



REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

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

1. BOARD OF DIRECTORS

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

1.2 Composition

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

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

1.3 Meetings of the Board

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

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

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

Attendance:

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

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

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

1.4 Changes in Board of Directors

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

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

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

2. RESUME OF DIRECTORS PROPOSED TO BE RE-APPOINTED

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

3. BOARD COMMITTEES

The Company has the following Committees of the Board:

3.1 Audit Committee

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



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

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

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

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

Attendance:

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

3.2 Shareholders'/Investors' Grievance Committee:

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

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

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

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

3.3 Remuneration Committee

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

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

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

3.3.1 Directors' Remuneration:

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

(a) Functional Directors:

(Rs. Lacs)

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

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

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

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

3.3.2 Equity Shares held by Directors

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

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

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

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

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

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

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

4.1 CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING.

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



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

4.2 CEO/ CFO CERTIFICATION

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

5 SUBSIDIARY COMPANY:

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

6 COMPLIANCE OFFICER:

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

7 ANNUAL GENERAL MEETINGS

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

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

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

8 DISCLOSURES

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

9 MEANS OF COMMUNICATION

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

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

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

10 SHAREHOLDERS' INFORMATION

10.1 Forthcoming AGM - Date, Time and Venue

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

10.2 Financial Calendar:

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

10.3 Book Closure Period:

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

10.4 Dividend Payment Date:

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

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

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

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

10.6 Listing on Stock Exchanges

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

10.7 Stock Market Data

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

10.8 Share Transfer System

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

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

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

10.9 Registrars & Share Transfer Agents

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

10.10 Shareholding Pattern as on 31st March, 2011

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

10.11 Top 10 Shareholders as on 31st March, 2011

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

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

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

10.13 Corporate Benefits

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

10.14 Dematerialization of Shares and Liquidity

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

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



10.15 Address for Shareholders' Correspondence

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

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

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

11 COMPLIANCE CERTIFICATE FROM AUDITORS

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

12 GUIDELINES ON CORPORATE GOVERNANCE BY DPE

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

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

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

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the members of

The State Trading Corporation of India Limited

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

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

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

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

For Chandlok & Guliani
Chartered Accountants

Sd/-
(V.K. Lalla)
Partner

Membership No.080847
Firm Reg. No. 001199N

Date: 24.06.2011
Place: New Delhi

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

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

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

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

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

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

Place: New Delhi
Date : 24.06.2011

Highlights: Ten Years at a Glance

(Rs. Crores)

Particulars	2010-11	2009-10	2008-09	2007-08
Operating Results				
Sales				
Exports	491.93	1,503.79	2,131.88	4,002.06
Imports	18,938.22	19,049.10	16,315.54	10,773.24
Domestic	554.69	955.76	1,338.42	998.82
Total	19,984.84	21,508.65	19,785.84	15,774.12
Profits				
Trading	177.87	144.55	113.06	194.25
Before tax	79.63	170.93	144.87	176.51
After tax	56.43	106.95	78.51	124.45
Overheads	145.52	131.73	149.31	100.21
Interest Outgo (Net)	18.43	(137.70)	(184.30)	(73.13)
Dividend	18.00	28.50	28.50	30.00
Net Worth				
Share Capital	60.00	60.00	60.00	60.00
Reserves	619.46	583.94	510.29	464.89
Total	679.46	643.94	570.29	524.89
Bank Borrowings	1,549.09	2,467.85	2,377.32	1,098.66
Working Capital				
Inventories	1,313.75	567.01	1,463.74	647.62
Debtors	4,507.94	6,610.96	5,558.53	5,783.80
Other (Net)	(3,718.43)	(4,197.57)	(4,176.51)	(4,983.23)
Total	2,103.26	2,980.40	2,845.76	1,448.19
Capital Employed	676.43	640.91	567.25	434.17
Significant Ratios				
Trading Profit : Sales (%)	0.9	0.7	0.6	1.2
Profit Before Tax : Sales (%)	0.4	0.8	0.7	1.1
Profit Before Tax : Networth (%)	11.7	26.5	25.4	33.6
Sales : Capital Employed (Times)	29.5	33.6	34.9	36.3
Inventories : Sales (%)	6.6	2.6	7.4	4.1
Debtors : Sales (%)	22.6	30.7	28.1	36.7
Overheads : Sales (%)	0.7	0.6	0.8	0.6



Highlights: Ten Years at a Glance

(Rs. Crores)

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
2,927.17	1,094.56	568.00	1,192.05	690.52	695.91
10,692.46	5,493.27	8,407.00	6,977.79	1,752.81	780.55
715.64	537.41	547.00	178.71	89.20	105.93
14,335.27	7,125.24	9,522.00	8,348.55	2,532.53	1,582.39
167.42	99.56	62.85	53.80	11.04	16.52
122.72	56.69	37.03	25.82	(83.40)	(39.79)
88.28	38.95	25.03	19.73	(83.97)	(40.34)
98.08	62.28	76.46	61.33	52.48	58.90
(67.40)	(31.31)	(31.84)	(25.15)	(13.08)	(11.37)
18.00	15.00	9.00	7.50	6.00	43.95
30.00	30.00	30.00	30.00	30.00	30.00
403.77	335.14	289.99	266.07	242.59	332.53
433.77	365.14	319.99	296.07	272.59	362.53
894.83	202.73	129.66	321.03	143.99	68.00
561.18	330.12	239.93	135.93	72.71	38.21
2,521.23	1,694.19	1,067.72	451.29	68.09	19.09
(1,920.49)	(1,598.72)	(977.73)	(100.65)	142.34	201.04
1,161.92	425.59	329.92	486.57	283.14	258.34
343.05	274.42	229.27	195.49	312.71	289.24
1.2	1.4	0.7	0.6	0.4	1.0
0.9	0.8	0.4	0.3	-	-
28.3	15.5	11.6	8.7	-	-
41.8	26.0	41.5	42.7	8.1	5.5
3.9	4.6	2.5	1.5	2.9	2.4
17.6	23.8	11.2	5.4	2.7	1.2
0.7	0.9	0.8	0.7	2.1	3.7

Divisionwise Export & Import Sales

(Rs. Crores)

Exports	
Iron Ore	140.03
Tea	2.01
Molasses	30.69
Maize	68.55
Castor Oil	91.92
Sesame Seed	1.08
Textile & Readymade Garments	1.64
HR Coils	9.45
Lubricants	0.87
Steel Slabs	138.58
Medicines	2.43
Tata Ambulances	4.68
Total	491.93
Import	
Sugar	29.00
Metal & Minerals	1.80
Coal	673.45
Gold & Silver	14963.59
Edible Oil	517.31
Pulses	445.15
Minerals & Ores	50.76
Fertilizers	2208.03
Crude Oil	12.93
Oats	0.61
Consumer Goods	0.64
Almonds/Cashew	19.00
Off Shore	0.78
Construction Material	15.18
Total	18938.23

Composition of Export 2010-11

Item Value (FOB) for ₹ 20 Lakhs & above

Commodity	Country	Value (in ₹ Lakhs) FOB
Iron Ore	UAE	482.10
	China	9,412.30
	Hong Kong	1,543.23
Sub Total		11,437.63
Molasses	Thailand	1,572.14
	Korea	857.48
	France	294.68
	Netherlands	338.99
Sub Total		3,063.29
Maize	Indonesia	1,064.82
	Vietnam	3,084.04
	Malaysia	2,142.74
	Dubai	360.59
Sub Total		6,652.19
Tea	Egypt	193.03
Castor Oil	France	8,010.69
	Neitherland	1,029.52
	China	151.32
Sub Total		9,191.53
Sesame Seed	Vietnam	108.25
Textile & Garments etc.	Bosnia & Herzegovina	164.37
H.R. Coils	Kenya	649.37
	Off Shore	296.45
Sub Total		945.82

Commodity	Country	Value (in ₹ Lakhs) FOB
Lubricants	Myanmar	86.64
Steel Slabs	Phillipines	13,857.45
Tata Ambulances	Republic of Benin	463.99
Medicines	Burundi	111.64
	Jeddah, Saudi Arabia	92.86
	Sao Tome & Principe	33.99
Sub Total		238.49
Grand Total		46,402.67

Composition of Import 2010-11

Item Value (CIF) for ₹ 20 Lakhs & above

Commodity	Country	Value (in ₹ Lakhs) CIF
Sugar	Brazil, Thailand, London, Switzerland	*****
Metal	Korea	185.44
Bitumen	UAE	188.62
Gold	UAE	556,811.20
	Switzerland	308,212.89
	USA	8,635.10
	Australia	23,583.57
	London	390,075.04
	Sub Total	1,287,691.86
Silver	Dubai	73,946.87
	London	56,458.33
	USA	20,026.66
	Switzerland	33,561.92
	Sub Total	183,993.78
Edible Oil	Singapore, Malaysia	23,856.65
	Indonesia	23,846.90
	Argentina	5,193.33
	Ukraine	5,884.60
	Sub Total	58,781.48
Pulses	Myanmar/Canada	*****
	Myanmar	6,530.80
	Australian	640.97
	Singapore/Canada	31,352.32
	Sub Total	38,524.09

Commodity	Country	Value (in ₹ Lakhs) CIF
Coal	Indonesia	112,627.72
Minerals & Ores	*****	*****
Urea	Russia	200.48
	China	125,026.36
	Ukraine	12,342.01
	Oman	5,923.07
	Iran	37,685.36
	Indonesia	15,826.25
	Dubai	3,455.33
	Sub Total	220,458.86
Crude Oil	Dubai	850.62
Maize	Argentina	323.30
Cashew	Tanzania	1,699.40
Pet Bottle Scrap	Dubai	64.51
Almonds in Shell	USA	196.79
Off Shore	-	77.67
Oats	Australia	77.97
Instrument/Equipment	Austria	118.29
	Singapore	70.98
	Germany	545.00
	Switzerland	576.61
	USA	129.09
	Colombo	25.43
	Sub Total	1,465.40
	Grand Total	1,907,207.51