



**DIRECTORS' REPORT  
&  
ANNUAL ACCOUNTS  
2004-05**

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**THE STATE TRADING CORPORATION OF INDIA LTD.**

**Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi - 110001**



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**THE STATE TRADING CORPORATION OF INDIA LIMITED**  
**BOARD OF DIRECTORS**

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**CHAIRMAN-CUM-MANAGING DIRECTOR**

Dr. Arvind Pandalai

**DIRECTORS**

Shri Vijay Krishan

Shri K.K. Sood

Shri S.R. Bharati (From 21.03.2005)

Shri Rana Som (From 31.03.2005)

Shri N.K. Mathur (From 26.07.2005)

Dr. T.S. Sagar (Upto 30.06.2005)

**EX-OFFICIO DIRECTORS**

Mrs. Asha Swarup

Mr. Christy L. Fernandez (From 05.11.2004)

Shri Gopal K. Pillai (Upto 5.11.2004)

**COMPANY SECRETARY**

Shri A.K. Gupta

# THE STATE TRADING CORPORATION OF INDIA LTD.

JAWAHAR VYAPAR BHAWAN, TOLSTOY MARG, NEW DELHI-110001

## NOTICE

Notice is hereby given that the 49th Annual General Meeting of the State Trading Corporation of India Ltd. will be held at 3.30 P.M. on Friday, the 30th September, 2005 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 Profit & Loss Account for the year ended 31st March, 2005, the Balance Sheet as at that date and Directors' and Auditors' Reports thereon.
2. To declare dividend.
3. To ratify the appointment of Shri S.R. Bharati as a whole-time Director (Marketing) of the Company by the President of India vide Ministry of Commerce O.M. No.1/7/2003-FT(ST) dated 21.03.2005 on the terms and conditions approved by the President of India.
4. To ratify the appointment of Shri Rana Som as a whole-time Director (Personnel) of the Company by the President of India vide Ministry of Commerce O.M. No. 1/6/2003-FT(ST) dated 25/28.02.2005 on the terms and conditions approved by the President of India.
5. To ratify the appointment of Shri N.K. Mathur as a whole-time Director (Marketing) of the Company by the President of India vide Ministry of Commerce O.M. No. 1/7/2004-FT(ST) dated 03.06.2005 on the terms and conditions approved by the President of India.
6. To ratify the appointment of Shri Christy L. Fernandez as a part-time Director of the Company.
7. To re-appoint Shri Vijay Krishan, who retires by rotation at the AGM, as a whole-time Director of the Company on the terms and conditions approved by the President of India. Being eligible, he has offered himself for re-appointment as whole-time Director of the Company.
8. To re-appoint Shri K.K. Sood, who retires by rotation at the AGM, as a whole-time Director of the Company on the terms and conditions approved by the President of India. Being eligible, he has offered himself for re-appointment as a whole-time Director of the Company.
9. To re-appoint Mrs. Asha Swarup, who retires by rotation at the AGM, as a part-time Director of the Company on the terms and conditions approved by the President of India. Being eligible, she has offered herself for re-appointment as a part-time Director of the Company.
10. To fix the remuneration of Auditors to be appointed by the Comptroller and Auditor General of India under Section 619 of the Companies Act, 1956 for the financial year 2005-06.

### **Special Business**

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :  
 "RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (delisting of securities) guidelines 2003 and all other applicable laws, rules, regulations and guidelines and subject further to such approvals and sanctions as may be required, consent be and is hereby accorded to delist the equity shares of the Company from the Delhi Stock Exchange."

By order of the Board of Directors

Sd/-

**A.K. GUPTA**

Company Secretary

DATED :1st September, 2005  
NEW DELHI

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself /herself and such proxy need not be a Member of the Company. The instrument appointing a proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of the Meeting. The proxy form is enclosed at the end of Annual Report.
2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item 11 of the notice set out above, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 26.09.2005 to 30.09.2005 (both days inclusive).
4. Members are requested to bring their copy of Annual Report and Attendance Slip at the Annual General Meeting.
5. 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.
6. Non-Resident Indian Shareholders are requested to inform the Company immediately :
  - a) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank.
  - b) The Change in the Residential Status on return to India for permanent settlement.
7. As per SEBI Guidelines, it has been made mandatory for all Companies to use the bank account details furnished by the depositories for distributing dividends and other cash benefits, etc. through Electronic Clearing Service to the investors wherever ECS and bank details are available. Accordingly the shareholders holding shares in Demat form should furnish the bank account details to their Depositories participants to avail the above facilities.
8. 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.
9. M/s. MCS Ltd. have been appointed as Registrar and Transfer Agents for carrying out its entire share related activities viz. Transfer/transmission/transposition/dematerialisation/rematerialisation/split/consolidation of shares, change of address, bank mandate, filing of nomination, dividend payment and allied activities. Shareholders are requested to make all future correspondence related to share transfers and allied activities with this agency only at the following address :
 

M/s. MCS Ltd.  
Sri Venkatesh Bhawan  
W-40, Okhla Industrial Area, Phase-II  
New Delhi-110020
10. Members should notify change in their addresses, if any, specifying full address in block letters with Pin Code of their post offices, which is mandatory to M/s MCS Ltd., Registrar & Transfer Agents.
11. Members holding shares in identical order of names in more than one folio are requested to write to the company's Shares Department enclosing their Share Certificates to enable the company to consolidate their holdings in one folio.
12. Members seeking further information on the accounts or any other matter contained in the Notice, are requested to write to the Company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.

**Explanatory Statement**

Pursuant to section 173(2) of the Companies Act, 1956.

**Item No. 11**

It has been observed that there has been no trading in Company's Share on Delhi Stock Exchange (DSE) for the last many years. Your Directors' feel that no purpose is being served by continuing the Listing of Company's Share on DSE particularly when the shares of the Company are already listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)

where these are actively traded. It is, therefore, considered desirable to get the Company's Shares delisted from DSE. The exit opportunity is not required to be given for this purpose since the equity shares shall continue to be listed on NSE and BSE which have the nationwide trading terminals, and the shares of the Company are regularly traded. It is felt that the interest of shareholders will not be effected in any manner by this delisting.

The Securities and Exchange Board of India (delisting of securities) guidelines 2003, permit the listed companies to get their securities voluntarily delisted from the Stock Exchanges, including the Regional Stock Exchange.

Your Directors recommend the resolution for your approval by way of a Special Resolution.

None of the Directors of the Company is concerned or interested in the Resolution.

By order of the Board of Directors

Sd/-

**A.K. GUPTA**

Company Secretary

DATED :1st September, 2005

NEW DELHI

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## DIRECTORS' REPORT

(ALSO INCORPORATING MANAGEMENT DISCUSSION & ANALYSIS REPORT)

The Board of Directors has pleasure in presenting the 49<sup>th</sup> Annual Report on the working of the Corporation together with the audited statements of accounts for the year ended 31<sup>st</sup> March, 2005.

### THE WORLD ECONOMY

The economic recovery, which the world witnessed in the second half of 2003, strengthened further and grew at 4% in 2004, the strongest annual growth rate in more than a decade. Most of the major economies in North America, South America, Europe and Asia grew faster in 2004 than in 2003. China, witnessing an annual growth rate of 9%, continued to be the fastest growing major economy in the world. The world's largest economy, the United States grew at 4.3%. The Japanese economy, after a decade long stagnation and deflation, grew at 4.4 percent. The current account surpluses also increased in the Middle East and Russia as high oil prices provided a significant boost to export revenues. Some Asian currencies, including Korean won, Thai baht, Taiwan dollar and the Indian rupee exhibited somewhat greater strength against the US Dollar since mid-2004.

The year 2004-05 also witnessed some major restructuring on the international trade front. With the addition of Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, the European Union enlarged to 25 members in May 2004, stimulating trade between the new and old members of the European Union. The G-20 nations adopted a declaration affirming their commitment towards an end to trade distortion policies, elimination of all export subsidies within next five years and rationalisation of agriculture tariffs between developed and developing countries. As a part of Multifibre Arrangement (MFA), the quantitative restrictions in textiles and clothing were done away with on 1<sup>st</sup> January 2005. The liberalised trading regime is expected to increase international trade in textiles thereby providing greater export and import opportunities. India has the potential to emerge as an alternate to China as a source of supply of textiles to the top textile importing countries like USA and EU.

In 2004, the value of world merchandise trade rose by 21%, to \$8.88 trillion as against 17% in 2003, and that of world commercial services trade by 16%, to \$2.10 trillion as against 13% in 2003. Higher oil and commodity prices and recovery

in trade of office and telecom equipment pushed up the share of developing countries in the world merchandise trade in 2004 to 31%, the highest since 1950. The Asian region recorded the highest volume of real merchandise export growth in 2004 at 14.5%. In 2004, China became the largest merchandise trader in Asia, and the third largest exporter and importer in world merchandise trade. Merchandise exports and imports of the CIS continued to rise in real terms at a pace considerably faster than world trade. Benefiting from sharply higher world market prices for fuels and metals, which contributed to a sharp rise in export earnings, real imports of the CIS continued to expand, exceeding world trade growth for the fourth consecutive year.

### INDIAN ECONOMY 2004-05

The Indian economy grew at a robust GDP growth rate of 6.9% in 2004-05. Despite unfavourable monsoons, high international prices of petroleum products and natural calamity in the form of Tsunami, Indian economy firmed up and broadened. The Industrial production grew at 7.8%. The services sector was the main engine of growth, registering a growth of 8.9%. After buoyant agricultural growth of 9.6% in 2003-04, the agriculture and allied sector suffered a set back in 2004-05 due to insufficient rainfall and grew only by 1.1 % in the current year. However, a comfortable buffer stock of foodgrain ensured minimum pressure on the food management.

India's forex reserves maintained the rising trend and reached US\$ 141.5 billion as on 31<sup>st</sup> March 2005. The rupee appreciated against the US dollar since March 2004 touching a five year high at 43.40 in Feb 2005. However, the Rupee depreciated against some other major currencies such as Euro, Pound Sterling and Japanese Yen. Inflation rate in 2004-05 at 6.4 % was marginally higher than 5.4% in 2003-04. Fuel, Mineral oil, coal, imported manufactured products, iron & steel are a few of the sectors which registered high increase in inflation rates.

India's merchandise exports grew by 24.4% during 2004-05 to touch US\$ 80 billion. Petroleum and crude products, engineering goods, chemicals, gems and jewellery, oil meals and rice were the major items of India's export basket. The imports are estimated at US\$ 106 billion, the surge being mainly due to higher value of oil imports. Segments



registering highest growth in imports include gold, electronic goods, chemicals and capital goods. Given the strong growth in imports, India recorded a deficit of US\$ 26.6 billion in its merchandise trade. While European Union was India's largest trading partner, accounting for 20% of India's global trade, China emerged as the largest source of imports into India, valuing at US\$ 5.5 billion, the major items of import being value added items especially machinery and electronic products, raw silk, sheet and paper pulp, metal products, iron and steel, coke and medical products.

### PERFORMANCE HIGHLIGHTS

STC, taking full advantage of the global opportunities, recorded significant growths in its turnover and profitability during 2004-05. The performance during the year vis-a-vis the previous year is summarised below:

	2003-04	(Rs. Crores) 2004-05
<b>TURNOVER</b>		
EXPORTS	1192	568
IMPORTS	6978	8407
DOMESTIC	179	547
<b>GRAND TOTAL</b>	<b>8349</b>	<b>9522</b>
<b>FINANCIAL</b>		
Profit After Tax	20	25
Dividend	7.5	9.0
Net Worth	296	320

### REVIEW OF PERFORMANCE

#### Profits

During the year under review, the Corporation registered significant increase in its profits as a result of further expansion of existing business, diversification into more new areas of trade, concentration on items yielding higher trading margin and improved treasury operations. Thus, during the year, STC has reported a net profit after tax (PAT) of Rs.25 crore, which is 27% higher than the PAT earned during 2003-04.

#### All time high Turnover

The Corporation achieved yet another landmark during the year by recording an all time high turnover of Rs.9522 crore. This reflects an increase of 14% over the previous year's turnover. Considering the high base of performance during 2003-04 (which reflected an increase of 230% over previous year), the turnover achieved now is all the more commendable.

### Exports

In one of the noteworthy achievements on export front during 2004-05, the Corporation has made the highest ever exports of chemicals, drugs & pharmaceuticals items amounting to Rs.236 crore as against negligible exports in the past years. Foodgrains exports of the Corporation during 2004-05 amounted to only Rs.303 crore as against exports of over Rs.1000 crore during 2003-04 because the Govt. did not release any quantities of foodgrains for exports as was done during the previous 2-3 years. Excluding food grains, the Corporation's exports during the year were over 90% higher than such exports in the previous year. Another major item of export during the year was teak wood, with sales worth over Rs.11 crore. Total exports during 2004-05 amounted to Rs.568 crore.

During the year, the Corporation also embarked upon entering into the field of metals export and met with significant success on this front. The Corporation signed an MoU with Mysore Minerals Ltd. for export of iron ore fines on 50:50 profit sharing basis and a quantity of 1.20 lakh MT was contracted under the MOU for export to China. With an additional 1.10 lakh MT contracted on behalf of another party, the total contracted quantity stands at 2.30 lakh MT during 2004-05. Most of the contracted quantity has already been shipped during the early months of 2005-06.

#### Highest Import Turnover

During the year, the Corporation recorded its **highest ever import turnover** of Rs.8407 crore and the same exceeded the last year's import turnover by 20%. **Bullion, with the highest ever sales** of Rs.5717 crore, emerged as the single largest item of import during the year. Having made a dent in the import of hydro-carbons, minerals, metals and fertilizers in the previous year, STC pursued imports of these items vigorously and, within a short span, has emerged as a major player in these areas. Thus, **import sales of hydro-carbons, minerals and metals reached a peak** of Rs.1180 crore during the year under review as against only Rs.395 crore in the previous year. Fertilisers imports undertaken by STC on commercial account also saw substantial increase from Rs.263 crore in 2003-04 to Rs.397 crore in 2004-05. Imports of petro-chemicals, namely, High Speed Diesel and Motor Spirit, undertaken for the first time ever by the Corporation, yielded a turnover of Rs.147 crore. Besides, the Corporation continued to serve the edible oil import requirements of private parties against firm indents received from them and undertook edible oil import sales worth Rs.476 crore. The Corporation also made foray into the import of FMCG Goods and IT products and signed MOUs with two multinational

companies for developing business in these new areas. Under one of these MOUs, STC imported and sold FMCG Goods such as cosmetics, detergents, soaps, etc. worth Rs.31 crore.

In another notable achievement, the Corporation launched retail sale of imported gold coins in denominations of 5 gms and 10 gms from its Corporate office building at New Delhi. The gold coins of 0.999 purity were specially got made from M/s. Pamp of Switzerland, who are one of the finest refiners of gold in the world. Enthralled by the response from public as also from corporates, STC proposes to extend the sales network to other metropolitan cities also.

#### **All time high Domestic Sales**

The domestic sales of the Corporation more than trebled to reach their peak of Rs.547 crore during the year when compared with the previous year. Petro-chemicals, minerals/metals and pulses were the major items of domestic sales during 2004-05.

#### **Foreign Exchange Earnings/Outgo**

The total foreign exchange earnings of the Corporation by way of exports, service charges, etc. during the year amounted to Rs. 333.32 crore while the foreign exchange outgo by way of imports and other expenses amounted to Rs. 6942.87 crore.

#### **Dividend**

The Corporation has already paid an interim dividend of 15% for 2004-05 on its capital as per the decision of the Board of Directors in its meeting held on 26.10.2004. The Board recommends an additional dividend of 15% thus taking the total dividend payment for the year 2004-05 to 30%.

#### **MOU Rating**

It is heartening to note that the overall performance of the Corporation is likely to be rated as '**Excellent**' for the second consecutive year in terms of MOU : 2004-05 signed with the Ministry of Commerce, Govt. of India.

#### **Recognitions Earned**

The Corporation has been able to improve its corporate image further in the world market and among associates/trade associations, etc. According to various surveys of India's Top 500 Companies, **STC has been ranked 19<sup>th</sup> In terms of sales and 12<sup>th</sup> in terms of growth in sales during 2004 (over 2003) by Economic Times and 73<sup>rd</sup> by Dun & Bradstreet Information Services Pvt. Ltd.**

### **GOLDEN JUBILEE CELEBRATIONS**

STC entered 50<sup>th</sup> year of service to the Nation on 18<sup>th</sup> May, 2005. The Golden Jubilee Celebrations were inaugurated by Shri E.V.K.S. Elangovan, Hon'ble Minister of State for Commerce & Industry in a function held at New Delhi. On this occasion, STC's Golden Jubilee logo was unveiled and a Corporate Film of STC was released by the Hon'ble Minister. The Golden Jubilee Celebrations, which will continue for one year will include a series of seminars, press conferences, trade conclaves, get-togethers, etc. involving the stakeholders of STC at large.

### **OPPORTUNITIES & THREATS**

The spurt in the country's export during 2004-05 has been a matter of great satisfaction. In fact, the growth rate of 24% witnessed by the country during 2004-05 over last year's exports is so impressive that India is all set to double its share of merchandise trade in the world trade much earlier than scheduled.

India was able to ensure significant gains and fully protect her interest in agriculture in the WTO trade talks held in Geneva in 2004. The draft framework assumes the rich countries to cut farm subsidies and tariffs while making allowances for developing countries to keep their trade barriers. The framework will also open up world's service sector, lower import duties on manufactured goods and harmonise customs procedures.

The India – MERCOSUR (Brazil, Argentina, Uruguay, Paraguay) Preferential Trade Agreement signed last year was operationalised this year by signing an agreement, which covers 450 products on which India has given tariff preferences and 452 products on which MERCOSUR has given tariff preference. Under the agreement, tariff concessions range from 10% to 100% and rules of origin provide for 60% value addition.

The new patent bill for pharmaceuticals introduced by India to comply with TRIPS Agreement is expected to help Indian pharma industry, which has made large investments in drug research.

With the termination of MFA, the Indian textile exports are expected to receive a big push with its comparative advantages in relation to (i) availability of relatively inexpensive and skilled work force (ii) design expertise (iii) large production base of basic raw material like cotton, yarns etc. (iv) availability of wide range of textiles.

However, despite all the favourable developments, the country will have to face stiff competition from its Asian rival China during the coming year.



The apprehensions by exporters community demanding a ban on iron ore export from India may hamper the Corporation's plans to take up this business if the Govt. takes a positive note to their view.

STC is poised to exploit all business opportunities coming in its way to its maximum advantage.

## OUTLOOK

Having achieved excellent overall performance during the past two consecutive years, the Corporation is striving hard to register further growths in its turnover and profitability by venturing into many new areas of trade.

With a view to achieving sustainability in exports, the Corporation has, in a significant step, entered into an arrangement with a steel plant in Philippines. Under this operation, STC has been arranging supply of coke and steel raw materials from India as well as third countries to the steel plant in Philippines, which has been taken over by an Indian company. The Corporation has plans to gradually expand these operations in other countries as well.

The Corporation has diversified into exports of iron ore and has exported about 2.2 lakh MT of iron ore fines valued at over Rs.48 crore during the current financial year upto July 15. In view of good potential, despite substantial decline in the prices, STC proposes to export about 2 to 3 million MT of iron ore fines during 2005-06.

The Corporation has already made headway in the imports/domestic sales of petro-chemicals. It is now planned to undertake exports of petro-products.

On import front, the Corporation has already started imports of FMCG goods. Imports of IT products are also likely to be started shortly. Encouraged by the big success achieved in imports of minerals & metals, STC is now proposing to diversify into imports of non-ferrous metals such as zinc, copper, etc.

The Corporation is also in the process of finalizing arrangement for supply of ballistic protection equipment to Ordnance Factory Board for bulletproofing of VIP vehicles by using Kevlar and HPPE, which is a low weight alternate to the present system of vehicle armouring by using hardened steel.

During 2004-05, STC was successful in getting nominated by the Govt. of Uzbekistan as a nodal agency for imports from and exports to India. The Corporation is planning to set up operations in the areas of pharmaceuticals and textiles in Uzbekistan and Kazakhstan jointly with local entrepreneurs.

## DISINVESTMENT

The Government of India had earlier decided to off-load 65% of its equity in STC to a strategic buyer thereby bringing down its share to 26%. However, the Govt. has now decided not to pursue the proposed disinvestment of its equity in STC.

## SUBSIDIARIES

### STCL Ltd. (Formerly Spices Trading Corporation Limited)

Spices Trading Corporation Ltd., a wholly owned subsidiary of STC, has since changed its name and is now known as STCL Ltd. Based at Bangalore, STCL deals mainly in the exports, imports and domestic trading of spices and other agricultural commodities.

With a small equity of just Rs.1.5 crore and a limited manpower of 32, STCL achieved a turnover of Rs.431 crore and earned a net profit of Rs.3.54 crore during the year 2004-05. STCL has also paid STC a dividend of 40% for the financial year 2004-05.

## PERSONNEL

The Corporation had a manpower of 942 as on 31.3.2005. This included 367 managers and 575 staff.

### Industrial Relations

The Industrial relations remained cordial throughout the year. The Management continued its endeavour to motivate the employees for better results.

### Human Resources Development

In the area of Human Resource Development, the approach adopted by STC has been threefold. Firstly, to recognize the value and importance of human resource. Secondly, to initiate planned actions to unleash the potential possessed by every individual employee and thirdly to make the process of learning and self-development a continuous one so that the employees develop the required capabilities to deal with the changing global situation in the areas of trade and management.

Keeping the above approach in view, STC gave adequate thrust on training and management development. During the year, 124 employees were covered by various programmes including in-house and external programmes especially on areas like attitude building, marketing, finance and IT. The Corporation devised the new performance appraisal system during the year with a provision for 3-tier appraisal and assessment of individual training needs. Actions were also taken for providing suitable opportunities to employees for career advancement.

### Recruitment of SC/ST and OBC Candidates

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 and OBC candidates. During the year under review, two candidates were appointed on compassionate grounds.

### OFFICIAL LANGUAGE

The Corporation has been foremost in implementation of Official Language Policy of the Govt. of India with dedication. Acknowledging its commitment, STC has been honoured and bestowed upon with the First Prize – “Rajbhasha Shield”, consecutively for the third year during 2004-05 by the Ministry of Commerce.

STC has been regularly conducting Hindi Workshops for propagating Hindi and encouraging those who use Hindi in their daily official work by giving increased cash incentive, apart from other awards. Organisation of “Hindi Divas” every year in its all offices has also become an important event. The Corporation gratefully acknowledges the valuable guidance/directions given by Hon'ble Parliamentary Committee on Official Language during its inspection of our various offices in the past and derives great inspiration from these.

### INTERNAL CONTROLS AND PROCEDURES

The Corporation has a proper system of checks and balances in place. Besides Statutory Audit and Audit by CAG, the functions of the Corporation are also subjected to an Internal Audit by professional outside agencies. The quarterly financial statements, reporting processes, internal control systems as also findings of internal, external and Government audit are reviewed from time to time in the meetings of Management Audit committee and Audit Committee of Board of Directors Constituted for this purpose. The Corporation has a well-defined Delegation of Powers (DoP) in force, which lays down the powers at each stage of managerial cadre to help 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.

### VIGILANCE ACTIVITIES

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

- Vigilance Awareness Week was observed during 1<sup>st</sup> November to 6<sup>th</sup> November, 2004, with a view to create greater vigilance awareness among the employees. The Vigilance Awareness Week commenced with the administering of pledge to all employees of the Corporation. During the week, a Seminar on “Acquainting the Associates with Systems and Procedures of STC for Imports & Exports” was also organized in which many business associates and senior level officers of the Corporation participated. Different programmes relating to Vigilance Awareness were also organised in STC's Branch offices on this occasion.
- Investigated complaints received from various agencies/sources.
- Handled the departmental inquiries having a vigilance angle.
- Maintained constant liaison with the various agencies for ensuring Preventive Vigilance and provided detailed inputs to regulatory agencies as per statutory requirements.
- Conducted inspection of some of the Branch Offices of the Corporation thereby bringing to the attention of the management various aspects for taking corrective/preventive action.

### LISTING

The shares of the Corporation are listed on National Stock Exchange, Delhi and Mumbai Stock Exchanges and the annual listing fees for the financial year 2005-06 have been paid. Board, however, recommend the delisting of company's shares from Delhi Stock Exchange for which a Special Resolution is placed for the approval of shareholders.

### PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

Particulars of employees as required under section 217(2A) of the Companies Act, 1956 are given in a separate statement, which is annexed to and forms part of this report as Annexure-‘A’.

### CORPORATE GOVERNANCE

The Company has complied with the corporate governance code as stipulated under the Listing Agreements executed with the Stock Exchanges. A separate section on Corporate