Reserve	1.00	—	—	1.00
Bonus Reserve*	—	—	—	—
Exchange Fluctuation Reserve	6.50	—	—	6.50
Export/Import Contingency Reserve	95.96	388.00	95.96	388.00
General Reserve	315.18	1.79	238.00	78.97
Surplus	203.34	17.95	165.83	55.46
Total	621.98	407.74	499.79	529.93
Previous Year	619.46	18.12	15.60	621.98

	2012-13	2011-12
2.1 Details of Addition to Surplus	17.95	16.47
Current Year Profit After Tax	—	—
Transfer From Bonus Reserve*	17.95	16.47
2.2 Details of Deduction/Appropriation from Surplus		
Proposed Dividend	12.00	12.00
Tax on Dividend	2.04	1.95
Transfer to General Reserve	1.79	1.65
Transfer to Export Import contingency Reserve	150.00	—
Transfer to Bonus Reserve*	—	—
	165.83	15.60

2.3 Details of Negligible Value				
*Bonus Reserve (₹)	36,906	11,955	12,545	36,316
*Transfer From Bonus Reserve(₹)	—	12,545	—	—
*Transfer to Bonus Reserve(₹)	—	—	11,955	—

2.4 An amount of ₹95.96 crore was withdrawn from Export Import Contingency Reserve during the year to set off the amount written off to that extent on account of doubtful debts and advances towards import & export transactions of earlier years.

2.5 An amount of ₹238 crore from General Reserve and ₹150 crore from Profit Surplus Account were transferred to Export Import Contingency Reserve to meet out the unforeseen future losses on account of doubtful receivables and advances towards import & export transactions.

2.6 During the year Dividend of ₹2 per share (₹2 per share) has been recommended by the board of directors.

2.7 Bonus reserve represents "Set On" available under the payment of Bonus Act, 1965.

2.8 Deductions from Bonus Reserve represents amount transferred to Profit & Loss account being "Set Off" as per the payment of Bonus Act, 1965.

NOTE NO. 3 MONEY RECEIVED AGAINST SHARE WARRANTS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Money received against share warrants	—	—

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 4

SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at 31st March, 2013	As at 31st March, 2012
Share application money pending allotment	–	–

NON-CURRENT LIABILITIES

NOTE NO. 5

LONG TERM BORROWINGS

Particulars	As at 31st March, 2013	As at 31st March, 2012
TOTAL	–	–

NOTE NO. 6

OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade payables		
a. Bill acceptances	0.07	0.07
b. Sundry creditors		
- Micro & small enterprises	–	–
- Others	968.02	943.64
Total Trade Payables (a+b)	968.09	943.71
Others		
a. Customer at credit	25.17	26.67
b. Advance from customer	8.20	8.64
c. Unclaimed dividend	–	–
d. Other liabilities		
- Outstanding liabilities for goods & services received	120.17	112.97
- Stale Cheques	0.06	0.02
- Deposits	6.71	6.09
- Security deposits	3.45	3.33
- Earnest money deposits	8.98	7.18
Total Others (a+b+c+d)	172.74	164.90
e. Employees' dues:-		
Encashment of earned leaves	15.88	13.96
Undisbursed salary	–	0.01
Total Employees' cost payable	15.88	13.97
Total (Others)	188.62	178.87
TOTAL OF NOTE NO. 6	1,156.71	1,122.58

6.1 Details in respect of dues to micro & small enterprises

a. Principal Amount	–	–
b. Interest	–	–
c. Interest paid by the buyer beyond appointed day during the accounting year	–	–
d. Amount of interest accrued & remain unpaid at the end of the accounting year	–	–
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises	–	–

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 7

LONG TERM PROVISIONS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for employees benefits		
Encashment of half pay leave	11.58	11.15
Post retirement medical benefits	60.27	53.50
Long service award	1.39	1.38
Total	73.24	66.03

CURRENT LIABILITIES

NOTE NO. 8

SHORT TERM BORROWINGS:-

Particulars	As at 31st March, 2013	As at 31st March, 2012
I. Term Loans		
a. From banks	321.22	388.03
II. Working Capital Loans		
- Cash Credit	1,084.17	1,642.29
- Working Capital Demand Loan	100.00	—
TOTAL	1,505.39	2,030.32

8.1 Break Up of Term Loan From Bank

- Secured	287.97	357.45
- Unsecured	33.25	30.58
TOTAL	321.22	388.03

8.2 Break Up of Working Capital Loan

- Secured	1,184.17	1,642.29
- Unsecured	—	—
TOTAL	1,184.17	1,642.29

8.3 Working Capital Term Loan from bank is secured by pari-passu charge over current assets.

8.4 Cash credit / Overdraft/ Demand Loan secured by hypothecation of stock and trade receivables not older than 180 days

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 9 TRADE PAYABLES

Particulars	As at 31st March, 2013	As at 31st March, 2012
a. Bill acceptances	139.62	1,223.35
b. Sundry creditors		
- Micro & small enterprises	–	–
- Others	772.48	1,000.01
Total Trade Payable	912.10	2,223.36

9.1 Details in respect of dues to micro & small enterprises

a. Principal Amount	–	–
b. Interest	–	–
c. Interest paid by the buyer beyond appointed day during the accounting year	–	–
d. Amount of interest accrued & remain unpaid at the end of the accounting year	–	–
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises	–	–

NOTE NO. 10 OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
a. Customer at credit	68.70	106.47
b. Advance from customer	19.09	29.41
c. Unclaimed dividend	0.24	0.23
d. Other liabilities		
- Outstanding liabilities for goods & services received	22.20	15.56
- Stale Cheques	0.08	0.06
- Deposits	6.58	5.77
- Security deposits	2.64	28.12
- Earnest money deposits	42.77	51.73
- Liability for CSR	1.22	–
- Others	0.18	–
Total (a+b+c+d)	163.70	237.35
e. Employees' cost:-		
Pay & Allowances	0.58	0.36
Other expenses	0.03	0.05
Dues to employees on accrual basis	1.47	1.52
Encashment of earned leaves	1.89	2.46
Undisbursed salary	0.11	0.02
Total (e)	4.08	4.41

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 10

OTHER CURRENT LIABILITIES (Contd.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
f. Remittances:-		
Sale Tax /Value Added Tax (VAT)	4.55	11.04
Service Tax	0.04	0.02
Income tax deducted at source	1.41	2.46
STC's SC/ST Employees Welfare Association	0.01	–
Contribution to Provident Fund	1.30	1.25
Contribution to Employees Pension Scheme-95	0.01	–
Contribution to Employees Pension Fund	0.10	–
Salary saving scheme	0.01	0.01
Thrift Society	0.01	0.02
Entry Tax	0.45	0.59
Others	0.28	0.13
Total (f)	8.17	15.52
g. Interest accrued but not due on borrowings	–	–
h. Interest accrued & due on borrowings	37.06	33.08
Total (g+h)	37.06	33.08
Total of Note No. 10	213.01	290.36

10.1 Against interest accrued and due on borrowings, bank guarantee of ₹ 36.26 crore (₹ 33.00 crore) have been issued to bank.

NOTE NO. 11

SHORT TERM PROVISIONS

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Provision for employees benefits		
Encashment of Half pay leave	1.52	1.57
Post retirement medical benefits	7.21	3.98
Long service award	0.13	0.06
Gratuity	5.23	1.42
Pension	0.23	17.71
Performance Related Pay	0.70	0.70
Total (a)	15.02	25.44
(b) Other Provisions		
Proposed Dividend	12.00	12.00
Dividend Tax	2.04	1.95
Contingencies	0.12	–
Others	0.05	0.06
Total (b)	14.21	14.01
Total (a+b)	29.23	39.45

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 12 TANGIBLE ASSETS

A. OWNED ASSETS		GROSS			
S. No.	Description	As on 01.04.2012	Additions	Deductions	As on 31.03.2013
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1	Land	7.04	–	–	7.04
2	Building	29.35	5.51	–	34.86
3	Plant & Equipment	15.90	0.46	0.01	16.35
4	Furniture & fixtures	3.58	0.58	0.10	4.06
5	Vehicle	1.35	–	–	1.35
6	Air conditioners & office equipment	2.49	2.60	0.12	4.97
7	Railway sidings	0.05	–	–	0.05
8	Computer, data processor & Communication equipment	2.61	0.39	0.14	2.86
Total		62.37	9.54	0.37	71.54
B. LEASEHOLD ASSETS					
1	Land	2.62	0.04	–	2.66
2	Building	25.65	–	–	25.65
3	Roads, culverts & sewerage etc	0.21	–	–	0.21
Total		28.48	0.04	–	28.52
Grand Total		90.85	9.58	0.37	100.06
Previous Year		89.55	1.77	0.47	90.85

12.1 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 ₹1.04 crore (₹1.04 crore), Building ₹20.11 crore (₹20.11 crore).

12.2 Registration of deeds of conveyance in respect of 2 flats at Kolkata is pending. Total Purchase Value ₹0.06 crore (₹0.06 crore).

NOTE NO. 13 INTANGIBLE ASSETS

A. OWNED ASSETS		GROSS			
S. No.	Description	As on 01.04.2012	Additions	Deductions	As on 31.03.2013
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1	computer software	0.31	0.05	–	0.36
	Total	0.31	0.05	–	0.36
	Previous Year	0.24	0.07	–	0.31

13.1 Intangible assets are amortized @ of 40% p.a. on Straight line basis. The useful life of the assets is considered to be two and half years.

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

DEPRECIATION			NET		
Upto 31.03.2012	Deductions/ Adjustments	For the year 2012-13	Upto 31.03.2013	31.03.2013	31.03.2012
(5)	(6)	(7)	(8) = (5)+/(6)+(7)	(9) = (4)-(8)	(10) = (1)-(5)
–	–	–	–	7.04	7.04
2.87	–	0.85	3.72	31.14	26.48
14.04	0.01	0.63	14.66	1.69	1.86
2.79	0.09	0.23	2.93	1.13	0.79
1.19	–	0.14	1.33	0.02	0.16
1.88	0.08	0.45	2.25	2.72	0.61
0.05	–	–	0.05	–	–
2.25	0.13	0.32	2.44	0.42	0.36
25.07	0.31	2.62	27.38	44.16	37.30
0.74	–	0.09	0.83	1.83	1.88
13.15	–	0.82	13.97	11.68	12.50
0.18	–	–	0.18	0.03	0.03
14.07	–	0.91	14.98	13.54	14.41
39.14	0.31	3.53	42.36	57.70	51.71
36.55	0.44	3.03	39.14	51.71	

12.3 Formal lease deed in respect of Lease hold plot where company has tank farm installation at Mumbai Port Trust is yet to be executed though lease has been extended by way of allotment letter. Registration of deed of conveyance in respect of 32 flats at Mumbai is pending. Total Purchase value ₹5.83 crore (₹5.83 crore).

DEPRECIATION			NET		
Upto 31.03.2012	Deductions/ Adjustments	For the year 2012-13	Upto 31.03.2013	31.03.2013	31.03.2012
(5)	(6)	(7)	(8) = (5)+/(6)+(7)	(9) = (4)-(8)	(10) = (1)-(5)
0.24	–	0.05	0.29	0.07	0.07
0.24	–	0.05	0.29	0.07	0.07
0.19	–	0.05	0.24	0.07	–

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 14

CAPITAL WORK IN PROGRESS

S. No.	Description	GROSS		
		As on 01.04.2012	Additions	As on 31.03.2013
		(1)	(2)	(3)
				(4)= (1)+(2)-(3)
1	Office Building	7.02	1.16	7.91
2	Plant & Equipment	2.54	6.37	0.49
3	Furniture & Fixture	0.31	–	0.31
	Total	9.87	7.53	8.71
	Previous Year	3.37	6.50	–

NOTE NO. 15

INTANGIBLE ASSETS UNDER DEVELOPMENT

S. No.	Description	GROSS		
		As on 01.04.2012	Additions	As on 31.03.2013
		(1)	(2)	(3)
				(4)= (1)+(2)-(3)
1	Intangible Assets under Development	–	–	–
	Total	–	–	–
	Previous Year	–	–	–

NOTE NO. 16

NON CURRENT INVESTMENT

Trade Investment (Unquoted)

S. No.	Name of Company	No. Of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2013	Net Value as on 31.03.2012
1	Rich Field Aquatech Ltd Vizag***	550,000	10	–	–	–	–
2	Blue gold Maritech Ltd. Chennai***	1,600,000	10	–	–	–	–
3	NSS Agro Development Co Ltd.	100,000	10	0.10	–	0.10	0.10
4	Sea Lac Agro Ventures Limited	100,000	10	0.10	–	0.10	0.10
	Total			0.20	–	0.20	0.20

Other Investment (Unquoted)

S. No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2013	Net Value as on 31.03.2012
(a)	Subsidiary Company						
1	Spices Trading Corporation Ltd.*	150,000	100	2.82	2.82	–	–
(b)	Others						
1	Maharashtra Small Scale Industries Development	10,000	100	0.10	–	0.10	0.10
2	Andhra Pradesh State trading Corporation	100	1,000	0.01	–	0.01	0.01
3	The National Tannery Company Ltd.***	87,946	10	–	–	–	–
4	Indo Pirin Gloves (P) Ltd.***	140,000	10	–	–	–	–
5	Sindhu Resettlement**	4	1,000	–	–	–	–
	Total			2.93	2.82	0.11	0.11
	Grand Total			3.13	2.82	0.31	0.31
	Previous Year			3.27	2.96	0.31	

* Investment book value is ₹1 (₹1)

** Investment book value is ₹4000 (₹4000)

*** written off during the year (net value ₹1)

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

- 16.1 Other investment includes ₹2.82 crore (₹2.82 crore) in its 100% subsidiary company namely STCL. The subsidiary company was having negative net worth as on 31st March 2012 (Audited). Full provision for diminution in the value of investment has been made in the previous year.
- 16.2 Investments of ₹0.14 crore in the company's (***), which were either in the process of liquidation or dormant have been written off during the year.

NOTE NO. 17

DEFERRED TAX ASSETS (NET)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Deferred tax Assets		
Disallowance under Income Tax Act, 1961	76.88	76.88
Deferred Tax Liability		
Related to Fixed Assets	3.87	3.87
Total	73.01	73.01

- 17.1 In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income", the company has Deferred Tax Assets (Net) of ₹73.01 crore (₹73.01 crore). As a matter of prudence & conservative principle of accounting, Deferred Tax Asset relating to losses and other temporary differences amounting to ₹32.56 crore for the current year has not been recognized.

NOTE NO. 18

LONG TERM LOANS AND ADVANCES

S. No. Particulars	As at 31st March, 2013	As at 31st March, 2012
1 Capital Advances		
- Secured, Considered Good	—	—
- Unsecured, Considered Good	—	—
- Doubtful	—	—
Less : Allowance For bad & Doubtful	—	—
Net	—	—
2 Security Deposits		
- Secured, Considered Good	5.00	5.00
- Unsecured, Considered Good	4.97	2.48
- Doubtful	1.36	1.36
Less : Allowance For bad & Doubtful	1.36	1.36
Net	9.97	7.48
3 Loans and Advances to related parties		
- Secured, Considered Good	—	—
- Unsecured, Considered Good	—	—
- Doubtful	—	—
Less : Allowance For bad & Doubtful	—	—
Net	—	—

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 18

LONG TERM LOANS AND ADVANCES (Contd.)

S. No.	Particulars	As at 31st March, 2013	As at 31st March, 2012
4	Advances to employees		
	- Secured, Considered Good	5.27	5.76
	- Unsecured, Considered Good	1.02	0.78
	- Doubtful	–	–
	Less : Allowance For bad & Doubtful	–	–
	Net	6.29	6.54
5	Interest accrued on advances to employees		
	- Secured, Considered Good	6.98	7.27
	- Unsecured, Considered Good	1.14	1.07
	- Doubtful	–	–
	Less : Allowance For bad & Doubtful	–	–
	Net	8.12	8.34
6	Trade advances		
	- Secured, Considered Good	–	–
	- Unsecured, Considered Good	67.67	67.69
	- Doubtful	92.58	92.62
	Less : Allowance For bad & Doubtful	92.58	92.62
	Net	67.67	67.69
7	Advance tax (net of provision)		
	- Secured, Considered Good	–	–
	- Unsecured, Considered Good	–	–
	- Doubtful	–	–
	Less : Allowance For bad & Doubtful	–	–
	Net	–	–
8	Other Misc. advances		
	- Secured, Considered Good	0.76	0.29
	- Unsecured, Considered Good	15.73	15.74
	- Doubtful	0.66	0.66
	Less : Allowance For bad & Doubtful	0.66	0.66
	Net	16.49	16.03
	Total	108.54	106.08
	PARTICULARS OF LONG TERM LOANS AND ADVANCES		
	- secured, Considered Good	18.01	18.32
	- Unsecured, Considered Good	90.53	87.76
	- Doubtful	94.60	94.64
	Total	203.14	200.72
	Less : Allowance For bad & Doubtful	94.60	94.64
	Net	108.54	106.08

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

- 18.1 Trade advances include a sum of ₹87.39 crore (₹87.39 crore) recoverable from one of the parties, against which the company has initiated legal actions including criminal proceedings. Full provision has been made in earlier years. The company is successful in getting arbitration award for ₹110.00 crore in its favour along with 12% interest per annum from 1st May, 2006 till realization of the award. However the parties have raised objections to the award before honourable court. Hearing of the same is in progress.
- 18.2 In respect of a trading operation in wheat during the year 2003-04 and 2004-05, 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 a/c the associate, aggregating ₹58.41 crore (₹58.41 crore) have been provided/written off in earlier years. Further, during the current year ₹6.69 crore (₹19.35 crore) has been written off out of the provisions. The additional sales tax liability that may arise, for which the company has given declaration, is not ascertained.
- 18.3 Trade Receivables includes ₹51.52 crore (₹51.52 crore) against which credit balance amounting to ₹42.29 crore (₹35.21 crore) is available and Trade & Misc. advances includes ₹84.86 crore (₹74.68 crore) (Note no 25) in respect of one of the associates through whom various agricultural items were exported up to 2011-12 through its Mumbai branch. Upon non-receipt of the dues from the associate, the company has initiated necessary legal steps for its recovery. The associate has also approached the company seeking further time for making payment. The party has submitted a payment plan and accordingly remitted USD 2,00,000 equivalent to ₹1.10 crore approx. after the date of balance sheet. In view of the action taken for recovery and discussions with the associate, the company is hopeful of realization of entire dues and no provision is considered necessary at this stage.
- 18.4 Details of dues from Directors/ Officers :-
- Directors : NIL NIL
 - Officers : ₹5.37 crore ₹4.35 crore

NOTE NO. 19

OTHER NON CURRENT ASSETS

S. No.	Description	As at 31st March, 2013	As at 31st March, 2012
1	Long term trade receivable		
	- secured, Considered Good	6.55	55.84
	- Unsecured, Considered Good	1,310.17	1,372.50
	- Doubtful	123.33	56.93
	Less : Allowance For bad & Doubtful	123.33	56.93
	Net	1,316.72	1,428.34
2	Claims recoverable		
	- secured, Considered Good	0.20	0.20
	- Unsecured, Considered Good	32.90	28.80
	- Doubtful	4.94	10.57
	Less : Allowance For bad & Doubtful	4.94	10.57
	Net	33.10	29.00
3	Interest accrued on trade receivable		
	- secured, Considered Good	—	—
	- Unsecured, Considered Good	—	—
	- Doubtful	—	—
	Less : Allowance For bad & Doubtful	—	—
	Net	—	—

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 19

OTHER NON CURRENT ASSETS (Contd.)

S. No.	Description	As at 31st March, 2013	As at 31st March, 2012
4	Cash & Cash equivalents :		
	a) Other Bank Balances	–	–
	Term Deposit with banks :	–	–
	- Deposit pledged / Under Lien as margin Money	–	–
	- Other Deposits	–	–
	Interest accrued on Term Deposits :	–	–
	- Deposit pledged / Under Lien as margin Money	–	–
	- Other Deposits	–	–
	Net	–	–
5	Others (Specify Nature)		
	- secured, Considered Good	–	–
	- Unsecured, Considered Good	0.66	0.16
	- Doubtful	–	–
	Less : Allowance For bad & Doubtful	–	–
	Net	0.66	0.16
	Total	1,350.48	1,457.50
	PARTICULARS OF OTHER NON CURRENT ASSETS		
	- secured, Considered Good	6.75	56.04
	- Unsecured, Considered Good	1,343.73	1,401.46
	- Doubtful	128.27	67.50
	Total	1,478.75	1,525.00
	Less : Allowance For bad & Doubtful	128.27	67.50
	Net	1,350.48	1,457.50

19.1 Long term trade receivables include ₹568.44 crore (₹568.44 crore) 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 ₹527.86 crore has been admitted by the liquidator. There is, however, a corresponding credit under back to back arrangement of ₹568.60 crore (₹568.67 crore) under sundry creditors. In view of this no provision is considered necessary.

19.2 Long term trade receivables include ₹788.71 crore (₹787.69 crore) under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balances of ₹348.62 crore (₹361.63 crore) are available, leaving net receivable of ₹440.09 crore. Action against the associates has been initiated. An amount of ₹1.28 crore was realised from the associates during 2011-12. The matter is being pursued and the company is hopeful of recovery. Yet as a measure of abundant caution a provision of ₹69.56 crore (₹38.45 crore) has been made during the year, making a total provision to ₹108.01 crore to the extent the company has already paid to Exim Bank as there are no commensurate recoveries from the associate.

19.3 Long term trade receivable includes ₹4.94 crore (₹4.94 crore) towards reimbursement of loss in supply of edible oil under PDS to M/s Gujarat State Civil Supply Corporation under the subsidy scheme of Government of India. As the claim is under process with Government of India, no provision is considered necessary.

19.4 Long term trade receivable includes ₹3.20 crore (₹3.20 crore) recoverable from one of the associates towards import of pet bottle material, which are pledged with the company. Steps have been taken to recover the dues. A provision of ₹1.28 crore has been made during the year to the extent not covered by pledged stock.

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

(2) CURRENT ASSETS

NOTE NO. 20 CURRENT INVESTMENTS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Current Investment	—	—
Total	—	—

NOTE NO. 21 INVENTORIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Stock in trade including with handling agents/local agent	43.17	543.41
(b) Stores and spares	0.19	0.25
(c) Packing materials	0.03	—
(d) Stationery	0.06	—
(e) Others	0.05	0.05
Total	43.50	543.71

21.1 For Mode of Valuation, please refer para 10 of Note 44 to the financial statements

21.2 Stock-in-Trade includes :-

Goods-in-Transit ₹1.64 ₹102.09

21.3 Stock-in-trade does not include value of 246 Kg of gold & 1076.45 Kg of silver imported on 'consignment basis' lying in the vaults of supplier for which custom duty has already been paid.

NOTE NO. 22 TRADE RECEIVABLES

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Trade receivables over Six Months		
- Secured, Considerable Good	1,590.46	1,667.50
- Unsecured, Considerable Good	41.96	793.53
- Doubtful	0.07	0.07
Gross Receivable	1,632.49	2,461.10
Less : Allowance for bad & doubtful receivable	0.07	0.07
Net Receivable	1,632.42	2,461.03
(b) Other Trade Receivables		
- Secured, Considerable Good	651.11	877.56
- Unsecured, Considerable Good	5.58	116.26
- Doubtful	—	—
Gross Receivable	656.69	993.82
Less : Allowance for bad & doubtful receivable	—	—
Net Receivable	656.69	993.82
Grand Total (a+b)	2,289.11	3,454.85

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

- 22.1 Trade receivable includes ₹121.99 crore (₹121.99 crore) of one of the associates, which is overdue. The dues are fully secured by pledge of stocks, which were purchased under advance license in the name of the associate company. The fixed assets of the associate company have been taken over by Asset Reconstruction Company (India) Limited (ARCIL). ARCIL has initiated action to sell the associate company's fixed assets including its plant to another company, which will facilitate in liquidation of the pledged stock and recovery of the dues. No provision is considered necessary.
- 22.2 Trade receivable includes ₹1353.25 crore (₹1300.15 crore) recoverable from one of the associates for goods sold to them during earlier years. Dues are secured by EMD of ₹37.78 crore (₹35.55 crore), corporate guarantee of its holding company and the personal guarantee of the chairman of its holding company. In addition, the associate has signed a Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 with STC for payment of entire dues by 10.11.2012. However, the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. The associate has affirmed its commitment to repay entire dues along with interest and has paid ₹185.13 crore during the year 2012-13.

NOTE NO. 23

CASH & CASH EQUIVALENTS

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Cash in hand	–	–
(b) Stamps & Stamp Papers	0.01	0.01
(c) Cheques / Drafts on hand	–	–
(d) Balances with banks		
- Cash Credit account - Debit Balance	1.62	31.41
- Current Accounts	44.48	57.64
- Current Account in Foreign currency - EEFC	–	1.43
(e) Short Term Deposit with banks :		
- Deposit pledged / Under Lien as margin Money	182.48	124.81
- Other Deposits	18.00	10.81
(f) Interest accrued on Term Deposits :		
- Deposit pledged / Under Lien as margin Money	0.02	0.01
- Other Deposits	1.29	0.68
(e) Unpaid Dividend Bank Account	0.24	0.23
Total	248.14	227.03

23.1 Short Term Deposits include ₹182.48 crore (₹124.81 crore) pledged with banks as margin against letters of credit.

NOTE NO. 24

SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2013	As at 31st March, 2012
1 Capital Advances		
- Secured, Considered Good	–	–
- Unsecured, Considered Good	0.81	2.06
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	0.81	2.06
2 Security Deposits		
- Secured, Considered Good	0.89	0.61
- Unsecured, Considered Good	0.16	10.89
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	1.05	11.50

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 24

SHORT TERM LOANS AND ADVANCES (Contd.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
3 Loans and advances to related parties		
- Secured, Considered Good	–	–
- Unsecured, Considered Good	–	–
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	–	–
4 Advances to employees		
- Secured, Considered Good	1.77	1.84
- Unsecured, Considered Good	0.81	0.85
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	2.58	2.69
5 Interest accrued on advances to employees		
- Secured, Considered Good	0.69	0.50
- Unsecured, Considered Good	0.19	0.36
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	0.88	0.86
6 Trade advances		
- Secured, Considered Good	–	–
- Unsecured, Considered Good	2.76	169.14
- Doubtful	0.51	1.07
Less : Allowance For bad & Doubtful	0.51	1.07
Net	2.76	169.14
7 Advance tax (net of provision)		
- Secured, Considered Good	–	–
- Unsecured, Considered Good	22.81	8.71
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	22.81	8.71
8 Other Misc. advances		
- Secured, Considered Good	2.09	–
- Unsecured, Considered Good	8.33	10.25
- Doubtful	–	0.36
Less : Allowance For bad & Doubtful	–	0.36
Net	10.42	10.25
Total	41.31	205.21
PARTICULARS OF SHORT TERM LOANS AND ADVANCES		
- Secured, Considered Good	5.44	2.95
- Unsecured, Considered Good	35.87	202.26
- Doubtful	0.51	1.43
Total	41.82	206.64
Less : Allowance For bad & Doubtful	0.51	1.43
Net	41.31	205.21

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

24.1 Details of dues from Directors/ Officers :-

- Directors : NIL ₹0.003 crore
- Officers : ₹2.37 crore ₹1.56 crore

NOTE NO. 25

OTHER CURRENT ASSETS

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Prepaid Expenses	0.57	0.30
(b) TA advance	0.01	0.03
(c) Advance for expenses	0.53	0.48
(d) VAT receivable-input	0.67	2.01
(e) Income Tax Refundable	–	1.54
(f) Others	–	0.04
(g) Deposits	19.28	4.24
(h) Tax deducted at source	0.12	–
(i) Claims Recoverable :		
i. From Govt. of India	215.03	312.15
ii. From State Govt.	2.71	2.61
iii. From Insurance Companies	–	0.02
iv. From Associates	14.06	–
v. Others	5.65	0.12
(j) Exchange difference accrued on Forward Contract	0.01	0.79
(k) Accrued discount on Forward Contract	0.11	0.40
Total	258.75	324.73

25.1 Claims recoverable (Govt. of India) include ₹158.93 crore (₹158.93 crore) towards import of pulses under government account since the year 2006-07 to 2010-11. The claim for the same has been lodged with the Ministry of Consumer Affairs for reimbursement of actual losses. An amount of ₹11.70 crore has been received after the Balance Sheet date from the Ministry of Consumer Affairs towards part payment against these claim.

25.2 Claims recoverable (Govt. of India) include ₹49.18 crore (₹115.61 crore) on account of edible oil import-PDS, which is under process by Ministry of Food and Public Distribution, Government of India.

25.3 Claims recoverable (Govt. of India) includes ₹5.28 crore towards import of pulses on behalf of UP government for sale under PDS which was valid up to 30th June 2012. However, all such pending claims were to be submitted to Ministry of Consumer Affairs by 31.03.2013 for settlement. Accordingly, claim lodged amounting to ₹13.23 crore after 30th June, 2012, out of which ₹7.95 crore has already been received on 11.01.2013. Balance claim is being pursued with the Ministry of Consumer Affairs, hence no provision is considered necessary.

25.4 Claims recoverable (State Govt.) includes ₹2.71 crore towards carrying costs for delayed lifting of pulses by State Govts. Claim for the same was lodged during the year 2011-12. The same is being followed up with the State Govt. Settlement of the claim shall be done on completion of lifting of balance quantity of pulses. There is a credit balance of ₹9.08 crore on this account.

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 26

REVENUE FROM OPERATIONS

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Sales		
Export	1,563.49	344.32
Import	17,015.28	29,961.20
Domestic	119.73	138.78
Total(a)	18,698.50	30,444.30
(b) Other operating revenue		
Exchange Fluctuation - Gain (Net)	119.32	–
Discount on Forward Contract	3.24	5.75
Claims:		
From Govt. of India	21.25	212.98
From State Govt.	–	4.64
From Insurance agencies	–	0.04
From Govt. departments	23.88	–
From business associates	136.67	38.80
Other claims	0.28	52.36
Despatch money earned	–	0.22
Other Trade Income:		
Cash Assistance /subsidy	0.22	1.11
Others	38.26	12.90
Total(b)	343.12	328.80
Revenue from Operations (a+b)	19,041.62	30,773.10

26.1 Exchange fluctuation-gain (net) of ₹119.32 crore (Loss ₹119.93 crore included in Note -29) includes ₹87.15 crore (Loss ₹118.72 crore) on account of business associates for which necessary adjustment has been made in Purchases/Sales Account and to that extent there is no impact on the profit for the year.

26.2 Details of exchange fluctuation (net) on account of business associates adjusted in Purchase/Sales are as follows:

(A) Export -Exchange Gain /(Loss) (Adjusted in Purchase)	10.13	10.80
(B) Import- Exchange Gain /(Loss) (Adjusted in Sales)	77.02	(129.52)
Exchange Fluctuation-net Gain/(Loss) (A+B)	87.15	(118.72)

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 27 OTHER INCOME

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Interest income:-		
Advance to Employees	1.20	0.90
Term Deposits With Banks & its subsidiaries :		
- Deposits pledged / under Lien as margin money	2.86	15.40
- Other Deposits	1.65	0.90
Income Tax Refunds	1.02	1.18
Interest on Trade Finance/Associates :		
- Other than PCFC / EPC	229.36	254.66
Other Miscellaneous interest	0.04	–
Total (a)	236.13	273.04
(b) Miscellaneous income:-		
Security Deposits forfeited	–	12.98
Performance Bank Guarantee forfeited	–	0.76
Rent received from Employees	0.07	0.09
Total(b)	0.07	13.83
(c) Rental income:-		
Rent Received from let-out property	26.22	25.29
Recoveries for common services from tenants	2.04	2.42
Total	28.26	27.71
Less: Expenses related to let out property		
Land & development office charges@25%	6.22	5.84
Property tax	5.69	5.52
Insurance premium	0.03	0.04
Maintenance charges	0.86	0.81
Administrative expenses	0.48	0.41
Total	13.28	12.62
Net rental income	14.98	15.09
(d) Other Receipts:-		
- Difference in exchange other than commodity items	0.73	2.68
- Misc. non Trade receipts	6.99	5.35
Total(d)	7.72	8.03
Gross Total (a+b+c+d)	258.90	309.99

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

EXPENSES:

NOTE NO. 28

COST OF MATERIAL CONSUMED

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Opening balance of packing material	–	0.01
Add: Purchases made during the year	0.13	1.33
Total	0.13	1.34
Less: Closing balance of packing material	0.03	–
Cost of material consumed during the year	0.10	1.34

NOTE NO. 29

PURCHASE OF STOCK IN TRADE

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Purchase	17,849.16	26,941.48
Freight -Road	0.03	0.01
-Rail	18.13	931.40
-Marine	0.11	0.02
Exchange fluctuation -loss (Net)	–	119.93
Premium on forward contract	0.70	1.64
Insurance - General	0.65	1.31
- Marine	1.49	0.50
Customs Duty	471.35	1,107.97
Clearing, Handling, Survey fee, port & Other Charges	62.70	695.05
Processing Charges	8.76	36.73
Octroi/Purchase Tax Reimbursement	1.29	19.83
Sales Return	–	29.95
Total	18,414.37	29,885.82

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 30

CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Inventories of finished goods		
Opening balance	0.27	0.20
Less: Closing balance	1.30	0.27
Changes in inventories of finished goods	(1.03)	(0.07)
(b) Inventories of work-in-progress		
Opening balance	–	–
Less: Closing balance	–	–
Changes in inventories of work-in-progress	–	–
(c) Inventories of stock-in-trade		
Opening balance	543.14	1,313.39
Less: Closing balance	41.87	543.14
Changes in inventories of stock-in-trade	501.27	770.25
Total (a+b+c)	500.24	770.18

NOTE NO. 31

EMPLOYEES BENEFIT EXPENSE

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Remuneration to Staff & Managers		
Salaries and Allowances	68.53	64.71
Residential Rent	–	0.01
Provident fund	4.65	4.29
Employees pension scheme 95 (EPS 95)	0.49	0.45
Performance Related Pay	0.63	0.79
Welfare Expenses:		
- Medical Expenses on regular employees	8.56	5.01
- Medical Expenses on retired employees	12.22	17.11
Others	1.08	1.62
Gratuity	5.27	1.40
Pension	3.63	3.43
Total(a)	105.06	98.82
(b) Remuneration to Directors		
Salaries and Allowances	1.16	1.29
Provident fund	0.07	0.09
Welfare Expenses		
- Medical Expenses on regular Directors	0.01	0.02
- Medical Expenses on retired Directors	0.08	0.07
Others	–	–
Gratuity	(0.04)	0.02
Pension	0.20	0.33
Total(b)	1.48	1.82
Grand Total (a+b)	106.54	100.64

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

31.1 As per Accounting Standard-15(Revised) "Employee Benefits", the disclosure as defined in the Accounting Standard are given in Note No. 54.

31.2 Value of Bonus paid ₹11,955 (₹11,031)

31.3 Whole time directors are allowed use of company car for non-duty journey up to 1000 km per month on payment of ₹490/520/780 per month, as applicable.

31.4 Actual medical expenses incurred towards retired employees including retired directors is ₹6.36 crore (₹4.04 crore) and provision for post-retirement medical benefits on actuarial basis is ₹5.94 crore (₹13.13 crore)

NOTE NO. 32 FINANCE COST

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Bank Loan :		
- Working capital Demand Loan(WCDL)	13.49	7.23
- Cash Credit	119.47	144.30
- Export packing credit/PCFC	27.57	34.86
- BAS/External Commercial borrowing	0.13	—
Business associates :		
- Deposits pledged / under Lien as margin money	3.72	15.86
- Other Deposits	0.79	—
TDS/TCS	0.01	—
Micro, small & medium enterprises	—	—
Exchange fluctuation on borrowing	0.62	1.21
Others	0.45	0.01
Total	166.25	203.47

NOTE NO. 33 DEPRECIATION AND AMORTIZATION COST

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Tangible Assets		
Free hold assets:		
(a) Building	0.85	0.74
(b) Plant & Equipment	0.63	0.58
(c) Furniture & fixtures	0.23	0.13
(d) Vehicle	0.14	0.18
(e) Air conditioners & office equip.	0.45	0.19
(f) Computer, data processor & communication equipment	0.32	0.31
Sub Total	2.62	2.13
Lease hold assets:		
(a) Land	0.09	0.08
(b) Building	0.82	0.82
Sub Total	0.91	0.90
Intangible Assets		
(a) Amortization of Computer software	0.05	0.04
Total	3.58	3.07

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 34 OTHER EXPENSES

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Other Operating Expenses		
L/C Negotiation & Bank Charges	2.69	10.24
Godown, Plot, Tank Rent	4.21	9.90
Commission on Sales	0.10	0.12
Delivery charges	1.38	5.76
Total (a)	8.38	26.02
(b) Administration expenses		
Office Rent	3.01	3.28
Rates and Taxes:		
- Property Tax to Municipal Corporation	1.20	1.19
- Wealth Tax	0.16	0.10
- Others	0.03	0.02
Electricity and Water Charges	1.87	1.58
Printing and Stationery	0.48	0.39
Postage, Telegram, Teleprinter & Telex	0.15	0.12
Telephones	1.09	1.14
Books and Periodicals	0.02	0.07
Repairs		
- Building	0.13	0.02
- Plant and Machinery	–	0.08
- Others	0.35	0.41
Travelling Expenses	2.33	2.30
Housing Colony Expenses	2.24	1.91
Service Vehicle Expenses	0.85	0.74
Insurance Premium:	0.17	0.16
Auditors' Remuneration		
- Account Audit Fees	0.13	0.11
- Tax Audit Fees	0.06	0.06
- Certification fees	0.03	0.02
- Other charges - TA/DA etc.	0.01	0.01
HRD Expenses	0.36	0.64
Information Technology Expenses	0.20	0.09
Conveyance Expenses	0.03	0.05
Maintenance of office building	1.20	1.40
Misc. Office expenses	2.59	2.48
Total (b)	18.69	18.37
(c) Trade Expenses		
Legal & Professional Expenses	4.39	2.21
Advertisement & Publicity	0.84	0.96
Exhibitions & Fairs	–	–
Exchange Fluctuations other than commodity items	0.30	0.58
Bank Charges	0.46	0.39
Entertainment expenses	0.37	0.36
Hospitality and Public Relations	0.05	0.06
Corporate Social Responsibility	0.57	1.68
Corporate Social Responsibility Provision	1.22	–
Other Trade Expenses	0.61	1.04
Total (c)	8.81	7.28
Total (a+b+c)	35.88	51.67

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 35 EXCEPTIONAL ITEMS

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Expenses		
Loss on sale of fixed assets	0.03	0.01
Litigation settlement	0.43	–
Total (a)	0.46	0.01
(b) Write Offs		
Trade Receivables	103.49	43.44
Claims	5.71	0.75
Loans and Advances	0.04	25.22
Assets	–	0.04
Investments	0.14	–
Total (b)	109.38	69.45
(c) Provision for Doubtful debts, Loans and advances & Investment		
Trade Receivables	73.28	38.45
Claims	0.13	1.27
Deposits	–	0.30
Investment	–	2.82
Total (c)	73.41	42.84
(d) Income		
Profit on Sale of Fixed Assets	0.01	0.02
Liabilities Created in previous years written back		
- Others	7.48	29.27
Provision Written back for doubtful amounts realized:		
- Trade Receivables	0.25	0.08
- Claims	0.02	–
Provision Written back for doubtful amounts written off:		
- Trade Receivables	6.71	9.76
- Claims	5.71	0.75
- Loans and Advances	0.04	25.22
- Assets	–	0.04
- Investments	0.14	–
Write back of unclaimed credit balances	7.21	1.23
Total (d)	27.57	66.37
Total (a+b+c-d)	155.68	45.93

NOTE NO. 36 EXTRAORDINARY ITEMS

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Loss due to Earthquake/Cyclone/flood	–	–
Loss due to Fire	–	–
Total	–	–

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 37

PRIOR PERIOD ADJUSTMENT NET (DEBIT/CREDIT)

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Income		
Sales	11.97	(0.07)
Other Income	(0.15)	0.01
Interest Income	0.09	(2.80)
Misc. Income	0.04	–
Total (a)	11.95	(2.86)
(b) Expenditure		
Cost of Sales	11.34	(0.08)
Overheads		
- Establishment	–	0.34
- Administration	0.02	0.02
- Trade	0.01	0.02
Interest	–	–
Depreciation	–	0.01
Total (b)	11.37	0.31
Net Adjustment (a-b)	0.58	(3.17)

(Minus (-) shows expenses and Plus (+) shows income)

NOTE NO. 38

CURRENT TAX

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Current Tax		
Current Tax has been computed on profit of the year as per the prevailing tax laws	–	12.14
Total	–	12.14

38.1 In view of net taxable loss, no tax provision for the current year has been made.

NOTE NO. 39

DEFERRED TAX ASSETS (NET)

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Deferred Tax (net) is computed as per the prevailing tax laws		
Deferred Tax Assets	–	(7.19)
Deferred Tax Assets (Net)	–	(7.19)

39.1 Refer Note No.17.1

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(Amount in ₹ Crore)

NOTE NO. 40

PROFIT (LOSS) FROM DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Income from discontinuing operation	—	—
(b) Expenses of discontinuing operation	—	—
Profit (Loss) (a-b)	—	—

NOTE NO. 41

TAX EXPENSE OF DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Tax expense of discontinuing operations	—	—
Tax has been computed on discontinuing operation as per the prevailing tax laws		
Total	—	—

NOTE NO. 42

EARNING PER EQUITY SHARE -BASIC

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
A. Profit After Tax (PAT)	17.95	16.47
B. Weighted average No. of equity shares (in crore)	6.00	6.00
EPS - Basic in ₹(A/B)	2.99	2.74
Face Value in ₹	10.00	10.00

NOTE NO. 43

EARNING PER EQUITY SHARE -DILUTED

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
A. Profit After Tax (PAT)	17.95	16.47
B. Weighted average No. of equity shares (in crore)	6.00	6.00
EPS - Basic in ₹(A/B)	2.99	2.74
Face Value in ₹	10.00	10.00

SIGNIFICANT ACCOUNTING POLICIES - 2012-13**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.
- Liquidated Damages
- Claims lodged with Insurance Companies

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 ₹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		
– Other than Factory	3.34%	3.34%
	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 ₹5000/-	100%	100%
x) Assets having W.D.V upto ₹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

Provision for doubtful debts / advances / claims is made where there is uncertainty of realisation irrespective of the period of its dues. For outstanding over three years (except government dues), provision is made unless the amount is considered realisable as per management estimate.

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
Firm Reg. No. 001199N

Sd/-

(V. K. LALLA)

Partner
M. No. 80847

Place : New Delhi
Dated : 30.05.2013

Sd/-

(J. S. DEEPAK)

Chairman & Managing Director

Sd/-

(B. B. SAHA)

Chief General Manager (Finance)

Sd/-

(MANOJ MISHRA)

Director (Finance)

Sd/-

(R. K. GOGIA)

Company Secretary

Other Notes

45. CONTINGENT LIABILITIES & COMMITMENT

	(₹ in crore)	
	31.3.2013	31.3.2012
I Contingent Liabilities not provided for		
A Claims against the company not acknowledged as debt	1,467.54	1,081.63
B Guarantees	219.87	544.49
C Other money for which company is contingently liable	411.80	1,665.38
II Commitment		
A Estimated amount of contracts remaining to be executed on capital account and not provided for	10.09	7.21
B Uncalled liability on shares and other investments partly paid	—	—
C Other commitments	—	—

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.

46. The company has written off overdue receivables amounting to ₹96.15 crore pertaining to previous year export import transactions, where recovery is uncertain and withdrawn ₹95.96 crore from the Export/Import contingency reserve created out of appropriations of earlier years profit with an objective to set off such losses. There would have been loss of ₹81.54 crore instead of profit of ₹14.42 crore (before Tax) and EPS of (-) ₹13.00 instead of ₹2.99 for the year ended 31.03.2013, if the company had not utilized this reserve.
47. Trade receivables, loans & advances and other current & non-current assets include ₹36.22 crore (₹103.20 crore) pertaining to previous years 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.
48. Balances in parties' accounts are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.
49. Current liabilities include balances that are subject to reconciliation/ confirmation and consequential adjustments.
50. 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.

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

a) Expenditure in Foreign Currency (on accrual basis)	2012-13	2011-12
i) Import of Goods including freight etc.*	16,339.40	24,935.12
ii) Interest	—	—
iii) Training	0.04	0.08
iv) Travelling	0.38	0.24
v) Agency Commission	—	—
vi) Books & Periodicals	—	0.01
vii) Others	0.11	0.19
Total	16,339.93	24,935.64
b) Earning in Foreign Exchange (on accrual basis)		
i) Export of goods on FOB basis*	1,559.49	300.04
ii) Dispatch Money	—	—
iii) Others	13.63	3.42
Total	1,573.12	303.46

* include third party transactions.

52. INFORMATION ABOUT BUSINESS SEGMENT AS AT 31.03.2013 – attached.

53. RELATED PARTY TRANSACTION:

1. Key Management Personnel

i. Directors

a. Shri J.S. Deepak	Chairman & Managing Director (from 01/12/2012)
b. Shri N.K.Mathur	Chairman & Managing Director (upto 30/11/2012)
c. Shri S. S. Roy Burman	Director (Marketing) (upto 30/04/2012)
d. Shri M. M. Sharma	Director (Personnel)
e. Shri Khaleel Rahim	Director (Marketing)
f. Shri Manoj Mishra	Director (Finance) (from 15/10/2012)
g. Shri Rajiv Chopra	Director (Marketing) (from 01/01/2013)

ii. Relatives of Directors

None

Remuneration paid to Directors (Key Management Personnel) has been disclosed in Note No 31(B)- Remuneration to Directors

2. Subsidiary

- STCL Ltd. (Wholly Owned Subsidiary)

Transactions

- Amount charged during the year for Rent & other common services ₹Negligible (₹0.62 crore)

Amount Received during the year: ₹Negligible (₹NIL)

Balance at the year end – ₹4.14 crore (₹4.14 crore)

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

Name of the Officials	Designation
Sh. J S Deepak	Chairman (from 20/12/2012)
Sh. N K Mathur	Chairman (upto 30/11/2012)
Sh. Manoj Mishra	Director Finance (from 18/12/2012)

54. 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 recognised as expenses and 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 (PRMS)

The company has Post-Retirement Medical Scheme (PRMS), under which retired employee and his/her spouse are eligible for 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. Total actuarial liability of ₹67.47 crore (₹57.48 crore) is estimated as per actuarial valuation as on 31.03.2013 for on roll and retired employees.

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 on superannuation / death. 50% of EL subject to a maximum 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. Total actuarial liability of ₹17.77 crore (₹16.42 crore) for EL & ₹13.10 crore (₹12.72 crore) for HPL is estimated as per actuarial valuation as on 31.03.2013.

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 ($15/26 \times$ last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹10 lakh on superannuation, resignation, termination, disablement or death. Total actuarial liability of ₹44.64 crore (₹40.25 crore) is estimated as per actuarial valuation as on 31.03.2013 for on roll employees.

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 15/25/30/35/38 years of service. Besides this, service award @ ₹1,000/- per year for each completed year of service is also given at the time of retirement subject to a maximum of ₹30,000/-. Total actuarial liability of ₹1.53 crore (₹1.44 crore) is estimated as per actuarial valuation as on 31.03.2013 for on roll employees.

F. Pension

Company has defined contribution pension plan for its existing employees in pursuance to the guidelines issued by the Department of Public Enterprises. In this regard STC Employees Defined Contribution Superannuation Pension Trust has been formed. Under the scheme the employer is contributing 9% of Basic Pay plus VDA of eligible employees and the funds of the trust are managed by LIC.

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

i. Expenses recognised in Profit & Loss Account:

(₹ crore)			
Particulars	Gratuity	Earned Leave	Half Pay Leave
Current Service Cost	1.81	0.99	0.64
Past Service Cost	NIL	NIL	NIL
Interest Cost	3.22	1.31	1.02
Expected return on plan assets	(3.60)	NIL	NIL
Net actuarial (gain)/loss recognised in the year	2.80	3.15	(0.49)
Expenses recognised in the Profit & Loss Account	5.23	5.45	1.17

ii. The amount recognised in the Balance Sheet:

Particulars	Gratuity	Earned Leave	Half Pay Leave
Present value of obligation as at 31.3.2013	44.64	17.77	13.10
Fair value of plan assets as at 31.3.2013	41.57	NIL	NIL
Funded Status	(3.07)	(17.77)	(13.10)
Excess of actual over estimated	(0.22)		
Net asset/(liability) recognised in the Balance Sheet	(3.07)	(17.77)	(13.10)

iii Changes in the present value of the defined obligations:

Particulars	Gratuity	Earned Leave	Half Pay Leave
Present value of obligation as at 1.4.12	40.25	16.42	12.72
Interest cost	3.22	1.31	1.02
Current Service Cost	1.81	0.99	0.64
Past Service Cost	NIL	NIL	NIL
Benefits paid	(3.23)	(4.10)	(0.79)
Net actuarial (gain)/loss on obligation	2.58	3.15	(0.49)
Present value of the defined obligation as on 31.3.2013	44.64	17.77	13.10

iv **Changes in the fair value of plan assets:**

Particulars	Gratuity	Earned Leave	Half Pay Leave
Fair value of plan assets as at 1.4.2012	39.99	Nil	Nil
Expected return on plan assets	3.60	Nil	Nil
Contributions by employer	1.43	Nil	Nil
Benefit paid	(3.23)	Nil	Nil
Actuarial gain/(loss)	(0.22)	Nil	Nil
Fair value of plan assets as at 31.3.2013	41.57	Nil	Nil

v. **Actuarial Assumption:**

Principal assumptions used for actuarial valuation for the year ended are:

Particulars	Gratuity	Earned Leave	Half Pay Leave
Discount rate	8%	8%	8%
Expected return on plan asset	9%	-	-
Future Salary Increase	8%	8%	8%

The discount rate is generally based upon the market yields available on government bonds at the accounting date with a term that of the liabilities & the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

55. **Foreign Exchange Exposure as on 31.03.2013**

(a) On STC's Account

Particulars	(Foreign Currency in crore)			
	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	–	–	29.35	0.10

(b) On Business Associates Account

Particulars	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	–	0.36 (0.96)	35.92 (31.53)	8.15 (28.67)
EURO	–	–	0.09 (0.11)	0.01
CHF	–	–	–	0.03

56. 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.
57. 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.
58. Accounting Policy
- Accounting Policy has been clarified in respect of recognition of "Liquidated damages and Claims from insurance companies" at para 2 and "Provisioning for Doubtful debts/Advances/Claims" at para15 of Note 44.
- There is no impact on the profitability of the company on account of above clarifications.
59. 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
Firm Reg. No. 001199N

Sd/-

(V. K. LALLA)

Partner
M. No. 80847

Place : New Delhi
Dated : 30.05.2013

Sd/-

(J. S. DEEPAK)

Chairman & Managing Director

Sd/-

(B. B. SAHA)

Chief General Manager (Finance)

Sd/-

(MANOJ MISHRA)

Director (Finance)

Sd/-

(R. K. GOGIA)

Company Secretary

INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2013

(Amount in ₹ Crore)

S. No.	PARTICULARS	EXPORT		IMPORT	
		2012-13	2011-12	2012-13	2011-12
1.	Revenue				
a.	External sales	1,619.64	359.49	17,288.25	30,274.60
b.	Inter-segment sales	–	–	–	–
	Total Revenue (1a+1b)	1,619.64	359.49	17,288.25	30,274.60
2.	Result				
a.	Segment result	82.82	6.15	37.58	81.78
b.	Unallocated corporate expenses	(2.13)	(7.84)	(0.64)	(14.25)
3.	Operating Profit (2a-2b)	84.95	13.99	38.22	96.03
4.	Interest expenses	0.01	34.83	5.27	17.11
5.	Interest Income	191.06	169.99	13.44	53.54
6.	Income tax	–	–	–	–
7.	Profit from ordinary activities (3-4+5-6)	276.00	149.15	46.39	132.46
8 a.	Extraordinary loss/Expenses	–	–	–	–
8 b.	Prior period adjustment (Debit) / Credit	0.15	–	(0.12)	–
8 c.	Withdrawal from Export Import Contingency Reserve	–	–	–	–
	Total (8a-8b+8c)	(0.15)	–	(0.12)	–
9.	Net Profit (7-8)	276.15	149.15	46.27	132.46
10.	Other Information				
a.	Segment assets	3,032.64	2,832.88	1,035.63	3,017.76
b.	Unallocated Corporate assets	–	–	–	–
	Total assets (10a+10b)	3,032.64	2,832.88	1,035.63	3,017.76
c.	Segment liabilities	1,282.76	1,394.39	807.07	2,487.15
d.	Unallocated Corporate Liabilities	–	–	–	–
	Total liabilities (10c+10d)	1,282.76	1,394.39	807.07	2,487.15
e.	Capital Expenditure	–	–	–	–
f.	Depreciation	–	–	–	–
g.	Non -cash expenses other than depreciation	6.36	39.72	0.04	33.98

INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2013

(Amount in ₹ Crore)

DOMESTIC		UNALLOCATED		CONSOLIDATED	
2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
133.73	139.01	–	–	19,041.62	30,773.10
–	–	–	–	–	–
133.73	139.01	–	–	19,041.62	30,773.10
(1.87)	1.80	–	–	118.53	89.73
(0.38)	(0.01)	273.68	160.43	270.53	138.33
(1.49)	1.81	(273.68)	(160.43)	(152.00)	(48.60)
0.45	–	160.52	151.53	166.25	203.47
29.30	48.44	2.33	1.07	236.13	273.04
–	–	(3.53)	1.33	(3.53)	1.33
27.36	50.25	(428.34)	(312.22)	(78.59)	19.64
–	–	–	–	–	–
–	–	0.55	(3.17)	0.58	(3.17)
–	–	(95.96)	–	(95.96)	–
–	–	(96.51)	(3.17)	(96.54)	(3.17)
27.36	50.25	(331.83)	(315.39)	17.95	16.47
200.96	284.58	210.39	318.98	4,479.62	6,454.20
–	–	–	–	–	–
200.96	284.58	210.39	318.98	4,479.62	6,454.20
37.00	20.83	1,762.86	1,869.85	3,889.69	5,772.22
–	–	–	–	–	–
37.00	20.83	1,762.86	1,869.85	3,889.69	5,772.22
–	–	17.16	8.34	17.16	8.34
–	–	3.58	3.07	3.58	3.07
0.06	–	176.33	2.82	182.79	76.52

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

1	Name of Subsidiary Company	STCL Limited	
		2012-13	2011-12
		(Provisional)	(Audited)
2	The Financial year of the Subsidiary Company ended on	31st March 2013	31st March 2012
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	NIL	NIL
ii)	Not dealt within the Accounts of STC of India Ltd for the year ended.	(₹ Crore) (241.35)	(284.57)
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	NIL
ii)	Not dealt within the Accounts of STC of India Ltd.	(₹ Crore) (2,042.42)	(1,800.35)

Sd/-
(J. S. DEEPAK)
Chairman and Managing Director

Sd/-
(MANOJ MISHRA)
Director (Finance)

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

Sd/-
(B. B. SAHA)
Chief General Manager (Finance)

Place: New Delhi
Date : 30.05.2013

MANAGEMENT REPLIES TO THE COMMENTS OF STATUTORY AUDITORS ON THE ACCOUNTS FOR THE YEAR 2012-13

Comments of the Statutory Auditors	Management Replies
1. Reference is invited to note no.18.1 relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of the business associate. The company has alleged fraud by the business associates and matter was referred to CBI in earlier years. We also understand that two ex-Directors and a General Manager had been charge sheeted. However, in absence of details of the charge sheets and pending inquiries, we are unable to opine if there was a fraud or a suspected management fraud and comment on any misstatements made in these accounts in respect of the above transactions.	As far as the charge sheets issued to ex-Directors and ex-GM is concerned, the same has been issued by the Vigilance Department and the documents are in the custody of the Vigilance Department of Ministry/ Corporation and are of confidential nature. The charge sheets to the officials have been issued in connection with procedural deficiencies and, therefore, no fraud or suspected management fraud has taken place. As a matter of abundant caution, a provision of ₹87.39 Crore has been made in earlier years. The company is successful in getting Arbitration Award for ₹110.00 Crore in its favour along with 12% interest per annum from 1st May, 2006 till realization of the Award. The associate firm and its partners have challenged the award in Delhi High Court by filing objection petitions and after the same are disposed off, execution of the Award will be initiated.
2. Reference is invited to note no.18.2 relating to Wheat transactions undertaken on behalf of Business associates, 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 associates and suppliers. Also case of theft and misappropriation of unlifted stocks exported to Bangladesh were noticed for which legal action has been initiated, entire dues including recoverable from FCI aggregating to ₹58.41 Crore has been provided/written off in earlier years. Further as the matter is not yet fully resolved, additional amount of sales tax liability for non-export of 30392.010 MT of wheat procured from FCI is not ascertainable. The financial impact at this stage cannot be ascertained.	The Management has taken necessary steps, including legal actions to recover the outstanding dues from the associate. The issues with regard to settlement & recovery of dues from FCI, including sales tax matter, were referred to the Permanent Machinery Arbitrators (PMA). The learned Arbitrator has passed an Award in favour of STC, directing FCI to pay ₹10.00 Crore plus applicable interest. As FCI has filed an appeal against the Award with the Appellate Authority, further action for recovery would be taken after disposal of the Appeal. However, as a matter of abundant precaution the entire dues including receivables from FCI aggregating ₹58.41 crore has been provided/ written off from books of account in the previous years. Sales tax assessment up to financial year 2008-09 has already been completed and no sales tax liability had arisen on account of non-export of wheat/domestic sale of wheat. The company, therefore, do not foresee any sales tax liability on this account.
3. Reference is invited to note no.18.3, in respect of over dues of ₹94.09 Crore from Business Associate against which there are no stock pledged to the company. However the company has initiated legal steps for recovery. As the associate has submitted the payment plan with the initial remittance after the balance sheet date management is hopeful of realization of entire dues thus no provision was considered necessary at this stage.	Trade receivables amounting ₹51.52 Crore and misc. advances amounting Rs. 84.86 Crore was outstanding from one of the associates through whom various agricultural items were exported up to F.Y. 2011-12. Credit balances amounting to ₹42.29 Crore was available. Upon non receipt of the dues from the associates, the company has initiated necessary legal steps for its recovery. The associate had also approached the company seeking more time for making payment.
4. Reference is invited to note no.19.1, regarding ₹568.44 Crore on account of export of pharma product to foreign buyer on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone in to liquidation, litigation process have been initiated by STC as well as by Indian Associates and their bankers. A claim of ₹527.86 Crore has been admitted by the liquidator. There is however corresponding credit balance of ₹568.60 Crore under Trade Payables. Management does not anticipate any liability on this account.	Long term trade receivables amounting ₹568.44 Crore on account of export of pharma product to foreign buyer on back to back basis is overdue as there is default in payments against export bills by the buyers, which have ultimately gone into liquidation. STC has initiated legal proceedings as well as contesting/defending the legal cases filed by associate/banks to safeguard its interest. No provision was considered necessary as STC's funds are not involved.
5. Reference is invited to note no.19.2, Long term trade receivable include ₹788.71 Crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balances of ₹348.62 Crore are available leaving net receivable of ₹440.09 Crore. Action against the associates has been initiated. An amount of ₹1.28 Crore was realized from an associate during 2011-12. The matter is being pursued and the company is hopeful of the recovery. Yet as a measure of abundant caution a provision of ₹69.56 Crore has been made during the year, making the total provision to ₹108.01 Crore to the extent the company has already paid to Exim Bank as there are no commensurate recoveries from the associates.	Trade Receivables amounting ₹788.71 Crore under Credit Linked Insurance Scheme (CLIS) for export of Gold jewellery etc. against which credit balance of ₹348.62 Crore is available, leaving net receivable of ₹440.09 Crore. As per the agreement with the associate the repatriation of export proceeds was the responsibility of Indian associate hence action against these associates has already been initiated. The matter is also under investigation by the concerned agencies. The matter is being pursued legally and the company is hopeful of recovery of the overdues.

Comments of the Statutory Auditors	Management Replies
6. Reference is invited to Note no.19.3, pending Long Term Trade Receivable of ₹4.94 Crore towards reimbursement of loss in supply of Edible Oil under PDS scheme of Govt. of India. As the claim is under process with Govt. of India no provision was considered necessary by the management.	Long term trade receivables include ₹4.94 Crore towards reimbursement of loss in supply of Edible Oil under PDS to M/s. Gujarat State Civil Supply Corporation under the subsidy scheme of Govt. of India. The claims are under process with Govt. of India. Accordingly, no provision was considered necessary.
7. Reference is invited to note no.22.1, relating to trade receivable of ₹121.99 Crore due from an associate, the Company under liquidation and in the process of reconstruction by Asset Reconstruction Company (India) Limited. The dues are fully secured by pledge of stock. Financial impact of the same cannot be ascertained at this stage	These dues are fully secured by pledged stock, which were purchased under advance license in the name of the associate company. The fixed assets of the associate company have been taken over by Asset Reconstruction Company (India) Limited (ARCIL). ARCIL has initiated action to sell the associate company's assets including its plant to another company which will facilitate in the liquidation of the pledged stock. The stocks are under the custody of Central Warehousing Corporation. As per the valuation report, the value of the stock is higher than the amount due to STC.
8. Reference is invited to note no.22.2; Trade Receivable includes ₹1353.25 Crore recoverable from one of the associates for stock sold to them in earlier years who have stopped operation of their plant due to extreme volatility of prices. Consequent upon Conciliation Award dated 15.11.2011 under Indian Arbitration & Conciliation Act 1996 and further settlement agreement dated 17.05.2012 the entire dues were payable to STC by 10.11.2012. However, the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. As the associate has affirmed its commitment to repay entire dues with interest and had paid ₹185.13 Crore during 2012-13. Management is hopeful of full recovery and no provision considered necessary	₹1353.25 Crore recoverable from the associate is on account of goods sold to them during earlier years. The Company is holding an EMD of ₹37.78 Crore, corporate guarantee of its holding company and the personal guarantee of the chairman of its holding company. In addition the associate has signed a conciliation agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 with STC for payment of entire dues by 10.11.2012. However the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate company has been initiated. The associate has affirmed its commitment to repay the entire dues along with interest and has paid ₹185.13 Crore during 2012-13 and ₹32.16 Crore in 2013-14 till July, 2013.
9. Reference is invited to note no.25.1, regarding claims recoverable amounting to ₹158.93 Crore towards the imports of pulses under Government account since the year 2006-07 onwards. The claim for the same has been lodged on Government which is under active consideration of Government for re-imbursement of actual loss as informed by Ministry of Consumer Affairs. An amount of ₹11.70 Crore has been received from the Government after the balance sheet date towards the part payment against the claims. Management is hopeful of full recoveries.	Claims recoverable of ₹158.93 Crore pertain to import of Pulses under the subsidy scheme of Govt. of India. The scheme was in operation during 2006-07 to 2010-11. The claims for the same have been lodged with the Ministry of Consumer Affairs. The reimbursement of actual losses is under active consideration of the Govt. as informed by the Ministry of Consumer Affairs vide its letter dated 04th April 2012 and an amount of ₹11.70 Crore has been received in April 2013 from the Ministry of Consumer Affairs towards part payment against the pending claims. The Company is hopeful of realisation of entire subsidy claim from the Government.
10. Reference is invited to note no.25.2, regarding claim recoverable of ₹49.18 Crore on account of edible oil import-PDS, which is under process by Ministry of Food and Public Distribution, Government of India and company is hopeful of full recovery.	Claims recoverable amounting ₹49.18 Crore on account of Edible Oil import for PDS supplies, is under process by Ministry of Food and Public Distribution, out of which an amount of ₹43.61 Crore has already been received during June/July 2013.
11. Reference is invited to note no.25.3, regarding pending balance claim of ₹5.28 Crore towards imports of pulses on behalf of UP Government for sales under PDS being pursued by the company with the Ministry of Consumer Affairs and management is hopeful of full recovery thus no provision was considered necessary.	Out of total claim lodged amounting to ₹13.23 Crore; ₹7.95 Crore has already been received on 11.01.2013. Balance claim amounting to ₹5.28 Crore is being pursued with Ministry of Consumer Affairs. The company is hopeful of realisation of entire subsidy claim from the Government.

Comments of the Statutory Auditors	Management Replies
<p>12. Reference is invited to note no.46, the company has written off overdue receivable amounting to ₹96.15 Crore pertaining to previous year export import transactions, where recovery is uncertain and withdrawn ₹95.96 Crore from the Export/Import Contingency Reserve created out of appropriations of earlier years profit with an objective to setoff such losses. There would have been loss of ₹81.54 Crore instead of profit of ₹14.42 Crore (before Tax) and EPS would have been (-) ₹13 instead of ₹2.99 for the year ended on 31st March, 2013, if the company had not utilized this reserve.</p>	<p>The primary purpose of creating a specific Export Import Contingency Reserve, by accumulation since 2004-05, with the approval of Board; was to provide cushion for unexpected losses due to price variation, exchange fluctuation, non-lifting of material, spoilage etc. or any dues, which cannot be recovered from associates/ buyers/ sellers etc.; and to mitigate unprecedented effect on profitability of the corporation of such things.</p> <p>The specific reserve was utilized during the year to set off the losses on account of write off of old outstanding amount unrealisable from associates with the approval of Board of Directors of the company.</p> <p>The withdrawal from Export Import Contingency Reserve has been depicted in Profit & Loss Account as a separate line item after exceptional items as per expert opinion.</p> <p>Necessary disclosure of withdrawal from such contingency reserve and its impact on Profit & Loss Account has already been made in the notes to account and earlier in the quarterly/annual published accounts.</p>
<p>13. Note no.48 and 49 relating to pending reconciliation/ confirmation of balances in parties accounts and current liabilities and consequential adjustment that may arise on reconciliation.</p>	<p>Balances of debtors/creditors and liabilities are being reconciled on completion of individual transaction. As the settlements are done with the consent of the associates, the procedure followed is considered adequate.</p>
<p>14. As explained to us, verification of inventories undertaken by the company through surveyor from time to time. In respect of the 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 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 1925.78 MTs at Kandla Port lying since the year 2004-05 as there was no confirmation of the Quality and quantity is available the value of the same is being taken as NIL.</p>	<p>As per the back to back agreement with the associate, losses, if any, in the subject transactions including handling losses were to the account of the associate. Accordingly, whenever the stocks on the account of the associate are shown in the Books of Accounts of STC, periodic physical verification is carried out. If any shortage in quantity or any deterioration in quality is found on physical verification, the same is adjusted in the books of accounts by raising claim on the associate. In the instant case of wheat cargo at Kandla, it being perishable commodity and as the stocks had been lying for the last many years, the value of stocks has been taken as Nil in the Books of Accounts. However, this loss is recoverable from the associate and STC has taken necessary steps, including legal action, for recovery of the losses.</p>
<p>15. In our Opinion, though the procedures for physical verification is in place and instruction & 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.</p>	<p>Instructions and guidelines have been issued from time to time to branches and divisions for verification of 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 periodic audits. Instructions have been issued for strict compliance.</p>
<p>16. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and also the sale of goods. Further on the basis of our examination and according to the information and explanation given to us, we have not observed any instance of continuous failure to correct major weaknesses in internal control procedures. However, internal control procedure regarding review, realization of advances and other claims and reconciliation of balance of sundry debtors and creditors require strengthening.</p>	<p>Debtors, advances and other claims are reviewed continuously by the concerned branches/divisions. The same are also reviewed/ monitored 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, a debt review committee has also been constituted for review of overdues.</p>

Sd/-
(J. S. Deepak)
Chairman & Managing Director

Sd/-
(Manoj Mishra)
Director (Finance)



गोपनीय

संख्या / No. PDCA-I/ND/CHQ/29-2/2013-14/STC/274

भारतीय लेखा तथा लेखापरीक्षा विभाग,
कार्यालय प्रधान निदेशक वाणिज्यक लेखापरीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-1
INDIAN AUDIT & ACCOUNTS DEPARTMENT,
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-1

दिनांक/DATED - 01.08.2013

सेवा में,

अध्यक्ष एवं प्रबन्ध निदेशक,
स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड
नई दिल्ली

विषय:- कम्पनी अधिनियम 1956 की धारा 619 (4) के अधीन स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड के 31 मार्च 2013 को समाप्त वर्ष के लेखाओं पर भारत के नियंत्रक महालेखा परीक्षक की टिप्पणियां।

महोदय,

कम्पनी अधिनियम 1956 की धारा 619 (4) के अधीन 31 मार्च 2013 को समाप्त हुए वर्ष के लिए स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड के लेखाओं पर भारत के नियंत्रक महालेखा परीक्षक की टिप्पणियाँ अग्रेषित की जाती है। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए और कम्पनी की महासभा में उसी समय व उसी प्रकार रखा जाए जिस प्रकार सांविधिक लेखा परीक्षकों की लेखा परीक्षा रिपोर्ट रखी जाती है।

संलग्न: टिप्पणियाँ

भवदीय,
ह.
(विमलेन्द्र पटवर्धन)
प्रधान निदेशक

तृतीय तल, ए-स्कन्ध, इन्द्रप्रस्थ भवन, इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110002

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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of **The State Trading Corporation of India Limited** for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of **The State Trading Corporation of India Limited** for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and the Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. Comments on Profitability Profit and Loss Statement

(1) XI. Profit Before Tax – ₹14.42 crore

The above amount has been arrived at after adjusting an amount of ₹95.96 crore withdrawn during the year from Export Import Contingency Reserve (EICR). Depicting the amount withdrawn from EICR under P&L Statement, has contravened the requirement of the Revised Schedule VI to the Companies Act, 1956, which stipulated that any amount withdrawn from reserves is to be disclosed under applicable line item of Reserves and Surplus and not under the Statement of Profit and Loss since the same is an appropriation of profits and not a charge against revenue. Thus instead of Profit Before Tax for the year as ₹14.42 crore, there is a loss of ₹81.54 crore.

(2) Prior Period Adjustment Net (Note No.37) – ₹0.58 crore

The above does not include an income amounting to ₹31.94 crore as a result of cancellation (26-9-2011) of Forward Covers (FCs) of USD 100 million relating to an order (25-7-2011) for import of 2000 kg billion by M/s Lichen Metals Private Limited (M/s Lichen). The FCs were cancelled at the request (25-9-2011) of M/s Lichen without execution of the order. However, instead of considering the amount of ₹31.94 crore as its own income the Company passed on the amount to M/s Lichen. This has resulted in understatement of Prior Period Income and Trade Receivables by ₹31.94 crore and consequent understatement of profit for the year to the same extent.

B. Comments on Financial Position

Balance Sheet

Assets-Non-Current Assets

Other Non-Current Assets (Note No.19)

Long Term Trade Receivable – ₹1316.72 crore

The above includes an amount of ₹788.71 crore receivable from foreign buyers in respect of which credit was extended by EXIM bank during the year 2007 to 2010 against which the Company is having a corresponding credit balance of ₹348.62 crore. The Company has made a provision to the extent of ₹108.01 crore against the amount already repaid to EXIM bank. The amount is pending for more than three years without initiating any legal proceedings against foreign buyers, as such realization of dues is doubtful and requires a provision of ₹332.08 crore in the accounts.

This has resulted in overstatement of Long Term Trade Receivable by ₹332.08 crore and consequent overstatement of profit for the year to the same extent.

C. Comment on Auditors' Report

Para 4(e) and 4(l) under heading 'emphasis of matters' draw attention to the issues regarding long term trade receivables of ₹788.71 crore and utilization of Export Import Contingency Reserve, respectively, without qualifying Auditors' opinion and its impact on the profit of the Company.

In view of the comment mentioned at A (1), A (2) and B above the profit before tax of ₹14.42 crore would turn into loss of ₹381.68 crore. As such the opinion given by the Statutory Auditors that the accounts give a 'true and fair' view is not in order.

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

Sd/-

(Vimalendra Patwardhan)

Principal Director of Commercial Audit &
ex-officio Member, Audit Board-I, New Delhi.

Place : New Delhi
Dated : 01 August 2013

MANAGEMENT REPLIES TO THE COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

C & A G COMMENTS	MANAGEMENT REPLIES
<p>A. Comments on Profitability</p> <p>Profit and Loss Statement</p> <p>(1) XI. Profit Before Tax – ₹14.42 crore</p> <p>The above amount has been arrived at after adjusting an amount of Rs.95.96 crore withdrawn during the year from Export Import Contingency Reserve (EICR). Depicting the amount withdrawn from EICR under P&L Statement, has contravened the requirement of the Revised Schedule VI to the Companies Act, 1956, which stipulated that any amount withdrawn from reserves is to be disclosed under applicable line item of Reserves and Surplus and not under the Statement of Profit and Loss since the same is an appropriation of profits and not a charge against revenue. Thus instead of Profit Before Tax for the year as ₹14.42 crore, there is a loss of ₹81.54 crore.</p>	<p>The primary purpose of creating a specific Export Import Contingency Reserve, by accumulation since 2004-05, with the approval of Board; was to provide cushion for unexpected losses due to price variation, exchange fluctuation, non-lifting of material, spoilage etc. or any dues, which cannot be recovered from associates/ buyers/ sellers etc.; and to mitigate unprecedented effect on profitability of the corporation of such things.</p> <p>The specific reserve was utilized during the year to set off the losses on account of write off of old outstanding amount unrealizable from associates.</p> <p>The withdrawal from Export Import Contingency Reserve has been depicted in Profit & Loss Account as a separate line item after exceptional items as per expert opinion.</p> <p>Necessary disclosure of withdrawal from such contingency reserve and its impact on Profit & Loss Account has already been made in the notes to account and earlier in the published accounts of the company – half-yearly accounts ended Sept 30, 2012, 9 months accounts ended Dec 31, 2012 and the annual accounts ended March 31, 2013.</p>
<p>(2) Prior Period Adjustment Net (Note No.37) – ₹0.58 crore</p> <p>The above does not include an income amounting to ₹31.94 crore as a result of cancellation (26-9-2011) of Forward Covers (FCs) of USD 100 million relating to an order (25-7-2011) for import of 2000 kg bullion by M/s Lichen Metals Private Limited (M/s Lichen). The FCs was cancelled at the request (25-9-2011) of M/s Lichen without execution of the order. However, instead of considering the amount of ₹31.94 crore as its own income the Company passed on the amount to M/s Lichen. This has resulted in understatement of Prior Period Income and Trade Receivables by ₹31.94 crore and consequent understatement of profit for the year to the same extent.</p>	<p>The instant transaction pertained to F.Y.2011-12 where forward cover was taken for import of bullion at the request of the associate under the existing agreement. Bullion transactions are conducted by STC on behalf of associates, on back to back basis on a fixed trading margin, with all incidental costs/ benefits, including exchange loss/ gain, to associate's account. Accordingly, the exchange gain on the cancellation of forward cover, after adjusting the cost of such forward cover, borne by the associate, was passed on to the associate and accounted for in the books of accounts in 2011-12.</p> <p>As there was no error or omission in the accounting during the financial year 2011-12 in respect of the said transaction, as per Accounting Standards- 5 the transaction does not fall within the ambit of prior period items. Thus, there is neither any understatement of prior period income and trade receivables nor understatement of profit for the year to that extent.</p>
<p>B. Comments on Financial Position</p> <p>Balance Sheet</p> <p>Assets-Non-Current Assets</p> <p>Other Non-Current Assets (Note No.19)</p> <p>Long Term Trade Receivable – ₹1316.72 crore</p> <p>The above includes an amount of ₹788.71 crore receivable from foreign buyers in respect of which credit was extended by EXIM bank during the year 2007 to 2010 against which the Company is having a corresponding credit balance of ₹348.62 crore. The Company has made a provision to the extent of ₹108.01 crore against the amount already repaid to EXIM bank. The amount is pending for more than three years without initiating any legal proceedings against foreign buyers, as such realization of dues is doubtful and requires a provision of ₹332.08 crore in the accounts.</p> <p>This has resulted in overstatement of Long Term Trade Receivable by ₹332.08 crore and consequent overstatement of profit for the year to the same extent.</p>	<p>The instant case pertains to export of gold jewellery, etc., under the Credit Linked Insurance Scheme (CLIS), where the transactions were financed by lenders through post-shipment credit; and no funds of STC were involved.</p> <p>As there were defaults in payment by the foreign buyers, further exports under CLIS were stopped. The net trade receivables outstanding under CLIS as on March 31, 2013 were ₹440.09 Crore. As per the agreement with the associates, the repatriation of export proceeds was contractually the responsibility of Indian associates. Accordingly, all possible legal actions have already been initiated against these associates and an amount of ₹1.28 Crore. was realized during 2011-12. The matter is also under investigation by the concerned agencies. As the lenders had right of recourse on STC in case of non-realisation of exports proceeds, the loans are being repaid by STC. Therefore, as a measure of abundant caution, provision is being made in the books to the extent loan has been repaid to the lenders. STC has paid an amount of ₹108.01 Crore. to lenders till March 31, 2013; and provision for doubtful debts has been made to this extent not matched by commensurate recoveries from the buyers. This system of making provision is being followed consistently for the previous two years i.e. 2011-12 and 2012-13.</p> <p>The matter is being pursued legally and the company is hopeful of recovery of the overdues. Hence, there is no overstatement of long term trade receivables and profit of the year.</p>

C & A G COMMENTS	MANAGEMENT REPLIES
<p>C. Comment on Auditors' Report</p> <p>Para 4(e) and 4(l) under heading 'emphasis of matters' draw attention to the issues regarding long term trade receivables of ₹788.71 crore and utilization of Export Import Contingency Reserve, respectively, without qualifying Auditors' opinion and its impact on the profit of the Company.</p> <p>In view of the comment mentioned at A (1), A (2) and B above the profit before tax of ₹14.42 crore would turn into loss of ₹381.68 crore. As such the opinion given by the Statutory Auditors that the accounts give a 'true and fair' view is not in order.</p>	<p>The statutory auditors have given the following replies:</p> <p>Regarding 4(e) of Auditors' Report, the company has stated at Para B above that for export transactions under CLIS, the post-shipment credit was provided by Banks and the funds of the company were not involved. The company has already initiated legal action against its Indian associates. However, it was ensured that provision is made in the accounts by the company to the extent of actual payment made to EXIM Bank; and accordingly, a provision of ₹108.01 Crore had been made in the books of accounts. This practice is being regularly followed for the previous two years.</p> <p>Regarding para 4(l) of Auditors' Report on withdrawal from Export Import Contingency Reserve, it is stated that the company has obtained an expert opinion on its presentation in the Financial Statements. Accordingly, these withdrawals have been shown as separate line item after exceptional items in the Profit & Loss Statement and a specific disclosure was made in notes to accounts to this effect and also, earlier, in the published quarterly accounts of the company.</p> <p>Regarding A(2), the Branch auditors as well as the company have stated that the amount of exchange gain on cancellation of forward cover was passed on to the associate under the agreement and was in line with the trade model being followed by the company. However, as the recovery of this amount from the associate at this stage is uncertain and against the contractual terms, it cannot be considered as income of the company.</p> <p>Considering the facts that adequate disclosures were made by the company in the financial statements, in respect of matter reported at para 4(e) & para 4(l), no qualification was considered necessary. As there was no mis-statement of facts, the accounts, therefore, give a true and fair view.</p>

Sd/-
(Khaleel Rahim)
Chairman & Managing Director

Sd/-
(Manoj Mishra)
Director-Finance

SUMMARISED BALANCE SHEET OF THE STATE TRADING CORPORATION OF INDIA LIMITED AND ITS SUBSIDIARY

(₹ in Crore)				
Particulars	The State Trading Corporation of India Limited		STCL Limited	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
	Audited	Audited	Audited	Audited
I. Equity and Liabilities				
(1) Shareholder's funds				
(a) Share Capital	60.00	60.00	1.50	1.50
(b) Reserves & Surplus	529.93	621.98	(2,098.25)	(1,800.55)
(c) Money received against share warrants	—	—	—	—
Total (1)	589.93	681.98	(2,096.75)	(1,799.05)
(2) Share application money pending allotment	—	—	—	—
(3) Non-Current Liabilities				
(a) Long-term borrowings	—	—	—	—
(b) Other long term liabilities	1,156.71	1,122.58	—	—
(c) Long-term provisions	73.24	66.03	1.01	1.00
Total (3)	1,229.95	1,188.61	1.01	1.00
(4) Current Liabilities				
(a) Short-term borrowings	1,505.39	2,030.32	1,185.27	1,188.54
(b) Trade Payables	912.10	2,223.36	1.46	3.90
(c) Other current liabilities	213.01	292.48	935.74	662.60
(d) Short-term provisions	29.23	37.45	0.11	6.22
Total (4)	2,659.73	4,583.61	2,122.58	1,861.26
Total (1+2+3+4)	4,479.61	6,454.20	26.84	63.21
II. Assets				
(1) Non-Current Assets				
(a) Fixed Assets				
(i) Tangible Assets	57.70	51.71	7.38	8.27
(ii) Intangible Assets	0.07	0.07	—	—
(iii) Capital Work In Progress	8.69	9.87	—	—
(iv) Intangible Assets under development	—	—	—	—
(b) Non-Current investments	0.31	0.31	0.02	0.10
(c) Deferred tax assets (net)	73.01	73.01	—	—
(d) Long-term loans and advances	108.54	27.92	10.74	10.55
(e) Other non-current assets	1,350.48	708.88	—	—
Total (1)	1,598.80	871.77	18.14	18.92
(2) Current Assets				
(a) Current investments	—	—	—	—
(b) Inventories	43.50	543.71	0.09	14.81
(c) Trade receivables	2,289.11	4,204.07	0.70	3.30
(d) Cash and cash equivalents	248.14	226.34	7.21	7.41
(e) Short-term loans and advances	41.31	285.52	0.70	18.77
(f) Other current assets	258.75	322.79	—	—
Total (2)	2,880.81	5,582.43	8.70	44.29
Total	4,479.61	6,454.20	26.84	63.21

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

(₹ in Crore)				
Particulars	The State Trading Corporation of India Limited		STCL Limited	
	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
	Audited	Audited	Audited	Audited
I. Revenue from operations	19,041.62	30,773.10	105.56	132.13
II. Other income	258.90	309.99	3.95	3.77
III. Total Revenue (I+II)	19,300.52	31,083.09	109.51	135.90
Expenses-				
a) Cost of material consumed	0.10	1.34	–	–
b) Purchase of stock-in -Trade	18,414.37	29,885.82	86.44	141.06
c) Changes in inventories of finished goods, WIP & FG	500.24	770.18	14.72	(14.75)
d) Employee benefits expense	106.54	100.53	3.66	3.28
e) Finance cost	166.25	203.47	298.17	237.88
f) Depreciation and amortisation expense	3.58	3.07	0.91	0.92
g) Other expenses	35.88	51.78	1.85	2.81
IV. Total expenses (a+b+c+d+e+f+g)	19,226.96	31,016.19	405.74	371.21
V. Profit before exceptional and extraordinary items and tax (III-IV)	73.56	66.90	(296.23)	(235.31)
VI. Exceptional items	155.68	45.93	(0.11)	49.35
VII. Withdrawal from Export Import Contingency Reserve	(95.96)	–	–	–
VIII. Profit before extraordinary items and tax (V-VI-VII)	13.84	20.97	(296.12)	(284.66)
IX. Extraordinary items	–	–	–	–
X. Prior Period Adjustment Net - (Debit)/ Credit	0.58	(3.17)	–	–
XI. Profit before tax (VIII-IX+X)	14.42	17.80	(296.12)	(284.66)
XII. Tax expense:				
(1) Current tax	–	12.14	–	–
(2) Current Tax (Relating to earlier years)	(3.53)	1.34	–	–
(3) Deferred tax	–	(7.19)	–	–
(4) FBT (Relating to previous years)	–	–	–	–
(5) Provision for MAT Credit Entitlement	–	(4.96)	–	–
Total Tax Expenses (XII)	(3.53)	1.33	–	–
XIII. Profit(loss) for the period from continuing operations (XI-XII)	17.95	16.47	(296.12)	(284.66)
XIV. Profit (loss) from discontinuing operations	–	–	–	–
XV. Tax expense of discontinuing operations	–	–	–	–
XVI. Profit (loss) from discontinuing operations after tax (XIV-XV)	–	–	–	–
XVII. Profit(loss) for the period (XIII+XVI)	17.95	16.47	(296.12)	(284.66)



**Consolidated Accounts
of STC & its Subsidiary
2012-13**

INDEPENDENT AUDITORS' REPORT

To
The Members of
THE STATE TRADING CORPORATION OF INDIA LIMITED

1. Report on Financial Statements

We have audited the accompanying Consolidated Financial Statements of THE STATE TRADING CORPORATION OF INDIA LIMITED ("the Company") and its subsidiary (collectively referred as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2013, the Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information. 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. Management's responsibility for the financial statements

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Group in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standard on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4. Basis for Qualified Opinion

- a) The financial statements of the Group are made on the assumption of going concern however, considering the fact that subsidiary company has initiated winding up process subsequent to the balance sheet date which is pending with the concerned ministry for final approval. Thus, this indicates the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statement of subsidiary does not fully disclose this fact.

The appropriateness of the going concern basis is dependent on the Company's ability to infuse requisite funds for meeting its obligations, rescheduling of its debts, resuming normal operations and the winding up cases filed against the company being disposed off either by dismissal or withdrawal of petitions.

- b) The Subsidiary has weak finance and operating controls. Some of the areas are :-
- 1) Accounting of Purchase of fertilizers is done without proof of quantity and the quality of the purchases made;
 - 2) There has been delays in collection of lease rent of Chindwara unit causing interest loss;
 - 3) Advances to cardamom suppliers are given by way of bearer cheques.
 - 4) Company has not been able to complete reconciliation on onion related debit and credit balances
- c) The Subsidiary has weak internal control procedures.

The Subsidiary Company has issued charge sheet to 7 serving officials in respect of missing stocks of Iron-ore fines (refer Note No.18.5)

In respect of irregularities in merchant trade transactions in metal scrap, 10 officers were issued charge sheet by the Chairman of the Subsidiary Company and the CVC has completed the enquiry proceeding and submitted its report to the Chairman and Disciplinary Authority for further action.

We have not been shown concrete steps being taken for recovery of the amounts due from parties for whom provisions has been made in the accounts as doubtful.

5. Emphasis of Matters

Without qualifying our opinion, we draw attention to the following:

- a) Reference is invited to Note No 8.5 of Notes to Financial Statements which states that an amount of ₹1,185.27 Crores shown under short term borrowings towards principal amount and ₹925.36 Crores shown under current liabilities towards Interest on the above loan from banks is secured by creating a paripassu charge on the current assets and also secured by creating mortgage on the immovable properties located at Chindwara in Madhya Pradesh (3.29 Hectares), Byadagi (5 Acres), Siddapura (2.25 Acres) and Madikeri (0.5 Acres) in Karnataka in favour of the Bankers. The estimated value of security as shown in the Notes to Financial Statements is ₹3.40 Crores. The above Loan has been classified as NPA by consortium of Banks and UCO Bank.
- b) Reference is invited to note no.18.1 relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of the business associate. The company has alleged fraud by the business associates and matter we referred to CBI in earlier years. We also understand that two ex-Directors and a General Manager had been charge sheeted. However, in absence of detailed of the charge sheets and pending inquiries, we are unable to opine if there was a fraud or a suspected management fraud and comment on any misstatements made in these accounts in respect of the above transactions.
- c) Reference is invited to note no.18.2 relating to Wheat transactions undertaken on behalf of Business associates, 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 associates and suppliers. Also case of theft and misappropriation of uplifted stocks exported to Bangladesh were to noticed for which legal action has been initiated, entire dues including recoverable from FCI aggregating to ₹58.41 Crores has been provided/written off in earlier years. Further as the matter is not yet fully resolved, additional amount of sales tax liability for non –export of 30392.010 MT of wheat procured from FCI is not ascertainable. The financial impact at this stage cannot be ascertained.
- d) Reference is invited to note no.18.3, in respect of over dues of ₹94.09 Crores from Business Associate against which there are no stock pledged to the company. However the company has initiated legal steps for recovery. As the associate has submitted the payment plan with the initial remittance after the balance sheet date management is hopeful of realization of entire dues thus no provision was considered necessary at this stage.
- e) Reference is invited to note no.19.1, regarding ₹568.44 Crores on account of export of pharma product to foreign buyer on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone in to liquidation, litigation process have been initiated by STC as well as by Indian Associates and their bankers. A claim of 527.86 Crore has been admitted by the liquidator. There is however corresponding credit balance of ₹568.60 Crore under trade payables. Management does not anticipate any liability on this account.
- f) Reference is invited to note no.19.2 , Long term trade receivable include ₹788.71 Crore under the Credit Linked Insurance Scheme(CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹348.62 Crores are available leaving net receivable of ₹440.09 Crores. Action against the associates has been initiated. An amount of ₹1.28 Crores was realized from an associate during 2011-12. The matter is being pursued and the company is hopeful of the recovery. Yet as the measure of abundant caution a provision of ₹69.56 Crores has been made during the year, making the total provision to ₹108.01 Crores to the extent the company has already paid to Exim Bank as there are no commensurate recoveries from the associates.
- g) Reference is invited to Note no.19.3, pending Long Term Trade Receivable of ₹4.94 Crores towards reimbursement of loss in supply of Edible Oil under PDS scheme of Govt. of India. As the claim is under process with Govt. of India no provision was considered necessary by the management.
- h) Reference is invited to note no.22.1, relating to trade receivable of ₹121.99 Crores due from an associate, the Company under liquidation and in the process of reconstruction by Asset Reconstruction Company (India) Limited. The dues are fully secured by pledge of stock. Financial impact of the same cannot be ascertained at this stage
- i) Reference is invited to note no.22.2 Trade Receivable includes ₹1,353.25 Crores recoverable from one of the associates for stock sold to them in earlier years who have stopped operation of their plant due to extreme volatility of prices. Consequent upon Conciliation Award dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to STC by 10.11.2012. However, the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. As the associate has affirmed its commitment to repay entire dues with interest and had paid ₹185.13 Crores during 2012-13. Management is hopeful of full recovery and no provision considered necessary.
- j) Reference is invited to note no.25.1, regarding claims recoverable amounting to ₹158.93 Crores towards the imports

of pulses under Government account since the year 2006-07 onwards. The claim for the same has been lodged on Government which is under active consideration of Government for re-imbursement of actual loss as informed by Ministry of Consumer Affairs. An amount of ₹11.70 Crores has been received from the Government after the balance sheet date towards the part payment against the claims. Management is hopeful of full recoveries.

- k) Reference is invited to note no.25.2, regarding claim recoverable of ₹49.18 Crores on account of edible oil import-PDS, which is under process by Ministry of Food and Public Distribution, Government of India and company is hopeful of full recovery.
- l) Reference is invited to note no.25.3, regarding pending balance claim of ₹5.28 Crores towards imports of pulses on behalf of UP Government for sales under PDS being pursued by the company with the Ministry of Consumer Affairs and management is hopeful of full recovery thus no provision was considered necessary.
- m) Reference is invited to note no.46, the company has written off overdue receivable amounting to ₹96.15 Crore pertaining to previous year export import transactions, where recovery is uncertain and withdrawn ₹95.96 Crores from the Export/Import Contingency Reserve created out of appropriations of earlier years profit with an objective to setoff such losses. There would have been loss of ₹377.64 Crores instead of Loss of ₹281.68 Crores (before Tax) and EPS would have been (-) ₹62.35 instead of (-) ₹46.36 for the year ended on 31st March, 2013, if the group had not utilized this reserve.
- n) Note no.48 and 49 relating to pending reconciliation/ confirmation of balances in parties accounts and current liabilities and consequential adjustment that may arise on reconciliation.
- o) The subsidiary company (STCL Limited) has not obtained the actuarial valuation in respect of the liability towards earned leave, half- pay leave encashment and gratuity accrued to employees as required under AS-15.

6. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said consolidated financial statements subject to our observations in Paragraph 4 (a) to (c) and 5 (a) to (o) above provisions and write offs in respect of which made in the consolidated financial statements based on the existing and known circumstances as reported in the said paragraphs and read together with Significant Accounting Policies and Notes to the Consolidated Financial Statements and Other Notes, 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 accounting principles generally accepted in India:

- a. In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013.
- b. In the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

7. Other Matters

- a) We did not audit the financial statements of the subsidiary STCL Limited, whose financial assets of ₹26.84 Crore as at 31st March 2013, total revenue of ₹109.51 Crore and Cash Flows amounting to ₹(-) 0.20 Crore for the year ended on that date.
- b) Without qualifying our opinion attention is drawn to note no.64 regarding non consolidation of financial statements of Joint Ventures namely NSS Satpura Agro Development Co. Limited and Sealec Agro Ventures Limited due to non-availability of financial statements for the year 2012-2013. Further their financial statements are being audited by the other auditors.
- c) We have relied on the audited financial statements of subsidiary STCL Limited whose financial statements reflect total assets of ₹26.84 Crore as at 31st March 2013, total revenue of ₹109.51 Crore and cash flow statements amounting to ₹(-) 0.20 Crore for the year ended on that date. These audited financial statements have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the subsidiary is based solely on such audited financial statements.

For Chandio & Guliani
Chartered Accountants
FRN 001199N

Sd/-
V.K. Lalla
(Partner)

Place: New Delhi
Date: 26th August, 2013

Membership No. 080847

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in Crore)			
PARTICULARS	Note No.	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share capital	1	60.00	60.00
(b) Reserve & Surplus	2	(1,566.82)	(1,177.06)
(c) Money received against share warrants	3	–	–
(2) Share application money pending allotment	4	–	–
TOTAL (1+2)		(1,506.82)	(1,117.06)
(3) Non-Current Liabilities			
(a) Long-term borrowings	5	–	–
(b) Other long term liabilities	6	1,156.70	1,122.59
(c) Long-term provisions	7	74.26	67.03
TOTAL (3)		1,230.96	1,189.62
(4) Current Liabilities			
(a) Short-term borrowings	8	3,616.03	3,846.70
(b) Trade Payables	9	913.55	2,227.26
(c) Other current liabilities	10	218.99	320.93
(d) Short-term provisions	11	29.34	45.69
TOTAL (4)		4,777.91	6,440.58
Total		4,502.05	6,513.14
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	65.08	59.98
(ii) Intangible Assets	13	0.07	0.07
(iii) Capital Work In Progress	14	8.69	9.87
(iv) Intangible Assets under development	15	–	–
Total (a)		73.84	69.92
(b) Non-Current investments	16	0.33	0.41
(c) Deferred tax assets (net)	17	73.01	73.01
(d) Long-term loans and advances	18	114.97	112.47
(e) Other non-current assets	19	1,350.48	1,457.51
TOTAL (1)		1,612.63	1,713.32
(2) Current Assets			
(a) Current investments	20	–	–
(b) Inventories	21	43.58	558.51
(c) Trade receivables	22	2,289.81	3,458.15
(d) Cash and cash equivalents	23	255.35	234.45
(e) Short-term loans and advances	24	41.65	223.93
(f) Other current assets	25	259.03	324.78
TOTAL (2)		2,889.42	4,799.82
Total		4,502.05	6,513.14
Significant Accounting Policies	44		
Other Notes	45-68		

Notes referred to above form an integral part of accounts.
As per our report of even date attached

FOR CHANDIOK & GULIANI

Chartered Accountants
Firm Reg. No. 001199N

Sd/-

(V. K. LALLA)

Partner
M. No. 80847

Place : New Delhi
Dated : 26.08.2013

Sd/-

KHALEEL RAHIM

Chairman & Managing Director

Sd/-

B. R. DHAWAN

Chief General Manager (Finance)

Sd/-

MANOJ MISHRA

Director (Finance)

Sd/-

R. K. GOGIA

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

		(₹ in Crore)	
PARTICULARS	Note No.	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
I. Revenue from operations	26	19,147.06	30,905.23
II. Other income	27	259.74	310.79
III. Total Revenue (I+II)		19,406.80	31,216.02
Expenses-			
a) Cost of material consumed	28	0.10	1.35
b) Purchase of stock-in -Trade	29	18,500.81	30,026.89
c) Changes in inventories of finished goods, work -in-progress and stock-in-trade	30	514.96	755.43
d) Employee benefits expense	31	110.19	103.92
e) Finance cost	32	464.42	441.35
f) Depreciation and amortisation expense	33	4.49	4.00
g) Other expenses	34	37.73	54.48
IV. Total expenses (a+b+c+d+e+f+g)		19,632.70	31,387.42
V. Profit before exceptional and extraordinary items and tax (III-IV)		(225.90)	(171.40)
VI. Exceptional items - Debit/(Credit)	35	152.56	43.62
VII. Withdrawal from Export Import Contingency Reserve		(95.96)	–
VIII. Profit before extraordinary items and tax (V-VI-VII)		(282.50)	(215.02)
IX. Extraordinary items	36	–	–
X. Prior Period Adjustment Net - (debit)/credit	37	0.82	(51.86)
XI. Profit before tax (VIII-IX+X)		(281.68)	(266.88)
XII. Tax expense:			
(1) Current tax	38	–	12.13
(2) Tax relating to earlier years		(3.52)	1.34
(3) Provision for MAT Credit Entitlement		–	(4.96)
(4) Deferred tax	39	–	(7.19)
Total Tax Expense (XI)		(3.52)	1.33
XIII. Profit(loss) for the period from continuing operations (XI-XII)		(278.16)	(268.21)
XIV. Profit (loss) from discontinuing operations	40	–	–
XV. Tax expense of discontinuing operations	41	–	–
XVI. Profit (loss) from discontinuing operations after tax (XIV-XV)		–	–
XVII. Profit (Loss) for the period (XII +XVI)		(278.16)	(268.21)
XVIII. Earning per equity share			
(1) Basic	42	(46.36)	(44.70)
(2) Diluted	43	(46.36)	(44.70)
Significant Accounting Policies	44		
Other Notes	45-68		

Notes referred to above form an integral part of accounts.
As per our report of even date attached

FOR CHANDIOK & GULIANI

Chartered Accountants
Firm Reg. No. 001199N

Sd/-

(V. K. LALLA)

Partner
M. No. 80847

Place : New Delhi
Dated : 26.08.2013

Sd/-

KHALEEL RAHIM

Chairman & Managing Director

Sd/-

B. R. DHAWAN

Chief General Manager (Finance)

Sd/-

MANOJ MISHRA

Director (Finance)

Sd/-

R. K. GOGIA

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	(₹ in Crore)	
	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	(282.50)	(215.02)
ADJUSTMENT FOR :		
-Interest on working capital loans	458.82	424.18
-Depreciation	4.49	4.00
-Unrealized foreign exchange difference	(0.01)	(0.79)
-Write offs	109.38	33.68
-Transfer from Reserves	(95.96)	–
-Provisions against Receivables & Investments	–	2.82
-Income/Expenditure relating to let out property	(22.55)	(21.72)
-Loss on sale of asset and write off	0.03	0.01
-Liabilities written back	(7.48)	(29.27)
-Profit on sale of assets	(0.01)	(0.02)
-Amortization of grant	(0.55)	(0.52)
-Interest Income	(0.72)	(0.81)
-Unclaimed credit balances written back	(7.21)	438.23
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	155.73	195.30
ADJUSTMENT FOR :		
-Trade and other receivables	1,424.49	(657.62)
-Inventories	514.93	755.28
-Trade and other payables	(1,550.03)	(1,228.99)
Change in Working Capital	545.13	(936.02)
Interest received	0.23	0.46
Income tax paid	(12.38)	(16.15)
CASH FLOW BEFORE PRIOR PERIOD ITEMS	532.97	(951.70)
Prior period adjustment/Extra Ordinary	0.68	(51.84)
NET CASH GENERATED/USED IN OPERATING ACTIVITIES (A)	533.66	(1,003.54)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
-Purchase of Fixed Assets	(17.19)	(8.34)
-Sale of Fixed Assets	0.04	0.55
-Let out properties (net)	22.55	21.72
-Interest recd. On FD	0.49	0.36

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	(₹ in Crore)	
	2012-13	2011-12
NET CASH FROM INVESTING ACTIVITIES (B)	5.89	14.28
C. CASH FLOW FROM FINANCING ACTIVITIES :		
-Dividend paid (including Dividend Tax)	(13.95)	(20.92)
-Increase in Working Capital Loan(net)	(526.51)	530.86
Capital Reserve tfd to P&L	(0.03)	–
-Interest Paid	(160.66)	(186.43)
NET CASH FROM FINANCING ACTIVITIES (C)	(701.14)	323.51
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(161.59)	(665.75)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	234.45	775.38
EFFECT OF EXCHANGE DIFF. ON CASH & CASH EQUIVALENTS HELD IN FOREIGN CURRENCY	–	(0.00)
CASH AND CASH EQUIVALENTS AS AT THE CLOSE OF THE YEAR	72.86	109.64
Reconciliation of Cash & Cash Equivalents		
Cash & Bank Balances as per Balance Sheet	255.35	234.45
Less : Fixed Deposit made with margin provided by Associates adjusted in Trade Receivables	182.48	124.81
Cash & Bank Balances as per Cash Flow Statement	72.86	109.64
Significant Accounting Policies	44	
Other Notes	45-68	

Notes referred to above form an integral part of accounts.
As per our report of even date attached

FOR CHANDIOK & GULIANI
Chartered Accountants
Firm Reg. No. 001199N

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

Place : New Delhi
Dated : 26.08.2013

Sd/-
KHALEEL RAHIM
Chairman & Managing Director

Sd/-
B. R. DHAWAN
Chief General Manager (Finance)

Sd/-
MANOJ MISHRA
Director (Finance)

Sd/-
R. K. GOGIA
Company Secretary

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013

(₹ in Crore)

NOTE NO. 1 SHARE CAPITAL

Particulars	As at 31st March, 2013	As at 31st March, 2012
I) Authorized Share Capital		
200,000,000 Equity Shares having face value of ₹10/- each	200.00	200.00
II) Issued, Subscribed & Fully Paid up		
60,000,000 Equity shares having face value of ₹10/- each	60.00	60.00

III) Details of Bonus Issue during the preceding five years :

-----NIL-----

IV) Equity shares issued and subscribed do not enjoy any differential rights

V) Reconciliation of no. of shares :

Class of share capital	Opening as at 01.04.2012	issued during the year	Shares bought back during the year	Closing as at 31.03.2013
Equity share of ₹10/- each	60,000,000	–	–	60,000,000
Previous Year	60,000,000	–	–	60,000,000

VI) Details of Share holders holding more than 5% shares as on 31.03.2013

S. No.	Name	No. of shares held	% of shares held
1	Govt. of India	54,613,600	91.0227

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 2 RESERVE & SURPLUS

Particulars	Balance as at 01.04.2012	Additions	Deductions/ Appropriation	Balance as at 31.3.2013
Capital Reserve	3.73	–	0.03	3.70
Bonus Reserve	5.73	–	1.54	4.19
Exchange Fluctuation Reserve	6.50	–	–	6.50
Export/Import Contingency Reserve	100.31	388.00	95.96	392.35
General Reserve	320.86	1.79	238.00	84.65
Surplus	(1,614.19)	(278.16)	165.83	(2,058.21)
Total	(1,177.06)	111.63	501.36	(1,566.82)

	2012-13	2011-12
2.1 Details of Addition to Surplus	(278.16)	(268.21)
Current Year Profit After Tax	–	0
Transfer From Bonus Reserve*	(278.16)	(268.21)
2.2 Details of Deduction/Appropriation from Surplus		
Proposed Dividend	12.00	12.00
Tax on Dividend	2.04	1.95
Transfer to General Reserve	1.79	1.65
Transfer to Export Import contingency Reserve	1.50	–
Transfer to Bonus Reserve	–	–
	165.83	15.60

NOTE NO. 3 MONEY RECEIVED AGAINST SHARE WARRANTS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Money received against share warrants	–	–

NOTE NO. 4 SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at 31st March, 2013	As at 31st March, 2012
Share application money pending allotment	–	–

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NON-CURRENT LIABILITIES

NOTE NO. 5

LONG TERM BORROWINGS

Particulars	As at 31st March, 2013	As at 31st March, 2012
TOTAL	–	–

NOTE NO. 6

OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade payables		
a. Bill acceptances	0.07	0.07
b. Sundry creditors		
- Micro & small enterprises	–	–
- Others	968.02	943.64
Total Trade Payables (a+b)	968.09	943.71
Others		
a. Customer at credit	25.17	26.67
b. Advance from customer	8.20	8.64
c. Unclaimed dividend	–	–
d. Other liabilities		
- Outstanding liabilities for goods & services received	120.17	112.97
- Stale Cheques	0.06	0.02
- Deposits	6.71	6.09
- Security deposits	3.44	3.34
- Earnest money deposits	8.98	7.18
Total Others (a+b+c+d)	172.73	164.91
e. Employees' dues:-		
Dues to employees on accrual basis	–	–
Encashment of earned leaves	15.88	13.96
Undisbursed salary	–	0.01
Total Employees' cost payable	15.88	13.97
f. Remittances:-		
Professional Tax	–	–
Sale Tax /Value Added Tax (VAT)	–	–
Service Tax	–	–
Income tax deducted at source	–	–
STC's Employees Union	–	–
STC's Officers' Association	–	–

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 6

OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Contribution to Provident Fund	—	—
Contribution to Employees Pension Scheme-95	—	—
Contribution to Employees Pension Fund	—	—
Salary saving scheme	—	—
Thrift Society	—	—
Others (specify)	—	—
Total Remittances	—	—
Total (Others)	188.61	178.88
TOTAL OF NOTE NO. 6	1,156.70	1,122.59

6.1 Details in respect of dues to micro & small enterprises

a. Principal Amount	—	—
b. Interest	—	—
c. Interest paid by the buyer beyond appointed day during the accounting year	—	—
d. Amount of interest accrued & remain unpaid at the end of the accounting year	—	—
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises	—	—

NOTE NO. 7

LONG TERM PROVISIONS

Particulars	As at 31st March, 2013	As at 31st March, 2012
a) Provision for employees benefits		
Encashment of Half pay leave	12.59	12.15
Post retirement medical benefits	60.27	53.50
Long service award	1.40	1.38
Gratuity	—	—
Others, if any specify	—	—
Total	74.26	67.03
b) Other Provisions	—	—
Total	—	—
Total (a+b)	74.26	67.03

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

CURRENT LIABILITIES

NOTE NO. 8

SHORT TERM BORROWINGS

Particulars	As at 31st March, 2013	As at 31st March, 2012
I. Term Loans		
a. From banks	321.22	388.03
b. From other parties	—	—
II. Working Capital Loans		
- Packing Credit	—	—
- Cash Credit	1,131.02	1,691.37
- Working Capital Demand Loan	2,163.79	1,767.30
TOTAL	3,616.03	3,846.70

8.1 Break Up of Term Loan From Bank

- Secured	287.97	357.46
- Unsecured	33.25	30.57
TOTAL	321.22	388.03

Particulars	As at 31st March, 2013	As at 31st March, 2012
8.2 Break Up of Working Capital Loan		
- Secured	1,187.57	1,645.69
- Unsecured	2,107.24	1,812.98
TOTAL	3,294.81	3,458.67

8.3 Working Capital Term Loan from bank is secured by pari-passu charge over current assets.

8.4 Cash credit / Overdraft/ Demand Loan secured by hypothecation of stock and trade receivables not older than 180 days.

8.5 The total liabilities to banks along with interest amounting to ₹1,185.27 crores is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. The interest payable of ₹925.36 crores in respect of the liabilities are shown under Other Current Liabilities. The company has created pari passu charge on the current assets in favour of the banks and also created mortgage of immovable properties situated at Chhindwara in Madhya Pradesh [3.239 hectares], Byadagi [5 acres], Siddapura in Karnataka [2.25 acres] and Madikeri [0.50 acres] in favour of the bankers. In view of the immovable properties of STCL given as security, an estimated amount of ₹3.40 crores out of the total advances can be considered as secured and the balance will be unsecured. Interest /Penal Interest provision of ₹297.52 crores have been made by Subsidiary for the current financial year, since the accounts have been classified as NPA by bankers. The consortium of banks [except UCO Bank] have filed case against the company with the Debt Recovery Tribunal and the bankers have also issued notice u/s 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Further based on the above, the bankers have issued two Possession Notices one dt.26.10.2011 on the Factory Land and Building located at Byadagi and another dt.17.11.2011 on Factory Land and Building located at Chhindwara, Madhya Pradesh. UCO Bank has filed a winding-up petition against the Company, which has since been dismissed.

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 9

TRADE PAYABLES

Particulars	As at 31st March, 2013	As at 31st March, 2012
a. Bill acceptances	139.62	1,223.35
b. Sundry creditors		
- Micro & small enterprises	—	—
- Others	773.93	1,003.91
Total Trade Payable	913.55	2,227.26

9.1 Details in respect of dues to micro & small enterprises

a. Principal Amount	—	—
b. Interest	—	—
c. Interest paid by the buyer beyond appointed day during the accounting year	—	—
d. Amount of interest accrued & remain unpaid at the end of the accounting year	—	—
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises	—	—

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 10

OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
a. Customer at credit	68.70	106.48
b. Advance from customer	19.23	60.17
c. Unclaimed dividend	0.24	0.23
d. Other liabilities		
- Outstanding liabilities for goods & services received	23.30	16.87
- Stale Cheques	0.08	0.06
- Deposits	2.17	1.59
- Security deposits	2.64	28.12
- Earnest money deposits	43.63	53.95
- Liability for CSR	1.22	–
- Others	1.71	0.24
Total (a+b+c+d)	162.92	267.71
e. Employees' cost:-		
Pay & Allowances	0.58	0.36
Other expenses	0.03	0.04
Dues to employees on accrual basis	1.46	1.52
Encashment of earned leaves	1.89	2.46
Undisbursed salary	0.11	0.03
Total (e)	4.07	4.41
f. Remittances:-		
Professional Tax	–	–
Sale Tax /Value Added Tax (VAT)	4.55	11.04
Service Tax	0.04	0.02
Income tax deducted at source	1.42	2.49
STC's SC/ST Employees Welfare Association	0.01	–
Contribution to Provident Fund	1.30	1.25
Contribution to Employees Pension Scheme-95	0.01	–
Contribution to Employees Pension Fund	0.10	–
Salary saving scheme	0.01	0.01
Thrift Society	0.01	0.02
Entry Tax	0.45	0.59
Others	7.03	0.31
Total (f)	14.93	15.73
g. Interest accrued but not due on borrowings		
h. Interest accrued & due on borrowings	37.07	33.08
Total (g+h)	37.07	33.08
TOTAL OF NOTE NO. 10	218.99	320.93

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 11

SHORT TERM PROVISIONS

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Provision for employees benefits		
Encashment of Half pay leave	1.57	1.69
Post retirement medical benefits	7.21	3.99
Long service award	0.14	0.06
Gratuity	5.28	1.42
Pension	0.23	17.71
PRP	0.70	0.70
Total (a)	15.13	25.57
(b) Other Provisions		
Income tax (Net of Advance Tax)	–	6.11
Proposed Dividend	12.00	12.00
Dividend Tax	2.04	1.95
Contingencies	0.12	–
Exchange difference on Forward contract	–	–
Others	0.05	0.06
Total (b)	14.21	20.12
Total (a+b)	29.34	45.69

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 12

TANGIBLE ASSETS

A. OWNED ASSETS		GROSS			
S. No.	Description	As on 01.04.2012	Additions	Deductions	As on 31.03.2013
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1.	Land	7.72	–	–	7.72
2.	Building	31.06	5.51	–	36.57
3.	Plant & Equipment	24.01	0.46	0.01	24.46
4.	Furniture & fixtures	3.81	0.59	0.10	4.30
5.	Vehicle	1.58	–	–	1.58
6.	Air conditioners & office equipment	2.72	2.62	0.12	5.22
7.	Railway sidings	0.05	–	–	0.05
8.	Computer, data processor & Communication equipment	3.07	0.39	0.15	3.31
Total		74.02	9.57	0.38	83.21
B. LEASEHOLD ASSETS					
1.	Land	2.62	0.04	–	2.66
2.	Building	25.65	–	–	25.65
3.	Roads, culverts & sewerage etc	0.72	–	–	0.72
Total		28.99	0.04	–	29.03
Grand Total		103.01	9.61	0.38	112.24
Previous Year		102.35	1.78	1.12	103.01

12.1 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 ₹1.04 crore (₹1.04 crore), Building ₹20.11 crore (₹20.11 crore).

12.2 Registration of deeds of conveyance in respect of 2 flats at Kolkata is pending. Total Purchase Value ₹0.06 crore (₹0.06 crore).

NOTE NO. 13

INTANGIBLE ASSETS

A. OWNED ASSETS		GROSS			
S. No.	Description	As on 01.04.2012	Additions	Deductions	As on 31.03.2013
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1.	Goodwill	–	–	–	–
2.	Brands & Trademarks	–	–	–	–
3.	Computer Software	0.30	0.05	–	0.35
	Total	0.30	0.05	–	0.35
	Previous Year	1.25	0.07	–	1.32

13.1 Intangible assets are amortized @ of 40% p.a. on Straight line basis. The useful life of the assets is considered to be two and half years.

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

DEPRECIATION			NET		
Upto 31.03.2012	Deductions/ Adjustments	For the year 2012-13	Upto 31.03.2013	31.03.2013	31.03.2012
(5)	(6)	(7)	(8) = (5)+/(6)+(7)	(9) = (4)-(8)	(10) = (1)-(5)
–	–	–	–	7.72	7.72
3.07	–	0.91	3.98	32.59	27.99
16.64	0.01	1.44	18.07	6.39	7.37
2.95	0.09	0.24	3.10	1.20	0.86
1.42	–	0.14	1.56	0.02	0.16
2.08	0.08	0.46	2.46	2.76	0.64
0.05	–	–	0.05	–	–
2.70	0.13	0.32	2.89	0.42	0.37
28.91	0.31	3.51	32.11	51.10	45.11
0.75	–	0.09	0.84	1.82	1.87
13.14	–	0.82	13.96	11.69	12.51
0.23	–	0.02	0.25	0.47	0.49
14.12	–	0.93	15.05	13.98	14.87
43.03	0.31	4.44	47.16	65.08	59.98
39.59	0.52	3.96	43.03	59.98	

12.3 Formal lease deed in respect of Lease hold plot where company has tank farm installation at Mumbai Port Trust is yet to be executed though lease has been extended by way of allotment letter. Registration of deed of conveyance in respect of 32 flats at Mumbai is pending. Total Purchase value ₹5.83 crore (₹5.83 crore).

DEPRECIATION			NET		
Upto 31.03.2012	Deductions/ Adjustments	For the year 2012-13	Upto 31.03.2013	31.03.2013	31.03.2012
(5)	(6)	(7)	(8) = (5)+/(6)+(7)	(9) = (4)-(8)	(10) = (1)-(5)
–	–	–	–	–	–
–	–	–	–	–	–
0.23	–	0.05	0.28	0.07	0.07
0.23	–	0.05	0.28	0.07	0.07
0.19	(1.01)	0.05	1.25	0.07	–

13.2 Computer Softwares which are not in use have been removed from Gross Block and the resultant Depreciation on these intangible Assets have been withdrawn from the books

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 14 CAPITAL WORK IN PROGRESS

S. No.	Description	GROSS			As on 31.03.2013
		As on 01.04.2012	Additions	Deductions	
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1.	Office Building	7.02	1.16	7.91	0.27
2.	Plant & Equipment	2.54	6.37	0.49	8.42
3.	Furniture & Fixture	0.31	0.00	0.31	0.00
	Total	9.87	7.53	8.71	8.69
	Previous Year	3.64	6.50	0.26	9.88

14.1 The Siddapura Paper Processing Plant Project has been kept on hold, CWIP has been transferred to Impairment

NOTE NO. 15 INTANGIBLE ASSETS UNDER DEVELOPMENT

S. No.	Description	GROSS			As on 31.03.2013
		As on 01.04.2012	Additions	Deductions	
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1.	Intangible Assets under Development	—	—	—	—
	Total	—	—	—	—
	Previous Year	—	—	—	—

NOTE NO. 16 Trade Investment (Unquoted)

S. No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2013	Net Value as on 31.03.2012
1.	Rich Field Aquatech Ltd Vizag*	550,000	10	—	—	—	—
2.	Blue gold Maritech Ltd. Chennai*	1,600,000	10	—	—	—	—
3.	NSS Agro Development Co Ltd.	200,000	20	0.20	0.08	0.12	0.20
4.	Sea Lac Agro Ventures Limited	100,000	10	0.10	—	0.10	0.10
	Total	2,450,000		0.30	0.08	0.22	0.30

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

Other Investment (Unquoted)

S. No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2013	Net Value as on 31.03.2012
1.	Maharashtra Small scale Industries development	10,000	100	0.10	–	0.10	0.10
2.	Andhra Pradesh State Trading Corporation	100	1,000	0.01	–	0.01	0.01
3.	The National Tannery Company Ltd.	87,946	10	–	–	–	–
4.	Indo Pirin Gloves (P) Ltd.	140,000	10	–	–	–	–
5.	Sindhu Resettlement	4	1,000	–	–	–	–
Total		238,050		0.11	–	0.11	0.11
Grand Total		2,688,050		0.41	0.08	0.33	0.41
Previous Year				3.37	2.96	0.41	

(1) NON CURRENT ASSETS

NOTE NO. 17

DEFERRED TAX ASSETS (NET)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Deferred tax Assets		
Disallowance under Income Tax Act, 1961	76.88	76.88
Deferred Tax Liability		
Related to Fixed Assets	3.87	3.87
Total	73.01	73.01

17.1 In accordance with the Accounting Standard 22 on “Accounting for Taxes on Income”, the company has Deferred Tax Assets (Net) of ₹73.01 crore (₹73.01 crore). As a matter of prudence & conservative principle of accounting, Deferred Tax Asset relating to losses and other temporary differences amounting to ₹320.76 crore for the current year has not been recognized.

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 18

LONG TERM LOANS AND ADVANCES

S. No.	Particulars	As at 31st March, 2013	As at 31st March, 2012
1.	Capital Advances		
	- Secured, Considered Good	—	—
	- Unsecured, Considered Good	—	0.02
	- Doubtful	—	—
	Less : Allowance For bad & Doubtful	—	—
	Net	—	0.02
2.	Security Deposits		
	- Secured, Considered Good	5.00	5.00
	- Unsecured, Considered Good	4.97	2.48
	- Doubtful	1.36	1.36
	Less : Allowance For bad & Doubtful	1.36	1.36
	Net	9.97	7.48
3.	Loans and Advances to related parties		
	- Secured, Considered Good	—	—
	- Unsecured, Considered Good	—	—
	- Doubtful	—	—
	Less : Allowance For bad & Doubtful	—	—
	Net	—	—
4.	Advances to employees		
	- Secured, Considered Good	5.27	5.76
	- Unsecured, Considered Good	1.02	0.78
	- Doubtful	—	—
	Less : Allowance For bad & Doubtful	—	—
	Net	6.29	6.54
5.	Interest accrued on advances to employees		
	- Secured, Considered Good	6.99	7.37
	- Unsecured, Considered Good	1.14	1.07
	- Doubtful	—	—
	Less : Allowance For bad & Doubtful	—	—
	Net	8.13	8.44
6.	Trade advances		
	- Secured, Considered Good	—	—
	- Unsecured, Considered Good	67.68	67.70
	- Doubtful	116.50	118.77
	Less : Allowance For bad & Doubtful	116.50	118.77
	Net	67.68	67.70

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 18 (Contd.)

LONG TERM LOANS AND ADVANCES

S. No.	Particulars	As at 31st March, 2013	As at 31st March, 2012
7.	Advance tax (net of provision)		
	- Secured, Considered Good	—	—
	- Unsecured, Considered Good	6.28	6.22
	- Doubtful	—	—
	Less : Allowance For bad & Doubtful	—	—
	Net	6.28	6.22
8.	Other Misc. advances		
	- Secured, Considered Good	0.76	0.29
	- Unsecured, Considered Good	15.86	15.78
	- Doubtful	13.30	13.30
	Less : Allowance For bad & Doubtful	13.30	13.30
	Net	16.62	16.07
	Total	114.97	112.47
	PARTICULARS OF LONG TERM LOANS AND ADVANCES		
	- Secured, Considered Good	18.02	18.42
	- Unsecured, Considered Good	96.95	94.05
	- Doubtful	131.16	133.43
	Total	246.13	245.90
	Less : Allowance For bad & Doubtful	131.16	133.43
	Net	114.97	112.47

18.1 Trade advances include a sum of ₹87.39 crore (₹87.39 crore) recoverable from one of the parties, against which the company has initiated legal actions including criminal proceedings. Full provision has been made in earlier years. The company is successful in getting arbitration award for ₹110.00 crore in its favour along with 12% interest per annum from 1st May, 2006 till realization of the award. However the parties have raised objections to the award before honourable court. Hearing of the same is in progress.

18.2 In respect of a trading operation in wheat during the year 2003-04 and 2004-05, 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 a/c the associate, aggregating ₹58.41 crore (₹58.41 crore) have been provided/written off in earlier years. Further, during the current year ₹6.69 crore (₹19.35 crore) has been written off out of the provisions. The additional sales tax liability that may arise, for which the company has given declaration, is not ascertained.

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

18.3 Trade Receivables includes ₹51.52 crore (₹51.52 crore) against which credit balance amounting to ₹42.29 crore (₹35.21 crore) is available and Trade & Misc. advances includes ₹84.86 crore (₹74.68 crore) (Note no 25) in respect of one of the associates through whom various agricultural items were exported up to 2011-12 through its Mumbai branch. Upon non-receipt of the dues from the associate, the company has initiated necessary legal steps for its recovery. The associate has also approached the company seeking further time for making payment. The party has submitted a payment plan and accordingly remitted USD 2,00,000 equivalent to ₹1.10 crore approx. after the date of balance sheet. In view of the action taken for recovery and discussions with the associate, the company is hopeful of realization of entire dues and no provision is considered necessary at this stage.

18.4 Details of dues from Directors/ Officers :-

- Directors	: NIL	NIL
- Officers	: ₹5.37 crore	₹4.35 crore

18.5 The Loans and Advances includes the advance made to associate shippers for procurement of Iron Ore Fines and export thereof, for which full provision has been made in earlier years -

- i] ₹12.64 crores [excluding interest] due from Business Associate M/s. Future Resources Pvt. Ltd., A stock of 36000 MTS of Iron ore fines [subject to handling and storing loss an account of long storage period] approximately valuing ₹14.00 crores is under the custody of C&F agent SVK Shipping at Vizag. The supplier M/s Sparsh Baldev has brought an injunction on the cargo in view of non-settlement of payment of ₹10.20 crores by Business Associate. The Business Associate have also filed a petition in City Civil Court Bangalore praying for order of injunction restraining the C&F agent from handing over the possession of the stocks to STCL and also have prayed for settlement of disputes through arbitration process. The interim order has been vacated and matter is posted for final hearing.
- ii] ₹6.86 crores [excluding interest] due from M/s. S.S. Exports, the matter is referred to arbitrator for adjudication since stay order was obtained by M/s. S.S. Exports against invocation of Bank Guarantee of ₹8.00 crores. The arbitration proceedings are completed and award is awaited.
- iii] ₹12.86 crores [excluding interest] due from M/s. Devi Mineral Resources [I] Pvt. Ltd., A stock of 6,005 MTs of Iron ore fines at Vizag and 503 MTS of Iron ore fines at Kakinada approximately valuing ₹3.18crores are in the custody of M/s.Prathyusha Associates Shipping Private Ltd., [C&F Agents]. The Company has lodged a complaint with CBI, Bangalore against M/s. Devi Minerals Resources [India] Pvt. Ltd., and 9 officials [including 2 retired officials] of the Company for missing stock of 94,402.63 MTs of Iron Ore Fines. The CBI is investigating the case and has seized related files.

The Company has issued charge sheet to 7 serving officials in respect of (i), (ii) & (iii) above and also in respect of quality claims of USD 2.88 Million [₹15.66 crores] by overseas buyer M/s. Devi Trading Co. Ltd., Hong Kong against Company. The inquiry proceedings are under progress.

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 19

OTHER NON CURRENT ASSETS

S. No.	Description	As at 31st March, 2013	As at 31st March, 2012
1.	Long term trade receivable		
	- Secured, Considered Good	6.54	55.84
	- Unsecured, Considered Good	1,310.17	1,372.50
	- Doubtful	123.33	56.93
	Less : Allowance For bad & Doubtful	123.33	56.93
	Net	1,316.71	1,428.34
2.	Claims recoverable		
	- Secured, Considered Good	0.20	0.20
	- Unsecured, Considered Good	32.91	28.80
	- Doubtful	4.94	10.57
	Less : Allowance For bad & Doubtful	4.94	10.57
	Net	33.11	29.00
3.	Interest accrued on trade receivable		
	- Secured, Considered Good	–	–
	- Unsecured, Considered Good	–	–
	- Doubtful	–	–
	Less : Allowance For bad & Doubtful	–	–
	Net	–	–
4.	Cash & Cash equivalents :		
	a) Other Bank Balances	–	–
	Term Deposit with banks :		
	- Deposit pledged / Under Lien as margin Money	–	–
	- Other Deposits	–	–
	Interest accrued on Term Deposits :		
	- Deposit pledged / Under Lien as margin Money	–	–
	- Other Deposits	–	–
	Net	–	–
5.	Others (Specify Nature)		
	- Secured, Considered Good	–	–
	- Unsecured, Considered Good	0.66	0.17
	- Doubtful	–	–
	Less : Allowance For bad & Doubtful	–	–
	Net	0.66	0.17
	Total	1,350.48	1,457.51
	PARTICULARS OF OTHER NON CURRENT ASSETS		
	- Secured, Considered Good	6.74	56.04
	- Unsecured, Considered Good	1,343.74	1,401.47
	- Doubtful	128.27	67.50
	Total	1,478.75	1,525.01
	Less : Allowance For bad & Doubtful	128.27	67.50
	Net	1,350.48	1,457.51

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

- 19.1 Long term trade receivables include ₹568.44 crore (₹568.44 crore) 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 ₹527.86 crore has been admitted by the liquidator. There is, however, a corresponding credit under back to back arrangement of ₹568.60 crore (₹568.67 crore) under sundry creditors. In view of this no provision is considered necessary.
- 19.2 Long term trade receivables include ₹788.71 crore (₹787.69 crore) under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balances of ₹348.62 crore (₹361.63 crore) are available, leaving net receivable of ₹440.09 crore. Action against the associates has been initiated. An amount of ₹1.28 crore was realised from the associates during 2011-12. The matter is being pursued and the company is hopeful of recovery. Yet as a measure of abundant caution a provision of ₹69.56 crore (₹38.45 crore) has been made during the year, making a total provision to ₹108.01 crore to the extent the company has already paid to Exim Bank as there are no commensurate recoveries from the associate.
- 19.3 Long term trade receivable includes ₹4.94 crore (₹4.94 crore) towards reimbursement of loss in supply of edible oil under PDS to M/s Gujarat State Civil Supply Corporation under the subsidy scheme of Government of India. As the claim is under process with Government of India, no provision is considered necessary.
- 19.4 Long term trade receivable includes ₹3.20 crore (₹3.20 crore) recoverable from one of the associates towards import of pet bottle material, which are pledged with the company. Steps have been taken to recover the dues. A provision of ₹1.28 crore has been made during the year to the extent not covered by pledged stock.

(2) CURRENT ASSETS

NOTE NO. 20

CURRENT INVESTMENTS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Current Investment	—	—
Total	—	—

NOTE NO. 21

INVENTORIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Stock in trade including with handling agents/local agent	43.26	549.85
(b) Stores and spares	0.19	0.25
(c) Packing materials	0.03	—
(d) Stationery	0.06	—
(e) Others	0.04	8.41
Total	43.58	558.51

21.1 For Mode of Valuation, please refer para 10 of Note 44 to the financial statements

21.2 Stock-in-Trade includes :-

Goods-in-Transit	₹1.64crore	₹102.09crore
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21.3 Stock-in-trade does not include value of 246 Kg of gold & 1076.45 Kg of silver imported on 'consignment basis' lying in the vaults of supplier for which custom duty has already been paid.

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 22 TRADE RECEIVABLES

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Trade receivables over Six Months		
- Secured, Considerable Good	1,590.46	1,667.50
- Unsecured, Considerable Good	42.00	794.91
- Doubtful	28.40	28.49
Gross Receivable	1,660.86	2,490.90
Less : Allowance for bad & doubtful receivable	28.40	28.49
Net Receivable	1,632.46	2,462.41
(b) Other Trade Receivables		
- Secured, Considerable Good	651.11	877.56
- Unsecured, Considerable Good	6.24	118.18
- Doubtful	—	—
Gross Receivable	657.35	995.74
Less : Allowance for bad & doubtful receivable	—	—
Net Receivable	657.35	995.74
Grand Total (a+b)	2,289.81	3,458.15

22.1 Trade receivable includes ₹121.99 crore (₹121.99 crore) of one of the associates, which is overdue. The dues are fully secured by pledge of stocks, which were purchased under advance license in the name of the associate company. The fixed assets of the associate company have been taken over by Asset Reconstruction Company (India) Limited (ARCIL). ARCIL has initiated action to sell the associate company's fixed assets including its plant to another company, which will facilitate in liquidation of the pledged stock and recovery of the dues. No provision is considered necessary.

22.2 Trade receivable includes ₹1,353.25 crore (₹1,300.15 crore) recoverable from one of the associates for goods sold to them during earlier years. Dues are secured by EMD of ₹37.78 crore (₹35.55 crore), corporate guarantee of its holding company and the personal guarantee of the chairman of its holding company. In addition, the associate has signed a Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 with STC for payment of entire dues by 10.11.2012. However, the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. The associate has affirmed its commitment to repay entire dues along with interest and has paid ₹185.13 crore during the year 2012-13.

22.3 Trade Receivables includes the following which has been fully provided:

- ₹2.26 crore [excluding interest and trade margin] due from M/s.Meta Copper and Alloys Ltd. Goa against High Seas Sale and pledge of stocks in their premises which was under CWC management. As the payments were not received, the Company invoked the Personal / Corporate Guarantee executed by M/s.Meta Copper & Alloys Limited in favour of the Company and filed cases under Section 138 of N.I. Act. The Arbitration proceedings are also under progress. The CWC has filed a police complaint for not allowing them inside factory premises for discharging their duties as per the tripartite contract [STCL, CWC and Meta Copper]. In the meantime, Meta Copper and Alloys Ltd., has unauthorisedly lifted the stock of 188 MTs of brass strips approximately valuing ₹3.50 to ₹4.00 crore. The company has also filed a police complaint against Meta Copper for unauthorisedly lifting the stocks against the outstandings of ₹5.92 crore which includes interest and trade margin. The Company has made full provision for ₹2.26 crore in the earlier years.
- ₹4.21 crore due from Sri Kumar Trading (Group). The company has filed a Private Complaint which is being investigated by Police for diverting and misappropriation of 371 MTS of Pulses. The company has also filed case under section 138 of NI Act, the legal proceedings are in progress. The Company has made full provision for the amount due of ₹4.21 crore in the earlier years.

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

- (iii) ₹17.10 crore due from R. Piyaarelall Foods Pvt Ltd, Kolkata. The company has filed a private complaint in the magistrate court which has been referred to the jurisdiction police station at Bangalore. The police have filed FIR and investigation is in progress. The Company has initiated action u/s 138 of Negotiable Instrument Act for the return of the cheque unpaid. In addition, the Company has invoked the personal guarantee issued by the director of R. Piyaarelall Foods Pvt Ltd and against the non payment the Company has filed a recovery suit in the Kolkata High Court. The Company has also filed an application for appointment of arbitrator u/s 11 of the Arbitration Act in the High Court of Karnataka and also filed an application u/s 9 of Arbitration Act for injunction of properties of RPFPL and its directors. The Company has made full provision for ₹17.10 crore in the earlier years.
- (iv) ₹8.96 crore due from Shree Ganesh Steels and Alloys Ltd, Chennai, [for which provision was made in the earlier years] against High seas sale and Pledge of stocks held in the premises of Container Corporation of India at Chennai. As the payments were not received, the company invoked the Personal / Corporate Guarantee executed by M/s Shree Ganesh steels and Alloys Ltd under 138 of NI Act. Out of the four cases filed by the Company under section 138, in one case the judgment was against the company wherein the case was dismissed /acquitted for the reasons that cheque issued by the party, was meant for security and not towards settlement of accounts. The Company has filed an appeal in the High Court against the ruling of lower court as there are rulings where cheque given as a security when returned unpaid case can be filed as per 138 of NI Act. The company has also obtained temporary injunction from City Civil Court Bangalore restraining Shree Ganesh from disposing the goods until the Arbitration award. A legal notice to Shree Ganesh Steel Rolling Mills, Concor and Customs Authorities at Chennai that in view of the injunction and attachment obtained from court goods cannot be removed without the knowledge/consent or sanction of the company.

22.4 During the year 2004-05, the Company had imported Light Melting Scrap from M/s.Octrix Holdings (S) Pte Ltd., Singapore on back to back contract terms with business associate M/s.Jai Bhavani steel Enterprises Ltd., out of the total imports, 5 consignments consisting of 1483 MTs valued at ₹1.24 crore were found to be mud and used tyres on clearing the Cargo, for which the Company had executed High Seas Sale agreement. M/s. Jai Bhavani Steel Enterprises Ltd., obtained an interim injunction from High Court of Madras not to effect payment against these consignments. The supplier has filed an appeal in the High Court of Chennai against the Company to effect the payment which was dismissed. The Divisional Bench of Madras High Court has passed order in favour of Company. Where as the supplier's bank ie. The Bank of New York has gone on appeal to Supreme Court in the matter of honouring of Letters of Credit and the case is pending. However the Company has recovered a sum of ₹1.29 crore from pre-shipment inspection agency M/s. Alex Stewart (Assayers) Ltd., The amount receivable ₹1.25 crore from Jai Bhavani has been written off during the year and the amount received from Alex Stewart (Assayers) Ltd. has been shown as income under the head exceptional items.

NOTE NO. 23

CASH & CASH EQUIVALENTS

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Cash in hand	0.17	0.20
(b) Stamps & Stamp Papers	0.01	0.01
(c) Cheques / Drafts on hand	—	—
(d) Balances with banks		
- Cash Credit account - Debit Balance	1.62	31.41
- Current Accounts	45.53	59.27
- Current Account in Foreign currency - EEFC	0.01	1.44
(e) Short Term Deposit with banks :		
- Deposit pledged / Under Lien as margin Money	185.52	128.03
- Other Deposits	20.94	13.16
(f) Interest accrued on Term Deposits :		
- Deposit pledged / Under Lien as margin Money	0.02	0.02
- Other Deposits	1.29	0.68
(e) Unpaid Dividend Bank Account	0.24	0.23
Total	255.35	234.45

23.1 Short Term Deposits include ₹182.48 crore (₹124.81 crore) pledged with banks as margin against letters of credit.

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

23.2 The Cash and Balances include ₹0.01 crore equivalent to USD 1368.10 which was held in EEFC accounts at the banks, for which there is no confirmation of balance from the banks.

NOTE NO. 24

SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2013	As at 31st March, 2012
1. Capital Advances		
- Secured, Considered Good	–	–
- Unsecured, Considered Good	0.81	2.06
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	0.81	2.06
2. Security Deposits		
- Secured, Considered Good	0.89	0.61
- Unsecured, Considered Good	0.16	10.90
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	1.05	11.51
3. Loans and advances to related parties		
- Secured, Considered Good	–	–
- Unsecured, Considered Good	–	–
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	–	–
4. Advances to employees		
- Secured, Considered Good	1.77	1.84
- Unsecured, Considered Good	0.81	0.85
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	2.58	2.69
5. Interest accrued on advances to employees		
- Secured, Considered Good	0.79	0.52
- Unsecured, Considered Good	0.19	0.36
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	0.98	0.88
6. Trade advances		
- Secured, Considered Good	–	–
- Unsecured, Considered Good	2.88	169.84
- Doubtful	1,155.76	1,156.32
Less : Allowance For bad & Doubtful	1,155.76	1,156.32
Net	2.88	169.84

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 24 (Contd.)

SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2013	As at 31st March, 2012
7. Advance tax (net of provision)		
- Secured, Considered Good	–	–
- Unsecured, Considered Good	22.81	8.71
- Doubtful	–	–
Less : Allowance For bad & Doubtful	–	–
Net	22.81	8.71
8. Other Misc. advances		
- Secured, Considered Good	2.09	–
- Unsecured, Considered Good	8.54	28.24
- Doubtful	–	0.36
Less : Allowance For bad & Doubtful	–	0.36
Net	10.54	28.24
Total	41.65	223.93
PARTICULARS OF SHORT TERM LOANS AND ADVANCES		
- Secured, Considered Good	5.54	2.97
- Unsecured, Considered Good	36.11	220.96
- Doubtful	1,155.76	1,156.68
Total	1,197.41	1,380.61
Less : Allowance For bad & Doubtful	1,155.76	1,156.68
Net	41.65	223.93

24.1 Details of dues from Directors/ Officers :-

- Directors :	NIL	₹0.003 crore
- Officers :	₹2.37 crore	₹1.56 crore

24.2 Loans and Advances includes ₹1,155.25 crore [net of security deposit/margin money] being as Claims Receivable from Business Associates M/s.Future Exim (India) Pvt. Ltd. & M/s.Future Metals Pvt. Ltd. on account of import of Metal Scraps-[Nickel/Copper Scrap]. As the Business Associates failed to meet the commitment of making the payment before the due dates of the Letters of Credit and this resulted in devolvement of LC's on company. The net amount due from above business associate is ₹1,155.25 crore towards the cost of cargoes stuffed in 885 containers which were assessed as Iron Scrap instead of Nickel and Copper Scrap. The subsidiary company thus filed criminal complaint against oversaes sellar, busniess associates as well as inspecting agency and matter is being investigated by CBI, New Delhi.

The Susidiary Company has initiated civil and criminal proceedings for recovery of the amount from the business associates and in this connection the company has obtained injunction on the properties owned by the business associates which includes 154 acres of land belonging to them and group companies for which the business associates have submitted original title deeds to the SBI, lead bank of consortium of banks for creation of charge.

As the Sale is not concluded in these transactions due to non-receipt of payment from the buyers / associates as per the contract, amount paid towards devolved LC's [Purchase-Metal Scrap (Imports)] were transferred to the Business Associates account and treated as 'Claims Receivable from Business Associates' in accordance with the terms of contract.

In this connection, the company has obtained the court injunction on the properties of the business associate. The Company had engaged the services of Government and Banks Registered Valuer to assess the value of land located

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

at Punjab. Accordingly, based on the location, developmental work in the surroundings and prevailing market rates, the value was assessed at ₹548.45 crore in Jan 2012 in respect of Land located at Punjab. The valuation of Maharastra Properties has been done during the year and valued at ₹25.63 crore. No other properties was not re-assessed during the year. The valuer has also confirmed that there were no encumbrances on said properties situated in Punjab.

In view of the pending establishment of clear title and creating charge on the properties of FMPL / FEIPL and its group companies in favour of STCL / banks, full provision has been made as a measure of abundant precaution.

NOTE NO. 25

OTHER CURRENT ASSETS

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Prepaid Expenses	0.72	0.39
(b) TA advance	0.01	0.03
(c) Advance for expenses	0.53	0.48
(d) VAT receivable-input	0.80	2.01
(e) Income Tax Refundable	–	1.54
(f) Deposits	19.28	4.24
(g) Tax deducted at source	0.12	–
(h) Claims Recoverable:		
i. From Govt. of India	215.03	312.15
ii. From State Govt.	2.71	2.61
iii. From insurance companies	–	0.02
iv. From Associates	14.06	–
v. Others	5.65	0.12
(i) Exchange difference accrued on Forward Contract	0.01	0.79
(j) Accrued discount on Forward Contract	0.11	0.40
(k) Others	–	0.03
Total	259.03	324.78

25.1 Claims recoverable (Govt. of India) include ₹158.93 crore (₹158.93 crore) towards import of pulses under government account since the year 2006-07 to 2010-11. The claim for the same has been lodged with the Ministry of Consumer Affairs for reimbursement of actual losses. An amount of ₹11.70 crore has been received after the Balance Sheet date from the Ministry of Consumer Affairs towards part payment against these claim.

25.2 Claims recoverable (Govt. of India) include ₹49.18 crore (₹115.61 crore) on account of edible oil import-PDS, which is under process by Ministry of Food and Public Distribution, Government of India.

25.3 Claims recoverable (Govt. of India) includes ₹5.28 crore towards import of pulses on behalf of UP government for sale under PDS which was valid up to 30th June 2012. However, all such pending claims were to be submitted to Ministry of Consumer Affairs by 31.03.2013 for settlement. Accordingly, claim lodged amounting to ₹13.23 crore after 30th June, 2012, out of which ₹7.95 crore has already been received on 11.01.2013. Balance claim is being pursued with the Ministry of Consumer Affairs, hence no provision is considered necessary.

25.4 Claims recoverable (State Govt.) includes ₹2.71 crore towards carrying costs for delayed lifting of pulses by State Govts. Claim for the same was lodged during the year 2011-12. The same is being followed up with the State Govt. Settlement of the claim shall be done on completion of lifting of balance quantity of pulses. There is a credit balance of ₹9.08 crore on this account.

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 26

REVENUE FROM OPERATIONS

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Sales		
Export	1,565.72	344.32
Import	17,015.28	29,961.20
Domestic	219.93	266.55
Total(a)	18,800.93	30,572.07
(b) Other operating revenue		
Exchange Fluctuation - Gain (Net)	119.32	—
Discount on Forward Contract	3.24	5.75
Claims:		
From Govt. of India	21.25	212.98
From state Govt.	—	4.64
From Insurance agencies	—	0.04
From Govt. departments	23.88	—
From business associates	136.68	38.80
Other claims	0.28	52.36
Despatch money earned	—	0.22
Other Trade Income:	—	—
Cash Assistance /subsidy	0.22	1.11
Others	41.26	17.26
Total(b)	346.13	333.16
Revenue from Operations (a+b)	19,147.06	30,905.23

26.1 Exchange fluctuation-gain (net) of ₹119.32 crore (Loss ₹119.93 crore included in Note -29) includes ₹87.15 crore (Loss ₹118.72 crore) on account of business associates for which necessary adjustment has been made in Purchases/Sales Account and to that extent there is no impact on the profit for the year.

26.2 Details of exchange fluctuation (net) on account of business associates adjusted in Purchase/Sales are as follows:

(A) Export -Exchange Gain /(Loss) (Adjusted in Purchase)	10.13	10.80
(B) Import- Exchange Gain /(Loss) (Adjusted in Sales)	77.02	(129.52)
Exchange Fluctuation-net Gain/(Loss) (A+B)	87.15	(118.72)

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 27 OTHER INCOME

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Interest income:-		
Advance to Employees	1.20	0.90
Loan to subsidiaries		
Inter Corporate Deposits		
Term Deposits With Banks & its subsidiaries :	0.49	0.35
- Deposits pledged / under Lien as margin money	2.86	–
- Other Deposits	1.65	16.30
Income Tax Refunds	1.02	1.18
Interest on Trade Finance/Associates :	–	–
- Other than PCFC / EPC	229.58	255.11
Other Miscellaneous interest	0.05	0.01
Total (a)	236.85	273.85
(b) Miscellaneous income:-		
Security Deposits forfeited	–	12.98
Performance Bank Guarantee forfeited	–	0.76
Common facility centre receipts-Jalandhar	–	–
Rent received from Employees	0.07	0.09
Total(b)	0.07	13.83
(c) Rental income:-		
Rent Received from let-out property	26.33	25.29
Recoveries for common services from tenants	2.04	2.42
Total	28.37	27.71
Less: Expenses related to let out property		
land & development office charges@25%	6.22	5.84
Property tax	5.69	5.52
Electricity & water charges	–	–
Insurance premium	0.03	0.04
Maintenance charges	0.86	0.81
Administrative expenses	0.48	0.41
Total	13.28	12.62
Net rental income	15.09	15.09
(d) Other Receipts:-		
- Difference in exchange other than commodity items*	0.73	2.68
- Misc. non Trade receipts	7.00	5.35
Total (d)	7.73	8.02
Gross Total (a+b+c+d)	259.74	310.79

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

EXPENSES:

NOTE NO. 28

COST OF MATERIAL CONSUMED

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Opening balance of packing material	–	0.01
Add: Purchases made during the year	0.13	1.34
Total	0.13	1.35
Less: Closing balance of packing material	0.03	–
Cost of material consumed during the year	0.10	1.35

NOTE NO. 29

PURCHASE OF STOCK IN TRADE

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Purchase	17,935.61	27,082.54
Freight -Road	0.03	0.01
-Rail	18.13	931.41
-Marine	0.11	0.02
Exchange fluctuation -loss (Net)	–	119.93
Premium on forward contract	0.70	1.64
Insurance - General	0.64	1.31
- Marine	1.49	0.50
Customs Duty	471.35	1,107.97
Clearing, Handling, Survey fee, port & Other Charges	62.70	695.05
Processing Charges	8.76	36.73
Sales Tax/ Sur Charge on Sales Tax/VAT	–	–
Octroi/Purchase Tax Reimbursement	1.29	19.83
Sales Return	–	29.95
Total	18,500.81	30,026.89

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 30

CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Inventories of finished goods		
Opening balance of finished goods	0.27	0.20
Less: Closing balance of finished goods	1.30	0.27
Changes in inventories of finished goods	(1.03)	(0.07)
Opening balance of work-in-progress	–	–
Less: Closing balance of work-in-progress	–	–
Changes in inventories of work-in-progress	–	–
(c) Inventories of stock-in-trade		
Opening balance of stock-in-trade	557.95	1,313.45
Less: Closing balance of stock-in-trade	41.96	557.95
Changes in inventories of stock-in-trade	515.99	755.50
Total (a+b+c)	514.96	755.43

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 31

EMPLOYEES BENEFIT EXPENSE

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Remuneration to Staff & Managers		
Salaries and Allowances	71.37	67.31
Residential Rent	–	0.01
Provident fund	4.90	4.54
Employees pension scheme 95 (EPS 95)	0.52	0.45
Bonus	–	–
Performance Related Pay	0.63	0.79
Welfare Expenses:	–	–
- Medical Expenses on regular employees	8.56	5.01
- Medical Expenses on retired employees	12.39	17.11
- Others	1.13	1.81
Gratuity	5.42	1.50
Pension	3.63	3.43
Total(a)	108.55	101.96
(b) Remuneration to Directors		
Salaries and Allowances	1.32	1.44
Provident fund	0.07	0.09
Employees pension scheme 95 (EPS 95)	–	–
Welfare Expenses	–	–
- Medical Expenses on regular Directors	0.01	0.01
- Medical Expenses on retired Directors	0.08	0.07
Gratuity	(0.04)	0.02
Pension	0.20	0.33
Total(b)	1.64	1.96
Grand Total (a+b)	110.19	103.92

31.1 As per Accounting Standard-15(Revised) "Employee Benefits", the disclosure as defined in the Accounting Standard are given in Note No. 54.

31.2 Value of Bonus paid ₹11,955 (₹11,031)

31.3 Whole time directors are allowed use of company car for non-duty journey up to 1000 km per month on payment of ₹490/520/780 per month, as applicable.

31.4 Actual medical expenses incurred towards retired employees including retired directors is ₹6.36 crore (₹4.04 crore) and provision for post-retirement medical benefits on actuarial basis is ₹5.94 crore (₹13.13 crore)

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 32 FINANCE COST

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Bank Loan :		
- Working capital Demand Loan(WCDL)	13.50	7.23
- Cash Credit	417.01	382.09
- Export packing credit/PCFC	27.57	34.86
- BAS/External Commercial borrowing	0.13	—
Business associates :	—	—
- Deposits pledged / under Lien as margin money	3.72	15.86
- Other Deposits	0.79	—
TDS/TCS/INT U/S234B	0.58	0.09
Micro, small & medium enterprises	—	—
Exchange fluctuation on borrowing	0.62	1.21
Others	0.50	0.01
Total	464.42	441.35

32.1 All relevant notes on borrowing costs may be given.

NOTE NO. 33 DEPRECIATION AND AMORTIZATION COST

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Tangible Assets		
Free hold assets:		
(a) Building	0.91	0.74
(b) Plant & Equipment	1.44	1.50
(c) Furniture & fixtures	0.24	0.14
(d) Vehicle	0.14	0.18
(e) Air conditioners & office equip.	0.46	0.19
(f) Computer, data processor & communication equipment	0.32	0.31
Sub Total (a)	3.51	3.06
Lease hold assets:		
(a) Land	0.09	0.08
(b) Building	0.82	0.82
(c) Roads, culverts & sewerage etc.	0.02	—
Sub Total (b)	0.93	0.90
Intangible Assets		
(a) Amortization of Computer software	0.05	0.04
Sub Total (c)	0.05	0.04
Grand Total (a+b+c)	4.49	4.00

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 34 OTHER EXPENSES

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Other Operating Expenses		
L/C Negotiation & Bank Charges	2.69	10.24
Godown, Plot, Tank Rent	4.21	9.90
Commission on Sales	0.14	0.27
Other Direct Exps.	0.61	0.48
Delivery charges	1.40	5.79
Total (a)	9.05	26.68
(b) Administration expenses		
Office Rent	3.13	3.54
Rates and Taxes:		
- Property Tax to Municipal Corporation	1.23	1.22
- Wealth Tax	0.16	0.10
- Others	0.03	0.02
Electricity and Water Charges	2.00	1.72
Printing and Stationery	0.52	0.44
Postage, Telegram, Teleprinter & Telex	0.21	0.18
Telephones	1.09	1.14
Books and Periodicals	0.03	0.07
Repairs		
- Building	0.13	0.02
- Plant and Machinery	–	0.08
- Others	0.35	0.42
Travelling Expenses	2.65	2.56
Housing Colony Expenses	2.24	1.91
Service Vehicle Expenses	0.87	0.76
Insurance Premium	0.17	0.16
Auditors' Remuneration		
- Account Audit Fees	0.14	0.12
- Tax Audit Fees	0.07	0.06
- Certification fees	0.03	0.02
- Other charges - TA/DA etc.	0.01	0.01
HRD Expenses	0.36	0.64
Information Technology Expenses	0.20	0.09
Conveyance Expenses	0.07	0.09
Maintenance of office building	1.26	1.54
Misc. Office expenses*	2.60	2.61
Total (b)	19.55	19.52

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 34 (Contd.)

OTHER EXPENSES

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(c) Trade Expenses		
Legal & Professional Expenses	4.63	3.02
Advertisement & Publicity	0.87	0.98
Exhibitions & Fairs	–	–
Exchange Fluctuations other than commodity items	0.30	0.62
Bank Charges	0.47	0.45
Entertainment expenses	0.37	0.36
Hospitality and Public Relations	0.05	0.06
Corporate Social Responsibility	0.57	1.68
Corporate Social Responsibility Provision	1.22	–
Other Trade Expenses	0.65	1.11
Total (c)	9.13	8.28
Total (a+b+c)	37.73	54.48

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 35 EXCEPTIONAL ITEMS

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Expenses		
Loss on sale of fixed assets	0.03	0.01
Litigation settlement	0.43	–
Total (a)	0.46	0.01
(b) Write Offs		
Trade Receivables	104.82	43.92
Claims	5.71	0.75
Loans and Advances	0.04	25.22
Deposits	(1.29)	–
Assets	–	0.31
Investments	0.22	–
Total (b)	109.50	70.20
(c) Provision for Doubtful debts, Loans and advances & Investment		
Trade Receivables	73.28	38.45
Claims	0.13	1.27
Loans and Advances	–	–
Deposits	–	0.30
Investment	–	2.82
Total (c)	73.41	42.84
(d) Income		
Profit on Sale of Fixed Assets	0.01	0.02
Liabilities Created in previous years written back		
- Others	7.84	29.77
Provision Written back for doubtful amounts realized:		
-Trade Receivables	0.25	0.08
-Claims	0.01	–
-Loans and Advances	–	–
Provision Written back for doubtful amounts written off:		
-Trade Receivables	9.03	11.70
-Claims	5.71	0.75
-Loans and Advances	0.04	25.22
-Deposits	–	–
-Assets	–	0.04
-Investments	0.14	–
Other receipts	0.01	0.01
Write back of unclaimed credit balances	7.77	1.84
Total (d)	30.81	69.43
Total (a+b+c-d)	152.56	43.62

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 36 EXTRAORDINARY ITEMS

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Loss due to Earthquake/Cyclone/flood	–	–
Loss due to Fire	–	–
Total	–	–

NOTE NO. 37 PRIOR PERIOD ADJUSTMENT NET (DEBIT/CREDIT)

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Income		
Sales	11.97	(0.07)
Other Income	(0.15)	0.01
Interest Income	0.09	(2.80)
Misc. Income	0.42	1.03
Total (a)	12.33	(1.83)
(b) Expenditure		
Cost of Sales	11.33	(0.05)
Overheads		
- Establishment	–	0.34
- Administration	0.02	0.02
- Trade	0.01	0.02
Bank Interest	0.14	49.31
Depreciation	–	0.01
Others	0.01	0.38
Total (b)	11.51	50.03
Net Adjustment (a-b)	0.82	(51.86)

NOTE NO. 38 CURRENT TAX

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Current Tax has been computed on profit of the year as per the prevailing tax laws	–	12.13
Total	–	12.13

38.1 In view of net taxable loss, no tax provision for the current year has been made.

CONSOLIDATED NOTES TO ACCOUNTS AS ON 31ST MARCH, 2013 (Contd.)

(₹ in Crore)

NOTE NO. 39

DEFERRED TAX ASSETS (NET)

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Deferred Tax (net) is computed as per the prevailing tax laws		
Deferred Tax Assets	–	(7.19)
Deferred Tax Assets (Net)	–	(7.19)

39.1 Refer Note No.17.1

NOTE NO. 40

PROFIT (LOSS) FROM DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
(a) Income from discontinuing operation	–	–
(b) Expenses of discontinuing operation	–	–
Profit (Loss) (a-b)	–	–

NOTE NO. 41

TAX EXPENSE OF DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Tax expense of discontinuing operations	–	–
Tax has been computed on discontinuing operation as per the prevailing tax laws		
Total	–	–

NOTE NO. 42

EARNING PER EQUITY SHARE -BASIC

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
A. Profit After Tax (PAT)	(278.18)	(268.19)
B. Weighted average No. of equity shares	6	6
EPS - Basic in ₹ (A/B)	(46.36)	(44.70)
Face Value in ₹	10.00	10.00

NOTE NO. 43

EARNING PER EQUITY SHARE -DILUTED

Particulars	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
A. Profit After Tax (PAT)	(278.18)	(268.19)
B. Weighted average No. of equity shares	6	6
EPS - Basic in ₹ (A/B)	(46.36)	(44.70)
Face Value in ₹	10.00	10.00

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF CONSOLIDATION

The Consolidated Financial Statements relate to The State Trading Corporation of India Limited and its 100% Subsidiary STCL Limited

- a) The financial statements of the company and its subsidiary company have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The effect of intra group transactions are eliminated in the consolidation.
 - b) The difference between the cost of investments in the subsidiary/associate, over the net assets at the time of acquisition of share in the subsidiary/associate is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
 - c) The financial statements of joint ventures entities are combined by applying proportionate consolidation method on a line by line items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS-27) "Financial Reporting of Interest in Joint Ventures".
 - d) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for the transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements except as otherwise stated in other notes to the accounts.
2. Investments other than in Subsidiaries, Associates and Joint Ventures have been accounted for as per Accounting Standard (As-13) "Accounting for Investments".

3. OTHER SIGNIFICANT POLICIES

These are set out under 'Significant Accounting Policies' as given in separate Financial Statements of The State Trading Corporation of India Limited and its Subsidiary STCL Limited.

FOR CHANDIOK & GULIANI

Chartered Accountants
FRN: 001199N

Sd/-
(V. K. LALLA)
Partner
M.No: 080847

Sd/-
(KHALEEL RAHIM)
Chairman & Managing Director

Sd/-
(B.R.DHAWAN)
CGM (Finance)

Sd/-
(MANOJ MISHRA)
Director (Finance)

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

Place: New Delhi
Dated: 26.08.2013

Other Notes

45. CONTINGENT LIABILITIES & COMMITMENT

(₹ in crore)

I. Contingent Liabilities not provided for	31.3.2013	31.3.2012
A. Claims against the company not acknowledged as debt	2,471.25	2,026.99
B. Guarantees	220.87	545.18
C. Other money for which company is contingently liable	411.80	1,665.38
II. Commitment		
A. Estimated amount of contracts remaining to be executed on capital account and not provided for	10.09	7.21
B. Uncalled liability on shares and other investments partly paid	—	—
C. Other commitments	—	—

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.

46. The company has written off overdue receivables amounting to ₹96.15 crore pertaining to previous year export import transactions, where recovery is uncertain and withdrawn ₹95.96 crore from the Export/Import contingency reserve created out of appropriations of earlier years profit with an objective to set off such losses. There would have been loss of ₹377.64 crore instead of loss of ₹281.68 crore (before Tax) and EPS of (-) ₹62.35 instead of (-) ₹46.36 for the year ended 31.03.2013, if the company had not utilized this reserve.
47. Trade receivables, loans & advances and other current & non-current assets include ₹36.22 crore (₹103.20 crore) pertaining to previous years 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.
48. Balances in parties' accounts are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.
49. Current liabilities include balances that are subject to reconciliation/ confirmation and consequential adjustments.
50. 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.

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

a) Expenditure in Foreign Currency (on accrual basis)	2012-13	2011-12
a) Expenditure in Foreign Currency (on accrual basis)		
i) Import of Goods including freight etc.*	16,339.40	24,935.12
ii) Interest	—	—
iii) Training	0.04	0.08
iv) Travelling	0.38	0.24
v) Agency Commission	—	—
vi) Books & Periodicals	—	0.01
vii) Others	0.11	0.19
Total	16,339.93	24,935.64
b) Earning in Foreign Exchange (on accrual basis)		
i) Export of goods on FOB basis*	1,561.72	300.04
ii) Dispatch Money	—	—
iii) Others	13.63	3.42
Total	1,573.12	303.46

* include third party transactions.

52. INFORMATION ABOUT BUSINESS SEGMENT AS AT 31.03.2013 – attached.

53. RELATED PARTY TRANSACTION:

1. Key Management Personnel

i. Directors

a. Shri J.S. Deepak	Chairman & Managing Director (from 01/12/2012)
b. Shri N.K. Mathur	Chairman & Managing Director (upto 30/11/12)
c. Shri S. S. Roy Burman	Director (Marketing) (upto 30/04/2012)
d. Shri M. M. Sharma	Director (Personnel)
e. Shri Khaleel Rahim	Director (Marketing)
f. Shri Manoj Mishra	Director (Finance) (from 15/10/2012)
g. Shri Rajiv Chopra	Director (Marketing) (from 01/01/2013)
h. Shri H. P. Girish	Managing Director (STCL Limited)

ii. Relatives of Directors

None

Remuneration paid to Directors (Key Management Personnel) has been disclosed in Note No 31(B)- Remuneration to Directors.

54. 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 recognised as expenses and 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 (PRMS)

The company has Post-Retirement Medical Scheme (PRMS), under which retired employee and his/her spouse are eligible for 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. Total actuarial liability of ₹67.47 crore (₹57.48 crore) is estimated as per actuarial valuation as on 31.03.2013 for on roll and retired employees.

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 on superannuation / death. 50% of EL subject to a maximum 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. Total actuarial liability of ₹17.77 crore (₹16.42 crore) for EL & ₹13.10 crore (₹12.72 crore) for HPL is estimated as per actuarial valuation as on 31.03.2013. In case of STCL, The provision for earned leave and HPL encashment of ₹0.07 crore[previous year ₹0.15 crore] is made based on salaries on the Balance Sheet date and no actuarial valuation is done.

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 ₹10 lakh on superannuation, resignation, termination, disablement or death. Total actuarial liability of ₹44.64 crore (₹40.25 crore) is estimated as per actuarial valuation as on 31.03.2013 for on roll employees.

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 15/25/30/35/38 years of service. Besides this, service award @ ₹1,000/- per year for each completed year of service is also given at the time of retirement subject to a maximum of ₹30,000/-. Total actuarial liability of ₹1.53 crore (₹1.44 crore) is estimated as per actuarial valuation as on 31.03.2013 for on roll employees.

F. Pension

Company has defined contribution pension plan for its existing employees in pursuance to the guidelines issued by the Department of Public Enterprises. In this regard STC Employees Defined Contribution Superannuation Pension Trust has been formed. Under the scheme the employer is contributing 9% of Basic Pay plus VDA of eligible employees and the funds of the trust are managed by LIC.

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

i. Expenses recognised in Profit & Loss Account:

(₹ in crore)			
Particulars	Gratuity	Earned Leave	Half Pay Leave
Current Service Cost	1.89	0.99	0.64
Past Service Cost	NIL	NIL	NIL
Interest Cost	3.32	1.31	1.02
Expected return on plan assets	(3.72)	NIL	NIL
Net actuarial (gain)/loss recognised in the year	2.80	3.15	(0.49)
Expenses recognised in the Profit & Loss Account	5.29	5.45	1.17

ii. The amount recognised in the Balance Sheet:

Particulars	Gratuity	Earned Leave	Half Pay Leave
Present value of obligation as at 31.3.2013	46.06	17.77	13.10
Fair value of plan assets as at 31.3.2013	43.20	NIL	NIL
Funded Status	(3.28)	(17.77)	(13.10)
Excess of actual over estimated	(0.22)		
Net asset/(liability) recognised in the Balance Sheet	(3.28)	(17.77)	(13.10)

iii **Changes in the present value of the defined obligations:**

Particulars	Gratuity	Earned Leave	Half Pay Leave
Present value of obligation as at 1.4.12	41.50	16.42	12.72
Interest cost	3.32	1.31	1.02
Current Service Cost	1.89	0.99	0.64
Past Service Cost	NIL	NIL	NIL
Benefits paid	(3.23)	(4.10)	(0.79)
Net actuarial (gain)/loss on obligation	2.58	3.15	(0.49)
Present value of the defined obligation as on 31.3.2013	46.06	17.77	13.10

iv **Changes in the fair value of plan assets:**

Particulars	Gratuity	Earned Leave	Half Pay Leave
Fair value of plan assets as at 1.4.2012	41.29	Nil	Nil
Expected return on plan assets	3.72	Nil	Nil
Contributions by employer	1.64	Nil	Nil
Benefit paid	(3.23)	Nil	Nil
Actuarial gain/(loss)	(0.22)	Nil	Nil
Fair value of plan assets as at 31.3.2013	43.20	Nil	Nil

v. **Actuarial Assumption:**

Principal assumptions used for actuarial valuation for the year ended are:

Particulars	Gratuity	Earned Leave	Half Pay Leave
Discount rate	8%	8%	8%
Expected return on plan asset	9%	–	–
Future Salary Increase for STC	8%	8%	8%
Future Salary Increase for STCL	7%		

The discount rate is generally based upon the market yields available on government bonds at the accounting date with a term that of the liabilities & the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

55. **Foreign Exchange Exposure as on 31.03.2013**

(a) On STC's Account

Particulars	(Foreign Currency in crore)			
	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	–	–	29.35	0.10

(b) On Business Associates Account

Particulars	Hedged		Unhedged	
	Receivables	Payables	Receivables	Payables
USD	–	0.36 (0.96)	35.92 (31.53)	8.15 (28.67)
EURO	–	–	0.09 (0.11)	0.01
CHF	–	–	–	0.03

56. 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.
57. 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.
58. The Spice Trading Corporation of India Ltd.(STCL) had appointed M/s.ICRA Management Consultant Services, to prepare a Turn-around Plan for the Company in view of its weak financial position. Based on the Report submitted by the Consultant, the Board of Directors of the Company has passed a Resolution on 18.04.2013 to take necessary steps for Winding-up of the Company. The Board has also decided to introduce a voluntary separation scheme [VSS] to employees as there is no possibility of revival of the company and the existing business to be continued with the help of remaining employees after introduction of VSS.
59. In the opinion of the Management of STCL, the Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and necessary provision has been made in the cases wherever it is considered as doubtful.
60. As full provision for doubtful debts has already been made in the previous years, no further interest income is recognised. The interest payable to consortium of banks and UCO Bank is ₹297.52 crore which is calculated on accrual basis should have been recovered from the business associates to whom the credit facilities were provided. The amounts will be recognized as income in the year of actual recovery on cash basis.

61. An amount of ₹1.33 crore outstanding from various parties has been written off by subsidiary company. The subsidiary company has also written back an amount of ₹0.36 crore which was held in various parties accounts for more than 3 years.
62. The Subsidiary, STCL has filed a civil suit in 1994 against M/s. Rajesh Spices for breach of contract on supply of chillies to M/s. Kerala State Civil Supplies Corporation under back to back supply contract terms. The City Civil Court has passed a decree in favour of the Company directing M/s. Rajesh Spices to pay ₹0.34 crore with interest @ 9% p.a. [from the date of suit i.e., June 1994 to till realisation] to STCL during August 2011. The party has filed a review petition in High Court challenging the lower court order issued in favour of STCL for which necessary objections have been filed by the Company.

63. Disclosure as per AS 19 – LEASE

The Steam Sterilization unit at Chhindwara which was leased out on 28.3.12 to RDM Care India (Pvt) Ltd on OMT basis (operate Maintain and Transfer) for a period of 5 years on a lease rent of ₹161,000/- p.m. w.e.f. 01.07.2012 with an annual increase of 10%. A Bank Guarantee of ₹1,500,000/- and non-refundable pre-operative charges is payable to the Lesser as per the terms of the Lease. The Lease Agreement with RDM Care India (Pvt.) Ltd. is jointly executed by the Company and Spices Board as Spices Board has also leased their facilities at Chhindwara. The consolidated B.G. for ₹5,000,000/- which includes Company's share is held by Spices Board.

Class of Assets	As on 01.04.2012			For the year 2012-13 recognised in P&L	
	Gross carrying amount	Accumulated depreciation	Accumulated Impairment	Depreciation	Impairment/impairment Losses reversed
Land	0.19	–	–	–	–
Factory Building	1.11	0.11	–	0.04	–
Plant & machinery	5.21	1.51	–	0.52	–
Total	6.51	1.62	–	0.56	–

64. Accounting for Investment in Joint Ventures :- STC has following four joint ventures:-

(₹in Crores)				
S. No.	Name of Joint Venture	Total Amount Invested	Book Value of Investment as on 31.03.13	% of holding
1.	M/s. Richfield Aquatech Ltd. Vizag	0.55	Nil	13.00%
2.	M/s. Bluegold Meritech Ltd., Chennai	1.60	Nil	10.60%
3.	M/s. NSS Satpura Agro Development Co. Ltd.*	0.20	0.20	50.00%
4.	M/s. Sealac Agro Ventures Limited(SAVL)	0.10	0.10	6.25%

*Includes 25% share each of STC & STCL

Joint ventures at SI No.1 & 2 are not consolidated in view of continuous losses in the past and virtual closure of associate operations. The company's investment in these ventures has been written off during the year which were fully provided for in earlier years.

Further Financial Statements of the Joint Ventures at SI No.3 & 4 are yet to be finalized for the financial year 2012-13, hence not included in the consolidated financial statements.

65. The accounting policies followed by the Subsidiary are different from the accounting policies of the company as given below:
- Liability towards Post-retirement Medical benefits has not been provided by Subsidiary company and in case of gratuity, Leave encashment and Half Pay Leave are not determined on the basis of actuarial valuation. In case of gratuity, Premium payable to LIC of India towards the Group Gratuity Policy under defined contribution plan is charged to expenditure every year by Subsidiary Company.
 - Interest receivables from Sundry Debtors except receivables on back to back contracts has been recognised on cash basis by Subsidiary company.
66. The Subsidiary Company is conducting cardamom auction for which the company is obtaining need based OD facilities against the lien on Fixed Deposits at SBT Kumily [₹2.05 crore], UBI, Uttampuram [₹0.17 crore] and Rajakumari [₹0.11 crore] however there is no OD as on 31.03.2013.
67. Accounting policies, Schedules and Notes on accounts attached form an integral part of the accounts. Values in brackets indicate corresponding previous year figure.
68. The figures pertaining to subsidiary company have been reclassified, where necessary, to bring them in line with the parent company's financial statements.

FOR CHANDIOK & GULIANI

Chartered Accountants
FRN: 001199N

Sd/-
(V. K. LALLA)
Partner
M.No: 080847

Sd/-
(KHALEEL RAHIM)

Chairman & Managing Director

Sd/-
(B.R.DHAWAN)
CGM (Finance)

Sd/-
(MANOJ MISHRA)
Director (Finance)

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

Place: New Delhi
Dated: 26.08.2013

INFORMATION ABOUT CONSOLIDATED BUSINESS SEGMENT AS ON 31.03.2013

(₹ in Crores)

S. No.	PARTICULARS	EXPORT		IMPORT	
		2012-13	2011-12	2012-13	2011-12
1	Revenue				
a.	External sales	1,619.64	359.49	17,288.25	30,274.60
b.	Inter-segment sales	–	–	–	–
	Total Revenue (1a+1b)	1,619.64	359.49	17,288.25	30,274.60
2	Result				
a.	Segment result	82.82	6.15	37.58	81.78
b.	Unallocated corporate expenses	(2.13)	(7.84)	(0.64)	(14.25)
3	Operating Profit (2a-2b)	84.95	13.99	38.22	96.03
4	Interest expenses	0.01	34.83	5.27	17.11
5	Interest Income	191.06	169.99	13.44	53.54
6	Income tax	–	–	–	–
7	Profit from ordinary activities (3-4+5-6)	276.00	149.15	46.39	132.46
8 a	Extraordinary loss/Expenses	–	–	–	–
8 b	Prior period adjustment (Debit) / Credit	0.15	–	(0.12)	–
8 c	Withdrawal from Export Import Contingency Reserve	–	–	–	–
	Total (8a-8b+8c)	(0.15)	–	0.12	–
9	Net Profit (7-8)	276.15	149.15	46.27	132.46
10	Other Information				
a.	Segment assets	3,032.64	2,832.88	1,035.63	3,017.76
b.	Unallocated Corporate assets	–	–	–	–
	Total assets (10a+10b)	3,032.64	2,832.88	1,035.63	3,017.76
c.	Segment liabilities	1,282.76	1,394.39	807.07	2,487.15
d.	Unallocated Corporate Liabilities	–	–	–	–
	Total liabilities (10c+10d)	1,282.76	1,394.39	807.07	2,487.15
e.	Capital Expenditure	–	–	–	–
f.	Depreciation	–	–	–	–
g.	Non -cash expenses other than depreciation	6.36	39.72	0.04	33.98

INFORMATION ABOUT CONSOLIDATED BUSINESS SEGMENT AS ON 31.03.2013

(₹ in Crores)

DOMESTIC		UNALLOCATED		CONSOLIDATED	
2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
239.29	271.63	–	–	19,147.18	30,905.72
–	–	–	–		
239.29	271.63	–	–	19,147.18	30,905.72
(297.99)	(282.77)	–	–	(177.59)	(194.84)
(0.38)	(0.01)	273.68	160.43	270.53	138.33
(1.49)	1.81	(273.68)	(160.43)	(152.00)	(48.60)
0.45	–	160.52	151.53	166.25	203.47
29.30	48.44	2.33	1.07	236.13	273.04
–	–	(3.53)	1.33	(3.53)	1.33
27.36	50.25	(428.34)	(312.22)	(78.59)	19.64
–	–	–	–	–	
–	–	0.55	(3.17)	0.58	(3.17)
–	–	(95.96)	–	(95.96)	–
–	–	(96.51)	3.17	(96.54)	3.17
27.36	50.25	(331.83)	(315.39)	17.95	16.47
227.80	351.57	210.39	318.98	4,502.05	6,513.14
–	–	–	–	–	–
200.96	284.58	210.39	318.98	4,479.62	6,454.20
63.84	87.82	1,762.86	1,869.85	3,916.53	5,839.21
–	–	–	–	–	–
37.00	20.83	1,762.86	1,869.85	3,889.69	5,772.22
–	–	17.16	8.34	17.16	8.34
–	–	3.58	3.07	3.58	3.07
0.06	–	176.33	2.82	182.79	76.52



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-Seventh Annual General Meeting** of the Company to be held at its Registered Office on Wednesday, 25th September, 2013 at 3.00 P.M. 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-Seventh Annual General Meeting** of the Company to be held on Wednesday, 25th September, 2013 at 3.00 P.M. at its Registered Office.

Folio / DP & Client ID No. :

No. of Shares held :

Name :

Address :

Signature of Shareholder/Proxy :

Affix
Reenue
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.



THE STATE TRADING CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001

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FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	The State Trading Corporation of India Ltd.
2.	Annual financial statement for the year ended	31 st March 2013
3.	Type of audit observation	Matter of Emphasis
4.	Frequency of observation	As per annexure
5.	Signed by	Chairman & Managing Director Director Finance Statutory Auditors Audit Committee Chairman

**MANAGEMENT REPLIES TO THE COMMENTS OF STATUTORY AUDITORS ON THE
ACCOUNTS FOR THE YEAR 2012-13**

Comments of the Statutory Auditors	Management Replies
<p>1. Reference is invited to note no.18.1 relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of the business associate. The company has alleged fraud by the business associates and matter was referred to CBI in earlier years. We also understand that two ex-Directors and a General Manager had been charge sheeted. However, in absence of details of the charge sheets and pending inquiries, we are unable to opine if there was a fraud or a suspected management fraud and comment on any misstatements made in these accounts in respect of the above transactions.</p> <p>Appearing since 2005-06.</p>	<p>As far as the charge sheets issued to ex-Directors and ex-GM is concerned, the same has been issued by the Vigilance Department and the documents are in the custody of the Vigilance Department of Ministry/ Corporation and are of confidential nature. The charge sheets to the officials have been issued in connection with procedural deficiencies and, therefore, no fraud or suspected management fraud has taken place. As a matter of abundant caution, a provision of Rs. 87.39 Crore has been made in earlier years. The company is successful in getting Arbitration Award for Rs. 110.00 Crore in its favour along with 12% interest per annum from 1st May, 2006 till realization of the Award. The associate firm and its partners have challenged the award in Delhi High Court by filing objection petitions and after the same are disposed off, execution of the Award will be initiated.</p>
<p>2. Reference is invited to note no. 18.2 relating to Wheat transactions undertaken on behalf of Business associates, 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 associates and suppliers. Also case of theft and misappropriation of uplifted stocks exported to Bangladesh were noticed for which legal action has been initiated, entire dues including recoverable from FCI aggregating to Rs. 58.41 Crore has been provided/written off in earlier years. Further as the matter is not yet fully resolved, additional amount of sales tax liability for non –export of 30392.010 MT of wheat procured from FCI is not ascertainable. The financial impact at this stage cannot be ascertained.</p> <p>Appearing since 2005-06.</p>	<p>The Management has taken necessary steps, including legal actions to recover the outstanding dues from the associate. The issues with regard to settlement & recovery of dues from FCI, including sales tax matter, were referred to the Permanent Machinery Arbitrators (PMA). The learned Arbitrator has passed an Award in favour of STC, directing FCI to pay Rs. 10.00 Crore plus applicable interest. As FCI has filed an appeal against the Award with the Appellate Authority, further action for recovery would be taken after disposal of the Appeal. However, as a matter of abundant precaution the entire dues including receivables from FCI aggregating Rs. 58.41 crore has been provided/ written off from books of account in the previous years.</p> <p>Sales tax assessment up to financial year 2008-09 has already been completed and no sales tax liability had arisen on account of non-export of wheat/domestic sale of wheat. The company, therefore, do not foresee any sales tax liability on this account.</p>

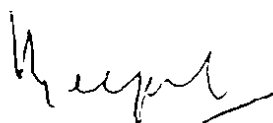
Comments of the Statutory Auditors	Management Replies
<p>3. Reference is invited to note no. 18.3, in respect of over dues of Rs 94.09 Crore from Business Associate against which there are no stock pledged to the company. However the company has initiated legal steps for recovery. As the associate has submitted the payment plan with the initial remittance after the balance sheet date management is hopeful of realization of entire dues thus no provision was considered necessary at this stage.</p> <p>Appearing first time in 2012-13.</p>	<p>Trade receivables amounting Rs. 51.52 Crore and misc. advances amounting Rs. 84.86 Crore was outstanding from one of the associates through whom various agricultural items were exported up to F.Y 2011-12. Credit balances amounting to Rs. 42.29 Crore was available. Upon non receipt of the dues from the associates, the company has initiated necessary legal steps for its recovery. The associate had also approached the company seeking more time for making payment.</p>
<p>4. Reference is invited to note no. 19.1, regarding Rs 568.44 Crore on account of export of pharma product to foreign buyer on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone in to liquidation, litigation process have been initiated by STC as well as by Indian Associates and their bankers. A claim of Rs. 527.86 Crore has been admitted by the liquidator. There is however corresponding credit balance of Rs 568.60 Crore under Trade Payables. Management does not anticipate any liability on this account.</p> <p>Appearing first time in 2012-13.</p>	<p>Long term trade receivables amounting Rs. 568.44 Crore on account of export of pharma product to foreign buyer on back to back basis is overdue as there is default in payments against export bills by the buyers, which have ultimately gone into liquidation. STC has initiated legal proceedings as well as contesting/defending the legal cases filed by associate/banks to safeguard its interest. No provision was considered necessary as STC's funds are not involved.</p>
<p>5. Reference is invited to note no. 19.2, Long term trade receivable include Rs. 788.71 Crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balances of Rs 348.62 Crore are available leaving net receivable of Rs 440.09 Crore. Action against the associates has been initiated. An amount of Rs 1.28 Crore was realized from an associate during 2011-12. The matter is being pursued and the company is hopeful of the recovery. Yet as a measure of abundant caution a provision of Rs 69.56 Crore has been made during the year, making the total provision to Rs 108.01 Crore to the extent the company has already paid to Exim Bank as there are no commensurate recoveries from the associates.</p> <p>Appearing since 2009-10.</p>	<p>Trade Receivables amounting Rs. 788.71 Crore under Credit Linked Insurance Scheme (CLIS) for export of Gold jewellery etc. against which credit balance of Rs. 348.62 Crore is available, leaving net receivable of Rs. 440.09 Crore. As per the agreement with the associate the repatriation of export proceeds was the responsibility of Indian associate hence action against these associates has already been initiated. The matter is also under investigation by the concerned agencies. The matter is being pursued legally and the company is hopeful of recovery of the overdues.</p>

Comments of the Statutory Auditors	Management Replies
<p>6. Reference is invited to Note no. 19.3, pending Long Term Trade Receivable of Rs 4.94 Crore towards reimbursement of loss in supply of Edible Oil under PDS scheme of Govt. of India. As the claim is under process with Govt. of India no provision was considered necessary by the management.</p> <p>Appearing since 2010-11.</p>	<p>Long term trade receivables include Rs. 4.94 Crore towards reimbursement of loss in supply of Edible Oil under PDS to M/s. Gujarat State Civil Supply Corporation under the subsidy scheme of Govt. of India. The claims are under process with Govt. of India. Accordingly, no provision was considered necessary.</p>
<p>7. Reference is invited to note no. 22.1, relating to trade receivable of Rs. 121.99 Crore due from an associate, the Company under liquidation and in the process of reconstruction by Asset Reconstruction Company (India) Limited. The dues are fully secured by pledge of stock. Financial impact of the same cannot be ascertained at this stage.</p> <p>Appearing since 2009-10.</p>	<p>These dues are fully secured by pledged stock, which were purchased under advance license in the name of the associate company. The fixed assets of the associate company have been taken over by Asset Reconstruction Company (India) Limited (ARCIL). ARCIL has initiated action to sell the associate company's assets including its plant to another company which will facilitate in the liquidation of the pledged stock. The stocks are under the custody of Central Warehousing Corporation. As per the valuation report, the value of the stock is higher than the amount due to STC.</p>
<p>8. Reference is invited to note no. 22.2; Trade Receivable includes Rs. 1353.25 Crore recoverable from one of the associates for stock sold to them in earlier years who have stopped operation of their plant due to extreme volatility of prices. Consequent upon Conciliation Award dated 15.11.2011 under Indian Arbitration & Conciliation Act 1996 and further settlement agreement dated 17.05.2012 the entire dues were payable to STC by 10.11.2012. However, the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate has been initiated. As the associate has affirmed its commitment to repay entire dues with interest and had paid Rs 185.13 Crore during 2012-13. Management is hopeful of full recovery and no provision considered necessary</p> <p>Appearing since 2010-11.</p>	<p>Rs. 1353.25 Crore recoverable from the associate is on account of goods sold to them during earlier years. The Company is holding an EMD of Rs. 37.78 Crore, corporate guarantee of its holding company and the personal guarantee of the chairman of its holding company. In addition the associate has signed a conciliation agreement dated 15.11.2011 and further settlement agreement dated 17.05.2011 with STC for payment of entire dues by 10.11.2012. However the associate did not pay the entire dues and has sought more time for payment. The same was not agreed by the company and legal action against the associate company has been initiated. The associate has affirmed its commitment to repay the entire dues along with interest and has paid Rs. 185.13 Crore during 2012-13 and Rs. 32.16 Crore in 2013-14 till July, 2013.</p>

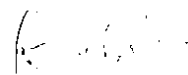
Comments of the Statutory Auditors	Management Replies
<p>9. Reference is invited to note no. 25.1, regarding claims recoverable amounting to Rs 158.93 Crore towards the imports of pulses under Government account since the year 2006-07 onwards. The claim for the same has been lodged on Government which is under active consideration of Government for reimbursement of actual loss as informed by Ministry of Consumer Affairs. An amount of Rs 11.70 Crore has been received from the Government after the balance sheet date towards the part payment against the claims. Management is hopeful of full recoveries.</p> <p>Appearing since 2010-11.</p>	<p>Claims recoverable of Rs. 158.93 Crore pertain to import of Pulses under the subsidy scheme of Govt. of India. The scheme was in operation during 2006-07 to 2010-11. The claims for the same have been lodged with the Ministry of Consumer Affairs. The reimbursement of actual losses is under active consideration of the Govt. as informed by the Ministry of Consumer Affairs vide its letter dated 04th April 2012 and an amount of Rs. 11.70 Crore has been received in April 2013 from the Ministry of Consumer Affairs towards part payment against the pending claims. The Company is hopeful of realisation of entire subsidy claim from the Government.</p>
<p>10. Reference is invited to note no. 25.2, regarding claim recoverable of Rs 49.18 Crore on account of edible oil import-PDS, which is under process by Ministry of Food and Public Distribution, Government of India and company is hopeful of full recovery.</p> <p>Appearing first time in 2012-13.</p>	<p>Claims recoverable amounting Rs. 49.18 Crore on account of Edible Oil import for PDS supplies, is under process by Ministry of Food and Public Distribution, out of which an amount of Rs. 43.61 Crore has already been received during June/July 2013.</p>
<p>11. Reference is invited to note no. 25.3, regarding pending balance claim of Rs 5.28 Crore towards imports of pulses on behalf of UP Government for sales under PDS being pursued by the company with the Ministry of Consumer Affairs and management is hopeful of full recovery thus no provision was considered necessary.</p> <p>Appearing first time in 2012-13.</p>	<p>Out of total claim lodged amounting to Rs. 13.23 Crore; Rs. 7.95 Crore has already been received on 11.01.2013. Balance claim amounting to Rs 5.28 Crore is being pursued with Ministry of Consumer Affairs. The company is hopeful of realisation of entire subsidy claim from the Government.</p>
<p>12. Reference is invited to note no. 46, the company has written off overdue receivable amounting to Rs 96.15 Crore pertaining to previous year export import transactions, where recovery is uncertain and withdrawn Rs 95.96 Crore from the Export/Import Contingency Reserve created out of appropriations of earlier years profit with an objective to setoff such losses. There would have been loss of Rs 81.54 Crore instead of profit of Rs14.42 Crore (before Tax) and EPS would have been (-) Rs. 13 instead of Rs 2.99 for the year ended on 31st March, 2013, if the company had not utilized this reserve.</p> <p>Appearing first time in 2012-13.</p>	<p>The primary purpose of creating a specific Export Import Contingency Reserve, by accumulation since 2004-05, with the approval of Board; was to provide cushion for unexpected losses due to price variation, exchange fluctuation, non-lifting of material, spoilage etc. or any dues, which cannot be recovered from associates/ buyers/ sellers etc.; and to mitigate unprecedented effect on profitability of the corporation of such things.</p> <p>The specific reserve was utilized during the year to set off the losses on account of write off of old outstanding amount unrealisable from associates with the approval of Board of Directors of the company.</p>

Comments of the Statutory Auditors	Management Replies
	<p>The withdrawal from Export Import Contingency Reserve has been depicted in Profit & Loss Account as a separate line item after exceptional items as per expert opinion.</p> <p>Necessary disclosure of withdrawal from such contingency reserve and its impact on Profit & Loss Account has already been made in the notes to account and earlier in the quarterly/annual published accounts.</p>
<p>13. Note no. 48 and 49 relating to pending reconciliation/ confirmation of balances in parties accounts and current liabilities and consequential adjustment that may arise on reconciliation.</p> <p>Appearing in earlier years as general comment.</p>	<p>Balances of debtors/creditors and liabilities are being reconciled on completion of individual transaction. As the settlements are done with the consent of the associates, the procedure followed is considered adequate.</p>
<p>14. As explained to us, verification of inventories undertaken by the company through surveyor from time to time. In respect of the 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 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 1925.78 MTs at Kandla Port lying since the year 2004-05 as there was no confirmation of the Quality and quantity is available the value of the same is being taken as NIL.</p> <p>Appearing since 2006-07.</p>	<p>As per the back to back agreement with the associate, losses, if any, in the subject transactions including handling losses were to the account of the associate. Accordingly, whenever the stocks on the account of the associate are shown in the Books of Accounts of STC, periodic physical verification is carried out. If any shortage in quantity or any deterioration in quality is found on physical verification, the same is adjusted in the books of accounts by raising claim on the associate. In the instant case of wheat cargo at Kandla, it being perishable commodity and as the stocks had been lying for the last many years, the value of stocks has been taken as Nil in the Books of Accounts. However, this loss is recoverable from the associate and STC has taken necessary steps, including legal action, for recovery of the losses.</p>
<p>15. In our Opinion, though the procedures for physical verification is in place and instruction & 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.</p> <p>Appearing since 2006-07.</p>	<p>Instructions and guidelines have been issued from time to time to branches and divisions for verification of 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 periodic audits. Instructions have been issued for strict compliance.</p>

Comments of the Statutory Auditors	Management Replies
<p>16. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and also the sale of goods. Further on the basis of our examination and according to the information and explanation given to us, we have not observed any instance of continuous failure to correct major weaknesses in internal control procedures. However, internal control procedure regarding review, realization of advances and other claims and reconciliation of balance of sundry debtors and creditors require strengthening.</p> <p>Appearing since 2010-11.</p>	<p>Debtors, advances and other claims are reviewed continuously by the concerned branches/divisions. The same are also reviewed/monitored 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, a debt review committee has also been constituted for review of overdues.</p>



(J.S. Deepak)
Chairman & Managing Director

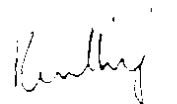


(Manoj Mishra)
Director-Finance

For Chandiok & Guliani
Chartered Accountants



M.NO. 80847



(Dr. (Mrs.) B. Kinnera Murthy)
Chairman Audit Committee

Date:

Place: New Delhi