



**Directors' Report
&
Annual Accounts
2009-10**



THE STATE TRADING CORPORATION OF INDIA LIMITED

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

Shri N.K. Mathur

FUNCTIONAL DIRECTORS

Shri N.K. Nirmal
Shri S.S. Roy Burman
Shri M.M. Sharma
Shri Khaleel Rahim

NON-EXECUTIVE DIRECTORS

(GOVERNMENT NOMINEES)

Dr. Sutanu Behuria
Shri R. Gopalan (upto 28.01.2010)
Shri P.K.Chaudhery (from 28.01.2010)

PART-TIME NON-OFFICIAL DIRECTORS

(INDEPENDENT DIRECTORS)

Dr.(Mrs.) B Kinnera Murthy
Shri Jayendra N Shah
Shri D.T. Joseph (upto 24.09.2009)

COMPANY SECRETARY

Shri A.K. Gupta

THE STATE TRADING CORPORATION OF INDIA LTD.

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

NOTICE

Notice is hereby given that the 54th Annual General Meeting of The State Trading Corporation of India Ltd. will be held at 3 P.M on Monday, the 27th September, 2010 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, 2010, audited Profit & Loss Account for the year ended 31st March, 2010, together with the reports of the Directors and Auditors thereon.
2. To confirm payment of interim dividend and declare final dividend for the year 2009-10.
3. To appoint Director in place of Shri N.K. Nirmal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Shri Khaleel Rahim, who retires by rotation and being eligible, offers himself for re-appointment.
5. To authorize Board of Directors of the company to fix remuneration of the Statutory Auditors of the company in terms of the provisions of Section 224 (8) (aa) of the Companies Act, 1956 and to pass the following resolution, with or without modification(s), as an Ordinary Resolution :
"RESOLVED THAT the Board of Directors of the company be and is hereby authorized to decide and fix the remuneration of the Statutory/Branch Auditors of the Company for the financial year 2010-11, 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 Ordinary Resolution:
"RESOLVED THAT Shri P.K. Chaudhery, who was appointed as an Additional Director by the President of India and joined the Board w.e.f. 28.01.2010 be and is hereby appointed as part-time 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/-
(A.K.Gupta)
Company Secretary

Registered Office:

Jawahar Vyapar Bhawan
Tolstoy Marg, New Delhi - 110001
Dated: 27th August, 2010

NOTE FOR MEMBERS' ATTENTION

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company. Proxy Form duly completed should be deposited at the registered office of the company not less than 48 hours before the scheduled time of the meeting. Blank proxy form is enclosed at the end of Annual Report.
2. The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the Special Business is annexed herewith.

3. The Register of Members and Share Transfer Books of the Company shall remain closed from 23rd September, 2010 to 27th September, 2010 (both days inclusive) for the purpose of payment of dividend, if any, to be declared at this meeting.
4. The dividend, if any, in respect of Equity Shares held in electronic form will be paid on the basis of beneficiary ownership, details of which are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the said purpose.
5. 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, to the Company/R&T Agent.
6. Members are requested to notify immediately any change of address:
 - i. to their Depository Participants (DP) in respect of shares held in dematerialized form, and
 - ii. to the Company at its Registered Office or to its Registrar & Transfer Agent, M/s MCS Ltd., in respect of their physical shares, if any, quoting their folio number.
7. 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, there remains no claim of the members whatsoever on the amount. Therefore, Members who have not yet encashed their dividend warrant(s) are requested to make their claims to the company, without any delay.
8. Members are requested to:-
 - (i) **bring their Attendance Slip and copy of Annual Report** at the venue of the meeting.
 - (ii) Shareholders **desiring any information** as regards the accounts are requested to write to the company at an early date so as to enable the Management to keep the information ready at the meeting.
 - (iii) **Quote their Folio/DP & client id** No. in all correspondence with the Company/R&T Agent.
 - (iv) 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.
 - (v) **Corporate Members** intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
 - (vi) Note that **briefcase, bag, eatables, etc. will not be allowed** to be taken inside the venue of the meeting for security purposes.
 - (vii) Note that no **gifts/coupons** will be distributed at the Annual General Meeting.

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

ITEM NO. 6

Shri P.K. Chaudhery, IAS, Additional Secretary, Ministry of Commerce & Industries, has been appointed as part-time Director by the President of India vide Order No.1/2/98-FT(ST) dated 13.01.2010. In terms of Section 260 of the Companies Act, 1956, he vacates his office at the forthcoming AGM and is eligible for re-appointment. A brief resume of Shri Chaudhery is given in the Annexure. The Company has received necessary letter of consent from him under Section 264(1) of the Companies Act, 1956.

None of the Directors, other than Shri Chaudhery is interested in the resolution.

Your Directors commend the above resolution for approval of the shareholders.

By order of the Board of Directors
Sd/-
(A.K. Gupta)
Company Secretary

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

Name	Shri N.K. Nirmal	Shri Khaleel Rahim	Shri P.K. Chaudhery
Date of Birth	15.09.1952	14.12.1961	08.06.1953
Date of Appointment	01.08.2006	21.11.2008	28.01.2010
Qualifications	B.Sc., C.A.I.I.B., M.B.A.	BE (Hons.) Mech. Engg.	M.Sc. (Hons.) Physics.
Expertise in specific functional areas	Shri Nirmal has vast experience of over 29 years of working in Banks and PSUs in various capacities. Prior to joining Board of STC, Mr. Nirmal had worked as Chief General Manager (Finance & Accounts) of MMTC Ltd. He has experience of working as head of various departments, Regional Office and a Foreign office of MMTC.	Shri Rahim has vast experience of over two decades in the Indian Oil Sector and has handled key positions in bulk and retail marketing operations in Hindustan Petroleum Corp. and in ONGC's subsidiary MRPL.	Shri Chaudhery, is presently holding the position of Addl. Secretary, Min. of Commerce & Industries. He has 33 years of rich experience working at various levels with Government of India. He also worked in the area of Industrial Development and IT in the State of Haryana.
Directorship held in other public companies	STCL Ltd.	Nil	MMTC Ltd
Membership/Chairmanship of committees of other companies	Nil	Nil	Nil

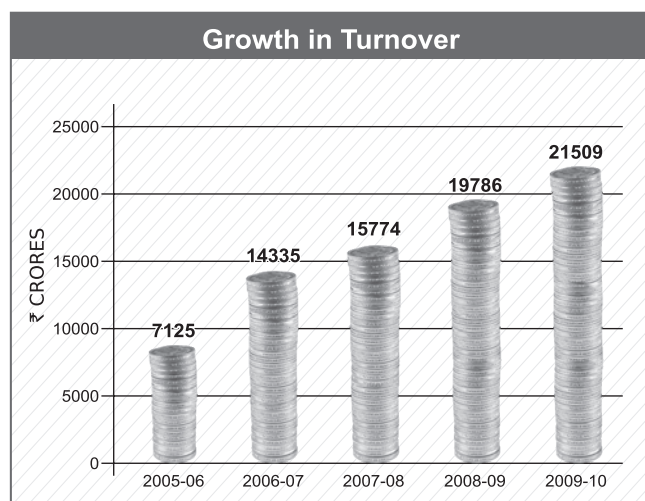
DIRECTORS' REPORT

The Board of Directors has pleasure in presenting the 54th Annual Report on the working of the Corporation together with the audited statements of accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

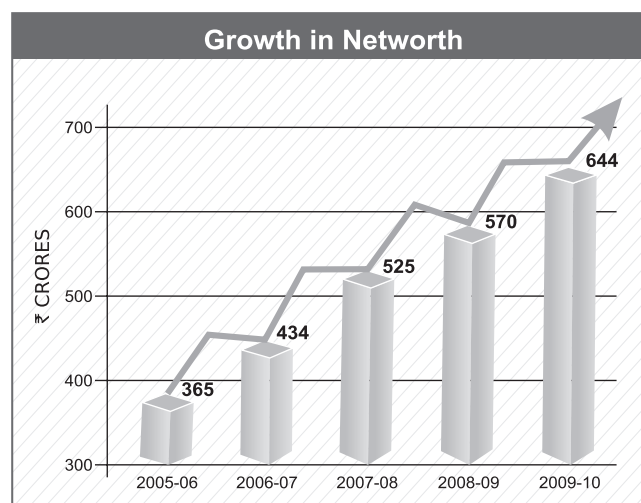
During the year 2009-10, the overall performance of the Corporation recorded significant improvement vis-à-vis the previous year as may be seen from the table given below:

	2009-10	2008-09
(₹Crores)		
TURNOVER		
Exports	1504	2132
Imports	19049	16316
Domestic	956	1338
GRAND TOTAL	21509	19786
FINANCIAL		
Trading Profit	145	113
Profit Before Tax (PBT)	171	145
Profit After Tax (PAT)	107	79
DIVIDEND	28.5	28.5
Net Worth	644	570



OPERATIONS AND BUSINESS PERFORMANCE

During 2009-10, your company achieved the highest ever turnover of ₹21509 crore in spite of the continued adverse impacts of global economic slowdown on country's foreign trade. The growth was mainly attributable to higher imports of items such as bullion, hydrocarbons, minerals & metals, petrochemicals, etc.



During the period under review, STC also registered a 36% increase in the net profit earned over the previous year.

DIVIDEND

The Corporation has already paid an interim dividend for the year 2009-10 @25% of its paid-up equity capital of ₹60 crore as per the decision of the Board of Directors in its meeting held on 28.01.2010. The Board recommends an additional dividend @₹2.25 per share or 22.5% of paid-up equity capital thereby taking the total dividend payment for the year 2009-10 to 47.5%.

FOREIGN EXCHANGE EARNINGS/OUTGO

The total foreign exchange earnings of the Corporation by way of exports, trade margins, etc. during the year amounted to ₹1494 crore while the foreign exchange outgo

by way of imports and other expenses amounted to ₹17585 crore.

RECOGNITIONS EARNED/AWARDS WON

During the year, the Corporation earned more recognitions and awards. These included :

- 2nd rank among trading companies of the country according to a Survey by Dun & Bradstreet.
- 2nd rank in terms of sales to assets ratio among super 100 companies by Business India (Dec.13, 2009).
- 14th rank in terms of net sales among 204 PSUs as per Public Enterprises Survey : 2008-09 brought out by Department of Public Enterprises.
- 22nd rank in terms of net sales among top 500 companies by The Financial Express (Feb.'2010).
- 25th rank in terms of net sales among top 1000 companies by Business Standard (Feb.'2010).
- Won Asia's Best Employer Brand Award 2010 for Talent Management.

PERFORMANCE OF SUBSIDIARY COMPANY

STCL Ltd. (Formerly Spices Trading Corporation Limited)

STCL, the wholly owned subsidiary of STC based at Bangalore, is involved in import, export and domestic trading of a varied range of products, both agricultural as well as non-agricultural.

Annual accounts of STCL for the year 2009-10 have not yet been finalized.

As per the accounts for 2008-09, STCL has a negative net worth of ₹899.34 crore, due to recoveries outstanding from its business associates.

PERSONNEL

The Corporation had a manpower of 890 as on 31.03.2010. This included 539 managers and 351 staff.

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

Industrial Relations

The industrial relations scenario remained harmonious, positive and constructive. No 'man days' were lost on account of any industrial conflict. Trust and confidence level between the Management and employees remained high and almost all employees related issues in the Company were resolved through mutual dialogue and information sharing. During the year, the Corporation modified certain rules, systems & procedures dealing with employee relations, succession planning, etc with a view to achieving overall improvement in discipline, productivity and growth.

Human Resource Development

Realizing that HRD is the elixir of any business enterprise, it has been the Corporation's endeavor to integrate learning in the various processes and develop capabilities to be able to face stiff competition in view of the changing global trading environment. The Corporation remained consistently involved in motivating the employees and creating better work environment through various training and development programmes. Orientation programmes were organized for new Probationary Officers. The skill needs of the employees were identified and trainings were organized to improve skill sets to suit new business models. 73% employees were covered under various training programmes ranging from International Trade, Managerial effectiveness to Personal Development, Vigilance Awareness, Stress Management and many other related areas of organizational importance. An employee engagement and Psychological Contract survey was carried out and its findings were analyzed to design suitable strategies to fill the gap.

Recruitment of SC/ST/OBC and physically challenged persons

The Corporation has been implementing the policies and guidelines issued by the Government of India from time to time with regard to recruitment of SC/ST/OBC and

physically challenged candidates. During the year, 4 SC/ ST and 4 OBC candidates were recruited.

OFFICIAL LANGUAGE

In compliance with Governments' Policy on Official Language, vigorous efforts were made for propagating and increasing the progressive use of Hindi in official work. Acknowledging its commitment, STC has been honoured and bestowed upon with the second prize – Indira Gandhi Shield for the year 2007-08 by the Home Ministry, Government of India. The Shield was presented by the Hon'ble President of India during the year 2009-10.

STC has been regularly conducting workshops for propagating Hindi and encouraging employees to use Hindi in their daily official work. Every year "Hindi Diwas" & "Rajbhasha week / Fortnight" are organized in Corporate office as well as in Branch offices. Parliamentary Committee on Official Language, during its inspection of our various offices, has also appreciated STC's efforts in propagating use of Hindi in official work.

VIGILANCE ACTIVITIES

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

- With a view to creating greater awareness, amongst employees, of the need for eradication of corruption and maintenance of high standards of integrity, Vigilance Awareness Week was observed in STC's Corporate Office and Branch Offices from 3rd to 7th November, 2009. As a part of the observance of the week, a seminar on 'Need for Transparency in Public Life' was organized in the Corporate Office. Besides, various programmes relating to vigilance awareness and anti-corruption were also organized by the Branch Offices.
- In-house training programmes were organized on 'Vigilance Awareness & Disciplinary Proceeding'.
- Complaints received from various agencies / sources were duly investigated.

- Departmental inquiries having a vigilance angle were handled.
- Constant liaison was maintained with various agencies for ensuring preventive vigilance and providing details/ inputs to regulatory agencies as per statutory requirements.
- Inspection of the Branch Offices of the Corporation was conducted thereby bringing various aspects to the attention of top management for taking corrective/preventive action.

PARTICULARS OF EMPLOYEES

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

FINANCIAL ACCOUNTING

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

LISTING

The equity shares of the company remain listed with National Stock Exchange and Bombay Stock Exchange and the annual listing fee for the financial year 2009-10 has been paid to these exchanges.

CORPORATE GOVERNANCE

Your Directors reaffirm their commitment to good governance practices and adherence to all the major stipulations laid down by SEBI Corporate Governance Practices. The company believes that good corporate governance practices in the long term leads to creation of wealth for all its stakeholders.

A report on the corporate governance practices, the Auditors' certificate on compliance of mandatory requirements thereof and Management Discussion and Analysis are given as an annexure to this report.

AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India (C&AG). Their report, with corresponding replies from the Board of Directors, is attached as annexure forming part of this report.

COMMENTS OF C&AG

The comments of C&AG under section 619 (4) of the Companies Act, 1956 on the accounts of the Corporation for the year 2009-10 along with C&AG's review of the accounts are submitted herewith.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under section 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that :

- in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they 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 at the end of the financial year and of the profit of the company for the year;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; they have prepared the annual accounts on a going concern basis.

BOARD OF DIRECTORS

The resignation of Shri D.T. Joseph, Director was accepted by the Audit Committee and Board of Directors in the meetings held on 24.09.2009.

Shri P.K. Chaudhery, Additional Secretary, Ministry of Commerce & Industry joined the Board as non-official part time Director w.e.f. 28.01.2010 vice Shri R. Gopalan, Additional Secretary, Ministry of Commerce & Industry, as appointed by Govt. of India. Shri P.K. Chaudhery will hold office up to the ensuing Annual General Meeting and being eligible offers himself for appointment.

The Board places on record its appreciation for the commendable services and contributions made by Shri D.T. Joseph and Shri R. Gopalan towards effective discharge of the functions of the Board and its committee. The Board also welcomes Shri P.K. Chaudhery and expresses confidence that the company shall immensely benefit from his rich and varied experience.

In terms of provisions of article 79(2) of the Articles of Association, Shri N. K. Nirmal and Shri Khaleel Rahim would retire by rotation at the ensuing AGM and being eligible offer themselves for re-appointment.

The proposals regarding the appointment/ re-appointment of the aforesaid Directors are placed for your approval.

CODE OF CONDUCT

Pursuant to clause 49 (1) (d) of the Listing Agreement signed with the Stock Exchanges, a detailed Code of Conduct for Board Members and Senior Management Personnel has been laid down and all Board Members and Senior Management Personnel, to whom the said Code is applicable, have affirmed compliance of the same for the period ended 31st March 2010.

ACKNOWLEDGEMENTS

The Board of Directors is pleased to place on record their appreciation of the continued patronage and the confidence posed by business associates and customers during the year. The Board gratefully acknowledges the

continued guidance and support received from the Ministry of Commerce & Industry and various other Departments of Government of India. The Directors take this opportunity to thank the Ministry of Food, Consumer Affairs and Public Distribution, Ministry of Chemicals and Fertilizers and different State Governments for their faith in the Corporation. Your Directors place on record their sincere appreciation for the continued cooperation and help received from banks, financial institutions, auditors, legal advisors, consultants and shareholders. The Board also acknowledges the contribution and hard work put in by

the employees at all levels without which it would not have been possible for your company to achieve consistent growth in spite of global slowdown.

For and on behalf of Board of Directors

Sd/-

(N.K. MATHUR)

Chairman & Managing Director

New Delhi

Date : 18th August, 2010

Annexure-I to Directors' Report

INFORMATION REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975, AS AMENDED AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

(A) Employed throughout the financial year and in receipt of remuneration not less than Rs. 24,00,000/- in the aggregate for the year 2009-10

Sl. No.	Name of Employee	Designation	Age as on 31.3.2010	Remuneration* (Rs.)	Nature of Employment whether Contract or regular	Qualification	Date of commencement of service in STC	Total experience (years)	Last employment held in
1	2	3	4	5	6	7	8	9	10
1.	Sh. N.K. Mathur	CMD	57	38,18,021	Regular	B. Tech., Diploma in Business Management	26.07.2005	30	MMTC
2.	Sh. M.M. Sharma	Director (Pers.)	56	25,11,879	-do-	B.A., LLB. PG in IR&PM	30.07.2008	32	MTNL
3.	Sh. S.S. Roy Burman	Director (Mktg.)	50	37,79,264	-do-	B.Tech., MBA	01.05.2007	28	PEC
4.	Sh. N.K. Nirmal	Director (Fin.)	57	40,02,546	-do-	B.Sc., C.A., IIB, MBA	01.08.2006	30	MMTC

(B) Employed for part of the financial year 2009-10 and in receipt of remuneration not less than Rs. 2,00,000/- per month.

Sl. No.	Name of Employee	Designation	Age as on 31.3.2010	Remuneration* (Rs.)	Nature of Employment whether Contract or regular	Qualification	Date of commencement of service in STC	Total experience (years)	Last employment held in
1	2	3	4	5	6	7	8	9	10
1.	Sh. Suresh Chaudhary	CVO	60	30,11,028	Regular	IPS	31.01.2005	32	IG Police Rajasthan
2.	Sh. O.P. Harea	DGM	60	17,55,495	Regular	M.A.	09.01.1976	33	S.T.C.
3.	Sh. Harmesh Kumar	CM(F)	60	18,34,761	Regular	B.A.	18.01.1975	32	S.T.C.
4.	Sh. H.R. Sharma	CM	60	14,99,092	Regular	M.A., PGDM	15.04.1977	32	S.T.C.
5.	Sh. V. Mani	GM	60	17,56,805	Regular	MA (Sociology) MA (Pub. Admn.) DGDIB, M.Phil, Ph.D., MBA, Certificate course in International Business Languages of German	01.09.1975	34	S.T.C.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

WORLD ECONOMIC OVERVIEW

The world economy recovered stronger in 2009 than was expected after the financial crisis of 2008. Global activity improved at varying speeds in different economies, tepidly in many of the advanced economies but solidly in most emerging and developing economies.

The advanced economies including the US, Euro zone, Japan and the UK, hit particularly hard by financial crisis and the collapse in world trade, are showing some signs of stabilization. Output in advanced economies are projected to increase by 2.6 per cent in 2010 compared to a contraction of 3.2 per cent in 2009. Among advanced economies, the United States started off better than Europe and Japan even though the US was the epicenter of the 2008 financial crisis. The stronger U.S. recovery may be attributed to unprecedented fiscal stimulus. However, high unemployment, large fiscal deficits, unhealed financial systems and weak household balance sheets continue to present challenges.

Certain fiscal difficulties developed in Greece in the last quarter of 2009-10 which resulted in nervousness about economies of some Euro zone countries and their currency downfall. Though it led to a worldwide sell-off in equities and a massive increase in risk aversion, it did not signify another crisis.

The emerging and developing economies are forecasted to grow at 6.8 percent in 2010 as against 2.4 per cent in 2009. This growth process is led by key Asian emerging economies. China continued to grow at an impressive 8.7 percent in 2009. China's massive stimulus package was a major factor in the country's economic resilience. The program was centered in government infrastructure spending, combined with increases in consumer subsidies and tax cuts. The stimulus charged surge in China's

investment led to a sharp increase in imports for domestic use, notably from East Asian trade partners such as Australia, Japan and the Republic of Korea. Chinese demand underpinned exports, production and incomes for partner countries throughout the region in 2009.

However, emerging and developing economies like India, China and South East Asian nations were hit by the adverse consequences of commodity prices and the negative impact on the confidence of the financial sector that flow from the continuation of massive expansionary fiscal and monetary policies in the advanced economies, particularly issues of reserve currency.

The economic fallout of the global crisis on the CIS has been intense and is weighing heavily on the region's economic outlook. Russia suffered a deep recession in 2009 with GDP contracting by 6.6 percent as against a healthy growth of 5.6 percent in the previous year.

OVERVIEW OF INDIAN ECONOMY

The Indian economy, after weathering the global financial turbulence reasonably well in 2008-09, registered an overall growth of 7.4 per cent in 2009-10 as against 6.7 percent in 2008-09. Though the agriculture and the services sectors grew at rates lower than 2008-09, the industry sector recorded a growth of 9.3 percent as against 3.9 percent in 2008-09.

The food grain production in 2009-10 is estimated to be 218.19 million tonne, which is 16.3 million tonne lower than the output in 2008/09. Rice output was 9.9 million tonne less than that of last year. Coarse cereal production suffered a large hit, which was largely due to the poor monsoon. Though the output of pulses was marginally better than that of last year, the availability of pulses was inadequate given the level of domestic demand and the

limited availability of certain kinds of domestically popular pulses in the international market. Oilseeds output was also lower by 5 per cent, compared to last year, primarily on account of lower groundnut production. Sugarcane output was lower by 3.6 per cent compared to last year and 18 percent compared to year before last. The large shortfall in sugarcane production for two consecutive years has led to a big gap between demand and domestic production of sugar. India being the largest consumer of sugar in the world, this resulted in a severe escalation of both domestic and world prices of sugar.

The Indian industry sector witnessed an impressive recovery in the second half of 2009-10 due to restoration of normality in operating conditions. The index for 6 core industries (comprising crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel) grew at 5.5 per cent in 2009-10 compared to 3.0 per cent in 2008-09.

Mining and Manufacturing output stole the show in industry sector by exhibiting a growth of 10.6 percent and 10.8 percent respectively in 2009-10 as against a meager 1.6% and 3.2% in 2008-09. The mining sector bounced back following substantial increase in production of crude oil, natural gas and coal. However, the various increases achieved were less significant than they appeared to be because the lower base helped present better picture.

Exports after reaching their lowest point in the last quarter of 2008-09, started improving since July, 2009 and registered strong growth in the second half of 2009-10. The value of exports for the year 2009-10 managed to reach US\$ 177 billion. However, the same were still lower than exports of US\$ 185 billion in 2008-09. The value of India's imports in 2009-10 was US \$ 279 billion, about 8 per cent lower than 2008-09.

India's foreign exchange reserves at the end of March 2010 stood at US\$ 254.94 billion. This increase was the result of surge in the foreign investments inflows. The

total foreign investments in India in 2009-10 amounted to USD 66.5 billion compared to USD 21.3 billion during 2008-09.

STC's PERFORMANCE

The year 2009-10 was a landmark year for the company in which it could achieve the highest ever turnover of over ₹21500 crore reflecting a growth of 9% over previous year. The net profit also reflected a spectacular increase by registering a growth of 36%.

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

	(₹ Crores)	
	2009-10	2008-09
TURNOVER		
EXPORTS	1504	2132
IMPORTS	19049	16316
DOMESTIC	956	1338
GRAND TOTAL	<u>21509</u>	<u>19786</u>
FINANCIAL		
Trading Profit	145	113
Profit Before Tax (PBT)	171	145
Profit After Tax (PAT)	107	79
Dividend	28.5	28.5
Net Worth	644	570

TURNOVER

The record turnover of ₹21509 crore achieved during 2009-10 is all the more significant in light of the ongoing adverse impact of global economic slowdown which resulted in a decline of about 7% in India's foreign trade

during the same period. The growth in turnover was mainly attributable to high imports of items such as bullion, hydrocarbons, minerals, metals, petrochemicals, etc.

SEGMENT-WISE PERFORMANCE

Exports

During the year, the Corporation continued its efforts to increase exports which were severally affected due to continuing global meltdown and deliberate decision of the Corporation to stop export of some items in view of the high volatility in prices experienced in these items. Non-availability of a number of agricultural commodities such as wheat, rice, sugar, etc. for exports due to domestic shortages further restricted recovery in exports. Major areas of exports are indicated below:

Steel Raw Materials

In spite of volatile market, STC was able to effect exports of steel raw materials amounting to ₹623 crore thereby registering a significant increase of 39% over the previous year. In fact, exports would have been higher but for the slack steel market in the earlier part of the year.

In a bid to expand exports of these items, during the year, STC also exported ₹409 crore worth of steel raw material to other countries.

Jewellery

During the year, the Corporation exported jewellery worth ₹272 crore.

Castor Oil

During the year, STC was successful in developing new buyers of castor oil and exported castor oil worth ₹89 crore to France, U.K., Netherlands and Thailand.

Imports

Led by growth in bullion imports, the import turnover reached an all time high of ₹19049 crore thereby

registering a growth of 17% over previous year. Areas exhibiting noteworthy performance in imports are as under:

Bullion

A number of measures undertaken by STC during the year to expand bullion business yielded results and the Corporation achieved an all time high bullion import turnover of over ₹10,000 crore, reflecting an increase of 81% over the previous year. Thus, bullion emerged as the single largest item of import constituting 54% of total import turnover.

During the year, STC was successful in expanding the supply base and roping in more suppliers and more customers of bullion. It also set up necessary IT infrastructure at the corporate office building for price monitoring, facilitating timely execution of contracts, payments, etc.

Petrochemicals

Import of petro-chemicals has also been a major business activity of STC. During the last two years, STC had arranged significant imports of petrochemicals. During 2009-10, STC effected ₹3083 crore worth of import sale of petrochemicals, constituting 16% of the total imports of STC.

Hydro-carbons, Minerals & Metals

Imports of hydrocarbons, minerals & metals by STC amounted to ₹3106 crore. During the year, STC imported steam coal for various power generating units.

Fertilizers

During the year, STC was once again asked by the Govt. of India to import urea. Accordingly, STC arranged import of 0.68 million MT of urea worth ₹867 crore.

Pulses

STC continued to undertake pulses import on behalf of the Govt. of India in addition to import on commercial

account. The pulses operations together yielded a turnover of ₹625 crore –higher than the previous year.

Edible Oils

During the year, STC imported about 3 lakh MT of edible oils resulting in a turnover of ₹919 crore. This included ₹126 crore from sale of edible oil imported on behalf of the Government, which was packed in 1-litre pouches and delivered to the state governments for public distribution system.

Domestic sales

During the year, STC effected ₹482 crore worth of domestic sales of hydrocarbons, minerals and metals. Sale of pulses was the second largest activity on domestic front and the same yielded a turnover of ₹239 crore. Domestic trading in oils, seeds and extractions resulted in business of ₹106 crore.

The domestic tea operations involving direct procurement from small growers and processing resulted in a turnover of over ₹13 crore. The Corporation has finalized arrangement with three processing units and a substantial turnover is expected from these operations in 2010-11, covering both exports and domestic sales.

Other major items of domestic trade were jute goods ₹41 crore and maize ₹6 crore.

Total domestic sales amounted to ₹956 crore.

Profitability

During the period under review, the net profit of the Corporation grew by 36% to ₹107 crore as against ₹79 crore in the previous year.

NEW INITIATIVES

During the year, STC undertook a number of initiatives aimed at diversifying into new areas and creation of captive supply base. For the first time, the Corporation

undertook export of lubricant oils to Myanmar. It further strengthened its supply base for tea so as to emerge as a larger player in the coming years. Edible oils and pulses were supplied to the State Governments for sale under PDS covering weaker sections of the society. Existing areas of business including ballistics were further strengthened.

CORPORATE SOCIAL RESPONSIBILITY

In a significant move towards integrating corporate social responsibility in its ongoing business operations, STC had, in 2007-08, started domestic procurement of tea leaves directly from small farmers in Tamilnadu. Since then, the Corporation has taken many small initiatives towards fulfilment of its corporate social responsibility. Some such initiatives undertaken by STC are given below :

- The Corporation has financially contributed for installation of solar light in two villages.
- As a gesture of extending help on humanitarian ground, STC made a cash contribution towards sponsoring the nutritional, educational, clothing and medical needs of the homeless children belonging to SOS Children's Village of India.
- A contribution was also made towards purchase of utility items for the blind members of Industrial Institute and Hostel for Blind Society, New Delhi.
- STC has committed financial support to Archaeological Survey of India for preservation, conservation and beautification of a historical monument in Karnataka.
- The Corporation has also undertaken restoration & beautification of the statue of Leo Tolstoy and surrounding area, at its corporate office building.

STC also sponsors games, sports and cultural events from time to time with a view to promoting these at various levels.

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. Internal Audit is conducted as per the Accounting Standards, Annual Audit Programme and Rules/policies formulated by the Corporation from time to time. The observations/recommendations made by the auditing agencies are complied timely. The quarterly financial statements, reporting processes, internal control systems as also summary of the findings of internal, external and Government audit are periodically 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 force, which lays down the powers at each stage of managerial cadre to facilitate faster commercial decisions. The Corporation keeps reviewing its DoP from time to time in view of the prevailing international trade scenario to match authority with accountability. The various systems and procedures of the Corporation have been laid down in such a manner that maximum transparency is ensured in all commercial deals. The Corporation has a full-fledged Vigilance Division to oversee that the guidelines of the Government are strictly adhered to/implemented in all matters requiring transparency of operations.

OPPORTUNITIES & THREATS

Post the financial crisis of 2008 and fragile recovery in 2009, the global economy is expected to witness strong recovery in 2010, especially among the developing countries. Global GDP is projected to increase by 3.6 percent in 2010 and 3.4 percent in 2011 as against a

contraction of 2.0 percent in 2009. Reflecting stronger productivity growth, GDP in emerging and developing countries is expected to grow by 6.8 percent in 2010 and 6.4 percent in 2011, a robust increase from 2.4 percent in 2009. The GDP growth in advanced economies, which contracted by 3.2 percent in 2009 is projected to strengthen to 2.6 percent this year.

With robust industrial growth backed by improvement in consumption, demand, increase in infrastructure spending, substantial growth in investment activity, recuperating external demand conditions, stability and improvement in financial markets, India's growth prospects are expected to improve significantly in 2010-11. These developments and growth in India's foreign trade as observed during the last two quarters point to greater trade opportunities ahead. The comfortable stock position of food grains in the country is also likely to give rise to additional opportunities for exports than available in the past two years.

However, slow recovery in the world exports and imports continues to be a matter of concern. High price volatility in commodity prices especially of bullion, steel and pulses is also affecting volumes in foreign trade.

THE WAY FORWARD

In the backdrop of the prevailing global and domestic economic scenario, STC is well poised to capture new opportunities of trade to sustain the higher levels of business and profits witnessed in the recent years.

To generate substantial turnover and profitability, STC will continue to concentrate on arranging import of non-ferrous ores, bullion, pulses, edible oils, petro-chemicals and fertilizers in view of their increasing domestic demand. The Corporation is also identifying new items of exports including value added manufactured products to overseas market. Besides, available infrastructure including edible oil tanks will be upgraded and augmented to facilitate increased business for the Corporation. The Corporation

will also closely interact with state governments for supplying bulk commodities required by them.

CAUTIONARY STATEMENT

Certain statements contained in this Annual Report may constitute forward-looking statements within the meaning of applicable laws and regulations. These statements are based on management's views and assumptions at the time information was prepared and involve known and unknown risks and uncertainties that could cause actual results or performance to differ materially from those expressed or implied in such statements as discussed more

fully elsewhere in this Annual Report. The Corporation expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained herein to reflect any change in the Corporation's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

For and behalf of the Board of Directors

Sd/-

(N.K. Mathur)

Place : New Delhi

Date : 18th August, 2010

Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

STC believes that sound code of corporate governance is a prerequisite for all round efficiency in the day-to-day affairs of a company necessary to maximize value for all its stakeholders. The adoption of such corporate practices based on transparency and proper disclosures, ensures accountability of the persons in charge of the company and brings benefits to investors, customers, creditors, employees and the society at large.

The company adheres to good corporate practices and constantly strives to better terms and adopt the best practices. Company has adopted a code of conduct for Board Members and Senior Executives and the same is available on the company's website www.stc.gov.in. All board members and designated senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chairman & Managing Director to this effect is enclosed at the end of this report.

The Company is in compliance with the requirements of the revised guidelines on corporate governance stipulated under clause 49 of the Listing Agreement with the Stock Exchanges.

1. BOARD OF DIRECTORS

Composition of the Board

STC, being a Government Company, all its Directors are appointed/nominated by the President of India, through the Ministry of Commerce & Industries. Articles of Association of the Company stipulate that the number of Directors shall not be less than four and not more than sixteen. As on 31st March, 2010, there were nine Directors on the Board comprising five whole time Directors including Chairman & Managing Director, two non-official part-time Directors who are the Government nominees and two Independent Directors.

The details of the Directors with regard to their category, directorship in other companies, membership/chairmanship in committees of the boards of other companies as well as attendance at Board Meetings/Annual General Meeting are as follows:

Name and Designation of Director	No. of Board Meetings attended	Presence at last Annual General Meeting	Directorships held in other Public Limited Companies	Memberships/ Chairmanship in Committees of the Boards of other companies
i. Functional Directors				
Shri N.K. Mathur Chairman & Managing Director	6/6	Yes	1	Nil
Shri N.K. Nirmal Director (Finance)	6/6	Yes	1	Nil
Shri S.S. Roy Burman Director (Marketing)	6/6	Yes	Nil	Nil
Shri M.M. Sharma Director (Personnel)	6/6	Yes	Nil	Nil
Shri Khaleel Rahim Director (Marketing)	6/6	Yes	Nil	Nil

ii. Non-Executive Directors (Government Nominee)

Dr. Sutanu Behuria AS&FA, MOC	5/6	No	8	1
Shri R. Gopalan AS, MOC (upto 28.01.2010)	4/6	Yes	1	1
Shri P.K. Chaudhery AS, MOC (from 28.01.2010)	0/1	N.A	1	Nil

iii. Part-time Non-official Directors (Independent)

Sh. D.T. Joseph (upto 24.09.2009)	3/4	N.A.	5	Nil
Dr. (Mrs)B. Kinnera Murthy	5/6	Yes	1	Nil
Sh. Jayendra N. Shah	6/6	Yes	2	Nil

2. DETAILS OF MEETINGS**A. Board Meetings**

During the year ended 31st March, 2010 the Board of Directors met six times. These meetings were held on the following dates:-

- | | | |
|----------------|----------------|----------------|
| (1) 28.04.2009 | (2) 15.05.2009 | (3) 28.07.2009 |
| (4) 24.09.2009 | (5) 28.10.2009 | (6) 28.01.2010 |

B. Shareholders

The Annual General Meeting for the Financial Year ending 31st March, 2009 was held on 24th September, 2009. The above meeting was held at the registered office of the Company i.e. Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001.

C. Audit Committee

The Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 of the Listing Agreement. The Audit Committee is responsible for the effective supervision of the financial reporting processes to ensure proper disclosure of financial statements, their credibility and compliance with the accounting standards, stock exchanges and other legal requirements, reviewing with internal and external audit, internal control systems, reviewing findings of internal audit and ensuring follow up action on significant findings, and reviewing quarterly, half yearly and yearly accounts.

During the year, based on the resignation of Sh. D.T. Joseph from the Chairmanship of the Audit Committee, Dr. B. Kinnera Murthy (independent director) was appointed as the Chairperson. The other members of the Audit Committee are Dr. Sutanu Behuria, (part-time Government Nominee Director) and Shri Jayendra N. Shah (independent director). Besides the above, Director (Finance), Statutory Auditors and Head of Internal Audit are permanent invitees to the meetings. The Company Secretary acts as Secretary to the Audit Committee.

The Chairperson of the Audit Committee has adequate financial and accounting knowledge.

During the financial year 2009-10, the Audit Committee Meetings were held on 28.04.2009, 28.07.2009, 24.09.2009, 28.10.2009 and 28.01.2010.

Attendance of Members at Audit Committee Meetings is indicated below:

Name of member	Meetings attended
Shri D.T. Joseph	2/3
Dr. Mrs. B. Kinnera Murthy	1/2
Dr. S. Behuria	5/5
Shri Jayendra N. Shah	5/5

D. Shareholders/Investors' Grievance Committee

The Company has an "Shareholders'/Investors' Grievance Committee" at the Board level to deal with various matters relating to redressal of shareholders' and investors' grievances. The composition of the committee as on 28.01.2010 was Shri R.Gopalan (part-time Government Nominee) as Chairman and Shri N.K. Nirmal and Shri M.M. Sharma as members when it was reconstituted and Shri P.K. Chaudhery (part-time Government Nominee) was inducted as Chairman vice Shri R. Gopalan. There was no major complaint/grievance during the year and as on 31.03.2010, no investor complaint was pending. The Company Secretary is also the Secretary of the Shareholders'/Investors' Grievance Committee.

During the year, the Committee held four meetings on 15.04.2009, 13.07.2009, 15.10.2009 and 14.01.2010 and the attendance of Members at the meetings was as under :

Name of member	Attendance
Shri R. Gopalan	3/4
Shri N.K. Nirmal	4/4
Shri M.M. Sharma	4/4

E. Remuneration Committee

STC being a Government Company, the remuneration of its whole-time Directors is determined by the President of India through Ministry of Commerce & Industries. The Non-official part-time Directors (Government nominees) do not receive any remuneration from the company and no sitting fee is paid for attending meetings of the Board of Directors and Committee (s) thereof. Rs. 10,000/- are paid to the Part-time Non-official Independent Directors for attending each meeting of the Board of Directors and committee thereof, along with expenses incidental thereto. For Performance Related Pay, Board appointed a Remuneration Committee comprising Dr. B. Kinnera Murthy (part-time independent director) as Chairperson and Director(Finance) and Director(Personnel) as members fulfilling requirements of Department of Public Enterprises.

3. GENERAL BODY MEETINGS

The General Body 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	2008-09	24.09.2009 – 03.00 P.M.
Annual General Meeting	2007-08	23.09.2008 –12 Noon
Annual General Meeting	2006-07	26.09.2007 – 04.30 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.

During the last year, no item warranted the postal ballot as stipulated under the Companies Act, 1956. No resolution is proposed to be carried through postal ballot in the forthcoming AGM.

4. DEMATERIALIZATION OF SHARES

The shares of the company are in compulsory demat segment and are available for trading in the depository system of both NSDL and CDSL. As on 31st March, 2010, 59975240 Equity Shares of the company forming 99.95% of the Share capital of the company stand dematerialized.

5. CHANGES IN DIRECTORSHIPS

The resignation of Shri D.T. Joseph was accepted by the Board in its meeting held on 24.09.2009. Shri P.K. Chaudhery, AS, Ministry of Commerce & Industries, Joined the Board vice Shri R. Gopalan, AS, Ministry of Commerce & Industry w.e.f. 28.01.2010.

6. APPOINTMENT OF DIRECTORS

Shri P.K. Chaudhery, AS, Ministry of Commerce & Industries, Joined the Board w.e.f 28.01.2010 as Additional Director and his appointment requires confirmation by the shareholders. At the ensuing Annual General Meeting, Shri N.K. Nirmal and Shri Khaleel Rahim are retiring by rotation and being eligible, have offered themselves for re-appointment. Brief resumes of S/Shri P.K. Chaudhery, N.K. Nirmal and Khaleel Rahim are annexed with Notice to the Shareholders.

7. DISCLOSURES

- A) During the year, there were no transactions of material nature with the Directors or the Management or the subsidiary or relatives that had potential conflict with the interest of the company.
- B) The details of "Related Party Disclosures" have been disclosed in the Notes Forming Part of Accounts in the Annual Report.
- C) The Company follows accounting standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any accounting standard.
- D) The CEO/CFO of the Company has certified the specified matters to the Board, as required under Clause 49 V of the Listing Agreement.
- E) Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year ending on 31st March, 2010.
- F) None of the non-official part-time Directors had any pecuniary relationship or transactions with the Company during the financial year ending 31st March, 2010.
- G) 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.
- H) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement, except composition of the Board of Directors. The Government of India is in the process of selecting Independent Directors for nomination on the Board of the Company.
- I) The Company has not opted for Employees Stock Option Scheme.

8. MEANS OF COMMUNICATION

The quarterly results are published in prominent daily newspapers as per requirements of the Listing Agreement with Stock Exchanges.

The quarterly/annual results are also made available at the website of the Company www.stc.gov.in and are also hosted on the EDIFAR(SEBI website). The company displays official news releases also on its website.

Management Discussions and Analysis Report forms part of the Annual Report.

9 SHAREHOLDER'S INFORMATION

i. Forthcoming AGM - Date, Time and Venue

The 54th Annual General Meeting is scheduled for 27th, September 2010 at 3PM at 4th Floor Annexe, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001

ii. Financial Calender

The Company's financial year is from 1st April 2009 to 31st March 2010.

iii. Dividend Payment Date

An Interim Dividend @ 25% of the equity for the financial year 2009-10 was approved by the Board and the same has been paid. The Board has recommended payment of Final Dividend @ 22.5% for the financial year 2009-10 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, 2010.

iv. Date of Book Closure

The Company had fixed the Record Date of 18.02.2010 for the purpose of determining the eligibility of the members/beneficial owners of the Company for payment of Interim Dividend @ 25% for the financial year 2009-10 (already paid).

The Register of Members shall remain closed from 23rd September, 2010 to 27th September, 2010 (both days inclusive) for the purpose of determining the eligibility of the members/beneficial owners of the Company for the payment of Final Dividend @ 22.5% on equity shares for the year ended 31st March 2010, 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 22.09.2010.

v. Dividend Payment details :

The Company declared and paid dividend at the rates given below during the last three years :

Year	2007-08	2008-09	2009-10
Rate	35%+30%*	47.5%	47.5%

*35% interim dividend was paid on equity capital of Rs. 30 crore, in addition, 30% was declared and paid on post-bonus issue capital of Rs. 60 crore.

vi. Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

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

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

vii. Listing with Stock Exchanges :

The Company is listed at Mumbai Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai and National Stock Exchange, Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai. The Annual Listing Fee/ Annual Custody Fee for the year 2010-11 has already been paid to the concerned Stock Exchanges and National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

viii. Registrar & Share Transfer Agents :

M/s. MCS Ltd.

Sri Venkatesh Bhawan
F-65,1st Floor,
Okhla Industrial Area, Phase-I
New Delhi-110020
Tel. No. 91-11-41406149/50/51/52
Fax: 91-11-41709881/41410591.
Website: www.mcscdel.com
e-mail: admin@mcscdel.com

ix. Share Transfer System

The Shares of the company are being compulsorily traded in dematerialized form. Shares received for transfer in physical form, are normally processed within a period of 30 days from the date of lodgement 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 31.03.2010. These requests are processed through the Company's R&STA.

x. High & Low of STC Share Price during 2009-10 at BSE

Month	High	Low
April	215.30	108.80
May	316.05	170.00
June	429.90	298.25
July	395.00	275.00
August	392.50	301.25
September	381.00	332.00
October	388.40	302.20
November	395.55	281.00
December	389.40	322.25
January	561.85	355.85
February	555.70	459.30
March	510.70	405.25

xi. Shareholding Pattern:

No. of equity Shares held	As on 31 st March, 2010		As on 31 st March,2009	
	No. of Shareholders	% of Shareholding	No. of Shareholders	% of Shareholding
1-500	26679	2.97	24114	2.92
501-1000	691	0.90	718	0.93
1001-5000	480	1.67	487	1.68
5001 & above	88	94.46	69	94.47
Total	27938	100.00	25388	100.00

xii. **Distribution of shareholding as on 31.03.2010:**

Category	No. of Shares held	Shareholding %
Promoter (Government of India)	54613600	91.023
UTI/Mutual Funds	268100	0.447
Insurance Companies	739319	1.232
FII's	2060	0.003
Private Corporate Bodies	1143430	1.906
Indian Public	3175102	5.292
NRIs/OCBs	58389	0.097
Total	60000000	100.00

Address for Correspondence

Board Secretariat & Parliament Division

The State Trading Corporation of India Ltd.

Jawahar Vyapar Bhawan

Tolstoy Marg

New Delhi -110001

Phone No. 011-23313177

Fax No. 011-23701123, 23701191 E-mail: akg@stc.gov.in

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
The State Trading Corporation of India Limited

We have examined the compliance of the conditions of Corporate Governance by The State Trading Corporation of India Limited for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement except the Clause 49 (1A) regarding number of Independent and Non executive Directors in the Board of Directors.

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

for KAPOOR TANDON & CO.,
Chartered Accountants

Sd/-
(Rajesh Parasramka)
Partner

M.No. 74192

Firm Reg. No. 000952C

Place : New Delhi
Dated: 23rd July, 2010

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 N.K. Nirmal, Chief Financial Officer & Director (Finance) certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31.03.2010 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, deficiency 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 the 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 a significant role in the company's internal control system over financial reporting.

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

Sd/-
(N.K. Nirmal)
CFO

Place : New Delhi
Dated : 23rd July, 2010

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

- 1) We have audited the attached Balance Sheet of **THE STATE TRADING CORPORATION OF INDIA LIMITED** as at 31st March, 2010, the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto in which are incorporated the accounts of the corporate office audited by us and the accounts of branches audited by the other Auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the annexure to in paragraph 3 above. We report as follows:
 - a) Reference is invited to Note No. 3(a) relating to contracts of scrap, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of Metro Machinery Traders, New Delhi (the Business Associate). The Company has alleged fraud by the Business Associate and the matter has been referred to CBI. We also understand that two ex-Directors and a General Manager have been charge-sheeted. However, in the absence of details of the charge-sheets and the inquiries, we are unable to opine if there is a fraud or suspected Management fraud and comment on any mis-statement made in these accounts in respect of the above transaction. Pending out come of legal steps initiated for recovery/ CBI probe, full provision of Rs. 8743 lacs was made in earlier years.
 - b) Reference is invited to Note no. 3(b) relating to wheat transactions undertaken on behalf of Priyanka Overseas Private Limited, New Delhi (the Business Associate), disposal of goods and recovery had not taken place as per contract due to quality problems and there were undisposed stocks of wheat and unrecovered amounts outstanding from the Business Associate and Supplier. Also, cases of theft and misappropriation of unlifted stocks exported to Bangladesh have come to notice for which legal actions have been initiated. Guarantee of Rs 250 lacs has been invoked; post dated cheques of Rs. 2000 lacs were presented to the bank which was dishonored stating "insufficient funds". A criminal complaint under Section 138 of the Negotiable Instrument Act against the Business Associate and its directors has been filed. The company has also initiated arbitration/legal proceedings against the Business Associate for recovery of dues. Pending out come of legal steps initiated, entire dues including recoverable from FCI aggregating to Rs. 5841 lacs has been provided/written off in earlier years.
 - c) Reference is invited to Note no. 3(c) relating to additional liability that may arise on account of price differential considering the sale as inter-state sale at Open market Sales Scheme (Domestic) for Wheat, instead of the concessional prices charged for exports. 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 is not known.
 - d) Note no. 3(e) and 5(a) relating to pending reconciliations of personal accounts and consequential adjustments.
 - e) Reference is invited to Note no. 3(g) relating to Rs. 17641 lacs dues from Jhagadia Copper Limited, the company under liquidation and in the process of reconstruction by Asset Reconstruction Company (India) Limited.
 - f) Reference is invited to Note no. 3(l) relating to unsecured overdue of Rs. 39761 lacs against exports effected under the Exim Bank Insurance linked Post shipment Credit facility.

- 5) We further report that:
- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except for information pertaining to charges levied on two ex-Directors and a General Manager and details of inquiries in respect of transaction referred to in para 4 (a) above, and further except as otherwise stated in the report, and the record of the cases being handled by the vigilance department of the company and the accounting of the consequential financial effect thereof on the matters under its scrutiny in such cases.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books and proper returns adequate for the purpose of our audit have been received from the Branches not audited by us. Reports of the Branch auditors have been considered while preparing our report.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the mandatory accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e) In terms of Notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs, Government of India, the provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to the Company.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to our observations in paragraphs 4 (a) to (f) above, provisions and write offs in respect of which have been made in the accounts based on the existent and known circumstances as reported in the said paragraphs and read together with the Significant Accounting Policies and other Notes appearing in the Notes to the Accounts, give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For KAPOOR TANDON & CO.,
Chartered Accountants

Sd/-
(Rajesh Parasramka)

Partner
M. No. 074192
Firm Registration No. 000952C

Place : New Delhi
Dated : 23.07.2010

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, 2010 of the State Trading Corporation of India Ltd.)

1. In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars including quantitative details and situations of its fixed assets.
 - b. Physical verification of fixed assets has been conducted during the year. We are informed that no material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a. As explained to us, verification of inventories is undertaken by the Company through Surveyors from time to time. In respect of goods in the custody of third parties, certificate is obtained from the Clearing & Handling Agents or the Warehousing Corporation or from the related parties. In our opinion, the verification in case of goods like coal, wheat, etc is not by actual weighment, but by actual receipt and dispatch without accounting for handling losses. In respect of stock of wheat at Bangladesh, no confirmations of stock were available and the stocks of 26500 MT having aggregate cost of 1320 lacs had been written off (through reduction in valuation Rs. 951 lacs and through write off Rs. 369 lacs) in earlier years (during the financial year 2004-05 to 2006-07). In respect of stock of wheat 1925.78 MT at Kandla, as at 31.03.2010 there is no confirmation of the quantity and quality of stock available; hence the same has been valued at Rs. NIL.
 - b. In our opinion, the procedures of physical verification are not reasonable and adequate in relation to the size of the Company and nature of its business. In our opinion, the Management has not laid down proper guidelines with regard to the periodicity and procedure for verification so as to strengthen its control over the materials, which are handled by and are in the custody of third parties.
 - c. The Company is not maintaining any separate Stock Register. However, transaction-wise stock details are compiled for control over the stock and necessary details are obtained from the custodians of stock viz., Port Authorities, Warehouse or Business Associates. Discrepancies, wherever noticed on verification have been properly dealt with, except in case of stock of wheat at Bangladesh and Kandla.
3. In respect of loans availed/granted:
 - a. As informed, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii) (b) (c) and (d) of the Order are not applicable to the Company.
 - b. As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii) (f) and (g) of the Order are not applicable to the Company.
4. In view of the irregularities noticed and reported in paragraph 4 of our main report, we report that the internal control system for the purchase of inventory and sale needs to be considerably strengthened considering the size and nature of its business. However, no recurrence of defaults of similar nature has come to our notice in the course of our audit. However, internal controls systems are adequate in relation to purchase of fixed assets.
5. In respect of contracts/arrangements under Section 301 of the Companies Act, 1956:
 - a. According to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
 - b. There was no transaction hence clause 4 (v) (b) of the Order is not applicable.
6. In our opinion and as per the information and explanation provided to us, the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable, as the company has not accepted any deposits from the public.
7. In our opinion, the internal audit system needs enlargement and strengthening in scope in view of the observations contained in paragraph 4 of our main Report.

8. As informed by the management, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the company.
9. In respect of statutory dues:
- According to the records of the Company, undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other Statutory Dues have been generally regularly deposited with the appropriate authorities. There were no undisputed amounts outstanding over six months from the date they became payable.
 - Disputed Statutory dues are aggregating to Rs. 42,995.73 lacs on account of sales tax and Rs. 483.34 lacs on account of income tax. The details are as under:

Forum where dispute	Nature	Rs. in Lacs
Sale Tax Tribunal, Patna	Sales Tax	1.53
Orissa High Court	Sales Tax	7.21
West Bengal Sales Tax (Settlement of Dispute) Act, 1999	Sales Tax	0.77
Commercial Taxes Appellate Board, West Bengal	Sales Tax	67.41
Sale Tax Tribunal, West Bengal	Sales Tax	0.37
Sales Tax Appellate Authority, Orissa	Sales Tax	1.23
Commercial Taxes Board, West Bengal	Sales Tax	0.30
Commercial Taxes Board, West Bengal	Sales Tax	1.79
Assam High Court	Sales Tax	0.14
Assam High Court	Sales Tax	0.61
Assam High Court	Sales Tax	0.68
Additional Commissioner of Sales Tax, West Bengal	Sales Tax	22.83
Appellate Authority - VAT, West Bengal	Sales Tax	204.64
Appellate Authority - CST, West Bengal	Sales Tax	3795.39
Joint Commissioner (Appeal), Mumbai	Sales Tax	221.85
Sales Tax Tribunal, Mumbai	Sales Tax	1406.03
Assessing Officer - BST, Mumbai	Sales Tax	43.54
Assessing Officer - CST, Mumbai	Sales Tax	37,126.44
MP Appellate Board, Bhopal	Sales Tax	1.01
Assessing Officer (MPCT) - Reassessment, Bhopal	Sales Tax	0.39
Sales Tax Appellate Tribunal (CST -Tax & Penalty)	Sales Tax	0.70
Madras High Court Penalty (TNGST)	Sales Tax	0.39
Madras High Court (TNGST)	Sales Tax	90.48
Income Tax Appellate Tribunal, Delhi	Income Tax	483.34
TOTAL		43,479.07

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and the information and explanations given by the management, the company has not defaulted in payment of dues to any financial institution or bank or debenture holders.
12. According to information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. The Company is not dealing or trading in securities, debentures and other investments and therefore question of maintaining proper records of transactions and contracts in respect of trading and timely entries do not arise. All shares have been held by the Company in its own name.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The Company has not raised any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. a. According to the information and explanations given to us, the Company has filed criminal complaints against certain parties for instigating the Company into participating in a transaction for sale of scrap from a dismantled plant based on a Valuation Report which showed much higher quantity and saleable value of scrap. {Refer note no. 4(a)} The matter has been referred to the CBI. In the said case, Charge Sheets have also been filed against two ex-Directors and a General Manager. However, in the absence of details of the charges levied, we are unable to comment if there is any mis-statement in the financial statements in respect of the said transaction. {refer para 4(a) of the Audit Report}
- b. In respect of 26,500 MT of Wheat lying at Bangladesh against a cancelled export contract, misappropriation of 8,000 MT by the buyers/ clearing and handling agent without paying for the stock was alleged by the Company and criminal complaints were filed in the financial year 2006-07 and the stolen stocks written off in the books. The status of the said case is not known. Status of the balance stock of 18,500 MT at Bangladesh is also not known and the stocks have been written off in the books in the financial year 2006-07. In the absence of details of the actual appropriation of stocks, we are unable to express an opinion on any mis-statement in these financial statements on the above account. {refer para 4(b) of the Audit Report}

For KAPOOR TANDON & CO.,
Chartered Accountants

Sd/-
(Rajesh Parasramka)

Partner

M. No. 074192

Firm Registration No. 000952C

Place : New Delhi
Dated : 23.07.2010

ANNUAL ACCOUNTS

BALANCE SHEET AS AT 31ST MARCH, 2010

		(Rs. Lacs)	
		As At 31 March, 2010	As At 31 March, 2009
Schedule			
Sources of Funds			
Shareholders' Funds			
- Capital	1	6,000.00	6,000.00
- Reserves	2	58,394.30	51,028.57
Loan Funds			
- Secured Loans	3	205,832.86	171,061.23
- Unsecured Loans	4	40,952.34	66,728.21
Total		311,179.50	294,818.01
Application of Funds			
Fixed Assets			
		5	
Gross Block		8,915.44	6,215.61
Less: Depreciation		3,419.93	3,198.32
Net Block		5,495.51	3,017.29
Capital Work In Progress		—	747.00
		5,495.51	3,764.29
Investments	6	303.04	303.04
Deferred Tax Asset (Net)		7,340.53	6,117.36
(Refer Note No. 4 of Schedule 23)			
Current Assets, Loans & Advances			
Inventories	7	56,701.27	146,373.95
Sundry Debtors	8	661,096.35	555,852.58
Cash and Bank Balances	9	48,682.74	65,677.00
Loans and Advances	10	58,357.36	73,867.53
		824,837.72	841,771.06
Less: Current Liabilities & Provisions			
Current liabilities	11	499,854.67	540,218.10
Provisions	12	26,942.63	16,919.64
		526,797.30	557,137.74
Net Current Assets		298,040.42	284,633.32
Total		311,179.50	294,818.01
Significant Accounting Policies	22		
Notes on Accounts	23		

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

As per our report of even date attached

For KAPOOR TANDON & CO
Chartered Accountants

Sd/-
(RAJESH PARASRAMKA)
Partner

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

Sd/-
(B.VENKAT RAM)
Chief General Manager (Finance)

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

Sd/-
(A.K. GUPTA)
Company secretary

Place : New Delhi
Dated : 23.07.2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. Lacs)

		Year ended 31 March, 2010	Year ended 31 March, 2009
Schedule			
Income			
Net Sales		2,150,865.36	1,978,583.88
Other Income (Trade)	13	50,575.59	35,117.00
Interest Income	14	25,809.85	28,271.77
Miscellaneous Income (Non-trade)	15	4,196.86	3,218.18
Total		2,231,447.66	2,045,190.83
Expenditure			
Cost of Goods Sold	16	2,186,985.62	2,002,394.79
Overheads	17	13,172.69	14,930.86
Interest	18	12,040.10	9,842.20
Depreciation	5	245.90	238.28
Write-Offs	19	335.99	0.12
Provisions against Doubtful Receivables & Investments	20	1,350.71	2,380.28
Total		2,214,131.01	2,029,786.53
Profit before amortization, prior period items		17,316.65	15,404.30
Prior Period Adjustment	21	(223.46)	(917.38)
Profit before tax		17,093.19	14,486.92
Income tax			
Current Tax		6,500.00	5,500.00
Current Tax - relating to earlier years		1,109.13	1,842.73
Deferred Tax		(1,223.17)	(831.76)
Fringe benefit tax		—	125.00
Fringe benefit tax relating to earlier years		12.36	6,635.97
Profit After Tax		10,694.87	7,850.95
Balance as per last account		14,978.10	12,975.93
Transfer from Bonus Reserve		0.40	0.41
Profit available for appropriation		25,673.37	20,827.30
Appropriations			
Transfer to Bonus Reserve		0.11	0.13
Interim Dividend		1,500.00	1,500.00
Proposed Dividend		1,350.00	1,350.00
Dividend Tax		479.14	460.92
Export/Import Contingency Reserve		1,980.10	1,738.15
Transfer to Exchange Fluctuation Reserve		—	286.68
Transfer to General Reserve		1,150.00	800.00
Balance Carried to Balance Sheet		19,214.02	14,978.10
EPS - Basic & Diluted		17.82	13.08
(Face ValueRs. 10 per Share)			
(Refer Note 9 of Schedule 23)			

Significant Accounting Policies 22

Notes on Accounts 23

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

As per our report of even date attached

For KAPOOR TANDON & CO

Chartered Accountants

Sd/-

(RAJESH PARASRAMKA)

Partner

Place : New Delhi

Dated : 23.07.2010

Sd/-

(N.K. MATHUR)

Chairman & Managing Director

Sd/-

(B.VENKAT RAM)

Chief General Manager (Finance)

Sd/-

(N.K. NIRMAL)

Director (Finance)

Sd/-

(A.K. GUPTA)

Company secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	(Rs. Lacs)	
	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	17,316.65	15,404.31
ADJUSTMENT FOR :		
- Interest on working capital loans	9,540.10	8,535.16
- Depreciation	247.67	238.28
- Unrealized foreign exchange difference	(83.79)	-
- Write offs	335.99	0.12
- Provisions against Receivables & Investments	1,350.71	2,380.28
- Income/Expenditure relating to let out property	(1,706.00)	(1,904.27)
- Loss on sale of asset and write off	1.28	0.69
- Liabilities written back	(718.61)	(22.45)
- Profit on sale of assets	(2.17)	(6.88)
- Unclaimed credit balances written back	(185.55)	(11.67)
- Interest Income on investments	-	(98.77)
- Dividend Income	-	8,972.59
	8,779.63	(137.90)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	26,096.28	24,376.90
ADJUSTMENT FOR :		
- Trade and other receivables	(87,531.70)	(20,297.41)
- Inventories	89,672.69	(81,611.83)
- Trade and other payables	(38,336.35)	(18,123.47)
	(10,099.08)	(95,655.81)
Fringe Benefit Tax paid	(32.36)	(105.00)
Income tax paid	(6,097.13)	(7,007.17)
CASH FLOW BEFORE PRIOR PERIOD ITEMS	(16,228.57)	(102,767.98)
Prior period adjustment	(225.22)	(917.38)
NET CASH GENERATED/USED IN OPERATING ACTIVITIES (A)	(16,453.79)	(103,685.36)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
- Purchase of Fixed Assets	(1,983.89)	(831.21)
- Sale of Fixed Assets	7.65	12.57
- Let out properties (net)	1,706.00	2,534.55
- Interest Received	-	98.77
- Dividend Received	-	137.90
- Sale of Investment	-	8,769.13
NET CASH FROM INVESTING ACTIVITIES (B)	(270.24)	10,721.71

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	(Rs. Lacs)	
	2009-10	2008-09
C. CASH FLOW FROM FINANCING ACTIVITIES :		
- Dividend paid (including Dividend Tax)	(3,334.36)	(3,837.40)
- Increase in Working Capital Loan(net)	8,995.76	127,866.07
- Interest Paid	(9,540.10)	(8,477.83)
NET CASH FROM FINANCING ACTIVITIES (C)	(3,878.70)	115,550.84
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(20,602.73)	22,587.19
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	37,643.88	15,056.69
CASH AND CASH EQUIVALENTS AS AT THE CLOSE OF THE YEAR	17,041.15	37,643.88
Reconciliation of Cash & Cash Equivalents		
Cash & Bank Balances as per Balance Sheet	48,682.72	65,677.00
Less : Fixed Deposit made with margin provided by Associates adjusted in Trade Receivables	(31,641.66)	(28,033.21)
Add: Bank balance under Court attachment	0.09	0.09
Cash & Bank Balances as per Cash Flow Statement	17,041.15	37,643.88

Significant accounting policies schedule 22
Notes on accounts schedule 23
Schedules referred to above form an integral part of the Accounts.

As per our report of even date attached

<p>For KAPOOR TANDON & CO Chartered Accountants</p>	<p>Sd/- (N.K. MATHUR) Chairman & Managing Director</p>	<p>Sd/- (N.K. NIRMAL) Director (Finance)</p>
<p>Sd/- (RAJESH PARASRAMKA) Partner</p>	<p>Sd/- (B.VENKAT RAM) Chief General Manager (Finance)</p>	<p>Sd/- (A.K. GUPTA) Company secretary</p>

Place : New Delhi
Dated : 23.07.2010

**SCHEDULES FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010**

		(Rs. Lacs)	
		As At 31 March, 2010	As At 31 March, 2009
1.	Share Capital		
	Authorised		
	20,00,00,000 Equity Shares of Rs. 10/- each	20,000.00	20,000.00
	Issued, Subscribed & Paid Up		
	6,00,00,000 Equity Shares of Rs. 10/- each		
	(Of these 5,80,00,000 Shares of Rs.10/- each allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve)	6,000.00	6,000.00
	Total	6,000.00	6,000.00

	Balance as at 31.03.2009	Additions	Deductions	Balance as at 31.03.2010
2. Reserves & Surplus				
Capital Reserve	100.00	—	—	100.00
Bonus Reserve	0.70	0.11	0.40	0.41
Exchange Fluctuation Reserve	649.53	—	—	649.53
Export/Import Contingency Reserve	5,697.48	1,980.10	—	7,677.58
General Reserve	29,602.76	1,150.00	—	30,752.76
Profit & Loss Account - as per account annexed	14,978.10	4,235.92	—	19,214.02
Total	51,028.57	7,366.13	0.40	58,394.30

Note: 1. Bonus Reserve represents "Set on" available under the Payment of Bonus Act, 1965.

2. Deductions from Bonus Reserve represent amount transferred to Profit & Loss Account being "Set off".

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

		(Rs. Lacs)	
		As At 31 March, 2010	As At 31 March, 2009
3.	Secured Loans		
	Working Capital Loan From Banks		
	Cash Credit(including WCDL) (Secured by hypothecation of Stock in Trade excluding gold/ silver on consignment basis, book debts and receivables not older than 180 days)	168,583.15	85,717.55
	Add interest accrued and due	145.26	57.33
	Pre-shipment Export Credit (Secured by hypothecation of stocks & export bills)	168.65	27,008.98
	Working Capital Loan From Financial Institution		
	Post shipment Export Credit from Exim Bank (USD 827.41 Lacs, Previous Year USD 805.58 Lacs) (Secured by charge over receivable financed under export bill and assingment of credit insurance policy)	36,935.80	58,277.37
	Total	205,832.86	171,061.23

		(Rs. Lacs)	
		As At 31 March, 2010	As At 31 March, 2009
4.	Unsecured Loans		
	Working capital Demand Loan From Banks	20,000.00	1,038.11
	Buyer's Credit from Banks	20,952.34	65,690.10
	Total	40,952.34	66,728.21

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

5. Fixed Assets

(Rs. Lacs)				
GROSS BLOCK				
	As on 01.04.2009	Additions	Deductions	As on 31.03.2010
Land - Freehold	703.74	—	—	703.74
- Leasehold	197.37	64.47	—	261.84
Building - Free hold	247.69	2,554.50	—	2,802.19
- Lease hold	2,573.98	5.21	—	2,579.19
Roads, Culverts, Sewerage and Water Supply System	21.36	—	—	21.36
Railway Sidings	4.84	—	—	4.84
Plant and Machinery	1,550.73	31.88	5.24	1,577.37
Furniture and Fittings	306.07	26.43	9.67	322.83
Air Conditioners & Office Equipments	228.34	18.70	6.16	240.88
Vehicles	145.65	—	—	145.65
Computer, Data Processor & Communication Equipment	235.84	29.70	9.99	255.55
Total	6,215.61	2,730.89	31.06	8,915.44
Previous Year	6,192.90	84.21	61.50	6,215.61
CAPITAL WORK IN PROGRESS				
Office Building	747.00	—	747.00	—
Total	747.00	—	747.00	—
Grand Total	6,962.61	2,730.89	778.06	8,915.44
Previous Year	6,192.90	831.21	61.50	6,962.61

Depreciation Debitd in P & L acccount	245.90
Depreciation debited in schedule No 21 (prior period adjustment)	1.76
Depreciation as per Schedule No. 5	247.66

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Rs. Lacs)					
DEPRECIATION			NET BLOCK		
Upto 31.03.2009	Deductions/ Adjustment during the year	For the year 2009-10	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
—	—	—	—	703.74	703.74
51.74	—	7.55	59.29	202.55	145.63
125.10	—	9.71	134.81	2,667.38	122.59
1,074.86	—	81.65	1,156.51	1,422.68	1,499.12
16.85	—	0.46	17.31	4.05	4.51
4.84	—	—	4.84	—	—
1,234.51	3.40	56.45	1,287.56	289.81	316.22
267.68	8.66	13.80	272.82	50.01	38.39
157.90	4.31	19.25	172.84	68.04	70.44
68.26	—	24.38	92.64	53.01	77.39
196.58	9.68	34.41	221.31	34.24	39.26
3,198.33	26.06	247.66	3,419.93	5,495.51	3,017.29
3,015.05	55.00	238.27	3,198.33	3,017.29	
—	—	—	—	—	747.00
—	—	—	—	—	747.00
3,198.33	26.06	247.66	3,419.93	5,495.51	3,764.29
3,015.05	55.00	238.27	3,198.33	3,764.29	—

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

		(Rs. Lacs)	
		As At	As At
		31 March, 2010	31 March, 2009
6. Investments			
Long Term - Shares and Units			
Unquoted (Non-Trade)			
Subsidiary Company			
STCL Ltd.			
1,50,000 Equity Shares of Rs. 100/- each.		282.00	282.00
Others			
Maharashtra Small Scale Industries Development Corporation Ltd. 10,000 Equity Shares of Rs.100/- each fully paid		10.00	10.00
Andhra Pradesh State Trading Corp. Ltd. 100 Equity Shares of Rs. 1000/- each fully paid		1.00	1.00
The National Tannery Company Ltd., 87,946 Equity Shares of Rs. 10/- each fully paid*		Neg.	Neg.
Indo Pirin Gloves (P) Ltd. (in liquidation) 1,40,000 Equity Shares of Rs. 10/- each fully paid	14.00		14.00
Less : Provision for diminution	14.00	Neg.	14.00
Sindhu Resettlement Corporation Ltd., 4 Equity Shares of Rs. 1000/- each fully paid	0.13		0.13
Less : Provision for diminution	0.09	0.04	0.09
NSS Satpura Agro Development Corporation Ltd 1,00,000 Equity Shares of Rs. 10/- each fully paid		10.00	10.00
Unquoted (Trade)			
Rich Field Aquatech Ltd., Vizag* 5,50,000 Equity Shares of Rs. 10/- each fully paid		Neg.	Neg.
Blue Gold Maritech Ltd., Chennai* 16,00,000 Equity Shares of Rs. 10/- each fully paid		Neg.	Neg.
Total		303.04	303.04

*Valued at Rs 1.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

		(Rs. Lacs)	
		As At	As At
		31 March, 2010	31 March, 2009
7. Inventories			
As taken, valued & Certified by Management			
Stock-in-Trade (including with handling/ local agent & stock in transit)		56,627.18	146,294.94
Stores & Packing Materials		73.91	78.35
Others		0.18	0.66
Total		56,701.27	146,373.95
8. Sundry Debtors			
a) Debts over six months			
i) Secured - Considered Good	87,329.93		99,863.60
ii) Unsecured - Considered Good	225,602.05		203,523.46
- Considered Doubtful	4,236.13		2,981.02
	317,168.11		306,368.08
Less : Provision for Doubtful Debts	4,236.13	312,931.98	2,981.02 303,387.06
b) Other Debts			
i) Secured - Considered Good	225,350.18		146,057.00
ii) Unsecured - Considered Good	122,814.19	348,164.37	106,408.52 252,465.52
Total (a+b)		661,096.35	555,852.58
9. Cash and Bank Balances			
Cash in Hand		—	0.02
Stamps in Hand		0.09	0.10
Cheques in Hand		18.25	3,766.43
Balance with Scheduled Banks:			
— Cash Credit Account - Debit Balance		18.26	15,595.74
— Current Accounts*		16,679.99	16,300.72
— Current Accounts in Foreign Currency - EEFC***		125.70	142.20
— Unpaid Dividend Bank Account		26.27	17.02
— Term Deposit With Banks**		31,661.32	28,033.21
Interest Accrued on Term Deposits		152.86	1,821.56
Total		48,682.74	65,677.00

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

** Includes Rs. 31641.66 lacs (Previous year Rs. 28033.21 lacs) Pledged with bank as margin against letter of credit

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

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

		(Rs. Lacs)			
		As At 31 March, 2010	As At 31 March, 2009		
10. Loans & Advances					
i)	Advances to Employees	1,687.69	2,046.13		
ii)	Trade Advances (recoverable in cash or kind or for value to be received or adjusted)	27,344.79	46,700.18		
iii)	Other Loans (including inter-corporate loans & Deposits)	49.45	382.41		
iv)	Balance with custom & port trust	76.66	49.35		
v)	Claims recoverable	18,883.96	22,929.55		
vi)	Deposits	1,191.59	888.94		
vii)	Bill of Exchange	35.77	35.77		
viii)	Interest Accrued on loans, advances & deposits	2,604.76	2,191.42		
ix)	Interest accrued on advances to employees	936.61	793.27		
xi)	Advance Tax including TDS, Refundable & Deposits	19,013.33	11,632.42		
xiii)	Advance Fringe Benefit Tax	247.36	215.00		
xiii)	Others	110.65	—		
		72,182.62	87,864.44		
Less : Provision for Doubtful Loans & Advances		13,825.26	13,996.91		
Total		58,357.36	73,867.53		
Particulars of Loans & Advances					
Secured Considered Good		10,377.01	29,245.61		
Unsecured Considered Good		47,980.36	44,621.92		
Unsecured Considered Doubtful		13,825.26	13,996.91		
Total		72,182.63	87,864.44		
		Balance as at 31.03.2010	Maximum during 2009-10	Balance as at as at 31.03.2009	Maximum during 2008-09
Advances due from :					
	Directors	—	5.66	1.44	3.00
	Other officers	4.96	8.86	5.23	8.50

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	(Rs. Lacs)	
	As At 31 March, 2010	As At 31 March, 2009
11. Current Liabilities		
Bills Acceptance	248,103.89	147,914.90
Sundry Creditors :		
- Micro and Small Enterprises	—	—
- Others	197,815.90	241,471.87
Customers at Credit	14,465.18	53,470.31
Advance from Customers	2,910.72	33,730.53
Unclaimed Dividend	26.27	17.02
Other Liabilities *	36,532.71	63,613.47
Total	499,854.67	540,218.10

* Includes Rs 438.04 Lacs as advance rent from STCL Ltd

	(Rs. Lacs)	
	As at 31 March, 2010	As at 31 March, 2009
12. Provisions		
Proposed Dividend	1,350.00	1,350.00
Dividend Tax	224.22	229.42
Income Tax	19,892.90	11,000.00
Fringe Benefit Tax	257.36	245.00
Half Pay Leave	850.57	568.41
Post Retirement Medical Benefits	3,220.11	3,488.24
Pension	931.00	—
Other Provisions	216.47	38.57
Total	26,942.63	16,919.64

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010**

(Rs. Lacs)		
	Year ended 31 March, 2010	Year ended 31 March, 2009
13. Other Income(Trade)		
Claims	22,347.67	27,345.26
Exchange Fluctuations gain (net)	23,426.26	—
Discount on forward contract (Net)	433.15	126.97
Others	4,368.51	7,644.77
Total	50,575.59	35,117.00
14. Interest Income		
Interest on Advances to Employees	100.00	108.38
Interest on Term Deposits With Banks & Financial Institutions.(Gross)	14.03	127.61
Interest on Investments	—	98.77
Interest on Sales Tax / Income Tax Refund	68.99	12.50
Interest on Trade Finance(Gross).	25,626.83	27,924.51
Total	25,809.85	28,271.77
15. Miscellaneous Income (Non-Trade)		
Dividend (Gross)	—	137.90
Recoveries for common services	138.35	104.63
Rent	2,202.80	2,046.78
Profit on Sale of Fixed Assets	2.17	6.88
Liabilities No Longer Required Written Back	718.61	34.12
Prov. W/back for doubtful amts. realised		
-Advances	—	4.07
-Debts	64.84	365.73
-Claims	151.36	—
-Deposits	0.93	—
Other Receipts *	917.80	518.07
Total	4,196.86	3,218.18

* Including Exchange Fluctuation of Rs. 148.73 Lacs

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

	(Rs. Lacs)	
	Year ended 31 March, 2010	Year ended 31 March, 2009
16. Cost of Goods Sold		
Opening Stock (including goods -in-transit)	146,294.95	64,677.51
Purchases	2,028,387.28	1,884,672.93
Freight (Including Reimbursement)	29,486.55	46,582.74
Insurance	102.47	360.70
Customs Duty	20,888.16	25,065.31
Clearing, Handling & Other Charges	12,545.19	35,550.06
Demurage	356.20	839.62
LC Negotiation and Bank Charges	920.21	1,290.11
LC Usance Charges	209.05	522.48
Processing Charges	2,850.72	2,867.73
Godown, Plot, Tank Rent and Delivery Charges	871.17	1,160.31
Claims	15.69	56.73
Stores/ Packing Material Consumed	145.91	377.64
Turnover Tax/ Sales Tax/Purchase Tax/Octroi	221.66	396.30
Difference in Exchange (net)	—	83,816.73
Premium on forward contract	46.23	120.43
Premium/Commission on Exim Scrip	180.56	267.08
Commission on Sales	90.80	65.33
Total	2,243,612.80	2,148,689.74
Less : Closing Stock (including with handling/local agent and Stock in transit)	56,627.18	146,294.95
Cost of Goods Sold	2,186,985.62	2,002,394.79

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

	(Rs. Lacs)	
	Year ended 31 March, 2010	Year ended 31 March, 2009
17. Overheads		
A. Establishment		
Salaries and Allowances	4,685.90	4,387.44
Residential Rent	—	0.58
Contribution to PF/FPF	404.92	315.85
Bonus	0.12	0.13
Exgratia in lieu of bonus/PRP	800.00	690.48
Foreign Service Contribution	0.56	1.52
V.R.S.Compensation	18.11	12.64
Welfare Expenses*	845.25	1,898.72
Gratuity	1,034.24	700.88
Tax on perquisites	16.28	8.70
Pension	931.00	—
Total	8,736.38	8,016.94
Remuneration to Directors**		
Salaries and Allowances	76.73	47.51
Contribution to PF/FPF	9.42	4.41
Welfare Expenses	(1.52)	(5.97)
Total	84.63	45.95
Grand Total (A)	8,821.01	8,062.89

* Welfare expenses include medical expenses Rs. 615.86 lacs (including medical expenses for retired employees Rs. 174.43 lacs) (Previous year Rs. 1040.89 lacs / Rs. 465.34 lacs)

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

Directors remuneration does not include contribution / provision on account of gratuity, pension and other benefits as these are not ascertained separately.

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

(Rs. Lacs)

	Year ended 31 March, 2010	Year ended 31 March, 2009
Schedule 17 (Contd.)		
B. Administration		
Rent	167.31	144.33
Rates and Taxes	1,171.46	4,175.66
Electricity and Water Charges	146.72	154.25
Printing and Stationery	50.08	51.94
Postage, Telegram, Telepr. & Telex	13.01	15.69
Telephones	117.75	123.50
Books and Periodicals	31.27	31.34
Repairs		
- Building	0.19	0.65
- Plant and Machinery	1.70	1.20
- Service Vehicle	0.63	0.20
- Others	20.72	18.36
Travelling Expenses	161.77	274.91
Housing Colony Expenses	224.76	127.13
Service Vehicle Expenses	53.59	33.48
Insurance	17.23	8.58
Auditors' Remuneration	16.40	18.38
HRD Expenses	18.30	28.45
Information Technology Expenses	43.41	10.08
Conveyance Expenses	242.95	239.11
Loss on sale of fixed assets	1.28	0.69
Maintenance of office building	301.83	149.86
Miscellaneous Expenses	428.92	242.63
Donation	0.50	96.86
Total : (B)	3,231.78	5,947.28
Notes: 1) Auditor's Remuneration include :		
Audit Fees	9.57	9.34
Tax Audit Fees	4.38	3.42
Certification fees	2.45	1.87
Other expenses - TA/DA etc.	—	3.75
2) Housing Colony Expenses include :		
- Repairs to Staff Qtrs	18.03	18.50
- Rates and Taxes	1.50	0.65
3) Rates & Taxes include share of		
- Rental income payable to L & D O	519.28	475.68
- Property tax payable to NDMC	20.79	3,353.55
4) Travelling Expenses include :		
Travel by directors	37.92	91.51
5) Misc. Exp. Includes Opex		
	19.39	18.48

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

			(Rs. Lacs)	
	Year ended 31 March, 2010		Year ended 31 March, 2009	
Schedule 17 (Contd.)				
C. Trade				
Legal & Professional Expenses*	222.80		179.21	
Advertisement & Publicity	73.39		172.39	
Exchange Fluctuations	123.82		271.79	
Bank Charges	498.35		27.53	
Entertainment	83.42		87.66	
Hospitality and Public Relations	9.30		7.63	
Other Expenses	108.82		174.48	
Total (C)	1,119.90		920.69	
Grand Total (A+B+C)	13,172.69		14,930.86	

* Includes Directors sitting fees Rs 1.80 lacs (Previous year Rs 0.08 Lacs)

18. Interest				
On Other than Fixed Loans	9,540.10		8,535.16	
On Trade Advances	53.01		—	
On Income Tax/Wealth Tax	0.02		—	
Others	2,446.97		1,307.04	
Total	12,040.10		9,842.20	

19. Write Offs				
Bad Debts	344.40		—	
Less Provision	8.70	335.70	—	
Claims	29.22		—	
Less Provision	29.22	—	—	
Advances	6.54		—	
Less Provision	6.25	0.29	—	
Deposits	5.95		—	
Less Provision	5.95	—	—	
Investments	—		1.00	
Less Provision	—	—	1.00	
Assets	7.01		6.65	
Less Depreciation	7.01	—	6.53	
Total	335.99		0.12	

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

	(Rs. Lacs)	
	Year ended 31 March, 2010	Year ended 31 March, 2009
20. Provision against Doubtful Receivables & Investments		
Debts	1,328.65	606.64
Claims	22.01	284.21
Loans and Advances	—	1,375.96
Deposits	0.05	113.47
Total	1,350.71	2,380.28
21. Prior Period Adjustments		
Income		
Sales	(21.51)	—
Other Income (Trade)	86.91	0.26
Interest Income	1.15	(58.61)
Misc. income (Non-trade)	—	0.06
Total	66.55	(58.29)
Expenditure		
Cost of Sales		
— Purchase	21.63	667.45
— Customs duty	217.87	—
— Clearing, handing and Other Charges	21.65	—
— LC Negotiation and Bank Charges	0.54	—
Overheads		
— Establishment	(0.10)	(0.80)
— Administration	26.66	28.50
— Trade	—	2.90
Interest	—	161.04
Depriciation	1.76	—
Total	290.01	859.09
Net(Debit)/Credit	(223.46)	(917.38)

Schedule-22

SIGNIFICANT ACCOUNTING POLICIES 2009-10

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:

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

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.
- b) 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.
- c) 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.
- d) Income or expense on account of exchange difference on settlement or translation is recognized in the Profit & Loss Account. Premium or Discount on forward exchange contracts is recognized on pro-rata basis with reference to the life of the forward contract except for forward covers taken at the behest of Business Associates, in which case the premium or discount is recognized at the inception of the forward exchange contract on matching principles since the corresponding transactions with the Associate are carried out based on the forward rate.

5. FIXED ASSETS

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

6. INTANGIBLE ASSETS

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

7. DEPRECIATION AND AMORTISATION

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

Depreciation rates adopted by the Company are as under:

Assets	Rates adopted by the Company on SLM basis	Rates as per Sch. XIV of the Companies Act (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%
3. Railway siding	12.5%	4.75%
4. Plant & Machinery	10%	4.75%
5. Furniture fittings	10%	6.33%
6. Air-conditioning & Office Equipments	12.50%	4.75%
7. Computer, data processor and communication equipments	40%	16.21%
8. Vehicle 20%	9.50%	
9. Warehouse	4%	1.63%
10. Land-lease hold	Over lease period	–
11. Capital items purchased upto Rs. 5000/-	100%	100%
12. Assets having W.D.V upto Rs. 5000/-at the beginning of the year.	100%	–

8. IMPAIRMENT OF ASSETS

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

9. INVESTMENTS

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

10. INVENTORIES

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

11. COST OF SALES AND SALES

- a) Purchases and sales are recognised on the performance of contracts.
- b) In cases where contracts provide for crystallization of price or for price adjustment on a subsequent date, corresponding purchase and sales are booked on the basis of expected settlement price and any differential

determined subsequently is accounted for at the time of final settlement. Cost of Sales and Sales are accounted for considering all costs and elements including usance interest on supplier's credit as provided for in the contract and incurred till the date of recognition including expenses incurred by and surplus accruing to Associates as per contract terms.

- c) In respect of back-to-back / tripartite / joint-execution / third party arrangements, purchases and sales are booked on the basis of documents furnished by the Business Associate as adjusted for the fixed trade margin accruing to the Company.
- d) Sales include transactions under third party arrangements and counter-trade obligations met by exports through the Company.
- e) In case of dealings on behalf of the Government (including consignments under Government's Gift / Grant Scheme), purchases and sales and incidental expenses or income thereof are accounted for under the respective head of accounts. Surplus or deficit to Government Account, after adjusting service margin accruing to the Company, is adjusted in Cost of Sales or Trade Income respectively.

12. CLAIMS

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

13. SELF INSURANCE

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

14. EMPLOYEE BENEFITS

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

Other long term benefits i.e. Long Service Award are determined on the basis of actuarial valuation undertaken at the year end.
- e. Termination Benefits:

Retirement benefits under voluntary retirement scheme is written off in the year in which opted.

15. PROVISION FOR DOUBTFUL DEBTS

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

16. RESERVES

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

17. EXHIBITIONS AND FAIRS

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

18. EXPENSES ON COMMON SERVICES

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

19. BORROWING COSTS

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

20. TAXES ON INCOME

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

21. CASH FLOW FROM OPERATING ACTIVITIES

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

22. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Contingent liability is disclosed, if

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

Contingent assets are neither recognized nor disclosed.

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

For KAPOOR TANDON & CO
Chartered Accountants

Sd/-
(RAJESH PARASRAMKA)
Partner

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

Sd/-
(B.VENKAT RAM)
Chief General Manager (Finance)

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

Sd/-
(A.K. GUPTA)
Company secretary

Place : New Delhi
Dated : 23.07.2010

Schedule-23**NOTES FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH 2010**

		(Rs. Lacs)	
1A. CONTINGENT LIABILITIES NOT PROVIDED FOR		31.3.2010	31.3.2009
i) Claims against the Company not acknowledged as debt (excluding legal cases where amounts are unascertainable)		75209	13386
ii) Guarantees given by Banks on behalf of the Company		27950	868
iii) Letter of Credit issued by Bank		310579	344500
iv) Sales Tax demands in dispute		42996	13352
v) Bonds given to Customs Department		100	100
vi) Sales Tax liability which may arise on re-assessment or assessment		108	108
vii) Estimated Tax incidence on amounts disputed in appeal by Income Tax Department		483	327
viii) Bills Discounted		—	445
ix) Rent Air India Building		1995	1995
x) Bill of exchange accepted (raised by Rajat Pharma Limited, Mumbai)		23491	23491

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

1.B. Capital Commitments pending execution NIL NIL

2. FIXED ASSETS

- a) The process of issuance of sub-divided Lease Deeds in respect of STC Complex at New Delhi, residential land and flats at Mehrauli Road separately in the name of the company and its co-owners is pending. (Gross Cost of Land Rs. 104 lacs and Building Rs. 2005 lacs)
- b) Registration of Deeds of Conveyance in respect of 2 flats at Kolkata is pending. (Total Purchase Value Rs. 6.00 lacs)

3. DEBTORS, LOANS, ADVANCES AND CLAIMS

- (a) In respect of two trading contracts, the Company paid Rs. 18055 lacs to Neyveli Lignite Corporation Ltd. (A Govt. of India Undertaking) on behalf of two Associates against sale of scrap to be obtained from certain plants to be dismantled. The plants have yielded/expected to yield scrap for lower value and in respect of one of the contracts, it would not cover the trade finance of Rs. 14979 lacs provided by the Company. Though the Company for recovery of its dues of Rs. 8743 lacs (after adjustment of EMD and sale proceeds out of scrap) has initiated all legal actions including criminal proceedings, yet as a measure of abundant precaution, full provision been made in the earlier years. Further, the company may be liable for Rs. 108 lacs on account of state sales tax, if the company is unable to prove the sale as resale of scrap. The same has been taken as contingent liability.

- (b) In respect of a trading operation in Wheat undertaken for an associate Priyanka Overseas Private. Limited, New Delhi (POPL), disposal of goods and recovery have not taken place as per contract due to quality problems and there were undisposed stocks of wheat and unrecovered amounts outstanding from the Associate and Supplier viz., FCI. Also, cases of theft and misappropriation of unlifted stocks exported to Bangladesh have come to notice for which legal actions have been initiated. Guarantee of Rs 250 lacs has been invoked; post dated cheques of Rs. 2000 lacs were presented to the bank which was dishonored stating "insufficient funds". A criminal complaint under Section 138 of the Negotiable Instrument Act against POPL and its directors has been filed. The company has also initiated arbitration/legal proceedings against POPL for recovery of dues. Stocks to the extent of Rs. 547 lacs have been written off during the financial year 2006-07. Entire dues including recoverable from FCI aggregating to Rs. 5841 lacs has been provided / written off in earlier years.
- (c) In respect of the wheat trading referred in (b) above, the company had met the export commitment made to the supplier FCI through other wheat export transactions with the concurrence of FCI. However, FCI is seeking to recover price differential considering the sale as inter-state sale at Open Market Sales Scheme (Domestic) for Wheat instead of the concessional prices charged for exports. The Company has also given a declaration for payment of additional sales tax liability that may arise in respect of the export transactions. Additional liability on account of the above account not ascertained.
- (d) These include Rs 1324 lacs (Previous year Rs. 1285lacs) being amounts carried over from earlier years some of which are subject matter of dispute/litigation. In some cases, there are corresponding payments withheld or receivables relating to commodities handled on Government of India's accounts. No provision in respect of these dues is considered necessary at this stage.
- (e) Balances in parties' accounts are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.
- (f) Claims recoverable considered good include claims lodged on Insurance Companies, which are in the process of acceptance/final settlements.
- (g) Sundry Debtors include Rs. 17641 lacs (previous year Rs 15482 lacs) due from Jhagadia Copper Limited on account of Letters of Credit paid against import of Raw Material. The company had gone into liquidation and now is in the process of reconstruction by Asset Reconstruction Company (India) Limited (ARCIL). The dues are secured by pledge of Stocks (Value as on 31.03.2010 Rs. 17000 lacs) and a unexpired Bank Guarantee of Rs. 5400 lacs furnished by the company towards Margin Money. The stocks are under the custody of CWC on behalf of the company. The said dues are, therefore, considered Secured and no provision is required as on 31.03.2010.
- (h) Sundry Debtors include Rs. 54387 lacs (previous year Rs 77492 lacs) due from Kremikovtzi A.D., Bulgaria. The company had gone into liquidation in June, 2008. The said dues are secured by Cheques and Corporate Guarantee of Global Steel Holdings Limited, the holding company. The holding company has also given Share Certificates of its another wholly owned subsidiary Global Steel Works International (SPV-AMC) Phillipines, approximately valuing USD 100 millions for pledging. The asset value of the said subsidiary company as on 31.03.2006 was USD 830 millions. The entire dues including interest thereon have been recovered during 2010-11. Hence no provision is required as on 31.03.2010.
- (i) Sundry Debtors include Rs. 90311 lacs (previous year Rs. 72902 lacs) due from Global Steel Phillipine. The said dues include overdue amount of Rs. 37939 lacs out of which Rs 22141 lacs pertain to year 2008-09. The said dues are secured by pledge of stocks of Rs. 74352 lacs (value as on 31.03.2010) and Earnest Money Deposit of Rs. 6742 lacs. The stocks are under the custody of CWC on behalf of the company.

The dues are further secured by Cheques and Corporate Guarantee of Global Steel Holdings Limited, the holding company (GSHL). Further, GSHL has also allowed to retain share certificates of its wholly owned subsidiary company Global Steel Works International (SPV-AMC) Phillipines, approximately valuing for USD 100 million. The said dues are therefore considered good and no provision is required as on 31.03.2010.

- (j) The company had suffered a trading loss of Rs. 21150 lacs during the year 2008-09 on Import of pulses on Government account and, as per the Scheme, booked Rs 11463 lacs only as claim receivable from the Government (trade margin 1.2% and losses 15%). However, the company had submitted the claim for reimbursement of entire trading loss along with interest. The claim of difference is still pending with the Government.
- (k) Sundry Debtors include Rs. 57942 lacs (previous year 57942 lacs) on account of export of pharma product to Loben Trading Co. Pte. Ltd. and Sweetland Trading Co Pte Ltd, Singapore (the buyers) under Credit Insurance Scheme on back to back basis with Rajat Phamachem Ltd. (RPL). The entire amount is over due. It is understood that RPL has drawn post shipment funding from their bankers on basis of conditional acceptance of Bills of Exchange/Invoices by the company. As there is default in payments against export bills by the buyers, litigation processes have been initiated by STC as well as by RPL and their bankers, which is being pursued in consultation with our lawyers. A claim of Rs. 52786 lacs has been admitted by the liquidator of Loben Trading Co. Pte. Ltd. the company which has gone into liquidation. The said dues include Rs. 1157 lacs on account of trading margin, recoverability of which appears doubtful, hence the same has been provided during the year.
- (l) Sundry Debtors include over dues of Rs. 39761 lacs (USD 89.07 millions) against exports effected under the EXIM Bank Insurance Linked Post-shipment Credit Facility on 120 days D.A. basis. There are delays in repatriation of export proceeds from the foreign buyers in view of slumps in Jewellery and construction sector in UAE, where most of the buyers are based. The associates, who are contractually liable for repatriation of export proceeds as well as the foreign buyers have sought some more time to release the proceeds. STC is negotiating with EXIM Bank to get additional time ranging between 2 to 5 years to recover the dues from foreign buyers/their associates and repay the same to EXIM Bank. The company holds the signed/stamped Bills of Exchange and Invoices duly accepted by all the Foreign Buyers. Associates have offered additional collaterals to the company, and the same is being processed. The company is confident of full recovery hence no provision is required in this regard.
- (m) In respect of import of 3,20,563.011 MTs Urea from M/s. Helm DUNGEMITTEL, GMBH, Hamburg, Germany in the year 2008-09 for & on behalf of the Govt. of India (Department of Fertilizers), the supplier had agreed to a reduced price of USD 359.00 PMT for supplies made over & above 3 Lac MTs as against the contractual rate of USD 685.50 PMT. Since the supplier charged price of USD 685.50 PMT for the entire supplies, STC recovered an amount of Rs. 3305 lacs for the price overcharged by the party on the additional quantity of 20,563.011 MTs by invoking the Bank Guarantee submitted by them. As the supplier has gone for litigation against STC the same has been disclosed under Contingent Liabilities.
- (n) During the year 5845 MT of Pulses (Yellow Peas and Dun Peas) valuing Rs. 1047 lacs was damaged at Kolkata due to Cyclone followed by heavy rains in May 2009. Salvage value of Rs. 128 lacs was realised against the damaged stock of pulses, leaving a loss of Rs. 919 lacs. Due to uncertainty relating to ultimate realization, the claim has not been recognised in the books.

4. DEFERRED TAX

In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income", the company has Deferred Tax Assets of Rs. 7340.53 lacs as on 31.03.2010 (previous year Rs. 6117.36 lacs). There is reasonable certainty that sufficient future taxable income will be available against which the deferred tax asset can be realised. The breakup of deferred tax assets is as under:

	(Rs. Lacs)	
	31.3.2010	31.3.2009
Expenses allowable on payment basis	1340.99	938.29
Provisions allowable on write off	5999.54	5179.07
	7340.53	6117.36

5. LIABILITIES

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

6. OTHER TRADE INCOME

- a) Other Income (Trade) - Claims include Rs. 10021 lacs being price differential adjustment debited to associates as per back-to-back arrangements in respect of coal import during 2008-09. It has no impact on the profits for the year.
- b) Other Income (Trade) - Exchange Gain (net) Rs. 23426 lacs includes Rs. 31641 lacs Credit and Rs. 8214 lacs Debit out of which Rs. 21660 lacs is on account of business associates which is adjusted against purchase/ sales as the case may be, to this extent there is no impact on the profits for the year.

7. PURCHASE & SALES

- a) 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.
- b) In respect of coal supplied to NTPC from Ahmedabad branch, Purchases and Sales quantity of coal is subject to reconciliation and any shortages/excess is to be provided for in the books at the year end in the respective party account. Branch is following the system of booking of sales in the books of accounts on the basis of receipt of quantity at the T.P.S. of NTPC Ltd. Branches are consistently following this system since previous years.

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

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

		(Rs. Lacs)	
c) Expenditure in Foreign Currency (on accrual basis)		2009-10	2008-09
i) Import of Goods including freight etc.*		1760582.85	1568228.79
ii) Interest		50.00	30.15
iii) Training		0.33	7.76
iv) Travelling		32.30	59.66
v) Agency Commission		8.37	26.71
vi) Books & Periodicals		0.47	6.33
vii) Others		0.00	127.29
Total		1760674.32	1568486.69
d) Earning in Foreign Exchange (on accrual basis)			
i) Export of goods on FOB basis*		149373.84	198620.65
ii) Others		10.08	29.66
Total		149383.92	198650.31

* include third party transactions.

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

		(Rs. Lacs)	
		2009-10	2008-09
Profit after Taxation – (Rs. in lacs)	(A)	10694.88	7850.96
Weighted Average no. of Equity (No. in Lacs)	(B)	600.00	600.00
EPS - Basic & Diluted – Rs.	(A/B)	17.82	13.08
Face Value – Rs.		10.00	10.00

10. INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2010 – attached.

11. RELATED PARTY TRANSACTION:

1. Key Management Personnel

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

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

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

Transactions - Advance Rent Received during the year Rs. 438.04 Lacs

Balance at the year end - Rs. 438.04 Lacs

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

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

12. **DISCLOSURE AS PER AS-15 (EMPLOYEES BENEFIT)**

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

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognized as expense and is charged to the Profit & Loss Account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by the Government. As per report of the actuary, overall interest earnings and cumulative surplus is more than the statutory interest payment requirement. Hence, no further provision is considered necessary.

B. Post-Retirement Medical Facility (PRMF)

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

C. Leave

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

D. Gratuity

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

E. Other Benefits

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

F. Pension

The company is in the process of formulating a pension scheme for its employees based on the guidelines issued by the Department of Public Enterprises consequent upon revision of pay scales with effect from 1st January 2007,

which interalia provide for superannuation benefits @ 30 % of basic pay plus DA and include CPF, gratuity, pension and post-superannuation medical benefits. A provision of Rs. 931 lacs has been made on estimated basis during the year.

The above mentioned schemes (C, D and E) are unfunded and recognised in the books on actuarial valuation. The summarized position of various defined benefits recognised in the Profit & Loss Account and Balance Sheet are as under:

i. Expenses recognised in Profit & Loss Account

(Rs. in Lacs)				
Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Current Service Cost	132.84	158.21	41.47	6.11
Past Service Cost	—	—	—	—
Interest cost	195.05	68.86	58.37	11.90
Expected return on plan assets	(209.70)	—	—	—
Net actuarial (gain)/loss recognized in the year	696.63	61.52	(57.35)	(35.14)
Expenses recognized in the Profit & Loss Account	814.82	288.60	42.50	(17.13)

ii. The amount recognised in the Balance Sheet

(Rs. in Lacs)				
Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Present value of obligation as at 31.3.2010	3404.17	1230.66	850.56	144.47
Fair value of plan assets as at 31.3.2010	2693.02	—	—	—
Funded Status	(711.15)	(1230.66)	(850.56)	(144.47)
Net Asset /(Liability) recognized in the Balance Sheet	(711.15)	(1230.66)	(850.56)	(144.47)

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

(Rs. in Lacs)				
Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Present value of obligation as at 1.4.2009	2438.14	983.73	833.94	170.05
Interest cost	195.05	68.86	58.37	11.90
Current Service Cost	132.84	158.21	41.47	6.11
Past Service Cost	—	—	—	—
Benefits paid	(91.53)	(41.66)	(25.87)	(8.45)
Net actuarial (gain)/loss on obligation	729.67	61.52	(57.35)	(35.14)
Present value of the defined obligation as at 31.3.2010	3404.17	1230.66	850.56	144.47

iv. Changes in the fair value of plan assets:

(Rs. in Lacs)

Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Fair value of plan assets as at 1.4.2009	2541.81	—	—	—
Expected return plan assets	209.70	—	—	—
Contributions by employer	—	—	—	—
Benefit paid	(91.53)	—	—	—
Actuarial gain / (loss)	33.04	—	—	—
Fair value of plan assets as at 31.3.2010	2693.02	—	—	—
Funded Status	(711.15)	(1230.66)	(850.56)	(144.47)

v. Actuarial Assumption

(Rs. in Lacs)

Particulars	Gratuity	Earned Leave	Half Pay Leave	Long Service Award
Discount rate	8.00%	8.00%	8.00%	8.00%
Rate of increase in compensation level	5.50%	5.50%	5.50%	—
Rate of return on plan asset	8.50%	—	—	—

13. Foreign Exchange Exposure as on 31.03.2010

(Foreign Currency in Millions)

Particulars	Hedged*		Unhedged*	
	Receivables	Payables	Receivables	Payables
Forward Contract: USD/INR	4.17	16.07	—	—
USD	—	—	509.15	659.82
EURO	—	—	0.07	0.17
CAD	—	—	—	0.03

*Exposure on behalf of Business Associates

2. GENERAL

- The company has a system of physical verification of inventories and fixed assets in phased manner at regular interval and verified with Books of Accounts and records. Differences observed, if any, are dealt with accordingly in the books.
- As required by the Accounting Standard-28 on "impairment of Assets", the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

- c) Wherever necessary, previous year's figures have been re-arranged/re-grouped to make them comparable with those of the current year.
- d) Accounting policies, Schedules and Notes on accounts attached form an integral part of the accounts.

For KAPOOR TANDON & CO
Chartered Accountants

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

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

Sd/-
(RAJESH PARASRAMKA)
Partner

Sd/-
(B.VENKAT RAM)
Chief General Manager (Finance)

Sd/-
(A.K. GUPTA)
Company secretary

Place : New Delhi
Dated : 23.07.2010

STATEMENT FORMING PART OF TRADING, PROFIT & LOSS ACCOUNT INFORMATION IN PURSUANT TO PARA 3 & 4 PART II OF COMPANIES ACT, 1956, ANNEXED TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. Lacs)

PARTICULARS	UNIT	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
EXPORT									
RICE & RICE BRAN	MT	6430.000	305.07		(22.00)			6430.000	305.07
GOLD JEWELLERY	ASSORTED				25182.46		27172.06		
TEA	MT			0.050	0.23	0.050	0.79		
MAIZE	MT			41414.630	4024.03	41414.630	4244.98		
SUGAR	MT				(359.92)				
CASTOR OIL	MT	847.740	396.60	19538.530	10050.71	17900.000	8936.04	2486.270	1420.00
H R COILS	MT			119112.561	30090.63	119112.561	29550.00		
SOYABEAN MEAL	MT			5437.280	959.95	5437.280	1129.78		
CONST. MATERIAL	ASSORTED				(371.19)				
DRUGS & PHARMA	ASSORTED				89.62		91.87		
CONSUMER PRODUCTS	ASSORTED				390.13		491.55		
PETRO CHEMICALS	LTR			157500.000	12.19	157500.000	75.28		
CASHEW KERNELS	MT			63.504	163.73	63.504	159.55		
TEXTILE	PCS			85014.000	143.29	85014.000	149.33		
IRON & STEEL	MT			268994.958	67092.95	268994.958	62283.23		
MINERALS & ORES	MT			87911	3436.88	71090.790	4550.86	11608.010	243.93
AGRO COMMODITIES	MT			1402.950	180.33	1402.950	223.55		
HYDROCARBON	MT			42095.130	11207.05	42095.130	11320.25		
TOTAL EXPORT			701.67		152271.07		150379.12		1969.00

STATEMENT FORMING PART OF TRADING, PROFIT & LOSS ACCOUNT INFORMATION IN PURSUANT TO PARA 3 & 4 PART II OF COMPANIES ACT, 1956, ANNEXED TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. Lacs)

PARTICULARS	UNIT	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
IMPORT									
METAL	MT			257.400	236.62	257.400	234.55		
PULSES	MT	27050.627	4132.02	138550.633	24681.51	165601.260	27669.41		
SILVER	MT			100771.731	78797.86	100771.731	81263.08		
SILVER MEDALLION	PCS			29292.000	168.33	29292.000	179.11		
GOLD	MT			5248.390	933056.41	5248.342	939389.00	0.048	852.95
GOLD MEDALLION	PCS			15007.000	965.45	15007.000	1027.82		
MAIZE	MT			13780.162	3855.09	13780.162	3905.58		
SUGAR	MT			49160.000	12895.69	34823.720	8770.81	14336.280	3872.24
COAL	MT	1904977.980	105743.78	3209593.630	145277.64	5078070.150	283951.78	3344.210	206.57
EDIBLE OIL	MT	18.173	6.58	261543.535	98219.75	248509.387	91896.55	12968.027	4940.60
PULSES GOVT. A/C	MT	185445.023	30941.43	117023.142	29843.57	217768.070	34847.40	76862.759	22389.58
STEEL BILLETS/ BLOOMS/SCRAP/SHEETS	MT			26289.805	5119.40	26289.805	5318.63		
INSTRUMENTS & EQUIPMENTS	ASSORTED				1637.77		1657.66		
POLICE EQUIPMENT	PC			31.000	24.80	31.000	25.54		
PET SCRAP(BOTTLE)	MT			211.180	29.34	211.180	27.58		
LCD/PLASMA TV	ASSORTED				13.74		14.31		
CRUDE OIL	MT			8977819.193	309686.85	8977819.193	308267.19		
RAW CASHEW	MT			16437.387	6955.62	16437.387	6774.65		
AD BLUE	LT			16800.000	4.60	16800.000	5.28		
POLYMERBINDER	MT			23.000	99.92	23.000	98.39		
ALMONDS	LBS	440000.000	407.03	1800000.000	1441.63	2240000.000	1730.35		
UREA	MT			682392.961	87831.32	682392.961	86734.81		
STEEL TUBES	PC						(1.48)		
MINERAL & ORES	MT			5772.000	771.62	5772.000	613.56		
HYDROCARBON	MT	195.624	120.63	89619.467	22179.36	89815.091	20508.18		
TOTAL IMPORT			141351.47		1763793.89		1904909.74		32261.94

STATEMENT FORMING PART OF TRADING, PROFIT & LOSS ACCOUNT INFORMATION IN PURSUANT TO PARA 3 & 4 PART II OF COMPANIES ACT, 1956, ANNEXED TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. Lacs)

PARTICULARS	UNIT	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
DOMESTIC									
JUTE & JUTE PRODUCTS	PCS			2716775.000	793.17	2716775.000	801.19		
RAW JUTE	MT	889.350	153.22	13102.787	3254.02	13309.637	3276.53	682.500	200.61
METAL	MT	7.150	37.51			7.150	38.07		
PULSES OTHERS	MT			17586.437	5427.01	16196.597	4980.98	1389.840	494.21
GOLD COIN	PCS			1255.000	183.98	1255.000	184.86		
TEA	MT	696.122	507.41	3553.039	673.72	1452.946	1339.11	303.803	194.21
MAIZE	MT			7205.032	615.04	7205.032	618.91		
SUGAR	MT			2495.863	565.99	2495.863	571.65		
COAL	MT			340690.210	17606.27	340690.210	17810.36		
RBD PN PDS	MT			1997.800	795.12	1997.800	646.99		
PULSES GOVT.A/C	MT			27843.280	18649.43	27843.280	18921.88		
CASTOR SEED	MT			18676.835	4669.64	12312.925	2916.62	6363.910	1781.89
WHEAT	MT	1925.780	19.25					1925.780	
COTTON SEED / OIL	MT	16341.399	3425.06	26015.735	7015.54	27749.903	7083.21	14607.231	3441.80
HR COILS & STEEL SCRAP	MT			95041.498	29939.36	95041.498	30395.69		
CONSUMER PRODUCTS	ASSORTED	4094.300	99.36		88.69	4094.300	179.31		1.50
MUSTARD SEED	MT			84446.345	22045.34	23021.090	5811.13	61425.255	16282.02
TOTAL DOMESTIC			4241.81		112322.32		95576.50		22396.24
GRAND TOTAL			146294.95		2028387.28		2150865.36		56627.18

INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2010

(Rs. Lacs)				
	EXPORTS		IMPORTS	
	2009-10	2008-09	2009-10	2008-09
Revenue				
External sales	147,305.84	215,762.76	1,950,268.21	1,662,695.52
Inter-segment sales	—	—	—	—
Total Revenue	147,305.84	215,762.76	1,950,268.21	1,662,695.52
Result				
Segment result	2,802.28	5,733.67	10,321.82	4,027.20
Unallocated common expenses	(488.12)	—	(453.85)	—
Opening Profit	3,173.91	5,733.67	11,011.87	4,027.20
Interest expenses	2,448.90	1,345.09	—	12.36
Interest Income	3,190.82	2,010.56	230.34	157.63
Income taxes	—	—	—	—
Profit from ordinary activities	3,915.83	6,399.14	11,242.21	4,172.47
Extraordinary loss/Expenses	—	—	—	—
Prior period adjustment	—	—	—	(718.84)
Amortisation of expenses	—	—	—	—
Others	—	—	—	—
Net Profit	3,915.83	6,399.14	11,242.21	3,453.63
Other Information				
Segment assets	315,327.72	330,779.98	410,197.84	396,938.93
Unallocated Corporate assets				
Total assets	315,327.72	330,779.98	410,197.84	396,938.93
Segment liabilities	182,331.40	88,443.65	305,780.73	458,205.03
Unallocated Corporate Liabilities				
Total liabilities	182,331.40	88,443.65	305,780.73	458,205.03
Capital Expenditure	—	—	—	—
Depreciation	—	—	—	—
Non -cash expenses other than depreciation	—	250.24	335.64	—

INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2010

(Rs. Lacs)

DOMESTIC		UNALLOCATED		CONSOLIDATED	
2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
103,866.90	135,242.60	—	—	2,201,440.95	2,013,700.88
—	83.79	—	(83.79)	—	—
103,866.90	135,326.39	—	(83.79)	2,201,440.95	2,013,700.88
1,331.23	1,545.23	—	—	14,455.33	11,306.10
(2.62)	—	11,853.01	14,331.37	10,908.42	14,331.37
1,296.05	1,545.23	(11,853.01)	(14,331.37)	3,546.91	(3,025.27)
4.71	6.62	9,586.49	8,478.13	12,040.10	9,842.20
0.09	46.55	22,388.60	26,057.03	25,809.85	28,271.77
—	—	6,398.32	6,635.96	6,398.32	6,635.96
1,291.43	1,585.16	(5,449.22)	(3,388.43)	10,918.34	8,768.34
—	—	—	—	—	—
(217.87)	0.26	(5.58)	(198.80)	(223.45)	(917.38)
—	—	—	—	—	—
—	—	—	—	—	—
1,073.56	1,585.42	(5,454.80)	(3,587.23)	10,694.89	7,850.96
46,134.83	42,591.30	13,797.90	81,628.54	785,458.29	851,938.75
—	—	52,518.51	—	52,518.51	—
46,134.83	42,591.30	66,316.41	81,628.54	837,976.80	851,938.75
17,909.96	13,585.89	10,057.23	234,500.12	516,079.32	794,734.69
—	—	257,503.18	—	257,503.18	—
17,909.96	13,585.89	267,560.41	234,500.12	773,582.50	794,734.69
—	—	1,983.89	817.79	1,983.89	817.79
0.34	—	247.33	238.27	247.67	238.27
0.05	—	1,351.00	2,130.16	1,686.69	2,380.40

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

		STCL Limited	
1.	Name of Subsidiary Company		
2.	The Financial year of the Subsidiary Company ended on	31st March 2010	31st March 2009
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	A	13790000
	ii) Not dealt within the Accounts of STC of India Ltd for the year ended .	C	13473595
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.	A	
	i) Dealt within the Accounts of STC of India Ltd for the year ended 31st March.	C	NIL
	ii) Not dealt within the Accounts of STC of India Ltd.	C	380037216

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

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

Sd/-
(A.K. GUPTA)
Company secretary

Sd/-
(B. VENKAT RAM)
Chief General Manager (Finance)

Place : New Delhi
Dated : 23.07.2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS ON 31.03.2010

1)	Registration Details Registration No. 2674 Balance Sheet 31 03 2010 Date Date Month Year	State Code 55	(Refer Code List)
2)	Capital Raised During the year (Amount in Rs. Thousands)	Public Issue Nil Bonus Issue Nil	Right Issue Nil Private Placement Nil
3)	Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousand)	Total Liability 83,797,680 Paid up Capital 6,00,000 Secured Loans 20,583,286 Net Fixed Assets 549,551 Net Current Assets 29,804,042 Accumulated Losses Nil	Total Assets 83,797,680 Reserves and Surplus 5,839,430 Unsecured Loans 4,095,234 Investments 30,304 Misc. Expenditure 0
4)	Performance of Company (Amount in Rs. Thousand)	Turnover 215,086,536 Profit Before Tax 1,709,319 (Please Tick Appropriate box (+) for profit, (-) for loss) Earning Per Share (Rs.) 17.82	Total Expenditure 221,413,101 Profit After Tax 1,069,487 Dividend 47.50%
5)	Generic names of Three Principal Products/Services of Company (as per monetary terms)		
	Item Code No. (ITC Code) Product Description Item Code No. (ITC Code) Product Description Item Code No. (ITC Code) Product Description	7108 Gold 2709 Crude Oil (Petro Chem.) 2701 Hydrocarbon	
		Sd/- (N.K. MATHUR) Chairman & Managing Director	Sd/- (N.K. NIRMAL) Director (Finance)
		Sd/- (B. VENKAT RAM) Chief General Manager (Finance)	Sd/- (A.K. GUPTA) Company secretary

Place : New Delhi
Dated : 23.07.2010

MANAGEMENT'S REPLY TO THE COMMENTS OF STATUTORY AUDITORS ON THE ACCOUNTS FOR THE YEAR 2009-10

Comments of the Statutory Auditors

1. Reference is invited to Note No. 3(a) relating to contracts of scrap, where transactions of purchases and sales and recoveries had not taken place in terms of contracts on behalf of Metro Machinery Traders, New Delhi (the Business Associate). The Company has alleged fraud by the Business Associate and the matter has been referred to CBI. We also understand that two ex-Directors and a General Manager have been charge-sheeted. However, in the absence of details of the charge-sheets and the inquiries, we are unable to opine if there is a fraud or suspected Management fraud and comment on any misstatement made in these accounts in respect of the above transaction. Pending outcome of legal steps initiated for recovery/CBI probe, full provision of Rs. 8743 lacs was made in earlier years.

2. Reference is invited to Note no. 3(b) relating to wheat transactions undertaken on behalf of Priyanka Overseas Private Limited, New Delhi (the Business Associate), disposal of goods and recovery had not taken place as per contract due to quality problems and there were undisposed stocks of wheat and unrecovered amounts outstanding from the Business Associate and Supplier. Also, cases of theft and misappropriation of unlifted stocks exported to Bangladesh have come to notice for which legal actions have been initiated. Guarantee of Rs 250 lacs has been invoked; post dated cheques of Rs. 2000 lacs were presented to the bank which was dishonored stating "insufficient funds". A criminal complaint under Section 138 of the Negotiable Instrument Act against the Business Associate and its directors has been filed. The company has also initiated arbitration/legal proceedings against the Business Associate for recovery of dues. Pending outcome of legal steps initiated, entire dues including recoverable from FCI aggregating to Rs. 5841 lacs has been provided/written off in earlier years.

3. Reference is invited to Note no. 3(c) relating to additional liability that may arise on account of price differential considering the sale as inter-state sale at Open market Sales Scheme (Domestic) for Wheat, instead of the concessional prices charged for exports. 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 is not known.

Management's Reply

As far as the charge sheet issued to ex-Directors and ex-GM is concerned, the same has been issued by the Vigilance Deptt. for which the documents are in the custody of Vigilance Deptt. of Ministry/Corporation which are of confidential nature. The charge sheet has been issued in connection with the procedural deficiencies and therefore no fraud or suspected management fraud has taken place. As a matter of abundant caution, a provision of Rs. 8743 lacs has been made in earlier years. The Company is confident to recover the same from the associate through legal recourse including recoveries through selling of balance stock as well as the properties of the associate, which have been attached as per Court Orders. The arbitration award has already been decided in favour of the Company

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

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

4. Note no. 3(e) and 5(a) relating to pending reconciliation of personal accounts and consequential adjustments.

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.

5. Reference is invited to Note no. 3(g) relating to Rs. 17641 lacs dues from Jhagadia Copper Limited, the company under liquidation and in the process of reconstruction by Asset Reconstruction Company (India) Limited.

An amount of Rs. 17641 lacs due from Jhagadia Copper Limited on account of Letters of Credit paid against import of Raw Material. The company had gone into liquidation and now is in the process of reconstruction by Asset Reconstruction Company (India) Limited (ARCIL). The dues are secured by pledge of Stocks (Value as on 31.03.2010 Rs. 17000 lacs) and a unexpired Bank Guarantee of Rs. 5400 lacs furnished by the company towards Margin Money. The stocks are under the custody of CWC on behalf of the company. The said dues are, therefore, considered Secured and no provision is required as on 31.03.2010.

6. Reference is invited to Note no. 3(1) relating to unsecured overdue of Rs. 39761 lacs against exports effected under the Exim Bank Insurance linked Post shipment Credit facility.

Dues amounting Rs. 39761 lacs (USD 89.07 millions) against exports effected under the EXIM Bank Insurance Linked Post-shipment Credit facility on 120 days D.A. basis. There are delays in repatriation of export proceeds from the foreign buyers in view of slumps in Jewellery and construction sector in UAE, where most of the buyers are based. The associates, who are contractually liable for repatriation of export proceeds as well as the foreign buyers have sought some more time to release the proceeds. STC is negotiating with EXIM Bank to get additional time ranging between 2 to 5 years to recover the dues from foreign buyers/their associates and repay the same to EXIM Bank. The company holds the signed/stamped Bills of Exchange and Invoices duly accepted by all the Foreign Buyers. Associates have offered additional collaterals to the company and the same is being processed. The company is confident of full recovery hence no provision is required in this regard.

7. In our opinion, the procedures of physical verification are not reasonable and adequate in relation to the size of the Company and nature of its business. In our opinion, the Management has not laid down proper guidelines with regard to the periodicity and procedure for verification so as to strengthen its control over the materials, which are handled by and are in the custody of third parties

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. The Company considers this procedure adequate.

8. In view of the irregularities noticed and reported in paragraph 4 of our main report, we report that the internal control system for the purchase of inventory and sale needs to be considerably strengthened considering the size and nature of its business. However, no recurrence of defaults of similar nature has come to our notice in the course of our audit. However, internal controls systems are adequate in relation to purchase of fixed assets.

Instructions and guidelines have been issued from time to time to branches and divisions for purchases and sales within the procedure/guidelines specified by CVC which are being followed consistently to maintain a proper internal control system. The Company considers this procedure adequate.

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

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

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

(Rs. Crores)

Particulars	State Trading Corporation of india Limited		STCL Limited	
	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2009
Net Sales				
Exports	1503.79	2131.88	F I N A L I S E D	1722.41
Imports	19049.10	16315.54		0.00
Domestic	955.76	1338.42		448.03
Total	21508.65	19785.84		2170.44
Income				
Trading Profit	144.55	113.06	F I N A L I S E D	35.09
Miscellaneous Income	41.97	32.18		0.01
Interest (Net)	137.70	184.29		(7.82)
Total	324.22	329.53		27.28
Other Expenses				
Overheads	131.73	149.31	N O T Y E T	6.17
Depreciation	2.46	2.38		0.48
Provisions and Write-offs	16.87	23.80		0.00
Prior Period Adjustments	2.23	9.17		(0.07)
Total	153.29	184.66		6.58
Profit				
Before Tax	170.93	144.87	A C C O U N T S	20.70
Income Tax	76.09	73.43		7.07
Deferred Tax	(12.23)	(8.32)		0.06
Fringe benefit Tax	0.12	1.25		0.10
After Tax	106.95	78.51		13.47
Significant Ratios (%)				
Trading Profit : Sales	0.67	0.57	A C C O U N T S	1.62
Inventories : Sales	2.64	7.40		4.44
Debtors : Sales	30.74	28.09		5.39

STATEMENT SHOWING THE RECRUITMENT OF EX-SERVICEMEN MADE DURING 2009-10

Category	Reservation for Ex-servicemen (% age)	Total recruitment made during the year 2009-10	No. of Ex-servicemen recruited during the year
Peon/Watchmen/ Sweepers/ Helpers & Carpenters	14.5	Nil	Nil
Jr. Assistants/Jr. Steno.	14.5	Nil	Nil
Drivers	14.5	Nil	Nil



ATTENDANCE SLIP

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

Folio / DP & Client ID No. :
No. Of Shares held :
Name :
Address :

Signature of Shareholder/Proxy :

I hereby record my presence at the **Fifty-fourth Annual General Meeting** of the Company to be held at its Registered Office on **Monday, 27th day of September, 2010** 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-110001

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-fourth Annual General Meeting** of the Company to be held on **Monday, 27th day of September, 2010** 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.



