



The State Trading Corporation of India Limited

(A Govt. of India Enterprise)

Corporate Presentation

July 2013



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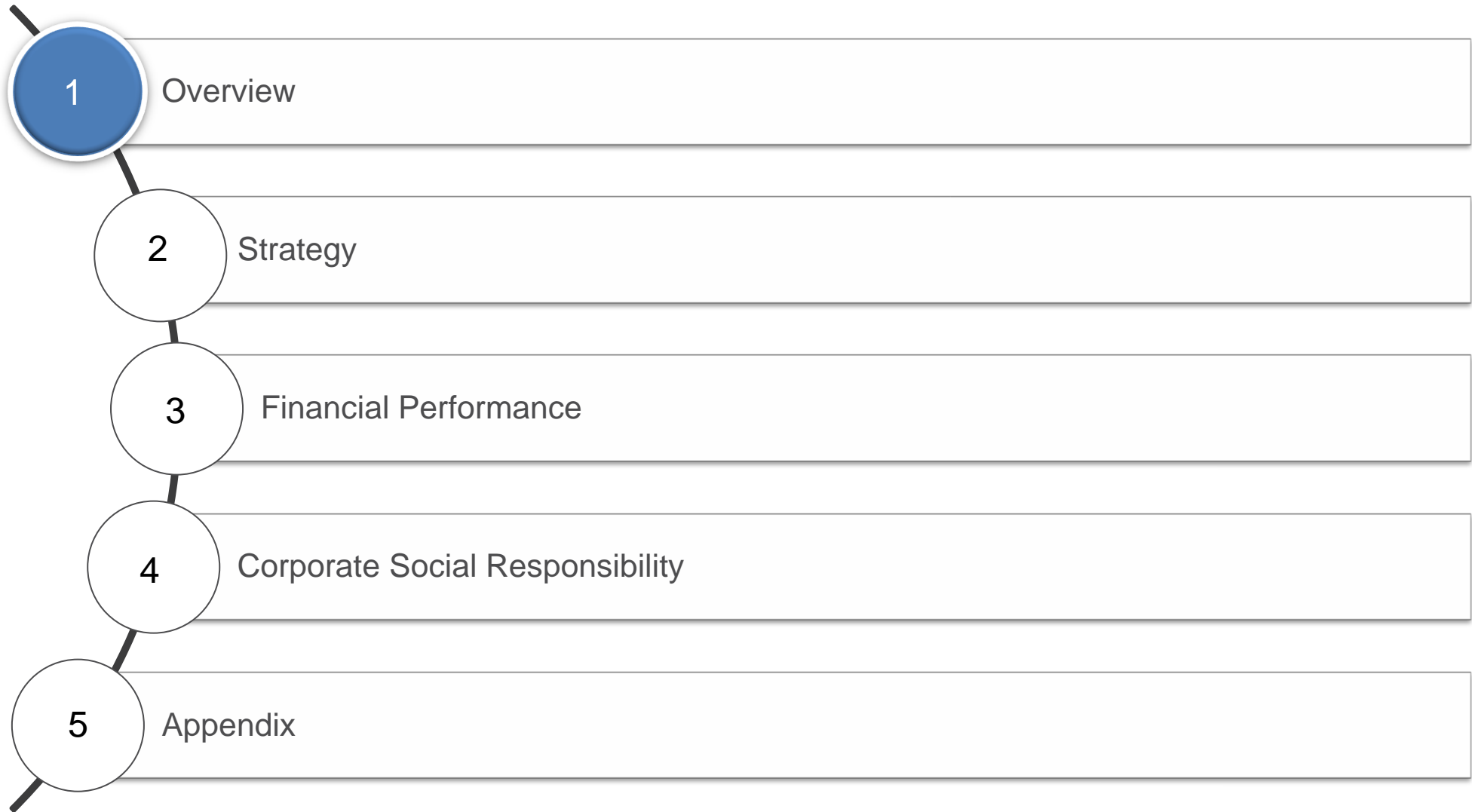
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- 1 Overview
- 2 Strategy
- 3 Financial Performance
- 4 Corporate Social Responsibility
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- A Miniratna Category-1 Central Public Sector Enterprise and a premier international trading company
- 13 branches across India covering all important trading centres including port towns
- As a result of liberalisation of foreign trade by the Govt. of India since mid-1991, all export and import items earlier canalised through STC were decanalised
- During the last decade, STC has diversified into bullion, hydrocarbons, minerals, metals, fertilizers, petro-chemicals, etc.
- STC has own tank farms, warehouses, godowns at various locations in the country for storage of liquid/dry cargo
- STC has paid 20% dividend in FY12 & FY13
- Manpower: 830 (Managers 554 & Staff 276)

Notable Achievements in FY13

- All time high urea imports – full year turnover at ₹ 5,127 crore (Previous year - ₹ 1,398 crore)
- Quantum jump in agricultural exports from ₹ 145 crore to ₹ 1559 crore including exports of wheat worth ₹ 1,525 crore
- Improvement in weighted average trading margin from 0.29% in 2011-12 to 0.63% in 2012-13

Awards and Recognitions

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

STC has a Pan India Presence

- 13 branches in India covering all important trading centres including port towns
- Branches across India plays an important role in connecting with major trading partners and handling logistics
- STC has own tank farms, warehouses, godowns at various locations in the country for storage of liquid / dry cargo



Product Profile

Exports

- Wheat / Rice
- Sugar & Molasses
- Castor Oil
- Extractions
- Tea
- Coffee
- Cashew
- Maize / Coarse Grains
- Iron ore
- Chemicals & Pharmaceuticals
- Manufactured Products
- Textiles & Garments

Imports

- Gold / Silver
- Coal / Coke
- Fertilizers / Raw materials
- Engineering Equipments
- Pulses
- Edible Oils
- Wheat
- Minerals & Metals
- Petrochemicals
- Almonds / Cashew

Domestic

- Hydrocarbons
- Pulses
- Tea
- Minerals & Metals
- Oil Extractions
- Jute Goods

On behalf of Central/State Govts.

- STC arranges import/export of mass consumption items like rice, wheat, edible oils, pulses, sugar etc. from time to time as per instructions of the Government.
- In such cases, the quantity to be imported/exported, timing, price, STC's trading margin, modus operandi of the transaction are often decided by the concerned department of the Government.
- STC is also one of the three canalising agencies for import of urea along with MMTC and IPL.
- Imports/exports on behalf of the Government are usually carried out by issuing global tenders. The imported goods are handed over to the concerned department/agency of the Government for warehousing and distribution. In cases where the Government desires STC to off load the goods in the market, the same is done through tenders.

On behalf of PSUs & other Govt.. Entities

- STC arranges import of Coal for NTPC and state power utilities. In such cases, STC ties up the supplies through a global tender and the supplier is paid for the goods only on receipt of payment by STC from the power utilities.
- STC also imports various types of equipments for the requirement of police, hospitals, sports, fishing and other departments of various State Governments.

On STC's behalf

- STC does not wish to expose itself to the risk of market fluctuations and therefore undertakes very little business on its own account.
- At present the only business STC undertakes on its own behalf is that of tea and chana / soya

Back to back business on behalf of associates in which funding is provided by STC

- STC undertakes supply of imported as well as domestically procured raw materials to its business associates.
- Orders are placed based on firm indents from the associates backed by margin money and other documents ensuring security of STC funds.
- STC remains insulated from market fluctuations and gets a fixed trading margin.
- EPC is also extended for procurement of raw materials for undertaking exports.
- Items supplied under these arrangements include edible oils, pulses, ores, minerals, Jute goods, oil seeds, castor oil, molasses, maize etc.

Back to back business not involving funding by STC

- STC is one of over 40 organisations and banks who are authorised to import bullion into the country.
- STC has entered into supply arrangements with various international banks and other agencies and arranges import for jewellery manufactures, traders, etc.
- STC also arranges import of maize under TRQ and export of rice under UN world food programme.
- Supplies to defence organizations through associates

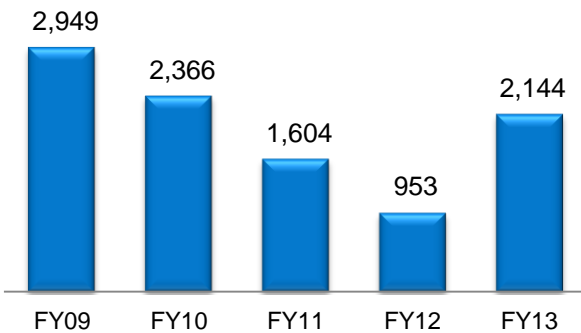
Fee based Business

- Monitoring of counter trade.
- Issuing of NOC for export of onion (A request for canalisation sent to DGFT).

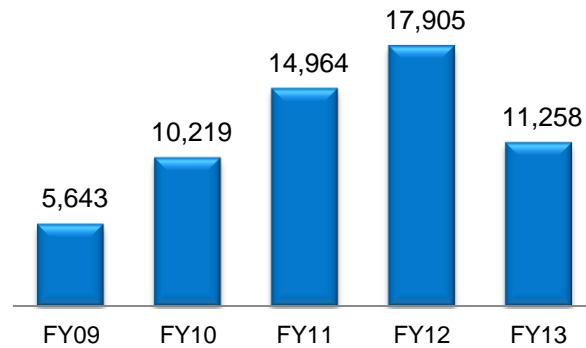
Commodity wise Turnover



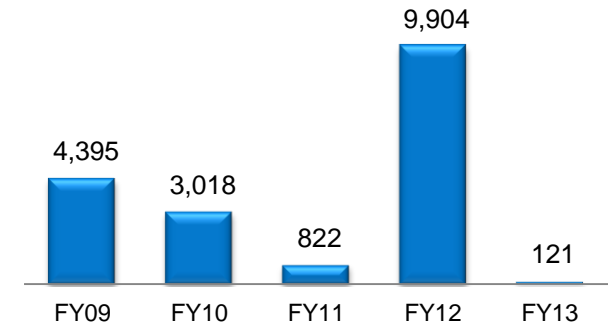
Agro commodities



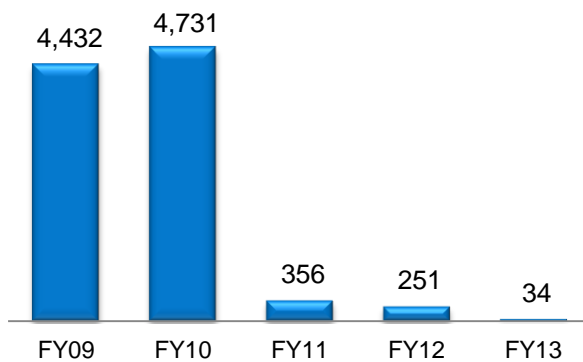
Precious metals



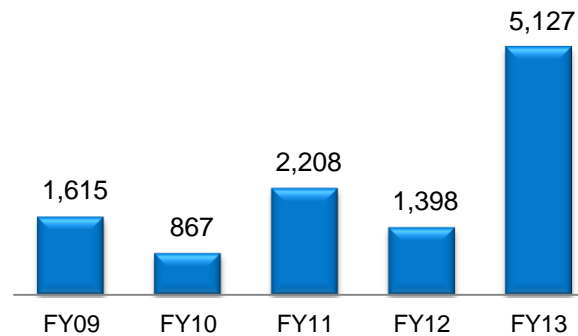
Coal & Coke



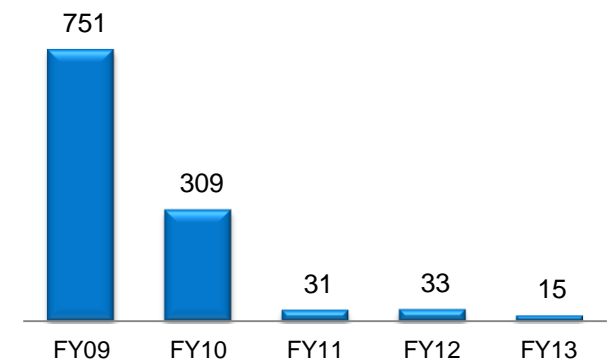
Crude, Minerals & Metal ores



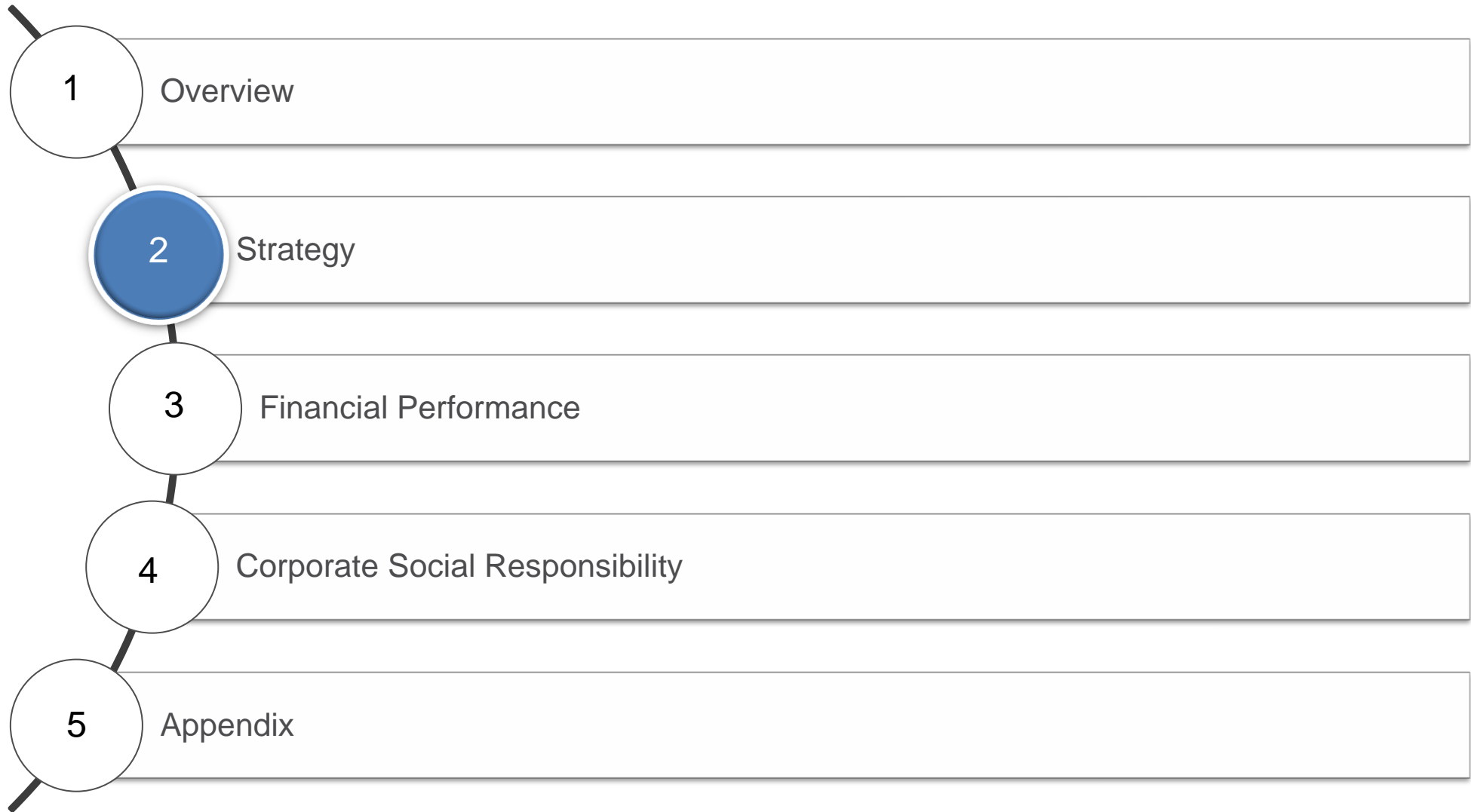
Fertilizers



Other Items



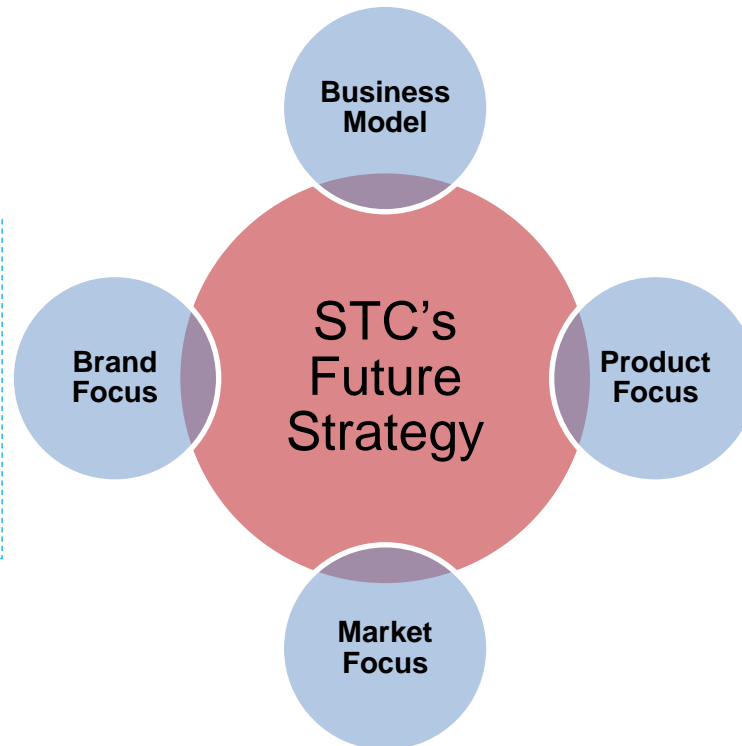
Note: All figures are in ₹ crore

A vertical table of contents is presented with five items. Each item consists of a circular number on the left and a text label to its right, all contained within a horizontal rectangular box. The boxes are stacked vertically and connected by a thick black line that zig-zags between the circles. The second item, 'Strategy', is highlighted with a blue circle and a white glow effect.

1	Overview
2	Strategy
3	Financial Performance
4	Corporate Social Responsibility
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STC shall try to focus on such commodities in which it can undertake business either by itself or through joint ventures, joint marketing arrangements, tie ups, etc. with or without equity participation. The company shall also try to undertake backward and forward integration, jointly with private partners, in potential sectors.

STC shall try to develop its own brand for select mass consumption items to improve its presence and visibility in trade circles, particularly in the domestic market. It shall also try to enhance its brand image by participating in various trade forums and seminars and showcasing the potential of the company in India and abroad.



From a medium term perspective, STC shall concentrate in areas in which it has core strength by way of experience or infrastructure or business contacts, etc.

In the present circumstances when growth in the developed economies is projected to be sluggish, STC shall concentrate on markets like SAARC, ASEAN, Africa and Latin America. STC could also consider opening foreign offices to tap the full potential of key markets.

1. Business on behalf of GOI

The Corporation shall continue to undertake export/import of essential mass consumption items like wheat, rice, pulses, sugar, edible oils, etc. as also import of urea as one of the canalizing agencies, on specific instructions of the GOI from time to time

2. Coal

The Corporation plans to substantially increase its coal imports. Possibilities of undertaking imports of coal for Coal India Limited (CIL) are being explored. Simultaneously, efforts are being made to undertake imports of coal for various State Electricity Boards (SEBs), Power generation companies and steel production unites

3. Bullion

Bullion has been the single largest item of STC's business for past about a decade. Efforts shall be made to increase imports of bullion. Greater emphasis will be laid on import of bullion for the exporters.

4. Procurements on behalf of State Governments and their entities

The Corporation intends to scale up the operations substantially to target more and more States and their Departments.

5. Trade with Iran

The Corporation is exploring possibility of undertaking exports of manufactured goods to Iran under GOI initiative encouraging exports to Iran to restore the bilateral balance of payment between India and Iran

6. Enlargement of Supply / Customer base through Marketing tie-ups

To expand its operations, the Corporation has finalized MOUs with reputed public and private sector companies for joint participation in supply proposals / tenders for a variety of items such as bullet-proofing items, Pre-fabricated structures, shipping & dredging equipment, railway rolling stock, earth moving equipment, agro-commodities, electronic voting machines and other electoral materials, etc.
STC has also signed MOUs with international trading organisations like Philippines International Trading Corporation (PITC), etc to increase the customer base and increase its trading activities in these countries

7. Stock & sale of agro-commodities

The Corporation has initiated procurement, stocking and sale of agro-commodities on its own commercial account i.e. without any back-to-back arrangement. It intends to take advantage of seasonality of prices and make direct sales either in the physical market or through the commodity exchange.

8. Brand marketing

To increase its visibility and to earn higher margins, the Corporation plans to lay emphasis on Brand Marketing in the coming years. The 'STC' Brand Tea is being exported to Egypt and new countries like Pakistan and Afghanistan are being targeted for enlarging exports. In addition, STC intends to add more products under Brand Marketing including "Darpan" brand of Edible Oil, Whole and Powdered Spices in small packets and pouches for which processing units shall be enlisted

9. Exports through linkages with supplies of raw materials

Efforts shall be made to increase exports by linking the same with supplies of raw materials. For example, STC shall export ferro-alloys produced by the business associate for whom manganese ore is imported.

10. Backward & Forward Integrations

The Corporation proposes to have a greater role in the value chain by taking processing units on job work basis for achieving value addition, participation in logistics, etc.

Efforts are on to identify opportunities wherein both the procurement of raw material as also the sale of the final product is handled by STC thereby giving both the trading turnover as well as trading margins to the Corporation.

It shall strive to increase its footprint in the value chain by progressively offering logistics support related to the trading activity by directly outsourcing the same from specialised agencies.

Focus on new markets

Africa

Kenya, Egypt, Tanzania, Mozambique, South Africa, Ethiopia, Zimbabwe and West African

Latin America

Uruguay, Mexico, Brazil, Chile, Argentina, Suriname and Caribbean

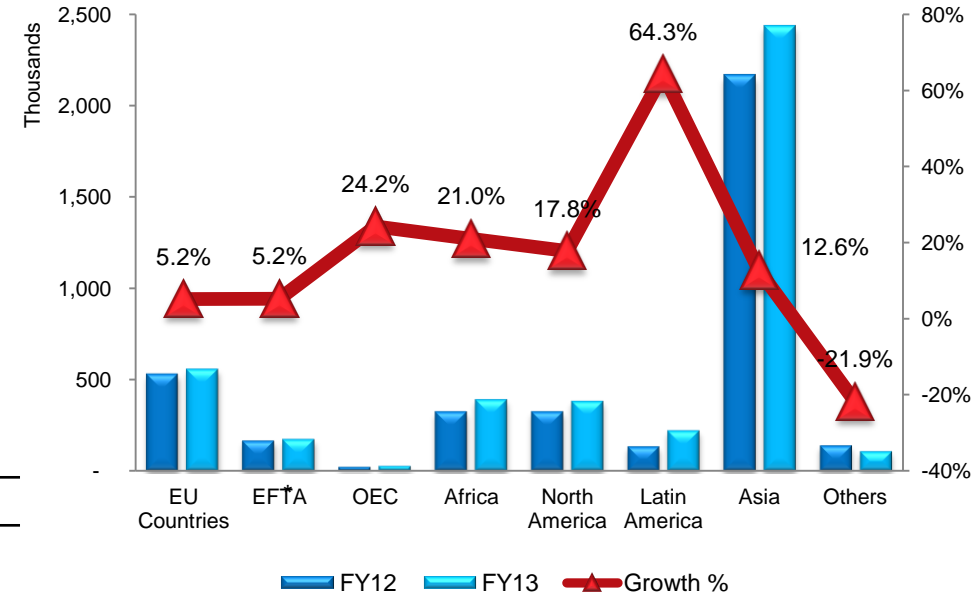
Asia

Myanmar, Bangladesh, Bhutan, Nepal & Sri Lanka, CIS countries including Uzbekistan, Kazakhstan, Tajikistan and countries like China, Vietnam, Japan and Thailand

Iran

Africa	Latin America	Asia	Iran
Electrical & electronic equipments	Electrical and electronic equipments	Oil meals and Castor oil	HR Coils
Vehicles, tractors & agricultural implements	Vehicles	Pharmaceutical & medical equipment/disposable	Rails
Chemicals, Pharmaceuticals & Medical Equipment/disposables	Chemicals, Pharmaceuticals & Medical Equipment/disposables	Railway rolling stock / electrical items / dredging equipment	Auto Components
Iron & steel products	Iron & steel	Industrial projects	Pharmaceuticals
Industrial projects	Industrial Projects	Electrical transmission / distribution projects	Vehicles & equipments
Tea		Defence related items	
		Iron ore, Bauxite , ferro alloys	

India – Total International Trade (INR Cr)



Source: <http://commerce.nic.in>

Rationale behind market focus

- 64.3% YoY increase in trade between India & Latin America
- 21% YoY increase in trade between India & Africa
- Highest amount of trade between India & Asian countries

* EFTA: European Free Trade Association



India's coal imports are expected to reach ~213 million tonnes by FY17 as against ~70 million tonnes imported in FY11

Source: Report of the working group on power for twelfth plan by the Ministry of Power and FY12 Annual Report of Ministry of Coal



India's fertilizer demand is expected to reach 69 million tonnes by FY17 as against 58 million tonnes consumed in FY11. With imports accounting for one third of the current fertilizer consumption & stagnant capacity of domestic companies, the import opportunity is expected to increase

Source: Report of the working group on fertilizer industry for the twelfth plan by the Ministry of Chemicals & Fertilizers



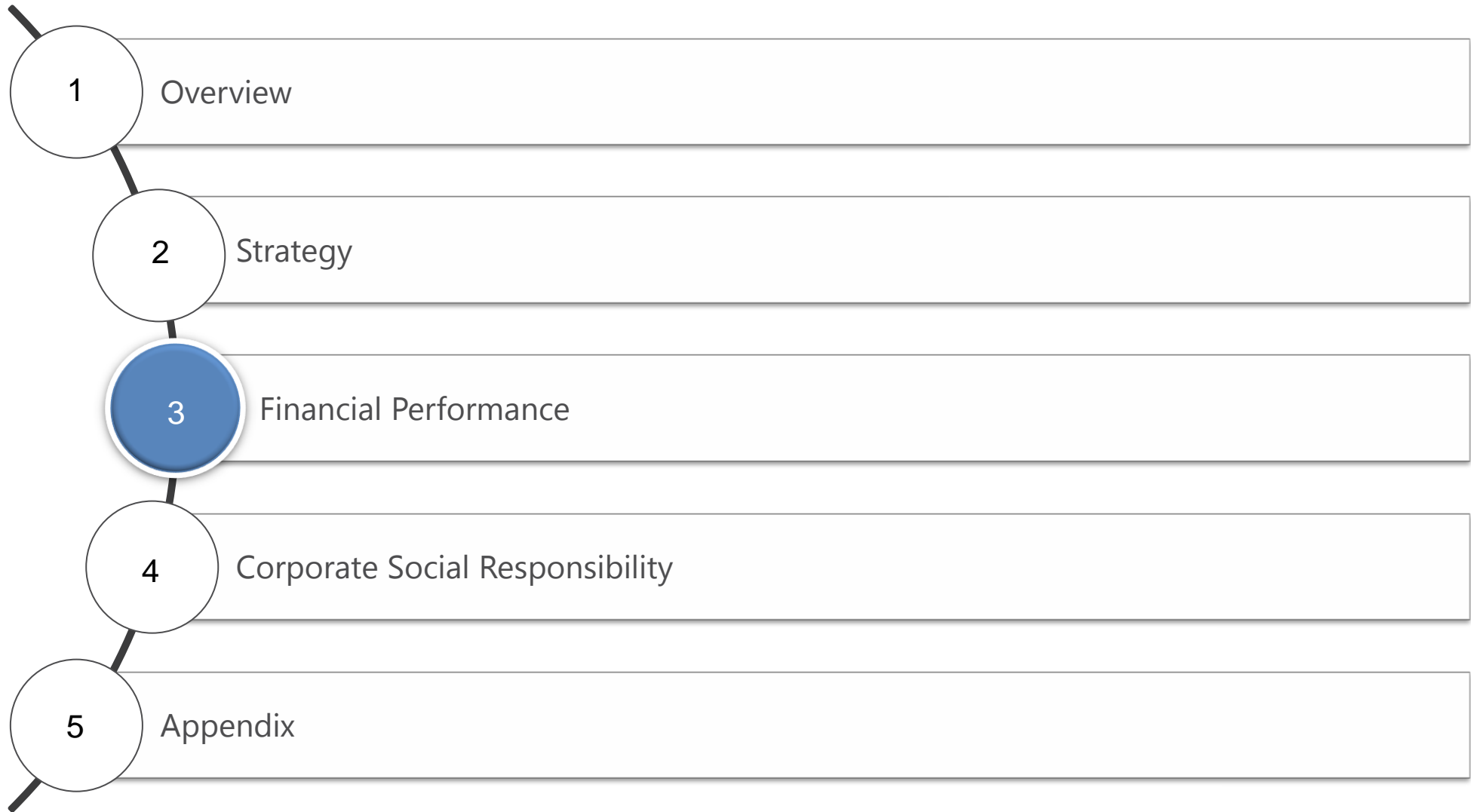
India's current consumption of silver is 3,000 tonnes as against production of 185 tonnes in 2010. Demand for silver is expected to exceed 6,000 tonnes by FY17

Source: Report of the working group on mineral exploration and development for the twelfth plan by the Ministry of Mines



India's agricultural exports are expected to increase from \$12 billion in FY10 to \$22 billion in FY14

Source: Strategy for doubling exports in next three years (2011-12 to 2013-14) by the Ministry of Commerce & Industry

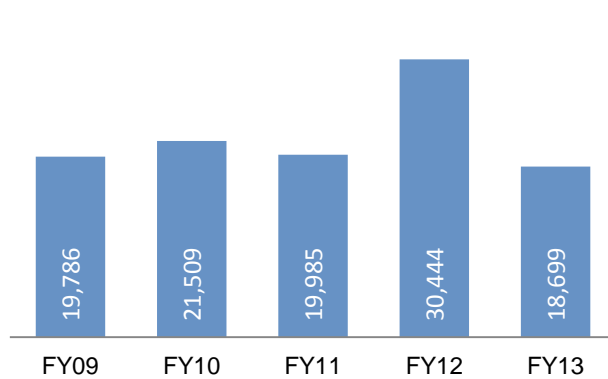
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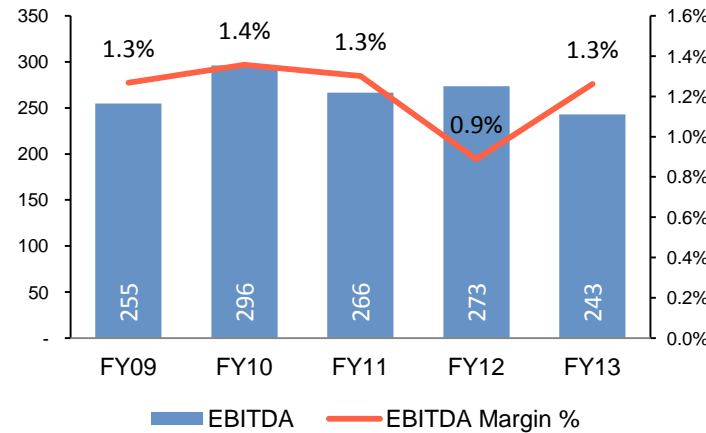
Key Financials



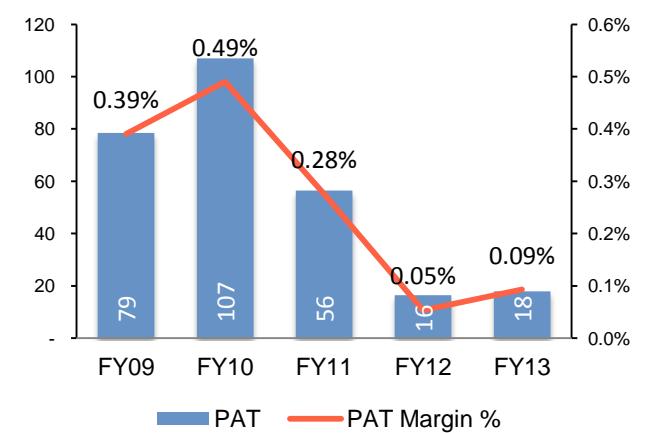
Revenue⁽¹⁾



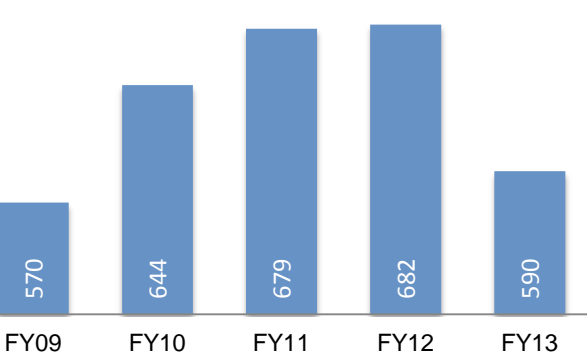
EBITDA⁽²⁾



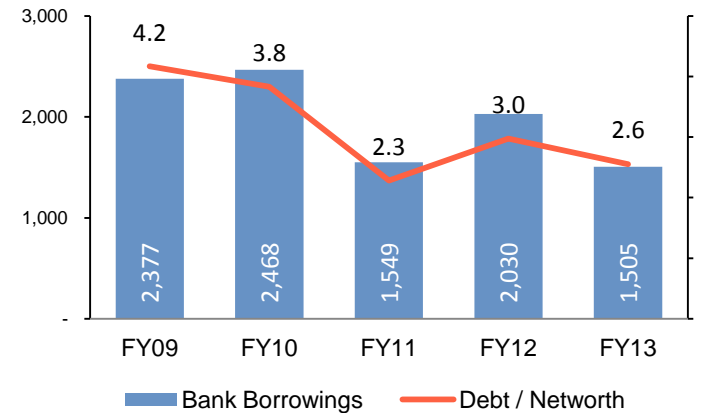
PAT



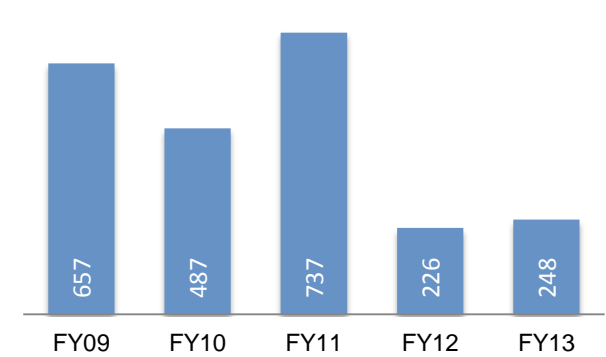
Net worth⁽³⁾



Total debt



Cash & Cash Equivalents

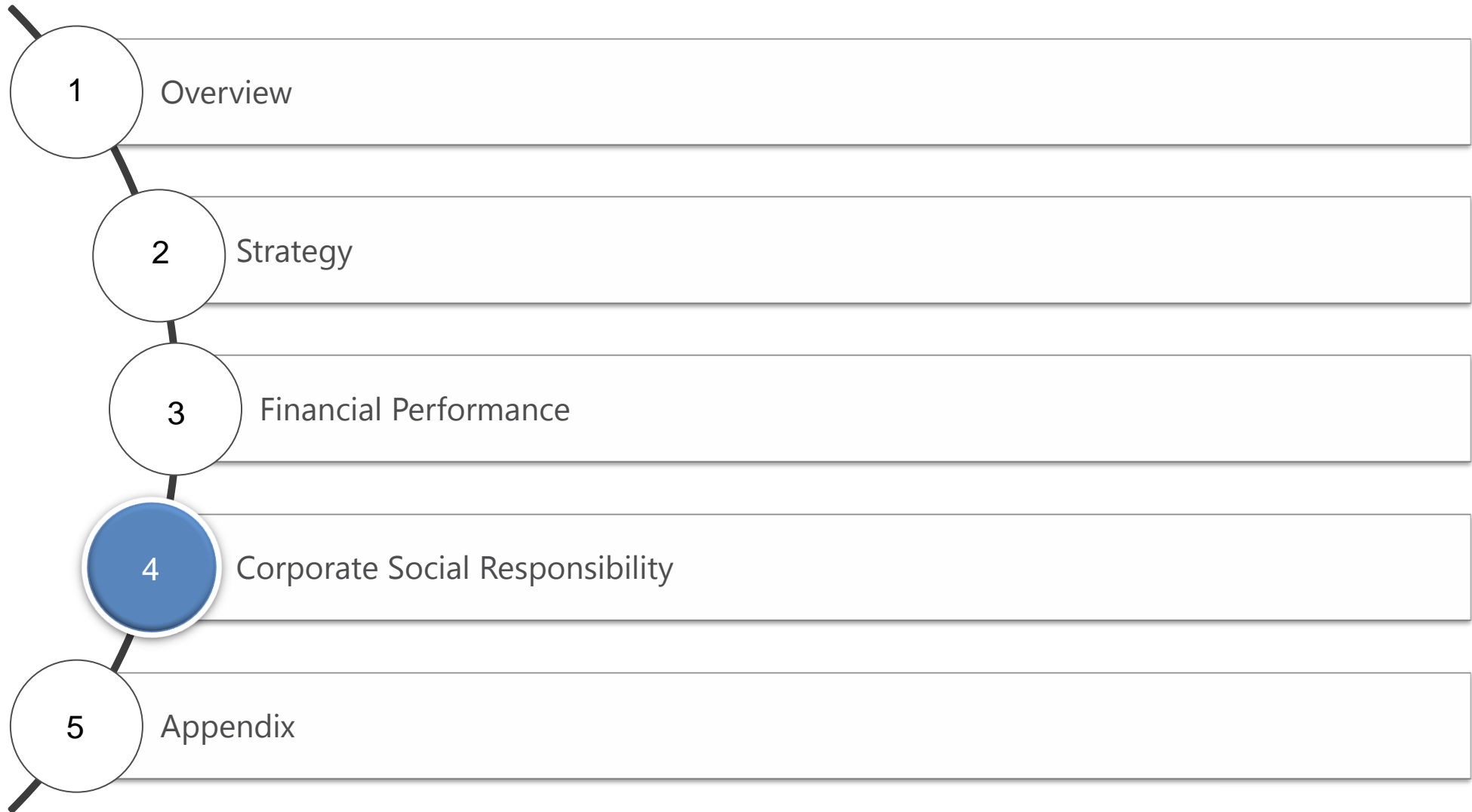


Source: Standalone financial statements from company annual reports

(1) Includes Imports, Exports & Domestic trades and excludes other income

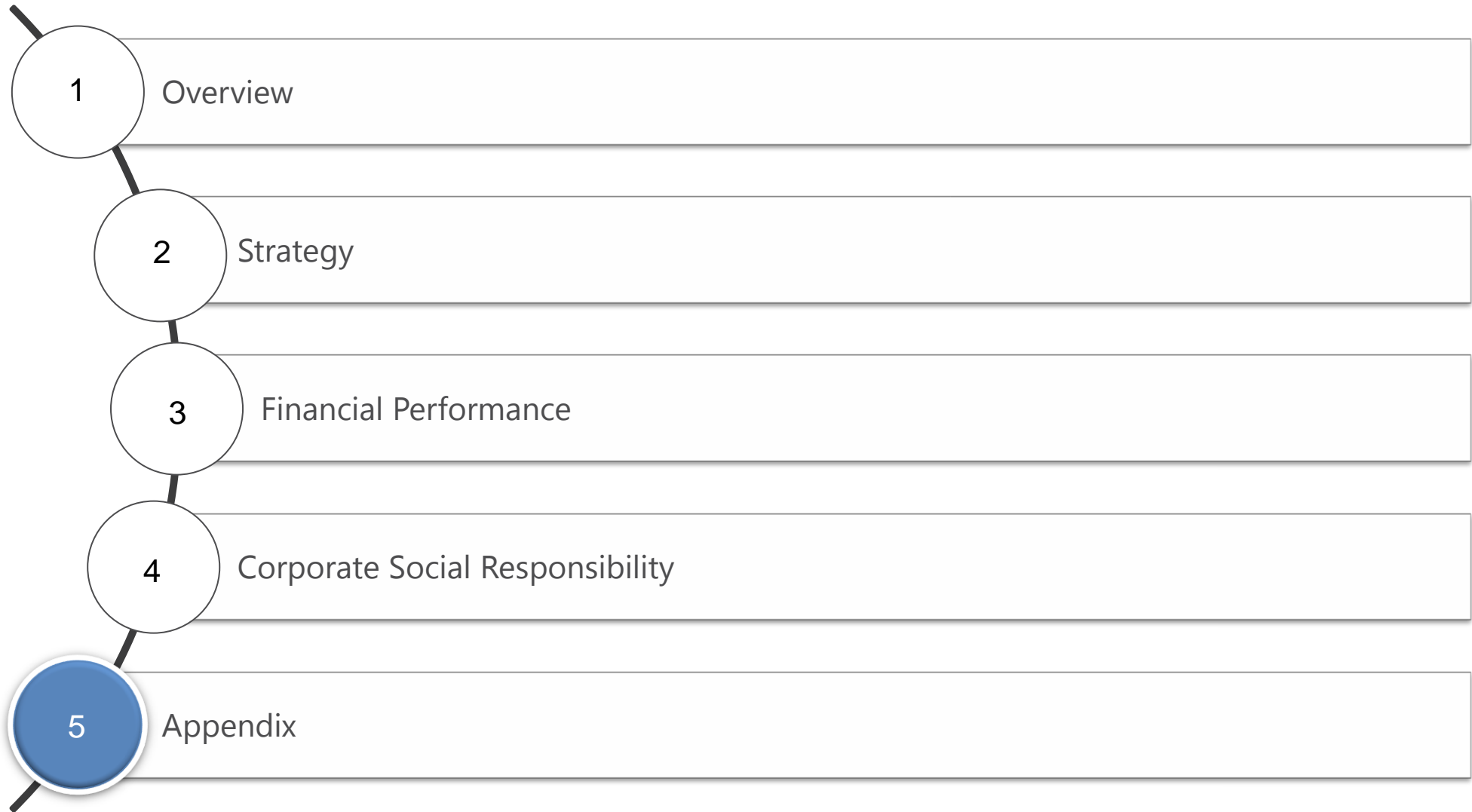
(2) Total Revenue less total expenses (excluding depreciation, amortization, interest expenses & extraordinary items)

(3) Share capital plus reserves & surplus

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

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Board of Directors (Functional)



Shri. J.S. Deepak
CMD
I.A.S., MBA

- He is an Indian Administrative Service (IAS) officer with over 30 years experience in policy formulation and programme implementation related to trade & commerce, industrial development, export promotion, public health, elementary education and human resource management.
- As Additional Secretary in the Department of Commerce, he is responsible for Anti Dumping matters, Plantations, Organic products, EU Division, Promotion of Services Exports, Offset Policy, ITPO and many other areas.



Shri. M.M. Sharma
Director (Personnel)
BA, LLB, PG Diploma
in Industrial Relations
& Personnel Mgmt.

- He has an experience of over 32 years in managing issues concerning IR, Personnel Management and Law in Central PSUs.
- Prior to joining STC, he served in MTNL and NTC Limited in various capacities.
- He has been responsible for smooth conduct of administration and personnel activities, besides being member of Core Team, Instrumental in acquiring telecom business abroad while serving as GM in MTNL



Shri. Khaleel Rahim
Director (Marketing)
BÉ (Hons.) Mech.
Engg

- He has an experience of over two decades in the India's oil sector.
- Prior to joining STC, he handled key positions in bulk and retail marketing operations in Hindustan Petroleum Corporation and in ONGC's subsidiary MRPL.
- In STC, he has been handling import and export of large number of items including hydrocarbons, edible oils, pulses, bullion, castor oil etc.



Shri. Manoj Mishra
Director (Finance)
B.Com. (Hons.),
ACMA

- He is a member of the Institute of Cost Accountants of India and has over 27 years of professional experience in the area of financial management including resource mobilization from domestic and international markets, project monitoring and Corporate Governance.
- Prior to becoming the Director (Finance), he held the position of Chief General Manager (Finance) in STC
- Before joining STC he held various positions in Krishak Bharati Co-operative Limited (KRIBHCO).



Shri. Rajiv Chopra
Director (Marketing)
B.Sc. Engineering
(Electrical), MBA
(Marketing)

- He has more than 27 years of experience in various capacities in fields of management and engineering with the leading organizations such as NHPC, Power Grid and MMTC.
- In MMTC, he handled important portfolios such as Import of Cement, Development of Gomia Coal block, Feasibility analysis of Solar Project in coordination with Govt. of Rajasthan

Strengths

- Trust-worthiness in international markets
- Wide range of export and import items
- Trade links in various parts of the world
- Over five decades of experience
- Support of bankers in the form of funded & non-funded limits
- Support of Government of India
- Capability to form consortia of buyers & suppliers
- Specific expertise in handling transactions on behalf of GOI / State Government Departments
- Unique expertise in counter trade and offsets

Internal Risks

- Low trading margins due to safe business practices and inability to take high risk proposals.
- Insufficient funds for any major backward/forward integration.
- Inability to respond quickly to market dynamics in view of procedural requirements
- Lack of specialized personnel – limitation to offer attractive financial package.
- High fixed overhead costs due to large manpower.
- Over emphasis on transparency – not applicable to competing private sector traders.

Opportunities

- Substantial growth in India's exports and imports
- Bulk imports of essential consumer items on behalf of the Government from time to time as per domestic requirement
- Procurements, particularly imports, on behalf of other CPSEs and State Governments
- Bulk imports of items as per domestic requirements for end-users, utilizing the limits of STC
- Import/Export of Agro-commodities – subject to prevailing Government rules
- Trade opportunities arising from bilateral trade negotiations between India and other countries

External Risks

- High Price Volatility – risk of losses
- High exchange rate fluctuations – adverse fluctuations may lead to losses
- Intense competition with private sector as well as other trading CPSEs.
- Inconsistent domestic availability and export policy for bulk commodity items.
- Prolonged process of recovery through invocation of securities in case of defaults leading to blockage of funds.
- Liquidation of / fraud by associates.

Thank you

The State Trading Corporation of India Ltd.

Jawahar Vyapar Bhawan

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