

**BUSINESS BEYOND BOUNDARIES**



**ANNUAL REPORT  
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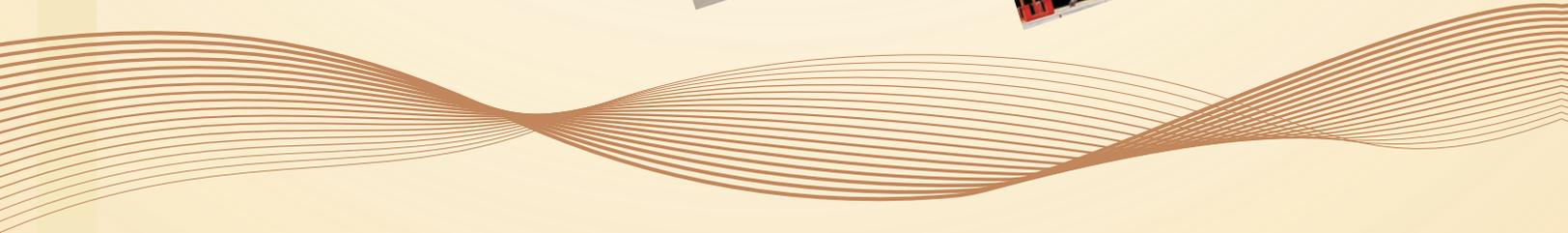


**THE STATE TRADING CORPORATION OF INDIA LIMITED**  
(A Government of India Enterprise)



# MISSION

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





**Annual Report  
2011-12**





# THE STATE TRADING CORPORATION OF INDIA LIMITED

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## BOARD OF DIRECTORS

### CHAIRMAN & MANAGING DIRECTOR

Shri N.K. Mathur

### FUNCTIONAL DIRECTORS

Shri N.K. Nirmal (upto 12.12.2011)

Shri S.S. Roy Burman (upto 30.04.2012)

Shri M.M. Sharma

Shri Khaleel Rahim

### PART-TIME OFFICIAL DIRECTORS

#### (GOVERNMENT NOMINEES)

Shri P.K. Chaudhery (upto 12.01.2012)

Dr. Rajan Katoch (upto 30.05.2012)

Shri Madhusudan Prasad (from 12.01.2012)

Mrs. Anita Agnihotri (from 30.05.2012)

### PART-TIME NON-OFFICIAL DIRECTORS

#### (INDEPENDENT DIRECTORS)

Shri Jayendra N. Shah\* (upto 30.11.2011)

Dr. (Mrs.) B. Kinnera Murthy\* (upto 07.12.2011)

Prof. Ravindra H. Dholakia (from 24.06.2011)

Shri Proshanto Banerjee (from 28.06.2011)

Shri Naresh Dayal (from 10.07.2011)

Shri Uday N. Abhyankar (from 10.10.2011)

Shri S.C. Tripathi (from 14.10.2011)

Shri S.C. Saraf (from 28.03.2012)

### STATUTORY AUDITORS

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

### COMPANY SECRETARY

Shri R.K. Gogia

\*re-appointed from 18.04.2012



## CONTENTS

1.	Notice	5
2.	Annexure to Notice	10
3.	Directors' Report	11
4.	Annexure-I to Directors' Report - Information Required under Section 217(2A) of the Companies Act, 1956	15
5.	Annexure-II to Directors' Report - Management Discussion & Analysis Report	16
6.	Annexure-III to Directors' Report - Report on Corporate Governance	21
7.	Compliance Certificate on Corporate Governance and Certification by the CEO and CFO under clause 49 of the listing agreement	34
8.	Highlights: Ten Years at a Glance	35
9.	Auditors' Report	36
10.	Annexure to Auditors' Report	38
11.	Accounts of the year	40-79
12.	Balance Sheet Abstract and Company's General Business Profile	81
13.	Addendum to Directors' Report - Management Reply to the Comments of Statutory Auditors on the accounts for the year 2011-12	82-83
14.	Comments of C&AG	84-85
15.	Summarized Balance Sheet & Profit and Loss Account of the State Trading Corporation and its Subsidiary	86-87
16.	Consolidated Financial Statements of STC & its Subsidiary	89-131
17.	Green Initiative In Corporate Governance: Go Paperless	132



# THE STATE TRADING CORPORATION OF INDIA LIMITED

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

## NOTICE

Notice is hereby given that the 56th Annual General Meeting of The State Trading Corporation of India Limited will be held on Thursday, the 27th September, 2012 at 12.00 noon 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, 2012, and audited Profit & Loss Account for the year ended 31st March, 2012, 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 2011-12.
3. To appoint a Director in place of Shri Khaleel Rahim, who retires by rotation and being eligible, has offered himself for re-appointment.
4. To appoint a Director in place of Shri Proshanto Banerjee, who retires by rotation and being eligible, has offered himself for re-appointment.
5. 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 2012-13, as may be deemed fit by the Board."

### Special Business

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri Madhusudan Prasad, who on appointment by the President of India joined the Board as an Additional Director w.e.f. 12.01.2012, be and is hereby appointed as part-time official Director of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time."
7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Smt. Anita Agnihotri, who on appointment by the President of India joined the Board as an Additional Director w.e.f. 30.05.2012, be and is hereby appointed as part-time official Director of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time."
8. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri Uday N. Abhyankar, who on appointment by the President of India joined the Board as an Additional Director w. e. f. 10.10.2011, be and is hereby appointed as part-time non-official Director of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time."
9. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri S.C. Tripathi, who on appointment by the President of India joined the Board as an Additional Director w.e.f. 14.10.2011, be and is hereby appointed as part-time non-official Director of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time."
10. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri S.C. Saraf, who on appointment by the President of India joined the Board as an Additional Director w.e.f. 28.03.2012, be and is hereby appointed as part-time non-official Director of the Company, liable

to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time."

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

"RESOLVED THAT Dr. (Smt.) B. Kinnera Murthy, who on re-appointment by the President of India joined the Board as an Additional Director w. e. f. 10.05.2012, be and is hereby appointed as part-time non-official Director of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time."

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

"RESOLVED THAT Shri Jayendra N. Shah, who on re-appointment by the President of India joined the Board as an Additional Director w. e. f. 10.05.2012, be and is hereby appointed as part-time non-official Director of the Company, liable to retire by rotation, on such terms, conditions and tenure as may be determined by the President of India from time to time."

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

**Registered Office:**

Jawahar Vyapar Bhawan,  
Tolstoy Marg, New Delhi - 110001

Dated 13<sup>th</sup> August, 2012

**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 22nd September, 2012 to Thursday, the 27th September, 2012 (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 30.05.2012. The Dividend, if approved by the Members at the said Annual General Meeting, will be paid before 26th October, 2012 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 21st September, 2012 and the respective Beneficial Owners as at the close of business hours on Friday, the 21st September, 2012 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: 41709884; 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 viz. 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 their physical shares, if any, quoting their folio number.

10. Reserve Bank of India (RBI) is providing ECS facility for payment of dividend in select cities. Members holding shares in physical form and who are desirous of availing this facility may give the details of their bank account i.e. 9-digit MICR Code, alongwith photocopy of a cheque or a blank cancelled cheque relating to the designated bank account latest by 21st September, 2012 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 dematerlised 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. 6**

#### **APPOINTMENT OF SHRI MADHUSUDAN PRASAD AS DIRECTOR**

Shri Madhusudan Prasad, IAS, Additional Secretary, Department of Commerce, Ministry of Commerce and Industry was appointed as Director on the Board of STC by the President of India vide Order No. 11/36/ 2001 - FT (M & O) dated 02.01.2012. Accordingly, he joined the Board as an Additional Director w. e. f. 12.01.2012 and was designated as part-time Official Director/ Government Director. In terms of Section 260 of the Companies Act, 1956, he holds office up to

conclusion of 56th 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 Madhusudan Prasad is given in the Annexure to Notice.

None of the Directors, except Shri Madhusudan Prasad is interested or concerned in the resolution.

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

#### **ITEM NO. 7**

##### **APPOINTMENT OF SMT. ANITA AGNIHOTRI AS DIRECTOR**

Smt. Anita Agnihotri, IAS, Additional Secretary and Financial Adviser, Department of Commerce, Ministry of Commerce and Industry was appointed as Director on the Board of STC by the President of India vide Order No. 11/36/2001 - FT (M&O) dated 22.05.2012. Accordingly, she joined the Board as an Additional Director w. e. f. 30.05.2012 and designated as part-time Official Director/ Government Director. In terms of Section 260 of the Companies Act, 1956, she holds office up to conclusion of 56th Annual General Meeting of the Company and is eligible for re-appointment. The Company has received necessary letter of consent from her under Section 264(1) of the Companies Act, 1956. A brief resume of Smt. Anita Agnihotri is given in the Annexure to Notice.

None of the Directors, except Smt. Anita Agnihotri is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Smt. Anita Agnihotri, it would be in the interest of the Company to appoint her as a Director of the Company. The Board recommends the resolution for your approval.

#### **ITEM NO. 8**

##### **APPOINTMENT OF SHRI UDAY N. ABHYANKAR AS DIRECTOR**

Shri Uday N. Abhyankar was appointed as Director by the President of India vide Order No. 14/13/97-FT (ST) - Vol. V dated 25.08.2011. Accordingly, he joined the Board as an Additional Director w. e. f. 10.10.2011 and designated as part-time non-official Director. In terms of Section 260 of the Companies Act, 1956, he holds office up to conclusion of 56th 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 Uday N. Abhyankar is given in the Annexure to Notice.

None of the Directors, except Shri Uday N. Abhyankar is interested or concerned in the resolution.

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

#### **ITEM NO. 9**

##### **APPOINTMENT OF SHRI S.C. TRIPATHI AS DIRECTOR**

Shri S.C. Tripathi was appointed as Director by the President of India vide Order No. 14/13/97-FT (ST) - Vol. V dated 25.08.2011. Accordingly, he joined the Board as an Additional Director w. e. f. 14.10.2011 and designated as part-time non-official Director. In terms of Section 260 of the Companies Act, 1956, he holds office up to conclusion of 56th 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 S.C. Tripathi is given in the Annexure to Notice.

None of the Directors, except Shri S.C. Tripathi is interested or concerned in the resolution.

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

#### **ITEM NO. 10**

##### **APPOINTMENT OF SHRI S.C. SARAF AS DIRECTOR**

Shri S.C. Saraf was appointed as Director by the President of India vide Order No. 14/13/97-FT(ST) - Vol. V dated 15.02.2012. Accordingly, he joined the Board as an Additional Director w. e. f. 28.03.2012 and designated as part-time non-official Director. In terms of Section 260 of the Companies Act, 1956, he holds office up to conclusion of 56th

Annual General Meeting of the Company and is eligible for reappointment. The Company has received necessary letter of consent from him under Section 264(1) of the Companies Act, 1956. A brief resume of Shri S.C. Saraf is given in the Annexure to Notice.

None of the Directors, except Shri S.C. Saraf is interested or concerned in the resolution.

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

**ITEM NO. 11**

**APPOINTMENT OF DR. (SMT.) B. KINNERA MURTHY AS DIRECTOR**

Dr. (Smt.) B. Kinnera Murthy was re-appointed as Director by the President of India vide Order No. 14/13/97-FT (ST) - Vol. V (ii) dated 18.04.2012. Accordingly, she joined the Board as an Additional Director w. e. f. 10.05.2012 and designated as part-time non-official Director. In terms of Section 260 of the Companies Act, 1956, she holds office up to conclusion of 56th Annual General Meeting of the Company and is eligible for reappointment. The Company has received necessary letter of consent from her under Section 264(1) of the Companies Act, 1956. A brief resume of Dr. (Smt.) B. Kinnera Murthy is given in the Annexure to Notice.

None of the Directors, except Dr. (Smt.) B. Kinnera Murthy is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Dr. (Smt.) B. Kinnera Murthy, it would be in the interest of the Company to appoint her as a Director of the Company. The Board recommends the resolution for your approval.

**ITEM NO. 12**

**APPOINTMENT OF SHRI JAYENDRA N. SHAH AS DIRECTOR**

Shri Jayendra N. Shah was re-appointed as Director by the President of India vide Order No. 14/13/97-FT (ST) - Vol. V (ii) dated 18.04.2012. Accordingly, he joined the Board as an Additional Director w. e. f. 10.05.2012 and designated as part-time non-official Director. In terms of Section 260 of the Companies Act, 1956, he holds office up to conclusion of 56th Annual General Meeting of the Company and is eligible for reappointment. The Company has received necessary letter of consent from him under Section 264(1) of the Companies Act, 1956. A brief resume of Shri Jayendra N. Shah is given in the Annexure to Notice.

None of the Directors, except Shri Jayendra N. Shah is interested or concerned in the resolution.

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

By order of the Board of Directors

Registered Office:  
Jawahar Vyapar Bhawan,  
Tolstoy Marg, New Delhi - 110001  
Dated 13<sup>th</sup> August, 2012

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 Madhusudan Prasad	Smt. Anita Agnihotri	Shri Khaleel Rahim	Shri Prashanto Banerjee	Shri Uday N. Abhyankar	Shri S.C. Tripathi	Shri Subhash Chandra Saraf	Dr.(Smt.) B. Kinnera Murthy	Shri Jayendra N. Shah
Date of Birth & Age	22.03.1956 56 years	10.10.1956 55 years	14.12.1961 50 years	30.10.1947 64 years	21.11.1943 68 years	01.01.1946 66 years	04.01.1962 50 years	09.06.1952 60 years	07.03.1959 53 years
Date of Appointment	12.01.2012	30.05.2012	21.11.2008	24.06.2011	29.09.2011	29.09.2011	28.03.2012	10.05.2012	10.05.2012
Qualification	BA (Economics) and MA (Economics)	Graduate and Post graduate in Art Economics from University of Kolkata and Art Development Economics from School of Development Studies, University of East Anglia United Kingdom.	BE (Hons.) Mech. Engg.	B. Tech (Chemical Engg.) Master in Management	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.	FCA & DISA (ICAI), M.Com & LLB (Calcutta University).	BSC. MBA, PHD	BA, FCA
Expertise in specific functional area	Shri Madhusudan Prasad, IAS is presently holding the position of Additional Secretary, Department of Commerce, Ministry of Commerce and Industry. He has 31 years experience of working at various levels in the State of Haryana and the Government of India. He has worked in Land Revenue Management and District Administration, Rural Development, Human Resource Development, Higher Education, Urban Development, Power, Environment and Forests, Personnel & General Administration and New Renewable Energy departments in the state of Haryana. He has also worked in Finance and Budget under Department of Economic Affairs, Government of India.	Smt. Anita Agnihotri, IAS is presently holding the position of Additional Secretary and Financial Adviser, Department of Commerce, Ministry of Commerce and Industry. She has 32 years experience of working at various levels in the State of Orissa and the Government of India. She has worked in Land Revenue Management & District Administration, Social Justice and Empowerment, Rural Development, Woman and Child Development, Water Resources, Finance, Textiles and Industries departments in the state of Orissa. She has also worked as Development Commissioner, SEEPZ Mumbai under Ministry of Commerce and Member Secretary, NCW under Ministry of Woman and Child Development, Government of India.	Shri Khaleel Rahim has an experience of over two decades in the India's oil sector. Prior to joining STC, he handled key positions in bulk and retail marketing operations in Hindustan Petroleum Corporation and in ONGC's subsidiary MRPL. In STC, he has been handling import and export of large number of items including hydrocarbons, edible oils, pulses, bullion, castor oil etc.	Shri Banerjee has an experience of over 37 years in Petroleum and Gas sector. He held senior management positions across marketing, technology and information planning and information Oil Corporation. He held the position of CMD, GAIL prior to his retirement.	Shri Abhyankar joined the IAS in 1967, and retired as Special Adviser to the International Development Association (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/IL Secy/Addl. Secy/Secretary level at Central Govt. and in representative capacity at International levels.	Shri Saraf is a practicing Chartered Accountant since July, 1984 and is a Founder Partner in the firm M/S Saraf & Chandra. He has been appointed as Chartered Accountant having presence at Azawal, Bangalore, Kolkata, Mumbai, New Delhi. He has been appointed as Arbitrator by Bombay Stock Exchange & Central Depository Services Ltd. He is also associated with many professional associations such as Merchants Chamber of Commerce- Kolkata, Direct Taxes Professionals Association- Kolkata, Association of Corporate Executives & Advisors - Kolkata, VIP Road Chartered Accountants Association, Accountants Library - Kolkata, Views Exchange - Kolkata, BBD Bag CA Study Circle - Kolkata, Bombay Chartered Account's Society, Mumbai.	Dr. (Smt.) Murthy is an independent consultant and trainer at ASCI, Hyderabad and has served ASCI in various capacities such as Chairperson of Strategic Management, Dean of Studies and Chairperson Marketing. She designed and conducted several successful programmes for senior management levels of leading Corporate Sector enterprises.	Shri Shah is a business consultant who embodies 29 years experience in areas like Financial advisory, Mergers and Acquisitions and Corporate Restructuring. He adds value to companies through strategic planning and management oversight, creating value through negotiations for investments, disinvestments and joint ventures, leadership on complex transactions to ensure successful completion, etc.
Directorship held in other companies	MMTC Limited	MMTC Limited, IPTO, National Textile Corporation Limited, and Jute Corporation of India Limited	Nil	West Bengal State Electricity Distribution Company Limited and Greater Kolkata Gas Supply Corporation Limited	Nil	Indus Ind Bank Limited, Reliance Capital Asset Management Limited, IL&FS Infrastructure Corporation Limited, IL&FS Energy Development Corporation Limited, Shipping Corporation of India Limited, Gammon Infrastructure Projects Limited, Kailash Health Care Limited, and Samurthank Motherson Finance Limited.	Resurgent India Limited National Buildings Construction Corporation Limited (NBCC)	Nil	Lokmat Media Limited,
Memberships/ Chairmanship of Committees in other companies	Member - Remuneration Committee, MMTC	Member - Audit Committee and Remuneration Committee, MMTC. Chairman - Shareholders' and Investors' Grievance Committee - MMTC	Nil	Nil	Nil	Member - Audit Committee in all the above-stated Companies.	Member - Audit Committee and Shareholders'/ Investors' Grievance Committee, NBCC	Nil	Nil
No. of Shares held	Nil	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil

# DIRECTORS' REPORT

The Board of Directors of your Company is pleased to present the 56th Annual Report and Audited Statement of Accounts for the year ended 31st March 2012, 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:

	₹ Crore	
	2011-12	2010-11
<b>TURNOVER</b>		
Exports	344	492
Imports	29961	18938
Domestic	139	555
<b>GRAND TOTAL</b>	<b>30444</b>	<b>19985</b>
<b>FINANCIAL</b>		
Profit Before Tax	18	80
Profit After Tax	16	56
<b>DIVIDEND</b>	<b>12</b>	<b>18</b>
Net Worth	682	679

## OPERATIONS AND BUSINESS PERFORMANCE

The Corporation achieved an all time high turnover of over ₹30,000 Crore during 2011-12 thereby exceeding the previous year performance by 52%. The Profit Before Tax during the year amounted to ₹18 Crore, which is lower than the previous year mainly on account of high interest costs and provisions/write-offs in certain cases. The higher turnover was the result of sustained efforts by the company in increasing its business in moderate risk areas.

## DIVIDEND

The Board of Directors have recommended a dividend of ₹2 per share (20% of equity) amounting to ₹12 Crore for the year 2011-12. The Dividend payout including dividend distribution tax accounts for 85% of profit after tax for the year 2011-12.

## RESERVES

An amount of ₹619 Crore was available in the Reserves and Surplus of your company as on 1st April 2011. Your Directors have proposed that out of available profits for the year 2011-12, an amount of ₹1.65 Crore be transferred to General Reserves of the Company and balance profit of ₹0.87 Crore be carried forward as retained profits. Accordingly, as on 31st March 2012, the Reserves and Surplus stood at ₹622 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 ₹303 Crore while the foreign exchange outgo by way of imports and other expenses amounted to ₹18235 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 2010-11.
- 14th rank in terms of net sales among 208 PSUs as per Public Enterprises Survey : 2010-11 brought out by the Department of Public Enterprises.
- 32nd rank in terms of net sales among top 500 companies by Business Standard (Mar.'2012).
- 39th rank in terms of net sales among top 1000 companies by The Financial Express (Feb.'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 2011-12 remained confined mainly to participation in cardamom auctions, undertaking onion exports and supply of fertilizers to tobacco growers.

Annual Accounts of STCL for 2011-12 are under audit. As per the provisional unaudited accounts for 2011-12, STCL has a negative net worth of ₹1800 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.

STC has not given any corporate guarantee to/on behalf of STCL and STC's liability is limited to its investment (₹2.82 Crore) in the equity of STCL. Due to erosion of entire equity of STCL, provision for entire amount of ₹2.82 Crore has 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.

## HUMAN RESOURCE

### Manpower

The Corporation had a manpower strength of 844 as on 31.03.2012. This included 554 managers and 290 staff.

### Recruitments

In order to strengthen its cadre of professionals, the Corporation recruited 37 officers including 32 Probationary Officers in finance, marketing, HR and legal disciplines, from reputed Central Universities / Professional Institutes during the year 2011-12.

## **Industrial Relations**

The year saw further strengthening of the bonds of employer - employee relationship. During the year, a positive Industrial Relations atmosphere prevailed in the Corporation as the employees' bodies as well as the management appreciated each others' concerns and benefited by mutual trust and understanding. During the period, Joint Council Meetings were held in a structured manner, thus, promoting Union/Association's participation in management. No man days were lost in this year standing testimony to the prevalence of a good working culture. As a welfare measure, a new pension scheme was introduced in the Corporation which will go a long way in providing the much needed financial security to the employees after their retirement. A Complaints Committee is in existence in the Corporation to look into the complaints of sexual harassment, if any.

## **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 2011-12, the Corporation recruited 3 SC, 2 ST and 8 OBC Probationary Officers with professional qualifications.

## **Human Resource Development**

The Corporation, in its endeavor towards attainment of the corporate objectives, continued to lay emphasis on training and development of the employees. Training initiatives have been stepped up. During the year 2011-12, a total of 25 in-house training programmes were conducted covering 662 employees whereas 112 employees were nominated to external seminars / conferences on different subjects. The main focus in this period was on nurturing commitment, competency and culture building. Besides training programmes in functional areas, it also organized induction programmes for new recruits. The programmes for enhancing behavioural competencies were also organized. During the year, 21 executives were imparted training in project management. The Corporation, in association with Administrative Staff College of India (ASCI), Hyderabad organized a customized Management Development Programme on International Trade and Finance for its junior / middle management executives. In all, 93 executives were exposed to at least three day long training programmes. In order to enhance problem solving skills of the young executives of the Corporation, they were given the opportunity to represent STC in various National Level managerial events and competitions.

## **OFFICIAL LANGUAGE**

The Corporation makes best efforts to implement the Official Language Policy of the Govt. of India and promotes the use of Hindi in its day to day working in line with the directions of the Ministry of Home Affairs. During the year, meetings of the Departmental Official Language

Implementation Committee and Hindi Workshops were organized from time to time. On the occasion of Hindi Divas, awards were given to selected employees / divisions at Corporate Office and branches for outstanding work in Official Language.

In appreciation of the Official Language work done by the Corporation, Ministry of Commerce has felicitated STC with the 1st prize many a time. In February 2012, efforts of STC were appreciated by Hindi Advisory Committee in a meeting held at New Delhi. The employees of the Corporation have won prizes in various Hindi competitions organized by Town Official Language Implementation Committees (TOLIC) in Delhi, Mumbai and Agra. The Official Language related work at STC's Corporate Office and Branches has also been examined and appreciated by the Parliamentary Committee on Official Language from time to time.

## **VIGILANCE ACTIVITIES**

With a view to sensitise the senior management of the Corporation, presentations on 'Preventive Vigilance' and 'Participative Vigilance' were made by the CVO at the Branch Managers' conferences held in May 2011 and November 2011 respectively.

Vigilance Awareness Week was observed in STC's Corporate Office and Branch Offices from 31st October to 5th November 2011. As part of observance of the week, a seminar on 'Participative Vigilance', a 2-day training programme on 'Management of Discipline and Departmental Proceedings' and 1-day training programme on 'Financial Frauds and Prevention' were also organized. A discourse on 'Integrity of Body, Mind and Soul through Meditation and Yoga' by Yogi Anoop from Chaitanya Foundation was also organized. Besides, various programmes relating to vigilance awareness and anti-corruption were also organized at the Branch Offices.

## **PARTICULARS OF EMPLOYEES**

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

## **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 / Branch offices across the country.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Corporation is conscious of its Corporate Social Responsibility (CSR) and strives to implement societal betterment programmes. In line with the guidelines issued

by Department of Public Enterprises on the subject, the following CSR projects were undertaken during 2011-12 :

- Construction of recreation centre in Education-cum-Vocational Training Centre for autistic children and young adults for enhancing their skills and employability.
- Rehabilitation of physically challenged below poverty line persons by supplying artificial limbs, callipers, crutches, wheel-chairs, hand pedalled tricycles, etc.
- Vaccination for prevention of cervical cancer for women belonging to economically weaker sections.
- Mid-day meal programme for underprivileged children of schools of Delhi/NCR.
- Detoxification and rehabilitation of drug addicted persons to enable them lead a healthy and drug free future life while also improving their employability.
- Workshops on legal rights (Mera Haq) to make women from downtrodden background aware of their legal rights.

The planning and execution of CSR projects was monitored by various committees at and below Board level.

#### **SUSTAINABLE DEVELOPMENT**

Appreciating the need for conservation and sustainability of natural resources, the Corporation undertook the following initiatives during the year in line with the guidelines on Sustainable Development (SD) notified by the Department of Public Enterprises:

- Provision of uninterrupted drinking water facility in the village Sogathorai in Coonoor district.
- Solar Electrification of a Village in Rajasthan.
- Tree Plantation in Bangalore & Chennai.

#### **RESEARCH & DEVELOPMENT**

In compliance with the guidelines on Research & Development (R&D) notified by the Department of Public Enterprises requiring all CPSEs to undertake R&D activities, facilities were upgraded at the Corporate Office for online fixation of bullion prices and timely remittances and settlement of associates' accounts.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.**

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

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

In terms of clause 49(IV) (F) of the Listing Agreement with the Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises(CPSEs) issued by the Department of Public Enterprises, Government of India, a Management Discussion and

Analysis Report is placed at Annexure-II and forms part of the Annual Report of the Company.

#### **FINANCIAL ACCOUNTING**

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

#### **CORPORATE GOVERNANCE**

In terms of clause 49 of the Listing Agreement with the Stock Exchanges and Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises, a report on Corporate Governance for the year 2011-12 is placed at Annexure - III and forms part of this report.

The Statutory Auditors of the Company have examined and certified your Company's compliance with respect to 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 -III.

#### **STATUTORY AUDITORS**

M/s Chandiook and Guliani, Chartered Accountants were appointed as Statutory Auditors for the financial year 2011-12 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 2011-12 are attached and form part of this Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) In the preparation of annual accounts, 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 31st March 2012 and of the profit or loss of the company for the year ended on that date;
- (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 on a 'going concern basis'.

## **BOARD OF DIRECTORS**

Since the last AGM, Shri Madhusudan Prasad, Additional Secretary, Department of Commerce, Ministry of Commerce and Industry was appointed as Part-time Official Director on the Board of STC vice Shri P.K. Chaudhery w.e.f. 12.01.2012. Smt. Anita Agnihotri, Additional Secretary and Financial Advisor, Ministry of Commerce was appointed as Part-time Official Director on the Board of STC vice Shri Rajan S. Katoch w.e.f. 30.05.2012. Your Directors place on record their deep appreciation for the valuable contributions made by Shri P.K. Chaudhery and Shri Rajan S. Katoch during their tenures.

Shri N.K. Nirmal, Director (Finance) and Shri S.S. Roy Burman, Director (Marketing) ceased to be the Directors of the Corporation w.e.f. 12.12.2011 and 30.04.2012 respectively. Your Directors place on record their deep appreciation for the valuable services rendered by them as member of the Board.

Since the last AGM, three new Independent Directors have been appointed on the Board of the Corporation. Shri S.C. Tripathi and Shri Uday N. Abhyankar joined the Board of STC w.e.f. 14.10.2011 and 10.10.2011 respectively while Shri S.C. Saraf joined w.e.f. 28.03.2012, as Part-time non-official (Independent) Directors.

The terms of appointment of Dr. (Smt.) B. Kinnera Murthy and Shri J.N. Shah as Part-time non-official (Independent) Directors expired on 07.12.2011 and 30.11.2011 respectively. However, both of them were re-appointed as Part-time non-official (Independent) Directors on the Board of STC w.e.f.18.04.2012.

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 Khaleel Rahim and Shri Proshanto Banerjee, Directors would retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, have offered themselves for re-appointment.

Brief resumes of all Directors seeking Appointment / Re-Appointment, as stipulated under Clause 49 of the Listing

Agreement with the stock exchanges, are given in the notice convening the 56th Annual General Meeting of the Company, and form part of the Annual Report.

## **CODE OF CONDUCT**

In line with the requirements of Clause 49 of the Listing Agreement and guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises, the Board Members and Senior Management Personnel have affirmed compliance with the Code of Business Conduct & Ethics for Board Members and Senior Management for the financial year ending 31st March 2012.

## **ACKNOWLEDGEMENTS**

The Board of Directors places on record its appreciation of the continued patronage and the confidence reposed by business associates and customers during the year.

The Board expresses its gratitude for the valuable guidance 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 acknowledges the constructive suggestions received from Comptroller & Auditor General of India, Statutory Auditors and Internal Auditors and are grateful for their consistent support and cooperation.

Last but not the least, the Board places on record its appreciation for the sincere efforts made by all the employees in taking the Company forward.

For and on behalf of Board of Directors

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

New Delhi  
Date :13.08.2012

**INFORMATION REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975, AS AMENDED AND FORMING PART OF DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.**

**(A) Employed throughout the financial year and in receipt of remuneration not less than ₹60,00,000/- in the aggregate for the year 2011-12**

S.No.	Name of Employees	Desgn.	Age as on 31.03.12	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 2011-12 and in receipt of remuneration not less than ₹5,00,000/- per month.**

S.No.	Name of Employees	Desgn.	Age as on 31.03.12	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
1	VT RAWAT (Retired in April, 2011)	CM	60 years 11 month	984272/-	Regular	BA, LLB	24.4.1974	37 YRS	STC
2	Narinder Talwar (Retired in April, 2011)	DM	60 years 11 month	849392/-	Regular	B.COM (P)	4.3.1977	34 YRS	STC

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

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

While the company has been reviewing the domestic and international economic environment regularly, more emphasis has been placed on making the analysis more comprehensive and form the basis for the key strategies and initiatives of STC. The economic forecasts provided below are not very rosy, yet, there are opportunities for growth:

### WORLD ECONOMIC OVERVIEW

The world economy suffered major setbacks during 2011 leading to restriction of growth to only 3.9 percent as against a robust 5.3 percent in 2010.

Growth in the advanced economies remained hindered due to fiscal consolidation and bank leveraging and was confined to a meager 1.6 percent as against 3.2 percent in the preceding year. European growth slowed sharply, especially in the **Euro zone**, which went through another acute crisis, and grew by a moderate 1.5 percent during 2011. The Japanese earthquake, supply disruptions due to floods in Thailand and weaker global demand contracted growth in **Japanese** GDP to a negative 0.7 percent in 2011 as against a robust 4.4 percent in 2010.

Although the **U.S.** economy showed signs of improvement and expansion in the job market during 2011; fiscal uncertainty, weakness in the housing market and potential spillovers from Europe dragged its GDP growth down to 1.7 percent during 2011 from 3 percent in the previous year.

GDP growth rate of developing countries came down from 7.5 percent in 2010 to 6.2 percent in 2011 due to lower export growth mainly attributable to a weak demand from advanced economies. Activity across Asia slowed during the last quarter of 2011, reflecting both external and domestic developments. The effect of crises in Europe reflected in the weakness of Asia's exports to that region. In some other Asian economies, however, robust domestic demand helped offset the drag on export growth.

**China** grew at 9.2 percent in the year 2011 as against 10.4 percent in the preceding year, mainly due to overheated real estate sector and related activities. However, domestic demand in China remained resilient and led to strong investment and private consumption.

The **CIS counties** continued to grow strongly during the second half of 2011, supported by still-strong oil and commodity prices, a rebound in agricultural output in a number of economies viz. Armenia, Belarus, Kazakhstan, Russia following the drought in 2010, and strong domestic demand. The region, however, was affected by developments in the euro area. The global financial turmoil in late 2011 and the resulting flight of capital to safety contributed to significant outflows from Russia, a rise in

Credit Default Swap spreads (particularly for Ukraine), and depreciation of a number of regional currencies, including the Russian rouble. The recession in the euro area resulted in weaker exports and a slowdown in industrial production in the region's larger economies.

The social unrest and geopolitical uncertainty in the **Middle East** and **North Africa**, further depressed the outlook for the region even as some economies rebuild after earlier conflicts. In other regions, however, developments have been more positive.

### Major Commodity Trends

Oil prices remained high during 2011 due to supply disruptions in major oil-producing economies, especially Libya and other non OPEC countries. Crude oil price peaked to US\$ 115 a barrel in mid-March 2012. In addition, geopolitical risks particularly in Islamic Republic of Iran boosted oil prices. As the markets absorbed these disruptions and supply conditions improved, prices began to come under additional downward pressure from slowing demand and uncertainty about the near-term economic and financial outlook.

Drought and heavy rains affected most of the **agriculture markets** pushing prices to annual highs in early 2011. However, prices for most agricultural commodities moderated during the year under review. The agriculture price index ended the year at 19 percent down compared to their early-2011 peaks.

**Metal** prices strengthened and reached their highs in the first quarter of 2011 due to strong demand in China, lower stocks, production cutbacks and various supply disruptions but came down subsequently with the index falling down 25 percent by the year end due to concerns about global growth emanating from the debt crisis and deliberate lowering down of metal imports by China.

During 2011, **world trade volumes** expanded by 5.8 percent as against 12.9 percent in the previous year. The sharp deceleration in growth was attributable to after-shocks of global economic slowdown, including the European sovereign debt crises. While exports of advanced economies increased by 5.3 percent as against 12.2 percent in the previous year, exports of emerging and developed economies increased by 6.7 percent as compared to 14.7 percent in the previous year.

### OVERVIEW OF INDIAN ECONOMY

The Indian economy managed to grow by 6.5 percent during 2011-12 despite being plagued with deteriorating current account deficit, increasing inflation rate and a declining rupee. However, the growth was significantly lower than 8.4 percent achieved in the previous year.

Though agriculture and services continued to perform well, the slowdown in GDP Growth was attributed mainly to weakening industrial growth. The agriculture and allied services sector grew by 2.8 percent in 2011-12 compared to 7 percent in 2010-11 with foodgrain production estimated at a record 250 million tonnes, higher than the previous highest output of 244.8 million tonnes last year. The services sector recorded a marginal lower growth of 8.9 percent in 2011-12 as against 9.3 percent achieved in the previous year. The industry sector grew at a meager 3.4 percent as against a robust 7.2 percent in 2010-11. The largest decline in industry sector was seen in mining sector which registered a negative growth rate of 0.9 percent during 2011-12 for the first time in three decades. Production in the mining sector experienced a contraction, particularly in coal, crude oil and natural gas. Moreover, restrictions imposed on iron ore production and movement in some parts of the country also resulted in lower output.

Inflation as measured by the wholesale price index remained high for most part of the year but subdued towards the end of the year. Measures to tighten the monetary policy were taken by the Reserve Bank of India to control inflation and curb inflationary tendencies. During 2011-12, the Foreign Direct Investment into India was around \$ 36.50 billion (around ₹1.82 lakh Crore) as compared to \$ 27 billion in the previous year.

During 2011-12, **exports** grew at 23.5 percent to reach US\$ 304 billion with petroleum and oil products, gems and jewellery, engineering goods, cotton fabrics, made ups, electronics, readymade garments, and drugs being the major items of exports. Exports during the first half of 2011-12 had witnessed a high growth of 40.6 per cent. However, growth in exports decelerated thereafter as a result of the crisis originating in the periphery and spreading to the core economies in the euro area. **Imports** stood at US\$ 479 billion registering a growth of 29.4 per cent. Thus, trade deficit amounted to \$175 billion or 9.3 per cent of GDP. During the year, UAE emerged as India's largest trading partner, followed by China.

India's **foreign exchange reserves**, after reaching an all time high of US\$ 322 billion in August 2011, declined to US\$ 294 billion at the end of March 2012. The decline in reserves was partly due to intervention by the RBI to stem the **slide of the rupee against the US dollar**. During 2011-12, the rupee after reaching a peak of 43.94 per US dollar in July 2011 touched a low of 54.23 per US dollar in December 2011 and closed at 50 per US dollar as on 31 March 2012.

## OPPORTUNITIES & THREATS

The year 2012 is being called the '**correction year**' as the global economy looks substantially better than it was in the immediate aftermath of the financial crisis. At the global level, concerns about a crisis have abated somewhat as the US economy continues to show signs of modest recovery and large scale liquidity infusions by the European Central Bank have significantly reduced stress in the global financial markets.

A number of countries have implemented significant reforms aimed at addressing a wide range of structural vulnerabilities. Improved financial conditions, accommodative monetary policies, fiscal tightening and reconstruction in Japan and Thailand are expected to aid recovery of global economy which is projected to grow at about 3½ percent in 2012. Greater confidence and waning supply-side disruptions are also expected to foster a more forceful rebound in global durables consumption and investment, helped by generally healthy corporate balance sheets and less costly capital.

However, the recovery may remain vulnerable to several major downside risks such as renewed volatility in euro area and heightened geopolitical uncertainty. Recent developments, for example in Spain, indicate that the euro area sovereign debt problem will continue to weigh on the global economy. Growth risks too have emerged in emerging and developing economies. And, amidst all these, international crude oil prices which had surged since the beginning of 2012 reflecting both geo-political concerns and abundant global liquidity have started declining since March 2012 in view of poor industrial growth leading to lower demand.

As per original estimates, the Indian economy was likely to grow in the range of 7.5 to 8.0 percent during 2012-13 with expectations of a normal monsoon, price stability, appropriate supportive policy and administrative measures. Price stability was also expected to normalize consumption demand and was likely to keep inflationary pressures within tolerable limits. However, due to muted investment demand and recession in the Euro Zone, the growth projections for 2012-13 have been lowered to 6.7 percent.

With the Indian rupee becoming very weak relative to the US dollar during March-June 2012, the exporters may enjoy a competitive advantage and that would improve the prospects for net export demand. However, despite the diversification of exports to newer geographies, the growth of Indian exports is likely to be subdued in the coming fiscal year due to the fiscal tightening in the advanced economies to reduce the mounting sovereign debt levels.

The stabilization of basic macroeconomic conditions in the country is expected to curtail the demand for imported gold and the value of bullion imports in 2012-13 is projected to be much lower compared to bullion imports in the year 2011-12. The value of total merchandise exports is expected to increase by about 8 percent in 2012-13.

Furthermore, developments in the advanced economies would determine global liquidity conditions, risk aversion and business confidence, all of which may critically impact the level of financial flows into India as well as the level of the Indian rupee in relation to other major currencies.

STC has identified Latin America, Africa and Asia as focus markets and it is proposed to increase business with these regions. The Corporation has already submitted proposals for exports of a variety of items to countries like Suriname,

Trinidad & Tobago in Latin America region and Bangladesh, Sri Lanka, Nepal & CIS countries in the Asia region. In addition, the Corporation has also participated in exhibitions in South Africa and Kenya with a view to establish direct contact with buyers and sellers and create opportunities of trade in the Africa region. Besides, a host of other initiatives are being undertaken to exploit available business opportunities in other regions as well.

The Corporation is hopeful of making good use of the opportunities of trade arising in the global markets in the year ahead.

### STC's PERFORMANCE

The Corporation achieved the highest ever turnover of over 30,000 Crore during 2011-12. The Profit Before Tax (PBT) during the year amounted to ₹18 Crore.

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

	(₹ Crore)	
	2011-12	2010-11
<b>TURNOVER</b>		
Exports	344	492
Imports	29961	18938
Domestic	139	555
<b>Grand Total</b>	<b>30444</b>	<b>19985</b>
<b>FINANCIALS</b>		
Profit Before Tax	18	80
Profit After Tax	16	56
Dividend	12	18
Net Worth	682	679

### SEGMENT-WISE PERFORMANCE & OUTLOOK

During the year, the Corporation explored a number of new areas of business e.g. stock & sale of soya seed, mustard seed, desi chana and retail sale of STC brand tea in domestic market and effected increases in business of many existing areas of trade.

#### Exports

During the year, STC effected exports worth ₹344 Crore.

Iron Ore was the single largest value export item during the year. As a result of the thrust laid by the Corporation on export of iron ore, its exports increased from ₹46 Crore in 2009-10 and ₹140 Crore in 2010-11 to reach an all time high of ₹195 Crore in 2011-12. However, prospects of exports during 2012-13 are not very bright in view of high export duty and regulatory issues like restrictions on mining and transportation of iron ore imposed by various state governments.

During 2011-12, the Corporation exported over 25,500 tonnes of non-basmati rice valued at ₹53 Crore under the World Food Programme (WFP). During 2012-13, STC shall

also focus on new opportunities for export of non-basmati rice emerging from Iraq, Indonesia, Philippines and countries in West and Southern African region. With lifting of ban on exports of wheat and rice, the Corporation hopes to undertake significant exports of these items in the coming year.

During 2011-12, the Corporation exported castor oil amounting to ₹49 Crore. Efforts are on to consolidate this business and include more suppliers and target new markets during 2012-13.

STC has been regularly exporting maize for the last three years and exports worth ₹34 Crore were made during 2011-12. With strong demand from Malaysia, Indonesia and other neighboring countries, efforts are being made to enhance exports of this item.

During 2011-12, the Corporation also exported other items such as molasses and manufactured products.

STC has been exporting molasses for last two years and with strong demand from Far-East countries like Korea, Indonesia and Vietnam as also from EU, STC is gearing up to increase its export of molasses from various load ports in India. With all quantitative restrictions on export of sugar having been removed, the Corporation has initiated discussions with various sugar suppliers for exports during 2012-13.

#### Imports

The Corporation attained an all time high import turnover of ₹29,961 Crore during 2011-12 as compared to ₹18,938 Crore in the previous year thereby registering an increase of 58%. The increase was contributed mainly by bullion, coal and fertilizers. Details of performance of major import items are as under:

#### Bullion

Despite stiff competition and wide fluctuation in the prices of bullion during the year, STC was able to effect highest ever imports of bullion resulting in a turnover of ₹17,905 Crore as compared to ₹14964 Crore in the previous year. This became possible due to enlistment of new customers and new foreign suppliers of bullion and efficient servicing of the requirements of associates by way of custom clearance, price fixation, timely remittances and settlement of their accounts. The Corporation will continue bullion import business during 2012-13 as well.

#### Coal

During the year, STC successfully executed order for import of 12 million MTs of thermal coal, implementation of which had been initiated towards the end of the financial year 2010-11. This resulted in sales of ₹9885 Crore during the year as against only ₹673 Crore in the previous year. During 2012-13, the Corporation hopes to undertake supply of coal to a number of state electricity boards, power generation companies and steel production units. Simultaneously, efforts shall be made to enlarge the supply base.

## Urea

The Corporation continued to undertake imports of urea on behalf of the Department of Fertilizers, Govt. of India and imported 5.6 lakh MT of urea resulting in sales worth 1393 Crore. The Corporation also imported technical grade urea valuing ₹5.5 Crore.

## Edible Oils

During the year, edible oil market remained highly volatile. The Corporation continued to import edible oils both on commercial account as well as for the state governments for distribution to the weaker sections under Public Distribution System (PDS). Overall imports of edible oils amounted to ₹484 Crore.

The Corporation is making efforts to identify more oil processors and meet their import/domestic demand of edible oils and also increase imports for state governments for PDS distribution during 2012-13. Possibilities are also being explored to import other oils like Sunflower / Rapeseed / Canola / Palm Fatty Acid Distillates and acid oils.

## Pulses

STC sold pulses worth ₹205 Crore imported on behalf of Government of India under its subsidy schemes including imports for state governments for distribution to the weaker sections of the society under PDS.

## Equipments/Instruments/Ballistics

STC achieved an overall turnover of about ₹22 Crore by way of imports of equipments, instruments and ballistic items during the year. This included import of two Hydraulic Platforms for U.P. Fire Service Department. Special focus on modernization of police forces by the Government of India and projects executed for J&K Govt. provided opportunity for doing higher business than in the earlier years.

For 2012-13, the Corporation has identified a number of thrust products e.g. hydraulic platforms for State Fire Services, arms for State Police and Forest Departments, vehicle armouring solutions and bullet proof jackets, snow cutting machines, tools and equipments for State Forensic Science Laboratories. Thus, the Corporation hopes to do substantial business by undertaking imports on behalf of State Governments.

## Domestic sales

During the period, STC effected domestic sales worth ₹ 139 Crore. Major items of sale on domestic front were oils, seeds & oil meals, jute goods, coal and pulses.

During the year, a beginning was made in stock & sale of soyabean and mustard seeds which will be continued in 2012-13.

With a view to gaining foothold in the domestic tea market, the Corporation has started opening retail outlets in southern India for sale of own brand "STC Tea" in 250 gms

packs initially. This yielded sales worth about ₹5 Crore during the year. It is proposed to extend operations to more cities in the near future. Simultaneously, efforts are being made to penetrate into export markets, namely, Turkey, Iran, Pakistan and Iraq.

## PROFITABILITY

During the period under review, STC earned a Profit Before Tax (PBT) of ₹18 Crore. The profitability of the Corporation remained under strain due to thin trading margins, high interest costs and provisioning/write-offs in certain cases.

## 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:

- A beginning was made, though on a modest scale, in stock & sale of items like soyabean, mustard seeds and desi chana whereby small quantities of these items were purchased, stocked and then successfully sold back in the domestic market taking advantage of the seasonality in prices.
- With a view to establishing itself in the domestic tea market, retail outlets were opened in many parts of southern India for sale of own brand "STC Tea" in consumer packs. This initiative helps a host of small tea growers and also gives a sustainable revenue stream for STC through institutional sales. Exports will further enhance STC's performance in this segment. This is part of building a longer term business strategy as opposed to being completely dependent on fluctuating trading markets.
- A Bullion Dealing Room has been set up at STC's corporate office for online price fixation of bullion and timely remittances and settlement of associates' accounts. As servicing is important in this business and margins are low, faster clearances will ensure better business returns through customer satisfaction and faster realization of dues.
- With a view to improving efficiency and to facilitate online monitoring of offset programmes, a web-based e-portal was developed in association with Boeing, thereby making the entire process involving inflow / outflow of data, documents and other communications from / to the offset partners virtually paperless.
- Greater liaison was developed with state governments resulting in enhanced procurements on their behalf of items like pulses, edible oil, and a number of equipments such as Fire Hydraulic Platform, Snow Groomer Machine, Braille Printer, which are new additions to the trade portfolio of STC.
- STC has embarked upon professionalization in its trading initiatives by reviewing, introducing and fine tuning various policies, procedures and guidelines to make the systems of due diligence and risk mitigation more effective.

## **INTERNAL CONTROLS AND PROCEDURES**

STC has a sound system of internal controls which ensures compliance with statutory requirements, regulations and various policies and guidelines of the Corporation. Besides, Statutory Audit and Audit by the C&AG, regular and exhaustive internal audits are conducted through professional agencies in close coordination with STC's Internal Audit Division to ensure that a proper system of checks and balances is in place in the Corporation to take care that all its assets are safeguarded and protected against any possible loss and all the transactions are authorized, recorded and reported properly.

Internal Audit is conducted as per the Accounting Standards 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. The quarterly financial statements as also summary of the findings of internal, external and Government audit are reported to Management Audit Committee and the Audit Committee of Directors along with a report on compliance of directions issued in the past.

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

During the year, 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. Over the past three - four years, several steps were taken to streamline branches on the basis of vigilance and internal audit reports and these actions have resulted in branches becoming more compliant with professional procedures and practices.

## **THE WAY FORWARD**

The Corporation has already started making best efforts to further improve its performance during 2012-13, in terms of business and increased profitability. An annual Business & Action Plan has been prepared. The Corporation shall endeavour to take advantage of higher domestic availability of food grains during the year and has already initiated the process of registration of grain traders for this purpose. It also plans to expand import operations for state governments and their entities in items like edible oils, pulses, equipment, instruments, etc. Similarly, tea operations shall be enlarged by taking another processing unit on lease, opening more retail centers for domestic sale of STC Brand tea and identifying new overseas buyers for exports. In addition, the Corporation also proposes to consolidate requirements of various cashew processing units for importing raw cashew in bulk on their behalf and participate in tenders floated by SEBs, power generation companies, and steel production units, etc. Besides, renewed thrust shall continue to be laid on identification of new customers & suppliers.

While some of the identified strategies have already been implemented, others are also at various stages of implementation. The Corporation hopes to further improve its turnover and profitability in the coming year.

### **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.

## REPORT ON CORPORATE GOVERNANCE

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### 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 investor's 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, 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 and also reviews its performance periodically. The Chairman & Managing Director and five Whole-Time Directors viz. Director (Finance), three Directors (Marketing) and Director (Personnel) manage the business of the Company under the overall supervision, control and guidance of the Board. However, two posts of Director (Marketing) and also the post of Director (Finance) are currently vacant.

#### 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, 2012, there were twelve Directors on the Board comprising four whole time Directors including Chairman & Managing Director, two part-time official Directors, who are the Government nominees and six 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.

Apart from CMD and 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 in the agenda format amongst the members of the Board for facilitating meaningful, informed and focussed 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.

(i) **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 2011-12 are as follows:

Name & Designation	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Whether attended last Annual General Meeting held on 29.09.11	As on 31.03.2012	
				No. of Directorship in other Public Limited Companies	Memberships/ Chairmanship in Committees of the Board of other Companies
<b>Functional Directors</b>					
Shri N.K. Mathur Chairman & Managing Director	8	8	Yes	1	1
Shri N.K. Nirmal Director (Finance) (up to 12.12.2011)	5	5	Yes	NA	NA
Shri S.S. Roy Burman Director (Marketing) (up to 30.04.2012)	8	8	Yes	Nil	Nil
Shri M.M. Sharma Director (Personnel)	8	8	Yes	Nil	Nil
Shri Khaleel Rahim Director (Marketing)	8	8	Yes	Nil	Nil
<b>Part-time official Directors - Government Nominee</b>					
Shri P.K. Chaudhery, Special Secretary, MOC & I (up to 12.01.2012)	5	1	No	NA	NA
Dr. Rajan Katoch, Additional Secretary and Financial Adviser, MOC & I	8	7	Yes	2	4
Shri Madhusudan Prasad, Additional Secretary, MOC & I (w. e. f. 12.01.2012)	3	2	NA	1	1
<b>Part-time non-official Directors - Independent Directors</b>					
Dr. (Mrs.) B. Kinnera Murthy * (up to 07.12.2011)	5	4	Yes	NA	NA
Shri Jayendra N. Shah* (up to 30.11.2011)	5	5	Yes	NA	NA
Prof. R.H. Dholakia ( w. e. f. 24.06.2011)	6	5	Yes	2	1
Shri Proshanto Banerjee (w. e. f. 28.06.2011)	6	6	Yes	2	Nil
Shri Naresh Dayal (w. e. f. 10.07.2011)	6	6	Yes	1	Nil
Shri Uday N. Abhyankar ( w. e. f. 10.10.2011)	4	4	NA	Nil	Nil
Shri S.C. Tripathi ( w. e. f. 14.10.2011)	4	2	NA	8	8
Shri S.C. Saraf ( w. e. f. 28.03.2012)	1	1	NA	2	2

\* Re-appointed w. e. f. 18.04.2012.

Notes:

- (i) The Company being a PSU, all Directors are appointed by the President of India.
- (ii) Directors are not per se related to each other.
- (iii) Directors do not have any pecuniary relationships or transactions with the Company except receipt of remuneration by CMD and functional directors from the Company.
- (iv) The Directorships/ Committee Membership are based on the latest disclosure received.
- (v) Only Chairmanship/ Membership of the Audit Committee and Shareholders' and Investors' Grievance Committee of Public Limited Companies are taken into account.
- (vi) 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.

## (ii) Details of Board Meetings

During the financial year 2011-12, 8 (Eight) meetings of the Board were held, the details of which are as below:

Sr. No.	Meeting No.	Date of Board Meeting
1.	569th	28.04.2011
2.	570th	24.06.2011
3.	571st	11.08.2011
4.	572nd	29.09.2011
5.	573rd	14.11.2011
6.	574th	12.01.2012
7.	575th	14.02.2012
8.	576th	28.03.2012

The minimum and maximum interval between any two Board meetings was 33 days and 59 days respectively.

### 1.4 Changes in Board of Directors

Shri N.K. Nirmal, Director (Finance) and Shri S.S. Roy Burman, Director (Marketing) ceased to be the Directors of the Company w. e. f. 12.12.2011 and 30.04.2012 respectively.

Shri P.K. Chaudhery ceased to be part-time official Director on the Board of STC and Shri Madhusudan Prasad, Additional Secretary, MOC & I took over the charge as Part-time Official Director on the Board of STC vice Shri P.K. Chaudhery w. e. f. 12.01.2012.

Shri Rajan S. Katoch ceased to be part-time official Director on the Board of STC and Smt. Anita Agnihotri, Additional Secretary and Financial Adviser, MOC & I took over the charge as Part-time Official Director on the Board of STC vice Shri Rajan S. Katoch w. e. f. 30.05.2012.

Shri Naresh Dayal, Shri Proshanto Banerjee & Prof. R.H. Dholakia w.e.f. 24.06.2011, Shri S.C. Tripathi & Shri Uday N. Abhyankar w. e. f. 29.09.2011 and Shri S.C. Saraf w.e.f. 28.03.2012 were appointed as Part-time non-official/ Independent Directors.

Dr. (Smt.) B. Kinnera Murthy and Shri J.N. Shah, Part-time non-official/ Independent Directors, whose tenure had ended on 07.12.2011 and 30.11.2011 respectively, were re-appointed as Part-time non-official/ Independent Directors of the Corporation w. e. f. 18.04.2012.

## 2. RESUME OF DIRECTORS PROPOSED TO BE 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 initially comprised two Part-time non-Official Directors/ Independent Directors and one Part-time Official Director/ Government Nominee as its members. The meetings of the Committee were chaired by an Independent Director.

Subsequent to induction of more independent Directors on the Board of STC, the Audit Committee of Directors had been reconstituted by the Board in its meeting held on 29th September, 2011. The Audit Committee of the Company constituted by the Board now comprises four independent Directors and one Govt. Nominee

Part-time Official Director. Company Secretary continued to be Secretary of the Committee. All the members of the Committee have requisite financial and management experience.

The initial tenure of tenure of Dr. (Smt.) B. Kinnera Murthy and Shri J.N. Shah, Independent Directors had been completed on 07.12.2011 and 30.11.2011 respectively. The said Independent Directors have been re-appointed by President of India on the Board of STC for a further period of three years w. e. f. 18.04.2012. The Board in its 577th Meeting held on 10.05.2012 has approved their continuation on the same committees. Accordingly, they are continuing as members of the Audit Committee.

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

Chairman of the Audit Committee was present at the AGM of the Company held on 29th September, 2011.

**(i) Attendance:**

Members	No. of Meetings held during the tenure	No. of Meetings Attended
DR. (Mrs.) B. Kinnera Murthy*, Chairman (up to 07.12.2011)	5	4
Shri Jayendra N. Shah* (up to 30.11.2011)	5	5
Dr. Rajan Katoch, AS & FA, MOC (up to 30.05.2012)	6	6
Shri Proshanto Banerjee (w. e. f. 29.09.2011)	2	2
Prof. R.H. Dholakia (w. e. f. 29.09.2011)	2	1

\* Re-appointed w. e. f. 18.04.2012.

**(ii) Details of Audit Committee Meetings:**

During the financial year 2011-12, 6 (Six) 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.	54th	28.04.2011
2.	55th	24.06.2011
3.	56th	11.08.2011
4.	57th	29.09.2011
5.	58th	14.11.2011
6.	59th	14.02.2012

**3.2 Remuneration Committee:**

The Company has set up a Remuneration Committee comprising three Independent Directors viz. Dr. (Mrs.) B. Kinnera Murthy, Chairperson. Shri Proshanto Banerjee, Independent Director and Shri Naresh Dayal, Independent Director as members. The Committee decides the annual 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.

Two meetings of the above Committee were held on 24.06.2011 and 10.09.2011 during the year. All members were present.

### 3.2.1 Directors' Remuneration:

Remuneration of Directors' for the year ended 31.03.2012 was as follows:

#### (a) Functional Directors:

( ₹Lacs)

Sr. No	Names	Salary including DA	Other benefits & perks	Performance Incentive	Contributions to PF and other fund	Provision for Leave as per AS-15	Provision for Gratuity as per AS-15	Grand Total
1.	Shri N.K. Mathur	26.41	2.75	5.06	1.93	0	0.72	36.87
2.	Shri N.K. Nirmal (Up to 12.12.2011)	28.84	2.18	7.38	1.28	0	0.00	39.68
3.	Shri S S Roy Burman (up to 30.04.2012)	24.40	1.89	7.22	1.83	0.34	0.44	36.12
4.	Shri M. M. Sharma	20.46	7.00	6.50	1.75	3.33	0.11	39.15
5.	Shri Khaleel Rahim	19.19	6.59	3.44	1.75	2.54	0.34	33.85

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

Non-Executive non-official Directors were 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 (₹ Lacs)
1.	Dr. (Mrs.) B. Kinnera Murthy*	1.30
2.	Shri Jayendra N. Shah*	1.30
3.	Shri Naresh Dayal	0.60
4.	Shri Proshanto Banerjee	0.80
5.	Prof. R.H. Dholakia	0.60
6.	Shri S.C. Tripathi	0.20
7.	Shri Uday N. Abhyankar	0.40
8.	Shri S.C. Saraf	0.10
	<b>Total</b>	<b>5.30</b>

\* including fee paid towards participations as special invitee.

### 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 N.K. Mathur	2
2.	Shri M.M. Sharma	2
3.	Shri Khaleel Rahim	2
4.	Shri Anita Agnihotri	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 31.03.2012,. The Company Secretary is also the Secretary of the Shareholders'/Investors' Grievance Committee.

During the year 2011 - 12, four meetings of the Committee were held on April 20, July 14 & October 17, 2011 and March 16, 2012. The attendance details are as under:

Name of Member	No. of Meetings held during the tenure	No. of Meetings Attended
Shri P.K. Chaudhery, Special Secretary, MOC - Chairman (upto 12.01.2012)	3	3
Shri Madusudan Prasad, Additional Secretary - Chairman (w.e.f. 12.01.2012)	1	1
Shri N.K. Nirmal, Director(Finance) (upto 12.12.2011)	3	3
Shri S.S. Roy Burman, Director (Marketing) (w.e.f. 12.01.2012 to 30.04.2012)	1	1
Shri M.M. Sharma, Director(Personnel)	4	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 98. There was no complaint pending as on 31st March, 2012.

### 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.	<b>For Shares in Physical form -</b> 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.	<b>For Share in Demat form-</b> 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.	<b>Dividend from Financial year</b> 2004-05 (Final) to 2010-11	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 2004-05 before 5th November, 2012. The unpaid amount for the year 2004-05 will be transferred on or before 5th December 2012 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](http://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 2011-12."

##### 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 2011-12 was submitted to the Board on 13.08.2012 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 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 - Chairman of the Board
- (ii) Managing Director - STCL
- (iii) Director - FT(ST), Department of Commerce, Ministry of Commerce and Industry, Government of India - Government Director

The performance of the subsidiary is monitored periodically.

#### 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:

Nature of Meeting	Financial Year	Date and Time
Annual General Meeting	2010-11	29.09.2011 - 3.00 P.M.
Annual General Meeting	2009-10	27.09.2010 - 3.00 P.M.
Annual General Meeting	2008-09	24.09.2009 - 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. 52 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, 2012.
- 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](http://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](http://www.stc.gov.in)
- **Website:** The Company's Website [www.stc.gov.in](http://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, 2012 is scheduled for 27<sup>th</sup> September, 2012 at 12.00 noon 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, 2012	15th August, 2012
September 30, 2012	15th November, 2012
December 31, 2012	15th February, 2013
March 31, 2013( Audited)	30 <sup>th</sup> May, 2013

### 9.3 Book Closure Period:

The Register of Members shall remain closed from 22nd September, 2012 to 27th September, 2012 (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 2012, 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 21st September, 2012.

### 9.4 Dividend Payment Date:

The Board has recommended payment of Dividend @ 20 % for the financial year 2011-12 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. 27th September, 2012.

## 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 2012-13 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 2012-13 based on the Folio/ISIN positions as on 31.03.2012.

## 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, 11	276.30	243.20	34,46,623	277.00	243.00	13,61,084
May' 11	246.00	208.70	59,43,535	246.85	209.00	21,88,403
June' 11	233.20	185.85	22,68,285	233.40	198.15	9,01,743
July'11	221.95	190.00	19,65,146	219.95	189.90	7,83,035
August'11	207.40	138.35	28,30,959	207.50	138.75	10,42,857
September'11	183.95	143.20	22,69,173	184.20	150.30	8,52,043
October'11	162.70	146.15	11,85,202	163.00	145.50	4,75,011
November'11	166.30	120.00	11,23,251	166.05	121.55	4,64,496
December'11	142.80	111.10	35,03,598	141.90	110.95	11,85,027
January'12	268.30	136.30	4,65,11,636	266.40	136.10	1,89,37,958
February'12	334.00	229.05	90,48,771	333.95	226.60	36,77,512
March'12	295.90	246.95	42,87,569	296.00	245.05	15,73,504

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 31.03.2012.

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, 2012

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
President of India (Government of India)	8	5,46,13,600	91.0227
Mutual Funds/ UTI	4	1,080	0.0018
Financial Institutions/ Banks	1	22,000	0.0367
Insurance Companies	3	6,59,530	1.0992
Foreign Institutional Investors	13	6,15,569	1.0259
Bodies Corporate	857	8,93,448	1.4891
Indian Public	28,564	31,33,089	5.2218
Non Resident Indians	201	61,684	0.1028
<b>Total</b>	<b>29,651</b>	<b>6,00,00,000</b>	<b>100.0000</b>

#### 9.11 Top 10 Shareholders as on 31st March, 2012

Sr. No.	Name	No. of Shares held	% of total shares
1.	President of India (Government of India)	5,46,13,600	91.0227
2.	The New India Assurance Company Limited	5,35,000	0.8917
3.	Acadian Emerging Markets Equity II Fund LLC	1,20,421	0.2007
4.	Tata Securities limited	84,739	0.1412
5.	National Insurance Company Limited	83,594	0.1393
6.	Acadian Emerging Markets Equity Fund	77,303	0.1288
7.	Stichting Pensioenfonds ABP	76,653	0.1278
8.	Russel Investment Company PLC- OMAM Emerging Markets Equity Fund	59,197	0.0987
9.	Public Employees Retirement System of Ohio	57,762	0.0963
10.	The Monetary Authority of Singapore A/c MAS SUB - Account Managed by Acadian Asset	54,000	0.0900

#### 9.12 Distribution of Shareholding by Size as on 31st March, 2012

Category (No. of Shares)	Number of shareholders	% of Shareholders	Total number of Shares	% of Shareholding
1-500	28,474	96.0305	19,34,549	3.2242
501-1000	672	2.2664	5,25,438	0.8757
1001-2000	283	0.9544	4,27,565	0.7126
2001-3000	82	0.2766	2,08,200	0.3470
3001-4000	40	0.1349	1,39,894	0.2332
4001-5000	29	0.0978	1,33,883	0.2231
5001-10000	34	0.1147	2,35,187	0.3920
10001-50000	27	0.0911	6,33,015	1.0550
50001-100000	7	0.0236	4,93,248	0.8221
100001 and above.	3	0.0101	5,52,69,021	92.1151
<b>Total</b>	<b>29,651</b>	<b>100.0000</b>	<b>6,00,00,000</b>	<b>100.0000</b>

### 9.13 Geographical Distribution of Shareholders as on 31st March, 2012

Sr. No.	City	No. of Shareholders	% to Total	No. of Shares	% to Total
1.	Ahmedabad	1,924	6.49	2,12,413	0.35
2.	Bengaluru	783	2.64	1,00,879	0.17
3.	Chennai	1,086	3.66	2,28,443	0.38
4.	Delhi	3,972	13.40	5,51,65,380	91.94
5.	Hyderabad	544	1.83	1,17,416	0.20
6.	Jaipur	518	1.75	63,932	0.11
7.	Kanpur	162	0.55	15,769	0.03
8.	Kolkata	1,560	5.26	2,73,341	0.46
9.	Mumbai	4,802	16.20	22,69,362	3.78
10.	Patna	88	0.30	15,997	0.03
11.	Kochi	142	0.48	26,371	0.04
12.	Others	14,070	47.45	15,10,697	2.52
<b>Total</b>		<b>29,651</b>	<b>100.00</b>	<b>6,00,00,000</b>	<b>100.00</b>

### 9.14 Corporate Benefits

#### (i) Dividend History:

Years	Interim/ Final	Rate(%)	Per Share (₹)	Amount (₹lacs)
2007-08	Interim	35	3.50	1228.45
	Final	30	3.00	1800.00
2008-09	Interim	25	2.50	1500.00
	Final	22.50	2.25	1350.00
2009-10	Interim	25	2.50	1500.00
	Final	22.50	2.25	1350.00
2010-11	Interim	-	-	-
	Final	30	3.00	1800.00
2011-12	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 overprinting on Dividend Warrants or remittance of Dividend through National Electronic Clearing Services(NECS), wherever applicable. As per Dividend 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 this facility 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.

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

During the year, amounts of ₹30,196/-, ₹8,562/- and ₹23.545/- pertaining to unclaimed/unpaid interim and final dividend for FY 2003-04 and Interim dividend FY 2004-05 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 2004-05 and interim dividend for FY 2005-06 which is due for transfer to IEPF, should be claimed by the members before 05.11.2012 and 22.01.2013 respectively. After that date, 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 respective financial years are as under:

## 9.16 Geographical Distribution of Shareholders as on 31st March, 2012

Sr. No.	FY	Type of Dividend	Dividend %	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
1.	2004-05	Final	15	05.11.2012	05.12.2012
2.	2005-06	Interim	15	23.12.2012	22.01.2013
		Final	35	24.10.2013	23.11.2013
3.	2006-07	Interim	20	27.03.2014	26.04.2014
		Final	40	31.10.2014	30.11.2014
4.	2007-08	Interim	35	26.03.2015	25.04.2015
		Final	30	28.10.2015	27.11.2015
5.	2008-09	Interim	25	20.03.2016	19.04.2016
		Final	22.50	30.10.2016	29.11.2016
6.	2009-10	Interim	25	25.03.2017	24.04.2017
		Final	22.50	01.11.2017	01.12.2017
7.	2010-11	Final	30	03.11.2018	03.12.2018
8.	2011-12	Final	20	02.11.2019	02.12.2019

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.

## 9.17 Dematerialization of Shares and Liquidity

Description	No. of Shareholders	Shares	% of Equity
CDSL	11,057	5,59,03,637	93.17
NSDL	18,506	40,73,750	6.79
PHYSICAL	88	22,613	0.04
Total	29,651	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, 2012, 5,99,77,387 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 and the same has been rolled out across the organization in all the trading divisions. The Risk Management Framework would measure the risk involved in a business proposal in the form of a total risk score which was 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, STC framed a Whistle Blower Policy with the approval of the Board and implemented the same 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 2011-12

Category	Reservation for Ex-Servicemen (% age)	Total Recruitment made during the year 2011-12	No. of Ex-Servicemen recruited during the year
Peon/ Watchmen/ Sweepers/Helpers & Carpenters	14.5	2	Nil
Jr. Assistants/Jr. Stenographers	14.5	Nil	Nil
Drivers	14.5	1	Nil

## **COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of

The State Trading Corporation of India Limited

We have examined the compliance of the condition of Corporate Governance by The State Trading Corporation of India Limited for the year ended 31<sup>st</sup> March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges and Guidelines on Corporate Governance for the 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 compliance of the condition 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 condition of Corporate Governance as stipulated in above mentioned Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by DPE except the Clause 49 (1A) of the listing agreement and clause 3.1.4 of guidelines on Corporate Governance regarding number of Independent and Non executive Directors in the Board of Directors which was not followed throughout the year. However as on 31<sup>st</sup> March, 2012 compliance regarding number of independent director and number of executive director in the Board of director was fulfilled.

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 Chandiook & Guliani  
Chartered Accountants

Sd/-  
(V.K. Lalla)  
Partner

Membership No.080847

Date: 30.05.2012

Place: New Delhi

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### **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, N.K. Mathur, Chief Executive Officer & Chairman & Managing Director, and Manoj Mishra, Chief General Manager (Finance), certify that:

- a) We have reviewed financial statements and the cash flow statements for the year ended 31.03.2012 and that to the best of our knowledge and belief :
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that :
  - i) There has not been any significant change in internal control over financial reporting during the year under reference.
  - ii) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) There has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

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

sd/-  
(Manoj Mishra)  
Chief General Manager (Finance)

Place : New Delhi

Date : 30.05.2012

## Highlights: Ten Years at a Glance

PARTICULARS	(In ₹Crore)									
	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
<b>Sales</b>										
Exports	344.32	491.93	1,503.79	2,131.88	4,002.06	2,927.17	1,094.56	568.00	1,192.05	690.52
Imports	29,961.20	18,938.22	19,049.10	16,315.54	10,773.24	10,692.46	5,493.27	8,407.00	6,977.79	1,752.81
Domestic	138.78	554.69	955.76	1,338.42	998.82	715.64	537.41	547.00	178.71	89.20
<b>Total</b>	<b>30,444.30</b>	<b>19,984.84</b>	<b>21,508.65</b>	<b>19,785.84</b>	<b>15,774.12</b>	<b>14,335.27</b>	<b>7,125.24</b>	<b>9,522.00</b>	<b>8,348.55</b>	<b>2,532.53</b>
<b>Profits</b>										
Trading	89.73	177.87	144.55	113.06	194.25	167.42	99.56	62.85	53.80	11.04
Before tax	17.80	79.63	170.93	144.87	176.51	122.72	56.69	37.03	25.82	(83.40)
After tax	16.47	56.43	106.95	78.51	124.45	88.28	38.95	25.03	19.73	(83.97)
Overheads	126.29	145.52	131.73	149.31	100.21	98.08	62.28	76.46	61.33	52.48
Interest Outgo (Net)	(69.57)	18.43	(137.70)	(184.30)	(73.13)	(67.40)	(31.31)	(31.84)	(25.15)	(13.08)
Dividend	12.00	18.00	28.50	28.50	30.00	18.00	15.00	9.00	7.50	6.00
<b>Net Worth</b>										
Share Capital	60.00	60.00	60.00	60.00	60.00	30.00	30.00	30.00	30.00	30.00
Reserves	621.98	619.46	583.94	510.29	464.89	403.77	335.14	289.99	266.07	242.59
<b>Total</b>	<b>681.98</b>	<b>679.46</b>	<b>643.94</b>	<b>570.29</b>	<b>524.89</b>	<b>433.77</b>	<b>365.14</b>	<b>319.99</b>	<b>296.07</b>	<b>272.59</b>
Bank Borrowings	1,188.61	1,549.09	2,467.85	2,377.32	1,098.66	894.83	202.73	129.66	321.03	143.99
<b>Working Capital</b>										
Inventories	543.71	1,313.75	567.01	1,463.74	647.62	561.18	330.12	239.93	135.93	72.71
Debtors	4,940.13	4,507.94	6,610.96	5,558.53	5,783.80	2,521.23	1,694.19	1,067.72	451.29	68.09
Other (Net)	(3,748.96)	(3,718.43)	(4,197.57)	(4,176.51)	(4,983.23)	(1,920.49)	(1,598.72)	(977.73)	(100.65)	142.34
<b>Total</b>	<b>1,734.88</b>	<b>2,103.26</b>	<b>2,980.40</b>	<b>2,845.76</b>	<b>1,448.19</b>	<b>1,161.92</b>	<b>425.59</b>	<b>329.92</b>	<b>486.57</b>	<b>283.14</b>
Capital Employed	681.67	676.43	640.91	567.25	434.17	343.05	274.42	229.27	195.49	312.71
<b>Significant Ratios</b>										
Trading Profit : Sales (%)	0.29	0.89	0.67	0.57	1.23	1.17	1.40	0.66	0.64	0.44
Profit Before Tax : Sales (%)	0.06	0.40	0.79	0.73	1.12	0.86	0.80	0.39	0.31	-
- Profit Before Tax : Networth (%)	2.61	11.72	26.54	25.40	33.63	28.29	15.53	11.57	8.72	-
- Sales : Capital Employed (Times)	44.66	29.54	33.56	34.88	36.33	41.79	25.96	41.53	42.71	8.10
Inventories : Sales (%)	1.79	6.57	2.64	7.40	4.11	3.91	4.63	2.52	1.63	2.87
Debtors : Sales (%)	16.23	22.56	30.74	28.09	36.67	17.59	23.78	11.21	5.41	2.69
Overheads : Sales (%)	0.41	0.73	0.61	0.75	0.64	0.68	0.87	0.80	0.73	2.07

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

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- 1 We have audited the attached Balance Sheet of **THE STATE TRADING CORPORATION OF INDIA LIMITED** as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto in which are incorporated the accounts of the corporate office audited by us and the accounts of 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. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure to in paragraph 3 above, we report as follows:
  - a) Reference is invited to note no.18.2, relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of Metro Machinery Traders, New Delhi (the business associates). The company has alleged fraud by the business associates and matter has been referred to CBI. It was informed that two ex-Directors and a General Manager have been charge sheeted by the Vigilance Department and files are in the custody of Ministry/Corporation which are of confidential in nature. Thus, in absence of details of the charge sheets and the 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. Pending out come of legal steps initiated for recovery/CBI probe, full provision of ₹87.39 Crore was made in earlier year. However, the company is successful in getting Arbitration Award of ₹110.00 Crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award.
  - b) Reference is invited to note no.18.3, 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 have come to notice for which legal action has been initiated. Entire dues including recoverable from FCI aggregating to ₹58.41 Crore has been provided/written off. Further as the matter is not yet resolved, additional amount of Central Sales tax liability for non-export of 30392.010 MT of wheat procured from FCI is not ascertainable. The impact on profit & loss account thus is not known.
  - c) Reference is invited to note no.19.4, amounting to ₹3.20 Crore recoverable from one of the associates towards import of pet bottle material, which are pledged with the Company. Though the company is confident of full recovery and no provision has been considered necessary, final disposal of pledged stocks may have financial impact which can not be ascertainable at this stage.
  - d) Reference is invited to note no.22.2, relating to ₹121.99 Crore due from Jhagadia Copper Limited, the Company under liquidation and in the process of reconstruction by Asset Reconstruction Company (India) Limited. Financial impact of the same cannot be ascertained at this stage.
  - e) Reference is invited to note no. 22.3 & 24.3, relating to Sundry Debtor of ₹1300.15 Crore due from Global Steel Philipines Inc. who have stopped operation of their plant due to extreme volatility of prices and loan and advances of ₹174.35 Crore from Ispat Industries Limited. The liability in respect of balance amount payable by Ispat Industries Limited to STC has been taken over by Global Steel Holding Limited. Accordingly the amount recoverable was included in Conciliation Agreement signed by GSHL/GSPI with STC. Consequent upon Conciliation Award dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues are payable to STC by 10.11.2012. Pending final realization, impact on Financial Statements can not be ascertained at this stage.

- f) Reference is invited to note no.22.4, relating to unsecured overdue of ₹395.49 Crore against export affected under the EXIM bank Insurance linked post shipment credit facility, company is confident of full recovery of amount due to them. However a provision of ₹38.45 Crore being amount paid to EXIM Bank during the year and not supported with equivalent recoveries from the associates has been made during the year.
- g) 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 with Government which is under active consideration of Government for re-imbursement of actual loss as informed by Ministry of Consumer Affairs. Final settlement of the claim may impact financial statements, which at this stage can not be ascertained.
- h) Note No. 47 and 48 relating to pending reconciliation/ confirmation of balances in parties accounts and current liabilities and consequential adjustment that may arise on reconciliation.
- 5) We further report that :
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 security in such cases.
- b) In our opinion, proper books of accounts 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 observations of the Branch Auditors have been considered while preparing our report.
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement referred to in this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 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 provisions of Section 274(1)(g) of the Companies Act,1956, are not applicable to the Company.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to our observations in Paragraph 4 (a) to (h) above, provisions and write offs in respect of which have been made in the accounts based on the existing and known circumstances as reported in the said paragraphs and read together with 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- b) In the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place: New Delhi  
Date: 30.05.2012

For Chandiook & Guliani  
Chartered Accountants  
FRN: 001199N

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

## ANNEXURE TO AUDITORS' REPORT

### (Annexure referred to in Paragraph 3 of our report of even date on the financial statements for the financial year ended 31st March, 2012 of the State Trading Corporation of India Ltd.)

1. In respect of its fixed assets :
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except at Ahmedabad Branch where Fixed Asset Register was not updated.
  - b) 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.
  - c) In our opinion, substantial part of the fixed assets has not been disposed off during the year and going concern status of the company is not affected.
2. In respect of its inventories:
  - a) 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.
  - b) 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.
  - c) The company is not maintaining any separate stock register. However, transaction-wise stock details are compiled for control over the stock and necessary details are obtained from the 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.
3. In respect of Loans availed/granted:
  - a) As informed, the Company has not granted any loans, secured or unsecured, from 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.
  - e) 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.
4. 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 balances of sundry debtors and creditors require strengthening.
5. In respect of contracts/arrangements under Section 301 of the Companies Act, 1956:
  - a) According to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
  - b) There was no transaction hence clause 5 (b) of paragraph 4 of the order is not applicable.
6. 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.
7. 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.
8. As informed by the management, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of its product of the company.
9. In respect of statutory dues:
  - a) 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 been generally regularly deposited with the appropriate authorities. There were no undisputed amounts payables in respect of the aforesaid dues were outstanding as at March 31, 2012 for a period of over 6 Months from the date they became payable.
  - b) Disputed Statutory dues are aggregating to ₹16.01 Crore on account of Income Tax and ₹441.21 Crore on account of Sales Tax. The details are as under: -

<b>Income Tax:</b>			
<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount [in ₹ Crore]</b>	<b>Period to which the amount relates</b>
DELHI HIGH COURT	INCOME TAX	0.09	1981-82
DELHI HIGH COURT	INCOME TAX	0.30	1983-84
ITAT, DELHI	INCOME TAX	0.30	2001-02
CIT(A), NEW DELHI	INCOME TAX	15.32	2009-10
<b>Total</b>		<b>16.01</b>	

<b>Sales Tax:</b>			
<b>FORUM</b>	<b>Nature of the Dues</b>	<b>Amount [in ₹ Crore)</b>	<b>Period to which the amount relates</b>
MADRAS HIGH COURT	Sales Tax	0.84	1974-75 to 1989-90
SALES TAX APPELLATE TRIBUNAL (Chennai Branch)	Sales Tax	0.01	1987-88
MAHARASHTRA SALES TAX TRIBUNAL	Sales Tax	14.02	1992-93 to 2000-01
JOINT COMMISSIONER OF SALES TAX (Maharashtra)	Sales Tax	423.24	1990-91 to 2004-05
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 APPELLATE AUTHORITY, DELHI	Sales Tax	2.33	2008-09
<b>Total</b>		<b>441.21</b>	

10. 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.
11. 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.
12. 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.
13. In our Opinion, the Company is not a Chit Fund company or a Nidhi/Mutual benefit fund/society. Therefore, the provisions of clause 13 of paragraph 4 of the order are not applicable to the Company.
14. The company is not dealing in or trading in securities, debentures and other investments and therefore clause regarding of maintaining 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.
15. 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.
16. The Company has not raised any new term loans during the year.
17. 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.
18. 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.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the Year.
21. 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 except a case of theft/ misappropriation/ fraud of pledged stock of pulses amounting to ₹36.01 Crore by one of its associates at one of the branch of STC and net dues from associates of ₹33.67 Crore has been fully written - off during the year. (Refer Note No.22.5)

For Chandiook & Guliani  
Chartered Accountants  
FRN. No. 001199N

Place: New Delhi  
Date: 30.05.2012

V.K. Lalla  
(Partner)  
M. No. 080847

## BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in ₹Crore)

PARTICULARS	Note No.	As At 31st March, 2012	As At 31st March, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	1	60.00	60.00
(b) Reserves & Surplus	2	621.98	619.46
(c) Money received against share warrants	3	-	-
<b>(2) Share application money pending allotment</b>	4	-	-
<b>Total (1+2)</b>		<b>681.98</b>	<b>679.46</b>
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	-	372.55
(b) Other long term liabilities	6	1,122.58	1,112.58
(c) Long-term provisions	7	66.03	55.24
<b>Total (3)</b>		<b>1,188.61</b>	<b>1,540.37</b>
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	8	2,030.32	1,176.54
(b) Trade Payables	9	2,223.36	3,206.85
(c) Other current liabilities	10	292.48	474.24
(d) Short-term provisions	11	37.45	59.33
<b>Total (4)</b>		<b>4,583.61</b>	<b>4,916.96</b>
<b>Total</b>		<b>6,454.20</b>	<b>7,136.79</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	51.71	53.02
(ii) Intangible Assets	13	0.07	0.05
(iii) Capital Work In Progress	14	9.87	3.37
(iv) Intangible Assets under development	15	-	-
(b) Non-Current investments	16	0.31	3.03
(c) Deferred tax assets (net)	17	73.01	65.82
(d) Long-term loans and advances	18	27.92	23.88
(e) Other non-current assets	19	708.88	2,491.29
<b>Total</b>		<b>871.77</b>	<b>2,640.46</b>
<b>(2) Current Assets</b>			
(a) Current investments	20	-	-
(b) Inventories	21	543.71	1,313.75
(c) Trade receivables	22	4,204.07	2,163.80
(d) Cash and cash equivalents	23	226.34	737.03
(e) Short-term loans and advances	24	285.52	151.73
(f) Other current assets	25	322.79	130.02
<b>Total</b>		<b>5,582.43</b>	<b>4,496.33</b>
<b>Total</b>		<b>6,454.20</b>	<b>7,136.79</b>

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

FRN : 001199N

Sd/-

**V K LALLA**

Partner

M.No. 80847

Sd/-

**N.K. MATHUR**

Chairman & Managing Director

Sd/-

**MANOJ MISHRA**

Chief General Manager (Finance)

Sd/-

**KHALEEL RAHIM**

Director (Marketing)

Sd/-

**R. K. GOGIA**

Company Secretary

Place : New Delhi

Dated : 30.05.2012

# PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹Crore)

PARTICULARS	Note No.	For the Year ended 31 March, 2012	For the Year ended 31 March, 2011
I. Revenue from operations	26	30,773.10	20,475.65
II. Other income	27	309.99	220.26
<b>III. Total Revenue (I+II)</b>		<b>31,083.09</b>	<b>20,695.91</b>
<b>Expenses-</b>			
a) Cost of material consumed	28	1.34	2.05
b) Purchase of Stock-in -Trade	29	29,885.82	21,021.34
c) Changes in inventories of Finished Goods, Work in Progress & Stock in Trade	30	770.18	(747.32)
d) Employee benefits expense	31	100.53	105.20
e) Finance cost	32	203.47	177.53
f) Depreciation and amortisation expense	33	3.07	3.07
g) Other expenses	34	51.78	48.17
<b>IV. Total expenses (a+b+c+d+e+f+g)</b>		<b>31,016.19</b>	<b>20,610.04</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>66.90</b>	<b>85.87</b>
<b>VI. Exceptional items</b>	35	45.93	9.42
<b>VII. Profit before extraordinary items and tax (V-VI)</b>		<b>20.97</b>	<b>76.45</b>
<b>VIII. Extraordinary items</b>	36	-	-
<b>IX. Prior Period Adjustments (Net)</b>	37	(3.17)	3.18
<b>X. Profit before tax (VII-VIII+IX)</b>		<b>17.80</b>	<b>79.63</b>
<b>XI. Tax expense:</b>			
(1) Current tax (MAT)	38	12.14	19.15
(2) Current Tax (Relating to earlier years)		1.34	(3.45)
(3) Provision for Mat Credit Entitlement		(4.96)	-
(4) FBT (Relating to previous years)		-	(0.10)
(5) Deferred tax	39	(7.19)	7.59
<b>Total Tax Expense (XI)</b>		<b>1.33</b>	<b>23.19</b>
<b>XII. Profit(loss) for the period from continuing operations (X-XI)</b>		<b>16.47</b>	<b>56.44</b>
XIII. Profit (loss) from discontinuing operations	40	-	-
XIV. Tax expense of discontinuing operations	41	-	-
<b>XV. Profit (loss) from discontinuing operations after tax (XIII-XIV)</b>		<b>-</b>	<b>-</b>
<b>XVI. Net profit (XII+XV)</b>		<b>16.47</b>	<b>56.44</b>
<b>XVII. Earning per equity share</b>			
(1) Basic	42	2.74	9.41
(2) Diluted	43	2.74	9.41

Significant Accounting Policies  
Other Notes

44  
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  
FRN : 001199N  
Sd/-  
**V K LALLA**  
Partner  
M.No. 80847

Sd/-  
**N.K. MATHUR**  
Chairman & Managing Director

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

Sd/-  
**KHALEEL RAHIM**  
Director (Marketing)

Sd/-  
**R. K. GOGIA**  
Company Secretary

Place : New Delhi  
Dated : 30.05.2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	(Amount in ₹Crore)	
	2011-12	2010-11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	20.97	76.45
ADJUSTMENT FOR :		
- Interest on working capital loans	186.39	163.41
- Depreciation	3.07	3.07
- Unrealized foreign exchange difference	(0.79)	(0.70)
- Write offs	33.68	27.72
- Provisions against Receivables & Investments	2.82	-
- Income/Expenditure relating to let out property	(21.72)	(23.70)
- Loss on sale of asset and write off	0.01	0.01
- Liabilities written back	(29.27)	(13.42)
- Profit on sale of assets	(0.02)	(0.02)
- Unclaimed credit balances written back	(1.22)	(0.42)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<b>193.92</b>	<b>232.40</b>
ADJUSTMENT FOR :		
- Trade and other receivables	(643.78)	2,241.36
- Inventories	770.04	(746.74)
- Trade and other payables	(1,224.31)	(168.73)
Income tax paid	(904.13)	1,558.29
CASH FLOW BEFORE PRIOR PERIOD ITEMS	<b>(920.24)</b>	<b>1,518.90</b>
Prior period adjustment	(3.17)	3.18
NET CASH GENERATED/USED IN OPERATING ACTIVITIES (A)	<b>(923.41)</b>	<b>1,522.08</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
- Purchase of Fixed Assets	(8.34)	(4.93)
- Sale of Fixed Assets	0.46	0.39
- Let out properties (net)	21.72	23.70
NET CASH FROM INVESTING ACTIVITIES (B)	<b>13.84</b>	<b>19.16</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

		(Amount in ₹Crore)	
		2011-12	2010-11
C	CASH FLOW FROM FINANCING ACTIVITIES :		
	- Dividend paid (including Dividend Tax)	(20.92)	(15.74)
	- Increase in Working Capital Loan(net)	481.23	(918.76)
	- Interest Paid	(186.39)	(163.41)
	NET CASH FROM FINANCING ACTIVITIES (C)	<b>273.92</b>	<b>(1,097.91)</b>
	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(635.65)	443.33
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	737.03	170.41
	CASH AND CASH EQUIVALENTS AS AT THE CLOSE OF THE YEAR	<b>101.38</b>	<b>613.74</b>
	Reconciliation of Cash & Cash Equivalents		
	Cash & Bank Balances as per Balance Sheet	226.34	737.03
	Less : Fixed Deposit made with margin provided by Associates adjusted in Trade Receivables	(124.96)	(123.29)
	Cash & Bank Balances as per Cash Flow Statement	<b>101.38</b>	<b>613.74</b>

**Significant Accounting Policies**  
**Other Notes**

44  
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

**FRN : 001199N**

Sd/-

**V K LALLA**

Partner

M.No. 80847

Sd/-

**N.K. MATHUR**

Chairman & Managing Director

Sd/-

**MANOJ MISHRA**

Chief General Manager (Finance)

Sd/-

**KHALEEL RAHIM**

Director (Marketing)

Sd/-

**R. K. GOGIA**

Company Secretary

Place : New Delhi

Dated : 30.05.2012

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012

(Amount in ₹Crore)

### NOTE NO. 1 SHARE CAPITAL

Particulars	As At 31 March, 2012	As At 31 March, 2011
<b>I) Authorised Share Capital</b>		
200,000,000 Equity Shares having face value of ₹10/- each	200.00	200.00
<b>II) Issued, Subscribed &amp; Fully Paid up</b>		
60,000,000 Equity shares having face value of ₹10/- each	<b>60.00</b>	<b>60.00</b>

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

3,00,00,000 equity shares having face value of ₹10/- each allotted as fully paid by way of bonus shares by capitalisation of General reserve during F.Y. 2007-08 in the ratio 1:1

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 01.04.2011	Issued during the year	Shares bought back during the year	Closing as at 31.03.2012
Equity share of ₹10/- each	60,000,000	-	-	60,000,000

### VI) Details of Share holders holding more than 5% shares as on 31.03.2012

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, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 2 RESERVE & SURPLUS

Particulars	Balance as at 1.04.2011	Additions	Deductions/ Appropriation	Balance as at 31.3.2012
Capital Reserve	1.00	-	-	1.00
Bonus Reserve*	-	-	-	-
Exchange Fluctuation Reserve	6.50	-	-	6.50
Export/Import Contingency Reserve	95.96	-	-	95.96
General Reserve	313.53	1.65	-	315.18
Surplus	202.47	16.47	15.60	203.34
	<b>619.46</b>	<b>18.12</b>	<b>15.60</b>	<b>621.98</b>

#### 2.1 Details of Addition to Surplus

Current Year Profit After Tax	16.47
Transfer From Bonus Reserve*	-
	<b>16.47</b>

#### 2.2 Details of Deduction/Appropriation from Surplus

Proposed Dividend	12.00
Tax on Dividend	1.95
Transfer to General Reserve	1.65
Transfer to Bonus Reserve*	-
	<b>15.60</b>

#### 2.3 Details of Negligible Value

*Bonus Reserve (₹)	36,563	11,031	10,688	36,906
*Transfer From Bonus Reserve (₹)	-	10,688	-	-
*Transfer to Bonus Reserve (₹)	-	-	11,031	-

2.4. During the year Dividend of ₹2 Per Share (Previous Year ₹3) has been recommended by the Board of Directors.

2.5. Bonus Reserve represents "Set On" available under the Payment of Bonus Act, 1965.

2.6. Deductions from Bonus Reserve represent amount transferred to Profit & Loss Account being "Set Off" as per the Payments of Bonus Act, 1965.

### NOTE NO. 3 MONEY RECEIVED AGAINST SHARE WARRANTS

Particulars	As At 31st March, 2012	As At 31st March, 2011
Money received against share warrants	-	-

### NOTE NO. 4 SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As At 31st March, 2012	As At 31st March, 2011
Share application money pending allotment	-	-

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NON-CURRENT LIABILITIES

#### NOTE NO. 5 LONG TERM BORROWINGS

Particulars	As At 31st March, 2012	As At 31st March, 2011
I. Term Loans		
- From banks (Secured)	-	372.55
<b>TOTAL</b>	<b>-</b>	<b>372.55</b>

#### NOTE NO. 6 OTHER LONG TERM LIABILITIES

Particulars	As At 31st March, 2012	As At 31st March, 2011
Trade payables		
a. Bill acceptances	0.07	0.06
b. Sundry creditors		
- Micro & small enterprises	-	-
- Others	943.64	920.47
<b>Total Trade Payable</b>	<b>943.71</b>	<b>920.53</b>
Others		
a. Customer at credit	26.67	22.06
b. Advance from customer	8.64	9.29
c. Other liabilities		
- Outstanding liabilities for goods & services received	108.28	131.05
- Stale cheques	0.02	0.05
- Deposits	6.09	0.77
- Security deposits	3.33	0.29
- Earnest money deposits	7.18	12.55
- Liability for other expenses	4.69	4.11
<b>Total Others (a+b+c)</b>	<b>164.90</b>	<b>180.17</b>
Employees' dues:-		
Encashment of earned leaves	13.96	11.86
Undisbursed salary	0.01	0.02
<b>Total Employees' cost payable</b>	<b>13.97</b>	<b>11.88</b>
<b>TOTAL</b>	<b>1,122.58</b>	<b>1,112.58</b>

#### 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, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 7 LONG TERM PROVISIONS

Particulars	As At 31st March, 2012	As at 31st March, 2011
Provision for employees benefits		
- Encashment of Half pay leave	11.15	11.73
- Post retirement medical benefits	53.50	42.16
- Long service award	1.38	1.35
<b>Total</b>	<b>66.03</b>	<b>55.24</b>

### CURRENT LIABILITIES

### NOTE NO. 8 SHORT TERM BORROWINGS

Particulars	As at 31st March, 2012	As at 31st March, 2011
I. Term Loans		
a. From banks	388.03	70.31
II. Cash credit / Overdraft/ Demand Loan (Secured)	1,642.29	1,048.31
III. Packing credit (Pre-shipment / Post-shipment) (Secured)	-	57.46
IV. Interest accrued and due on loans*	-	0.46
<b>Total</b>	<b>2,030.32</b>	<b>1,176.54</b>

\*Interest accrued and due on loans(Current Year ₹489)

#### 8.1 Breakup of Term Loan from Bank

- Secured	357.45	39.73
- Unsecured	30.58	30.58
	388.03	70.31

**8.2** Term loan from Bank Secured by charge over receivable financed under export bills, assignment of credit insurance policy and Bank Guarantee of ₹33.00 Crore (P.Y. ₹26.00 Crore) is given.

**8.3** Cash credit / Overdraft/ Demand Loan secured by hypotheciation of stock and trade receivables not older than 180 days

**8.4** Packing Credit (Pre-shipment/ Post-shipment) secured by hypotheciation of stock and export bills

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 9 TRADE PAYABLES

Particulars	As at 31st March, 2012	As at 31st March, 2011
a. Bill acceptances	1,223.35	1,332.89
b. Sundry creditors		
- Micro & small enterprises	-	-
- Others	1,000.01	1,873.96
<b>Total</b>	<b>2,223.36</b>	<b>3,206.85</b>

#### 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, 2012	As at 31st March, 2011
<b>1. Other Current Liabilities</b>		
a. Customer at credit	106.47	116.98
b. Advance from customer	29.41	163.26
c. Unclaimed dividend	0.23	0.21
d. Other liabilities		
- Outstanding liabilities for goods & services received	15.37	49.03
- Stale cheques	0.06	0.04
- Deposits	5.77	2.09
- Security deposits	28.12	32.52
- Earnest money deposits	51.73	76.84
- Liability for other expenses	0.01	-
- Others	0.18	0.18
<b>Total (a+b+c+d)</b>	<b>237.35</b>	<b>441.15</b>
<b>2. Employees' cost:-</b>		
Pay & Allowances	0.36	0.41
Other expenses	0.75	2.71
Dues to employees on accrual basis	2.94	7.06
Encashment of earned leaves	2.46	3.49
Undisbursed salary	0.02	0.03
<b>Total Employees' cost payable</b>	<b>6.53</b>	<b>13.70</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 10

#### OTHER CURRENT LIABILITIES (Contd.)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>3. Remittances:-</b>		
Sale tax liability/VAT liability	11.04	11.48
STC's Employees Union	-	0.01
Income tax deducted at source	2.46	3.25
Contribution to Provident Fund	1.25	0.86
Contribution to Family Pension Fund	-	0.08
Contribution to Pension Fund	-	0.04
Salary saving scheme	0.01	0.02
Thrift Society	0.02	0.02
Entry Tax	0.59	0.96
Service Tax	0.02	0.06
Others	0.13	0.15
<b>Total Remittances</b>	<b>15.52</b>	<b>16.93</b>
<b>4. Interest accrued &amp; due on borrowings</b>	<b>33.08</b>	<b>2.46</b>
<b>Total Interest Accrued</b>	<b>33.08</b>	<b>2.46</b>
<b>Total (1+2+3+4)</b>	<b>292.48</b>	<b>474.24</b>

### NOTE NO. 11

#### SHORT TERM PROVISIONS

Particulars	As at 31st March, 2012	As at 31st March, 2011
<i>Provision for employees benefits</i>		
Encashment of Half pay leave	1.57	0.66
Post retirement medical benefits	3.98	3.99
Pension	17.71	13.95
Long service award	0.06	0.20
Others	-	0.22
<b>Total (A)</b>	<b>23.32</b>	<b>19.02</b>
<i>Other Provisions</i>		
Income tax (Net of Advance Tax)	0.12	19.15
Proposed Dividend	12.00	18.00
Dividend Tax	1.95	2.92
Contingencies	-	0.12
Others	0.06	0.12
<b>Total (B)</b>	<b>14.13</b>	<b>40.31</b>
<b>Total (A+B)</b>	<b>37.45</b>	<b>59.33</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 12 TANGIBLE ASSETS

A) OWNED ASSETS	Gross Block			
Description	As on 01.04.2011	Additions	Deductions	As on 31.03.2012
	(1)	(2)	(3)	(4)=(1)+(2)-(3)
Land	7.04	-	-	7.04
Building	28.20	1.15	-	29.35
Plant & Equipment	15.89	0.01	-	15.90
Furniture & fixtures	3.62	0.13	0.17	3.58
Vehicle	1.44	-	0.09	1.35
Air conditioners & office equip.	2.45	0.15	0.11	2.49
Railway sidings	0.05	-	-	0.05
Computer, Data Processor & Communication Equipment	2.38	0.33	0.10	2.61
<b>Total</b>	<b>61.07</b>	<b>1.77</b>	<b>0.47</b>	<b>62.37</b>
<b>B) LEASEHOLD ASSETS</b>				
	(1)	(2)	(3)	(4)=(1)+(2)-(3)
Land	2.62	-	-	2.62
Building	25.65	-	-	25.65
Plant & Equipment	-	-	-	-
Roads, culverts & sewerage etc	0.21	-	-	0.21
<b>Total</b>	<b>28.48</b>	<b>-</b>	<b>-</b>	<b>28.48</b>
<b>Grand Total (A+B)</b>	<b>89.55</b>	<b>1.77</b>	<b>0.47</b>	<b>90.85</b>
<b>Previous Year</b>	<b>88.90</b>	<b>1.52</b>	<b>0.86</b>	<b>89.55</b>

12.1 Depreciation for the year is allocated as follows:-

- Debited to Prior Period Expense (Note No. 37)	0.01
- Debited to Profit & Loss Statement	3.02
	3.03

12.2 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 and Building ₹20.11 Crore)

### NOTE NO. 13 INTANGIBLE ASSETS

Description	Gross Block			
Description	As on 01.04.2011	Additions	Deductions	As on 31.03.2012
	(1)	(2)	(3)	(4)=(1)+(2)-(3)
Goodwill	-	-	-	-
Brands & Trademarks	-	-	-	-
Computer software	0.24	0.07	-	0.31
<b>Total</b>	<b>0.24</b>	<b>0.07</b>	<b>-</b>	<b>0.31</b>
<b>Previous Year</b>	<b>0.26</b>	<b>0.04</b>	<b>0.06</b>	<b>0.24</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Amount in ₹Crore)

Depreciation			Net Block		
Upto 31.03.2011	Deductions/ Adjustments	For the year 2011-12	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
(5)	(6)	(7)	(8)=(5)-(6)+(7)	(9)=(4)-(8)	(10)=(1)-(5)
-	-	-	-	7.04	7.04
2.14	-	0.73	2.87	26.48	26.06
13.46	-	0.58	14.04	1.86	2.44
2.81	0.16	0.14	2.79	0.79	0.81
1.10	0.09	0.18	1.19	0.16	0.34
1.79	0.10	0.19	1.88	0.61	0.66
0.05	-	-	0.05	-	-
2.02	0.09	0.32	2.25	0.36	0.36
<b>23.37</b>	<b>0.44</b>	<b>2.14</b>	<b>25.07</b>	<b>37.30</b>	<b>37.71</b>
(5)	(6)	(7)	(8)=(5)-(6)+(7)	(9)=(4)-(8)	(10)=(1)-(5)
0.67	-	0.07	0.74	1.88	1.95
12.33	-	0.82	13.15	12.50	13.33
-	-	-	-	-	-
0.18	-	-	0.18	0.03	0.03
<b>13.18</b>	-	<b>0.89</b>	<b>14.07</b>	<b>14.41</b>	<b>15.31</b>
<b>36.55</b>	<b>0.44</b>	<b>3.03</b>	<b>39.14</b>	<b>51.71</b>	<b>53.02</b>
<b>34.00</b>	<b>0.49</b>	<b>3.03</b>	<b>36.53</b>	<b>53.02</b>	-

- 12.3 Registration of Deeds of Conveyance in respect of 2 flats at Kolkata is pending. (Total Purchase Value ₹0.06 Crore)
- 12.4 Lease hold land valuing ₹1.29 Crore at Bangalore is yet to be registered in favour of the company.
- 12.5 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).

Amortization			Net Block		
Upto 31.03.2011	Deductions/ Adjustments	For the year	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
(5)	(6)	(7)	(8)=(5)-(6)+(7)	(9)=(4)-(8)	(10)=(1)-(5)
-	-	-	-	-	-
-	-	-	-	-	-
0.19	-	0.05	0.24	0.07	0.05
<b>0.19</b>	-	<b>0.05</b>	<b>0.24</b>	<b>0.07</b>	<b>0.05</b>
<b>0.21</b>	<b>0.06</b>	<b>0.04</b>	<b>0.19</b>	<b>0.05</b>	<b>0.05</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 14 CAPITAL WORK IN PROGRESS

S. No.	Description	Gross			As on 31.3.2012
		As on 01.04.2011	Additions	Deductions	
		(1)	(2)	(3)	(4)=(1)+(2)-(3)
1	Office Building	3.37	3.65	-	7.02
2	Plant & Equipment	-	2.54	-	2.54
3	Furniture & Fixture	-	0.31	-	0.31
	<b>Total</b>	3.37	<b>6.50</b>	-	<b>9.87</b>
	Previous Year	-	<b>3.37</b>	-	<b>3.37</b>

### NOTE NO. 15 INTANGIBLE ASSETS UNDER DEVELOPMENT

S. No.	Description	Gross			As on 31.3.2012
		As on 01.04.2011	Additions	Deductions	
		(1)	(2)	(3)	(4)=(1)+(2)-(3)
1	Intangible Assets under Development	-	-	-	-
	<b>Total</b>	-	-	-	-
	Previous Year	-	-	-	-

### NOTE NO. 16 NON-CURRENT INVESTMENTS

#### Trade Investment (Unquoted)

S.No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2012	Net Value as on 31.03.2011
1	Rich Field Aquatech Ltd Vizag*	550,000	10	-	-	-	-
2	Blue gold Maritech Ltd. Chennai*	1,600,000	10	-	-	-	-
				-	-	-	-

#### Other Investment (Unquoted)

S.No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2012	Net Value as on 31.03.2011
(a)	Subsidiary Company						
1	Spices Trading Corporation Ltd.	150,000	100	2.82	2.82	- *	2.82
(b)	Others						
1	Maharashtra Small scale Industries Development Corporation Ltd.	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	0.14	0.14	-	-
5	Sindhu Resettlement**	4	1,000	-	-	-	-
6	NSS Satpura Agro Development Co Ltd.	100,000	10	0.10	-	0.10	0.10
7	Sealac Agro Ventures Limited (SAVL)	100,000	10	0.10	-	0.10	-
	<b>Total</b>			<b>3.27</b>	<b>2.96</b>	<b>0.31</b>	<b>3.03</b>

\* Investment book value is ₹1

\*\* Investment book value is ₹4000

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

- 16.1 Other investment include ₹2.82 Crore (₹ 2.82 Crore) in its 100% subsidiary company namely STCL. The subsidiary company is having negative net worth as per its Audited Balance Sheet as on 31st March 2011. Full provision for diminution in the value of investment has been made during current year.

### NOTE NO. 17 DEFERRED TAX ASSETS (NET)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Deferred Tax Assets</b>		
Disallowances under the Income Tax Act, 1961	76.88	69.14
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	3.87	3.32
<b>Total</b>	<b>73.01</b>	<b>65.82</b>

- 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 (₹ 65.82 Crore). There is reasonable certainty that sufficient future taxable income will be available against which the deferred tax assets can be realised.

### NOTE NO. 18 LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012	As at 31st March, 2011
1. Capital Advances	2.06	3.81
2. Security Deposits	8.98	3.38
3. Loans & Advances to related parties	-	-
4. Advances to employees	6.56	7.23
5. Interest accrued on advances to employees	8.34	7.95
6. Trade advances	112.38	24.17
7. Advance tax ( net of provision)	-	-
8. Other Misc. advances	0.73	0.39
9. Claims recoverable	3.25	2.86
<b>Gross</b>	<b>142.30</b>	<b>49.79</b>
<b>Less : Provision for Bad &amp; Doubtful Loans &amp; Advances</b>	<b>114.38</b>	<b>25.91</b>
<b>Total</b>	<b>27.92</b>	<b>23.88</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### 18.1 Break-up of Long-Term Loans & Advances

-Secured, Considered Good	14.86	13.00
-Unsecured, Considered Good	13.06	10.88
-Doubtful	114.38	25.91
<b>Gross</b>	<b>142.30</b>	<b>49.79</b>
Less : Provision for Bad & Doubtful Loans & Advances	114.38	25.91
<b>Net</b>	<b>27.92</b>	<b>23.88</b>

- 18.2 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. Yet as a measure of abundant caution, full provision has been made in the 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. Company is in the process of executing the Arbitration Award.
- 18.3 In respect of a trading operation in Wheat, disposal of goods and recovery have not taken place as per contract for which legal actions have been initiated. Entire dues including recoverable from FCI A/c M/s Priyanka Overseas Limited aggregating to ₹58.41 Crore (₹58.41 Crore) has been provided/written off in earlier years. Further, during the current F.Y ₹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.
- 18.4 Details of Dues from Directors/Officers
- Directors : Nil
  - Officers : ₹4.35 Crore

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 19

#### OTHER NON CURRENT ASSETS

Particulars	As at 31st March, 2012	As at 31st March, 2011
1. Long term trade receivable	696.94	2,355.56
2. Claims recoverable	38.94	151.51
3. Interest accrued on trade receivable	0.01	0.01
4. Others	0.14	0.13
<b>Gross</b>	<b>736.03</b>	<b>2,507.21</b>
<b>Less : Provision for Bad &amp; Doubtful Loans &amp; Advances</b>	<b>27.15</b>	<b>15.92</b>
<b>Total</b>	<b>708.88</b>	<b>2,491.29</b>

#### 19.1 Break-up of Other Non-Current Assets

-Secured, Considered Good	662.35	1,412.16
-Unsecured, Considered Good	46.53	1,079.13
-Doubtful	27.15	15.92
<b>Gross</b>	<b>736.03</b>	<b>2,507.21</b>
Less : Provision for Bad & Doubtful Loans & Advances	27.15	15.92
<b>Net</b>	<b>708.88</b>	<b>2,491.29</b>

19.2 Long Term Trade Receivable includes ₹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 ₹568.67 Crore (₹568.94 Crore) under sundry creditors. In view of this no provision is considered necessary.

19.3 Long Term Trade receivable include ₹4.94 Crore (₹4.94 Crore) towards reimbursement of loss in supply of PDS Items to M/s Gujarat State Civil Supply Corporation under the subsidized scheme of Government of India. As the claim is under process with Government of India, no provision is considered necessary.

19.4 Long term Trade receivable include ₹3.20 Crore (₹3.29 Crore) recoverable from one of the associates towards import of Pet Bottle material, which are pledged with the company. Steps are being taken to recover the amount. No provision is considered necessary by the company, in view of the pledged stock.

### NOTE NO. 20

#### CURRENT INVESTMENTS

Particulars	As at 31st March, 2012	As at 31st March, 2011
Current Investment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 21 INVENTORIES

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Stock in trade including with handling agents/local agent	543.41	1,313.60
(b) Stores and spares	0.25	0.09
(c) Packing materials	-	0.01
(d) Stationery	-	0.05
(e) Others	0.05	-
<b>Total</b>	<b>543.71</b>	<b>1,313.75</b>

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	102.09	509.38
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21.3 Stock-in-Trade doesn't include value of 632 Kg of Gold & 7825.65 Kg of Silver lying in the vaults of supplier for which Custom Duty has been already paid.

### NOTE NO. 22 TRADE RECEIVABLES

Particulars	As at 31st March, 2012	As at 31st March, 2011
<u>Trade Receivables</u>		
- Secured, Considered Good	3,296.12	796.91
- Unsecured, Considered Good	907.95	1,366.89
- Doubtful	39.12	19.18
Gross receivables	4,243.19	2,182.98
Less: Allowances for Bad & Doubtful debts	39.12	19.18
Net receivables	4,204.07	2,163.80
<b>Total</b>	<b>4,204.07</b>	<b>2,163.80</b>

22.1 **Ageing of Receivables**

- Over Six Months	2,420.57	815.83
- Others	1,822.62	1,367.15
	<b>4,243.19</b>	<b>2,182.98</b>

22.2 Trade Receivable include ₹121.99 Crore (₹121.99 Crore) of one of the Associates, which is overdue. The company is in the process of reconstruction by Asset Reconstruction Company (India) Limited (ARCIL). The dues are fully secured by pledge of Stocks. The decision to begin operation of plant & appointment at Board Level is in advanced stage. No provision is considered necessary.

22.3 Trade Receivable amounting ₹1300.15 Crore (₹1137.93 Crore) recoverable from M/s. GSPI as on 31.03.2012 is on account of goods sold to them during previous years. Consequent upon Conciliation Award dated 15.11.2011 under Indian Arbitration & Conciliation Act 1996 for US\$ 385 Million (including US\$ 69 Million - A/c Ispat Industries Limited) signed between the Company and GSPI/GSHL. GSHL/GSPI was obliged to pay this amount in two installments. First installment of US\$ 38.47 million equivalent to ₹182.62 Crore (₹121.34 Crore during 2011-12 and ₹61.28 Crore in April, 2012) has already been received.

For the balance amount, on the specific request of GSHL/GSPI, the company allowed extension of time of 180 days subject to payment of US\$ 100 million within 90 days, with effect from 13.05.2012 i.e. upto 10th August,

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

2012. Further Settlement Agreement u/s 73 of the Indian Arbitration & Conciliation Act 1996, was concluded on 17.05.2012 between the company and GSHL/GSPI which was duly authenticated by the Conciliators. The dues are secured by earnest money deposit of ₹35.53 Crore, corporate guarantee of its holding company, the personal guarantee of Chairman of its holding company, pledge of stocks and post-dated cheques.

- 22.4 Trade Receivable includes ₹787.69 Crore against EXIM Bank Related exports, corresponding credit balances are available totalling ₹361.63 Crore, leaving net debtors of ₹426.06 Crore. Out of which ₹30.57 Crore against post shipment credit availed was on the condition without recourse to the Company. Balance ₹395.49 Crore was recoverable from the associates, Corresponding Liability under post shipment credit amounting to US\$ 88.22 Million was restructured and converted to Working Capital Term Loan amounting to ₹397.17 Crore as per agreement dated 3rd December 2010. Company has repaid ₹38.45 Crore to M/s EXIM Bank being four quarterly installments during the F.Y 2011-12 after adjustment of ₹1.28 Crore recovered from one of the associates. A provision of ₹38.45 Crore has been made in the accounts for the year to the extent there are no commensurate recoveries from the associates.
- 22.5 An amount of ₹36.01 Crore (₹36.01 Crore) is recoverable from M/s Prime Impex Ltd, Kolkata towards High Sea Sale of Pulses during 2010-11. The associate, in connivance with CHA and surveyor has lifted said stock of pulses which were pledged. STC has lodged FIR against associate, CHA and surveyor in respect of above unauthorized lifting of material. All necessary legal action/steps have been taken by branch and being pursued vigorously in the court of law. EMD of ₹2.11 Crore is available with the STC. An amount of ₹0.23 Crore is also available against transaction related to Govt. A/c. Therefore net due from the associate is ₹33.67 Crore has been fully written off in the F.Y 2011-12.

### NOTE NO. 23

#### CASH & CASH EQUIVALENTS

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Balances with banks	89.06	162.79
(b) Current Account in Foreign currency -EEFC	1.43	1.24
(c) Cheques, drafts on hand*	-	-
(d) Cash in hand**	-	-
(e) Unpaid Dividend Bank Account	0.23	0.21
(f) Short Term Deposit with Banks	135.61	572.74
(g) Interest accrued on Term Deposit	-	0.04
(h) Stamps & Stamp Papers	0.01	0.01
<b>Total</b>	<b>226.34</b>	<b>737.03</b>

\*Current Year ₹6792(P.Y. ₹9292)

\*\* Current Year ₹4178(P.Y. Nil)

- 23.1 Short Term Deposits include ₹124.96 Crore(P.Y ₹123.29 Crore) Pledged with Bank as margin against Letters of Credit.
- 23.2 EEFC A/C Balance is US\$ 0.03 Crore (US\$ 0.03 Crore)

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 24

#### SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012	As at 31st March, 2011
1. Security Deposits	3.52	1.78
2. Loans & Advances to related parties	-	-
3. Advances to employees	2.68	3.03
4. Interest accrued on advances to employees	0.87	2.31
5. Trade advances	236.83	104.84
5. Advance tax ( net of provision)	16.67	31.46
6. Other Misc. advances	26.38	14.68
<b>Gross</b>	<b>286.95</b>	<b>158.10</b>
<b>Less : Provision for Bad &amp; Doubtful Loans &amp; Advances</b>	<b>1.43</b>	<b>6.37</b>
<b>Total</b>	<b>285.52</b>	<b>151.73</b>

#### 24.1 Break-up of Short-Term Loans & Advances

-Secured, Considered Good	2.81	63.63
-Unsecured, Considered Good	282.71	88.10
-Doubtful	1.43	6.37
<b>Gross</b>	<b>286.95</b>	<b>158.10</b>
Less : Provision for Bad & Doubtful Loans & Advances	1.43	6.37
<b>Net</b>	<b>285.52</b>	<b>151.73</b>

24.2 Trade advances include ₹174.35 Crore (₹84.84 Crore) from one of the associates whose balance liability to the company has been taken over by GSHL. Accordingly, the amount recoverable was also included in the conciliation agreement signed by GSHL/GSPI with the company under Indian Arbitration and Conciliation Act 1996. An amount of ₹121.34 Crore has since been received by the company under the conciliation agreement. Further ₹61.28 Crore was received during April 2012. Under the Further Settlement Agreement dated 17.05.2012 the entire dues are payable to the company by 10.11.2012. Hence no provision is considered necessary.

#### 24.3 Details of Dues from Directors/Officers

- Directors : ₹0.003 Crore
- Officers : ₹1.56 Crore

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 25 OTHER CURRENT ASSETS

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Prepaid Expenses	0.30	0.27
(b) TA advance	0.03	0.08
(c) Advance for expenses	1.12	4.60
(d) Accrued discount on forward cover	0.40	0.64
(e) VAT receivable-input	2.01	3.04
(f) Income Tax Refundable	1.54	-
(g) Service Tax	0.01	-
(h) Exchange Difference on forward contract	0.79	-
(i) Deposits	4.28	4.07
(j) Claims Recoverable		
- From Govt. of India	307.93	109.83
- From insurance companies	0.02	-
- From Associates	-	3.05
- PSU	4.26	4.19
- Others	0.08	0.21
(k) Others	0.02	0.04
<b>Total</b>	<b>322.79</b>	<b>130.02</b>

25.1 Claims recoverable(Govt. of India) include ₹158.93 Crore towards import of Pulses under Govt. account since the year 2006-07 onwards. The claim for the same has been lodged on Govt. which is under active consideration of the Govt. for reimbursement of actual loss as informed by Ministry of Consumer Affairs.

25.2 Claims recoverable(Govt. of India) include ₹115.61 Crore on account of Edible oil import-PDS.

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 26

#### REVENUE FROM OPERATIONS

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Sales</b>		
Export	344.32	491.93
Import	29,961.20	18,949.88
Domestic	138.78	543.03
<b>Total(a)</b>	<b>30,444.30</b>	<b>19,984.84</b>
<b>(b) Other operating revenue</b>		
Exchange Fluctuation - Gain (Net)	-	176.05
Discount on Forward Cover	5.75	6.29
Claims:	-	-
From Govt. of India	212.98	280.07
From State Govt.	4.64	-
From Insurance agencies	0.04	1.87
From business associates	38.80	4.51
Others claims	52.36	1.41
Despatch money earned	0.22	0.78
Other Trade Income:	-	-
Cash Assistance /subsidy	1.11	0.52
Freight subsidy	-	-
Others	12.90	19.31
<b>Total(b)</b>	<b>328.80</b>	<b>490.81</b>
<b>Revenue from Operations (a+b)</b>	<b>30,773.10</b>	<b>20,475.65</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

**NOTE NO. 27  
OTHER INCOME**

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Interest income:-</b>		
Advance to Employees	0.90	1.64
Term Deposits With Banks & its subsidiaries	16.18	3.12
Interest on Investments	0.12	-
Income Tax Refunds	1.18	-
Interest on Trade Finance/Associates	254.66	191.19
Other interest	-	0.01
<b>Total (a)</b>	<b>273.04</b>	<b>195.96</b>
<b>(b) Miscellaneous income:-</b>		
Security Deposits forfeited	12.98	-
Performance Bank Guarantee forfeited	0.76	-
Rent received from Employees	0.09	0.13
<b>Total (b)</b>	<b>13.83</b>	<b>0.13</b>
<b>(c) Rental income:-</b>		
Rent Received from letout property	25.29	27.39
Recoveries for common services from tenants	3.78	4.05
<b>Total</b>	<b>29.07</b>	<b>31.44</b>
<b>Less:</b> Expenses related to let out property		
land & development office charges@25%	5.84	6.48
Property tax	5.52	5.38
electricity & water charges	1.36	1.14
Insurance premium	0.04	0.03
maintenance charges	0.81	1.50
Administrative expenses	0.41	0.45
<b>Total (c)</b>	<b>15.09</b>	<b>16.46</b>
<b>(d) Other Receipts:-</b>		
- Difference in exchange	2.68	1.23
- Misc. non Trade receipts	5.35	6.48
<b>Total (d)</b>	<b>8.03</b>	<b>7.71</b>
<b>Gross Total (a+b+c+d)</b>	<b>309.99</b>	<b>220.26</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 28

#### COST OF MATERIAL CONSUMED

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Stores/ Packing material consumed has been arrived as below:		
Opening Balance of Stores/ Packing material	0.01	0.02
Add: purchases made during the year	1.33	2.04
<b>Total</b>	<b>1.34</b>	<b>2.06</b>
Less: Closing balance of packing material	-	0.01
<b>Consumed during the year</b>	<b>1.34</b>	<b>2.05</b>

### NOTE NO. 29

#### PURCHASE OF STOCK IN TRADE

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Purchase	26,941.48	20,530.10
Freight -Road	0.01	-
-Rail	931.40	30.01
-Marine	0.02	0.10
Exchange fluctuation -loss(Net)	119.93	-
Premium on forward contract	1.64	0.11
Insurance -General	1.31	0.36
-Marine	0.50	1.05
Customs Duty	1,107.97	374.14
Clearing, Handling, Survey fee, port & Other Charges	695.05	50.89
Demurrage	-	0.21
Processing Charges	36.73	30.86
Premium/Commission on Exim Scrip	-	1.58
Sales Tax/ Sur Charge on Sales Tax/VAT	-	0.04
Octroi/Purchase Tax Reimbursement	19.83	1.89
Sales Return	29.95	-
<b>Total</b>	<b>29,885.82</b>	<b>21,021.34</b>

29.1 Exchange Fluctuation-Loss (net) ₹119.93 Crore (P.Y. Exchange gain disclosed in Note 26 ₹176.05 Crore) Includes ₹118.72 Crore (P.Y. Exchange Gain ₹164.42 Crore) on account of Business Associates for which necessary adjustment had already been made in Purchases/ Sales Account, to that extent there is no impact on the profit for the year.

29.2 Details of Exchange Fluctuation (net) on account of Business Associates adjusted in Purchase/Sales is as follows:

- (A) Export -Exchange Gain (Adjusted in Purchase)	10.80	(1.25)
- (B) Import- Exchange Loss(Adjusted in Sales)	129.52	(165.67)
<b>Exchange Fluctuation(net) (A-B)</b>	<b>(118.72)</b>	<b>164.42</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

**NOTE NO. 30  
CHANGE IN INVENTORIES OF FINISHED GOODS,  
WORK IN PROGRESS AND STOCK-IN-TRADE**

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Inventories of finished goods</b>		
Balance of finished goods as on 31.03.2011	0.20	10.47
Less: Balance of finished goods as on 31.03.2012	0.27	0.20
<b>Changes in inventories of finished goods</b>	<b>(0.07)</b>	<b>10.27</b>
Increase as(-) and decrease as (+)		
<b>(b) Inventories of work-in-progress</b>		
Balance of work-in-progress as on 31.03.2011	-	-
Less: Balance of work-in-progress as on 31.03.2012	-	-
<b>Changes in inventories of work-in-progress</b>	<b>-</b>	<b>-</b>
Increase as(-) and decrease as (+)		
<b>(c) Inventories of stock-in-trade</b>		
Balance of stock-in-trade as on 31.03.2011	1,313.39	555.80
Less: Balance of stock-in-trade as on 31.03.2012	543.14	1,313.39
<b>Changes in inventories of stock-in-trade</b>	<b>770.25</b>	<b>(757.59)</b>
Increase as(-) and decrease as (+)		
<b>Total (a+b+c)</b>	<b>770.18</b>	<b>(747.32)</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

**NOTE NO. 31**  
**EMPLOYEE BENEFIT EXPENSE**

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Employees benefit expense:</b>		
Salaries and Allowances	64.60	68.08
Residential Rent	0.01	-
Provident fund & family pension contribution	4.74	4.86
Bonus	-	-
Performance Related Pay	0.79	2.50
Welfare Expenses:		
- Medical Expenses	22.12	15.69
- Others	1.62	2.15
Gratuity	1.40	6.08
Pension	3.76	4.64
<b>Total(a)</b>	<b>99.04</b>	<b>104.00</b>
<b>(b) Remuneration to Directors</b>		
Salaries and Allowances	1.29	1.01
Provident fund & family pension contribution	0.09	0.08
Welfare Expenses		
- Medical Expenses	0.09	0.06
Gratuity	0.02	0.05
<b>Total(b)</b>	<b>1.49</b>	<b>1.20</b>
<b>Grand Total (a+b)</b>	<b>100.53</b>	<b>105.20</b>

- 31.1 As per Accounting Standard-15(Revised) "Employee Benefits", the disclosure as defined in the Accounting Standard are given in Note No. 53.
- 31.2 Value of Bonus paid ₹11,031(P.Y. ₹10,688)
- 31.3 Pension includes contribution for Directors also.
- 31.4 Whole Time Directors also allowed the use of Corporation Car for Non-duty journey upto 1000 Kms per month on payment of ₹490/520/780 per month as applicable
- 31.5 Actual Medical Expenses incurred towards Retired Employees including Retired Directors is ₹3.98 Crore (P.Y ₹3.09 Crore) and Provision for Post Retirement Medical Benefits on Actuarial Basis is ₹17.12 Crore (P.Y ₹0.96 Crore)

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 32 FINANCE COST

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Bank Loan	7.23	17.31
Cash Credit	144.30	99.62
Export packing credit/PCFC	34.86	46.47
Business associates	15.86	1.69
Income Tax	-	-
Micro, small & medium enterprises	-	-
Others	0.01	12.44
Exchange fluctuation on borrowing	1.21	-
<b>Total</b>	<b>203.47</b>	<b>177.53</b>

### NOTE NO. 33 DEPRECIATION AND AMORTISATION COST

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>Tangible Assets</b>		
<b>Free hold assets:</b>		
(a) Land	-	-
(b) Building	0.74	0.10
(c) Plant & Equipment	0.58	0.58
(d) Furniture & fixtures	0.13	0.15
(e) Vehicle	0.18	0.20
(f) Office Equipment	0.01	-
(g) Air conditioners & office equip.	0.18	0.18
(h) Computer, data processor & communication equipment	0.31	0.29
<b>Lease hold assets:</b>	-	-
(a) Land	0.08	0.07
(b) Building	0.60	1.24
(c) Plant & Equipment	-	-
(d) Other, Please specify	0.22	0.22
<b>Intangible Assets</b>	-	-
Amortisation of Computer Software	0.04	0.04
<b>Total</b>	<b>3.07</b>	<b>3.07</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 34 OTHER EXPENSES

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Other Operating Expenses</b>		
L/C Negotiation & Bank Charges	10.24	3.76
Godown, Plot, Tank Rent	9.90	10.41
Claims Paid	-	0.35
Commission on Sales	0.12	0.26
Delivery charges	5.76	6.92
<b>Total (a)</b>	<b>26.02</b>	<b>21.70</b>
<b>(b) Administration expenses:</b>		
Rent	3.28	1.75
Rates and Taxes:		
- Property Tax to Municipal Corporation	1.19	1.07
- Wealth Tax	0.10	0.12
- Others	0.02	0.03
Electricity and Water Charges	1.58	1.36
Printing and Stationery	0.39	0.39
Postage, Telegram, Teleprinter & Telex	0.12	0.13
Telephones	1.14	1.12
Books and Periodicals	0.07	0.18
Repairs	-	-
- Building	0.02	0.01
- Plant and Machinery	0.08	-
- Others	0.41	0.24
Travelling Expenses	2.30	2.19
Housing Colony Expenses:	1.91	1.94
Service Vehicle Expenses	0.74	0.68
Insurance Premium:		
-Others	0.16	0.17
Auditors' Remuneration	-	-
- Account Audit Fees	0.11	0.10
- Tax Audit Fees	0.06	0.04
- Certification fees	0.02	0.03
- Other charges - TA/DA etc.	0.01	-
HRD Expenses	0.64	0.61
Information Technology Expenses	0.09	0.27
Conveyance Expenses	0.05	1.29
Maintenance of office building	1.40	2.69
Miscellaneous Expenses:	-	-
-Misc. Office expenses	2.48	2.92
-Out of pocket expenses paid to managers	0.11	0.14
<b>Total (b)</b>	<b>18.48</b>	<b>19.47</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

NOTE NO. 34 (Contd.)

### OTHER EXPENSES

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(c) Trade Expenses:</b>		
Legal & Professional Expenses	2.21	2.10
Advertisement & Publicity	0.96	1.03
Exhibitions & Fairs	-	-
Exchange Fluctuations	0.58	0.09
Bank Charges	0.39	0.40
Entertainment expenses	0.36	0.58
Hospitality and Public Relations	0.06	0.21
Corporate Social Responsibility	1.68	2.10
Other Expenses	1.04	0.49
<b>Total ( c)</b>	<b>7.28</b>	<b>7.00</b>
<b>Total (a+b+c)</b>	<b>51.78</b>	<b>48.17</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 35 EXCEPTIONAL ITEMS

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Expenses-</b>		
Loss on sale of fixed assets	0.01	0.01
<b>Total (a)</b>	<b>0.01</b>	<b>0.01</b>
<b>(b) Write Offs</b>		
Bad Debts	43.44	12.62
Less Provision	9.76	12.62
<b>Net</b>	<b>33.68</b>	<b>-</b>
Claims	0.75	0.73
Less Provision	0.75	0.73
<b>Net</b>	<b>-</b>	<b>-</b>
Advances	25.22	31.94
Less Provision	25.22	4.22
<b>Net</b>	<b>-</b>	<b>27.72</b>
Deposits	-	-
Less Provision	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
Assets	0.04	0.29
Less : Depreciation	0.04	0.29
<b>Net</b>	<b>-</b>	<b>-</b>
Investments	-	-
Less : Provision	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
<b>Total (b)</b>	<b>33.68</b>	<b>27.72</b>
<b>(c) Provision for Doubtful debts, Loans and advances &amp; Investment</b>		
Debts	38.45	-
Claims	1.27	-
Deposits	0.30	-
Investment	2.82	-
<b>Total (c)</b>	<b>42.84</b>	<b>-</b>
<b>(d) Income-</b>		
Profit on Sale of Fixed Assets	0.02	0.02
Liabilities Created in previous years written back		
- Statutory	-	0.39
- Others	29.27	13.02
Prov. Written back for doubtful amounts realised:		
-Advances	-	-
-Debts	0.08	1.39
-Claims	-	3.06
	0.01	0.01
Write back of unclaimed credit balances	1.22	0.42
<b>Total (d)</b>	<b>30.60</b>	<b>18.31</b>
<b>Total (a+b+c-d)</b>	<b>45.93</b>	<b>9.42</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 36 EXTRAORDINARY ITEMS

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Loss due to Earthquake/Cyclone/flood	-	-
Loss due to Fire	-	-
<b>Total</b>	-	-

### NOTE NO. 37 PRIOR PERIOD ADJUSTMENT (NET)

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Income</b>		
Sales	(0.07)	0.07
Other Income	0.01	1.09
Interest Income	(2.80)	(2.12)
Misc. Income	-	4.32
	-	-
<b>Total (a)</b>	<b>(2.86)</b>	<b>3.36</b>
<b>(b) Expenditure</b>		
Cost of Sales	(0.08)	(0.13)
Overheads	-	-
—Establishment	0.34	0.03
—Administration	0.02	0.09
—Trade	0.02	0.18
Interest	-	0.01
Depreciation	0.01	-
<b>Total (b)</b>	<b>0.31</b>	<b>0.18</b>
<b>Total Adjustment (a-b)</b>	<b>(3.17)</b>	<b>3.18</b>

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

### NOTE NO. 38 CURRENT TAX

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>Current Tax (MAT)</b>		
Current tax has been computed on profit of the year as per the prevailing tax laws.	12.14	19.15
<b>Total</b>	<b>12.14</b>	<b>19.15</b>

## NOTES TO ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(Amount in ₹Crore)

### NOTE NO. 39 DEFERRED TAX ASSETS (NET)

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Deferred tax (net) is computed as per the prevailing tax laws; Deferred tax Assets	(7.19)	7.59
<b>Deferred tax assets(net)</b>	<b>(7.19)</b>	<b>7.59</b>

### NOTE NO. 40 PROFIT (LOSS) FROM DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
(a) Income from discontinuing operation	NIL	NIL
(b) Expenses of discontinuing operation	NIL	NIL
<b>Profit (Loss) (a-b)</b>	<b>-</b>	<b>-</b>

### NOTE NO. 41 TAX EXPENSE OF DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Tax expense of discontinuing operations	NIL	NIL
Tax has been computed on discontinuing operation as per the prevailing tax laws.		
<b>Total</b>	<b>-</b>	<b>-</b>

### NOTE NO. 42 EARNING PER EQUITY SHARE- BASIC

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
A. Profit after Taxation	16.47	56.44
B. Weighted average No of equity shares (No. in Crore)	6.00	6.00
EPS Basic-In ₹- A/B	2.74	9.41
Face Value - In ₹	10.00	10.00

### NOTE NO. 43 EARNING PER EQUITY SHARE- DILUTED

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
A. Profit after Taxation	16.47	56.44
B. Weighted average No of equity shares (No. in Crore)	6.00	6.00
EPS Basic-In ₹- A/B	2.74	9.41
Face Value - In ₹	10.00	10.00

**SIGNIFICANT ACCOUNTING POLICIES - 2011-12****1. FINANCIAL STATEMENTS**

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

**2. BASIS OF ACCOUNTING**

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

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

**3. USE OF ESTIMATES**

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

**4. TRANSACTIONS IN FOREIGN CURRENCIES**

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

**5. FIXED ASSETS**

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

**6. INTANGIBLE ASSETS**

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

**7. DEPRECIATION AND AMORTISATION**

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

Depreciation rates adopted by the Company are as under:

Assets		Rates adopted by the Company (SLM basis)	Rates as per Schedule XIV to the Companies Act, 1956 (SLM)
1.	Building – Factory	3.34%	3.34%
	– Other than Factory	2.50%	1.63%
2.	Road, Culverts, Sewerage and Water Supply System	2.50%	1.63%
	i) Railway siding	12.5%	4.75%
	ii) Plant & Machinery	10%	4.75%
	iii) Furniture fittings	10%	6.33%
	iv) Air-conditioning & Office Equipments	12.50%	4.75%
	v) Computer, data processor and communication equipments	40%	16.21%
	vi) Vehicle	20%	9.50%
	vii) Warehouse	4%	1.63%
	viii) Land-lease hold	Over lease period	-
	ix) Capital items purchased upto ₹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 asset exceeds its recoverable value and impairment loss is charged to Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

## **9. INVESTMENTS**

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

## **10. INVENTORIES**

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

## **11. COST OF SALES AND SALES**

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

## **12. CLAIMS**

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

## **13. SELF INSURANCE**

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

## **14. EMPLOYEE BENEFITS**

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

## **15. PROVISION FOR DOUBTFUL DEBTS**

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

**16. RESERVES**

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

**17. EXHIBITIONS AND FAIRS**

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

**18. EXPENSES ON COMMON SERVICES**

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

**19. BORROWING COSTS**

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

**20. TAXES ON INCOME**

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

**21. CASH FLOW FROM OPERATING ACTIVITIES**

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

**22. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

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

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

Contingent liability is disclosed, if

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

Contingent assets are neither recognized nor disclosed.

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

**FOR CHANDIOK & GULIANI**

Chartered Accountants

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

Sd/-

**(N.K.MATHUR)**

Chairman & Managing Director

Sd/-

**(MANOJ MISHRA)**

Chief General Manager (Finance)

Sd/-

**(KHALEEL RAHIM)**

Director (Marketing)

Sd/-

**(R. K. GOGIA)**

Company Secretary

Place : New Delhi

Dated : 30.05.2012

## Other Notes

### 45. CONTINGENT LIABILITIES & COMMITMENT

		( in ₹Crore)	
I. Contingent Liabilities not provided for		31.3.2012	31.3.2011
A) Claims against the company not acknowledged as debt		1,081.63	811.14
B) Guarantees		544.49	629.35
C) Other money for which company is contingently liable		1,665.38	3,809.68
II. Commitment			
A) Estimated amount of contracts remaining to be executed on capital account and not provided for		7.21	2.94
B) Uncalled liability on shares and other investments partly paid		-	-
C) Other commitments (specify)		-	-

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. Trade receivables, loans & advances and other current & non-current assets include ₹103.20 Crore (₹57.37 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.
47. Balances in parties' accounts are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.
48. Current liabilities include balances that are subject to reconciliation/ confirmation and consequential adjustments.
49. 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.

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

		(in ₹Crore)	
a) Expenditure in Foreign Currency (on accrual basis)		2011-12	2010-11
i) Import of Goods including freight etc.*		18234.90	19515.17
ii) Interest		-	-
iii) Training		0.08	0.03
iv) Travelling		0.24	0.29
v) Agency Commission		-	0.29
vi) Books & Periodicals		0.01	0.02
vii) Others		0.19	0.01
<b>Total</b>		<b>18235.42</b>	<b>19515.81</b>
b) Earning in Foreign Exchange (on accrual basis)			
i) Export of goods on FOB basis*		300.04	376.68
ii) Dispatch Money		-	0.78
iii) Others		3.42	4.94
<b>Total</b>		<b>303.46</b>	<b>382.40</b>

\* include third party transactions.

**51. INFORMATION ABOUT BUSINESS SEGMENT AS AT 31.03.2012 - attached.**

**52. RELATED PARTY TRANSACTION:**

**1. Key Management Personnel**

- i. Directors
  - a. Shri N. K. Mathur Chairman & Managing Director
  - b. Shri N. K. Nirmal Director (Finance) (Till 12.12.2011)
  - c. Shri S. S. Roy Burman Director (Marketing)
  - d. Shri M. M. Sharma Director (Personnel)
  - e. Shri Khalil Rahim Director (Marketing)
- ii. Relatives of Directors None

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

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

<b>Transactions -</b> Amount charged during the year for Rent & other common services	₹0.62 Crore (Nil)
Amount Received during the year	(₹0.38 Crore)
Balance at the year end	₹4.14 Crore (₹4.38 Crore)

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

<b>Name of the officials</b>	<b>Designation</b>
Sh. N.K. Mathur	Chairman
Sh. N.K. Nirmal	Director (Till 12.12.2011)

**53. 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 is charged to the Profit & Loss Account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by the Government. Overall interest earnings and cumulative surplus is more than the statutory interest payment requirement.

**B. Post-Retirement Medical Facility (PRMF)**

The company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company. Post retirement medical benefits are recognised in the books as per the actuarial valuation. Total actuarial liability of ₹57.48 Crore is estimated as per actuarial valuation as on 31.03.2012 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 while in service/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. The liability for EL and HPL is recognised in the books as per the actuarial valuation.

**D. Gratuity**

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

## E. Other Benefits

Service awards are given to regular employees for rendering continuous service in the Company for long service rendered by them on completion of 15/25/30/35/40 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. The liability on this account is recognised in the books as per the actuarial valuation.

## F. Pension

In pursuance to the guidelines issued by the Department of Public Enterprises, regarding revision of pay scales w.e.f. 01.01.2007 inter-alia providing for superannuation benefits up to 30% of basic pay plus DA including CPF, gratuity, pension and post-superannuation medical benefits, the company had formulated a pension scheme for its retiring employees. Under the scheme the employer is contributing 9% of Basic Pay + DA of eligible employees.

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

### i. Expenses recognised in Profit & Loss Account

Particulars	(In ₹Crore)			
	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Current Service Cost	2.16	2.77	1.08	-
Past Service Cost	-	-	-	-
Interest cost	2.85	1.01	0.90	0.13
Expected return on plan assets	3.43	-	-	-
Net actuarial (gain)/loss recognized in the year	(0.58)	0.19	(0.93)	(0.06)
Expenses recognized in the Profit & Loss Account	1.43	3.97	1.05	0.07

### ii. The amount recognised in the Balance Sheet

Particulars	(In ₹Crore)			
	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Present value of obligation as at 31.3.2012	40.25	13.96	11.15	1.44
Fair value of plan assets as at 31.3.2012	39.99	-	-	-
Funded Status	(0.26)	(13.96)	(11.15)	(1.44)
Net asset / (liability) recognized in the Balance Sheet	(0.26)	(13.96)	(11.15)	(1.44)

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

Particulars	(In ₹Crore)			
	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Present value of obligation as at 1.4.2011	39.73	13.49	10.76	1.55
Interest cost	2.85	1.01	0.90	0.13
Current Service Cost	2.16	2.77	1.08	-
Past Service Cost	-	-	-	-
Benefits paid	3.55	(3.50)	(0.66)	(0.17)
Net actuarial (gain)/loss on obligation	(0.93)	0.20	(0.92)	(0.06)
Present value of the defined obligation as at 31.3.2012	40.26	13.96	11.15	1.44

### v. Actuarial Assumption

Particulars	(In ₹Crore)			
	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Discount rate	8.00%	8.60%	8.60%	8.60%
Rate of increase in compensation level	8.00%	8.00%	8.00%	-
Rate of return on plan asset	10.00%	-	-	-

**54. Foreign Exchange Exposure as on 31.03.2012**

(Foreign Currency in Crore)

Particulars	Hedged*		Unhedged*	
	Receivables	Payables	Receivables	Payables
USD	-	0.96	31.53	28.67
EURO	-	-	0.11	-

\* Exposure on behalf of Business Associates

55. 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.
56. 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.
57. Consequent to the notification of Revised Schedule VI under Companies Act, 1956, the financial statements for the year ended 31st March, 2012 have been prepared as per Revised Schedule VI. Accordingly Figures of the previous period have been regrouped/ rearranged to make them comparable with those of the current period wherever necessary.
58. Accounting policies, Schedules and Notes on accounts attached form an integral part of the accounts.
59. Values in brackets indicate corresponding previous year figure.

**FOR CHANDIOK & GULIANI**Chartered Accountants  
FRN: 001199NSd/-  
**(V K LALLA)**  
Partner  
M.No. 80847Sd/-  
**(N.K. MATHUR)**

Chairman &amp; Managing Director

Sd/-  
**(MANOJ MISHRA)**  
Chief General Manager (Finance)Sd/-  
**(KHALEEL RAHIM)**  
Director (Marketing)Sd/-  
**(R. K. GOGIA)**  
Company Secretary

Place : New Delhi

Dated : 30.05.2012

## INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2012

(in ₹Crore)

S. No.	PARTICULARS	EXPORT		IMPORT	
		2011-12	2010-11	2011-12	2010-11
<b>1</b>	<b>Revenue</b>				
a.	External sales	359.49	506.93	30,274.60	19,413.32
b.	Inter-segment sales	-	-	-	-
	<b>Total Revenue (1a+1b)</b>	<b>359.49</b>	<b>506.93</b>	<b>30,274.60</b>	<b>19,413.32</b>
<b>2.</b>	<b>Result</b>				
a.	Segment result	6.15	12.28	81.78	159.10
b.	Unallocated common expenses	(7.84)	(3.77)	(14.24)	(13.27)
<b>3.</b>	<b>Operating Profit (2a-2b)</b>	<b>13.99</b>	<b>16.05</b>	<b>96.02</b>	<b>172.37</b>
4.	Interest expenses	34.83	20.35	17.11	27.68
5.	Interest Income	169.99	1.99	53.54	19.01
6.	Income tax	-	-	-	-
<b>7.</b>	<b>Profit from ordinary activities (3-4+5-6)</b>	<b>149.15</b>	<b>(2.31)</b>	<b>132.45</b>	<b>163.70</b>
8.	Extraordinary loss/Expenses	-	-	-	-
a.	Prior period adjustment	-	0.17	-	(4.31)
b.	Amortisation of expenses	-	-	-	-
c.	Others	-	-	-	-
	<b>Total (8a+8b+8c)</b>	<b>-</b>	<b>0.17</b>	<b>-</b>	<b>(4.31)</b>
<b>9.</b>	<b>Net Profit (7-8)</b>	<b>149.15</b>	<b>(2.48)</b>	<b>132.45</b>	<b>168.01</b>
<b>10.</b>	<b>Other Information</b>				
a.	Segment assets	2,832.88	2,951.82	3,017.76	3,652.80
b.	Unallocated Corporate assets	-	-	-	-
	<b>Total assets (10a+10b)</b>	<b>2,832.88</b>	<b>2,951.82</b>	<b>3,017.76</b>	<b>3,652.80</b>
c.	Segment liabilities	1,394.39	1,298.28	2,487.15	3,886.60
d.	Unallocated Corporate Liabilities	-	-	-	-
	<b>Total liabilities (10c+10d)</b>	<b>1,394.39</b>	<b>1,298.28</b>	<b>2,487.15</b>	<b>3,886.60</b>
e.	Capital Expenditure	-	-	-	-
f.	Depreciation	-	-	-	-
g.	Non -cash expenses other than depreciation	39.72	27.72	33.98	-

## INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2012

(in ₹Crore)

DOMESTIC		UNALLOCATED		CONSOLIDATED	
2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
139.01	555.40	-	-	30,773.10	20,475.65
-	-	-	-	-	-
<b>139.01</b>	<b>555.40</b>	<b>-</b>	<b>-</b>	<b>30,773.10</b>	<b>20,475.65</b>
1.81	6.50	-	-	89.74	177.88
(0.01)	-	160.43	136.90	138.34	119.86
<b>1.82</b>	<b>6.50</b>	<b>(160.43)</b>	<b>(136.90)</b>	<b>(48.60)</b>	<b>58.02</b>
-	-	151.53	129.50	203.47	177.53
48.44	-	1.07	174.96	273.04	195.96
-	-	1.33	23.19	1.33	23.19
<b>50.26</b>	<b>6.50</b>	<b>(312.22)</b>	<b>(114.63)</b>	<b>19.64</b>	<b>53.26</b>
-	-	-	-	-	-
-	-	3.17	0.96	3.17	(3.18)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	<b>3.17</b>	<b>0.96</b>	<b>3.17</b>	<b>(3.18)</b>
<b>50.26</b>	<b>6.50</b>	<b>(315.39)</b>	<b>(115.59)</b>	<b>16.47</b>	<b>56.44</b>
284.58	269.35	318.98	262.82	6,454.20	7,136.79
-	-	-	-	-	-
<b>284.58</b>	<b>269.35</b>	<b>318.98</b>	<b>262.82</b>	<b>6,454.20</b>	<b>7,136.79</b>
20.83	17.61	1,869.85	1,254.84	5,772.22	6,457.33
-	-	-	-	-	-
<b>20.83</b>	<b>17.61</b>	<b>1,869.85</b>	<b>1,254.84</b>	<b>5,772.22</b>	<b>6,457.33</b>
-	-	8.34	0.51	8.34	0.51
-	-	3.07	3.07	3.07	3.07
-	-	2.82	-	76.52	27.72

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

		<b>(in ₹Crore)</b>	
1	Name of Subsidiary Company	<b>STCL Limited</b>	
		2011-12 (Provisional)	2010-11 (Audited)
2	The Financial year of the Subsidiary Company ended on	31st March 2012	31st March 2011
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.	(282.53)	(178.02)
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.	(1,532.88)	(1,354.86)

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

Sd/-  
**(KHALEEL RAHIM)**  
Director (Marketing)

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

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

Place: New Delhi  
Date : 30.05.2012

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS ON 31.03.2012

1) Registration Details			
(a) Date of Incorporation : 18/05/1956		State Code 55	
Registration No. : L74899DL1956GOI002674		(Refer Code List)	
Balance Sheet	31	03	2012
Date	Date	Month	Year
2) Capital Raised During the year (Amount in ₹Crore)			
Public Issue	Right Issue		
Nil	Nil		
Bonus Issue	Private Placement		
Nil	Nil		
3) Position of Mobilisation and Deployment of Funds (Amount in ₹Crore)			
	Total Liability		Total Assets
	5,772.22		6,454.20
Sources of Funds	Paid up Capital		Reserves and Surplus
	60.00		621.98
	Secured Loans		Unsecured Loans
	1,999.74		30.58
Application of Funds	Net Fixed Assets		Investments
	61.65		0.31
	Net Current Assets		Misc. Expenditure
	998.51		Nil
	Accumulated Losses		
	Nil		
4) Performance of Company (Amount in ₹Crore)			
	Turnover		Total Expenditure
	30,444.30		30,815.89
	Profit Before Tax		Profit After Tax
	17.80		16.47
	(Please Tick Appropriate box (+) for profit, (-) for loss)		
	Earning Per Share in ₹		Dividend
	2.74		20%
5) Generic names of Three Principal Products/Services of Company (as per monetary terms)			
Item Code No.	7108		
(ITC Code)			
Product Description	Gold		
Item Code No.	2701		
(ITC Code)			
Product Description	Hydrocarbon		
Item Code No.	7109		
(ITC Code)			
Product Description	Silver		

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

Sd/-  
**(KHALEEL RAHIM)**  
Director (Marketing)

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

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

Place: New Delhi  
Date : 30.05.2012

## MANAGEMENT'S REPLY TO THE COMMENTS OF STATUTORY AUDITORS ON THE ACCOUNTS FOR THE YEAR 2011-12

### Comments of the Statutory Auditors

### Management's Reply

1. Reference is invited to note no.18.2, relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of Metro Machinery Traders, New Delhi (the business associate). The company has alleged fraud by the business associates and matter has been referred to CBI. It was informed that two ex-Directors and a General Manager have been charge-sheeted by the Vigilance Department and files are in the custody of Ministry/ Corporation, which are of confidential in nature. Thus, in absence of details of the charge sheets and the 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. Pending outcome of legal steps initiated for recovery/ CBI probe, full provision of ₹87.39 Crore was made in earlier year. However, the company is successful in getting Arbitration Award of ₹110.00 Crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award.

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 confident to recover the same from the associate through legal recourse as well as through sale of the properties of the associate, which have been attached as per Court Orders. 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. Company is in the process of executing the Arbitration Award.

2. Reference is invited to note no.18.3, 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 have come to notice for which legal action has been initiated. Entire dues including recoverable from FCI aggregating to ₹58.41 Crore has been provided/ written off. Further, as the matter is not yet resolved, additional amount of Central tax liability for non-export of 30392.010 MT of wheat procured from FCI is not ascertainable. The impact on profit & loss account thus is not known.

These claims are recoverable from business associates and the management is confident of recovery of the same. As a matter of abundant caution, the entire dues including recoverable from FCI aggregating to ₹58.41 Crore has been provided/ written off.

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

3. Reference is invited to note no.19.4 amounting to ₹3.20 Crore (₹3.29 Crore) recoverable from one of the associates towards import of pet bottle material, which are pledged with the Company. Though the company is confident of full recovery and no provision has been considered necessary, final disposal of pledged stocks may have financial impact which cannot be ascertainable at this stage.

Amount recoverable from the associate towards import of Pet Bottle material is secured by pledged stocks. Steps are being taken to recover the amount. No provision is considered necessary by the company, in view of the pledged stocks.

4. Reference is invited to note no.22.2 relating to ₹121.99 Crore due from M/s Jhagadia Copper Limited, the Company under liquidation and in the process of reconstruction by Asset Reconstruction Company (India) Limited. Financial impact of the same cannot be ascertained at this stage.

Asset Reconstruction Company (India) Limited (ARCIL) is in the process of restarting production in the associate company. The dues are fully secured by pledge of Stocks, whose value as on 31.03.2012 adequately covers the amount recoverable from the party. The stocks are under the custody of Central Warehousing Corporation.

5. Reference is invited to note no. 22.3 & 24.3 relating to Sundry Debtor of ₹1300.15 Crore due from M/s Global Steel Philipines Inc., who have stopped operation of their plant due to extreme volatility of prices and loan and advances of ₹174.35 Crore from Ispat Industries Limited. The liability in respect of balance amount payable by M/s Ispat Industries Limited to STC has been taken over by M/s Global Steel Holding Limited. Accordingly, the amount recoverable was included in the Conciliation Agreement signed by GSHL/ GSPI with STC. Consequent upon Conciliation Award dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues are payable to STC by 10.11.2012. Pending final realization, impact on Financial Statements cannot be ascertained at this stage.

₹1300.15 Crore recoverable from M/s. Global Steel Philipines Inc. (GSPI) as on 31.03.2012 is on account of goods sold to them during previous years. Further, the balance amount recoverable from M/s Ispat Industries Limited was also included in the Conciliation Agreement signed by GSHL/GSPI with the Company under the Indian Arbitration and Conciliation Act 1996. Consequent upon Conciliation Award dated 15.11.2011 under Indian Arbitration & Conciliation Act 1996, GSHL/GSPI had to pay the entire amount in two installments. First installment of US\$ 38.47 million equivalent to ₹182.61 Crore (₹121.34 Crore during 2011-12 and ₹61.28 Crore in April, 2012) has already been received. For the balance amount, on the specific request of GSHL/GSPI, the Company has allowed extension of time up to November 2012 and the entire dues are likely to be realised accordingly in terms of Conciliation Agreements.

<p>6. Reference is invited to note no.22.4, relating to unsecured overdue of ₹395.49 Crore against export affected under the EXIM bank Insurance linked post shipment credit facility, company is confident of full recovery of amount due to them. However a provision of ₹38.45 Crore being amount paid to EXIM Bank during the year and not supported with equivalent recoveries from the associates has been made during the year.</p>	<p>Liability under post shipment credit amounting to US\$ 88.22 Million was restructured and converted to Working Capital Term Loan amounting to ₹397.17 Crore as per the agreement with EXIM Bank dated 3rd December 2010. Repayment of some overdues has been received and actions are in process for recovery of balance amount.</p>
<p>7. 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 with Government which is under active consideration of Government for re-imburement of actual loss as informed by Ministry of Consumer Affairs. Final settlement of the claim may impact financial statements, which at this stage cannot be ascertained.</p>	<p>Claims recoverable of ₹158.93 Crore pertain to import of Pulses under Govt. account since the year 2006-07 onwards. The claims for the same have been lodged with the Govt. 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 the corporation is confident of realisation of entire subsidy claim from the Government.</p>
<p>8. Note No. 47 and 48 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 at the time of settlement of individual transaction. As the settlements are done with the consent of the associates, the procedure followed is considered adequate.</p>
<p>9. The Company has maintained proper records showing full particulars including quantitative details and situations of its fixed assets except at Ahmedabad branch where Fixed Asset Register was not updated.</p>	<p>This observation has been made in respect of one branch. To ensure avoidance of recurrence, necessary updating has been carried out by the Branch.</p>
<p>10. As explained to us, verification of inventories is 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 &amp; 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>In terms of back to back agreement with the associate, the handling losses are to the account of associates only. All handling losses due to quality deterioration etc. are also to the account of associates. All accounting adjustment for losses is done for each transaction, on completion of the entire transaction. As regards the stock of wheat, the matter is under litigation and recoverable from the associate. Considering the stock being old, the value of stock has been taken as Nil in the books of accounts.</p>
<p>11. In our opinion, though the procedures for physical verification is in place and instructions and guidelines are issued from time to time for verification of stock/inventories but the same is not being followed strictly for all materials which are handled by and are in custody of third parties.</p>	<p>Instructions and guidelines have been issued from time to time to branches and divisions for verification of the inventories/stocks by nominated surveyors as well as STC officials on periodical basis. Internal Auditors have also been advised to carry out the verification of such inspection reports during their quarterly audits. Instructions have been issued for strict compliance.</p>
<p>12. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of the business with regard to purchases of inventory, fixed assets and also for sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, we have not observed any instance of continuous failure to correct major weaknesses in the internal control procedures. However, internal control procedures regarding review, realization of advances and other claims and reconciliation of balance of sundry debtors and creditors require strengthening.</p>	<p>Debtors, advances and other claims are reviewed continuously by the concerned branches/divisions. The same are also reviewed at Corporate Office level and necessary instructions issued from time to time to the concerned branches and divisions. A position note on debtors is submitted to Board on quarterly basis. In order to strengthen the system further, a debt review committee has also been constituted for review of overdues.</p>
<p>13. 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 except a case of theft/ misappropriation/ fraud of pledged stock of pulses amounting to ₹36.01 Crore by one of its associates at one of the Branch of STC and net dues from associate of ₹33.67 Crore has been fully written-off during the year (refer note No. 22.5).</p>	<p>In respect of the amount recoverable from one of the associate towards sale of pulses all legal action/steps have been taken by branch and being pursued vigorously in the court of law. The outstanding dues shall be recognized as income upon its actual realization</p>

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

Sd/-  
(Manoj Mishra)  
Chief General Manager  
(Finance)



गोपनीय

संख्या / No. PDCA-I/ND/CHQ/29-7/2012-13/STC/VOL-II/198

**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 - 28.8.2012

सेवा में,

अध्यक्ष एवं प्रबन्ध निदेशक,

स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड

नई दिल्ली

विषय:—कम्पनी अधिनियम 1956 की धारा 619 (4) के अधीन 31 मार्च 2012 को समाप्त वर्ष के लिए स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड के लेखाओं पर भारत के नियंत्रक महालेखा परीक्षक की टिप्पणियां।

महोदय,

कम्पनी अधिनियम 1956 की धारा 619 (4) के अधीन 31 मार्च 2012 को समाप्त वर्ष के लिए स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड के लेखाओं पर भारत के नियंत्रक महालेखा परीक्षक की शून्य टिप्पणियां अग्रेषित की जाती हैं। इन शून्य 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।

भवदीया,

ह.

(इला सिंह)

प्रधान निदेशक

संलग्न: शून्य टिप्पणियां

तृतीय तल, ए—स्कन्ध, इन्द्रप्रस्थ भवन, इन्द्रप्रस्थ एस्टेट, नई दिल्ली—11002

3rd Floor, A-Wing, Indraprastha Bhawan, New Delhi-110002.

दूरभाष/Tele.: 011-23378473, फैक्स/Fax : 011-23378432

e-mil : mabNewdelhi1@cag.gov.in

## 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 2012

The preparation of financial statements of **The State Trading Corporation of India Limited** for the year ended 31 March 2012 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 Auditing and Assurance Standards 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, 2012.

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 2012. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 619 (4) of the Companies Act, 1956.

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

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

Dated: 28 August, 2012  
Place: New Delhi

## SUMMARISED BALANCE SHEET OF THE STATE TRADING CORPORATION AND ITS SUBSIDIARY

(in ₹ Crore)

Particulars	State Trading Corporation of India Limited		STCL Limited	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	AUDITED	AUDITED	PROVISIONAL	AUDITED
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) Shareholder's funds</b>				
(a) Share Capital	60.00	60.00	1.50	1.50
(b) Reserves & Surplus	621.98	619.46	(1801.08)	(1,515.37)
(c) Money received against share warrants	-	-	-	-
<b>Total</b>	<b>681.98</b>	<b>679.46</b>	<b>(1,799.58)</b>	<b>(1,513.87)</b>
<b>(2) Share application money pending allotment</b>	-	-	-	-
<b>(3) Non-Current Liabilities</b>				
(a) Long-term borrowings	-	372.55	-	-
(b) Other long term liabilities	1,122.58	1,112.58	-	-
(c) Long-term provisions	66.03	55.24	1.00	1.10
<b>Total</b>	<b>1,188.61</b>	<b>1,540.37</b>	<b>1.00</b>	<b>1.10</b>
<b>(4) Current Liabilities</b>				
(a) Short-term borrowings	2,030.32	1,176.54	1815.40	1529.05
(b) Trade Payables	2,223.36	3,206.85	37.50	42.14
(c) Other current liabilities	292.48	474.24	2.65	2.78
(d) Short-term provisions	37.45	59.33	10.02	9.79
<b>Total</b>	<b>4,583.61</b>	<b>4,916.96</b>	<b>1865.57</b>	<b>1583.76</b>
<b>Total</b>	<b>6,454.20</b>	<b>7,136.79</b>	<b>66.99</b>	<b>70.99</b>
<b>II. ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Fixed Assets				
(i) Tangible Assets	51.71	53.02	8.26	9.75
(ii) Intangible Assets	0.07	0.05	-	-
(iii) Capital Work In Progress	9.87	3.37	-	0.26
(iv) Intangible Assets under development	-	-	-	-
(b) Non-Current investments	0.31	3.03	0.10	0.10
(c) Deferred tax assets (net)	73.01	65.82	-	-
(d) Long-term loans and advances	27.92	23.88	10.18	10.71
(e) Other non-current assets	708.88	2,491.29	-	-
<b>Total</b>	<b>871.77</b>	<b>2,640.46</b>	<b>18.54</b>	<b>20.82</b>
<b>(2) Current Assets</b>				
(a) Current investments	-	-	-	-
(b) Inventories	543.71	1,313.75	14.81	0.05
(c) Trade receivables	4,204.07	2,163.80	3.11	1.82
(d) Cash and cash equivalents	226.34	737.03	7.41	38.35
(e) Short-term loans and advances	285.52	151.73	23.06	9.92
(f) Other current assets	322.79	130.02	0.06	0.03
<b>Total</b>	<b>5,582.43</b>	<b>4,496.33</b>	<b>48.45</b>	<b>50.17</b>
<b>Total</b>	<b>6,454.20</b>	<b>7,136.79</b>	<b>66.99</b>	<b>70.99</b>

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

(in ₹ Crore)

Particulars	State Trading Corporation of India Limited		STCL Limited	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	AUDITED	AUDITED	PROVISIONAL	AUDITED
I. Revenue from operations	30,773.10	20,475.65	132.62	63.18
II. Other income	309.99	220.26	23.28	5.73
<b>III. Total Revenue (I+II)</b>	<b>31,083.09</b>	<b>20,695.91</b>	<b>135.90</b>	<b>68.91</b>
<b>Expenses-</b>				
a) Cost of material consumed	1.34	2.05	-	-
b) Purchase of stock-in -Trade	29,885.82	21,021.34	141.06	57.83
c) Changes in inventories of finished goods, WIP & FG	770.18	(747.32)	(14.75)	0.04
d) Employee benefits expense	100.53	105.20	4.69	3.27
e) Finance cost	203.47	177.53	236.80	185.07
f) Depreciation and amortisation expense	3.07	3.07	0.92	1.61
g) Other expenses	51.78	48.17	2.81	1.23
<b>IV. Total expenses (a+b+c+d+e+f+g)</b>	<b>31,016.19</b>	<b>20,610.04</b>	<b>371.53</b>	<b>249.05</b>
<b>V. Profit before exceptional and     extraordinary items and tax (III-IV)</b>	<b>66.90</b>	<b>85.87</b>	<b>(235.63)</b>	<b>(180.14)</b>
VI. Exceptional items	45.93	9.42	0.66	0.04
<b>VII. Profit before extraordinary items     and tax (V-VI)</b>	<b>20.97</b>	<b>76.45</b>	<b>(236.29)</b>	<b>(180.18)</b>
VIII. Extraordinary items	-	-	-	-
IX. Prior Period Adjustment (Net)	(3.17)	3.18	(48.70)	0.82
<b>X. Profit before tax (VII-VIII+IX)</b>	<b>17.80</b>	<b>79.63</b>	<b>(284.99)</b>	<b>(179.36)</b>
<b>XI. Tax expense:</b>				
(1) Current tax	12.14	19.15	0.10	-
(2) Current Tax (Relating to earlier years)	1.34	(3.45)	0.09	(1.24)
(3) Deferred tax	(7.19)	7.59	-	(0.10)
(4) FBT (Relating to previous years)	-	(0.10)	-	-
(5) Provision for MAT Credit Entitlement	(4.96)	-	-	-
<b>XII. Profit(loss) for the period from     continuing operations (X-XI)</b>	<b>16.47</b>	<b>56.44</b>	<b>(285.18)</b>	<b>(178.02)</b>
XIII. Profit (loss) from discontinuing operations	-	-	-	-
XIV. Tax expense of discontinuing operations	-	-	-	-
<b>XV. Profit (loss) from discontinuing     operations after tax (XIII-XIV)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. Net Profit (XII+XV)</b>	<b>16.47</b>	<b>56.44</b>	<b>(285.18)</b>	<b>(178.02)</b>





**Consolidated Accounts  
of STC & its Subsidiary  
2011-12**



# AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED, ITS SUBSIDIARY AND JOINT VENTURES

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- 1 We have audited the attached Consolidated Balance Sheet of THE STATE TRADING CORPORATION OF INDIA LIMITED ("the Company"), its subsidiary (the company and its subsidiary constitute "the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date and annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary STCL Limited, whose financial statements reflect total assets of ₹66.99 crore as at 31st March, 2012, total revenues of ₹135.90 crore and Cash Flows amounting to ₹(-) 30.95 Crore for the year ended on that date.
4. Without qualifying our opinion attention is invited to note no. 57 regarding non consolidation of financial statements of Joint Ventures namely Richfield Aquatech Limited, Blue Gold Maritech Limited, NSS Satpura Agro Development Co. Limited and Sealac Agro Ventures Limited due to non- availability of financial statements for the year 2011-2012. Further their financial statements are being audited by the other auditors.
5. We have relied on the unaudited financial statements of subsidiary STCL Ltd whose financial statements reflect total assets of ₹66.99 Crore as at 31st March, 2012, total revenue of ₹135.90 Crore and Cash Flows amounting to ₹(-)30.95 Crore for the year ended on that date. These unaudited 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 subsidiaries is based solely on such unaudited financial statements.
6. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 "Financial Reporting of Interest in Joint ventures" as notified under the Companies (Accounting Standards) Rules, 2006.
7. Further we report as follows:
  - a) Reference is invited to Note no. 8.5 regarding non repayment of packing credit of ₹49.08 crore and cash credit of ₹1765.33 crore and accounts of the subsidiary STCL Limited has been classified as NPA by the bankers and further consortium of banks have filed case with Debt Recovery Tribunal.
  - b) Reference is invited to note no.18.2, relating to contracts of scraps, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of Metro Machinery Traders, New Delhi( the business associates). The company has alleged fraud by the business associates and matter has been referred to CBI. It was informed that two ex-Directors and a General Manager have been charge sheeted by the Vigilance Department and files are in the custody of Ministry/Corporation which are of confidential in nature. Thus, in absence of details of the charge sheets and the 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. Pending out come of legal steps initiated for recovery/CBI probe, full provision

of ₹87.39 Crore was made in earlier year. However, the company is successful in getting Arbitration Award of ₹110.00 Crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award.

- c) Reference is invited to note no.18.3, 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 have come to notice for which legal action has been initiated. Entire dues including recoverable from FCI aggregating to ₹58.41 Crore has been provided/written off. Further as the matter is not yet resolved, additional amount of Central tax liability for non-export of 30392.010 MT of wheat procured from FCI is not ascertainable. The impact on profit & loss account thus is not known.
- d) Reference is invited to note no.19.4, amounting to ₹3.20 Crore (₹3.29 Crore) recoverable from one of the associates towards import of pet bottle material, which are pledged with the Company. Though the company is confident of full recovery and no provision has been considered necessary, final disposal of pledged stocks may have financial impact which can not be ascertainable at this stage.
- e) Reference is invited to note no.22.2, relating to ₹121.99 Crore due from Jhagadia Copper Limited, the Company under liquidation and in the process of reconstruction by Asset Reconstruction Company (India) Limited. Financial impact of the same cannot be ascertained at this stage.
- f) Reference is invited to note no. 22.3 & 24.3, relating to Sundry Debtor of ₹1300.15 Crore due from Global Steel Philipines Incorporation who have stopped operation of their plant due to extreme volatility of prices and loan and advances of ₹174.35 Crore( 84.83 Crore) from Ispat Industries Limited. Due to sale of plant, the liability in respect of balance amount payable to STC has been taken over by Global Steel Holding Limited and Consequent upon Conciliation Award dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues are payable to STC by 10.11.2012. The entire outstanding is secured by way of pledge of stock, post dated cheques, the corporate guarantee of holding company and personal guarantee of Chairman of its holding company. Pending final realization, impact on Financial Statements can not be ascertained at this stage.
- g) Reference is invited to note no.22.4, relating to unsecured overdue of ₹395.49 Crore against export affected under the EXIM bank Insurance linked post shipment credit facility, company is confident of full recovery of amount due to them. However a provision of ₹38.45 Crore being amount paid to EXIM Bank during the year and not supported with equivalent recoveries from the associates has been made during the year.
- h) Reference is invited to note no.25.1, regarding claims recoverable amounting to ₹158.93 Crore (₹147.45 Crore) towards the imports of pulses under Government account since the year 2006-07 onwards. The claim for the same has been lodged with Government which is under active consideration of Government for reimbursement of actual loss as informed by Ministry of Consumer Affairs. Final settlement of the claim may impact financial statements, which at this stage can not be ascertained.
- i) Reference is invited to note no.25.3, regarding claims recoverable from Business Associates amounting to ₹1155.25 Crore towards the imports of metals scrap.
- j) Note No. 47 and 48 relating to pending reconciliation/ confirmation of balances in parties accounts and current liabilities and consequential adjustment that may arise on reconciliation.
- k) The subsidiary company (STCL Limited) has not obtained the actuarial valuation in respect of the liability towards earned leave encashment accrued to employees as required under AS-15.

- l) The subsidiary company (STCL Limited) is accounting for interest receivable on sundry debtors on cash basis instead of accrual basis as per their accounting policy.
8. We report that on the basis of information and according to the explanations given to us, the said and on the consideration of the certification of management in respect of unaudited accounts referred to in para 5 and subject to our observations in Paragraph 7 (a) to (l) above, we are of the opinion that consolidated financial statements read together with accounting policies and other notes give a true and fair view in conformity with accounting principles generally accepted in India:
- (a) In the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
  - b) In the case of Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
  - c) In the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Chandiook & Guliani  
Chartered Accountants  
FRN: 001199N

Place: New Delhi  
Date: 29.08.2012

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

# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(in ₹Crore)

PARTICULARS	Note No.	As At 31st March, 2012	As At 31st March, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	1	60.00	60.00
(b) Reserves & Surplus	2	(1,177.59)	(897.23)
(c) Money received against share warrants	3	-	-
<b>(2) Share application money pending allotment</b>	4	-	-
<b>Total (1+2)</b>		<b>(1,117.59)</b>	<b>(837.23)</b>
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	-	372.56
(b) Other long term liabilities	6	1,122.58	1,112.58
(c) Long-term provisions	7	67.03	56.32
<b>Total (3)</b>		<b>1,189.61</b>	<b>1,541.46</b>
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	8	3,845.72	2,705.59
(b) Trade Payables	9	2,230.24	3,211.33
(c) Other current liabilities	10	321.57	510.56
(d) Short-term provisions	11	47.48	69.13
<b>Total (4)</b>		<b>6,445.01</b>	<b>6,496.61</b>
<b>Total</b>		<b>6,517.03</b>	<b>7,200.84</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	59.97	62.75
(ii) Intangible Assets	13	0.07	0.05
(iii) Capital Work In Progress	14	9.87	3.64
(iv) Intangible Assets under development	15	-	-
(b) Non-Current investments	16	0.41	0.31
(c) Deferred tax assets (net)	17	73.01	65.82
(d) Long-term loans and advances	18	38.10	34.60
(e) Other non-current assets	19	708.88	2,491.30
<b>Total</b>		<b>890.31</b>	<b>2,658.47</b>
<b>(2) Current Assets</b>			
(a) Current investments	20	-	-
(b) Inventories	21	558.52	1,313.80
(c) Trade receivables	22	4,207.18	2,165.61
(d) Cash and cash equivalents	23	233.75	775.38
(e) Short-term loans and advances	24	304.41	157.52
(f) Other current assets	25	322.86	130.06
<b>Total</b>		<b>5,626.72</b>	<b>4,542.37</b>
<b>Total</b>		<b>6,517.03</b>	<b>7,200.84</b>

Significant Accounting Policies

44

Other Notes

45-62

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

**FOR CHANDIOK & GULIANI**

Chartered Accountants

FRN : 001199N

Sd/-

**V K LALLA**

Partner

M.No. 80847

Sd/-

**N.K. MATHUR**

Chairman & Managing Director

Sd/-

**MANOJ MISHRA**

Chief General Manager (Finance)

Sd/-

**KHALEEL RAHIM**

Director (Marketing)

Sd/-

**R. K. GOGIA**

Company Secretary

Place : New Delhi

Dated : 29.08.2012

# CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(in ₹Crore)

PARTICULARS	Note No.	For the Year ended 31 March, 2012	For the Year ended 31 March, 2011
I. Revenue from operations	26	30,905.21	20,538.38
II. Other income	27	310.82	221.50
<b>III. Total Revenue (I+II)</b>		<b>31,216.03</b>	<b>20,759.88</b>
<b>Expenses-</b>			
a) Cost of material consumed	28	1.34	2.07
b) Purchase of Stock-in -Trade	29	30,027.53	21,079.35
c) Changes in inventories of Finished Goods, Work in Progress & Stock in Trade	30	755.43	(747.28)
d) Employee benefits expense	31	105.22	108.48
e) Finance cost	32	440.28	362.62
f) Depreciation and amortisation expense	33	4.24	4.66
g) Other expenses	34	53.61	49.22
<b>IV. Total expenses (a+b+c+d+e+f+g)</b>		<b>31,387.65</b>	<b>20,859.12</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>(171.62)</b>	<b>(99.24)</b>
<b>VI. Exceptional items</b>	35	41.15	4.49
<b>VII. Profit before extraordinary items and tax (V-VI)</b>		<b>(212.77)</b>	<b>(103.73)</b>
<b>VIII. Extraordinary items</b>	36	-	-
<b>IX. Prior Period Adjustments (Net)</b>	37	(51.60)	4.00
<b>X. Profit before tax (VII-VIII+IX)</b>		<b>(264.37)</b>	<b>(99.73)</b>
<b>XI. Tax expense:</b>			
(1) Current tax (MAT)	38	12.23	19.15
(2) Current Tax (Relating to earlier years)		1.44	(4.69)
(3) Provision for Mat Credit Entitlement		(4.96)	-
(4) FBT (Relating to previous years)		-	(0.10)
(5) Deferred tax	39	(7.19)	7.49
<b>Total Tax Expense (XI)</b>		<b>1.52</b>	<b>21.85</b>
<b>XII. Profit(loss) for the period from continuing operations (X-XI)</b>		<b>(265.89)</b>	<b>(121.58)</b>
XIII. Profit (loss) from discontinuing operations	40	-	-
XIV. Tax expense of discontinuing operations	41	-	-
<b>XV. Profit (loss) from discontinuing operations after tax (XIII-XIV)</b>		<b>-</b>	<b>-</b>
<b>XVI. Net profit (XII+XV)</b>		<b>265.89)</b>	<b>(121.58)</b>
<b>XVII. Earning per equity share</b>			
(1) Basic	42	(44.32)	(20.26)
(2) Diluted	43	(44.32)	(20.26)

Significant Accounting Policies  
Other Notes

44  
45-62

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

**FOR CHANDIOK & GULIANI**  
Chartered Accountants  
FRN : 001199N  
Sd/-  
**V K LALLA**  
Partner  
M.No. 80847

Sd/-  
**N.K. MATHUR**  
Chairman & Managing Director

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

Sd/-  
**KHALEEL RAHIM**  
Director (Marketing)

Sd/-  
**R. K. GOGIA**  
Company Secretary

Place : New Delhi  
Dated : 29.08.2012

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(in ₹Crore)			
	For the year ended 31st March 2012	For the year ended 31st March 2011	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	(212.77)	(103.74)	
ADJUSTMENT FOR :			
- Interest on working capital loans	423.19	348.47	
-Depreciation	4.00	4.68	
-Unrealized foreign exchange difference	(0.79)	(0.70)	
-Write offs	33.68	27.72	
-Provisions against Investments	2.82	-	
-Income/Expenditure relating to let out property	(21.72)	(23.70)	
-Loss on sale of asset and write off	0.01	0.01	
-Liabilities written back	(31.43)	(13.42)	
-Profit on sale of assets	(0.02)	(0.02)	
-Unclaimed credit balances written back	(1.22)	(0.42)	
- Impairment of WIP Siddapura Project Cost	0.26	-	
- Amortisation of Grant under ASIDE Scheme	(0.52)	(0.54)	
-Interest & other Income	(0.81)	(0.66)	
	407.45	341.42	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	194.68	237.68	
ADJUSTMENT FOR :			
- Trade and other receivables	(657.71)	2,251.70	
- Inventories	755.28	(746.69)	
- Trade and other payables	(1,228.96)	(132.57)	
<b>Changes In Working Capital</b>	<b>(936.71)</b>	<b>1,610.12</b>	
Interest received	0.46	0.41	
Income tax paid	(16.14)	(39.43)	
<b>Cash Flow Before Prior Period Items</b>	<b>(952.39)</b>	<b>1,571.10</b>	
Prior period adjustment	(51.87)	4.00	
<b>NET CASH GENERATED/USED IN OPERATING ACTIVITIES (A)</b>	<b>(1,004.26)</b>	<b>1,575.10</b>	
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>			
- Purchase of Fixed Assets	(8.34)	(5.34)	
-Sale of Fixed Assets	0.46	0.50	
-Let out properties (net)	21.72	23.70	
-Proceeds received on maturity of Non Current Investments	-	-	
-Proceeds received on maturity of Bank Deposits	-	-	
-Interest received on Fixed Deposits	0.35	0.26	
<b>Net Cash From Investing Activities (B)</b>	<b>14.19</b>	<b>19.12</b>	

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	(in ₹Crore)	
	For the year ended 31st March 2012	For the year ended 31st March 2011
C CASH FLOW FROM FINANCING ACTIVITIES :		
- Dividend paid (including Dividend Tax)	(20.92)	(15.74)
-Increase in Working Capital Loan(net)	481.24	(918.76)
-Interest Paid	(186.43)	(175.46)
-Reduction in Borrowings	-	-
-Short/Long Term Loans	49.59	(15.29)
<b>Net Cash From Financing Activities (C)</b>	<b>323.48</b>	<b>(1,125.25)</b>
Net Increase/Decrease In Cash And Cash Equivalents (A+B+C)	(666.59)	468.98
Cash And Cash Equivalents As At The Beginning Of The Year	775.38	183.12
Effect of Exchange Differences on Cash & Cash Equivalents held in Foreign Currency	-	-
<b>Cash And Cash Equivalents As At The Close Of The Year</b>	<b>108.79</b>	<b>652.10</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Cash & Bank Balances as per Balance Sheet	233.75	775.38
Less : Fixed Deposit made with margin provided by Associates adjusted in Trade Receivables	124.96	123.29
<b>Cash &amp; Bank Balances as per Cash Flow Statement</b>	<b>108.79</b>	<b>652.09</b>

Significant Accounting Policies

44

Other Notes

45-62

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

**FOR CHANDIOK & GULIANI**

Chartered Accountants

**FRN : 001199N**

Sd/-

**V K LALLA**

Partner

M.No. 80847

Sd/-

**N.K. MATHUR**

Chairman & Managing Director

Sd/-

**MANOJ MISHRA**

Chief General Manager (Finance)

Sd/-

**KHALEEL RAHIM**

Director (Marketing)

Sd/-

**R. K. GOGIA**

Company Secretary

Place : New Delhi

Dated : 29.08.2012

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012

(in ₹Crore)

### NOTE NO. 1 SHARE CAPITAL

Particulars	As At 31 March, 2012	As At 31 March, 2011
<b>I) Authorised Share Capital</b>		
200,000,000 Equity Shares having face value of ₹10/- each	200.00	200.00
<b>II) Issued, Subscribed &amp; Fully Paid up</b>		
60,000,000 Equity shares having face value of ₹10/- each	<b>60.00</b>	<b>60.00</b>

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

3,00,00,000 equity shares having face value of ₹10/- each allotted as fully paid by way of bonus shares by capitalisation of General reserve during F.Y. 2007-08 in the ratio 1:1

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 01.04.2011	Issued during the year	Shares bought back during the year	Closing as at 31.03.2012
Equity share of ₹10/- each	60,000,000	-	-	60,000,000

### VI) Details of Share holders holding more than 5% shares as on 31.03.2012

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

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 2 RESERVE & SURPLUS

Particulars	Balance as at 1.04.2011	Additions	Deductions/ Appropriation	Balance as at 31.3.2012
Capital Reserve	7.92	-	0.52	7.40
Bonus Reserve*	-	-	-	-
Exchange Fluctuation Reserve	6.50	-	-	6.50
Export/Import Contingency Reserve	100.31	-	-	100.31
General Reserve	319.10	1.65	-	320.75
Surplus	(1,332.66)	(265.89)	15.60	(1,614.15)
Capital Reserve(arised on consolidation)	1.60	-	-	1.60
	<b>(897.23)</b>	<b>(264.24)</b>	<b>16.12</b>	<b>(1,177.59)</b>

#### 2.1 Details of Addition to Surplus

Current Year Profit After Tax	(265.89)
Transfer From Bonus Reserve*	-
	<u><b>(265.89)</b></u>

#### 2.2 Details of Deduction/Appropriation from Surplus

Proposed Dividend	12.00
Tax on Dividend	1.95
Transfer to General Reserve	1.65
Transfer to Bonus Reserve*	-
	<u><b>15.60</b></u>

#### 2.3 Details of Negligible Value

*Bonus Reserve (₹)	36,563	11,031	10,688	36,906
*Transfer From Bonus Reserve (₹)	-	10,688	-	-
*Transfer to Bonus Reserve (₹)	-	-	11,031	-

2.4. During the year Dividend of ₹2 Per Share (Previous Year ₹3) has been recommended by the Board of Directors.

2.5. Bonus Reserve represents "Set On" available under the Payment of Bonus Act, 1965.

2.6. Deductions from Bonus Reserve represent amount transferred to Profit & Loss Account being "Set Off" as per the Payments of Bonus Act, 1965.

### NOTE NO. 3 MONEY RECEIVED AGAINST SHARE WARRANTS

Particulars	As at 31st March, 2012	As at 31st March, 2011
Money received against share warrants	-	-

### NOTE NO. 4 SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at 31st March, 2012	As at 31st March, 2011
Share application money pending allotment	-	-

# NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

## NON-CURRENT LIABILITIES

### NOTE NO. 5 LONG TERM BORROWINGS

Particulars	As at 31st March, 2012	As at 31st March, 2011
I. Term Loans		
- From banks (Secured)	-	372.56
<b>TOTAL</b>	<b>-</b>	<b>372.56</b>

### NOTE NO. 6 OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2012	As at 31st March, 2011
<u>Trade payables</u>		
a. Bill acceptances	0.07	0.06
b. Sundry creditors		
- Micro & small enterprises	-	-
- Others	943.64	920.47
<b>Total Trade Payable</b>	<b>943.71</b>	<b>920.53</b>
<u>Others</u>		
a. Customer at credit	26.67	22.06
b. Advance from customer	8.64	9.29
c. Other liabilities	-	-
- Outstanding liabilities for goods & services received	108.27	131.05
- Stale cheques	0.02	0.05
- Deposits	6.09	0.77
- Security deposits	3.34	0.29
- Earnest money deposits	7.18	12.55
- Liability for other expenses	4.69	4.11
<b>Total Others (a+b+c)</b>	<b>164.90</b>	<b>180.17</b>
<u>Employees' dues:-</u>		
Encashment of earned leaves	13.96	11.86
Undisbursed salary	0.01	0.02
<b>Total Employees' cost payable</b>	<b>13.97</b>	<b>11.88</b>
<b>TOTAL</b>	<b>1,122.58</b>	<b>1,112.58</b>

#### 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 CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

## NOTE NO. 7 LONG TERM PROVISIONS

Particulars	As at 31st March, 2012	As at 31st March, 2011
Provision for employees benefits		
- Encashment of earned leaves	1.00	0.85
- Encashment of Half pay leave	11.15	11.73
- Post retirement medical benefits	53.50	42.15
- Long service award	1.38	1.35
- Gratuity	-	0.24
<b>Total</b>	<b>67.03</b>	<b>56.32</b>

## CURRENT LIABILITIES

## NOTE NO. 8 SHORT TERM BORROWINGS

Particulars	As at 31st March, 2012	As at 31st March, 2011
I. Term Loans		
a. From banks	388.03	70.31
II. Cash credit / Overdraft/ Demand Loan	1,691.37	1,097.39
III. Packing credit (Pre-shipment / Post-shipment)	1,766.32	1,537.43
IV. Interest accrued and due on loans*	-	0.46
<b>Total</b>	<b>3,845.72</b>	<b>2,705.59</b>

\*Interest accrued and due on loans (Current Year ₹489.00)

### 8.1 Breakup of Term Loan from Bank

- Secured	357.45	39.73
- Unsecured	30.58	30.58
	<b>388.03</b>	<b>70.31</b>

**8.2** Term loan from Bank Secured by charge over receivable financed under export bills, assignment of credit insurance policy and Bank Guarantee of ₹33.00 Crore (P.Y. ₹26.00 Crore) is given.

**8.3** Cash credit / Overdraft/ Demand Loan secured by hypotheciation of stock and trade receivables not older than 180 days.

**8.4** Packing Credit (Pre-shipment/ Post-shipment) secured by hypotheciation of stock and export bills.

**8.5** The Loans of ₹1814.41 Crore is payable to consortium of banks towards Packing Credit of ₹49.08 Crore and Cash Credit/OD/ST Loans of ₹1765.33 Crore. In view of the immovable properties of subsidiary given as security, an estimated amount of ₹3.40 Crore out of the total advances can be considered as secured and the balance of ₹ 1811.01 Crore will be unsecured. Interest /Penal Interest provision of ₹236.77 Crore 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 subsidiary 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 Chindwara, Madhya Pradesh. UCO Bank has filed a winding-up petition against the subsidiary for which the subsidiary has filed its objections.

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 9 TRADE PAYABLES

Particulars	As at 31st March, 2012	As at 31st March, 2011
a. Bill acceptances	1,223.35	1,332.89
b. Sundry creditors		
- Micro & small enterprises	-	-
- Others	1,006.89	1,878.44
<b>Total</b>	<b>2,230.24</b>	<b>3,211.33</b>

#### 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, 2012	As at 31st March, 2011
<b>1. Other Current Liabilities</b>		
a. Customer at credit	106.47	116.98
b. Advance from customer	60.04	200.92
c. Unclaimed dividend	0.23	0.21
d. Other liabilities		
- Outstanding liabilities for goods & services received	15.37	44.91
- Stale cheques	0.06	0.04
- Deposits	1.59	2.09
- Security deposits	28.12	32.52
- Earnest money deposits	53.95	79.19
- Liability for other expenses	0.01	-
- Others	0.45	0.52
<b>Total (a+b+c+d)</b>	<b>266.29</b>	<b>477.38</b>
<b>2. Employees' cost:-</b>		
Pay & Allowances	0.36	0.41
Other expenses	0.74	2.71
Dues to employees on accrual basis	2.94	7.06
Encashment of earned leaves	2.46	3.49
Undisbursed salary	0.02	0.03
<b>Total Employees' cost payable</b>	<b>6.52</b>	<b>13.70</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 10

#### OTHER CURRENT LIABILITIES (Contd.)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>3. Remittances:-</b>		
Sale tax liability/VAT liability	11.04	11.48
STC's Employees Union	-	0.01
Income tax deducted at source	2.46	3.25
Contribution to Provident Fund	1.25	0.86
Contribution to Family Pension Fund	-	0.08
Contribution to Pension Fund	-	0.04
Salary saving scheme	0.01	0.02
Thrift Society	0.02	0.02
Entry Tax	0.59	0.96
Service Tax	0.02	0.06
Others	0.29	0.24
<b>Total Remittances</b>	<b>15.68</b>	<b>17.02</b>
<b>4. Interest accrued &amp; due on borrowings</b>	<b>33.08</b>	<b>2.46</b>
<b>Total Interest Accrued</b>	<b>33.08</b>	<b>2.46</b>
<b>Total (1+2+3+4)</b>	<b>321.57</b>	<b>510.56</b>

### NOTE NO. 11

#### SHORT TERM PROVISIONS

Particulars	As at 31st March, 2012	As at 31st March, 2011
<i>Provision for employees benefits</i>		
Encashment of Half pay leave	1.57	0.66
Post retirement medical benefits	3.99	3.99
Pension	17.71	13.95
Long service award	0.06	0.20
Others	-	0.22
<b>Total (A)</b>	<b>23.33</b>	<b>19.02</b>
<i>Other Provisions</i>		
Income tax (Net of Advance Tax) (Including Earlier Years)	10.11	28.95
Proposed Dividend	12.00	18.00
Dividend Tax	1.95	2.92
Contingencies	-	0.12
Others	0.09	0.12
<b>Total (B)</b>	<b>24.15</b>	<b>40.31</b>
<b>Total (A+B)</b>	<b>47.48</b>	<b>69.13</b>

# NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

## NOTE NO. 12 TANGIBLE ASSETS

Description	Gross Block			
	As on 01.04.2011	Additions	Deductions	As on 31.03.2012
	(1)	(2)	(3)	(4)=(1)+(2)-(3)
Land	7.72	-	-	7.72
Building	29.91	1.15	-	31.06
Plant & Equipment	24.03	0.01	-	24.04
Furniture & fixtures	3.85	0.13	0.17	3.81
Vehicle	1.67	-	0.09	1.58
Office Equipment	0.18	-	-	0.18
Roads, culverts & sewerage etc	0.51	-	-	0.51
Air conditioners & office equip.	2.45	0.15	0.11	2.49
Railway sidings	0.05	-	-	0.05
Computer, Data Processor & Communication Equipment	2.84	0.33	0.10	3.07
<b>Total</b>	<b>73.22</b>	<b>1.77</b>	<b>0.47</b>	<b>74.52</b>
<b>B) LEASEHOLD ASSETS</b>				
	(1)	(2)	(3)	(4)=(1)+(2)-(3)
Land	3.27	-	0.65	2.62
Building	25.65	-	-	25.65
Plant & Equipment	-	-	-	-
Roads, culverts & sewerage etc	0.21	-	-	0.21
<b>Total</b>	<b>29.13</b>	<b>-</b>	<b>0.65</b>	<b>28.48</b>
<b>Grand Total (A+B)</b>	<b>102.35</b>	<b>1.77</b>	<b>1.12</b>	<b>103.00</b>
<b>Previous Year</b>	<b>101.41</b>	<b>1.93</b>	<b>0.98</b>	<b>102.35</b>

12.1 Depreciation for the year is allocated as follows:-

- Debited to Prior Period Expense (Note No. 37)	0.01
- Debited to Profit & Loss Statement	3.02
	3.03

12.2 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 and Building ₹20.11 Crore)

## NOTE NO. 13 INTANGIBLE ASSETS

Description	Gross Block			
	As on 01.04.2011	Additions	Deductions	As on 31.03.2012
	(1)	(2)	(3)	(4)=(1)+(2)-(3)
Goodwill	-	-	-	-
Brands & Trademarks	-	-	-	-
Computer software	1.25	1.07	1.01	0.31
<b>Total</b>	<b>1.25</b>	<b>1.07</b>	<b>1.01</b>	<b>0.31</b>
<b>Previous Year</b>	<b>1.27</b>	<b>0.04</b>	<b>0.06</b>	<b>1.25</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

Depreciation			Net Block		
Upto 31.03.2011	Deductions/ Adjustments	For the year 2011-12	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
(5)	(6)	(7)	(8)=(5)-(6)+(7)	(9)=(4)-(8)	(10)=(1)-(5)
-	-	-	-	7.72	7.72
2.27	-	0.80	3.07	27.99	27.64
15.29	-	1.39	16.68	7.36	8.74
2.97	0.16	0.15	2.96	0.85	0.88
1.32	0.09	0.19	1.42	0.16	0.35
0.12	-	0.01	0.13	0.05	0.06
0.04	-	0.01	0.05	0.46	0.47
1.80	0.09	0.19	1.90	0.60	0.66
0.05	-	-	0.05	-	-
2.48	0.09	0.32	2.71	0.36	0.36
<b>26.34</b>	<b>0.43</b>	<b>3.06</b>	<b>28.97</b>	<b>45.56</b>	<b>46.88</b>
(5)	(6)	(7)	(8)=(5)-(6)+(7)	(9)=(4)-(8)	(10)=(1)-(5)
0.75	0.09	0.08	0.74	1.88	2.52
12.33	-	0.82	13.15	12.50	13.32
-	-	-	-	-	-
0.18	-	-	0.18	0.03	0.03
<b>13.26</b>	<b>0.09</b>	<b>0.90</b>	<b>14.07</b>	<b>14.41</b>	<b>15.87</b>
<b>39.60</b>	<b>0.52</b>	<b>3.96</b>	<b>43.04</b>	<b>59.97</b>	<b>62.75</b>
<b>36.02</b>	<b>0.48</b>	<b>4.06</b>	<b>39.60</b>	<b>62.75</b>	-

- 12.3 Registration of Deeds of Conveyance in respect of 2 flats at Kolkata is pending. (Total Purchase Value ₹0.06 Crore)
- 12.4 Lease hold land valuing ₹1.29 Crore at Bangalore is yet to be registered in favour of the company.
- 12.5 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).

Amortization			Net Block		
Upto 31.03.2011	Deductions/ Adjustment	For the year	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
(5)	(6)	(7)	(8)=(5)-(6)+(7)	(9)=(4)-(8)	(10)=(1)-(5)
-	-	-	-	-	-
-	-	-	-	-	-
1.20	1.01	0.05	0.24	0.07	0.05
<b>1.20</b>	<b>1.01</b>	<b>0.05</b>	<b>0.24</b>	<b>0.07</b>	<b>0.05</b>
<b>0.64</b>	<b>0.06</b>	<b>0.62</b>	<b>1.20</b>	<b>0.05</b>	<b>0.58</b>

# NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

## NOTE NO. 14 CAPITAL WORK IN PROGRESS

S. No.	Description	Gross			As on 31.3.2012
		As on 01.04.2011	Additions	Deductions	
		(1)	(2)	(3)	(4)=(1)+(2)-(3)
1	Office Building	3.64	3.64	0.26	7.02
2	Plant & Equipment	-	2.54	-	2.54
3	Furniture & Fixture	-	0.31	-	0.31
	<b>Total</b>	3.64	<b>6.49</b>	<b>0.26</b>	<b>9.87</b>
	Previous Year	0.26	<b>3.38</b>	-	<b>3.64</b>

## NOTE NO. 15 INTANGIBLE ASSETS UNDER DEVELOPMENT

S. No.	Description	Gross			As on 31.3.2012
		As on 01.04.2011	Additions	Deductions	
		(1)	(2)	(3)	(4)=(1)+(2)-(3)
1	Intangible Assets under Development	-	-	-	-
	<b>Total</b>	-	-	-	-
	Previous Year	-	-	-	-

## NOTE NO. 16 NON-CURRENT INVESTMENTS

### Trade Investment (Unquoted)

S.No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2012	Net Value as on 31.03.2011
1	Rich Field Aquatech Ltd Vizag*	550,000	10	-	-	-	-
2	Blue gold Maritech Ltd. Chennai*	1,600,000	10	-	-	-	-
				-	-	-	-

### Other Investment (Unquoted)

S.No.	Name of Company	No. of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2012	Net Value as on 31.03.2011
1	Maharashtra Small scale Industries Development Corporation Ltd.	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	0.00	-	-	-
4	Indo Pirin Gloves (P) Ltd.*	140,000	10	0.14	0.14	-	-
5	Sindhu Resettlement**	4	1,000	0.00	-	-	-
6	NSS Satpura Agro Development Co Ltd.	200,000	20	0.20	-	0.20	0.20
7	Sealac Agro Ventures Limited (SAVL)	100,000	10	0.10	-	0.10	-
8	6 year National Saving Certificate VII Issue***	-	-	0.00	-	-	-
	<b>Total</b>			<b>0.55</b>	<b>0.14</b>	<b>0.41</b>	<b>0.31</b>
	<b>Grand Total</b>			0.55	0.14	0.41	0.31

\* Investment book value is ₹1

\*\* Investment book value is ₹4000

\*\*\* Investment book value is ₹2000

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 17 DEFERRED TAX ASSETS (NET)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Deferred Tax Assets</b>		
Disallowances under the Income Tax Act, 1961	76.88	69.14
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	3.87	3.32
<b>Total</b>	<b>73.01</b>	<b>65.82</b>

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 (₹65.82 Crore). There is reasonable certainty that sufficient future taxable income will be available against which the deferred tax assets can be realised

### NOTE NO. 18 LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012	As at 31st March, 2011
1. Capital Advances	2.06	3.81
2. Security Deposits	8.99	3.38
3. Loans & Advances to related parties	-	-
4. Advances to employees	6.67	7.37
5. Interest accrued on advances to employees	8.34	7.95
6. Trade advances	112.39	24.16
7. Advance tax (net of provision)	10.00	10.00
8. Other Misc. advances	42.85	44.34
9. Claims recoverable	3.24	2.86
<b>Gross</b>	<b>194.54</b>	<b>103.87</b>
<b>Less : Provision for Bad &amp; Doubtful Loans &amp; Advances</b>	<b>156.44</b>	<b>69.27</b>
<b>Total</b>	<b>38.10</b>	<b>34.60</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### 18.1 Break-up of Long-Term Loans & Advances

-Secured, Considered Good	14.97	13.15
-Unsecured, Considered Good	23.13	21.45
-Doubtful	156.44	69.27
<b>Gross</b>	194.54	103.87
Less : Provision for Bad & Doubtful Loans & Advances	156.44	69.27
<b>Net</b>	<b>38.10</b>	<b>34.60</b>

18.2 18.2 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. Yet as a measure of abundant caution, full provision has been made in the 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. Company is in the process of executing the Arbitration Award.

18.3 In respect of a trading operation in Wheat, disposal of goods and recovery have not taken place as per contract for which legal actions have been initiated. Entire dues including recoverable from FCI A/c M/s Priyanka Overseas Limited aggregating to ₹58.41 Crore (₹58.41 Crore) has been provided / written off in earlier years. Further, during the current F.Y ₹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.

### 18.4 Details of Dues from Directors/Officers

- Directors : Nil
- Officers : ₹4.35 Crore

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 19

#### OTHER NON CURRENT ASSETS

Particulars	As at 31st March, 2012	As at 31st March, 2011
1. Long term trade receivable	696.93	2,355.57
2. Claims recoverable	38.94	151.51
3. Interest accrued on trade receivable	0.01	0.01
4. Others	0.14	0.12
<b>Gross</b>	<b>736.02</b>	<b>2,507.21</b>
<b>Less : Provision for Bad &amp; Doubtful Loans &amp; Advances</b>	<b>27.14</b>	<b>15.91</b>
<b>Total</b>	<b>708.88</b>	<b>2,491.30</b>
19.1 <b>Break-up of Other Non-Current Assets</b>		
-Secured, Considered Good	662.36	1,412.18
-Unsecured, Considered Good	46.52	1,079.12
-Doubtful	27.14	15.91
<b>Gross</b>	<b>736.02</b>	<b>2,507.21</b>
Less : Provision for Bad & Doubtful Loans & Advances	27.14	15.91
<b>Net</b>	<b>708.88</b>	<b>2,491.30</b>

- 19.2 Long Term Trade Receivable includes ₹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 ₹568.67 Crore (₹568.94 Crore) under sundry creditors. In view of this no provision is considered necessary.
- 19.3 Long Term Trade receivable include ₹4.94 Crore (₹4.94 Crore) towards reimbursement of loss in supply of PDS Items to M/s Gujarat State Civil Supply Corporation under the subsidized scheme of Government of India. As the claim is under process with Government of India, no provision is considered necessary.
- 19.4 Long term Trade receivable include ₹3.20 Crore (₹3.29 Crore) recoverable from one of the associates towards import of Pet Bottle material, which are pledged with the company. Steps are being taken to recover the amount. No provision is considered necessary by the company, in view of the pledged stock.

### NOTE NO. 20

#### CURRENT INVESTMENTS

Particulars	As at 31st March, 2012	As at 31st March, 2011
Current Investment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

- 17.05.2012 between the company and GSHL/GSPI which was duly authenticated by the Conciliators. The dues are secured by earnest money deposit of ₹35.53 Crore, corporate guarantee of its holding company, the personal guarantee of Chairman of its holding company, pledge of stocks and post-dated cheques.
- 22.4 Trade Receivable includes ₹787.69 Crore against EXIM Bank Related exports, corresponding credit balances are available totalling ₹361.63 Crore, leaving net debtors of ₹426.06 Crore. Out of which ₹30.57 Crore against post shipment credit availed was on the condition without recourse to the Company. Balance ₹395.49 Crore was recoverable from the associates, Corresponding Liability under post shipment credit amounting to US\$ 88.22 Million was restructured and converted to Working Capital Term Loan amounting to ₹397.17 Crore as per agreement dated 3rd December 2010. Company has repaid ₹38.45 Crore to M/s EXIM Bank being four quarterly installments during the F.Y 2011-12 after adjustment of ₹1.28 Crore recovered from one of the associates. A provision of ₹38.45 Crore has been made in the accounts for the year to the extent there are no commensurate recoveries from the associates.
- 22.5 An amount of ₹36.01 Crore (₹36.01 Crore) is recoverable from M/s Prime Impex Ltd, Kolkata towards High Sea Sale of Pulses during 2010-11. The associate, in connivance with CHA and surveyor has lifted said stock of pulses which were pledged. STC has lodged FIR against associate, CHA and surveyor in respect of above unauthorized lifting of material. All necessary legal action/steps have been taken by branch and being pursued vigorously in the court of law. EMD of ₹2.11 Crore is available with the STC. An amount of ₹0.23 Crore is also available against transaction related to Govt. A/c. Therefore net due from the associate is ₹33.67 Crore has been fully written off in the F.Y 2011-12.

### NOTE NO. 23

#### CASH & CASH EQUIVALENTS

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Balances with banks	90.68	197.11
(b) Current Account in Foreign currency -EEFC	1.44	1.26
(c) Cheques, drafts on hand*	-	-
(d) Cash in hand**	0.20	0.23
(e) Unpaid Dividend Bank Account	0.23	0.21
(f) Short Term Deposit with Banks	141.19	576.52
(g) Interest accrued on Term Deposit	-	0.04
(h) Stamps & Stamp Papers	0.01	0.01
<b>Total</b>	<b>233.75</b>	<b>775.38</b>

\*Current Year ₹6792(P.Y ₹9292)

\*\* Current Year ₹4178(P.Y. Nil)

- 23.1 Short Term Deposits include ₹124.96 Crore (P.Y ₹123.29 Crore) Pledged with Bank as margin against Letters of Credit.
- 23.2 EEFC A/C Balance is US\$ 0.03 Crore (US\$ 0.03 Crore)

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 24

#### SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012	As at 31st March, 2011
1. Security Deposits	3.69	2.03
2. Loans & Advances to related parties	-	-
3. Advances to employees	2.68	3.03
4. Interest accrued on advances to employees	0.87	2.31
5. Trade advances	236.84	104.84
5. Advance tax (net of provision)	16.67	31.46
6. Other Misc. advances	45.09	20.22
<b>Gross</b>	<b>305.84</b>	<b>163.89</b>
<b>Less : Provision for Bad &amp; Doubtful Loans &amp; Advances</b>	<b>1.43</b>	<b>6.37</b>
<b>Total</b>	<b>304.41</b>	<b>157.52</b>

#### 24.1 Break-up of Short-Term Loans & Advances

-Secured, Considered Good	2.81	63.62
-Unsecured, Considered Good	301.60	93.90
-Doubtful	1.43	6.37
<b>Gross</b>	<b>305.84</b>	<b>163.89</b>
Less : Provision for Bad & Doubtful Loans & Advances	1.43	6.37
<b>Net</b>	<b>304.41</b>	<b>157.52</b>

24.2 Trade advances include ₹174.35 crore (₹84.84 Crore) from one of the associates whose balance liability to the company has been taken over by GSHL. Accordingly, the amount recoverable was also included in the conciliation agreement signed by GSHL/GSPI with the company under Indian Arbitration and Conciliation Act 1996. An amount of ₹121.34 Crore has since been received by the company under the conciliation agreement. Further ₹61.28 Crore was received during April 2012. Under the Further Settlement Agreement dated 17.05.2012 the entire dues are payable to the company by 10.11.2012. Hence no provision is considered necessary.

#### 24.3 Details of Dues from Directors/Officers

- Directors : ₹0.003 Crore
- Officers : ₹1.56 Crore

# NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

## NOTE NO. 25

### OTHER CURRENT ASSETS

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Prepaid Expenses	0.36	0.30
(b) TA advance	0.03	0.08
(c) Advance for expenses	1.12	4.60
(d) Accrued discount on forward cover	0.40	0.64
(e) VAT receivable-input	2.01	3.04
(f) Income Tax Refundable	1.54	-
(g) Service Tax	0.01	-
(h) Exchange Difference on forward contract	0.79	-
(i) Deposits	4.28	4.07
(j) Claims Recoverable		
- From Govt. of India	307.94	109.83
- From State Govt.	-	-
- From insurance companies	0.02	-
- From Associates	1,155.25	1,158.30
- PSU	4.26	4.19
- Others	0.08	0.21
<b>Total Claims</b>	<b>1,467.55</b>	<b>1,272.53</b>
Less- Allowances for bad & Doubtful Claims	(1,155.25)	(1,155.25)
Net Claims	312.30	117.28
(k) Others	0.02	0.05
<b>Total</b>	<b>322.86</b>	<b>130.06</b>

25.1 Claims recoverable (Govt. of India) include ₹158.93 Crore towards import of Pulses under Govt. account since the year 2006-07 onwards. The claim for the same has been lodged on Govt. which is under active consideration of the Govt. for reimbursement of actual loss as informed by Ministry of Consumer Affairs.

25.2 Claims recoverable (Govt. of India) include ₹115.61 Crore on account of Edible oil import-PDS.

25.3 Claims recoverable include ₹1155.25 Crore [net of security deposit/margin money] shown as Claims recoverable from Business Associates M/s.Future Exim (India) Pvt. Ltd. & M/s.Future Metals Pvt. Ltd. The subsidiary opened usance letters of credit on overseas suppliers for import of Metal Scraps-[Nickel/Copper Scrap] for merchandise trading at the cost and risk of the Business Associates as per the back-to-back contract terms and conditions and accounted the same as purchases. The associates / buyers 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 ₹1155.25 Crore being the cost of cargoes stuffed in 885 containers supposed to contain Nickel and Copper Scrap and were lying at South Korean and Vietnam Ports. As the payments were not received, few containers got opened by the subsidiary were found to contain 25.3 Iron Scrap instead of Nickel and Copper Scrap. Out of 885 containers, 588 containers were auctioned at the ports at an average price of US\$ 232 per MT which were assessed as Iron and Steel Scrap instead of Nickel & Copper Scrap. The original value of 588 containers was ₹711.85 Crore and the balance of 297 containers were also auctioned the details of which are not available. In view of the cargo assessed as Iron/Steel Scrap and the auction sale price ranging from US\$ 206-250 per MT, the subsidiary has filed complaints against overseas seller M/s.Asia Metals & Commodities Pte Ltd., Singapore, M/s.Future Metals Pvt. Ltd., & M/s.Future Exim [India] Pvt. Ltd., Bangalore as well as international inspection agency, M/s Worldwide Logistic Survey Inspection, New Delhi, all the Criminal complaints filed in India have been transferred to CBI New Delhi. CBI is investigating the case and has seized 134 files for which the payments were not received. The Enforcement Directorate, has issued a show cause notice to subsidiary and its four officials, Future Metals Pvt. Ltd., and Future Exim [India] Pvt. Ltd., and 8 bankers of the subsidiary in December 2011. The Subsidiary has replied to the show cause notice.

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

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

**NOTE NO. 26**  
**REVENUE FROM OPERATIONS**

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Sales</b>		
Export	344.32	506.10
Import	29,961.20	18,949.88
Domestic	266.53	586.85
<b>Total(a)</b>	<b>30,572.05</b>	<b>20,042.83</b>
<b>(b) Other operating revenue</b>		
Exchange Fluctuation - Gain (Net)	-	176.05
Discount on Forward Cover	5.75	6.30
From Govt. of India	212.98	280.07
From State Govt.	4.64	-
From Insurance agencies	0.04	1.87
From business associates	38.80	4.51
Others claims	52.36	1.41
Despatch money earned	0.22	0.78
Cash Assistance /subsidy	1.11	0.52
Others	17.26	24.04
<b>Total(b)</b>	<b>333.16</b>	<b>495.55</b>
<b>Revenue from Operations (a+b)</b>	<b>30,905.21</b>	<b>20,538.38</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

**NOTE NO. 27**  
**OTHER INCOME**

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Interest income:-</b>		
Advance to Employees	0.91	1.65
Term Deposits With Banks & its subsidiaries	16.54	3.38
Interest on Investments	0.12	-
Income Tax Refunds	1.18	-
Interest on Trade Finance/Associates	255.11	191.58
Other interest	-	0.01
<b>Total (a)</b>	<b>273.86</b>	<b>196.62</b>
<b>(b) Miscellaneous income:-</b>		
Security Deposits forfeited	12.98	-
Performance Bank Guarantee forfeited	0.76	-
Rent received from Employees	0.09	0.14
Amortisation of ASIDE GRANT - Chindwada	0.52	0.54
Amortisation of Lease Hold Land -HO	0.09	-
<b>Total(b)</b>	<b>14.44</b>	<b>0.68</b>
<b>(c) Rental income:-</b>		
Rent Received from letout property	25.07	27.39
Recoveries for common services from tenants	3.40	4.05
<b>Total</b>	<b>28.47</b>	<b>31.44</b>
Less: Expenses related to let out property		
land & development office charges@25%	5.84	6.48
Property tax	5.52	5.38
electricity & water charges	1.36	1.14
Insurance premium	0.04	0.03
maintenance charges	0.81	1.50
Administrative expenses	0.41	0.45
<b>Total(c)</b>	<b>14.49</b>	<b>16.46</b>
<b>(d) Other Receipts:-</b>		
- Difference in exchange	2.68	1.23
- Misc. non Trade receipts	5.35	6.51
<b>Total(d )</b>	<b>8.03</b>	<b>7.74</b>
<b>Gross Total (a+b+c+d)</b>	<b>310.82</b>	<b>221.50</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 28

#### COST OF MATERIAL CONSUMED

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Stores/ Packing material consumed has been arrived as below:		
Opening Balance of Stores/ Packing material	0.04	0.07
Add: purchases made during the year	1.34	2.04
<b>Total</b>	<b>1.38</b>	<b>2.11</b>
Less: Closing balance of packing material	0.04	0.04
<b>Consumed during the year</b>	<b>1.34</b>	<b>2.07</b>

### NOTE NO. 29

#### PURCHASE OF STOCK IN TRADE

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Purchase	27,074.16	20,587.96
Freight -Road	8.37	-
Freight -Road	0.01	-
-Rail	931.41	30.01
-Marine	0.02	0.10
Market Cess	-	-
Exchange fluctuation -loss(Net)	119.97	0.01
Premium on forward contract	1.64	0.11
Insurance - General	1.36	0.39
- Marine	0.50	1.05
Customs Duty	1,107.97	374.14
Clearing, Handling, Survey fee, port & Other Charges	695.44	50.92
Demurrage	-	0.21
Processing Charges	36.80	30.94
Premium/Commission on Exim Scrip	-	1.58
Sales Tax/ Sur Charge on Sales Tax/VAT	0.10	0.04
Octroi/Purchase Tax Reimbursement/Turnover Tax	19.83	1.89
Sales Return	29.95	-
<b>Total</b>	<b>30,027.53</b>	<b>21,079.35</b>

29.1 Exchange Fluctuation-Loss (net) ₹119.97 Crore (P.Y. Exchange gain disclosed in Note 26 ₹176.05 Crore) Includes ₹118.72 Crore (P.Y. Exchange Gain ₹164.42 Crore) on account of Business Associates for which necessary adjustment had already been made in Purchases/ Sales Account, to that extent there is no impact on the profit for the year.

29.2 Details of Exchange Fluctuation(net) on account of Business Associates adjusted in Purchase/Sales is as follows:

- (A) Export -Exchange Gain (Adjusted in Purchase)	10.80	(1.25)
- (B) Import- Exchange Loss (Adjusted in Sales)	129.52	(165.67)
<b>Exchange Fluctuation (net) (A-B)</b>	<b>(118.72)</b>	<b>164.42</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

**NOTE NO. 30**  
**CHANGE IN INVENTORIES OF FINISHED GOODS,**  
**WORK IN PROGRESS AND STOCK-IN-TRADE**

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Inventories of finished goods</b>		
Balance of finished goods as on 31.03.2011	0.22	10.53
Less: Balance of finished goods as on 31.03.2012	15.04	0.22
<b>Changes in inventories of finished goods</b>	<b>(14.82)</b>	<b>10.31</b>
Increase as(-) and decrease as (+)		
<b>(b) Inventories of work-in-progress</b>		
Balance of work-in-progress as on 31.03.2011	-	-
Less: Balance of work-in-progress as on 31.03.2012	-	-
<b>Changes in inventories of work-in-progress</b>	<b>-</b>	<b>-</b>
Increase as(-) and decrease as (+)		
<b>(c) Inventories of stock-in-trade</b>		
Balance of stock-in-trade as on 31.03.2011	1,313.39	555.80
Less: Balance of stock-in-trade as on 31.03.2012	543.14	1,313.39
<b>Changes in inventories of stock-in-trade</b>	<b>770.25</b>	<b>(757.59)</b>
Increase as(-) and decrease as (+)		
<b>Total (a+b+c)</b>	<b>755.43</b>	<b>(747.28)</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 31

#### EMPLOYEE BENEFIT EXPENSE

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Employees benefit expense:</b>		
Salaries and Allowances	68.60	70.52
Residential Rent	0.01	-
Provident fund & family pension contribution	4.99	5.16
Bonus	-	-
Performance Related Pay	0.79	2.50
Welfare Expenses:		
- Medical Expenses	22.12	15.69
- Others	1.81	2.36
Gratuity	1.50	6.33
Pension	3.76	4.64
<b>Total(a)</b>	<b>103.58</b>	<b>107.20</b>
<b>(b) Remuneration to Directors</b>		
Salaries and Allowances	1.44	1.09
Provident fund & family pension contribution	0.09	0.08
Welfare Expenses		
- Medical Expenses	0.09	0.06
Gratuity	0.02	0.05
<b>Total(b)</b>	<b>1.64</b>	<b>1.28</b>
<b>Grand Total (a+b)</b>	<b>105.22</b>	<b>108.48</b>

- 31.1 As per Accounting Standard-15(Revised) "Employee Benefits", the disclosure as defined in the Accounting Standard are given in Note No. 53.
- 31.2 Value of Bonus paid ₹11,031 (P.Y. ₹10,688)
- 31.3 Pension includes contribution for Directors also.
- 31.4 Whole Time Directors also allowed the use of Corporation Car for Non-duty journey upto 1000 Kms per month on payment of ₹490/520/780 per month as applicable.
- 31.5 Actual Medical Expenses incurred towards Retired Employees including Retired Directors is ₹3.98 Crore (P.Y ₹3.09 Crore) and Provision for Post Retirement Medical Benefits on Acturial Basis is ₹17.12 Crore (P.Y ₹0.96 Crore)

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 32 FINANCE COST

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Bank Loan	244.04	202.39
Cash Credit	144.30	99.62
Export packing credit/PCFC	34.86	46.48
Business associates	15.86	1.69
Income Tax	-	-
Others	0.01	12.44
Exchange fluctuation on borrowing	1.21	-
<b>Total</b>	<b>440.28</b>	<b>362.62</b>

### NOTE NO. 33 DEPRECIATION AND AMORTISATION COST

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>Tangible Assets</b>		
<b>Free hold assets:</b>		
(a) Land	-	-
(b) Building	0.79	0.15
(c) Plant & Equipment	1.39	1.37
(d) Furniture & fixtures	0.14	0.20
(e) Vehicle	0.19	0.21
(f) Office Equipment	0.02	0.02
(g) Roads, culverts & sewerage etc	0.01	0.01
(h) Air conditioners & office equip.	0.19	0.18
(j) Railway sidings	-	-
(k) Computer, data processor & communication equipment	0.31	0.35
<b>Lease hold assets:</b>	-	-
(a) Land	0.08	0.10
(b) Building	0.60	1.24
(c) Plant & Equipment	-	-
(d) Other, Please specify	0.22	0.22
<b>Intangible Assets</b>	0.04	0.61
Amortisation of Computer Software	0.26	-
<b>Total</b>	<b>4.24</b>	<b>4.66</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 34 OTHER EXPENSES

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Other Operating Expenses</b>		
L/C Negotiation & Bank Charges	10.29	3.78
Godown, Plot, Tank Rent	9.90	10.41
Claims Paid	-	0.35
Commission on Sales	0.12	0.26
Delivery charges	5.76	6.92
<b>Total (a)</b>	<b>26.07</b>	<b>21.72</b>
<b>(b) Administration expenses:</b>		
Rent	3.42	1.88
Rates and Taxes:		
- Property Tax to Municipal Corporation	1.19	1.07
- Wealth Tax	0.10	0.12
- Others	0.05	0.04
Electricity and Water Charges	1.60	1.37
Printing and Stationery	0.44	0.43
Postage, Telegram, Teleprinter & Telex	0.18	0.13
Telephones	1.14	1.19
Books and Periodicals	0.07	0.18
Repairs		
- Building	0.02	0.01
- Plant and Machinery	0.08	-
- Others	0.42	0.26
Travelling Expenses	2.56	2.37
Housing Colony Expenses:	1.91	1.94
Service Vehicle Expenses	0.76	0.71
-Others	0.16	0.17
Auditors' Remuneration		
- Account Audit Fees	0.12	0.11
- Tax Audit Fees	0.06	0.05
- Certification fees	0.02	0.03
- Other charges - TA/DA etc.	0.01	-
HRD Expenses	0.64	0.61
Information Technology Expenses	0.09	0.27
Conveyance Expenses	0.09	1.31
Maintenance of office building	1.45	2.75
Miscellaneous Expenses:		
-Misc. Office expenses	2.53	2.94
-Out of pocket expenses paid to managers	0.11	0.13
Membership & Subscription	-	-
<b>Total (b)</b>	<b>19.22</b>	<b>20.07</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

NOTE NO. 34 (Contd.)

### OTHER EXPENSES

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(c) Trade Expenses:</b>		
Legal & Professional Expenses	3.01	2.30
Advertisement & Publicity	0.96	1.03
Exchange Fluctuations	0.58	0.09
Bank Charges	0.39	0.40
Entertainment expenses:	0.36	0.58
Hospitality and Public Relations	0.06	0.21
Corporate Social Responsibility	1.68	2.10
Other Expenses	1.28	0.72
<b>Total ( c )</b>	<b>8.32</b>	<b>7.43</b>
<b>Total (a+b+c)</b>	<b>53.61</b>	<b>49.22</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 35 EXCEPTIONAL ITEMS

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Expenses-</b>		
Loss on sale of fixed assets	0.01	0.01
<b>Total (a)</b>	<b>0.01</b>	<b>0.01</b>
<b>(b) Write Offs</b>		
Bad Debts	43.53	12.63
Less Provision	9.76	12.62
<b>Net</b>	<b>33.77</b>	<b>0.01</b>
Claims	0.75	0.73
Less Provision	0.75	0.73
<b>Net</b>	<b>-</b>	<b>-</b>
Advances	25.22	31.93
Less Provision	25.22	4.22
<b>Net</b>	<b>-</b>	<b>27.71</b>
Deposits	-	-
Less Provision	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
Assets	0.04	0.29
Less : Depreciation	0.04	0.29
<b>Net</b>	<b>-</b>	<b>-</b>
Investments	-	-
Less : Provision	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
<b>Total (b)</b>	<b>33.77</b>	<b>27.72</b>
<b>(c) Provision for Doubtful debts, Loans and advances &amp; Investment</b>		
Debts	38.45	0.03
Claims	1.27	-
Deposits	0.30	-
Investment	2.82	-
<b>Total (c)</b>	<b>40.41</b>	<b>0.03</b>
<b>(d) Income-</b>		
Profit on Sale of Fixed Assets	0.02	0.02
Liabilities Created in previous years written back		
- Statutory	-	0.39
- Others	29.27	13.48
Prov. Written back for doubtful amounts realised:		
-Advances	-	-
-Debts	2.02	5.89
-Claims	-	3.06
	0.01	0.01
Write back of unclaimed credit balances	1.22	0.42
<b>Total (d)</b>	<b>33.04</b>	<b>23.27</b>
<b>Total (a+b+c-d)</b>	<b>41.15</b>	<b>4.49</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 36 EXTRAORDINARY ITEMS

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Loss due to Earthquake/Cyclone/flood		
Loss due to Fire	-	-
<b>Total</b>	-	-

### NOTE NO. 37 PRIOR PERIOD ADJUSTMENT (NET)

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>(a) Income</b>		
Sales	(0.07)	0.07
Other Income	0.01	1.09
Interest Income	(2.80)	(2.12)
Misc. Income	0.03	5.16
<b>Total (a)</b>	<b>(1.83)</b>	<b>4.20</b>
<b>(b) Expenditure</b>		
Cost of Sales	49.38	(0.11)
Overheads	-	-
—Establishment	0.34	0.03
—Administration	0.02	0.09
—Trade	0.02	0.18
Interest	-	0.01
Depreciation	0.01	-
<b>Total (b)</b>	<b>49.77</b>	<b>0.20</b>
<b>Total Adjustment (a-b)</b>	<b>(51.60)</b>	<b>4.00</b>

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

### NOTE NO. 38 CURRENT TAX

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
<b>Current Tax (MAT)</b>		
Current tax has been computed on profit of the year as per the prevailing tax laws.	12.23	19.15
<b>Total</b>	<b>12.23</b>	<b>19.15</b>

## NOTES TO CONSOLIDATED ACCOUNTS AS ON 31ST MARCH, 2012 (Contd.)

(in ₹Crore)

### NOTE NO. 39 DEFERRED TAX ASSETS (NET)

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Deferred tax (net) is computed as per the prevailing tax laws; Deferred tax Assets	(7.19)	7.49
<b>Deferred tax assets(net)</b>	<b>(7.19)</b>	<b>7.49</b>

### NOTE NO. 40 PROFIT (LOSS) FROM DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
(a) Income from discontinuing operation	NIL	NIL
(b) Expenses of discontinuing operation	NIL	NIL
<b>Profit (Loss) (a-b)</b>	<b>-</b>	<b>-</b>

### NOTE NO. 41 TAX EXPENSE OF DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
Tax expense of discontinuing operations	NIL	NIL
Tax has been computed on discontinuing operation as per the prevailing tax laws.		
<b>Total</b>	<b>-</b>	<b>-</b>

### NOTE NO. 42 EARNING PER EQUITY SHARE- BASIC

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
A. Profit after Taxation	(265.89)	(121.58)
B. Weighted average No of equity shares (No. in Crore)	6.00	6.00
EPS Basic-In ₹- A/B	(44.32)	(20.26)
Face Value - In ₹	10.00	10.00

### NOTE NO. 43 EARNING PER EQUITY SHARE- DILUTED

Particulars	For The Year Ended 31st March, 2012	For The Year Ended 31st March, 2011
A. Profit after Taxation	(265.89)	(121.58)
B. Weighted average No of equity shares (No. in Crore)	6.00	6.00
EPS Basic-In ₹- A/B	(44.32)	(20.26)
Face Value - In ₹	10.00	10.00

## SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**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 effects of intra group transactions are eliminated in the consolidation.
- b) The difference between the cost of investment in the subsidiary/associate, over the net assets at the time of acquisition of shares 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 basis on like 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 Interests 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 statement except as otherwise stated in the 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 the 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. 80847

**Sd/-**  
**(N.K.MATHUR)**

Chairman & Managing Director

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

**Sd/-**  
**(KHALEEL RAHIM)**  
Director (Marketing)

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

Place : New Delhi  
Dated : 29.08.2012

## Other Notes

### 45. CONTINGENT LIABILITIES & COMMITMENT

		(in ₹Crore)	
I. Contingent Liabilities not provided for		31.3.2012	31.3.2011
A) Claims against the company not acknowledged as debt		1,985.17	1,582.09
B) Guarantees		545.17	630.03
C) Other money for which company is contingently liable		1,669.50	3,813.35
II. Commitment			
A) Estimated amount of contracts remaining to be executed on capital account and not provided for		7.21	2.94
B) Uncalled liability on shares and other investments partly paid		-	-
C) Other commitments (specify)		-	-

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. Trade receivables, loans & advances and other current & non-current assets include ₹103.20 Crore (₹57.37 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.
47. Balances in parties' accounts are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.
48. Current liabilities include balances that are subject to reconciliation/ confirmation and consequential adjustments.
49. 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.

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

		(in ₹Crore)	
a) Expenditure in Foreign Currency (on accrual basis)		2011-12	2010-11
i) Import of Goods including freight etc.*		18234.90	19515.17
ii) Interest		-	-
iii) Training		0.08	0.03
iv) Travelling		0.24	0.29
v) Agency Commission		-	0.29
vi) Books & Periodicals		0.01	0.02
vii) Others		0.19	0.01
<b>Total</b>		<b>18235.42</b>	<b>19515.81</b>
b) Earning in Foreign Exchange (on accrual basis)			
i) Export of goods on FOB basis*		300.04	376.68
ii) Dispatch Money		-	0.78
iii) Others		3.42	4.94
<b>Total</b>		<b>303.46</b>	<b>382.40</b>

\* include third party transactions.

**51. INFORMATION ABOUT BUSINESS SEGMENT AS AT 31.03.2012 - attached.**

**52. RELATED PARTY TRANSACTION:**

**1. Key Management Personnel**

- i. Directors
  - a. Shri N. K. Mathur Chairman & Managing Director
  - b. Shri N. K. Nirmal Director (Finance) (Till 12.12.2011)
  - c. Shri S. S. Roy Burman Director (Marketing)
  - d. Shri M. M. Sharma Director (Personnel)
  - e. Shri Khaleel Rahim Director (Marketing)
  - f. Shri H.P. Girish Managing Director (STCL)
- ii. Relatives of Directors None

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

**53. 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 is charged to the Profit & Loss Account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by the Government. Overall interest earnings and cumulative surplus is more than the statutory interest payment requirement.

**B. Post-Retirement Medical Facility (PRMF)**

The company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company. Post retirement medical benefits are recognised in the books as per the actuarial valuation. Total actuarial liability of ₹57.48 Crore is estimated as per actuarial valuation as on 31.03.2012 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 while in service/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. The liability for EL and HPL is recognised in the books as per the actuarial valuation.

**D. Gratuity**

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

**E. Other Benefits**

Service awards are given to regular employees for rendering continuous service in the Company for long service rendered by them on completion of 15/25/30/35/40 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. The liability on this account is recognised in the books as per the actuarial valuation.

**F. Pension**

In pursuance to the guidelines issued by the Department of Public Enterprises, regarding revision of pay scales w.e.f. 01.01.2007 inter-alia providing for superannuation benefits up to 30% of basic pay plus DA including CPF, gratuity, pension and post-superannuation medical benefits, the company had formulated a pension

scheme for its retiring employees. Under the scheme the employer is contributing 9% of Basic Pay + DA of eligible employees.

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

**i. Expenses recognised in Profit & Loss Account**

Particulars	(in ₹Crore)			
	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Current Service Cost	2.23	2.77	1.08	-
Past Service Cost	-	-	-	-
Interest cost	2.94	1.01	0.90	0.13
Expected return on plan assets	3.52	-	-	-
Net actuarial (gain)/loss recognized in the year	(0.61)	0.19	(0.93)	(0.06)
Expenses recognized in the Profit & Loss Account	1.52	3.97	1.05	0.07

**ii. The amount recognised in the Balance Sheet**

Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Present value of obligation as at 31.3.2012	41.50	13.96	11.15	1.44
Fair value of plan assets as at 31.3.2012	41.29	-	-	-
Funded Status	0.28	(13.96)	(11.15)	(1.44)
Net asset / (liability) recognized in the Balance Sheet	0.28	(13.96)	(11.15)	(1.44)

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

Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Present value of obligation as at 1.4.2011	40.80	13.49	10.76	1.55
Interest cost	2.94	1.01	0.90	0.13
Current Service Cost	2.23	2.77	1.08	-
Past Service Cost	-	-	-	-
Benefits paid	3.56	(3.50)	(0.66)	(0.17)
Net actuarial (gain)/loss on obligation	(0.96)	0.20	(0.92)	(0.06)
Present value of the defined obligation as at 31.3.2012	41.51	13.96	11.15	1.44

**v. Actuarial Assumption**

Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Discount rate	8%	8.60%	8.60%	8.60%
Rate of increase in compensation level	8%	8%	8%	-
Rate of return on plan asset	10%	-	-	-

**54. Foreign Exchange Exposure as on 31.03.2012**

(Foreign Currency in ₹Crore)

Particulars	Hedged*		Unhedged*	
	Receivables	Payables	Receivables	Payables
USD	-	0.96	31.53	28.67
EURO	-	-	0.11	-

\* Exposure on behalf of Business Associates

55. 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.
56. 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.
57. Accounting for Investment in Joint Ventures:- STC has following four Joint Ventures:-

(in ₹Crore)

S.No.	Name of Joint Venture	Total Amount Invested	Book Value of Investment as on 31.03.2012	Percentage of holding
1.	M/s.Richfield Aquatech Ltd. Vizag	0.55	Negligible Value	13.00%
2.	M/s. Bluegold Meritech Ltd. Chennai	1.60	Negligible Value	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 S.No. 1. & 2. are not consolidated in view of continuous losses in the past and virtual closure of associates operations. The Companies investment in these ventures has been shown at ₹1/- each after writing off the same against provisions made in earlier years.

Further Financial Statements of the Joint Ventures at S. No.3 & 4 are yet to be finalized for the financial year 2011-12, hence not included in the consolidated financial statements.

58. Consequent to the notification of Revised Schedule VI under Companies Act, 1956, the financial statements for the year ended 31st March, 2012 have been prepared as per Revised Schedule VI. Accordingly Figures of the previous period have been regrouped/ rearranged to make them comparable with those of the current period wherever necessary.
59. Accounting policies, Schedules and Notes on accounts attached form an integral part of the accounts.
60. The figures pertaining to subsidiary companies have been reclassified, where necessary, to bring them in line with the parent company's financial statements.
61. Financial statements of the Subsidiary Company yet to be audited and hence unaudited figures for the year 2011-12 have been incorporated in the Consolidated Accounts.
62. Values in brackets indicate corresponding previous year figure.

**FOR CHANDIOK & GULIANI**

Chartered Accountants

FRN: 001199N

Sd/-

**(V. K. LALLA)**

Partner

M.No. 80847

Sd/-

**(N.K.MATHUR)**

Chairman & Managing Director

Sd/-

**(MANOJ MISHRA)**

Chief General Manager (Finance)

Sd/-

**(KHALEEL RAHIM)**

Director (Marketing)

Sd/-

**(R. K. GOGIA)**

Company Secretary

Place : New Delhi

Dated : 29.08.2012

## INFORMATION ABOUT CONSOLIDATED BUSINESS SEGMENT AS ON 31.03.2012

(in ₹Crore)

S. No.	PARTICULARS	EXPORT		IMPORT	
		2011-12	2010-11	2011-12	2010-11
<b>1</b>	<b>Revenue</b>				
a.	External sales	359.49	506.93	30,274.60	19,413.32
b.	Inter-segment sales	-	-	-	-
	<b>Total Revenue (1a+1b)</b>	<b>359.49</b>	<b>506.93</b>	<b>30,274.60</b>	<b>19,413.32</b>
<b>2.</b>	<b>Result</b>				
a.	Segment result	6.15	12.28	81.78	159.10
b.	Unallocated common expenses	(7.84)	(3.77)	(14.24)	(13.27)
<b>3.</b>	<b>Operating Profit (2a-2b)</b>	<b>13.99</b>	<b>16.05</b>	<b>96.02</b>	<b>172.37</b>
4.	Interest expenses	34.83	20.35	17.11	27.68
5.	Interest Income	169.99	1.99	53.54	19.01
6.	Income tax	-	-	-	-
<b>7.</b>	<b>Profit from ordinary activities (3-4+5-6)</b>	<b>149.15</b>	<b>(2.31)</b>	<b>132.45</b>	<b>163.70</b>
8.	Extraordinary loss/Expenses	-	-	-	-
a.	Prior period adjustment	-	0.17	-	(4.31)
b.	Amortisation of expenses	-	-	-	-
c.	Others	-	-	-	-
	<b>Total (8a+8b+8c)</b>	<b>-</b>	<b>0.17</b>	<b>-</b>	<b>(4.31)</b>
<b>9.</b>	<b>Net Profit (7-8)</b>	<b>149.15</b>	<b>(2.48)</b>	<b>132.45</b>	<b>168.01</b>
<b>10.</b>	<b>Other Information</b>				
a.	Segment assets	2,832.88	2,951.82	3,017.76	3,652.80
b.	Unallocated Corporate assets	-	-	-	-
	<b>Total assets (10a+10b)</b>	<b>2,832.88</b>	<b>2,951.82</b>	<b>3,017.76</b>	<b>3,652.80</b>
c.	Segment liabilities	1,394.39	1,298.28	2,487.15	3,886.60
d.	Unallocated Corporate Liabilities	-	-	-	-
	<b>Total liabilities (10c+10d)</b>	<b>1,394.39</b>	<b>1,298.28</b>	<b>2,487.15</b>	<b>3,886.60</b>
e.	Capital Expenditure	-	-	-	-
f.	Depreciation	-	-	-	-
g.	Non -cash expenses other than depreciation	39.72	27.72	33.98	-

## INFORMATION ABOUT CONSOLIDATED BUSINESS SEGMENT AS ON 31.03.2012

(in ₹Crore)

DOMESTIC		UNALLOCATED		CONSOLIDATED	
2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
271.13	618.13	-	-	30,905.22	20,538.38
-	-	-	-	-	-
<b>271.13</b>	<b>618.13</b>	<b>-</b>	<b>-</b>	<b>30,905.22</b>	<b>20,538.38</b>
6.93	11.17	-	-	94.86	182.55
(0.01)	-	163.31	137.34	141.22	120.30
<b>6.94</b>	<b>11.17</b>	<b>(163.31)</b>	<b>(137.34)</b>	<b>(46.36)</b>	<b>62.25</b>
-	-	388.33	314.57	440.27	362.60
48.44	-	1.89	175.62	273.86	196.62
-	-	1.52	21.85	1.52	21.85
<b>55.38</b>	<b>11.17</b>	<b>(551.27)</b>	<b>(298.14)</b>	<b>(214.29)</b>	<b>(125.58)</b>
-	-	-	-	-	-
-	-	51.60	0.14	51.60	(4.00)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	<b>51.60</b>	<b>0.14</b>	<b>51.60</b>	<b>(4.00)</b>
<b>55.38</b>	<b>11.17</b>	<b>(602.87)</b>	<b>(298.28)</b>	<b>(265.89)</b>	<b>(121.58)</b>
288.63	271.92	377.62	324.30	6,516.89	7,200.84
-	-	-	-	-	-
<b>288.63</b>	<b>271.92</b>	<b>377.62</b>	<b>324.30</b>	<b>6,516.89</b>	<b>7,200.84</b>
24.03	61.32	3,729.05	2,791.87	7,634.62	8,038.07
-	-	-	-	-	-
<b>24.03</b>	<b>61.32</b>	<b>3,729.05</b>	<b>2,791.87</b>	<b>7,634.62</b>	<b>8,038.07</b>
-	-	8.33	5.35	8.33	5.35
-	-	4.26	4.68	4.26	4.68
-	-	0.48	0.03	74.18	27.75



**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](http://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](mailto:admin@mcsdel.com) .

Full text of notices/documents meant for general shareholders would also be made be available on our website [www.stc.gov.in](http://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-Sixth Annual General Meeting** of the Company to be held at its Registered Office on Thursday, 27th September, 2012 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-Sixth Annual General Meeting** of the Company to be held on Thursday, 27th September, 2012 at its Registered Office.

Folio / DP & Client ID No. :

No. of Shares held :

Name :

Address :

Signature of Shareholder/Proxy :

Affix  
Revenue  
Stamp

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





# 56 Years of excellence in Global Trading



*Business Beyond Boundaries*

**THE STATE TRADING CORPORATION OF INDIA LIMITED**

(A Government of India Enterprise)

Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001

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

E-mail : [co@stc.gov.in](mailto:co@stc.gov.in) website : [www.stc.gov.in](http://www.stc.gov.in)



## THE STATE TRADING CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001

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