

## EIGHTEENTH ANNUAL REPORT 2005-2006

### CONTENTS

1. 10 Years Performance at a Glance - Financial & Physical	1
2. Notice	2-3
3. Directors' Report	4-7
4. Addendum to Directors' Report	8-12
5. Corporate Governance Report	13-18
6. Management Discussion and Analysis	19-22
7. Certificate on Corporate Governance	23
8. Balance Sheet	24
9. Profit & Loss Account	25
10. Schedules Annexed to Balance Sheet and Profit & Loss Account	26-35
11. Significant Accounting Policies	36-37
12. Notes on Accounts	38-48
13. Balance Sheet Abstract & Company's General Profile	49
14. Auditors' Report	50-51
15. Annexure to the Auditors' Report	52-53
16. Cash Flow Statement	54
17. Review of Accounts	55-56
18. Comments of the Comptroller & Auditor's General of India on the accounts of CONCOR	57
19. Annual Report of Fresh & Healthy Enterprises Limited (Subsidiary Company)	58-73
20. Proxy Form	74
21. Attendance Sheet	75
22. ECS Mandate & Form	76-77
23. Offices	78

## EIGHTEENTH ANNUAL REPORT 2005-2006

### BOARD OF DIRECTORS

Shri S.B. Ghosh Dastidar  
Chairman (Non-Executive)

Shri Rakesh Mehrotra  
Managing Director

Shri P. G. Thyagarajan  
Director (Intl. Mktg. & Ops)

Shri Suresh Kumar  
Director (Finance)

Shri Anil Kumar Gupta  
Director (Domestic Division)

Shri Harpreet Singh  
Director (Projects & Services) (w.e.f. 20.07.2006)

Shri R.K. Tandon  
Govt. Nominee Director, Ministry of Railways  
(w.e.f. 18.07.2006)

Shri Pradeep Bhatnagar  
Govt. Nominee Director, Ministry of Railways  
(upto 17.07.2006)

Shri R. K. Narang  
Non - Executive Director (upto 19.01.2006)

Dr. D. Babu Paul  
Non - Executive Director (upto 19.01.2006)

Dr. P.S. Sarma  
Non - Executive Director (upto 19.01.2006)

Shri Ravi Khandelwal  
GGM(Accounts) & Company Secretary

### STATUTORY AUDITORS

M/s. Hingorani M. & Co.,  
New Delhi

### BRANCH AUDITORS

M/s. D. K. Chhajer & Co.,  
Kolkata

M/s. Kalyanasundaram & Co.,  
Chennai

M/s Sanghvi & Associates,  
Ahmedabad

M/s P. Parikh & Associates, Mumbai

### BANKERS

ABN Amro Bank  
Allahabad Bank  
Bank of India  
Canara Bank  
Central Bank of India  
Citi Bank  
Corporation Bank  
Deutsche Bank  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
Punjab National Bank  
Standard Chartered Bank  
State Bank of India  
Syndicate Bank  
United Bank of India  
UTI Bank  
Indian Bank

### Registrars & Share Transfer Agent

M/s. Alankit Assignments Ltd., New Delhi

## 10 YEARS PERFORMANCE AT A GLANCE - FINANCIAL & PHYSICAL

Financial	(Rs. In Crore)									
Description	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Paid Up Capital	64.99	64.99	64.99	64.99	64.99	64.99	64.99	64.99	64.99	64.99
Reserves & Surplus	197.37	298.87	407.36	542.77	711.43	844.32	1036.52	1312.25	1633.77	2026.18
Capital Employed (Net Fixed Assets + Working Capital + Investment)	252.84	337.78	424.58	559.53	723.88	956.75	1115.62	1391.35	1684.86	2069.47
Net Worth (Paid Up capital + Reserves - Preliminary expenses to the extent not written off)	262.33	363.81	472.35	607.76	776.42	909.31	1101.51	1377.24	1698.76	2091.17
Fixed Assets (Gross Block)	189.62	218.21	352.78	457.57	605.00	752.65	982.50	1198.79	1538.62	1793.61
Income from Operations	534.32	606.25	684.77	831.42	1075.92	1286.46	1483.44	1764.43	1995.12	2433.16
Other Income	14.17	22.30	31.59	33.46	34.00	48.95	50.40	42.97	48.21	56.00
Total Income	548.49	628.55	716.36	864.88	1109.92	1335.41	1533.84	1807.40	2043.33	2489.16
Gross Profit	176.73	191.49	220.26	287.89	356.29	422.64	474.74	554.00	676.22	753.39
Depreciation	10.39	11.54	12.27	22.62	27.27	33.47	43.94	55.28	66.62	83.26
Net Profit Before Tax	166.34	179.95	207.99	265.27	329.02	389.17	430.80	498.72	609.60	670.13
Provision for Taxation	70.94	63.27	66.51	90.00	112.25	139.31	160.25	142.45	180.73	146.47
Net Profit	95.25	115.80	140.66	177.59	216.65	249.48	272.85	367.59	428.60	525.80
Dividend	12.99	12.99	29.24	35.75	43.54	64.99	71.48	81.24	94.23	116.98
Earning Per Share : (in Rs.)	14.66	17.82	21.64	27.32	33.33	38.39	41.98	56.56	65.95	80.90
<b>Physical (TEUs)*</b>										
International Handling	424741	491481	576790	664490	753368	905058	1031925	1251618	1376516	1556714
Domestic Handling	278801	230238	225156	238661	291360	326775	351238	350501	351460	373848
Total	703542	721719	801946	903151	1044728	1231833	1383163	1602119	1727976	1930562

\*Twenty foot equivalent units

### NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Shareholders of the Company will be held as under :-

Day : Monday

Date : 4th September, 2006

Time : 15.30 Hrs

Venue : Stein Auditorium, Habitat World,  
India Habitat Centre, Gate No. 3,  
Lodhi Road, New Delhi- 110003

to transact, with or without modifications, as may be permissible, the following business :

### ORDINARY BUSINESS

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions :

- To receive, consider and adopt the Balance Sheet as at 31st March, 2006, Profit & Loss Account for the year ended on that date and the Report of Board of Directors and Auditors thereon.
- To confirm the payment of First and Second Interim dividend and to declare dividend on equity shares for the financial year ended 31st March, 2006.
- To appoint a Director in place of Shri Rakesh Mehrotra who retires by rotation and being eligible, offers himself for reappointment.
- To appoint a Director in place of Shri P.G.Thyagarajan, who retires by rotation and being eligible, offers himself for reappointment.
- To take note of the appointment of M/s. Hingorani M. & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company and to pass the following resolution as an Ordinary Resolution :

"RESOLVED that the appointment of M/s. Hingorani M. & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2005-06 in terms of the order no. CA. V/COY/CENTRAL GOVT., CCIL(5)/173 dated 25.08.2005 of C & AG of India, be and is hereby noted.

### SPECIAL BUSINESS

To consider, and if thought fit, to pass with or without modification(s), the following resolutions as Ordinary Resolutions :

- "RESOLVED that Shri S.B. Ghosh Dastidar be and is hereby appointed as Part-time Chairman of the Company w.e.f. 18.08.2005 in terms of Railway Board's order no. 2004/PL/51/3 dated 18.08.2005 and shall be liable to retire by rotation."
- "RESOLVED that Shri Suresh Kumar be and is hereby appointed as Director of the Company w.e.f. 03.11.2005 in terms of Railway Board's order no.2004 /E (O)II/4/50 dated 14.09.2005 and shall be liable to retire by rotation."
- "RESOLVED that Shri Anil Kumar Gupta be and is hereby appointed as Director of the Company w.e.f. 16.02.2006 in terms of Railway Board's order no. 2005/E(O)II/5/30 dated 14.02.2006 and shall be liable to retire by rotation."

By order of Board of  
CONTAINER CORPORATION OF INDIA LIMITED

(RAVI KHANDELWAL)  
GROUP GENERAL MANAGER (Accounts)  
& COMPANY SECRETARY

Date : 17.07.2006

Place : New Delhi

**NOTES**

- (a) 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 proxy need not be a Member.
- (b) The instrument appointing proxy should however be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
- (c) The Register of Members and Share Transfer Books will remain closed from 18th August 2006 to 4th September, 2006 (both days inclusive).
- (d) Members holding shares in Physical form are requested to notify immediately change in their address & Bank account details to the Registrar and Share Transfer Agent of the Company by quoting their folio numbers and those in demat mode, to their Depository Participant.
- (e) Dividend on Equity shares as recommended by the Directors for the year ended on 31st March, 2006 when declared at the Meeting, will be paid :
  - (i) to those Members whose names appear in the Register of Members of the Company, after giving effect to all valid Share Transfers in Physical form lodged with the Company and its Registrar on or before 17th August, 2006.
  - (ii) In respect of Shares held in electronic form, to those "deemed members" whose names appear on the Statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on 17th August, 2006.
- (f) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends for the financial year ended 31st March, 1999 and thereafter, which remains unclaimed for a period of seven years from the date of transfer of the same will be transferred to Investor Education and Protection fund established by Central Government. Shareholders who have not encashed their dividend warrant (s) so far for the financial year ended 31st March, 1999 or any subsequent financial years are requested to make their claim to the Company or Registrar and Share Transfer Agents, M/s Alankit Assignments Ltd.

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

**Item No. 6**

The Government of India has appointed Shri S.B. Ghosh Dastidar, Member Traffic, Railway Board as part-time Chairman of the company w.e.f. 18.08.2005 and communicated through Ministry of Railways, Govt. of India vide order no. 2004/PL/51/3 dated 18.08.2005.

Accordingly, the Company has filed the requisite particulars of Shri S.B. Ghosh Dastidar, in the prescribed forms with the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

In terms of Section 255 of the Companies Act, 1956, the appointment is required to be confirmed in the forthcoming Annual General Meeting.

None of the Directors except Shri S.B. Ghosh Dastidar, is concerned or interested in the resolution.

**Item No. 7**

The Government of India has appointed Shri Suresh Kumar as Director of the Company w.e.f. 03.11.2005 and communicated through Ministry of Railways, Govt. of India vide order no. 2004/E(O)II/4/50 dated 14.09.2005.

Accordingly, the Company has filed the requisite particulars of Shri Suresh Kumar, in the prescribed forms with the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

In terms of Section 255 of the Companies Act, 1956, the appointment is required to be confirmed in the forthcoming Annual General Meeting.

None of the Directors except Shri Suresh Kumar, is concerned or interested in the resolution.

**Item No. 8**

The Government of India has appointed Shri Anil Kumar Gupta as Director of the Company w.e.f. 16.02.2006 and communicated through Ministry of Railways, Govt. of India vide order no. 2005/E(O)II/5/30 dated 14.02.2006.

Accordingly, the Company has filed the requisite particulars of Shri Anil Kumar Gupta, in the prescribed forms with the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

In terms of Section 255 of the Companies Act, 1956, the appointment is required to be confirmed in the forthcoming Annual General Meeting.

None of the Directors except Shri Anil Kumar Gupta, is concerned or interested in the resolution.

By order of Board of  
CONTAINER CORPORATION OF INDIA LIMITED

(RAVI KHANDELWAL)  
GROUP GENERAL MANAGER (Accounts)  
& COMPANY SECRETARY

Date : 17.07.2006  
Place : New Delhi

**DIRECTORS REPORT**

**To the shareholders**

Your directors are pleased to present their report on the business and operations of your company for the financial year ending March 31, 2006.

**FINANCIAL RESULTS (RS. IN CRORE)**

Particulars	2005-06	2004-05
Income from operations	2433.16	1995.12
Profit before depreciation & tax (PBDT)	753.39	676.22
Profit before tax (PBT)	670.13	609.60
Provision for tax	146.47	180.73
Profit after tax (PAT)	523.66	428.87
Profit available for appropriations	525.80	428.60
<b>APPROPRIATIONS:</b>		
Interim Dividend	64.99	38.99
Proposed Dividend	51.99	55.24
Corporate Tax on dividend	16.41	12.85
Transfer to general reserves	52.58	42.86
Balance carried to Balance Sheet	339.83	278.66
Earnings per share	80.90	65.95

**DIVIDEND**

Keeping in view the Company's capex programme, your Directors recommend a dividend of 180% of the paid up share capital inclusive of Interim Dividend paid @ 100%. The pay out on account of dividend would be Rs. 18/- per share of Rs.10/-. The total dividend payable amounts to Rs. 116.98 crore as compared to Rs. 94.23 crore (excluding dividend tax) during 2005-06.

**FINANCIAL HIGHLIGHTS**

The operating turnover of your company has registered a growth of 22% during the year under review, increasing from Rs. 1995.12 crore in the previous year to Rs. 2433.16 crore.

Total expenditure has increased in line with the growth in income by 27%. After adjusting for the expenditure of Rs.1819.03 crore as compared to Rs. 1433.73 crore in the previous year, the profit before tax works out to Rs. 670.13 crore, which shows a growth of 10%. After making provisions for income tax, prior period/tax

adjustments, the net profit available for appropriations stands at Rs.525.80 crore, which is a growth in net profit of 22.68%. Increase in Profit After Tax (PAT) is due to better operating margin and increase in amount of tax deduction availed by the company under Section 80IA of Income Tax Act.

**OPERATIONAL PERFORMANCE**

Handling Terminals	2005-06	2004-05	% age Growth
Exim	15,56,714	13,76,516	13.09%
Domestic	3,73,848	351,460	6.37%
Total	19,30,562	17,27,976	11.72%

**CAPITAL STRUCTURE**

There is no change in the capital structure, with the Government of India continuing to hold 63.09% of the shares, the balance 36.91% being held by the public.

**LISTING AND DEMATERIALIZATION OF CONCOR'S SHARES**

CONCOR's shares are listed with the bourses i.e. Mumbai and National Stock Exchanges. The listing fees of all these stock exchanges have been paid. The Company's shares have been voluntarily de-listed from the The Delhi Stock Exchange Association w.e.f. January 2, 2006. To facilitate dematerialization of shares by its shareholders, CONCOR has signed agreements with both the Depositories (NSDL & CDSL). As per SEBI guidelines, CONCOR's shares have been placed under 'Compulsory Demat Mode'. Out of 2,39,91,496 shares listed on the Stock Exchange, 2,39,89,317 shares were in demat mode as on 31st March, 2006.

**WORLD BANK LOAN**

The amount of World Bank loan outstanding in the beginning of the year was Rs. 10.60 Crore, during the year the entire loan has been prepaid.

**CAPITAL EXPENDITURE**

Capital expenditure of Rs.270 crore approx. was incurred mainly on development of terminals, acquisition of wagons and handling equipment.

### NEW TERMINALS COMMISSIONED

In line with the plan for setting up of new terminals and expansion of facilities in existing terminals, the following new terminals were commissioned during the year :

1. Mandideep (Bhopal) : Combined Terminal on 30.09.2005
2. Majerhat, Kolkata : Combined Terminal on 07.06.2005

In addition, works for expansion of facilities were carried out at 08 locations

### HIGH SPEED WAGONS

During the year, 510 high speed wagons were added to the existing fleet of CONCOR owned wagons, increasing the holding of high speed wagons to 5,112. An order for 270 high speed wagons was also placed during the year.

### CONTAINERS

The container fleet (owned and leased) as on 31.03.2006 was 11745 Containers.

### CONTAINER HANDLING EQUIPMENT

During the year, 4 Rubber Tyred Gantry Cranes 2 for ICD/TKD and 2 for ICD/Dhandari Kalan (Ludhiana) were received and commissioned.

### INFORMATION TECHNOLOGY

Your company made further progress in the field of Information Technology. The VSAT based network have been extended and now it covers 54 locations. The Terminal Management System for domestic i.e. DTMS and for EXIM i.e. ETMS, ERP for ORACLE Financial and HR Payroll implemented on centralized architecture are running smoothly across field locations / Regional offices and Corporate office. The Web enabled system through a web server is running successfully providing queries to the customers. A customer feedback system have been implemented on our website. This has enabled us to constantly evaluate our performance and take corrective action on complaints and feedback. An e-filing on Commercial system (CCLS) at TKD have been introduced which enables the customers to file their documents electronically.

With the considerable advances in IT front, your Company has been in the forefront of technology, which is being used to enhance efficiency, cost competitiveness and customer satisfaction.

### NEW VENTURES

The Strategy of expanding horizons of business by diversifying in allied areas by way of strategic alliances and Joint Ventures was continued and pursued with full vigor. Important events are mentioned underneath :

1. CMA CGM Logistic Park Pvt. Ltd. is a Joint Venture at ICD Dadri with M/s. CMA CGM Global India Pvt. L t d . for which construction work is in full swing. It will be operational shortly.
2. Fresh & Healthy Enterprises Ltd. has been incorporated as a Subsidiary Company of CONCOR on 1st Feb., 2006 to implement Cold Chain Project in a phased manner.
3. HALCON air cargo complex is coming up at Nasik. It is a joint Venture with Hindustan Aeronautics Ltd. The construction work is in progress.

### HUMAN RESOURCE MANAGEMENT

Your company always strives for excellence and perfection through new and innovative ways and believes that highly competent and motivated human resources are the key to its success. The following measures were taken to enhance our human resources :

- (a) The working strength of your company rose from 988 to 1036 to meet the requirements of growing business. However, the cost of staff continues to remain within the self-imposed limit of 2% of total costs.
- (b) Special emphasis was laid on in-house training programmes during this financial year. Overall 648 employees underwent in-house training under various development programmes.
- (c) Company revisited some of the perks and other benefits and revised it as per the ongoing comparable market practices. Individual and group awards were also given to encourage excellence in work.

### INDUSTRIAL RELATIONS

Industrial relations remained peaceful and harmonious and no man-days were lost during the financial year.

### FOREIGN EXCHANGE EARNINGS

Details of total foreign exchange earnings and outgo during the year are as under:

	Rs. In Lakhs
Foreign exchange outgo	
a) CIF value of Imports	: 62.19
b) Capital Goods / Advances	: 3156.96
c) Repayment of loan	: 1105.14
d) Others	: 116.00

### PRESIDENTIAL DIRECTIVES RECEIVED FROM THE GOVERNMENT :

No presidential directives were received from the Government during the Financial year 2005-06.

### RAJBHASHA

This year, as in the past, there has been considerable progress in CONCOR in the use of Hindi particularly in matters relating to correspondence. The provisions of section 3(3) of the Official Language Act have been complied with. Every effort is made to correspond with offices situated in 'A' and 'B' regions in Hindi, in terms of the Official Language Act.

During the period under review, twelve employees passed the Hindi Stenography examination conducted under the aegis of the Hindi Teaching Scheme organised by the Department of Official Language, Ministry of Home Affairs.

Hindi books of reputed authors are kept in the Library at Corporate Office. Leading Hindi Newspapers as well as monthly and fortnightly magazines continue to be subscribed.

Quarterly meetings of Official Language Implementation Committee were conducted regularly and the decisions taken therein complied with.

In Sept. 2005, on the occasion of Hindi Pakhwara, a 'Hindi General Knowledge and Glossary of Hindi' contest was organised. The officers and employees of CONCOR participated in this competition with tremendous enthusiasm.

CONCOR's website and all the computers are bilingual.

### VIGILANCE

Vigilance Division continued its focus on "Preventive Vigilance" during 2005-06. 15 checks were conducted at various Regional Offices/Inland Container Depots/Container Freight Stations, including 4 intensive Examination of major works. In addition, 15 cases were registered/investigated on the basis of complaints and other information.

A sum of Rs.2,50,56,713.85 was recovered from various contractors/customers during the financial year as against Rs. 20.92 lakh during the last financial year. In addition, 17 improvements in procedures and systems were recommended to various functional divisions, on the basis of experience gained through preventive examinations and other investigations. The system improvements have been adopted and implemented resulting into improved physical and financial performance in various terminals.

Charge sheets for major penalty against 3 officers and minor penalty in respect of 1 officer were issued.

The Vigilance awareness week was celebrated in the Corporate Office as well as in Regional Offices by undertaking various activities. 13 Training programs, one workshop and two interactive sessions were organized in different regions in order to create awareness about various aspects of Vigilance.

### PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.

Provisions of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption are not applicable to the Company at this stage.

## ADDENDUM TO THE DIRECTORS' REPORT 2005-06

Reply to the comments/qualifications in the Auditors' Report for the financial year 2005-06:

### Addendum I

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the Year under review;
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the accounts for the financial year ended 31st March, 2006 on a 'going concern' basis.

#### PARTICULARS OF EMPLOYEES

Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

#### AUDITORS

M/s. Hingorani M.&Co., Chartered Accountants, New Delhi, were appointed as Company's Statutory Auditors for the Financial year 2005-06. The Board of Directors' of the Company fixed a remuneration of Statutory Auditors of Rs. 1.72 lakhs (Service tax extra).

#### BOARD OF DIRECTORS

During the financial year 2005-06, seven meetings of the Board of Directors were held for transacting the business of the Company.

Shri S. B. Ghosh Dastidar, Member Traffic / Railway Board was appointed as Chairman / CONCOR w.e.f. 18th August, 2005 vice Shri R. N. Aga, Chairman / CONCOR on his superannuation on 31st July, 2005. Also, Shri Suresh Kumar and Shri Anil Kumar Gupta joined CONCOR as Director (Finance) and Director (Domestic Division) w.e.f. 3rd November, 2005 and 16th Feb., 2006, respectively.

Shri R. K. Narang, Dr. P. S. Sarma and Dr. D. Babu Paul, Directors ceased to hold their offices on 19.01.2006. Your Directors' would like to place on record valuable contribution made by them during their tenure with the Company.

The following Directors held the office till the date of Report :-

1. Shri S. B. Ghosh Dastidar, Part-time Chairman;
2. Shri Rakesh Mehrotra, Managing Director;
3. Shri P. G. Thyagarajan, Director (IM & O);
4. Shri Suresh Kumar, Director (Finance);
5. Shri Anil Kumar Gupta, Director (Domestic Div);
6. Shri Pradeep Bhatnagar, Director.

#### RETIREMENT OF DIRECTORS BY ROTATION

In terms of provisions of the Companies Act, 1956, Shri Rakesh Mehrotra and Shri P. G. Thyagarajan, Directors are liable to retire by rotation and being eligible, offer themselves for reappointment.

#### CONCLUSION

Your Company acknowledges the commitment and dedication of all the employees, the support and understanding extended by the Indian Railways, Customs, Ports and above all the customers.

For and on behalf of the Board of Directors

(S. B. Ghosh Dastidar)  
Chairman

Dated : 15.06.2006  
Place : New Delhi.

Points in the Auditors' Report	Auditors' Qualification	Reply of the Management
Point 3 (i) of Auditors report	Sale/Lease Deeds in respect of Land & Buildings valuing Rs. 17.16 Crore are yet to be executed in favour of the company (Note 2, Schedule 4)	The sale /Lease Deed for the asset under reference is being pursued with the concerned authorities.
Point 3(ii) of Auditors report	Balances of Sundry Debtors, Loans & Advances, Deposits, Sundry Creditors (including Indian Railways) have not been confirmed/reconciled. (Note 17, Schedule 12)	The balances have already been reconciled as per our books of accounts. Confirmation/reconciliation of these balances with outside parties is being done whenever required as an ongoing process.
Point 3(iii) of Auditors report	The effect of adjustments that may arise upon reconstruction/reconciliation of accounting records at Eastern Region destroyed in fire during November 1998 has not been ascertained (Note 23, Schedule 12).	After the records were destroyed in fire at Eastern Region in November 1998, the reconstruction/reconciliation exercise of same has already been completed except for some transactions, the impact of which will not be material.
Point no. 3 (iv) of Auditors report	We are unable to comment on the shortfall, if any, in the value of non-moving stock of stores & spare parts at Northern Region (Note 27, Schedule 12)	As per the accounting policy of Company, inventories have been valued at cost on weighted average basis. The items of inventory under reference by their very nature are essentially required to be kept and are fit for their intended use. As such, there is no shortfall in their value.
Point no.(i) (b) of the annexure to the Auditors report	As per the information and explanations given to us, fixed assets are physically verified by the management during the year in phased manner except at one region where physical verification has not been carried out. In respect of containers, the reconciliation is in progress at corporate office.	In this respect, census of domestic containers was undertaken in March, 2006 and compilation of the data is still in process.
Point no. (vii) of annexure to the	In our opinion, the company has an internal audit system which is generally commensurate with the size and nature of	The Internal Audit in the company is being conducted by independent Chartered Accountants firms engaged specifically for this purpose. A comprehensive audit programme covering major operational and financial

<p>Auditors report</p>	<p>its business. However, the extent of coverage including timely submission and follow up of the reports is required to be improved.</p>	<p>aspects of the Company is issued to the internal auditors who are asked to conduct the internal audit in accordance with the scope of work. The audit programme is quite comprehensive and is updated from time to time with a view to improve the overall working. Scope of work has already been enlarged during the current year. The periodicity of audit is also reviewed &amp; modified from time to time taking into account the operations at the individual units. Compliance reports on the observations of auditors are obtained from the concerned regions/ departments in order to take corrective action, whenever necessary. The internal auditors have access to higher management. Even though the system of the internal audit in vogue in the company has been found to be working satisfactorily, the company constantly endeavors to further improve the system on an ongoing basis.</p>
<p>Point no. (ix)(a) of the annexure to the Audit report</p>	<p>The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, the undisputed amounts payable in respect of outstanding statutory dues that were in arrears, as at 31st March 2006 for a period of more than six months from the date they became payable are given below:</p> <p><b>NORTHERN REGION</b> Name of the Statute : Customs Act, 1962 Nature of dues: Customs duty Amount(Rs. in crore) : 0.90 Period to which relates: upto 2000-01</p>	<p>The amount of custom duty is payable on receipt of adjudication order/confirmation of demand. The payment has already been released/is being released in cases where adjudication orders have already been received.</p>

<p>Point no. (ix) (b) of the annexure to the Audit report</p>	<p><b>NORTHERN REGION</b> Name of the Statute: Customs Act, 1962 Nature of dues: Customs duty Amount(Rs. in crore) : 0.02 Period to which relates :2002-03</p> <p><b>WESTERN REGION</b> Name of the Statute : Customs Act, 1962 Nature of dues: Customs duty Amount(Rs. in crore) : 0.38 Period to which relates: 2001-02</p> <p><b>WESTERN REGION</b> Name of the Statute : Customs Act, 1962 Nature of dues: Customs duty Amount(Rs. in crore) : 0.09 Period to which relates: 2004-05</p> <p>According to the information &amp; explanation given to us, dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited on account of any dispute are given below :</p> <p>Name of the Statute/Authority: Finance Act, 1994 Nature of Dues: Service Tax Amount (Rs. in crore) : 0.02 Period to which relates : 1st May 2003 to 16th July, 2003</p>	<p>The provision of Rs.0.47 crores for Customs Duty has been made in the books of Western Region on the basis of customs circulars which were in effect at the time of making provision. The same is subject to confirmation by Customs Department about the applicable rates of customs duty and methods of duty calculation, etc. These amounts are not yet due for payment in the absence of receipt of requisite assessment orders /demand notice from Customs Department.</p> <p>The amount due has already been deposited and there is no outstanding on this account. However, the matter is in appeal.</p>
---	--	--

**ADDENDUM-II**

Point no. (xiv) of the annexure to the Auditors report	<p>Name of the Statute/Authority: Finance Act, 1994                  Nature of Dues: Service Tax                  Amount (Rs. in crore) : 0.12                  Period to which relates : August, 2002 to December, 2003</p>	<p>The matter is in appeal with the concerned authorities.</p>
	<p>Name of the Statute/Authority: Finance Act, 1994                  Nature of Dues: Service Tax                  Amount (Rs. in crore) : 0.01                  Period to which relates : January, 2004 to March, 2004</p>	<p>The matter is in appeal with the concerned authorities.</p>
	<p>Name of statute/Authority: Sub-registrar, Vadodara                  Nature of the dues: Additional Stamp duty                  Amount (Rs. in crore) : 0.75                  Period to which relates : 2003-04</p>	<p>This matter is in appeal with the concerned authorities.</p>
	<p>Name of the Statute/Authority: Delhi Value Added Tax, 2004                  Nature of Dues: Penalty u/s 86(19)                  Amount (Rs. in crore) : 0.31                  Period to which relates : 14th December, 2005</p>	<p>In this matter against the orders of the authorities, CONCOR has filed a Writ Petition in May, 2006 in the Hon'ble High Court at Delhi for quashing of various detention orders, seizing/ detaining rolling stock and imposition of penalty. The Hon'ble High Court has stayed operation of the penalty orders passed by the authorities.</p>
	<p>In our opinion and according to the information and explanations given to us, the company is not dealing in shares, securities and other investments. The investments in the shares of joint venture &amp; subsidiary companies are held by the company in its own name and are not traded. However, letters of allotment/Share Certificates in respect of investments in three joint venture companies costing Rs.2.13 Crore are not available with the company (Note 3, Schedule 5)"</p>	<p>The share certificates under reference have now been received &amp; are available for verification.</p>

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF CONTAINER CORPORATION OF INDIA LIMITED, NEW DELHI, FOR THE YEAR ENDED 31ST MARCH 2006	REPLY OF THE MANAGEMENT
<p><b>Balance Sheet</b>  <b>Current Liabilities &amp; Provisions (Schedule-7)-</b>  <b>Rs. 360.23 crore</b></p> <p>The above is understated by Rs.3.56 crore due to not providing the liability towards demands raised by Northern Railway and South Western Railways on account of unauthorized construction of residential units on land licensed to the Company for operational purpose.</p>	<p>Based upon TEU's handled, land licence fee is payable by CONCOR to Indian Railways in terms of directives issued by Railways Board, Ministry of Railways. The demand raised by Zonal Railways in respect of residential quarters built by CONCOR at its own cost as an operational requirements of the company are not covered by these directives. The matter is under correspondence with the concerned Railways. However, as a matter of prudence it has been shown as a Contingent Liability in the accounts of FY 2005-06.</p>

For & on behalf of Board of Directors

(Meera Swarup)  
 Principal Director of Commercial Audit and  
 Ex-officio Member Audit Board-III, New Delhi.

(Suresh Kumar)  
 Director (Finance)

(Rakesh Mehrotra)  
 Managing Director

Place: New Delhi  
 Dated: 27th July, 2006

Place: New Delhi  
 Dated: 27th July, 2006

## ANNEXURE TO THE DIRECTORS REPORT

### CORPORATE GOVERNANCE

#### CORPORATE PHILOSOPHY

CONCOR's mission is to provide efficient and reliable multimodal logistics support for the country's EXIM and domestic trade and commerce, and to ensure growing shareholder value. The company is committed to maintaining a high growth rate and maximizing return on capital employed through the optimal use of its resources. The Company strives to conduct its business according to the best principles of good Corporate Governance as indicated by the disclosures given in the annexure.

#### BOARD OF DIRECTORS

The Board of Directors of the Company consists of five Executive Directors including a Managing Director, two Govt. Nominee Non-executive Directors including a

Part-time Non-executive Chairman and three part-time Non-executive Directors (Independent).

The Board met 7 (seven) times for transacting business during the financial year 2005-06 on the following dates :

Board Meeting No.	Board Meeting Dates
109	26th April, 2005
110	27th July, 2005
111	27th Sept., 2005
112	28th Oct., 2005
113	28th Dec., 2005
114	17th Jan., 2006
115	10th Feb., 2006

The Composition of Directors, attendance at the Board Meetings during the year, the last Annual General Meeting, the number of other directorships and committee memberships are given below :

SL No.	Category of Directorship	Name of Director	No of Board Mtgs Attended	Atten dance At Last AGM	No. of Commitee		No. of Commitee		No. of Outside Commitee	
					Membership	Chairmanship	Membership	Chairmanship	Membership	Chairmanship
(I)	Part-time Non-Executive Chairman	Sh. R. N. Aga *	One	NA	Nil	Nil	Two	Two	Nil	Nil
2	Member Traffic, Railway Board	Sh. S.B. Ghosh Dastidar**	Four	Yes	Nil	Nil	Two	Two	Nil	Nil
(II)	Executive Directors									
3	Managing Director	Sh. Rakesh Mehrotra @	Seven	Yes	Nil	Nil	Two	One	Nil	Nil
4	Director (Projects & Services)	Sh. Rakesh Mehrotra @	Seven	Yes	Nil	Nil	Two	One	Nil	Nil
5	Director (Intl. Marketing & Ops.)	Sh. P. G. Thyagarajan	Seven	Yes	One	Nil	Three	Nil	Nil	Nil
6	Director (Finance)	Sh. Suresh Kumar @@	Three	N.A.	One	Nil	One	Nil	Nil	Nil
7	Director (Domestic Division)	Sh. S. C. Misra #	One	N.A.	Nil	Nil	Nil	Nil	Nil	Nil
8	Director (Domestic Division)	Sh. Anil Kumar Gupta ##	N.A.	N.A.	Nil	Nil	One	Nil	Nil	Nil
(III)	Govt. Nominee Non-Executive Directors									
	Ministry of Railways	Shri Pradeep Bhatnagar	Six	Yes	One	One	Nil	Nil	Nil	Nil
(IV)	Part time Non- Executive Directors (Independent)									
9.		Sh. R. K. Narang \$	Five	Yes	One	One	Nil	Nil	Nil	Nil
10.		Dr. P. S. Sarma \$	Six	Yes	One	Nil	Nil	Nil	Nil	Nil
11.		Dr. D. Babu Paul \$	Five	Yes	One	Nil	Three	Nil	Two	One

\* Held office till 31.07.2005.

\*\* Appointed w.e.f. 18.08.2005

@ Held charge of Director (Projects & Services) also.

@@ Appointed w.e.f. 03.11.2005

# Held office till 25.05.2005

## Appointed w.e.f. 16.02.2006

\$ Term expired on 19.01.2006

CONCOR's Board framed the Code of Conduct for Board Members and Senior Management Personnel, effective from First day of January, 2006. Further, the Provisions of Code of Conduct have been affirmed to be complied with by the Board Members as well as the Senior Management Personnel.

The Composition of Directors, attendance at the Board Meetings during the year, the last Annual General Meeting, the number of other directorships and committee memberships are given below :

#### REMUNERATION COMMITTEE & POLICY

As a Government of India Undertaking, the functional directors are appointed by President of India through Ministry of Railways. Remuneration is drawn as per industrial dearness allowance (IDA) pay - scales and terms and conditions determined by the Government and as such no Remuneration Committee was required. The details of remuneration of Directors for the financial year 2005-06 is as under :-

Name of the Director	Salary & Allowances (Rs.)	Perquisites (Rs.)	Performance Incentive/ Benefits (Rs.)	Retirement Benefits (Rs.)	Total (Rs.)
Sh. Rakesh Mehrotra	5,35,532	1,31,279	75,549	1,72,633	9,14,993
Sh. P. G. Thyagarajan	5,57,222	1,11,744	75,549	1,26,144	8,70,659
Sh. Suresh Kumar	2,07,818	41,837	0	64,443	3,14,098
Sh. Anil Kumar Gupta	76,070	15,117	0	1,10,750	2,01,937
Sh. S. C. Misra	83,499	20,653	74,512	6,61,142	8,39,806
Total	14,60,141	3,20,630	2,25,610	11,35,112	31,41,493

The Government nominee directors do not draw any remuneration from the company. They draw their remuneration from the Government as government officials. The part-time non-executive directors are paid a sitting fee Rs.20,000/- per meeting attended by them.

#### PERFORMANCE CRITERIA FOR GRANT OF PRODUCTIVITY LINKED SCHEME

The system of payment in the PLI scheme is integrally linked with the Memorandum of Understanding (MOU) signed with the Ministry of Railways. MOU rating

reflects the ultimate achievement of laid down targets which briefly contains financial achievements and physical performance.

#### AUDIT COMMITTEE

The Audit Committee comprised :-

Shri R.K. Narang	- Chairman
Part-time Non-Executive Director (Independent)	
Dr. P. S. Sarma	- Member
Part-time Non-Executive Director (Independent)	
Dr. D. Babu Paul	- Member
Part-time Non-Executive Director (Independent)	

Shri Ravi Khandelwal, Group General Manager (Accounts) & Company Secretary is the Secretary of the Committee.

The Committee met Four times during the financial Year 2005-2006 on 25th April, 2005, 26th July, 2005, 28th Oct., 2005 and 16th January, 2006.

The details of the attendance of the members in the Committee meetings are as under :-

S. No.	Name of Members	No. of Meetings Attended
1.	Shri R. K. Narang, Part-time Non-Executive Director (Independent)	Four
2.	Dr. P. S. Sarma Part-time Non-Executive Director (Independent)	Four
3.	Dr. D. Babu Paul Part-time Non-Executive Director (Independent)	Four

The Committee reviews the Company's broad structure, various capital and civil projects, business expansion plans & annual / half yearly financial Results before submission to the Board. Further, the Committee reviews with the management the adequacy of internal audit function and internal control systems and discusses with internal auditors any significant findings and follow up there on from time to time. The Committee attempts to ensure that decision making in the company is objective, and that there are adequate internal controls to ensure efficient realization of revenue, and due propriety of expenditure.



**SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

The shareholders'/ investors' grievance committee comprises :-

Executive Director TT (F), Railway Board / - Member  
(Director nominated by Ministry of Railways)

Director (Finance) / CONCOR - Member

Director (I-M & O) / CONCOR - Member

Executive Director TT(F), Railway Board / Director nominated by Ministry of Railways shall be the Chairman of the Committee.

Shri Ravi Khandelwal, Group General Manager (Accounts) & Company Secretary is the secretary of the Committee and also Compliance officer in terms of Listing Agreement with the Stock Exchanges. No Investor Complaint was pending at the end of financial year 2005-06.

**SHARE TRANSFER COMMITTEE & SYSTEM**

The Share Transfer Committee comprises :-

Director (Finance) - Chairman

Director (DD) - Member

GGM (Accounts) & CS - Member

The trading and holding of shares is in compulsory demat form due to compulsory dematerialization of CONCOR's shares w.e.f. 31st May, 1999.

The Company has appointed M/s. Alankit Assignments Ltd. as Registrar and Share Transfer Agents (RTA), to effect the transfer of shares and other related jobs. No request for transfer in respect of shares in physical mode has been received during the financial year 2005-06 and therefore there was no pending request of any shareholder.

**GENERAL BODY MEETINGS**

Details of location, time and date of last three AGMs are as under :

AGM Date	Location	Time
28.09.2005	Stein Auditorium, Habitat world, India Habitat Centre, Gate No. 3, Lodhi Road, New Delhi - 110003	3.00 p.m.

20.09.2004	-----Do-----	3.00 p.m.
29.09.2003	-----Do-----	5.00 p.m.

CONCOR's Shareholders in their Annual General Meeting held on 28.09.2005 have passed the Special Resolution in respect of Voluntary Delisting of Equity Shares of the Company from The Delhi Stock Exchange Association Limited and the same was given effect by the Delhi Stock Exchange w.e.f. 02.01.2006. Further, no Special Resolution was passed and put through postal ballot during last year.

There is no proposal to be conducted through postal ballot at the ensuing AGM to be held on 4th Sept, 2006.

**DISCLOSURES**

(i) During the year, there was no transaction of material nature with the directors or their relatives that had potential conflict with the interest of the company.

Transactions with related parties as per requirements of Accounting Standard (AS - 18) 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are disclosed in Note No. 37 of Schedule 12.

(ii) There were no instances of penalties / strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority due to non compliance on any matter related to capital markets during the last three years.

**MEANS OF COMMUNICATION**

Quarterly un-audited financial results of the Company are announced within one month of the close of every quarter and are published in the prominent daily Newspapers like Economic Times, Financial Express, Hindustan Times, Jansatta etc. Further these results, quarterly shareholding pattern and Annual Report are uploaded On CONCOR'S website www.concorindia.com. Tenders of various regions/departments are also uploaded on the website for giving wide publicity and transparency. These tenders are put on CONCOR's website and also on Government Portal <https://tenders.gov.in>. Whenever

formal presentations are made to institutional investors and analysts, these are also displayed on the website. Management Discussion & Analysis report forms a part of the Annual report.

**GENERAL SHAREHOLDER INFORMATION**

(i) Number of Annual General Meeting 18th AGM  
Date 04.09.2006.  
Time 3.30 p.m.  
Venue Stein Auditorium, Habitat World, India Habitat Centre, Gate No. 03, Lodhi Road, New Delhi- 110003

(ii) Financial Calendar  
1st quarter financial results (un-audited) Within one month of close of quarter.  
2nd quarter financial results (un-audited) Within one month of close of quarter.  
Limited Review Report for quarterly financial results (un-audited) Within Two months of close of quarter  
3rd quarter financial results (un-audited) Within one month of close of quarter  
4th quarter financial results (un-audited) Within one month of close of quarter  
Approval and authentication of annual accounts by Board of directors Before end of July  
Adoption of audited Annual Accounts by Shareholders. Before end of September

(iii) Date of Book Closure 18.08.06 to 04.09.06 (both days inclusive)  
(iv) Dividend Payment Date Within 30 days of declaration at AGM  
(v) Listing on Stock Exchanges (a) The Stock Exchange, Mumbai Phiroze Jeejeebhoy

Towers, Dalal Street Fort, Mumbai 400001  
(b) The Delhi Stock Exchange Association Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi 110002. (Voluntarily Delisted w.e.f. 02.01.2006)  
(c) National Stock Exchange of India Ltd. "Exchange Plaza" Bandra -Kurla Complex, Bandra (E), Mumbai 400051.  
(vi) Stock Code  
NSE CONCOR  
BSE CNCORPI

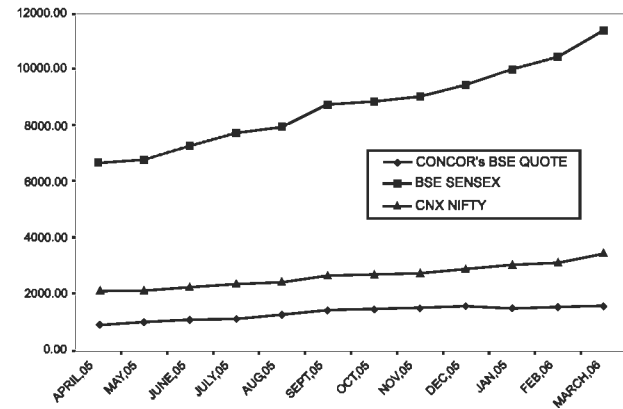
(vii) Market Price Data

Month	NSE		BSE	
	High	Low	High	Low
April'05	910.00	790.10	882.00	781.20
May'05	935.00	855.00	966.95	838.20
June'05	965.00	881.00	1,059.00	881.20
July'05	1,098.90	922.10	1,100.00	921.00
Aug.'05	1,250.00	1,015.50	1,249.90	1,050.0
Sept.'05	1,350.00	1,175.15	1,380.00	1,185.00
Oct.'05	1,424.00	1,260.00	1,430.00	1,250.00
Nov.'05	1,449.45	1,210.00	1,463.00	1,210.00
Dec.'05	1,525.00	1,390.05	1,549.00	1,390.00
Jan.'06	1,525.00	1,270.15	1,490.00	1,271.05
Feb.'06	1,550.00	1,256.80	1,515.00	1,295.00
March'06	1,487.00	1,342.75	1,547.30	1,311.10

(viii) Stock Exchange Index

Month	NSE		BSE	
	High	Low	High	Low
April'05	2084.90	1896.30	6,649.42	6,118.42
May'05	2099.35	1898.15	6,772.74	6,140.97
June'05	2226.15	2061.35	7,228.21	6,647.36
July'05	2332.55	2171.25	7,708.59	7,123.11
Aug.'05	2426.65	2294.25	7,921.39	7,537.50
Sept.'05	2633.90	2382.90	8,722.17	7,818.90
Oct., '05	2669.20	2307.45	8,821.84	7,656.15
Nov.'05	2727.05	2366.80	9,033.99	7,891.23

Dec.'05	2857.00	2641.95	9,442.98	8,769.56
Jan.'06	3005.10	2783.85	9,945.19	9,158.44
Feb.'06	3090.30	2928.10	10,422.65	9,713.51
March'06	3433.85	3064.00	11,356.95	10,344.26



(ix) Registrar and Share Transfer Agents  
 M/s Alankit Assignments Ltd.  
 RTA Division, 2E/8, First Floor,  
 Jhandewalan Extension,  
 New Delhi-110055.

(x) Distribution of Shareholding as on 31.03.2006

Particulars	No. of Shares	Percentage
(a) Government of India	4,09,99,901	63.08
(b) Banks, Financial Institutions, Insurance Companies	12,69,491	1.95
(c) Foreign Institutional Investors	1,76,13,017	27.10
(d) Mutual Funds and UTI	30,35,388	4.67
(e) Private Corporate Bodies	8,54,490	1.32
(f) Indian Public	11,86,566	1.83
(g) NRIs/OCBs	31,744	0.05
(h) Others	800	0.00
	<u>6,49,91,397</u>	<u>100.00</u>

(xi) Dematerialization of Shares and liquidity.

For electronic trading of shares, CONCOR has agreement with NSDL & CDSL. Out of 2,39,91,496 Shares listed on Stock Exchanges, 2,39,89,317 Shares were in demat mode as on 31.03.2006.

(xii) Outstanding GDRs / ADRs / Warrants or any convertible instruments : N. A.

(xiii) Plant locations :

The Company has 47 Nos. of Inland Container Depots (ICDs) and 9 Nos. of Domestic Container Terminals as on 31.03.2006.

(xiv) Address for Correspondence

Shri Ravi Khandelwal,  
 Group General Manager (Accounts) &  
 Company Secretary,  
 Container Corporation of India Ltd.,  
 CONCOR Bhawan,  
 C-3, Mathura Road,  
 Opposite Apollo Hospital,  
 New Delhi-110076.  
 Ph. No. 41673093,94,95 & 96

Details of Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting

Name	Date of Birth	Date of Appointment	Qualifications	Expertise in specific functional area	List of other Public companies in which Directorship held as on 31.03.2006	Details of Committee Membership	Details of Outside Committee Membership
Sh. S.B. Ghosh Dastidar	01.04.1947	18.08.2005	B.E. (Mech.)	Intermodal & Freight Operations, Traffic Costing, IT application, rating, marketing & planning	Two#	NIL	NIL
Sh. Rakesh Mehrotra	03.10.1949	15.06.2005	B.Sc. GRAD. I MECH.E. (London) GRAD. I. Prod.E (London) A.M.I.ELECTE (London)	Overall management of the Company	Two *	NIL	NIL
Sh. P.G. Thyagarajan	30.10.1952	12.12.2001	B.Com., LLB, (International Law) CA, IIB	Railway Operations Commercial, safety and Planning Setting up & Management of container terminals	Three**	One##	NIL
Sh. Suresh Kumar	15.06.1949	03.11.2005	M.Sc. (Physics) MBA (Finance)	Finance & Accounts	One***	One##	Nil
Sh. Anil Kumar Gupta	24.09.1956	16.02.2006	M.A., M.Phil Economics M.B.A. (NMP)	Railway Operations Commercial & Safety related issues. Expertise in Container Terminal Planning and management & marketing of services	One***	NIL	NIL

Name of the Companies :

- # (1) Indian Railway Catering & Tourism Corporation Ltd. (2) Pipavav Railway Corporation Ltd.  
 \* (1) Gateway Terminals India Pvt. Ltd. (2) Fresh & Healthy Enterprises Ltd.  
 \*\* (1) Gateway Terminals India Pvt. Ltd. (2) India Gateway Terminals Pvt. Ltd. (3) Fresh & Healthy Enterprises Ltd.  
 \*\*\* Fresh & Healthy Enterprises Ltd.  
 ## Member of Shareholders'/ Investors' Grievance Committee of CONCOR

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

In so far as containerized international (EXIM) traffic is concerned, the total container throughput of Indian ports was 4.998 million TEUs during 2005-06 as compared to 4.52 million TEUs during 2004-05 registering an increase of 10.57%. Out of these JN Port handled 2.67 million TEUs. Thus JN Port continues to retain its position as prime container handling port in India. CONCOR's share in the JN Port throughput was 29.02%.

Year 2005-06 also saw opening up of the business of container train operation to players other than CONCOR. Ministry of Railways made an announcement of its policy of opening up of the rail borne container transportation business to players in the private and public sector. Under the new policy, the various routes on which container traffic is moving today have been grouped into four categories and license fees ranging from Rs.10 crores to Rs. 50 crores has been fixed for obtaining permission to run trains. Altogether 13 players expressed their interest by depositing the required license fee for operating container trains. Significantly, three out of these thirteen have strong backing of major shipping lines. As a part of the policy to offer a level playing field to the new players, CONCOR also paid Rs.50 crores as license fee. Following issue of 'in principle' approval by the Railways, the operators have been asked to sign a Concession Agreement for a period of twenty years, extendable by another ten years. At present, the Model Concession Agreement is under finalization.

As a result of entry of private operators in rail borne container transportation business and consequent search for suitable locations for setting up ICDs by a number of them, there has been a steep increase in the land prices in various parts of the country particularly in Northern Hinterland. The cost of procurement of wagons has also gone up substantially. A few of these prospective train operators have signed MOUs for long term co-operation with CONCOR. Till now, CONCOR has signed MOUs with six (6) prospective rail operators comprising CWC, PRCL, Hind Terminals Pvt. Ltd., India Infrastructure Logistics Pvt. Ltd., Boxtrans and Mundra International Container Terminal Pvt. Ltd. The main purpose behind these MOUs is to avoid duplication of infrastructure & thin spreading of resources and to achieve reduction of costs and growth through synergy.

During 2005-06, CONCOR also entered into agreements with Gateway Distriparks Ltd. for running of trains between their siding at Garhi Harsaru and various ports. The ICD has become operational recently.

While the entry of new players into Container Train operations will throw new challenges for CONCOR, the Company has geared itself with new strategies and measures have been initiated to re-orient the business processes to enable it to become more Customer Friendly and cost competitive. We are confident of meeting these challenges successfully and retain the lead position in the industry with the objective of remaining the first choice of our customers in the competitive environment.

### EXIM BUSINESS

CONCOR's EXIM business grew by 13.1% during 2005-06 over 2004-05 in terms of number of TEUs handled. Compared to 1.376 million TEUs thus handled during 2004-05, our company ended up with a total EXIM throughput of 1.556 million TEUs during 2005-06. As far as originating booking is concerned, the growth achieved was of the order of 14.66%. Revenue collections went by about 23.4%. During 2005-06, the EXIM business had to deal with the impact of increase in haulage charges by the Railways, by absorbing a significant part of the additional cost. The haulage charges were increased twice, by 5% in May and by 15% in December. The haulage charges increased by about 30% in 13 months, if the increase of November, 2004 is also taken into account.

Entry of private operators and consequent pressure on margins, implies that CONCOR will have to play increasingly on volumes in the months to come to sustain a healthy rate of growth. Rapid growth of container traffic in India provides CONCOR with the required opportunity, which needs to be seized with by putting necessary infrastructure and adequate rolling stock in place.

### DOMESTIC BUSINESS

CONCOR's charter for domestic business is to attract back, the non-bulk or piece-meal cargo to rail which IR has lost over the years to road.

Domestic business of CONCOR has grown steadily even in face of increasing competition from road transportation sector. When we factor the pressures

created due to frequent revisions/hikes in haulage charges and reclassification of several commodities bringing the GTR lower than container freight as exercised by the Railways during the last one and half years, the growth in domestic business is even more commendable.

Even though the main competition is always with the road transporters, the issues, which largely determine the choice for domestic containerized movement is transit times, price reliability and customer support. CONCOR has a price advantage in the case of heavier cargo and/or over longer distances. Risk liability is also better covered via the Railways Act. Transit times are dependent on the Railways. Moreover, CONCOR's terminals provide the convenience of a one-window facility.

Apart from this, the strategies to capture domestic traffic through running regular scheduled point-to-point services by rail and to serve on-demand business through innovative and continuously evolving approach so as to ensure a continuous feeding of rakes to cargo loading points, has paid dividend in the past.

### PERFORMANCE DOMESTIC

For the year ended March 2006, the outward booking was 189091 TEUs as compared to booking of 171598 TEUs during the previous year i.e. an increase of 10.19%. The total handling was 373848 TEUs during FY 2005-06 compared to 351460 TEUs during FY 2004-05 i.e. an increase of 6.37%. The year under review saw an up trend in the growth of Domestic business after a near stagnant position in the previous three years. With continued focus on the Domestic segment, the growth rate is likely to be maintained in future also.

### INTERNAL CONTROL SYSTEM

CONCOR has in place well defined roles, responsibilities and authorities for employees at various levels. This, coupled with robust internal MIS systems, ensures appropriate information flow to facilitate effective monitoring. Adherence to these processes is monitored through frequent internal audits. The company has an internal audit system that requires the internal audit firms to certify the appropriateness of internal controls in operation. The internal auditors are external firms directly reporting to the management at higher level, which also ensures their independence.

Reports of the internal auditors are reviewed and compliances are solicited and the reports along with the compliances are put up to Audit Committee periodically.

### HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATIONS

Your company always strive for excellence and perfection through new and innovative ways and believes that highly competent and motivated human resources are the key to its success. The following measures were taken to enhance our human resources :

- The working strength of your company rose from 988 to 1036 to meet the requirements of growing business. However, the cost of staff continues to remain within the self-imposed limit of 2% of total costs.
- Special emphasis was laid on in-house training programmes during this financial year. Overall 648 employees underwent in-house training under various development programmes.
- Company revisited some of the perks and other benefits and revised it as per the ongoing comparable market practices. Individual and groups awards were also given to encourage excellence in work.

Industrial relations remained peaceful and harmonious and no man-days were lost during the financial year.

### SECURED LOANS

No secured loans were taken during FY 2005-06.

### UNSECURED LOANS

Unsecured loan is the loan taken from international Bank of Reconstruction and Development. The loan was arranged primarily for the procurement of high-speed container flat wagons. The disbursements under this loan had closed in December 2001. The amount of loan outstanding as on 31st March, 2005 was US\$ 2.41 million which has already been prepaid during the year.

#### FIXED ASSETS

Year ended March 31	2006	2005	%age Growth
(Rs. Crore)			
Original Cost of Assets	1793.61	1538.62	16.57
Less Accumulated Depreciation	381.71	301.39	26.65
<b>NET FIXED ASSETS</b>	<b>1411.90</b>	<b>1237.23</b>	<b>14.12</b>

An amount to the tune of Rs. 259.86 crore has been capitalized during the year. The main additions are on accounts of construction of buildings, purchase of wagons, equipments and acquisition of land.

#### WAGONS

The total number of wagons deployed on all streams of traffic as on 31.03.2006 as follows:-

	Nos.	Owned/IR
- High speed wagons (BLC/BLL)	5112	CONCOR Owned
- Container flats (BFKN)	1,357	CONCOR Owned
- Other wagons	1,293	Indian Railways
<b>Total</b>	<b>7,762</b>	

During the year under review, 510 High Speed wagon (BLC/BLL) were inducted into the fleet.

#### INVENTORIES

The company being a service company does not have stock in trade. The inventory is represented by stores and spares kept by the company for maintenance of its own equipments.

#### SUNDRY DEBTORS

Sundry debtors are 0.34% of the operating income of the year. Provision for doubtful debts wherever considered necessary has been made.

#### CASH AND BANK BALANCE

The company keeps all its cash balances in short term fixed deposits with the banks. These cash reserves have been retained for financing the expansion activities and investments in JVs as per the Capex plan of the corporation.

#### INCOME

Income from operations has grown by 22% over FY 2004-05. The growth in operational income is in line with the physical performance of the company. Between the two business segments i.e. EXIM & Domestic, EXIM contributes the major share of freight revenues. Construction of new terminals, upgradation of existing ones and successful induction and running of high speed wagons have been the main reasons for the company's business growth.

#### EXPENSES

Terminal and other service charges have grown by 28% over FY 2004-05. The proportion of direct expenses to revenue has increased due to increase in expenses on account of rail freight, wagon maintenance, etc.

#### ADMINISTRATIVE EXPENSES

The increase in administrative expenses is by 11.44% over FY 2004-05; it is mainly on account of expenses incurred for maintenance of wagons.

#### EMPLOYEE REMUNERATION

The employee cost has grown by 8.58% over FY 2004-05 which is on account of annual increments, revision of pay scales, promotion, increase in dearness allowance, provision for performance linked incentive (PLI), etc.

#### TAXATION

In making income tax provision, the requirements of Accounting Standard 22 are being duly complied with. As detailed in the notes on accounts, this has resulted in a deferred tax provision of Rs.12.95 crore during the year. Like in the previous year, in the current year also, the company has availed tax benefit under section 80IA of the Income Tax Act, 1961.

#### CONCERNS

1. The prime concern about non-availability of adequate number of wagons has already been addressed by placing orders for manufacture of wagons on Indian Railway Workshops. Against the order for 270 wagons placed on Industry, supplies have commenced. In addition, for procurement of 900 wagons from trade, a separate tender has been invited for wheelsets, which are the major impediments and manufacture of wagons with supply of wheels being arranged by the Company.

2. With the opening up of this sector to private players, the competition is likely to be generated in near future putting strain on the margins. However, with the mammoth growth being projected in EXIM traffic and the Container traffic thereby, the Company is confident of retaining its sustained growth by following a policy of aggressive marketing, improving efficiency and productivity of asset utilization and maintaining long term customer relations.

For and on behalf of the Board of Directors

(S. B. Ghosh Dastidar)  
Chairman

Dated : 15.06.06  
Place : New Delhi.

## CERTIFICATE

To the Members of  
**CONTAINER CORPORATION OF INDIA LIMITED**

- (i) We have examined the compliance of conditions of Corporate Governance by CONTAINER CORPORATION OF INDIA LIMITED for the year ended 31st March, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
- (ii) The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.
- (iii) 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 the above mentioned Listing Agreement except that all the three independent directors, who were also the members of the Audit Committee, ceased to be the directors with effect from 19.01.2006.
- (iv) We further state that in respect of investor grievances, the Register and Share Transfer Agent of the Company has maintained the relevant records and certified that as on 31st March 2006 there were no investor grievances pending against the Company for a period exceeding one month.
- (v) We further state such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for Akhil Rohatgi & Co.

Place : New Delhi  
Date : 25th July, 2006

(Akhil Rohatgi)  
Company Secretary in Practice

## BALANCE SHEET AS AT 31ST MARCH, 2006

				(Rs. in Crore)	
		SCHEDULE		AS AT	
				AS AT	
				31.03.06	
				31.03.05	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
	Share Capital	1	64.99	64.99	
	Reserves & Surplus	2	2,026.18	1,633.77	1,698.76
<b>LOAN FUNDS</b>					
	Unsecured Loan	3	-		10.60
<b>DEFERRED TAX LIABILITIES (NET OF ASSETS)</b>					
<b>TOTAL</b>					
<b>143.84</b>					
<b>2,235.01</b>					
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
		4			
	Gross Block		1,793.61	1,538.62	
	Less: Depreciation/Amortisation		381.71	301.39	
	Net Block		1,411.90	1,237.23	
	Capital Works in progress (including advances)		165.54	155.39	1,392.62
<b>INVESTMENTS</b>					
<b>5</b>					
<b>129.38</b>					
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
<b>6</b>					
	(A) Current Assets		714.75	571.90	
	(B) Loans & Advances		173.67	54.51	626.41
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>					
<b>7</b>					
	(A) Current Liabilities		296.14	195.71	
	(B) Provisions		64.09	67.07	262.78
<b>NET CURRENT ASSETS</b>					
<b>528.19</b>					
<b>363.63</b>					
Significant Accounting Policies					
Notes on Accounts					
<b>11</b>					
<b>12</b>					
<b>TOTAL</b>					
<b>2,235.01</b>					
<b>1,840.25</b>					

Schedules '1 to 12' form an integral part of the accounts

Rajesh Kumar  
Company Secretary

Suresh Kumar  
Director (Finance)

Rakesh Mehrotra  
Managing Director

As per our report of even date  
For Hingorani M. & Co.  
Chartered Accountants

Dated: 15.06.2006  
Place: New Delhi

Pardeep Kumar  
Partner

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

		(Rs. in Crore)	
SCHEDULE	YEAR ENDED 31.03.06	YEAR ENDED 31.03.05	
<b>INCOME</b>			
Income from Operations	2,433.16	1,995.12	
Other income	56.00	48.21	
<b>TOTAL</b>	<b>2,489.16</b>	<b>2,043.33</b>	
<b>EXPENDITURE</b>			
Terminal and Other Service Charges	1,627.54	1,269.20	
Employees Remuneration & Benefits	29.62	27.28	
Administrative & Other Expenses	78.38	70.34	
Interes	0.23	0.29	
Depreciation/Amortisation	83.26	66.62	
<b>TOTAL</b>	<b>1,819.03</b>	<b>1,433.73</b>	
<b>PROFIT BEFORE TAX</b>	<b>670.13</b>	<b>609.60</b>	
<b>PROVISION FOR TAX</b>			
Current Tax	132.66	161.74	
Deferred Tax	12.95	18.99	
Fringe Benefit Tax	0.86	-	
	<b>146.47</b>	<b>180.73</b>	
<b>PROFIT AFTER TAX</b>	<b>523.66</b>	<b>428.87</b>	
Add/(Less): Prior period adjustments (Net)	(0.11)	0.80	
Add/(Less): Tax adjustments for earlier years (Net)	2.25	(6.65)	
Add/(Less): Deferred tax adjustments for earlier years (Net)	-	5.58	
<b>NET PROFIT</b>	<b>525.80</b>	<b>428.60</b>	
<b>APPROPRIATIONS</b>			
Interim Dividend Paid	64.99	38.99	
Proposed Final Dividend	51.99	55.24	
Corporate Dividend Tax	16.41	12.85	
Transfer to General Reserve	52.58	42.86	
Balance carried to Balance Sheet	339.83	278.66	
	<b>525.80</b>	<b>428.60</b>	
Basic and Diluted earning per share of Rs. 10/- each (Rs.) (Note No. 39, Schedule 12)	<b>80.90</b>	<b>65.95</b>	

Schedules '1 to 12' form an integral part of the accounts

Rajesh Kumar  
Company Secretary

Suresh Kumar  
Director (Finance)

Rakesh Mehrotra  
Managing Director

As per our report of even date  
For Hingorani M. & Co.  
Chartered Accountants

Dated: 15-06-2006  
Place: New Delhi

Pardeep Kumar  
Partner

**SCHEDULE 1: SHARE CAPITAL**

		(Rs. in Crore)	
	AS AT 31.03.06	AS AT 31.03.05	
<b>AUTHORISED</b> 10,00,00,000 Equity Shares of Rs. 10/- each	<b>100.00</b>	<b>100.00</b>	
<b>ISSUED, SUBSCRIBED AND PAID UP</b> 6,49,91,397 Equity shares of Rs.10/- each fully paid-up	<b>64.99</b>	<b>64.99</b>	
<b>TOTAL</b>	<b>64.99</b>	<b>64.99</b>	

**SCHEDULE 2: RESERVES & SURPLUS**

(Rs. in Crore)

		AS AT 31.03.06		AS AT 31.03.05
<b>GENERAL RESERVE</b>				
Opening Balance	168.39		125.53	
Add: Transfer from Profit & Loss Account	<u>52.58</u>	<b>220.97</b>	<u>42.86</u>	168.39
<b>PROFIT AND LOSS ACCOUNT</b>				
Opening Balance	1,465.38		1,186.72	
Addition during the Year	<u>339.83</u>	<b>1,805.21</b>	<u>278.66</u>	1,465.38
<b>TOTAL</b>		<u><b>2,026.18</b></u>		<u>1,633.77</u>

**SCHEDULE 3: UNSECURED LOAN**

(Rs. in Crore)

	AS AT 31.03.06	AS AT 31.03.05
Foreign Currency Loan from International Bank for Reconstruction & Development (IBRD) [Guaranteed by Government of India] (Note No. 12 (a), Schedule 12)	-	10.60
<b>TOTAL</b>	<u>-</u>	<u>10.60</u>

### SCHEDULE 4 : FIXED ASSETS

(Rs. In Crore)

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.05	Additions during the year	Sale/ Adjustments	As at 31.03.06	As at 01.04.05	For the Year	On Sale/ Adjustments	Upto 31.03.06	As at 31.03.06	As at 31.03.05
<b>Tangible Assets</b>										
Freehold Land	12.18	-	-	12.18	-	-	-	-	12.18	12.18
Leasehold Land	102.47	-	-	102.47	4.31	2.13	-	6.44	96.03	98.16
Buildings	377.79	50.95	2.15	426.59	56.32	12.79	0.46	68.65	357.94	321.47
Railway Siding	31.86	5.68	-	37.54	6.37	1.69	-	8.06	29.48	25.49
Plant & Machinery	853.87	136.05	2.12	987.80	168.91	49.65	2.08	216.48	771.32	684.96
Containers	48.05	0.00	-	48.05	15.62	2.28	0.00	17.90	30.15	32.43
Electrical Fittings	33.25	4.60	0.14	37.71	15.43	2.71	0.07	18.07	19.64	17.82
Computers	32.05	4.23	0.24	36.04	13.90	4.89	0.19	18.60	17.44	18.15
Furniture & Fixtures	7.51	0.53	0.03	8.01	3.27	0.55	0.01	3.81	4.20	4.24
Office Equipment	4.64	0.64	0.07	5.21	1.46	0.26	0.02	1.70	3.51	3.18
Telephone Systems	1.31	0.07	-	1.38	0.40	0.09	-	0.49	0.89	0.91
Air Conditioner	2.75	2.13	0.02	4.86	0.44	0.23	0.01	0.66	4.20	2.31
Vehicles	0.59	0.00	0.03	0.56	0.38	0.05	0.03	0.40	0.16	0.21
Capital Expenditure *	21.00	2.32	0.07	23.25	11.89	3.55	0.07	15.37	7.88	9.11
<b>Sub-total</b>	1529.32	207.20	4.87	1731.65	298.70	80.87	2.94	376.63	1355.02	1230.62
<b>Intangible Assets</b>										
Software	9.30	2.66	-	11.96	2.69	2.12	-	4.81	7.15	6.61
Registration Fee	-	50.00	-	50.00	-	0.27	-	0.27	49.73	-
<b>Sub-total</b>	9.30	52.66	-	61.96	2.69	2.39	-	5.08	56.88	6.61
<b>Total</b>	1538.62	259.86	4.87	1793.61	301.39	83.26	2.94	381.71	1411.90	1237.23
<b>CAPITAL WORK-IN-PROGRESS</b>									165.54	155.39
(including Advances) of Rs. 106.73 Crore (Previous Year Rs. 101.09 Crore)										
<b>Grand Total</b>									1577.44	1392.62
Previous year	1198.79	341.83	2.00	1538.62	235.59	66.62	0.82	301.39	1237.23	

\* Refer Note: 20 of Schedule 12

- Note: 1 Gross Block of Plant & Machinery and Containers includes Rs. NIL (Previous Year Rs. 2.09 crore). and Rs. 0.10 crore (Previous Year Rs. 0.10 crore) respectively for items retired from active use due to obsolescence/condemnation.
- 2 Gross Block of Land and Building includes assets valuing Rs. 17.16 crore (Previous Year Rs. 17.54 crore) in respect of which sale/Lease deeds are yet to be executed.
3. Gross Block of Building includes freehold building valuing Rs. 9.75 crore (Previous year Rs. 9.75 crore)
4. Depreciation provided during the current year includes Rs. 0.43 crore (Dr.) [Previous Year Rs. 0.11 crore (Dr)] related to prior period (Net)

### SCHEDULE 5: INVESTMENTS

(Rs. in Crore)

	ASAT 31.03.06	ASAT 31.03.05
<b>LONG TERM INVESTMENTS (AT COST)</b>		
<b>TRADE INVESTMENTS (UNQUOTED)</b>		
<b>I. In Business Arrangements</b>		
-With Hindustan Aeronautics Ltd. and Mysore Sales International Ltd by the name of "Joint Working Group - Air Cargo Complex".	0.87	0.87
-With Hindustan Aeronautics Ltd. by the name of "HALCON".	0.88	-
	<u>1.75</u>	<u>0.87</u>
<b>II. In Shares of Joint Ventures</b>		
2,580,095 Equity shares of Rs.10/- each fully paid up in Star Track Terminals Pvt. Ltd. (P.Y. 2,580,095)	2.58	2.58
2,940,000 Equity shares of Rs.10/- each fully paid up in Albatross CFS Pvt. Ltd. (P.Y. 2,940,000)	2.94	2.94
2,443,630 Equity shares of Rs.10/- each fully paid up in Trident Terminals Pvt. Ltd. (P.Y. 1,984,500)	2.44	1.98
75,244,000 Equity shares of Rs. 10/- each fully paid up in Gateway Terminals India Pvt. Ltd. (P.Y. 75,244,000)	75.25	75.25
NIL Equity shares of Rs.10/- each fully paid up in Freshways Enterprises Pvt. Ltd. (1) (P.Y. 5,000)	0.01	0.01
Less: Provision for Diminution in value	-	0.01
Less: Investment written off	0.01	-
1,425,900 Equity shares of Rs.10/- each fully paid up in CMA-CGM Logistic Park (Dadri) Pvt. Ltd. (P.Y. NIL)	1.42	-
7,500,000 Equity shares of Rs.10/- each fully paid up in India Gateway Terminal Pvt. Ltd. (P.Y. NIL)	7.50	-
	<u>92.13</u>	<u>82.75</u>
<b>III. In Shares of Foreign Joint Venture</b>		
80,000 Equity shares of Nepalese Rupiah 100/- (Equivalent INR 62.50) each fully paid up in Himalayan Terminals Pvt. Ltd. (2) (P.Y. NIL)	0.50	-
	<u>0.50</u>	<u>-</u>
<b>IV. In Shares of Foreign Subsidiary</b>		
NIL Equity shares of Nepalese Rupiah 100/- (Equivalent INR 62.50) each fully paid up in Himalayan Terminals Pvt. Ltd. (2) (P.Y. 60,000)	-	0.38
	<u>-</u>	<u>0.38</u>
<b>V. In Shares of Indian Subsidiary (Wholly Owned)</b>		
35,000,000 Equity shares of Rs.10/- each in Fresh and Healthy Enterprises Ltd. (Note No.13, Schedule 12) (P.Y. NIL)	35.00	-
	<u>35.00</u>	<u>-</u>
<b>TOTAL</b>	<u>129.38</u>	<u>84.00</u>

Notes :

- (1) This Venture was shelved and application for winding up of the company has been filed with the Registrar of Companies.
- (2) This was a subsidiary company last year. During the year, 40,000 equity shares were purchased and 20,000 equity shares were sold. Sale and purchase price for each equity share is Nepalese Rupiah 100/- each (Equivalent to INR 62.50) and there is no loss or gain on this account.
- (3) Letters of allotment/Share Certificates are not available with the company in respect of the following investments:

S. No.	Name of the Company	No. of Shares	Amount (Rs. in Crore)
01	Trident Terminals Pvt. Ltd.	459,130	0.46
02	CMA-CGM Logistic Park (Dadri) Pvt. Ltd.	1,425,900	1.42
03	Himalayan Terminals Pvt.Ltd	40,000	0.25
	<b>Total</b>		<u>2.13</u>



## SCHEDULE 6: CURRENT ASSETS, LOANS AND ADVANCES

	(Rs. in Crore)		(Rs. in Crore)	
	AS AT 31.03.06		AS AT 31.03.05	
<b>CURRENT ASSETS</b>				
<b>INVENTORIES</b> (As taken, valued & certified by the Management)				
Stores & Spare Parts (At Cost) (Note No. 27, Schedule 12)	4.99	3.64		
Less: Provision for Obsolete Stores	<u>0.26</u>	<u>0.26</u>		<u>3.38</u>
	<u>4.73</u>			<u>3.38</u>
<b>SUNDRY DEBTORS</b>				
Outstanding for period exceeding six months	1.17	1.07		
Unsecured Considered good	<u>0.77</u>	<u>0.78</u>		
Unsecured Considered doubtful	<u>1.94</u>	<u>1.85</u>		
	<u>0.77</u>	<u>0.78</u>		1.07
Less: Provision for doubtful debts				
Others				<u>4.66</u>
Unsecured Considered good	<u>7.35</u>			<u>5.73</u>
	<u>8.52</u>			
<b>CASH AND BANK BALANCES</b>				
Cash in hand (Including Imprest)	0.28	0.23		
Cheques in hand	12.66	9.30		
Remittance in transit	0.18	0.73		
Balance with Scheduled Banks				
- in Current Accounts	29.36	23.49		
- in Term Deposits (Note No. 25, Schedule 12)	<u>633.86</u>	<u>516.10</u>		<u>539.59</u>
	<u>663.22</u>			<u>549.85</u>
<b>OTHER CURRENT ASSETS</b>				
Interest accrued on deposits, loans and advances	25.16	12.94		
	<u>25.16</u>			
<b>TOTAL CURRENT ASSETS - A</b>	<u>714.75</u>			<u>571.90</u>
<b>LOANS AND ADVANCES</b>				
<b>LOANS TO EMPLOYEES (Secured)</b>	6.20	5.15		
<b>LOANS TO OTHERS (Unsecured)</b>	2.02	1.20		
<b>ADVANCES (Unsecured)</b>				
Recoverable in cash or in kind or for value to be received	49.15	39.39		
Less: Provision for doubtful advances	<u>0.10</u>	<u>0.10</u>		39.29
	<u>49.05</u>			
<b>DEPOSITS (Unsecured)</b>				
- Govt. Authorities	6.16	5.15		
- Others	0.64	1.23		
Less: Provision for doubtful deposits	<u>0.03</u>	<u>0.03</u>		1.20
	<u>6.13</u>			
<b>ADVANCE INCOME TAX/TDS (NET OF PROVISIONS)</b>	109.63	2.52		
	<u>109.63</u>			
<b>TOTAL LOANS ADVANCES - B</b>	<u>173.67</u>			<u>54.51</u>
<b>TOTAL (A + B)</b>	<u>888.42</u>			<u>626.41</u>

## SCHEDULE 7: CURRENT LIABILITIES AND PROVISIONS

	(Rs. in Crore)		(Rs. in Crore)	
	AS AT 31.03.06		AS AT 31.03.05	
<b>CURRENT LIABILITIES</b>				
Sundry Creditors				
- Small Scale Industrial Undertakings	-	-		
- Others	<u>131.77</u>	<u>113.56</u>		113.56
Advances / Deposits from Customers	42.51	32.60		
Unclaimed Dividend (*)	0.07	0.06		
Interest accrued but not due on Loans	-	0.03		
Book Overdraft (Note No. 15, Schedule 12)	66.70	22.35		
Others	55.09	27.11		
	<u>296.14</u>	<u>195.71</u>		
<b>TOTAL CURRENT LIABILITIES - A</b>	<u>296.14</u>			<u>195.71</u>
<b>PROVISIONS</b>				
Proposed Final Dividend	51.99	55.24		
Corporate Dividend Tax	7.29	7.75		
Employee Retirement Benefits	<u>4.81</u>	<u>4.08</u>		67.07
	<u>64.09</u>	<u>67.07</u>		
<b>TOTAL PROVISIONS - B</b>	<u>64.09</u>			<u>67.07</u>
<b>TOTAL (A + B)</b>	<u>360.23</u>			<u>262.78</u>

(\*) No amount is due for payment to Investor Education and Protection Fund.

### SCHEDULE 8: OTHER INCOME

	(Rs. in Crore)	
	YEAR ENDED 31.03.06	YEAR ENDED 31.03.05
Interest earned on :		
-Short Term I.C.D's/Bank Deposits (TDS Rs. 9.08 Crore; Previous Year: Rs. 7.74 Crore)	42.15	37.07
-Loans to Employees	0.44	0.38
Loan to IRWO (Note No.19, Schedule 12) (TDS Rs. 0.02 Crore; Previous Year: Rs. 0.02 Crore)	0.09	0.11
Excess provision written back (Note No. 33, Schedule 12)	3.60	3.11
Miscellaneous Income (Note No. 21(ii), Schedule 12)	9.72	7.53
Foreign Exchange Variation Gain	-	0.01
<b>TOTAL</b>	<b><u>56.00</u></b>	<b><u>48.21</u></b>

### SCHEDULE 9: EMPLOYEES REMUNERATION AND BENEFITS

	(Rs. in Crore)	
	YEAR ENDED 31.03.06	YEAR ENDED 31.03.05
Salary, Allowances & Other Employee Benefits	22.60	20.49
Contribution to PF, FPF, ESI & Labour welfare fund	1.76	1.60
Rent for Leased Accomodation (Net)	1.38	1.35
Employee Welfare & Medical	3.24	3.03
Gratuity	0.39	0.49
Staff Training	0.25	0.32
<b>TOTAL</b>	<b><u>29.62</u></b>	<b><u>27.28</u></b>

## SCHEDULE 10: ADMINISTRATIVE AND OTHER EXPENSES

	(Rs. in Crore)	
	YEAR ENDED 31.03.06	YEAR ENDED 31.03.05
Printing & Stationery	1.98	1.78
Travelling and Conveyance (Including Directors' Travelling Rs. 0.27 Crore; Previous year Rs.0.48 Crore)	7.54	6.85
Rent and Licence fee for office building	1.95	3.36
Power & Fuel	11.57	9.93
Consumption of Stores & Spares	1.43	1.59
Repairs & Maintenance :		
-Buildings	2.86	3.71
-Plant & Machinery	1.49	1.60
-Others	8.05	10.27
Security Expenses	12.44	15.58
Vehicle Running & Maintenance Expenses	0.07	0.09
Business Development	0.81	1.14
Postage, Telephone & Internet	4.65	4.37
Books & Periodicals	0.26	0.25
Bank Charges	0.13	0.12
Legal & Professional Services	2.56	3.15
Insurance	0.92	0.72
Fees & Subscriptions	0.07	0.21
Advertisement	1.30	0.91
Auditors' Remuneration :		
-Audit Fee	0.04	0.04
-Tax Audit Fee	0.01	0.01
-Other Services	0.04	0.03
-Out of Pocket	0.04	0.04
Rates & Taxes	1.95	2.15
Bads debts and advances written off	-	1.40
Donations (Including Rs. 2.00 Crore; Previous year Rs. 2.00 Crore to P.M. National Relief Fund)	3.11	4.26
Miscellaneous Expenses (Note No.21(i), Sch. 12)	9.28	1.78
Exchange Variation Loss (Rs. 10,807/-, P.Y. Nil)	-	-
Fixed Assets written off	3.82	-
Investment written off	0.01	-
Provision for :		
-Diminution in value of Investment	-	0.01 --
-Doubtful Debts	-	0.02
-Obsolete Assets	-	0.05
<b>TOTAL</b>	<b>78.38</b>	<b>70.34</b>

## SCHEDULE 11:

### SIGNIFICANT ACCOUNTING POLICIES:

#### 1. Accounting Convention & Concepts:

The financial statements are prepared under the historical cost convention on accrual basis, in accordance with the applicable mandatory Accounting Standards and relevant presentation requirements of the Companies Act, 1956. Accounting Policies not referred to otherwise are consistent with generally accepted accounting principles.

#### 2. Fixed Assets & Capital Work in Progress:

(i) Fixed assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost of acquisition is net of interest on capital advances and is inclusive of freight, duties, taxes and other incidental expenses. In respect of assets due for capitalisation where final bills/claims are to be received/passed, the capitalisation is based on the engineering estimates. Final adjustments, for costs and depreciation are made retrospectively in the year of ascertainment of actual cost and finalisation of claim. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised. Capital work in progress includes the cost of fixed assets that are not yet ready for their intended use, advances paid to acquire fixed assets and the cost of assets not put to use before the Balance Sheet date.

ii) Provision for stamp duty payable on the immovable properties is made as and when conveyance deed for the properties is executed and the liability is ascertained.

iii) Grants received towards specific fixed assets are deducted from the gross value of the asset or capital work in progress as the case may be. Unutilised amount out of grant received is shown as current liability.

#### 3. Intangible Assets:

##### i) Software:

Expenditure on computer software which is not an integral part of hardware is capitalised as an intangible asset if its value in each case exceeds

Rs. 50,000/-, otherwise the same is charged to revenue. The cost of software includes license fee and implementation cost and is capitalised in the year of its implementation. Software is amortized over five years.

##### ii) Registration Fee:

The registration fee paid to Ministry of Railway (MOR) for approval for movement of container trains on Indian Railways is capitalised as an Intangible Asset. The registration fee is amortized over a period of 20 years.

#### 4. Borrowing Costs:

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets and all other borrowing costs are charged to revenue. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

#### 5. Investments:

i) Long term investments are stated at cost. A provision for diminution in value is made to recognise a decline other than temporary in nature.

ii) Current investments are stated at lower of cost or fair value.

#### 6. Inventories:

Stores and spare parts are valued at cost on weighted average basis. Provision for obsolescence is made, whenever required.

#### 7. Depreciation/Amortization:

i) Depreciation on fixed assets including assets created on leasehold land is provided on "Straight Line Method" at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956, except for Roads/Pavements/Boundary wall/Warehouses and Electrical Fittings of terminals on which depreciation has been provided @ 3.34% and 10.34% respectively and for upgraded BFKI Wagons @ 6.79%.

ii) Leasehold land and residential accommodation (taken from Indian Railways on lease) are amortised over the period of lease.

iii) Capital expenditure on land not belonging to the Company is written off to the Profit & Loss Account over its approximate period of utility or over a relatively brief period not exceeding five years, whichever is less. For this purpose, land is not considered to be belonging to the company if the same is not owned or leased / licensed to the company.

**8. Impairment of Assets:**

An asset is treated as impaired when the carrying amount of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired.

**9. Retirement Benefits:**

i) Gratuity liability to employees is provided for on accrual basis based on valuation done by an independent actuary as at the Balance Sheet date. Contributions are made to approved Gratuity Fund created in a Trust set up by the Company for this purpose.

ii) Liability for leave salary payable to employees is provided for on accrual basis based on valuation done by an independent actuary as at the Balance Sheet date.

iii) Contribution to defined contribution schemes such as Provident Fund and Family Pension Fund are charged to the Profit & Loss Account as and when accrued.

**10. Foreign Currency Transactions:**

i) Income & Expenditure denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.

ii) Loans, Current liabilities and Current assets in foreign currencies are translated at the exchange rate prevailing at the end of financial year.

iii) Gains or losses due to foreign exchange fluctuations on loans/liabilities relating to the acquisition of fixed assets are adjusted to the cost of such fixed assets and those relating to other accounts are recognised in the Profit & Loss Account.

**11. Income from Operations (Terminal & other Service Charges):**

Freight, handling income & related expenses are accounted for at the time of booking of containers. Ground rent and Wharfage are accounted at the time of release of containers on "completed service contract method".

**12. Adjustments pertaining to prior period items:**

Income/expenditure items relating to prior period(s) which do not exceed Rs. 50,000/- in each case are treated as income/expenditure for the current year.

**13. Claims/Counter-claims/Penalties/Awards:**

Claims/counter-claims/penalties/awards are accounted for in the year of its settlement.

**14. Taxes on Income:**

i) Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.

ii) Deferred tax on account of timing difference between taxable and accounting income is provided considering the tax rates and tax laws enacted or substantively enacted by the Balance Sheet date, in accordance with Accounting Standard-22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India.

**15. Provisions, Contingent Liabilities & Contingent Assets :**

Provisions are recognised in respect of obligations where, based on the evidence available, their existence on the Balance Sheet date is considered probable.

Contingent liabilities are determined on the basis of available information. These liabilities are not provided for and disclosed by way of notes on accounts.

Contingent assets are not recognized in the accounts.

**SCHEDULE 12 :**

**NOTES ON ACCOUNTS :**

1. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances) :

	(Rs. in crore)	
	2005-06	2004-05
a) In relation to joint ventures	70.60	81.08
b) Company's other unexecuted Capital Commitment	254.59	290.44
2. Contingent liabilities not provided for in respect of:		
(a) Outstanding Letters of Credit & bank guarantees	45.19	0.16
b) Bank guarantee/ bid bond for joint ventures/subsidiaries	121.21	12.20
c) Claims against the Company not acknowledged as debts [include claims of Rs.325.08 crore (previous year Rs.216.64 crore) pending in arbitration/court pursuant to arbitration award]	392.20	324.46

Contingent liabilities are disclosed to the extent of claims received, excluding interest demanded on the basic claim where legal cases are going on, as the claim itself is not certain. No provision is required to be made for the contingent liabilities stated at (c) above, as on the basis of information available, careful evaluation of facts, past experience of legal aspects of the matters involved, it is not probable that an outflow of future economic benefits will be required for the same.

3. a) The Company entered into a contract with Cimmco Birla Ltd. (CBL) for supply of 1,500 wagons for Rs.163.90 crore. After the supply of 180 wagons,

the contract was terminated during the FY-2000-01, for non-fulfilment of obligation on the part of CBL. The Company invoked the Bank Guarantee for Rs.30.42 crore for refund of unadjusted advance and Rs.8.20 crore towards performance guarantee for non-fulfilment of terms of contract. CBL and the company have made claims and counter claims respectively but repudiated by both. The matter had been referred to an Arbitration Tribunal and the award of the Tribunal has been announced during the year. As per the award, the company has paid/provided an amount of Rs.19.88 crore. This amount has been accounted for as under :

	Rs. in crore
Proceeds of performance guarantee invoked, debited to capital work in progress	8.20
Wagon capitalization	0.49
Amount payable for wagons & sales tax on spares	3.61
Interest & penalty (included in Misc. expenses)	7.48
Amount recoverable from Railways	0.10
<b>Total</b>	<b><u>19.88</u></b>

In addition, as a result of the arbitration award an amount of Rs.2.24 crore has been capitalized under wagons, comprising of Rs.2.10 crore debited earlier to the account of CBL towards the differential cost of wheel sets recoverable from them and Rs.0.14 crore towards liquidated damages recoverable from CBL.

CBL has filed an application before the Hon'ble Delhi High Court for setting aside the remaining part of the award. The company has also filed objections before the Hon'ble Delhi High Court for setting aside the award and refund of performance security with interest and costs and the matter is pending.

b) The company entered into a contract towards supply of 1320 wagons by Hindustan Engineering and Industries Ltd. (HEI). After the supply of 1050 wagons, the contract was terminated during

FY2004-05, for non fulfilment of obligation on the part of HEI. The company invoked the bank guarantee for Rs.5.99 crore for refund of unadjusted advance against contract to HEI and Rs.7.37 crore towards performance guarantee for non-fulfilment of terms of contract on the part of HEI. The matter has been referred to an Arbitration Tribunal and arbitration proceedings are in progress. The amount realized from invocation of performance guarantee stands credited to "Capital Work In Progress."

4. The Company has executed "Custodian cum Carrier Bonds" of Rs.18,308.42 crore(previous year: Rs.17,222.82 crore) in favour of Customs Department under the Customs Act, 1962. No claim was lodged by the Customs Authorities during the year.
5. a) During the year, as per assessment orders under section 143(3) of the Income Tax Act, 1961, the Income Tax department has disallowed certain claims of the company including deduction under section 80IA for the assessment years 2003-04 & 2004-05 & has raised demands of tax and interest amounting to Rs.21.23 crore and Rs.43.81 crore respectively. The company has filed appeals against the assessment orders and the same are pending before the Commissioner of Income Tax(Appeals). However, the demands have been paid under protest/adjusted by the department from refunds due to the company.  
b) The provision for tax for the year is after considering tax deduction of Rs.81.00 crore(previous year : Rs.35.32 crore) as per section 80IA of the Income Tax Act, 1961, as in earlier years.
6. Haulage charges for transportation of containers by rail are paid on fortnightly basis to Indian Railways at the rates prescribed by the Ministry of Railways (MOR) from time to time. Reconciliation of the amount paid/ payable is done on an ongoing basis periodically and difference, if any, is adjusted in the payments for the ensuing periods.
7. i) Income from operations consists of revenue from freight, handling, ground rent, demurrage and other operating income and is net of waivers, discounts & refunds of Rs.13.05 crore(previous year:Rs.9.02 crore).

ii) Terminal & other service charges include expenses for freight, handling, wagon maintenance charges and other operating expenses.

8. The accounting policy on revenue recognition, as stated in point no.11 of Schedule 11, is being followed consistently since inception. Expert Advisory Committee of the Institute of Chartered Accountants of India has also delivered its opinion stating that the company may consider the performance as substantially complete and accordingly recognize revenue at the time of handing over the containers to the carriers subject to the conditions that it is not feasible to segregate the consideration between different services rendered and that the liabilities for risks related to non-performance are not significant at the time of handing over the containers to the carrier. Since, it is not possible to segregate the consideration received and the liability for non-performance are also insignificant, the present policy is in line with the opinion delivered and duly takes care of all the material transactions taken place during the year. However, necessary provision for related expenses is made in the accounts.
9. i) Loans and Advances include Rs.1.11 crore (previous year : Rs.0.93 crore) given to Customs & Port Trust.  
ii) Loans to employees include Rs.0.06 crore (previous year: Rs.0.06 crore) being amount due from Directors and officers of the company. Maximum outstanding balance during the year was Rs.0.06 crore (previous year: Rs.0.07 crore).  
iii) Advances include an amount of Rs.1.68 crore (Previous year Rs. 1.68 crore) recoverable from Government of India (GOI) since 1998, in connection with expenditure incurred on their behalf towards disinvestment of company's shares. As the amount is recoverable from GOI, it is considered as good for recovery.
10. During the year, the company realised Rs.15.64 crore (previous year: Rs.11.76 crore) from auction of undelivered containers. Out of the amount realized, Rs.4.10 crore (previous year: Rs.3.32 crore) is paid/ payable as custom duty, Rs.9.47 crore (previous year: Rs.5.58 crore) has been recognised as income and the

balance of Rs.2.07 crore (previous year: Rs.2.86 crore) has been shown as Current Liabilities.

11. Depreciation on assets created on leasehold land is provided in line with the accounting policy of the company irrespective of the land lease period as in the opinion of the management the leases are likely to be renewed/extended.
12. a) During the year, the company has prepaid the entire outstanding amount of foreign currency loan taken from IBRD.  
b) Exchange loss on the prepayment adjusted in the carrying amount of fixed assets and capital works in progress, is Rs.0.45 crore (previous year : Rs.0.01 crore).  
c) Interest and other charges amounting to Rs.0.04 crore (previous year: Rs.0.05 crore) incurred during the year on loan taken from IBRD has been adjusted in Fixed Assets & Capital works in progress.
13. M/s Fresh And Healthy Enterprises Ltd. has been incorporated on 01-02-2006 as a wholly owned subsidiary company. The company has subscribed to 3.50 crore equity shares of Rs.10/- each in the Memorandum of Association of the Subsidiary. The company has paid Rs.15 crore towards 1.50 crore equity shares and the balance of Rs.20 crore has been shown under Current Liabilities-others.
14. Current liabilities-others include Rs.1.18 crore(previous year : Rs.0.18 crore) towards unutilised grant received for acquisition of specific fixed assets.
15. Book Overdraft represents cheques issued by the company pending clearance against the flexi deposits with the banks classified as Term Deposits.
16. During the year, as per the policy issued by the Ministry of Railway, Government of India, for movement of Container trains on Indian Railways, the company has paid Rs.50 crore towards Registration fee, the duration of which is 20 years. Ministry of Railways vide letter No.2002/TT-III/15/39, dated 21.02.2006 has issued the 'In Principle Approval' to the company. The registration fee has been capitalized as an Intangible Asset and an amount of Rs.0.27 crore has been amortized on pro-rata basis from the date of the said letter.

17. Balances of Sundry Debtors, Loans & Advances, Deposits, Sundry Creditors(including Indian Railways), etc. are subject to confirmation/ reconciliation.

18. Sundry Creditors include an amount of Rs.NIL (previous year: Rs.NIL) due to Small Scale Industrial Undertakings as defined under Industries (Development and Regulation) Act, 1951. To the extent information available, there are no Small Scale Industrial Undertaking to whom company owes an amount which is outstanding for more than 30 days (previous year NIL).

19. During the year 1998-99, in terms of Presidential directive received from the Ministry of Railways, the company made loan to Indian Railway Welfare Organization (IRWO) at a simple interest of 8.5% p.a. As on 31-03-2006 the amount of loan outstanding is Rs.1.00 crore (previous year Rs.1.20 crore).

20. Details of capital expenditure on land not belonging to the company (Refer schedule-4) are as under :

	(Rs. in crore)	
	As at 31-03-2006	As at 31-03-2005
Building	6.05	5.66
Railway Siding	11.30	9.37
Plant & Machinery	3.04	3.04
Electrical Fittings	2.23	2.72
Furniture	0.04	0.04
Others	0.59	0.17
Total	<u>23.25</u>	<u>21.00</u>

21. i) Miscellaneous expenses include loss on sale of assets amounting to Rs.10.01 lakh (previous year: Rs.43.28 lakh).

ii) Miscellaneous income include Rs.NIL Lakh (previous year: Rs.0.48 lakh) towards profit on sale of assets.

22. As per the tripartite business arrangement of the company with M/s Hindustan Aeronautics Ltd. and

M/s Mysore Sales International Ltd. for operating the air cargo complex at Bangalore (JWG-ACC), surplus amounting to Rs.6.86 crore (previous year Rs.6.78 crore) being share of the company in the profit of the entity has been accounted for as income.

23. Reconstruction/reconciliation exercise of accounting records at Eastern Region destroyed in fire during November 1998 is in progress. The necessary accounting adjustment entries, if any shall be made on completion of their reconciliation.

24. Payments for the work carried by Railways/ its units for the company are normally accounted for on the basis of correspondence /estimates//advice etc.

25. Balance in Term deposits include fixed deposits amounting to Rs.10.40 crore (previous year Rs.10.40 crore) kept under lien with a bank against a guarantee issued on behalf of the company.

26. Land license fee paid/payable to the Indian Railways(IR) is calculated on the basis of number of twenty feet equivalent units(TEUs) handled in terms of instructions issued by Ministry of Railways. The company has lodged claim of Rs.2.82 crore towards land license fee paid to Indian Railway for internal movement of empty containers during the year 1999-2000 to 2003-04. However, as a matter of prudence, the same will be accounted for on receipt/acceptance.

27. Stores & spare parts include items amounting to Rs.1.31 crore (previous year Rs.1.20 crore) which have not been consumed during last three years. These items by their very nature are essentially to be kept and are fit for their intended use.

28. **Details of Managerial Remuneration paid/payable to Directors:**

(Rs. in crore)

Managing & whole time Directors	Year ended 31.3.2006	Year ended 31.3.2005
Salary & allowances	0.17	0.33
Value of perquisites	0.03	0.10
Contribution to Gratuity, Provident Fund, Pension and Leave Encashment	0.11	0.15
<b>Total</b>	<b>0.31</b>	<b>0.58</b>

The above does not include payment of sitting fee to directors. Further, Managing Director and whole time directors have been allowed to use the company car for private use for which necessary recoveries are being made in accordance with the instructions issued by Govt. of India from time to time.

29. Prior period adjustments include the following :

	(Rs. in crore)	
	2005-06	2004-05
<b>Income</b>		
Income from operations	-	0.01
Other income	-	1.26
<b>Total (A)</b>	<b>-</b>	<b>1.27</b>
<b>Expenses</b>		
Terminal & other service charges	0.10	0.13
Legal & Professional	0.01	0.08
Rebate Expenses	-	0.20
Others	-	0.06
<b>Total (B)</b>	<b>0.11</b>	<b>0.47</b>
<b>Net Prior Period Adj. (A- B)</b>	<b>(0.11)</b>	<b>0.80</b>

30. **Remittance in foreign currencies for dividend:**

The company has not remitted any amount in foreign currencies on account of dividend during the year.

31. Details of expenditure and earnings in foreign currency (on payment basis):

	2005-06	(Rs.in lakh) 2004-05
1) Expenditure in Foreign Currencies :		
i) Books & periodicals	0.34	0.45
ii) Fees & subscriptions	-	0.04
iii) Travelling	53.00	42.38
iv) Interest	29.35	20.17
v) Training	1.40	3.19
vi) Meeting & conference	31.91	8.59
2) Value of Imports on C.I.F. basis in respect of:		
i) Spares	62.19	18.56
ii) Capital Goods (including advances)	3156.96	1530.78
3) Earnings in Foreign Currencies:		
i) Import Overseas Freight	-	66.08

32. **Expenditure on consumption of Stores & Spares:**

	(Rs. in crore)			
	2005-06		2004-05	
	Amount	% age	Amount	%age
(i) Imported	0.34	24%	0.34	21%
ii) Indigenous	1.09	76%	1.25	79%

33. **Excess provision written back during the year includes :**

	(Rs. in crore)	
Particulars	2005-06	2004-05
a) Rail Freight & Demurrage	0.15	0.58
b) Handling	0.81	0.18
c) Rates & Taxes	0.20	0.74
d) Auction realisation	-	0.89
e) Customer advances	0.02	0.31
f) Provision for investment/ fixed assets	2.04	-
g) Others	0.38	0.41
<b>TOTAL</b>	<b>3.60</b>	<b>3.11</b>

34. Pending issuance of notification under Section 441A of the Companies Act, 1956, no provision has been made towards cess on the turnover of the company.

35. Provisions relating to disclosure of information as required by other sub-clauses of Clause-3 of Part-II of Schedule VI to the Companies Act, 1956, are not applicable, as CONCOR is not a manufacturing company.

36. **Segment Information as per Accounting Standard-17:**

(a) **Primary Segments:**

The company is organized on All-India basis into two major operating divisions- EXIM and Domestic. The divisions are the basis on which the company reports its primary segment information. Both EXIM and Domestic divisions of the company are engaged in handling, transportation & warehousing activities.

Segment revenue and expenses directly attributable to EXIM and Domestic segments are allocated to the two segments. Joint revenue and expenses have been allocated on a reasonable basis. Segment assets include all operating assets used by a segment and consist principally of inventories, sundry debtors, cash & bank balances, loans & advances, other current assets and fixed assets net of provisions. Similarly, segment liabilities include all operating liabilities and consists principally of sundry creditors, advance from customers, other liabilities and provisions. Segment assets and liabilities do not, however, include provisions for taxes. Joint assets & liabilities have been allocated to segments on a reasonable basis.

The information about business segments on primary reporting format is as under :

(Rs. in crore)

Particulars	EXIM		Domestic		Unallocable		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
<b>REVENUE</b>								
Segment Revenue	1,906.26	1,548.19	526.90	446.93	-	-	2,433.16	1995.12
<b>RESULT</b>								
Segment Result	556.15	510.60	99.57	82.56	-	-	655.72	593.16
Corporate Expenses	-	-	-	-	41.36	31.48	41.36	31.48
Operating Profit	-	-	-	-	-	-	614.36	561.68
Interest Expenses	-	-	-	-	0.23	0.29	0.23	0.29
Interest & other Income	-	-	-	-	56.00	48.21	56.00	48.21
Income Taxes	-	-	-	-	146.47	180.73	146.47	180.73
Prior Period	-	-	-	-	-	-	-	-
Adjustments (Net)	-	-	-	-	(0.11)	0.80	(0.11)	0.80
Tax adjustments for earlier years(Net)	-	-	-	-	2.25	(1.07)	2.25	(1.07)
<b>Net Profit</b>	-	-	-	-	-	-	525.80	428.60
<b>OTHER INFORMATION</b>								
Segment Assets	1,221.39	1,042.23	312.68	247.39	-	-	1,534.07	1,289.62
Unallocated								
Corporate Assets	-	-	-	-	1,061.17	813.41	1,061.17	813.41
Total Assets	-	-	-	-	-	-	2,595.24	2,103.03
Segment Liabilities	181.98	118.41	53.54	30.73	-	-	235.52	149.14
Unallocated								
Corporate Liabilities	-	-	-	-	2,359.72	1,953.89	2,359.72	1,953.89
Total Liabilities	-	-	-	-	-	-	2,595.24	2,103.03
Capital Expenditure	220.43	274.51	37.29	56.25	2.14	11.07	259.86	341.83
Depreciation	61.78	49.56	17.79	14.16	3.69	2.90	83.26	66.62
Non cash expenses other than depreciation	0.05	0.07	0.02	0.39	3.86	1.45	3.93	1.91

Note: Prior period adjustments have not been allocated to any segment.

**(b) Secondary Segments:**

As the operations of the Company are mainly confined to the geographical territory of India, except some overseas shipping transactions, not significant in nature, there is no reportable secondary segment.

**37. Related Party Disclosures as per Accounting Standard-18:**

a) Key Management Personnel : Directors of the Company

(Rs. in lakh)

Name of Related Party	Nature of Transaction (excl. reimbursable)			
	Remuneration paid including perks		Loans and advances receivable	
	2005-06	2004-05	2005-06	2004-05
i) Whole time directors				
A.K. Kohli, Managing Director, Upto 21st March, 2005	-	20.04	-	-
Arun N. Pai, Director (Finance), Upto 15th December, 2004	-	7.46	-	-
Rakesh Mehrotra, Managing Director	9.15	10.38	-	-
P.G. Thyagarajan, Director (IM&O)	8.71	8.72	2.00	2.33
S.C. Misra, Director (Domestic) Upto 25th May, 2005	8.40	11.08	-	1.55
Suresh Kumar, Director(Finance) w.e.f 3rd November, 2005	3.14	-	1.92	-
Anil K. Gupta, Director(Domestic) w.e.f. 16th February, 2006	2.02	-	-	-
	<b>Sitting Fee</b>			
ii) Nominated/ Independent Directors				
R.K.Narang	1.80	2.20		
D. Babu Paul	2.00	2.20		
P.S. Sarma	2.00	2.20		

b) Joint Ventures :

- Star Track Terminals Pvt. Ltd.
- Trident Terminals Pvt. Ltd.
- Albatross CFS Pvt. Ltd.
- Gateway Terminals India Pvt. Ltd.
- JWG-Air Cargo Complex (a business arrangement)
- Himalayan Terminals Pvt. Ltd.(a subsidiary in previous year)
- CMA-CGM Logistics Park (Dadri) Pvt. Ltd.
- HALCON (a business arrangement)
- India Gateway Terminal Pvt. Ltd.

(c) Wholly owned Subsidiary: Fresh And Healthy Enterprises Ltd.

	Joint ventures		Subsidiaries	
	2005-06	2004-05	2005-06	2004-05
Rent, Maintenance charges and interest income received/receivable	144.08	69.31	-	-
Security Deposit received-balance	123.12	88.27	-	-
Current assets, loans & advances	102.08	2.62	51.86	-
Investment (Net) made during the year	1,039.01	8,017.35	3,500.00	37.50
Share in the income received/receivable	685.67	677.82	-	-
Current Liabilities	-	-	2,000.00	-

**38. Leases - Accounting Standard 19 :**

i) In respect of assets taken on lease/rent :

	(Rs. in crore)	
	2005-06	2004-05
(a) The future Minimum lease Payments under non-cancelable operating leases entered into on after 1st April, 2001 are :		
(i) Not later than one year	9.54	8.43
(ii) Later than one year and not later than 5 years	9.03	8.76

(b) Lease payments recognized in the accounts are Rs.15.29 crore (previous year: Rs.11.28 crore).

(c) Sub lease recoveries recognized in the accounts are Rs.0.11 crore (previous year: Rs.0.11 crore).

The operating leases are in respect of containers, office premises and accommodation provided to staff. The period of lease arrangements varies from case to case.

(ii) In respect of assets leased/rented out :

	2005-06	2004-05
Gross Carrying amount (buildings & warehouses)	13.62	12.70
Accumulated Depreciation	1.71	1.41
Depreciation during the year	0.30	0.29

**39. Earning per share (EPS) : The calculation of EPS as per Accounting Standard (AS)-20 is as under :**

	2005-06	2004-05
Profit after tax, prior period adjustments & tax adjustments for earlier years as per Profit and Loss Account (Rs. in crore)	525.80	428.60
Weighted average number of equity shares of face value Rs.10/- each	64,991,397	64,991,397
Basic and diluted earning per share (in rupees)	80.90	65.95

**40. Accounting for taxes on income - Accounting Standard-22:**

Components of Deferred Tax Assets and Liabilities:		
	(Rs in crore)	
	2005-06	2004-05
i. Deferred Tax Liabilities:		
Difference between book and tax depreciation	147.85	135.05
ii. Deferred tax assets:		
Expenditure disallowable u/s 43B	3.47	2.93
Provision for doubtful advances/debts	0.31	0.31
Others	0.23	0.92
	<u>4.01</u>	<u>4.16</u>
iii. Net deferred tax liability [i-ii]	<u>143.84</u>	<u>130.89</u>

**41. Financial Reporting of Interests in Joint Ventures-Accounting Standard-27:**

a) Brief description of Joint Ventures of the Company where investments have been made are:

Particulars	Country of incorporation	(%) Holding
<b>*Star Track Terminals Pvt. Ltd :</b> A Joint venture with M/s Maersk India Pvt. Ltd. for setting up and running a CFS at Dadri, U.P.	India	49
<b>*Trident Terminals Pvt. Ltd :</b> A Joint venture with APL India Pvt. Ltd. for setting up CFS at Dadri, U.P.	India	49
<b>*Albatross CFS Pvt. Ltd :</b> : A Joint venture with Transworld group of Companies for CFS at Dadri, U.P.	India	49
<b>*Gateway Terminals India Pvt. Ltd :</b> : A Joint Venture with M/s Maersk A/S, Copenhagen for third birth at JN Port, Mumbai.	India	26
<b>*JWG-Air Cargo Complex :</b> A business arrangement with Hindustan Aeronautics Ltd. and M/s Mysore Sales International Ltd. for air cargo business at Bangalore.	India	33.33
<b>@Himalayan Terminals Pvt. Ltd :</b> A joint venture with Nepalese Enterprises (Interstate Multimodal Transport Pvt. Ltd. of Nepal & Nepal Transit & Warehouse Co. Ltd.) for management and operation of rail container terminal at Birgunj (Nepal).	Nepal	40
<b>#CMA-CGM Logistics Park (Dadri) Pvt. Ltd :</b> A joint venture with CMA CGM Global India Pvt. Ltd. (CCGIPL) for CFS at Dadri	India	49

**#HALCON :** A business arrangement with Hindustan Aeronautics Ltd. for operating an air cargo complex & ICD at Ozar airport, Nasik. India 50

**#India Gateway Terminal Pvt. Ltd :** A joint venture with Dubai Port International (DPI) for setting up and managing Container Terminals at Cochin. India 15

**\*\*Freshways Enterprises Pvt. Ltd :** This venture was shelved and application for winding up of the company has been filed with the Registrar of Companies. India NIL

\*Same for previous year.  
\*\*Previous year holding was 50%.  
#Investments made during the year.  
@ It was subsidiary in the previous year with 60% holding.



b) Company's share of assets, liabilities, income, expenditure, contingent liabilities & capital commitment in the above Joint ventures is as follows :

(Rs. in lakh)

	Assets	Liabilities	Income	Expenditure	Contingent liability & capital commitment
*Star Track Terminal Pvt. Ltd.	897.83 (1,064.09)	942.55 (806.08)	261.75 (2.43)	442.66 (124.25)	342.78 (95.55)
Trident Terminals Pvt. Ltd.	810.06 (198.86)	565.69 (0.41)	-	-	- (453.00)
Albatross CFS Pvt. Ltd.	900.59 (295.50)	606.59 (1.50)	-	-	- (548.53)
*Gateway Terminals India Pvt. Ltd.	16,183.78 (2,537.33)	10,062.26 (108.33)	130.42 (19.32)	- (454.71)	12,729.36 (1,451.16)
JWG-Air Cargo Complex	548.59 (475.07)	441.63 (344.59)	964.00 (822.93)	278.33 (145.11)	- -
Himalayan Terminals Pvt. Ltd	21.49 -	92.59 -	89.34 -	130.49 -	- -
CMA-CGM Logistics Park (Dadri) Pvt. Ltd.	292.27 -	147.43 -	- -	- -	- -
HALCON	47.01 -	43.38 -	0.35 -	2.34 -	- -
India Gateway Terminal Pvt. Ltd.	1,856.51 -	1,209.09 -	984.18 -	1,080.10 -	- -

\*The figures of for current year and previous year have been included for their financial year ended on 31st December, 2005 & 31st December, 2004 respectively.

In the above statement :

-previous year figures are in brackets

-current year figures, to the extent available are un-audited(provisional), except for "JWG-Air Cargo Complex".

42. In the opinion of the management, during the year there are no indications that impairment of any asset has taken place. Accordingly, no provision for impairment of assets is required as per AS - 28.

43. As per Accounting Standard 29, the particulars of provisions are as under :

(Rs. in crore)

	2005-06				2004-05			
	Property Tax	Productivity Linked Incentive	Rent to Railway	Gratuity & Leave encashment	Property tax	Productivity linked incentive	Rent to Railway	Gratuity & leave Encashment
Opening balance	5.25	2.27	0.39	4.08	4.49	1.94	0.35	2.92
Addition during the year	1.58	2.46	0.28	1.71	1.40	2.26	0.04	1.91
Amount used /incurred	0.22	2.13	0.04	0.96	-	1.88	-	0.74
Unused amount reversed during the year	0.58	0.13	-	-	0.64	0.05	-	0.01
Closing Balance	6.03	2.47	0.63	4.83	5.25	2.27	0.39	4.08

44. The disclosure, in terms of clause 32 of the listing agreement is as under:

a) Loan-Others include loan of Rs.1.02 crore (previous year : NIL) to M/s Star Track Terminals Pvt. Ltd. (A joint venture). Maximum amount outstanding during the year is Rs.1.23 crore(previous year : NIL).

b) Other Loans and advances :

Name	Repayment beyond seven years				Rate of interest is below Section 372A of the Companies Act, 1956			
	Amount outstanding as on		Maximum amount outstanding during FY		Amount outstanding as on		Maximum amount outstanding during FY	
	31st March, 2006	31st March, 2005	2005-06	2004-05	31st March, 2006	31st March, 2005	2005-06	2004-05
IRWO	1.00	1.20	1.20	1.40	-	-	-	-
Miscellaneous staff loans*	5.84	4.90	6.20	6.01	0.91	0.89	0.99	1.12

\* The list being too long, names are not specified.

45. a) Unless otherwise stated, the figures are in rupees crores.

b) Previous year's figures have been recast/regrouped/rearranged wherever considered necessary to conform to this year's classification.

**SCHEDULE 12 (Cont'd)**  
**NOTES ON ACCOUNTS (Cont'd)**

46 Balance Sheet Abstract and Company's General Profile  
 (IN TERMS OF AMENDMENT TO SCHEDULE VI PART IV)

**I. Registration Details**

Registration No.	030915	STATE CODE	55
	31	03	2006
Balance Sheet Date	Date	Month	Year

**II. Capital Raised during the year**

Public / Euro Issue	(Rs. in crores)
NIL	Right Issue
Bonus Issue	NIL
NIL	Private Placement
	NIL

**III. Position of Mobilisation and Deployment of Funds**

Total Liabilities	(Rs. in crores)
2,595.24	Total Assets
	2,595.24
<b>Sources of Funds :</b>	
Paid-up Capital	Reserves & Surplus
64.99	2,026.18
Secured Loans	Unsecured Loans
-	-
Current Liabilities	Deferred Tax Liabilities
360.23	143.84
<b>Application of Funds :</b>	
Net Fixed Assets	Investments
1,577.44	129.38
Current Assets	Misc. Expenditure
888.42	-
Accumulated Losses	
-	

**IV. Performance of the Company**

Turnover (Including Other Income)	(Rs. in crores)
2,489.16	Total Expenditure
Profit Before Tax	1,819.03
670.13	Profit After Tax
EPS (Rupees)	525.80
80.90	Dividend %
	180%

**V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)**

1. Transportation of containers
2. Handling of containers.
3. Parking of containers

Item Code No. (ITC Code)	Not applicable
Product Description	Not applicable

**"SIGNATURES TO SCHEDULE 1 TO 12"**

Rajesh Kumar Company Secretary	Suresh Kumar Director (Finance)	Rakesh Mehrotra Managing Director	As per our separate report attached For Hingorani M. & CO Chartered Accountants
-----------------------------------	------------------------------------	--------------------------------------	---

Place : New Delhi  
 Dated : 15-06-2006

Pardeep kumar  
 Partner

**AUDITORS' REPORT**

To the members of

**CONTAINER CORPORATION OF INDIA LIMITED**

We have audited the attached Balance Sheet of **CONTAINER CORPORATION OF INDIA LIMITED** as at 31st March 2006, and the Profit & Loss Account and also the Cash Flow statement of the company for the year ended on that date annexed thereto, in which are incorporated the accounts of 6 regions audited by respective branch auditors appointed by the Comptroller and Auditor General of India, relied upon by us and the accounts of Northern Region, North Central Region and Corporate Office, New Delhi audited by us. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1) As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, and on the basis of such examination of the books and records of the company as we considered appropriate and the information and explanations giving during the course of audit and after considering the reports of branch auditors, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2) Attention is drawn to Note No.5 of schedule 12. The company has made provision for Income Tax for the

year after considering deduction under section 80IA of the Income Tax Act, 1961, amounting to Rs.81.00 Crore. However, the Income tax department has disallowed the deduction claimed by the company u/s 80IA in earlier years and the company has gone in appeal. Based on expert opinion, the Company is of the view that such deduction is available to it on new inland ports and rail system including rolling stock.

3 Further to our comments in the Annexure referred to in paragraph 1 above, we report that:

(i) Sale/Lease Deeds in respect of Land & Building valuing Rs.17.16 crore are yet to be executed in favour of the company (Note 2, Schedule 4).

ii) Balances of Sundry Debtors, Loans & Advances, Deposits, Sundry Creditors (including Indian Railways) have not been confirmed /reconciled. (Note 17, Schedule 12).

iii) The effect of adjustments that may arise upon reconstruction/reconciliation of accounting records at Eastern Region destroyed in fire during November 1998 has not been ascertained (Note 23, schedule 12).

iv) We are unable to comment on the shortfall, if any, in the value of non-moving stock of stores & spare parts at Northern Region (Note 27, Schedule 12).

4 We further report that :

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit

b) In our opinion, proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from our branch auditors in respect of the regions audited by them

c) The reports of the branch auditors on the accounts of regions audited by them have been received and considered by us in preparing this report after making such adjustments as we considered necessary.

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN  
DATE ON THE ACCOUNTS OF CONTAINER CORPORATION OF INDIA LTD FOR  
THE YEAR ENDED 31ST MARCH, 2006**

- d) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- e) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- f) In terms of Department of Company Affairs GSR 829 (E) dated 21st October, 2003 Government companies are exempt from applicability of provisions of section 274 (1) (g) of the Companies Act, 1956.
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to our comments in paragraph 3 (i) above and without considering the observation made in Paragraph 3 (ii), (iii) and (iv) above, the effect of which could not be determined, read together with Significant Accounting Policies and Notes on Accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the
- Accounting principles generally accepted in India.
- i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2006;
- ii) in the case of Profit & Loss Account, of the profit for the year ended on that date; and
- iii) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For Hingorani M & Co.  
Chartered Accountants

( Pardeep Kumar )  
Partner  
M.No.85630

Place : New Delhi  
Date : 15th June, 2006

- (i) (a) The company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As per the information and explanations given to us, fixed assets are physically verified by the management during the year in phased manner except at one region where physical verification has not been carried out. In respect of containers, the reconciliation is in progress at corporate office.
- (c) The company has disposed/written off some of its fixed assets during the year. However, in our opinion this has not affected the going concern status of the company.
- (ii) (a) The inventory of the company consisting of stores and spare parts has been physically verified by the management on test check basis. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are generally reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material.
- (iii)(a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) Not applicable in view of para (a) above.
- (c) Not applicable in view of para (a) above.
- (d) Not applicable in view of para (a) above.
- (e) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (f) Not applicable in view of para (e) above.
- (g) Not applicable in view of para (e) above.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to the purchase of stores and spare parts, fixed assets and for rendering services.
- (v) a) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- b) Not applicable in view of para (a) above.
- (vi) The company has not accepted any deposits from the public in terms of section 58A and 58AA and other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system which is generally commensurate with the size and nature of its business. However, the extent of coverage including timely submission and follow up of the reports is required to be improved.
- (viii) As informed to us, the Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956.
- (ix)(a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanation given to us, the undisputed amounts payable in respect of outstanding statutory dues that were in arrears, as at 31st March 2006 for a period of more than six months from the date they became payable are given below :

Name of the Statute	Nature of the Dues	Amount (Rs. in Crore)	Period to which the amount Relates
Customs Act, 1962	Custom Duty (Northern Region)	0.90	upto 2000-01
Customs Act, 1962	Custom Duty (Northern Region)	0.02	upto 2002-03
Customs Act, 1962	Custom Duty (Western Region)	0.38	upto 2001-02
Customs Act, 1962	Custom Duty (Western Region)	0.09	upto 2004-05

In addition, the company has made provision for property tax payable in respect of its assets at various locations amounting to Rs. 6.03 Crore upto 31st March 2006, on estimated basis, pending commencement /completion of assessment by the appropriate authorities.

(b) According to the information & explanation given to us, dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited on account of any dispute are given below :

Name of the Statute/ Authority	Nature of the Dues	Amount (Rs. in Crore)	Period to which the amount relates
Finance Act, 1994	Service Tax	0.02	01st May 2003 to 16th July 2003
Finance Act, 1994	Service Tax	0.12	August 2002 to December 2003
Finance Act, 1994	Service Tax	0.01	January 2004 to March 2004
Sub-registrar, Vadodara	Additional Stamp Duty	0.75	2003-04
Delhi Value Added Tax, 2004	Penalty u/s 86(19)	0.31	14th December 2005

(x) The company has neither accumulated losses as at the end of the financial year nor has incurred any cash

losses during the financial year covered by our audit and also in the immediately preceding financial year.

(xi) The company has not defaulted in repayment of dues to financial institution or banks. The company has not issued any debentures.

(xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society.

(xiv) In our opinion and according to the information and explanations given to us, the company is not dealing in shares, securities and other investments. The investments in the shares or joint venture & subsidiary companies are held by the company in its own name and are not traded. However, letters of allotment/Share Certificates in respect of investment in three joint venture companies costing Rs. 2.13 Crore are not available with the company (Note 3, Schedule 5).

(xv) The company has given counter indemnity to the guarantor (a joint venture partner) in relation to the guarantor providing payment guarantees to the banks for loans raised by the joint venture company, to the extent of 26% ( the shareholding of the company in joint venture) of the loan and interest outstanding. As at 31st March 2006, the amount of such counter indemnity works out to Rs.109.56 Crore. In our opinion, the terms and condition thereof are not prime-facie prejudicial to the interests of the company.

(xvi) The company has not taken any term loans during the year.

(xvii) As the company has not raised any funds on short-term basis, this clause is not applicable.

(xviii) The company has not made any allotment of shares during the year.

(xix) The company has not issued any debentures during the year.

(xx) As the company has not raised money by public issues during the year, this clause is not applicable.

(xxi) As per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Hingorani .M & Co.  
Chartered Accountants

Pardeep Kumar  
Partner  
M.No. 85630

Place : New Delhi  
Dated : 15-06-2006

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006**  
(PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGES)

	2005-2006	(RUPEES IN CRORE) 2004-2005
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	670.13	609.60
<b>Adjustment for :-</b>		
Depreciation/Amortisation	83.26	66.62
Interest paid	0.23	0.29
Interest & Dividend Income	(42.68)	(37.56)
Foreign Exchange Fluctuations	-	(0.01)
Provision for obsolete assets	(2.03)	0.05
Provision of diminution in value of investment	(0.01)	0.01
Provision for doubtful debts	-	0.02
Investment written off	0.01	-
Fixed assets written off	3.82	-
Loss on Sale of fixed Assets	0.10	0.43
Operating Profit Before Working Capital Changes	712.83	639.45
<b>Adjustment for :-</b>		
Trade & Other Receivables	(26.07)	(3.75)
Inventories	(1.35)	(0.43)
Trade Payable & Provisions	101.15	10.83
Cash Generated from Operations	786.56	646.10
Prior Period Adjustments	(0.11)	0.80
Direct Taxes paid	(238.38)	(134.30)
Net Cash from Operating Activities (A)	548.07	512.60
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(259.86)	(341.83)
Sale of Fixed Assets	0.05	0.67
Capital Work-in-Progress/advances	(10.15)	(40.03)
Purchase of Investment	(45.51)	(80.55)
Sale of Investments	0.12	-
Interest, Dividend & Other Income	42.68	37.56
Advances/loans - Joint Ventures (net)	(0.99)	0.05
Net Cash used in Investing Activities (B)	(273.66)	(424.13)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(0.23)	(0.29)
Foreign Exchange Fluctuations	-	0.01
Dividend paid (including tax on dividend)	(137.09)	(135.93)
Repayment of Long Term Loan	(10.60)	(1.39)
<b>Net Cash from Financing Activities (C)</b>	<b>(147.92)</b>	<b>(137.60)</b>
<b>Net Change in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>126.49</b>	<b>(49.13)</b>
OPENING BALANCE OF CASH & CASH EQUIVALENTS	549.85	598.98
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	676.34	549.85

Note : Previous year figures have been re-grouped/rearranged wherever considered necessary to confirm to this years' classifications.

Rajesh Kumar  
Company Secretary

Suresh Kumar  
Director (Finance)

Rakesh Mehrotra  
Managing Director

As per our report of even date  
For Hingorani M. & Co.  
Chartered Accountants

NEW DELHI  
DATED : 15-06-2006

(Pardeep Kumar)  
Partner

**REVIEW OF ACCOUNTS OF CONTAINER CORPORATION OF INDIA LIMITED, NEW DELHI FOR THE YEAR ENDED 31ST MARCH 2006 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

**Note:** This Review of Accounts has been prepared without taking into account the Comments under Section 619(4) of the Companies Act, 1956, and qualifications contained in the Statutory Auditor's Report.

**1. Financial Position**

The table below summarises the financial position of the Company under broad headings for the last three years.

	2003-04	2004-05	(Rs. in crore) 2005-06
<b>LIABILITIES</b>			
(a) Paid up capital			
(i) Government	41.00	41.00	41.00
(ii) Others	23.99	23.99	23.99
(b) Reserves and Surplus			
(i) Free reserves and surplus	1312.25	1633.77	2026.18
(c) Borrowings			
(i) Foreign currency loans	11.99	10.60	0.00
(d) (i) Current liabilities & provisions	280.43	262.29	359.84
(ii) Provision for Gratuity	0.37	0.49	0.39
(e) (i) Deferred Tax Liability (Net)	117.48	130.89	143.84
<b>TOTAL</b>	<b>1787.51</b>	<b>2103.03</b>	<b>2595.24</b>
<b>ASSETS</b>			
(f) Gross block	1198.79	1538.62	1793.61
(g) Less: Depreciation	235.59	301.39	381.71
(h) Net block	963.20	1237.23	1411.90
(i) Capital works-in-progress (Including advances)	115.36	155.39	165.54
(j) Investments	3.45	84.00	129.38
(k) Current assets, loans and advances	705.50	626.41	888.42
<b>TOTAL</b>	<b>1787.51</b>	<b>2103.03</b>	<b>2595.24</b>
(l) Working capital [k-d (i)]	425.07	364.12	528.58
(m) Capital employed (h+i)	1388.27	1601.35	1940.48
(n) Net Worth [a+b]	1377.24	1698.76	2091.17
(o) Net Worth per Rupee of Paid-up Capital (in Rs.)	21.19	26.14	32.18

**2 Sources and Utilisation of funds**

Funds amounting to Rs.619.07 crore from internal and external sources were realised and utilised during the year as detailed below:

	(Rs. in Crore)		
<b>Sources of Funds</b>			
(a) Funds from operation			
i) Profit after tax (excluding deferred tax)	525.80		
ii) Add: Depreciation (increase in provision for depreciation)	80.32	606.12	
(b) Deferred Tax Liability		12.95	
<b>TOTAL</b>		<b>619.07</b>	
<b>Utilisation of Funds</b>			
(a) Addition of fixed assets		254.99	
(b) Increase in capital work in progress		10.15	
(c) Increase in Investments		45.38	
(d) Decrease in borrowed funds		10.60	
(e) Increase in Working Capital (excluding proposed dividend + dividend tax)		160.75	
(f) Decrease in provision for gratuity		0.10	
(g) Dividend and dividend tax paid		137.10	
<b>TOTAL</b>		<b>619.07</b>	

**3. Working Results**

The working results of the Company for the last three years ending 31st March, 2006 are given below:

	2003-04	2004-05	2005-06
(i) Operating Income	1764.43	1995.12	2433.16
(ii) Other or Misc. Income	42.97	48.21	56.00
(iii) Profit before tax and prior period adjustments	498.72	609.60	670.13
(iv) Prior period adjustments i.e., short/excess provision of Income Tax	11.32	-0.27	2.14
(v) Profit before tax	510.04	609.33	672.27
(vi) Provision for taxation	118.09	161.74	133.52
(vii) Deferred Tax Liability	24.36	18.99	12.95
(viii) Profit after tax	367.59	428.60	525.80
(ix) Interim and proposed dividend + dividend tax	91.86	107.08	133.39

**4. Ratio Analysis**

Some important ratios on the financial health and working of the Company at the end of last three years ending 31st March, 2006 are as under:

	2003-04	2004-05	2005-06
A. Liquidity Ratio			
Current ratio [k/(d (i))]	2.52	2.39	2.47
B. Debt Equity Ratio			
Long term debt equity (c/n)	0.01	0.01	0.00
C. Profitability Ratios (in percentages)			
(a) Profit before tax to			
(i) Capital employed	36.74	38.05	34.64
(ii) Net worth	37.03	35.87	32.15
(iii) Operating income	28.91	30.54	27.63
(b) Profit after tax to Equity Capital	565.61	659.49	809.05
(c) Earning per share (in rupees)	56.56	65.95	80.90

**5. Inventory Levels**

The inventory levels at the close of the last three years ending 31st March, 2006 are as under:

	2003-04	2004-05	2005-06
(i) Stores and Spares and Loose tools	2.95	3.38	4.73

**6. Sundry Debtors**

The Sundry Debtors and Operating Income in the last three years ending 31st March, 2006 are as follows:

As on 31st March	Sundry Debtors			Operating Income during the year	% age of Sundry Debtors to Operating Income
	Considered good	Considered doubtful	Total		
2003-04	5.78	0.77	6.55	1764.43	0.37
2004-05	5.73	0.78	6.51	1995.12	0.33
2005-06	8.52	0.77	9.29	2433.16	0.38

The agewise break up of sundry debtors at the end of 31st March, 2006 is as under:

	(Rs. in crore)
Debtors outstanding for	
Less than 6 months	7.35
6 months to 1 year	0.19
1 year to 3 years	0.85
More than 3 years	0.90

**Total**

**9.29**

Place : New Delhi  
 Dated: 27th July, 2006

(Meera Swarup)  
 Principal Director of Commercial Audit  
 And Ex-Officio Member, Audit Board-III  
 New Delhi

**Comments of the Comptroller and Auditor General of India  
under section 619 (4) of the Companies Act, 1956 on the Accounts of  
Container Corporation of India Limited, New Delhi  
for the year ended 31st March 2006.**

**Balance Sheet**

Current Liabilities and Provisions (Schedule 7): Rs. 360.23 crore

The above is understated by Rs.3.56 crore due to not providing the liability towards the demands raised by Northern Railways and South Western Railways on account of unauthorized construction of residential units on land licensed to the Company for operational purpose.

(Meera Swarup)  
Principal Director Commercial Audit  
& Ex-Office Member, Audit Board-III,  
New Delhi

Place: New Delhi  
Date: 27th July 2006

**Statement Pursuant to Section 212 (1)(e) of the Companies Act, 1956, relating to Company's  
interest in the Subsidiary Company**

NAME OF THE SUBSIDIARY COMPANY	FRESH & HEALTHY ENTERPRISES LTD.
1. The Financial year of the subsidiary Company ended on	31.03.2006
2. Date from which it became subsidiary Company	01.02.2006
3 (a) Number of Shares held by Container Corporation of India Ltd. alongwith its nominees in the subsidiary at the end of financial year of the Subsidiary company.	3,50,00,000 Equity shares of Rs.10/- each
(b) Extent of Shareholding	100%
4. The net aggregate amount of Profit/Loss of the subsidiary so far it concerns the members of the holding company (*)	
(a) not dealt with in the holding company accounts:	
(i) for the financial year ended 31.03.2006	Nil
(ii) for the previous financial years of the the subsidiary Company since it became the holding Company's subsidiary	Not Applicable
(b) dealt with in the holding company accounts:	
(i) for the financial year ended 31.03.2006	Nil
(ii) for the previous financial years of the the subsidiary since it became the holding company's subsidiary.	Not Applicable

(\*) The Company has obtained Certificate of Commencement of Business. However, it is yet to commence its operations.

Rajesh Kumar  
Company Secretary

Suresh Kumar  
Director (Finance)

Rakesh Mehrotra  
Managing Director

Place: New Delhi  
Date: 15-06-2006

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

**DIRECTORS' REPORT**

*To the shareholders*

Your Directors are pleased to present their First Annual report on the working of the Company together with the Audited Accounts for the period 1<sup>st</sup> February, 2006 to 31<sup>st</sup> March, 2006.

**FORMATION OF THE COMPANY**

The Company was incorporated on 1<sup>st</sup> February, 2006 as a wholly owned subsidiary of Container Corporation of India Limited (CONCOR) with an objective to set up a Country wide perishable goods distribution system through a network of technologically advanced Cold Storages and a logistics network based on refrigerated / climate controlled containers moving on rail or road.

**FINANCIAL REVIEW**

The Company has obtained Certificate for Commencement of business on 31<sup>st</sup> March, 2006. No commercial activity has been carried out during the financial year ended on 31<sup>st</sup> March, 2006.

The Preliminary expenses amounting to Rs.24,15,200/- were incurred by the holding Company for incorporation of the Company and out of the same, a sum of Rs. 4,83,040/- (being 1/5<sup>th</sup> of the expenditure) was written off during the year. Further, the Company has incurred Pre-operative expenditure of Rs. 21,01,459/-, inclusive of the Preliminary expenses written off during the year.

**CAPITAL STRUCTURE**

Your Company was registered with an Authorized Share Capital of Rs.35 Crores, as a wholly owned subsidiary of Container Corporation of India Ltd. (CONCOR).

**PARTICULARS OF EMPLOYEES**

There being no employee in the Company with remuneration over the specified amount, the particulars prescribed under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

**PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

Since no commercial activity has been carried out by the Company during the year, particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable.

**AUDITORS**

M/s. Khanna Gulati & Associates, Chartered Accountants, New Delhi were appointed as Company's Statutory Auditors for the year 2005-06.

**BOARD OF DIRECTORS**

As per the Memorandum and Articles of Association of the Company registered with the Registrar of Companies, Shri Rakesh Mehrotra, Managing Director/ CONCOR, Shri P. G. Thyagarajan, Director (IM & O)/CONCOR and Shri Suresh Kumar, Director (Finance)/CONCOR, were the first Directors of the Company. Further, Shri Anil Kumar Gupta, Director (Dom. Div.)/CONCOR and Shri Harpreet Singh were inducted on the Board of the Company on 28<sup>th</sup> February, 2006 and 24<sup>th</sup> July, 2006, respectively.

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director Responsibility Statement, it is hereby confirmed:

- That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31<sup>st</sup> March, 2006;
- That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for preventing and detecting fraud and other irregularities;
- That the directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2006 on a 'going concern' basis.

**CONCLUSION**

Your Company acknowledges the support and understanding extended by Container Corporation of India Limited and Auditors of the Company.

For and on behalf of the Board of Directors

(Rakesh Mehrotra)  
CHAIRMAN

Place : New Delhi  
Date : 31.07.06

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

<b>ADDENDUM TO THE DIRECTORS' REPORT 2005-06</b> Reply to the comments/qualifications in the Auditors' Report for the financial year 2005-06		
<b>Points in the Auditors' Report</b>	<b>Auditors' Qualification</b>	<b>Reply of Management</b>
Point 4(f) Ref : Note no. 9 of Schedule 6	The Subscribers to Memorandum of Association of the Company have subscribed an amount of Rs.35 Crores (3.5 Crores Equity Shares of Rs. 10/- each). However, during the period under report, the subscribers to the Memorandum have paid Rs.15 Crores to the Company against the above aforesaid commitment of Rs.35 Crores. The balance subscription amount of Rs. 20 Crore is due from the subscribers, as on the date of the Balance Sheet.	The Balance subscription amount of Rs.20 Crores has been shown under Loans and Advances as Amount Recoverable from Subscribers to Memorandum of Association (MOA).  Accordingly, the same will be subscribed.
Point 4(f) Ref. Note no. 10 of Schedule 6	TDS under the Income Tax Act, 1956 has been deducted by the Holding Company on all preliminary and Pre-operative expenses incurred during the year.	Initially, all the Preliminary and Pre-operative expenses were incurred by CONCOR, the holding Company. Later on, after the incorporation of FHEL, these expenses were transferred to FHEL. Hence, TDS has been correctly deducted.
Point (ix)(a) of Annexure to Auditor's Report	According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the TDS on the preliminary and pre-operative expenses has been deducted and deposited by the holding company i.e. Container Corporation of India Ltd. Further, no TDS has been deducted and deposited on provision of Rs.30,000/- for Legal & Professional charges of incorporation of the Company.  Further, since the Central Govt. has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.	-----Do----- Further, the Legal & Professional charges were outstanding liability. While making payment, TDS on Professional charges has been deducted & deposited.
Point vii of Annexure to Auditors' Report	In our opinion, the Company does not have any internal audit system commensurate with its size and nature of its business.	The Company has not commenced its Commercial operations during the year. The internal audit system will be initiated in due course of time.

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

**BALANCE SHEET AS AT 31ST MARCH, 2006**

(Amount in Rs.)

	Sch No.			AS AT 31.03.2006
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>	1		350,000,000	350,000,000
Share Capital				-
Reserve & Surplus				
<b>LOAN FUNDS</b>				5,186,483
Unsecured Loan				
<b>TOTAL</b>				<b>355,186,483</b>
<b>APPLICATION OF FUNDS</b>				
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Cash and Bank Balances		150,005,000		
Loans & Advances		201,195,200	351,200,200	
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	3			
Current Liabilities		47,336		
Provisions		-	47,336	
<b>NET CURRENT ASSETS (2-3)</b>				<b>351,152,864</b>
<b>MISCELLANEOUS EXPENDITURE</b>				
(To the extent not written off or adjusted)				
Preliminary Expenses	4			1,932,160
Preoperative Expenses	5			2,101,459
<b>TOTAL</b>				<b>355,186,483</b>
Schedules "1" to "6" form an integral part of the Balance Sheet				

For and on behalf of the Board of Directors

As per our report of even date  
For **Khanna Gulati & Associates**  
Chartered Accountants

**Rakesh Mehrotra**  
Director

**Suresh Kumar**  
Director

**Anil Kumar Gupta**  
Director

**Rohit Khanna**  
Partner  
M. No. 84878

Date: 13th June 2006  
Place: New Delhi



**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

**SCHEDULES TO THE BALANCE SHEET**

**SCHEDULE 1:**

**SHARE CAPITAL**

(Amount in Rs. )

Particulars	AS AT 31.03.2006
<b>AUTHORISED CAPITAL</b>	
3,50,00,000 Equity Shares of Rs. 10/- each	<b>350,000,000</b>
<b>ISSUED AND SUBSCRIBED CAPITAL</b>	
3,50,00,000 Equity Shares of Rs. 10/- each	<b>350,000,000</b>
<b>PAID UP CAPITAL</b>	
3,50,00,000 Equity shares of Rs.10/- each fully Paid-up	<b>350,000,000</b>
<b>TOTAL</b>	<b>350,000,000</b>

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

**SCHEDULES TO THE BALANCE SHEET**

**SCHEDULE 2:**

CURRENT ASSETS, LOANS AND ADVANCES

(Amount in Rs.)

Particulars	AS AT 31.03.2006
<b>CASH AND BANK BALANCES</b>	
Balance with Scheduled Bank in: Current Account	150,005,000
<b>TOTAL</b>	<b>150,005,000</b>
<b>LOANS AND ADVANCES</b>	
<b>Advances (Recoverable in cash or kind)</b>	
Amount Recoverable from Subscribers to Memorandum of Association	200,000,000
<b>Deposits:</b>	
Security Deposit (HSIDC)	1,195,200
<b>TOTAL</b>	<b>201,195,200</b>

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

**SCHEDULES TO THE BALANCE SHEET**

**SCHEDULE 3:**

CURRENT LIABILITIES AND PROVISIONS

(Amount in Rs.)

Particulars		AS AT 31.03.2006
<b>CURRENT LIABILITES</b>		
Expenses Payable	47,336	47,336
<b>TOTAL</b>		<b>47,336</b>
<b>PROVISIONS</b>		
Provisions	-	-
<b>TOTAL</b>		<b>-</b>

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

**SCHEDULES TO THE BALANCE SHEET**

**SCHEDULE 4:**

PRELIMINARY EXPENSES

(To the extent not written off or adjusted)

(Amount in Rs.)

Particulars		AS AT 31.03.2006
<b>Preliminary Expenses</b>		
Incurred during the year	2,415,200	
Less: 1/5th written off during the year	<u>483,040</u>	1,932,160
<b>TOTAL</b>		<b>1,932,160</b>

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

**SCHEDULES TO THE BALANCE SHEET**

**SCHEDULE 5:**

PRE-OPERATIVE EXPENSES		(Amount in Rs.)
Particulars		AS AT 31.03.2006
<b>Pre-operative Expenses</b>		
Advertisement Expenses	104,779	
Audit and other Fees	16,836	
Lease Rent	199,200	
Legal, Professional and Consultancy Expenses	1,297,604	
Preliminary Expenses written off	483,040	
		2,101,459
<b>TOTAL</b>		<b>2,101,459</b>

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

**Schedule-6**

**SIGNIFICANT ACCOUNTING POLICIES:**

**1. Accounting convention & concepts**

The financial statements are prepared under the historical cost convention generally on accrual basis, in accordance with the applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956. Accounting Policies not referred to otherwise are consistent with generally accepted accounting principles.

**2. Fixed Assets**

The Company has not purchased/owned any Fixed Assets during the year.

**3. Preliminary Expenses**

Preliminary expenses incurred on incorporation of the company are deferred and amortised over a period of five years.

**4. Amortisation**

Since the Company has not started its operation during the year. The total expenditure incurred after incorporation and till the date of commencement of commercial operations will be treated as Pre-operative expenses.

**5. Leases**

Lease rentals are expensed with reference to lease terms.

**6. Deferred Taxation on Income**

Deferred Tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. During the year under review, no treatment for deferred tax assets (net of deferred tax liability) under prudence policy has been given in the books of accounts

**7. Contingent Liabilities**

Contingent liabilities, if any, are generally not provided for in the accounts and are separately disclosed in the Notes to the Accounts.

**NOTES TO ACCOUNTS**

**1.** The Company was incorporated on 1<sup>st</sup> February 2006 vide certificate no. U51909DL2006PLC145734 and granted certificate of commencement of business pursuant to Section 149(3) of the Companies Act, 1956 on 31<sup>st</sup> March 2006 by the Registrar of Companies, Delhi & Haryana. The financial statements for the first financial year have been prepared for the period 1<sup>st</sup> February 2006 to 31<sup>st</sup> March 2006.

**2.** Previous Year figures have not been provided, as this is the first year of operation of the Company.

**3. Related party Disclosure**

Related party disclosure as required under accounting standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

**a) Relationship:**

**i) Parties whose Control Exists**

Holding Company - Container Corporation of India Ltd

**b) The following transactions were carried out with related party in the ordinary course of business.**

Nature of Transaction	(Amount in Rs.)
a) Lease Rent	1,99,200/-
b) Legal and Professional Services	12,97,604/-
c) Advertisement	1,04,779/-
d) Security Deposit	11,95,200/-
e) Preliminary Exp.	23,84,700/-
f) Advance	5,000/-

**(c) Balances at the end of the year Rs.51,86,483/-**

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

**4. Taxes on Income**

Since the company has not started commercial operations, hence no provision for taxation has been done.

**5. Audit and Other Fees**

Auditors' Remuneration includes  
Audit Fees 16,836  
Others Nil

**Total 16836**

6. The Profit and Loss Account as per Part II of Schedule VI of the Companies Act, 1956 has not been prepared, since the Company has not commenced its commercial activities during the year under report. Further that:

- (i) In lieu of the above, a Pre-Operative Expense Account has been prepared instead of Profit and Loss Account and which annexed as Schedule -5 to Balance Sheet; and  
(ii) That the said schedule has been prepared in accordance with the disclosure requirement of Part-II of schedule VI.

**For and on behalf of the Board of Directors**

**Rakesh Mehrotra**  
Director

**Suresh Kumar**  
Director

**Anil Kumar Gupta**  
Director

**Rohit Khanna**  
Partner

Place: New Delhi  
Date: 13<sup>th</sup> June 2006

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

**AUDITOR'S REPORT**

**To the Members of**

**Fresh and Healthy Enterprises Limited**

- 1 We have audited the attached Balance Sheet of **Fresh and Healthy Enterprises Limited** as at 31st March 2006. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order 2003, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
- 4 Further, we report that:
  - a We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c The Balance Sheet dealt with by this report are in agreement with the books of account;
  - d In our opinion, the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- e In terms of Department of Company Affairs GSR 829 (E) dated 21st October 2003, Government Companies are exempt from applicability of Provisions of Section 274 (1) (g) of the Companies Act, 1956.
- f In our opinion and to the best of our information and according to the explanations given to us the said accounts subject to note 9 and note 10 in Schedule 6 regarding subscription to Share Capital and deduction of Tax at Source and which has no financial impact on the Profit/Reserves at the close of the year, as per the details given in the said note's and read together with the notes appearing in the notes to accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

In case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2006.

**For Khanna Gulati & Associates**  
**Chartered Accountants**

(Rohit Khanna)  
Partner  
M.No. 84878

Place : New Delhi  
Dated: 13th June 2006

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

Referred to in paragraph 3 of our Report of even date.

- I) a) The Company does not have/owned any Fixed Assets during the year and as such clause 4(I) (a) to 4 (I) (c) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- II) As informed to us, the Company does not have any inventory and as such, clause 4(ii) (a) to 4 (ii) (c) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- III) a) As informed the Company has not granted any loan to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such clause 4(iii) (a) to 4 (ii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- b) The Company has taken an unsecured loan from one Company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs.51.86 Lakhs and the year-ended balance of loan taken from such party was Rs. 51.86 Lakhs.
- c) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima Facie, prejudicial to the interest of the company.
- d) The Company has not made any repayment of loan during the year.
- IV) In our opinion and according to the Information and explanation given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of company.

- V) a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained in section 301 of the Act have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- VI) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly paragraph 4(vi) of the order is not applicable.
- VII) In our opinion, the company does not have any internal audit system commensurate with its size and nature of its business.
- VIII) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the Company.
- IX) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the TDS on the preliminary and pre-operative expenses has been deducted and deposited by the holding Company i.e. Container Corporation of India Ltd. Further no TDS has been deducted and deposited on provision of Rs. 30,000/- for Legal & Professional Charges of Incorporation of the Company.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

**FRESH & HEALTHY ENTERPRISES LIMITED**  
(A wholly owned subsidiary of CONCOR)

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, and excise duty were in arrears, as at 31st March 2006 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty, which have not been deposited on account of any dispute.
- X) According to the information and explanation given to us, the Company has not started its commercial activities during the year and as such clause 4(x) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- XI) According to the records of the Company examined by us and the information and the explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- XII) According to the Information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other Securities.
- XIII) In our opinion and according to the Information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies. Therefore, the provisions of clause 4 (XIII) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV) In our opinion and according to the Information and explanations given to us, the Company is not dealing in or trading in Shares, securities, debentures and other Investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XV) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its associates or subsidiaries from bank or financial institutions.
- XVI) According to the information and explanations given to us, the Company has not taken any term loan. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XVII) According to the information and explanations given to us, the Company and an overall examination of the Balance Sheet of the company, we report that the no funds raised on a short-term basis which have been used for long-term investment.
- XVIII) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIX) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
- XX) During the period covered by our Audit Report, the Company has not raised any money by public issues. Therefore, the provisions of clause (xx) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XXI) Based upon the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and as per the informations and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Khanna Gulati & Associates  
Chartered Accountants

(Rohit Khanna)  
Partner  
M.No. 84878

Place : New Delhi  
Dated : 13th June 2006

**FRESH & HEALTHY ENTERPRISES LIMITED**  
 (A wholly owned subsidiary of CONCOR)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
 UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF  
 FRESH & HEALTHY ENTERPRISES LIMITED, NEW DELHI  
 FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2006.

The Comptroller and Auditor General of India has decided not to review the report of the Auditors on the accounts of  
 Fresh & Healthy Enterprises Limited, New Delhi, for the period ended 31<sup>st</sup> March 2006 and as such he has no  
 comments to make under Section 619(4) of the Companies Act, 1956.

(Meera Swarup)  
 Principal Director of Commercial Audit and  
 Ex-officio Member Audit Board-III,  
 New Delhi

Place: New Delhi  
 Dated: 7<sup>th</sup> July 2006

**CONTAINER CORPORATION OF INDIA LTD.**  
 ( A Govt. of India Undertaking)

Regd. office : CONCOR Bhawan, C-3, Mathura Road, Opp. Apollo Hospital, New Delhi - 110076

**PROXY FORM**

D.P. Id*		Regd. Folio No.	
Client Id*			

I/We.....  
 ..of.....being a member / members of CONTAINER CORPORATION OF  
 INDIA LTD. hereby appoint .....of  
 ..... or failing him  
 .....of .....as my / our proxy to vote for me / us and  
 on my /our behalf at the 18TH ANNUAL GENERAL MEETING to be held on 4th September,  
 2006 at 3:30 p.m. or any adjournment thereof.

Signed this.....day of .....2006

Affix Re. 1  
 Revenue  
 Stamp

\* Applicable for investors holding shares in electronic form.

**Note :**

- 1 The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
- 2 Member holding shares under more than one folio may use photo copy of this proxy form for other folios. The Company shall provide additional forms on request.

**CONTAINER CORPORATION OF INDIA LTD.**  
**( A Govt. of India Undertaking)**

Regd. office : CONCOR Bhawan, C-3, Mathura Road, Opp. Apollo Hospital, New Delhi - 110076

**ATTENDANCE SLIP**

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF MEETING VENUE.

Joint shareholders may obtain additional Attendance Slip at the venue of the meeting.

D.P. Id\*  Regd. Folio No

Client Id\*

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held :

I hereby record my presence at the **18TH ANNUAL GENERAL MEETING** of the Company held on Monday 4th September, 2006 at Stein Auditorium, Habitat World, India Habitat Centre, Gate No.03, Lodhi Road, New Delhi- 110003

(Signature of the Member or proxy)

\* Applicable for investors holding shares in electronic form.

**CONTAINER CORPORATION OF INDIA LTD**

(A Govt. of India Undertaking)

Regd. office : CONCOR Bhawan, C-3, Mathura Road,  
Opp. Apollo Hospital, New Delhi - 110076

Dear Shareholder,

**SUBJECT : ELECTRONIC CLEARING SERVICE (ECS) FOR DIVIDEND PAYMENT**

We are pleased to advise that the Board of Directors have recommended dividend @ 180% i.e. Rs. 18/- per share (inclusive of two interim dividends @ 75% & 25%, already paid) for the financial year 2005-06, subject to approval by the shareholders at the Annual General Meeting. The Register of Members will be closed during the period 18th August, 2006 to 4th September, 2006 (both days inclusive).

Securities and Exchange Board of India (SEBI) vide its circular dated 15th October, 2001 has advised that "all companies should mandatorily use ECS facility for distributing dividends or other cash benefits to the investors wherever the ECS facility is available and in the absence of availability of ECS facility, the Companies may use warrants for distributing the dividends".

SEBI has also advised the Companies to mandatorily print the bank account details of the shareholders on the dividend warrants / payment instruments in the absence of ECS facility.

We are extending the facility to the shareholders of Electronic Clearing Services (ECS) provided by Reserve Bank of India for dividend payment upto Rs. 5 lakhs. Needless to mention that dividend payment through ECS avoids the risks like postal delay, loss in transit, fraudulent encashment etc.

Under the ECS facility, your bank will credit the dividend amount in your bank account on due date and indicate the credit entry as "ECS" in your Pass Book/Bank Statement without issuing or handling paper instrument/warrant.

In order to avail the ECS facility, the shareholders are requested to fill and sign the enclosed ECS mandate form. The form thereafter be sent-

In case of shareholder holding shares in Physical Mode to  
**Alankit Assignments Ltd.,**  
Unit : Container Corporation of India Ltd.,  
2E/8, First Floor,  
Jhandewalan Extension,  
New Delhi-110055.

In case of shareholder holding shares in Electronic Mode/Dematerialized form to-  
**The Depository Participant** with whom your account is maintained.

All information should be accurate and complete so that you get the credit of dividend in time. Kindly attach a photocopy of a cheque from your cheque book issued by your bank for verifying the accuracy of the MICR code no. indicated at the bottom of the cheque. Please note that these instructions will supersede all your previous bank mandates/details including those that may have been incorporated at the time of opening a beneficiary account with the Depository Participant.

In view of the advantages of the ECS facility of payment of dividend, it is advised that the shareholders may avail of the facility.

Date : 17.07.2006  
Place : New Delhi

Yours faithfully,  
For CONTAINER CORPORATION OF INDIA LTD.

(Ravi Khandelwal)  
GGM (Accounts) & Company Secretary

**CONTAINER CORPORATION OF INDIA LTD.**  
 (A Govt. of India Undertaking)  
 CONCOR Bhawan, C-3, Mathura Road, Opp. Apollo Hospital, New Delhi - 110076

**Electronic Clearing Service Mandate Form**

To, Alankit Assignments Ltd., Unit : Container Corporation of India Limited, 2 E/8, First Floor, Jhandewalan Extension, New Delhi 110055. (In case of Shareholding in Physical form)	To The Depository Participant concerned (In case of shareholding in Electronic form)
---	--

Dear Sir,

**Subject : ECS Mandate for Dividend Payment**

Folio No. : ..... / Client ID: ..... DP ID: .....

This is in response to the letter dated 17th July, 2006 of Container Corporation of India Ltd. regarding the ECS facility for payment of dividend. The following is the updation of my bank account details and I hereby affirm my choice to opt for payment of dividend through ECS.

I understand that Container Corporation of India Ltd. also reserves the right to send the dividend payable to me by a physical dividend warrant / draft, on account of any unforeseen circumstances beyond the control of Container Corporation of India Ltd., that may affect the payment of dividend through ECS.

1. First Shareholder's Name: Shri /Smt/Kum./M/s. \_\_\_\_\_

2. First Shareholder's Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ Pin Code \_\_\_\_\_

3. Particulars of bank:

Bank Name \_\_\_\_\_  
 Branch \_\_\_\_\_  
 (Name & Address & Telephone No.) \_\_\_\_\_  
 Bank City \_\_\_\_\_  
 Account No. (As appearing in Cheque Book) \_\_\_\_\_  
 Account Type \_\_\_\_\_  
**9 digit MICR No.** \_\_\_\_\_

as appearing on the Cheque  
 (Please enclose cancelled / photocopy of cheque)

4. PAN/GIR No. \_\_\_\_\_

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold Container Corporation of India Ltd. responsible. I also agree for printing of the bank details on the dividend warrant / DD if the payment of dividend is effected by warrant / DD.

PLACE: \_\_\_\_\_ (Sole / First shareholder)  
 \_\_\_\_\_ (Signature should be as per the specimen sign.  
 recorded with Container Corpn. of India Ltd.)  
 DATE: \_\_\_\_\_

**Certification by the Bank**

(This is required if cancelled cheque / photocopy of the cheque is not enclosed)  
 Certified that the Bank details furnished above are correct as per our records.

(Bank Stamp) \_\_\_\_\_  
 Date : \_\_\_\_\_ Signature of authorized official of the Bank

**CONTAINER CORPORATION OF INDIA LTD.**  
 CONCOR Bhawan, C-3, Mathura Road,  
 Opposite Apollo Hospital, New Delhi - 110076.  
 Ph. No. 41673093, 94, 95 & 96 Fax : 011-41673112  
 Email : concor.co@concorindia.com  
 website. www.concorindia.com

**Regional Offices**

**CENTRAL REGION**

Container Corporation of India Ltd.  
 BPCL Building, 1st floor, 7 Chitnavis Marg,  
 Near National Fire Service College, Civil Lines,  
**Nagpur-440001**  
**Phones** : 0712-2540406, 2540551  
**Fax No.** : 0712-2554485  
**E-mail** : cr.ro@concorindia.com

**EASTERN REGION**

Container Corporation of India Ltd. IISCO House,  
 6th floor, 50, Jawaharlal Nehru Road,  
**Kolkata-71**  
**Phones** : 033-22821169/75/76, Vsat Ph.:1022  
**Fax** : 033-22821166  
**E-mail** : er.ro@concorindia.com

**NORTHERN REGION**

Container Corporation of India Ltd.,  
 Inland Container Depot,  
 Tughlakabad, **New Delhi-110020**  
**Telephone** : 011-26368100, 26362180 (Rly. 7358/59/60)  
**Fax** : 011-26368085  
**E-mail** : nr.ro@concorindia.com

**NORTH CENTRAL REGION**

Container Corporation of India Ltd.  
 502, 5th floor, P-5, Ocean Plaza, Sector-18  
**Noida - 201 301 (UP)**  
**Telephone**: 0120-2516310, 2516313  
**Fax**: 0120-2516335  
**E-mail** : ncr.cgm@concorindia.com

**NORTH WESTERN REGION**

Container Corporation of India Ltd.  
 509, 5th floor, ATMA House, Opp.: Old RBI Bldg.,  
 Ashram Road, **Ahmedabad-380009**  
**Phones** : 079-26581807  
**Fax** : 079-26581808  
**E-mail** : nwr.ro@concorindia.com

**SOUTHERN REGION**

Container Corporation of India Ltd.  
 No.51, Montieth Road, First Floor, Egmore,  
**Chennai-600003 EPABX** : 044-28591931-34,  
**Fax** : 044-28591935  
**E-Mail** sr.ro@concorindia.com

**SOUTH CENTRAL REGION**

Container Corporation of India Ltd.  
 No.602, 6th Floor, Navketan Building,  
 Opp. : Clock Tower, S. D. Road,  
**Secunderabad-500003.**  
**EPABX** : 040-27808938, 27808939, 55315240,  
 55315241 RLY. NO. 88109 & 88378  
**Fax** : 040-27800346  
**E-mail** scr.ro@concorindia.com

**WESTERN REGION**

Container Corporation of India Ltd.  
 5th Floor, New Administrative Bldg.,  
 Central Railway, D.N.Road, Fort,  
**Mumbai-400 001**  
**EPABX** : 022-22622053-54, 22679699, 22623725  
**Fax** : 022-22624497  
**E.mail** : wr.ro@concorindia.com