



निदेशकों की रिपोर्ट  
एवं  
वार्षिक लेखे  
2005-06

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स्टेट ट्रेडिंग कार्पोरेशन ऑफ इण्डिया लिमिटेड

जवाहर व्यापार भवन, टालस्टॉय मार्ग, नई दिल्ली-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

**FUNCTIONAL DIRECTORS**

Shri K.K. Sood

Shri S.R. Bharati

Shri Rana Som

Shri N.K. Mathur

Shri N.K. Nirmal (From 01.08.2006)

Shri Vijay Krishan (Upto 31.07.2006)

**NON-EXECUTIVE DIRECTORS**

**(GOVERNMENT NOMINEES)**

Mrs. Asha Swarup

Dr. Christy L. Fernandez

**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 50th Annual General Meeting of the State Trading Corporation of India Ltd. will be held at 10.30 A.M. on Tuesday, the 19th September, 2006 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 31<sup>st</sup> March, 2006, audited Profit & Loss Account for the year ended 31st March, 2006, together with the reports of the Directors and Auditors thereon,
2. To declare dividend on Equity Share Capital for the financial year ended on 31<sup>st</sup> March, 2006. The Board has recommended a total dividend of 50% on the paid up Equity Share Capital of the Company for the year ended 31<sup>st</sup> March, 2006 Including interim dividend of 15% on the paid-up Equity Share Capital already paid.
3. To ratify the appointment of Shri N. K. Nirmal as a whole-time Director (Finance) of the Company by the President of India vide Ministry of Commerce O.M. No.1/6/2005-FT(ST) dated 25.04.2006 on the terms and conditions approved by the President of India.
4. To re-appoint Shri S. R. Bharati, who retires by rotation at the AGM, as a whole-time Director of the company. Being eligible, he has offered himself for re-appointment.
5. To re-appoint Shri Rana Som, who retires by rotation at the AGM, as a whole-time Director of the company. Being eligible, he has offered himself for re-appointment.
6. To re-appoint Dr. Christy L. Fernandez, who retires by rotation at the AGM, as a non-executive Director (Government nominee) of the company. Being eligible, he has offered himself for re-appointment.
7. 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 2006-07, as may be deemed fit by the Board."

### Special Business

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :  
**"RESOLVED THAT** the Share Transfer Records (as required by Section 163 of the Companies Act, 1956) be kept at the Registrar and Share Transfer Agent i.e. M/s Intime Spectrum Registry Ltd.; office, at present A-31, 3rd Floor, Naraina Industrial Area, Phase-I, near PVR Naraina, New Delhi 110 028 or in any other place as notified by M/s Intime Spectrum Registry Ltd."

By order of the Board of Directors

Sd/-

**A.K. GUPTA**

Company Secretary

DATED : 28<sup>th</sup> August, 2006  
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. 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 Thursday, the 14<sup>th</sup> September 2006 to Tuesday, the 19<sup>th</sup> September, 2006 (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 beneficial ownership, details of which are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the said purpose.
5. Due to sale of Registry Business by M/s MCS Ltd., to M/s Intime Spectrum Registry Ltd., Board has appointed M/s Intime Spectrum Registry Ltd., as STC's Registrar and Share Transfer Agent 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. Intime Spectrum Registry Ltd.  
A-31, 3rd Floor, Naraina Industrial Area  
Phase-I, Near PVR Naraina  
New Delhi-110028  
Tel : 41410592-93 Fax : 41410591

6. For effecting change of address/Bank details/Electronic Clearing Service (ECS) Mandate, Members are requested to notify the same to the following:-

If shares are held **in physical mode**, to the Company and/or Registrar and Share Transfer Agent (R & T Agent) of the Company, i.e. Intime Spectrum Registry Ltd., A-31 3rd Floor, Naraina Industrial Area. Phase-I, Near PVR Naraina, New Delhi 110028. Members must quote their Folio No. in all correspondence with the company/R&T Agent.

If shares are held **in electronic form**, to their Depository Participant (DP). **The Company/R&T Agent will not entertain request for noting change of address/Bank details/ECS Mandate.**

7. 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, along with photocopy of a cheque or a blank cancelled cheque relating to the designated bank account, to the Company/R&T Agent.
8. Members are requested to :-
  - (i) **bring their copy of Annual Report**, Notice of AGM and Attendance Slip at the venue of the meeting
  - (ii) **Quote their Folio / DP & client id No.** in all correspondence with the Company / R&T Agent.
  - (iii) In case of **joint holders** attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  - (iv) **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.
  - (v) Note that **briefcase, bag, eatables, etc. will not be allowed** to be taken inside the venue of the meeting for security purposes.
  - (vi) 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. 8**

M/s MCS Ltd., i.e. STC's Registrar and Share Transfer Agent have sold their registry Business to M/s Intime Spectrum Registry Ltd., (ISRL). ISRL have agreed to provide all services as provided by MCS to STC on same terms and conditions. Based on above Board have appointed ISRL as STC's Registrar and Share Transfer Agent. Sec. 163 of the Companies Act, 1956 requires that if a company wants to keep its registers, indexes, returns and copies of certificates and documents or any or more of them, instead of being kept at the registered office of the company, at any other place within the city, town or village in which the registered office is situated then shareholders' approval by a special resolution be obtained. Since all the above records were maintained with MCS as such it is proposed to maintain them with ISRL now.

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 : 28<sup>th</sup> August, 2006

NEW DELHI



# DIRECTORS' REPORT

(ALSO INCORPORATING MANAGEMENT DISCUSSION & ANALYSIS REPORT)

The Board of Directors has pleasure in presenting the 50<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, 2006.

## THE WORLD ECONOMY

The global expansion led by United States and China in early 2005 and the broad recovery gained in the course of the year, extending to Japan and continental Europe, resulted in World GDP growth exceeding 4% in 2005 for the third consecutive year in spite of higher prices of energy and other commodities. While output in the Americas and Europe grew slightly less than in 2004, growth in Asia strengthened further. The US economy retained considerable strength despite the energy price hike and hurricane-related disruptions. China's economic expansion continued unabated and the long-awaited revival of Japan added to the region's dynamism. Japanese GDP growth at 2.8 per cent was the strongest performance since the 1997 Asian financial crisis. Overall, emerging Asia accounted for more than half of last year's increase in global output.

The value of global merchandise exports rose by 13 per cent in 2005, compared to 21 per cent in 2004 and exceeded the \$10 trillion mark for the first time. Fuelled by the rise in oil prices, Africa, Middle East, Central and South America and the CIS recorded strong merchandise export growth in 2005.

Rapid demand growth, especially in emerging Asia, supported a further rise in commodity prices in 2005, although capacity constraints in oil production and refining accentuated price pressures. Nevertheless, despite these pressures, inflation remained well contained in most countries last year.

Exchange rate fluctuations were significant in 2005. The broad appreciation of the US dollar, the stability of the euro and the overall downward trend of the yen were salient developments in foreign exchange markets over most of 2005. However, the upward trend of the US dollar reversed in early December 2005.

Global financing conditions continued to be supportive of growth, notwithstanding the progressive removal of monetary accommodation in the United States and, albeit less advanced, in the euro area. Financial markets for most part of the year continued to have a very upbeat view of the future, especially for emerging market conditions, despite the further massive and unexpected deterioration of the US current account balance during 2005.

## INDIAN ECONOMY 2005-06

For India, 2005-06 has been the third consecutive year of good performance with GDP growing by a robust 8.4 per cent as against 7.5 per cent during the last fiscal. The GDP growth is second

only to China amongst the big emerging economies. A buoyant growth of 3.9% in agriculture, 9% in industrial and 10% in the services sectors have driven the fourth highest growth ever since India attained independence in 1947.

The country's external sector strengthened considerably with trade volumes recording a 28.6% growth in 2005-06. Merchandise exports continued to maintain the momentum of growth for the fourth year in succession and grew by 24.7 per cent (in US dollar terms). While petroleum, machinery and instruments, readymade garments, cotton including accessories, drugs, pharmaceuticals & fine chemicals and gems & jewellery were the top commodities of exports during the year, the top destinations of exports were UK, Singapore, USA, China and United Arab Emirates.

Imports grew by 31.5% over 2004-05. Imports of petroleum, oil and lubricants (POL) increased by 47%, reflecting the impact of sharp increase in international crude oil prices. Other major commodities of imports were machinery (except electrical and electronics), electronic goods, gold and precious/semi-precious stones, pearls. The year witnessed over 50% growth in imports from China, which emerged as the top destination of imports followed by Germany, Australia, USA and Switzerland. The overall trade deficit increased by about 53% to reach US \$ 40 billion during 2005-06.

Foreign investment inflows increased to US \$ 17 billion in 2005-06 and foreign exchange reserves stood at US \$ 152 billion as on 31<sup>st</sup> March 2006 – US \$ 10 billion higher than the level a year ago, placing India at the sixth position in the world in terms of foreign exchange reserves. The Indian stock market also remained upbeat for the fourth year in succession with the sensex touching 9,398 in 2005 and an all time high mark of 12,600 in May 2006 making India the world's best performing markets.

In one of the major developments on domestic front, the Govt. of India decided to import, after many years, significant quantity of wheat into the country in view of declining wheat stocks in the Central Pool and hardening prices in the domestic market.

The emerging situation and improvements in Indian economy provided STC an opportunity to consolidate its long term strategy and to select specific thrust areas. Accordingly, the Corporation switched over from items yielding high turnover to items having better profitability. It stepped into backward integration, expanded bulk trade operations to coal and iron ore and took up specific value added items like jewellery in addition to counter trade and offset operations.

## PERFORMANCE HIGHLIGHTS

The performance of STC during the year vis-a-vis the previous year is summarised below:

(Rs. Crores)

	2004-05	2005-06
<b>TURNOVER</b>		
EXPORTS	568	1095
IMPORTS - Bullion	5717	2298
IMPORTS - Non-Bullion	2690	3195
DOMESTIC	547	537
<b>GRAND TOTAL</b>	<b>9522</b>	<b>7125</b>
<b>FINANCIAL</b>		
Profit After Tax	25	39
Dividend	9	15
Net Worth	320	365

**TURNOVER**

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**FINANCIAL**

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Net Worth	320	365

**REVIEW OF PERFORMANCE****PROFITS**

During the year under review, the Corporation earned a profit before tax of Rs 57 crore representing an increase of 53% over the previous year. As a result, the earnings per share (EPS) of the Corporation improved to Rs 12.98 as against Rs 8.34 in the previous year.

The trading profit of Rs 100 crore was the highest ever achieved by the Corporation during the past two decades. The substantial jump in trading profit was characterized by significant growths in all the three segments of trade.

**TURNOVER**

During the year, the Corporation laid greater focus on developing business of items yielding higher margins. The bullion imports were scaled down from Rs 5717 crore in the previous year to Rs 2298 crore in view of very low trading margin on such imports. The share of non-bullion import in the total turnover therefore went up from 28% in 2004-05 to 45% of total turnover. Excluding bullion, the total turnover grew by 27% over the previous year.

The total turnover of the Corporation during 2005-06 amounted to Rs 7125 crore.

**EXPORTS**

Exports registered a striking growth of 93% over the previous year. The growth achieved was far much higher than the national growth of 24% in exports. The improvement in export performance was the outcome of diversification programme embarked upon and the new strategies adopted by the Corporation. Areas demonstrating noteworthy achievements in exports are indicated below :

**Steel Operations**

With a view to attain long-term sustainability in exports, the Corporation diversified into overseas steel operations. Under this arrangement, STC has been supplying steel raw materials to a steel plant in Philippines from India as also from third countries. The operations include stock and sale in Philippines being carried out through an international Collateral Management Agency. A turnover of over Rs 450 crore was

achieved during the year from this operation. The overseas steel operations are likely to gather further momentum during the next financial year as a result of commencement of similar operations in Bulgaria.

**Iron Ore**

In keeping with its diversification plans to venture into iron ore exports, the Corporation signed an MOU with M/s. Mysore Minerals, a Govt. of Karnataka Undertaking for getting assured supplies of iron ore fines for exports. Supply arrangements with other parties were also tied-up and, for the first time, about 4 lakh MT of iron ore valued at over Rs 80 crore was exported to China during the year.

**Chemicals and Pharmaceuticals**

During 2004-05, STC entered into export of chemicals and pharmaceuticals in a big way. Within a short span of two years, this has become a major line of business of the Corporation. During 2005-06, exports of these items climbed up to an all time high of Rs 400 crore as against Rs 236 crore during 2004-05.

**Bullion**

For the last few years, the Corporation had been persistently making efforts to venture into jewellery exports. The efforts eventually bore fruit and the Corporation was able to make a dent in the export of gems and jewellery by effecting shipments worth Rs 10 crore to Dubai. It is hoped that the Corporation will be able to undertake substantial exports of gems and jewellery in the coming year.

**IMPORTS**

The year saw a major shift in the composition of import turnover. In view of very low trading margin, bullion imports were systematically scaled down to Rs 2298 crore during the year as against Rs 5717 crore in the previous year. Non-bullion import turnover increased by 19% over the previous year. The total import turnover during 2005-06 amounted to Rs 5493 crore. The high value imports of bullion in the previous years were substituted by larger imports of hydrocarbons, minerals, metals, vanaspati and petrochemicals, etc. as detailed below:

**Hydro-carbons, Minerals & Metals**

Ever since STC started undertaking imports of hydrocarbons, minerals and metals during 2002-03, imports of these items have been progressively increasing. During 2005-06, import sales of hydro-carbons, minerals and metals grew by 45% to reach an all time high of over Rs 1700 crore.

In view of ever rising domestic demand, import of hydrocarbons, minerals and metals is well on its way to becoming a major business activity of the Corporation in the years to come.

**Edible Oils/Vanaspati**

Despite continued sluggishness in domestic demand of edible oils during 2005-06, the Corporation was able to arrange import sales of over 1.7 lakh MT of edible oils valued at Rs 341 crore. This included over 64,000 MT of crude sunflower oil imported under TRQ. The Corporation also arranged

imports of about 1.13 lakh MT of vanaspathi valued at Rs 376 crore under Indo-Nepal Treaty of Trade.

During the year, the Corporation was successful in obtaining waiver from the Ministry of Shipping & Transport for import of edible oils on C&F basis for small lots up to 5000 MT per contract.

#### **Petro-chemicals**

The Corporation has been doing consistently well in this area also. During 2005-06, import sales of petro-chemicals amounting to Rs 133 crore were effected. Efforts are being made to expand this business by broadening the customer base.

#### **Raw Cashew Nuts**

For the first time, STC imported and sold Rs 47 crore worth of raw cashew nuts and almonds. It is proposed to substantially increase this business during 2006-07.

#### **Others**

Other items showing substantial growths in imports sales were pulses and equipment. While import sales of pulses went up from only Rs 1 crore in 2004-05 to Rs 66 crore in 2005-06, that of equipments increased from Rs 6 crore to Rs 54 crore.

### **DOMESTIC SALES**

During the year, domestic sales amounted to Rs 540 crore, the largest item being petro-chemicals, which accounted for a turnover of Rs 315 crore. Other major items included minerals and metals (Rs 99 crore) and coarse grains/pulses (Rs 73 crore).

During the period under review, the Corporation entered into domestic supply of various raw materials such as iron ore, steel, coke, chemicals, etc. The Corporation also executed the highest ever contract (Rs 800 crore) for supply of 1.9 million MTs of thermal coal to NTPC. The contract involved handling of 39 ships of 50,000 MT each, movement of over 650 rakes from 5 different ports to 7 NTPC power plants within a span of 120 days. For this purpose, coal was procured from Indonesia at a record speed and efficiency.

During 2005-06, STC entered into oilseeds market and purchased soyabean and mustard seeds worth Rs 29 crore. The Corporation also procured, for the first time, about 10,000 MT of castor seeds valuing Rs 15 crore for sale in the domestic market. Besides, STC undertook stock and sale of rice bran on a modest scale.

### **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 929.65 crore while the foreign exchange outgo by way of imports and other expenses amounted to Rs 4114.77 crore.

### **DIVIDEND**

In view of improved profitability, the Corporation has already paid an interim dividend of 15% for 2005-06 on its capital as per the decision of the Board of Directors in its meeting held on 26.10.2005. The Board recommends an additional dividend of

35% thus taking the total dividend payment for the year 2005-06 to 50%.

### **MOU RATING**

It is heartening to note that the overall performance of the Corporation is likely to be rated as '**Excellent**' in terms of MOU : 2005-06 signed with the Ministry of Commerce, Govt. of India for the third year in succession.

### **GOLDEN JUBILEE CELEBRATIONS**

STC completed 50 years of service to the Nation in May 2006. To mark this momentous occasion, the Department of Posts released STC Golden Jubilee Special Postal Cover. A function was organized on 22<sup>nd</sup> May 2006 at STC's corporate office building at New Delhi where Hon'ble Minister of Commerce, Shri Kamal Nath was the Chief Guest. He was presented the First Cover by Hon'ble Minister for Communication & IT, Thiru Dayanidhi Maran. Shri S.N. Menon, Commerce Secretary and many other top officials of Govt. Departments and media persons were present at the function. The year-long celebrations were inaugurated in May-2005 by the then Minister of State for Commerce & Industry. On this occasion, the Corporation rededicated itself to the service of the Nation. On 18<sup>th</sup> May 2005, all the employees of the Corporation at its corporate office and in the branches took oath in this respect.

During the golden jubilee year, greater stress was laid on strengthening public-private partnership by maintaining continuous dialogue with the Corporation's business associates on how STC could assist them in their export/import efforts. A get-together of Corporation's business associates was organised at New Delhi.

Steps were taken for strengthening bond with the employees of the Corporation. As a first step, emphasis was laid on training of employees. An arrangement was finalised with NTPC under which a large number of employees of the Corporation at various levels were exposed to training in attitude building at NTPC Power Management Institute. The Corporation launched an in-house magazine titled 'Pragati Path' to promote communication amongst the employees.

Greater social interactions among the employees were developed. Functions were held at STC's Housing Colony involving participation of employees and their families. A joint lunch for all employees was organised at the corporate office. A computer training centre was set up at the Housing Colony in New Delhi for the benefit of its employees and their family members.

The Corporation also reached out to the print and electronic media. Press releases were issued from time to time. Press conferences were organised at Delhi and Mumbai.

### **OPPORTUNITIES & THREATS**

World trade is expected to grow by 7 per cent in 2006 in the backdrop of expected stronger growths in OECD countries and sustained high growths in the developing countries. However, US demand could slow down under the impact of increased real interest rates and higher energy costs. Overall, the world economy

is expected to grow at a slightly higher rate of 3.5 per cent during 2006 than in 2005.

India's merchandising exports of US \$ 101 billion in 2005-06 against the targeted figure of US \$ 90 billion show strong signs of its achieving the export target of US \$ 150 billion much ahead of the schedule. A host of initiatives announced by the Government of India in the annual supplement of Foreign Trade Policy, which aim at cutting the transaction costs for exporters and helping the exporters in diversifying to markets (such as Latin America, Africa) that have so far remained relatively under-exploited, further substantiate this possibility.

The major core sectors that are projected to record higher growth rates during 2006-07 are coal, electric power, oil & gas, crude oil, steel and aluminum. The growths in these areas will translate into improved prospects for growth for a range of industries in the engineering, non-engineering and the services sectors. The liberal measures taken by the Government of India to encourage foreign investment in the coal sector and mining would give a boost to the coal industry and the other user industries in the core sector in particular.

The deepening bilateral trade and economic relations between China and India have paved the way for speedier growth of the economies of these countries. The growing investment ties and economic cooperation between the two countries is amply reflected by the fact that many leading Indian companies have set up their representative offices in China for various projects. Similarly, a number of Chinese companies have set up branches in India for infrastructure construction.

However, the refusal of the United States and the European Union at the WTO Mini-Ministerial Meeting held in Geneva, to budge on the issue of cutting over generous subsidies to their farmers coupled with more tariff cuts in manufacturing and market access in the services sector in developing countries, like India etc. continues to evade possibility of successful conclusion of the Doha round of negotiations.

On the domestic front, rising prices of basic raw materials, power problems, transportation, quality and supply constraints pertaining to coal are likely to affect growth in the core sector.

## OUTLOOK

All out efforts are being made to transform the Corporation into the one having global operation rather than being limited to exports and imports. A beginning has already been made and close linkages have been developed with a steel plant in Philippines by supplying raw materials to the plant from India as also from third countries and exporting their goods. Similar operations have also been extended to Bulgaria. While the Corporation, on one hand, is attempting to develop backward integration in the areas of manufacturing and mining, on the other hand, forward integration in the form of Brand and retail marketing are under consideration. The Corporation has plans to exploit the fast developing sectors such as food products, gems and jewellery, etc. The Corporation will not hesitate in making long term investment to develop export infrastructure in the chosen areas. A reputed consultancy agency has already been retained to help the Corporation in fine tuning its strategies and areas of operations for future.

The Corporation is looking forward to achieving further growth in its business volume as well as profitability in view of many new diversification plans already being at various stages of implementation.

STC has been appointed by the Govt. of India as a nodal agency to monitor implementation of off-set/counter trade obligations arising out of purchase of aircrafts by Indian/Air India and has already entered into an offset agreement with Airbus.

The Corporation has finalized an MOU with the State Trading Organisation of Mauritius for improving bilateral trade. In terms of the MOU, STC is expected to service the import requirements of Mauritius initially in the areas of milk powder/products. Efforts are also being made to get a host of pharmaceutical items registered in Mauritius for supply on a long-term basis.

With a view to extend its minerals operations further, the Corporation proposes to enter into mining. A plot of land measuring over 525 hectares has already been reserved by the Central Govt. for mining through STC. Approval of the State Govt. is being obtained. In the meantime, a project report is being prepared for undertaking actual operations.

Having made a small beginning in online trading of commodities through NCDEX, the Corporation plans to enter in this business in a big way in near future.

Export of gold jewellery in which STC has recently diversified is continuing to grow and during the first quarter of 2006-07, exports of gold jewellery to the tune of Rs 18.5 crore have already been made. It is proposed to expand this business by organizing consortia of jewellery manufacturers through participation in overseas exhibitions and fairs.

The Corporation is also exploring possibilities of importing communication equipments on behalf of telecom companies and is already on the look out for a suitable trade partner for entering into long-term tie-up in this regard.

In a major development on import front, STC has been asked by the Government of India to import a total quantity of 39 lakh MT of wheat for arrival spread till January 2007 into the country in view of declining wheat stocks in the Central Pool and hardening prices in the domestic market. The entire quantities have since been contracted by STC for import. Shipments have already commenced and are expected to be completed by January 2007. A quantity of 92,000 MT has already arrived into the country till end June'06.

## SUBSIDIARY

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

STCL, the wholly owned subsidiary of STC based at Bangalore, deals mainly in the exports, imports and domestic trading of spices and other agricultural commodities.

As a result of qualitative changes in marketing strategies and continued thrust on identifying new product lines, the turnover of STCL reached a record level of Rs 471 crore during 2005-06. The company has also reported 67% rise in net profit, which has gone up to Rs 5.98 crore and paid a dividend of 40% to STC for the financial year 2005-06.