

16th
Annual Report
2003-2004



भारतीय कंटेनर निगम लिमिटेड
(भारत सरकार का उपक्रम)

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



भारतीय कंटेनर निगम लिमिटेड

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CONTAINER CORPORATION OF INDIA LTD.

Multimodal Logistics Professionals

Sixteenth Annual Report 2003-2004

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BOARD OF DIRECTORS

Shri R. N. Aga (w.e.f. 12.08.2004)
Part-time Chairman

Sh. K. K. Agarwal (till 31.07.2004)
Part-time Chairman

Shri A. K. Kohli
Managing Director

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

Shri Rakesh Mehrotra
Director (P & S)

Shri S. C. Misra
Director (Domestic Division)

Shri Arun N. Pai (w.e.f. 11.02.2004)
Director (Finance)

Shri Birkhe Ram (till 30.11.2003)
Director (Finance)

Shri Pradeep Bhatnagar (w.e.f. 22.09.2003)
Govt. Nominee Director, Ministry of Rlys.

Shri Shri Prakash (till 22.09.2003)
Govt. Nominee Director, Ministry of Rlys.

Shri R. K. Narang
Part-time Non-Executive Director

Dr. P. S. Sarma,
Part-time Non-Executive Director

Dr. D. Babu Paul
Part-time Non-Executive Director

Shri Ravi Khandelwal,
GGM(Accounts) & Company Secretary

STATUTORY AUDITORS

M/s. S. N. Dhawan & Co.,
New Delhi

BRANCH AUDITORS

M/s. S. S. Kothari & Associates,
Kolkata

M/s. R. Gopala Krishnan & Co.,
Chennai

M/s Kedia & Kedia Associates,
Ahmedabad

M/s Ghalla & Bhansali, Mumbai

BANKERS

ABN Amro Bank

Allahabad Bank

Bank of India

Bank of Baroda

Canara Bank

Central Bank of India

CitiBank

Corporation Bank

Deutsche Bank

HDFC Bank

ICICI Bank Ltd.

Punjab National Bank

Standard Chartered Bank

State Bank of India

Syndicate Bank

United Bank of India

REGISTRARS & SHARE TRANSFER AGENT

M/s. Alankit Assignments Ltd., New Delhi

NOTE : AUDITED ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED 31.03.2004 ARE SUBJECT TO REVIEW BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956



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10 YEARS PERFORMANCE AT A GLANCE - FINANCIAL & PHYSICAL

Financial

Description	(Rs. In Crore)									
	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
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	71.98	116.41	197.37	298.87	407.36	542.77	711.43	844.32	1036.52	1312.25
Capital Employed (Net Fixed Assets+ Investment+Working Capital)	131.50	171.60	252.84	337.78	424.58	559.53	723.88	956.75	1115.62	1391.35
Net Worth (Paid Up capital+ Reserves-Preliminary expenses to the extent not written off)	136.91	181.35	262.33	363.81	472.35	607.76	776.42	909.31	1101.51	1377.24
Fixed Assets (Gross Block)	137.52	157.41	189.62	218.21	352.78	457.57	605.00	752.65	982.50	1198.79
Income from Operations	217.34	389.36	534.32	606.25	684.77	831.42	1075.92	1286.46	1483.44	1764.43
Other Income	3.15	6.68	14.17	22.30	31.59	33.46	34.00	48.95	50.40	42.97
Total Income	220.49	396.04	548.49	628.55	716.36	864.88	1109.92	1335.41	1533.84	1807.40
Gross Profit	54.43	115.78	176.73	191.49	220.26	287.89	356.29	422.64	474.74	554.00
Depreciation	7.30	8.93	10.39	11.54	12.27	22.62	27.27	33.47	43.94	55.28
Net Profit Before Tax	47.13	106.85	166.34	179.95	207.99	265.27	329.02	389.17	430.80	498.72
Provison for Taxation	24.21	53.73	70.94	63.27	66.51	90.00	112.25	139.31	160.25	142.45
Net Profit	23.89	52.23	95.25	115.80	140.66	177.59	216.65	249.48	272.85	367.59
Dividend	3.89	7.79	12.99	12.99	29.24	35.75	43.54	64.99	71.48	81.24
Earning Per Share : (in Rs.)	3.68	8.04	14.66	17.82	21.64	27.32	33.33	38.39	41.98	56.56

Physical (TEUs)*

International Handling	275615	349141	424741	491481	576790	664490	753368	905058	1031925	1251618
Domestic Handling	127017	244977	278801	230238	225156	238661	291360	326775	351238	350501
Total	402632	594118	703542	721719	801946	903151	1044728	1231833	1383163	1602119

* Twenty equivalent Units.



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NOTICE

Notice is hereby given that the 16th Annual General Meeting of the Shareholders of the Company will be held as under :-

Day : Monday
Date : 20th September, 2004
Time : 3.00 p.m.
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 :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2004, Profit & Loss Account for the year ended on that date and the Report of Board of Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year ended 31st March, 2004.
3. To appoint a Director in place of Shri A. K. Kohli who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri R. K. Narang, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. P. S. Sarma, who retires by rotation and being eligible, offers himself for reappointment.
6. To take note of the appointment of M/s. S. N. Dhawan & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company and to authorize Board of Directors of the Company to determine the remuneration of Statutory Auditors in terms of provisions of Section 224(8) (aa) of the Companies Act, 1956 and to pass the following resolution as an Ordinary Resolution :

“RESOLVED that the appointment of M/s. S. N. Dhawan & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2003-04 in terms of the order no. CA. V/COY/Central Govt., CCIL (5)/134 dated 10.11.2003 of C & AG of India, be and is hereby noted.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to determine the remuneration payable to Statutory Auditors for the financial year 2003-04.”

SPECIAL BUSINESS :

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

7. “RESOLVED that Shri Pradeep Bhatnagar be and is hereby appointed as Director of the Company w.e.f. 22.09.2003 in terms of Railway Board's order no. 2003/PL/60/2 dated 22.09.2003 and shall be liable to retire by rotation.”
8. “RESOLVED that Shri Arun N. Pai be and is hereby appointed as Director of the Company w.e.f. 11.02.2004 in terms of Railway Board's letter no. 2003/E(O)II/4/3 dated 24.12.2003 and shall be liable to retire by rotation.”

By order of Board of
CONTAINER CORPORATION OF INDIA LIMITED

(RAVI KHANDELWAL)
GROUP GENERAL MANAGER (A/cs)
& COMPANY SECRETARY

Date : 18.08.04

Place : New Delhi



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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 10th September, 2004 to 20th September, 2004 (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, 2004 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 9th September, 2004.
- (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 9th September, 2004.

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

Item No. 7

The President of India in terms of Article 66 of Articles of Association of Company appointed Shri Pradeep Bhatnagar, Executive Director TT(F) / Railway Board, on the Board of

the Company as Part-time Govt. Director w.e.f. 22.09.2003 and communicated through Ministry of Railways, Govt. of India vide order no. 2003/PL/60/2 dated 22.09.2003.

Accordingly, the Company has filed the requisite particulars of Shri Pradeep Bhatnagar, 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 Pradeep Bhatnagar, is concerned or interested in the resolution.

Item No. 8

Shri Arun N. Pai was appointed as Director of the Company vide letter no. 2003/E(O)II/4/3 dated 24.12.2003 of Ministry of Railways, Railway Board.

The Company has filed the requisite particulars of Shri Arun N. Pai 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 Arun N. Pai, is concerned or interested in the resolution.

By order of Board of

CONTAINER CORPORATION OF INDIA LIMITED

(RAVI KHANDELWAL)
GROUP GENERAL MANAGER (A/cs)
& COMPANY SECRETARY

Date : 18.08.04

Place : New Delhi



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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, 2004.

FINANCIAL RESULTS (RS. CRORE)

Particulars	2003-04	2002-03
Income from operations	1,764.43	1,483.44
Profit before depreciation & tax (PBDT)	554.00	474.74
Profit before tax (PBT)	498.72	430.80
Provision for tax	142.45	160.25
Profit after tax (PAT)	356.27	270.55
Profit available for appropriations	367.59	272.85
APPROPRIATIONS:		
Proposed Dividend	81.24	71.48
Corporate tax on dividend	10.62	9.16
Transfer to general reserves	36.76	27.29
Balance carried to Balance Sheet	238.97	164.92
Earnings per share (Rs.)	56.56	41.98

DIVIDEND

Keeping in view the Company's capex programme, your Directors recommend a dividend of 125% of the paid up share capital. The pay out on account of dividend would be Rs.12.50 per share of Rs. 10/-. The total dividend payable amounts to Rs.81.24 crore as compared to Rs.71.48 crore during 2002-03.

FINANCIAL HIGHLIGHTS

The operating turnover of your company has registered a growth of 18.94% during the year under review, increasing from Rs.1,483.44 crore in the previous year to Rs.1,764.43 crore.

Total expenditure has increased in line with the growth in income by 18.64%. After adjusting for the expenditure of Rs.1,308.68 crore as compared to Rs.1,103.04 crore in the previous year, the profit before tax works out to Rs.498.72 crore, which shows a growth of 15.77%. After making provisions for income tax, prior period/tax adjustments, the net profit available for appropriations stands at Rs.367.59 crore, which is a growth in net profit of 34.72%. Increase in Profit After Tax (PAT) is mainly because of tax deduction availed by the company under Section 80IA of Income Tax Act.

OPERATIONAL PERFORMANCE

Handling in TEUs	2003-04	2002-03	% age Growth
Exim	1,251,618	1,031,925	21.3%
Domestic	350,501	351,238	-0.21%
Total	1,602,119	1,383,163	15.8%

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, Delhi and National Stock Exchanges. The listing fees of all these stock exchanges have been paid. 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, 2,39,87,915 shares were in demat mode as on 31st March, 2004.

WORLD BANK LOAN

Out of the outstanding balance of US\$3.01 million as on 31 March 2003, the company has repaid an amount equivalent to US\$ 0.28 million during the current year. The outstanding balance as on 31 March 2004 is US\$2.73 million.

CAPITAL EXPENDITURE

Capital outgo of Rs.242 crore approx. was incurred mainly on development of terminals, acquisition of wagons and handling equipment.

NEW TERMINALS

In line with the expansion plan for setting up new terminals and expansion of existing facilities, expansion of existing facilities was completed at 18 locations and the following 5 new facilities were completed during the year.



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1. Agra East Bank : June 2003
2. Domestic Container Terminal at Sanatnagar : September 2003
3. Combined Terminal at Raipur : December 2003
4. Rail Linked facilities at Dadri : January 2004
5. Road based facilities at Ankleshwar : March 2004

HIGH SPEED WAGONS

The existing CONCOR fleet of wagons increased by 540 additional high speed wagons increasing the holding of high speed wagons to 3171.

As against the pending orders for 900 high speed wagons as in the beginning of the year, 540 wagons were received during the year and in addition orders for additional 1680 high speed wagons were placed during the year on different suppliers.

CONTAINERS

The container fleet (owned and leased) as on 31.03.2004 was 10771 TEUs.

HANDLING EQUIPMENT

During the year, an order for four Rubber Tyred Gantry Cranes (RTGs) for ICD/Dadri was placed. All the four machines were received during the year. The capital expenditure on this account during the year was approximately Rs.24 Crore.

INFORMATION TECHNOLOGY

Your company made further progress in the field of Information Technology. The dedicated and reliable communication network through VSAT was extended to 21 additional locations bringing the total coverage to 47 locations at the end of the year. Your company also implemented the customized ERP packages based on centralized architecture. The HR and Payroll system became fully operational during the year. The Terminal Management System for Domestic Terminals was implemented in 25 Domestic Terminals and 75 adhoc locations. The coverage for EXIM Terminals (ETMS) was extended to 32 EXIM Terminals during the year. The Oracle Financial System went live on 1st April 2003 and has provided useful financial accounting and managerial information. With this coverage, the ERP packages have been implemented throughout the company in majority of its functional areas.

As a further step towards providing "Customer Friendly Services", your company is in the process of establishing Web Enabled System through a web server for enabling dynamic customer queries.

With the considerable advancements 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

With the expanding horizons of business and with a view to diversify into allied areas of business activities where your company can contribute its core competence, various avenues of forging strategic alliances and J.V's have been explored. During the year negotiations were held with potential partners for the following J.V's/strategic alliances :

- a) J.V with Transworld Group of Companies for setting up a JV-CFS at Dadri.
- b) J.V with Maersk A/S for setting up Gateway Terminal (container handling terminal at 3rd Berth of JNPT).
- c) J.V with Indian and Nepalese Partners for Management and Operation of Rail Container Terminal at Birganj, Nepal.
- d) J.V with IDF for setting up Cold Chain project (CA Stores). For this purpose a new company by the name Freshways Enterprises Private Limited has been incorporated on 5th March 2004.
- e) J.V with APL Group of Companies for setting up JV-CFS at Dadri.

The negotiations with potential partners were brought to final stages in each case and the detailed J.V/Shareholders Agreements will be put in place during the year 2004-2005.

HUMAN RESOURCE MANAGEMENT

Along with the expansion of the business of the company, the working strength has also risen from 841 to 915 employees. The cost however, continues to remain within the self-imposed limit of 2% of the total cost.



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The information about employees history and record is available on ERP system.

INDUSTRIAL RELATIONS

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

FOREIGN EXCHANGE EARNINGS (Rs. in lakh)

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

Foreign exchange earnings	:	26.00
Foreign exchange outgo	:	
a) CIF value of Imports	:	17.87
b) Capital Goods / Advances	:	1,709.09
c) Repayment of loan	:	132.04
d) Others	:	68.48

PRESIDENTIAL DIRECTIVES RECEIVED FROM THE GOVERNMENT

Only one Presidential Directive was received during the Financial Year 2003-04 wherein directions have been issued regarding foreign visits of PSU employees and rendering of account on return. Instructions have been issued accordingly.

RAJBHASHA

As in the past, all endeavours has been made to increase the use of Hindi in CONCOR, particularly in matters relating to correspondence. Throughout the year, training in Hindi typing and stenography continued to be imparted to the eligible employees. CONCOR's website continued to be periodically updated in Hindi as well. Assurances given to the Parliamentary Committee of Official Language during visit in January 2003 have been fulfilled and a compliance report also sent.

VIGILANCE

Vigilance Division continued its focus on "Preventive Vigilance" during 2003-2004. 17 checks were conducted at various Regional Offices/Inland Container Depots/Container Freight Stations, including 4 intensive checks of major works. In addition, 12 cases were registered/investigated, on the basis of complaints and other information.

A sum of Rs.47.37 lakh (approx.) was recovered from various contractors/customers/employees during the financial year. In addition, improvements in procedures and systems were recommended to various functional divisions, on the basis of experience gained through preventive checks and other investigations. Administrative action was taken against 11 employees and minor penalties were imposed on 3 persons. A Quarterly Vigilance Newsletter introduced during the previous year was published in all the quarters of 2003-2004. The Vigilance Awareness Week was celebrated in the Corporate as well as Regional Offices by undertaking various activities. Training programmes and Workshops were organised 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.

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, 2004, 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;



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(iv) That the directors have prepared the accounts for the financial year ended 31st March, 2004 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.S.N. Dhawan & Co., Chartered Accountants, New Delhi, were appointed as Company's statutory auditors for the year 2003-04.

BOARD OF DIRECTORS

During the financial year 2003-04, nine meetings of the Board of Directors were held for transacting the business of the Company.

Shri Birkhe Ram, Director (Finance), CONCOR held office till the date of his superannuation on 30.11.2003 and Shri Shri Prakash, Govt. Nominee Non-executive Director/CONCOR, Executive Director TT(F), Railway Board, ceased to hold office on 22.09.2003. Your Directors' would like to place on record the valuable contribution made by them during their tenure with the Company.

Further, your Board would like to welcome Shri Pradeep Bhatnagar, Executive Director Traffic Transportation (F), Railway Board as Govt. Nominee Non-Executive Director/ CONCOR w.e.f. 22.09.2003 and Shri Arun N.Pai, as Director (Finance) w.e.f. 11.02.2004.

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

- Shri K. K. Agarwal, Part-time Chairman;
- Shri A. K. Kohli, Managing Director;
- Shri P. G. Thyagarajan, Director (IM & O);
- Shri Rakesh Mehrotra, Director (P & S);
- Shri S. C. Misra, Director (Domestic Div.)
- Shri Arun N.Pai, Director (Finance);
- Shri Pradeep Bhatnagar, Director;
- Shri R. K. Narang, Director;
- Dr. P. S.Sarma, Director;
- Dr. D. Babu Paul, Director.

RETIREMENT OF DIRECTORS BY ROTATION

In terms of provisions of the Companies Act, 1956, Shri A.K. Kohli, Managing Director, Shri.R.K. Narang and Dr.P.S.Sarma, 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

Dated : 30.07.2004
Place : New Delhi.

K.K. AGARWAL
Chairman



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ADDENDUM TO THE DIRECTORS' REPORT 2003-04

Reply to the comments/qualifications in the Auditors' Report for the financial year 2003-04:

Points in the Auditors' Report	Auditors' Qualification	Reply of the Management
3 (i)	Accounting of freight and handling income/expenses is being done consistently on cash basis, instead of accrual basis, which, in our opinion, is not in compliance with Section 209 of the Companies Act, 1956 and Accounting Standard 9 on 'Revenue Recognition' issued by the Institute of Chartered Accountants of India. In the absence of relevant information, consequential impact on the working results of the Company in terms of profits/assets/liabilities could not be ascertained.	<p>Accounting policy adopted by the Company for accounting of freight and handling income/expenses was referred to the ICAI for their opinion. Since the first opinion of ICAI, which was received in April 2003, did not consider all the practical aspects involved in our case, it was referred again to the ICAI for their clarification. The Audit Committee meeting held in July 2004 took a note of the second opinion delivered by the ICAI. A further reference has been made to ICAI.</p> <p>The Company has been following the policy of revenue recognition and accounting of expenses on account of freight and handling charges over past many years. In the absence of information of the exact location of containers/wagons as on a specific date, accounting is being done at the time of booking, when the realizability of the consideration is certain. The impact on turnover and profitability will not be material but however, the issue is under active consideration of the management.</p>
Point (iv) of Annexure to Auditors' Report	<p>In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores & spare parts, fixed assets, and for rendering services. During the course of our audit, we have not observed any continuing failure to correct any major weaknesses in the internal control procedures except that in the case of:</p> <p>a) Northwest Region, where there is no system in place for timely billing of ground rent/warehousing charges/recoveries from Clearing and Handling</p>	<p>The Company has all the systems and procedures in place for billing of ground rent, warehousing charges etc. There are few cases of delays in raising bills to the customers, where the amount involved and delay is not significant.</p>



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<p>Point (vii) of Annexure to Auditors' Report</p>	<p>Agents on account of rent and electricity etc., for which remedial measures need to be initiated to correct the continuing failure.</p> <p>b) The Company has implemented a new Financial Accounting System (Oracle Financials) in the year 2002-03. As explained to us, the new system is facing initial implementation problems and will be stabilized and streamlined during the subsequent financial year.</p> <p>In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. However, functioning thereof (including extent of coverage) needs to be strengthened.</p>	<p>Accounts for the financial year ended 31st March, 2004 were drawn from Oracle Financials for the first time. Like any other new software system, it had some initial teething problems, which were mainly related to training of staff. Besides in-house training, regular training programmes are being organized in batches for the users.</p> <p>The Internal Audit of all the regions and Corporate Office is being conducted by the independent Chartered Accountants firms engaged specifically for this purpose. A comprehensive audit programme covering major operational and financial aspects of the Company is issued to the internal auditors and they are asked to conduct the internal audit in accordance with the audit programme. The audit programme is comprehensive and is updated from time to time.</p> <p>The compliance report on audit observations is obtained from the concerned regions in order to take corrective action, if necessary. The issues, which are serious in nature, are considered in consultation with the concerned Director. Furthermore, the "Audit Committee" in their meetings pertaining to the concerned regions reviews major audit observations and corrective action is taken. Even though the system of the internal audit in vogue in the Company has been found to be working satisfactorily, the Company always endeavors to further improve the system on an ongoing basis.</p>
<p>Point (ix) (a) of Annexure to Auditors' Report</p>	<p>According to information and explanations given to us and according to the records examined by us, the Company is generally regular in depositing with the appropriate authorities the undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, custom duty, excise duty,</p>	



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<p>service tax, cess and other statutory dues applicable to it. According to the information and explanations given to us except for the cases stated below in respect of the following regions, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess which were in arrears as at 31st March, 2004 for a period of more than six months from the date they became payable:</p> <p>NORTH WEST REGION:</p> <ul style="list-style-type: none">-Nature of the Statute/Authority: Gujarat Sales Tax Act-Nature of dues: Works Tax (TDS)-Amount Due (Rs.): 69,733.00-Due date of Payment: 31.03.2003-Amount Paid (Rs.): 69733.00-Date of Payment: 31.05.2004-Remarks: Nil <ul style="list-style-type: none">-Nature of the Statute/Authority: EPF Act-Nature of dues: P.F from Contractor's Employees where the region has secondary obligation-Amount Due (Rs.): 23,200.00-Due date of Payment: April 2003 to August 2003-Amount Paid (Rs.): Nil-Date of Payment: Nil-Remarks: Cheque given to P.F Trust in July 2003 but not cleared <ul style="list-style-type: none">-Nature of the Statute/Authority: Income Tax Act, 1961-Nature of dues: TDS-Amount Due (Rs.): 7,549.00-Due date of Payment: 07.07.2003-Amount Paid (Rs.): 7,549.00-Date of Payment: 10.05.2004-Remarks: Nil <p>NORTHERN REGION:</p> <ul style="list-style-type: none">-Nature of the Statute/Authority : Customs Department	<p>All payment(s) in respect of North West Region since has been made.</p> <p>The amount of custom duty is payable on receipt of adjudication orders/confirmation of demand. The payment</p>
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<p>Point (ix) (b) of Annexure to Auditors' Report</p>	<p>-Nature of dues: Custom Duty -Amount Due (Rs.): 1,01,04,108.00 -Due date of Payment: 31.03.2002 & 31.03.2003 -Amount Paid (Rs.): Nil -Date of Payment: Nil -Remarks: Adhoc Provision made on the basis of show cause notice received. WESTERN REGION: -Nature of the Statute/Authority: Customs Department -Nature of dues: Custom Duty -Amount Due (Rs.): 29,24,076.00 -Due date of Payment: 2001-2002 -Amount Paid (Rs.): Nil -Date of Payment: Nil -Remarks: Adhoc Provision made.</p> <p>According to records of the Company and information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute, except in the case of North West Region where additional stamp duty of Rs.74,74,748.00 in respect of purchase of properties has not been deposited against which an appeal was preferred before Sub-Registrar, Vadodra.</p>	<p>has already been released/is being released in cases where adjudication orders have been received.</p> <p>Customs duty payable in the books of Western Region is an adhoc provision to take care of future liability/demand from Custom Authorities in respect of goods auctioned at NGSM for F/Y 2001-02. As no assessment order/demand notice has been received from the authorities, the amount under reference is not due for payment.</p> <p>Being a disputed liability, the amount has been shown as contingent liability in the accounts of the Company for the financial year ended 31st March, 2004.</p>
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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 9 (Nine) times for transacting business during the financial year 2003-04 on the following dates :

<u>Board Meeting No.</u>	<u>Board Meeting Dates</u>
93	29 th April, 2003
94	28 th July, 2003
95	9 th Sept., 2003
96	23 rd Oct., 2003
97	4 th Nov., 2003
98	17 th Nov., 2003
99	9 th Jan., 2004
100	27 th Jan., 2004
101	10 th March, 2004

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 committee		No. of outside@		No. of Outside Committee @	
					Membership	Chairmanship	Directorship	Chairmanship	Membership	Chairmanship
(I)	Part-time Non-Executive Chairman									
1.	Member Traffic Railway Board	Sh. K. K. Agarwal	Eight	Yes	Nil	Nil	Two	Two	Nil	Nil
(II)	Executive Directors									
2.	Managing Director	Sh. A. K. Kohli	Nine	Yes	Nil	Nil	Nil	Nil	Nil	Nil
3.	Director (Finance)	Sh. Birkhe Ram*	Six	Yes	One	Nil	Nil	Nil	Nil	Nil
4.	Director (Finance)	Shri Arun N. Pai**	One	N. A.	One	Nil	Nil	Nil	Nil	Nil
5.	Director (Intl. Marketing & Operations)	Sh. P. G. Thyagarajan	Nine	Yes	One	Nil	Nil	Nil	Nil	Nil
6.	Director (Projects & Services)	Sh. Rakesh Mehrotra	Eight	Yes	Nil	Nil	Nil	Nil	Nil	Nil
7.	Director (Domestic Division)	Sh. S. C. Misra	Nine	Yes	Nil	Nil	Nil	Nil	Nil	Nil
(III)	Govt. Nominee Non-Executive Directors									
8.	Ministry of Railways	Sh. Shri Prakash #	One	N. A.	One	One	Nil	Nil	Nil	Nil
9.	Ministry of Railways	Sh. Pradeep Bhatnagar ##	Six	Yes	One	One	Nil	Nil	Nil	Nil
(IV)	Part - time Non- Executive Directors(Independent)									
10.		Sh. R. K. Narang	Nine	Yes	One	One	One	Nil	Nil	Nil
11.		Dr. P. S. Sarma	Five	Yes	One	Nil	Nil	Nil	Nil	Nil
12.		Dr. D. Babu Paul	Three	Yes	One	Nil	Three	Nil	Nil	Nil

@ Excludes Directorships in Pvt. Ltd. Companies, foreign Companies and Section 25 Companies under Companies Act, 1956.

* Held office till super-annuation on 30.11.2003.

** Appointed w. e. f. 11.02.2004.

Held office till 22.09.2003.

Appointed w.e.f. 22.09.2003.



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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. The details of remuneration of directors for the financial year 2003-04 is as under :-

Name of the Director	Salary & Allowances (Rs.)	Perquisites (Rs.)	Performance Incentive/ Benefits (Rs.)	PLI Provision (Rs.)	Retirement Benefits (Rs.)	Total (Rs.)
Sh. A. K.Kohli	6,08,849	3,81,839	76,281	80,176	1,78,537	13,25,682
Sh. Birkhe Ram	3,50,736	2,13,298	71,628	48,786	1,02,635	7,87,083
Sh. Arun N. Pai	77,524	2,483	-	10,016	15,183	1,05,206
Sh. P. G. Thyagarajan	5,07,337	1,03,994	69,358	69,090	1,45,919	8,95,698
Sh. Rakesh Mehrotra	4,41,791	3,30,159	67,398	69,090	1,26,787	10,35,225
Sh. S. C. Misra	4,43,377	3,33,194	65,287	66,975	1,45,078	10,53,911
Total	24,29,614	13,64,967	3,49,952	3,44,133	7,14,139	52,02,805

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 INCENTIVE

Productivity Linked Incentive (PLI) to all CONCOR employees is paid at a uniform rate taking into consideration the performance of entire Corporation and is directly related to the extent of performance of entire Corporation of various parameters spelt out in the Memorandum of Understanding (MOU) signed by CONCOR with the Administrative Ministry i. e. Ministry of Railways on year to year basis. The Performance of the Company is assessed by the Department of Public Enterprises of the Govt. of India with reference to these parameters and a score is given. The incentive is linked to the score obtained by the Company. The MOU Composite

score for the year 2002-03 was 1.15 and accordingly PLI was granted @ 23.5% of the basic pay.

AUDIT COMMITTEE

The Audit Committee comprises :-

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 4 (four) times during the financial Year 2003-2004.

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 <i>Part-time Non-Executive Director (Independent)</i>	Four
2.	Dr. P. S. Sarma <i>Part-time Non-Executive Director (Independent)</i>	Three
3.	Dr. D. Babu Paul <i>Part-time Non-executive Director (Independent)</i>	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.



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SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The shareholders' / investors' grievance committee comprises :-

Executive Director TT (F), Railway Board / <i>Director nominated by Ministry of Railways</i>	- Member
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 2003-04.

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. Only one request for transfer of one share in physical mode was received during financial year 2003-04, which has been duly attended by the Committee.

GENERAL BODY MEETINGS

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

<u>AGM Date</u>	<u>Location</u>	<u>Time</u>
29.09.2003	Stein Auditorium, Habitat world, India Habitat Centre, Gate No. 3, Lodhi Road, New Delhi - 110003	5.00 p.m.
23.09.2002	—————Do—————	4.00 p.m.
05.09.2001	Hotel Le Meridien, Windsor Place, New Delhi –1100 01.	3.00 p.m.

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 20th Sept., 2004.

DISCLOSURES

- 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.
- 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 company's website www.concorindia.com. The website is regularly updated to incorporate the latest factual data. 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

- | | |
|----------------------------------|---|
| Number of Annual General Meeting | 16 th AGM |
| Date | 20 th September, 2004 |
| Time | 3.00 p.m. |
| Venue | Stein Auditorium, Habitat World
India Habitat Centre, Gate No. 3,
Lodhi Road, New Delhi-110003. |



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(ii) Financial Calendar

1 st quarter financial results (un-audited)	Within one month of close of quarter.
2 nd 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.
3 rd quarter financial results (un-audited)	Within one month of close of quarter.
4 th 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 account by Shareholders.	Before end of September

(iii) Date of Book Closure 10.09.04 to 20.09.04 (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.

(c) National Stock
Exchange of India Ltd. ,
“Exchange Plaza”
Bandra - Kurla Complex,
Bandra (E), Mumbai – 400051.

(vi) Stock Code

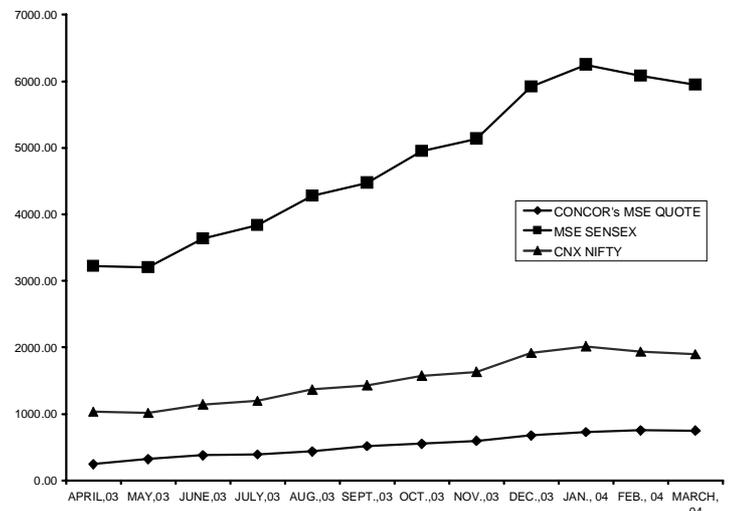
NSE	CONCOR
MSE	CNCORPI

(vii) Market Price Data

Month	NSE		MSE	
	High	Low	High	Low
April'03	242.80	215.00	242.00	215.00
May '03	318.00	235.00	317.65	235.50
June' 03	378.00	296.05	377.00	296.10
July' 03	391.85	342.00	391.00	340.00
Aug.'03	441.00	345.00	435.00	356.35
Sept.'03	516.80	410.00	515.00	343.00
Oct.' 03	557.95	390.10	550.00	430.00
Nov.'03	591.80	470.15	592.95	490.10
Dec.'03	670.00	558.00	673.85	557.00
Jan. '04	725.00	518.50	725.00	600.00
Feb.'04	760.00	650.00	751.50	607.00
March'04	755.00	655.00	748.70	640.00

(viii) Stock Exchange Index

Month	NSE		MSE	
	High	Low	High	Low
April'03	1033.45	920.00	3221.90	2904.44
May '03	1013.85	930.80	3200.48	2934.78
June' 03	1141.30	1004.70	3632.84	3170.38
July' 03	1198.50	1089.30	3835.75	3534.06
Aug.'03	1365.80	1164.75	4277.64	3722.08
Sept.' 03	1430.70	1285.25	4473.57	4097.55
Oct., '03	1574.10	1407.95	4951.11	4432.93
Nov.'03	1630.25	1509.15	5135.00	4736.70
Dec.'03	1914.40	1615.70	5920.76	5082.82
Jan. '04	2014.65	1756.25	6249.60	5567.68
Feb.'04	1935.80	1755.65	6082.80	5550.17
March'04	1898.70	1669.70	5951.03	5324.78





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

- (x) Distribution of Shareholding as on 31.03.2004

Particulars	No. of Shares
(a) Government of India	4,09,99,901
(b) Banks, Financial Institutions, Insurance Companies	25,26,066
(c) Foreign Institutional Investors	1,68,95,672
(d) Mutual Funds and UTI	29,11,214
(e) Private Corporate Bodies	3,75,071
(f) Indian Public	12,32,704
(g) NRIs / OCBs	50,669
(h) Others	100
	<u>6,49,91,397</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, 2,39,87,915 Shares were in demat mode as on 31.03.2004.

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

- (xiii) Plant locations :

The Company has 38 Nos of Inland Container Depots (ICDs) & 7 Nos. of Domestic Container terminals.

- (xiv) Address for Correspondence

Shri Ravi Khandelwal,
Group General Manager
(Accounts) & Company Secretary,
Container Corporation of India Ltd.,
2nd Floor, Le - Meridian Commercial Tower,
Raisina Road,
New Delhi -110001.
Tel. 23753164-65,67,68,69



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

Name	Date of Birth	Date of Appointment	Qualifications	Expertise in specific functional areas	List of other Public companies in which Directorship held as on 31.03.2004	Details of Committee Membership	Details of Outside Committee Membership
Shri.A.K. Kohli Managing Director	03.07.1945	01.04.2001	B.E (Civil) M.E(Structural)	Overall management of the company.	Nil	Nil	Nil
Shri Arun N.Pai, Director (Finance)	21.07.1951	11.02.2004	M.Sc. IRAS	Finance & Accounts	Nil	One	Nil
Shri.Pradeep Bhatnagar ED TT(F), Ministry of Railways, Govt.Director/ CONCOR	24.03.1952	22.09.2003	M.A	Traffic Operations and Management	Nil	Nil	Nil
Shri.R.K. Narang, Part-time Non-executive Director	21.01.1939	20.01.2003	B.E (Mechanical)	Public Enterprises Management	One*	One	Nil
Dr.P.S.Sarma Part-time Non-executive Director	21.09.1939	20.01.2003	M.Com, DBA(USA), Phd.(Mgmt.), FCS, FCIT, FIMM, FIMA	Finance and Private Sector Management	Nil	One	Nil

* Name of Company : Surya Roshni Ltd



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MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

1. In July 2003, Chennai Port has been connected to TKD/ Ludhiana & Dadri apart from its normal connection to WFD & SNF. Mundra Port has been connected to various ICDs viz., TKD, Ludhiana, Jaipur, Jodhpur and Sabarmati, in September 2003. More than 1 train per day is being run to the Port. Pipavav Port has been linked to ICDs during November 2003. Presently, it is providing service to SBI, KKV, BGKT, TKD and Ludhiana. One train per day has been run during 2003-2004. Kandla Port connectivity has also been provided from November 2003 onwards. Weekly service is being provided.
2. CONCOR is now providing rail connectivity to Nepal by running trains Ex. Kolkata and Haldia w.e.f. 14th August 2003 (two trains per week).
3. CONCOR has began ICD operations at Dadri w.e.f. 26th January 2004. This is a Mega Depot with modern handling facilities. The Depot has a capacity to deal with one million TEUs.

OPERATIONAL PERFORMANCE

Handling in TEUs	F/Y 2003-04	F/Y 2002-03	%age Growth
EXIM	1251618	1031925	21.3%
Domestic	350501	351238	-0.21%
Total	1602119	1383163	15.8%

EXIM BUSINESS

The EXIM business crossed the 1.2 million mark by notching up 12,51,618 TEUs handled, a 21.3% growth over the 10,31,925 TEUs of the previous year. Company's share of Port traffic, which may be defined as CONCOR's EXIM TEU handling as a proportion of Port TEU handling (excluding transshipment containers) in the major Port that is JNPT-NSICT is 32%.

On an average 70 rakes of rail cars have been deployed during the year in connecting JNPT with Inland Container Depots. Of these, 40 rakes were deployed on the JNPT-TKD sector. Handling problems at NSICT during June 2003 – January 2004 affected the business activity.

FY 2003-2004 was witness of strengthening in CONCOR's overseas logistics business. CONCOR containers carrying export-import cargo were deployed between Chennai-Singapore/Malaysia, Chennai- Yangon and Haldia-Cittagong/ Yangon and back. Approximately 1200 containers have been moved in these circuits earning a revenue of about Rs.65 Lakhs.

Regular service for new gateway ports Mundra, Pipavav and Kandla has been introduced from different ICDs.

DOMESTIC BUSINESS

The Indian Economy has witnessed an impressive growth rate of around 8% in FY 2004. This physical growth has been accompanied by a qualitative change in industry requirements with large shippers looking for faster, reliable and more cost effective logistics service/solution providers. In response, the road sector appears to have consolidated its business by offering more reliable and cheaper services with new generation MAVs etc. In this growing competition environment, CONCOR needed to gear up for more efficient, flexible and cost effective services and solutions. This has generally not been possible due to decline by almost 25% in the wagon fleet available for the domestic business (coming down to only 1800 wagons in 2003-2004). The situation has been further made worse by the fact that the wagons withdrawn have been of the more reliable air brake stock and the business has to now rely on older, reconditioned vacuum stock even for the most important traffic streams. Efforts are being made to deal with this situation through development of long distance road transportation of containers as well as through procurement of new wagons. Results in both these areas will only become visible in the coming years. Concrete steps have been taken to upgrade service reliability levels through IT and a new Terminal Management System has been put in place on all domestic terminals. All Container movements are now being tracked by this system and data is available at the touch of a button. This data will also be available on the web shortly.



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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

Along with the expansion of the business of the company, the working strength has also risen from 841 to 915 employees. The cost however, continues to remain within the self-imposed limit of 2% of the total cost. The information about employees history and record is available on ERP system. 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 2003-04.

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-01. The amount of loan outstanding at on 31st March, 03 was US\$ 3.01 million which is now reduced to US\$ 2.73 Million on 31st March, 04 after repayment of US\$ 0.28 million during the year.

FIXED ASSETS

Year Ended March 31	2004	2003	%age Growth
(Rs. crore)			
Original cost of assets	1,198.79	982.50	22%
Less accumulated depreciation	235.59	180.38	31%
Net Fixed Assets	963.20	802.12	20%

An amount to the tune of Rs. 220.44 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 31/3/04 is as follows:-

	Nos.	Owned/IR
- High speed wagons	3,171	CONCOR Owned
- Container flats (BFKI)	1,357	CONCOR Owned
- Other wagons	1,484	Indian Railways
TOTAL	6,012	

INVESTMENTS

During the FY2001-02, CONCOR had made an investment of Rs. 66 lakhs in the "Joint Working Group-Air Cargo Complex" (JWG-ACC) at Bangalore. The amount of investment as on 31st March, 2004 stood at Rs. 87 lakh. JWG-ACC is a business arrangement between CONCOR, Hindustan Aeronautics Ltd. (HAL) and Mysore Sales International Ltd. (MSIL). As per the arrangement the profits generated from JWG-ACC are to be equally shared. The joint venture was established mainly for the promotion of Air cargo business. During the year, JWG-ACC registered a revenue of Rs. 1438 lakh. CONCOR's share of profit amounted to Rs.383 Lakh for the financial year 2003-04.

During the year, the company has contributed by way of equity a sum of Rs. 258 lakhs in M/s Star Track Terminals Pvt. Ltd., a joint venture company (JVC) formed by CONCOR and M/s Mersk Indian Pvt. Ltd. The company was incorporated in August, 2003. The business of the JVC will be to set up and operate a CFS, as a separate custodian under the Customs Act, 1962 at the JVC project land, within the Dadri ICD. CONCOR's share in the JVC is 49%. As per the financial statements prepared up to the period ended 31st December, 2003 the JVC was yet to commence its operations.

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.



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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 BALANCES

The company keeps all its cash balances in short term fixed deposits with the banks. These cash reserves are used for financing the expansion activities of the corporation.

INCOME

Income from operations have grown by 18.94% over FY2002-03. The growth in operational income is in line with the physical performance of the company. Freight continues to be the major source of revenue. 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 17.92% over FY2002-03. The proportion of direct expenses to revenue has remained more or less the same. However, as a result of finalization of land license fee rates during the year by the Indian Railways, there has been an additional expenditure related to earlier years to the tune of Rs.7.85 crore. Expenses have also increased due to certain changes in the accounting policies related to making provision of PLI and amortisation of leasehold land.

ADMINISTRATIVE EXPENSES

The increase in administrative expenses by 25.98% over FY2002-03, it is mainly on account of expenses incurred for maintenance of wagons.

EMPLOYEE REMUNERATION

The employee cost has grown by 27.06% over FY2002-03 which is on account of annual increments, promotions, 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.24.36 crore during the year. Further, during the year, the company has also 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 been addressed during the year by placing orders on Indian Railway Workshop for manufacture of wagons. Further, as against the pending orders for 900 high speed wagons as in the beginning of the year, 540 wagons were received during the year and in addition orders for additional 1680 high speed wagons were placed during the year on different suppliers.
2. The company is unable to adopt a long term pricing strategy for its own customers since both the timing and the rate of increase of haulage charges and land licence fee by Railways are unpredictable. The market for rail transport continues to be very sensitive to pricing given the enormous competition from the road sector.

CONCOR has been absorbing part of the Indian Railways hike in freight for the past couple of years and it is likely that now this will have a softening effect on the profit margins.

3. While there is yet no specific threat of competition in the rail transportation of containers, the fact remains that logistics is a very competitive field. Quality of service and value addition are the driving factors in order to command reasonable profits and market share. A large number of logistic services providers are mushrooming across the country offering synergies between various modes of transport and customer friendly services.

CONCOR requires to assess and position itself suitably with an appropriate product-mix in this context in order to consolidate its position in the sector.

For and on behalf of the Board of Directors

Dated : 30th July, 2004
Place : New Delhi.

(K.K. AGARWAL)
Chairman



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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 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.
- ii) The compliance of condition 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.
- iv) We state that no Investor Grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee and as certified by the Registrar of the company.
- v) We further state such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**for S.N. DHAWAN & CO.
CHARTERED ACCOUNTANTS**

**(SURESH SETH)
PARTNER**

Place : New Delhi

Date : 23rd August, 2004



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BALANCE SHEET AS AT 31ST MARCH, 2004

(Rs. in Crore)

	SCHEDULE	AS AT 31.03.04		AS AT 31.03.03	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	64.99		64.99	
Reserves & Surplus	2	<u>1,312.25</u>	<u>1,377.24</u>	<u>1,036.52</u>	<u>1,101.51</u>
LOAN FUNDS					
Unsecured Loan	3		11.99		14.37
DEFERRED TAX LIABILITIES (NET OF ASSETS)					
			117.48		93.12
TOTAL			<u>1,506.71</u>		<u>1,209.00</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	1,198.79		982.50	
Less : Depreciation/Amortisation		<u>235.59</u>		<u>180.38</u>	
Net Block		963.20		802.12	
Capital Works in progress (including advances)		<u>115.36</u>	<u>1,078.56</u>	<u>93.38</u>	<u>895.50</u>
INVESTMENTS					
	5		3.45		0.66
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6	2.95		2.53	
Sundry Debtors		5.78		8.34	
Cash & Bank Balances		598.98		425.71	
Other Current Assets		15.61		19.25	
Loans & Advances		<u>82.18</u>	<u>705.50</u>	<u>103.29</u>	<u>559.12</u>
LESS : CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	7	186.32		163.07	
Provisions		<u>94.48</u>	<u>280.80</u>	<u>83.21</u>	<u>246.28</u>
NET CURRENT ASSETS					
			<u>424.70</u>		<u>312.84</u>
TOTAL			<u>1,506.71</u>		<u>1,209.00</u>
Significant Accounting Policies	11				
Notes on Accounts	12				

Schedules "1" to "12" form an integral part of the Accounts

RAVI KHANDELWAL
G.G.M (Accounts) & Company SecretaryARUN N. PAI
Director (Finance)A.K. KOHLI
Managing DirectorAs per our report of even date
For S.N Dhawan & Co.
Chartered AccountantsDated: 29-07-2004
Place: New DelhiSURESH SETH
Partner
M. No. 10577



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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	SCHEDULE	YEAR ENDED 31.03.04	(Rs. in Crore) YEAR ENDED 31.03.03
INCOME			
Income from Operations		1,764.43	1,483.44
Other income	8	42.97	50.40
TOTAL		1,807.40	1,533.84
EXPENDITURE			
Terminal and Other Service Charges		1,138.45	965.47
Employees Remuneration & Benefits	9	23.54	18.53
Administrative & Other Expenses	10	91.16	72.36
Interest		0.25	2.74
Depreciation/Amortisation		55.28	43.94
TOTAL		1,308.68	1,103.04
PROFIT BEFORE TAX		498.72	430.80
PROVISION FOR TAXATION			
Current Tax		118.09	137.96
Deferred Tax		24.36	22.29
PROFIT AFTER TAX		356.27	270.55
Add/(Less): Prior period adjustments (Net)		(6.12)	2.30
Add/(Less): Tax adjustments for earlier years (Net)		17.44	-
NET PROFIT		367.59	272.85
APPROPRIATIONS			
Proposed Dividend		81.24	71.48
Tax on Dividend		10.62	9.16
Transfer to General Reserve		36.76	27.29
Balance carried to Balance Sheet		238.97	164.92
		367.59	272.85
Basic and Diluted earnings per share of Rs. 10 each (Refer Schedule 12 Note 20)		56.56	41.98

Schedules "1" to "12" form an integral part of the Accounts

RAVI KHANDELWAL
G.G.M (Accounts) & Company SecretaryARUN N. PAI
Director (Finance)A.K KOHLI
Managing DirectorAs per our report of even date
For S.N Dhawan & Co.
Chartered AccountantsDated: 29-07-2004
Place: New DelhiSURESH SETH
Partner
M. No. 10577



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SCHEDULE 1 : SHARE CAPITAL

	(Rs. in Crore)	
	AS AT 31.03.04	AS AT 31.03.03
AUTHORISED		
10,00,00,000 Equity Shares of Rs.10/- each	<u>100.00</u>	<u>100.00</u>
ISSUED, SUBSCRIBED AND PAID UP		
6,49,91,397 Equity shares of Rs.10/- each fully Paid-up	<u>64.99</u>	<u>64.99</u>
TOTAL	<u>64.99</u>	<u>64.99</u>



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SCHEDULE 2 : RESERVES & SURPLUS

		AS AT 31.03.04		AS AT 31.03.03
(Rs. in Crore)				
GENERAL RESERVE				
As per Last Balance Sheet	88.77		61.48	
Add: Transfer from Profit & Loss Account	<u>36.76</u>	125.53	<u>27.29</u>	88.77
PROFIT AND LOSS ACCOUNT				
As per Last Balance Sheet	947.75		782.83	
Additions during the Year	<u>238.97</u>	1,186.72	<u>164.92</u>	947.75
TOTAL		<u>1,312.25</u>		<u>1,036.52</u>



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SCHEDULE 3 : UNSECURED LOAN

	(Rs. in Crore)	
	AS AT 31.03.04	AS AT 31.03.03
OTHERS		
Foreign Currency Loan from International Bank for Reconstruction & Development (IBRD) [guaranteed by the Govt.of India]	11.99	14.37
TOTAL	<u>11.99</u>	<u>14.37</u>



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SCHEDULE 4 : FIXED ASSETS

(Rs. in Crore)

Description	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK		
	As at 01.04.03	Additions during the Year	Sale/ Adjustments	As at 31.03.04	As at 01.04.03	For the Year	On Sale/ Adjustments	Upto 31.03.04	As at 31.03.04	As at 31.03.03
Tangible Assets										
Freehold Land	6.64	5.54	0.00	12.18	0.00	0.00	0.00	0.00	12.18	6.64
Leasehold Land	62.99	37.20	0.00	100.19	0.00	3.17	0.00	3.17	97.02	62.99
Buildings	256.36	62.52	1.46	317.42	36.84	8.52	0.00	45.36	272.06	219.52
Railway Siding	23.91	6.60	0.01	30.50	3.61	1.24	0.00	4.85	25.65	20.30
Plant & Machinery	508.88	87.22	1.64	594.46	100.51	29.81	(0.42)	130.74	463.72	408.37
Containers	48.05	0.00	0.00	48.05	11.07	2.28	0.00	13.35	34.70	36.98
Electrical Fittings	20.66	6.37	0.02	27.01	11.58	1.72	0.00	13.30	13.71	9.08
Computers	22.77	6.70	0.49	28.98	6.50	3.67	0.24	9.93	19.05	16.27
Furniture & Fixtures	4.16	1.41	0.04	5.53	2.15	0.46	0.01	2.60	2.93	2.01
Office Equipment	3.50	0.59	0.05	4.04	1.00	0.22	0.01	1.21	2.83	2.50
Telephone Systems	1.09	0.11	0.02	1.18	0.29	0.07	0.00	0.36	0.82	0.80
Air Conditioner	1.52	0.34	0.25	1.61	0.54	0.07	0.21	0.40	1.21	0.98
Vehicles	0.62	0.00	0.03	0.59	0.30	0.05	0.02	0.33	0.26	0.32
Capital Expenditure *	18.45	1.00	0.14	19.31	5.75	2.96	0.00	8.71	10.60	12.70
Sub-total	979.60	215.60	4.15	1191.05	180.14	54.24	0.07	234.31	956.74	799.46
Intangible Assets										
Software	2.90	4.84	0.00	7.74	0.24	1.04	0.00	1.28	6.46	2.66
Sub-total	2.90	4.84	0.00	7.74	0.24	1.04	0.00	1.28	6.46	2.66
Total	982.50	220.44	4.15	1198.79	180.38	55.28	0.07	235.59	963.20	802.12
Capital Work-in-Progress (including Advances)									115.36	93.38
Grand Total									1078.56	895.50
Previous year	752.65	231.19	1.34	982.50	136.43	43.94	(0.01)	180.38	802.12	

* Refer Note No. 35 of Schedule 12

Note: 1) Gross Block of Plant & Machinery, Containers and Air Conditioners includes Rs.2.03 crore (Previous Year Rs.1.62 crore), Rs.0.10 crore (Previous Year Rs.0.10 crore) and Rs. Nil (Previous Year Rs.0.21 crore) respectively for items retired from active use due to obsolescence/condemnation.

2) Land and Buildings includes assets valuing Rs.50.36 crore (Previous Year Rs.33.72 crore) in respect of which sale/lease deeds are yet to be executed.

3) Buildings includes freehold buildings valuing Rs. 4.90 crore (Previous year Rs.4.68 crore).



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SCHEDULE 5 : INVESTMENTS

	(Rs. in Crore)	
	AS AT 31.03.04	AS AT 31.03.03
LONG TERM INVESTMENTS (AT COST)		
TRADE INVESTMENTS (UNQUOTED)		
JWG-ACC		
Business Arrangement with Hindustan Aeronautics Ltd.& Mysore Sales International Ltd. by the name of "Joint Working Group Air Cargo Complex"	0.87	0.66
STAR TRACK TERMINALS PVT. LTD.(Joint Venture Co.)		
25,80,095 equity shares of face value of Rs.10 each, fully paid up	2.58	-
OTHER INVESTMENTS (UNQUOTED)		
Investment in Govt. & Trust Securities :		
Indra Vikas Patra (Face Value Rs.500.00)	-	-
TOTAL	3.45	0.66



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SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES

	(Rs. in Crore)			
	AS AT 31.03.04		AS AT 31.03.03	
CURRENT ASSETS				
INVENTORIES				
(As taken, valued & certified by the Management)				
Stores & Spare Parts (At Cost)	3.21		2.86	
Less Provision for Obsolete Stores	<u>0.26</u>	<u>2.95</u>	<u>0.33</u>	<u>2.53</u>
		<u>2.95</u>		<u>2.53</u>
SUNDRY DEBTORS				
Debts outstanding for over six months:				
Unsecured, Considered good	0.80		0.89	
Unsecured, Considered doubtful	<u>0.77</u>		<u>0.36</u>	
	<u>1.57</u>		<u>1.25</u>	
Less: Provision for doubtful debts	<u>0.77</u>	<u>0.80</u>	<u>0.36</u>	0.89
Others:				
Unsecured, Considered good		<u>4.98</u>		<u>7.45</u>
		<u>5.78</u>		<u>8.34</u>
CASH AND BANK BALANCES				
Cash in hand (Including Imprest)		0.17		0.19
Cheques in hand		8.93		8.16
Remittance in transit		0.38		0.63
Balance with Scheduled Banks in :				
Current Accounts	21.35		18.60	
Term Deposits	<u>568.15</u>	<u>589.50</u>	<u>398.13</u>	<u>416.73</u>
		<u>598.98</u>		<u>425.71</u>
OTHER CURRENT ASSETS				
Interest accrued on deposits, loans and advances		<u>15.61</u>		<u>19.25</u>
LOANS AND ADVANCES				
Short term Inter Corporate Deposits		-		72.00
Loans to employees		4.51		3.05
Advances [Recoverable in cash or in kind or for value to be received]	32.85		12.78	
Less : Provision for doubtful advances	<u>0.15</u>	<u>32.70</u>	<u>0.16</u>	12.62
Deposits:				
Govt. Authorities		5.87		1.93
Others	2.52		2.48	
Less : Provision for doubtful deposits	<u>0.03</u>	<u>2.49</u>	<u>0.03</u>	2.45
(Unsecured, but Considered Good Rs.41.06 crore; Prev. Year Rs. 89.00 crore, Secured and Considered Good-Rs.4.51 crore; Previous Year Rs. 3.05 crore)				
Advance Income Tax/TDS(Net of Provisions)		<u>36.61</u>		<u>11.24</u>
		<u>82.18</u>		<u>103.29</u>
TOTAL		<u>705.50</u>		<u>559.12</u>



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SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS

	(Rs. in Crore)			
		AS AT 31.03.04		AS AT 31.03.03
CURRENT LIABILITIES				
Sundry Creditors				
Small scale industrial Undertakings	0.10		0.01	
Others	<u>120.75</u>	<u>120.85</u>	<u>99.38</u>	99.39
Advances / Deposits from Customers		<u>24.59</u>		17.23
Unclaimed Dividend (*)		<u>0.04</u>		0.04
Interest accrued but not due on Loans		<u>0.02</u>		0.03
Book Overdraft		<u>14.97</u>		30.15
Others		<u>25.85</u>		<u>16.23</u>
		<u>186.32</u>		<u>163.07</u>
PROVISIONS				
Proposed Dividend	81.24		71.48	
Corporate Tax on Dividend	10.62		9.16	
Retirement Benefits	<u>2.62</u>	<u>94.48</u>	<u>2.57</u>	83.21
TOTAL		<u>280.80</u>		<u>246.28</u>

(*) There is no amount due and outstanding as on 31.03.2004 to be credited to Investor Education and Protection Fund



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SCHEDULE 8 : OTHER INCOME

	(Rs. in Crore)	
	YEAR ENDED 31.03.04	YEAR ENDED 31.03.03
Interest earned on :		
Short Term I.C.D's/ Bank Deposits (Includes TDS of Rs. 8.53 Crore Previous Year Rs. 7.79 Crore)	35.03	43.59
Staff advances	0.31	0.19
Loan to Housing Society (Includes TDS of Rs. 0.03 crores; Previous Year Rs.0.03 crores)	0.13	0.14
Excess provision written back	1.11	2.41
Miscellaneous Income (Note-32)	6.39	4.07
TOTAL	42.97	50.40



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SCHEDULE 9 : EMPLOYEES REMUNERATION AND BENEFITS

	(Rs. in Crore)	
	YEAR ENDED 31.03.04	YEAR ENDED 31.03.03
Salary, Allowances & Other Benefits	18.00	13.49
Contribution to Provident and Family Pension Fund	1.27	1.06
Lease Rent (Net)	1.09	1.00
Welfare & Medical	2.53	2.42
Gratuity	0.37	0.32
Staff Training	0.28	0.24
TOTAL	23.54	18.53



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SCHEDULE 10 : ADMINISTRATIVE AND OTHER EXPENSES

	(Rs. in Crore)	
	YEAR ENDED 31.03.04	YEAR ENDED 31.03.03
Printing & Stationery	1.63	1.31
Travelling and Conveyance (Including Directors' Travelling Rs. 0.63 Crore; Previous year Rs.0.42 Crore)	6.09	4.99
Rent and Licence fee for office building	3.57	3.35
Power & Fuel	8.18	7.17
Consumption of Stores & Spares	0.99	1.15
Repairs & Maintenance :		
-Buildings	3.69	1.76
-Plant & Machinery	28.23	18.22
-Others	14.32	12.52
Vehicle Running & Maintenance Expenses	0.10	0.09
Business Development	1.69	1.19
Postage, Telephone & Internet	4.23	3.62
Books & Periodicals	0.22	0.22
Bank Charges	0.08	0.10
Legal & Professional services	2.46	2.32
Insurance	0.44	0.57
Fees & Subscriptions	0.09	0.16
Advertisement	1.03	0.89
Auditors' Remuneration :		
-Audit Fee	0.04	0.03
-Tax Audit Fee	0.01	0.01
-Other Services	0.03	0.02
-Out of Pocket	0.04	0.10
Rebate & Discounts	8.30	9.08
Rates & Taxes	1.50	2.18
Bads debts and advances written off	-	0.01
Miscellaneous expenses (Note-32)	1.78	1.08
Loss on Obsolescence of Assets	-	0.20
Loss of assets due to fire	0.03	-
Loss due to Exchange fluctuations	-	0.05
Provision for :		
Doubtful Debts	0.41	0.02
Doubtful Advances	-	0.01
Obsolete Assets	1.98	-
TOTAL	91.16	72.36



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SCHEDULE 11: 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 & Capital Work in Progress:

a. Tangible Assets:

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.

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.

b. Intangible Assets (Software):

Expenditure on 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.

3. 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.

4. Investments:

- Long term investments are stated at cost. A provision for diminution in value is made to recognise a decline other than temporary in nature.
- Current investments are stated at lower of cost or fair value.

5. Inventories:

Stores and Spare Parts

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

6. Depreciation/Amortisation:

- 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%.
- Leasehold land is amortised over the period of lease.
- 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.



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d) Intangible software is amortised over a period of five years.

7. Retirement benefits:

a) 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.

b) 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.

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

8. Foreign Currency Transactions:

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

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

c) 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.

9. 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".

10. 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.

11. Claims/Counter-claims/ Penalties/Awards:

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

12. Taxes On Income:

Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961. 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' of the Institute of Chartered Accountants of India.

13. Contingent Liabilities:

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



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SCHEDULE – 12

NOTES ON ACCOUNTS :

	(Rs. in crore)		
	2003-04	2002-03	
1. Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	386.57	198.78	a) Rent payable to Railways for the use of their office premises in Southern Region, pending settlement of terms and conditions thereof: Rs. 0.09 crore (previous year: Rs.0.07crore).
2. Contingent liabilities not provided for in respect of:			b) Property tax at various locations pending commencement/ completion of assessment by the appropriate authorities Rs.0.88 crore (previous year: Rs. 1.61 crore).
a) Outstanding Letters of Credit and Bank Guarantees issued by Banks.	2.42	0.84	c) Performance linked incentive (PLI) amounting to Rs. 1.87 crore (previous year: NIL) for the financial year 2003-04 under Salary, Allowances & Other Benefits.
b) Claims against the Company not acknowledged as debts.	292.93	252.47	
3. The Company has executed "Custodian cum carrier bonds" of Rs.9,354.40 crore (previous year: Rs.9,710.40 crore) in favour of Customs Department under the Customs Act, 1962. No claim was lodged by the Customs Authorities during the year.			7. Loans & Advances include Rs.0.88 crore (previous year: Rs.0.97 crore) given to Customs & Port Trust.
4. 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. The rates prescribed for the Financial Year 2003-04 are provisional. 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.			8. During the year, the company realised Rs.6.90 crore (previous year: Rs.3.94 crore) by way of auction of undelivered containers out of which Rs.2.52 crore (previous year: Rs.1.55 crore) is paid/ payable for custom duty, Rs.3.62 crore (previous year: Rs.2.19 crore) have been recognised as income towards terminal services and the balance of Rs.0.76 crore (previous year: Rs.0.20 crore) has been shown as Current Liabilities.
5. Income from operations consists of revenue from freight, handling, ground rent, demurrage and other operating income.			9. CONCOR entered into a contract for Rs.163.90 crore towards supply of 1,500 wagons by Cimmco Birla Ltd. (CBL). After the supply of 180 wagons, the contract was terminated during the FY-2000-01, for non-fulfillment of obligation on the part of CBL.
Terminal & other service charges include expenses for freight, handling and other operating expenses.			
6. Following expenses during the year have been accounted for on estimated basis:-			CONCOR invoked the Bank Guarantee for Rs.30.42 crore for refund of unadjusted advance against contract to CBL and Rs.8.20 crore towards performance guarantee for non-fulfillment of terms of contract on the part of CBL. CBL and CONCOR have made claims and counter claims



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respectively but repudiated by both. The matter had been referred to an Arbitration Tribunal and arbitration proceedings are in progress. Pending decision of the Arbitration Tribunal, the amount of Rs.8.20 crore realized from invocation of performance guarantee stands credited in "Capital Work In Progress".

10. Depreciation on assets created on leasehold land is provided in line with the accounting policy of the company related to depreciation/amortization as stated in the Significant Accounting Policies(Schedule-11), irrespective of the land lease period as in the opinion of the management the leases are likely to be renewed/extended.

11. a) The liability towards IBRD loan has been revalued as at 31.03.2004. Exchange gain of Rs.1.05 crore (Previous year loss: Rs.3.01 crore) as a result of this revaluation has been adjusted in the carrying amount of capital works in progress and fixed assets.

b) During the year, an amount of Rs.0.08 crore (previous year: Rs.0.31 crore) incurred towards interest and other charges on foreign currency loan taken from International Bank for Reconstruction and Development (IBRD) has been adjusted in Fixed Asset & Capital works in progress.

12. Detail of Managerial Remuneration paid/payable to Directors:

Managing & whole time Directors.	(Rs. in crore)	
	Year ended 31.3.2004	Year ended 31.3.2003
Salary & allowances	0.31	0.29
Value of perquisites	0.14	0.12
Contribution to Gratuity, Provident Fund, Pension and Leave Encashment	0.07	0.07
Total	0.52	0.48

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.

13. Loans and advances include Rs.0.05 crore (previous year: Rs.0.09 crore) being amount due from Directors and other officers. Maximum outstanding balance during the year was Rs.0.06 crore (previous year: Rs.0.11 crore).

14. 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.

15. Segment Reporting under 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.



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

Particulars	(Rs. in crore)							
	EXIM		Domestic		Unallocable		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
REVENUE								
Segment Revenue	1,305.14	1,036.45	459.29	446.99	-	-	1,764.43	1,483.44
RESULT								
Segment Result	412.01	329.98	69.45	69.53	-	-	481.46	399.51
Corporate Expenses	-	-	-	-	25.46	16.37	25.46	16.37
Operating Profit	-	-	-	-	-	-	456.00	383.14
Interest Expenses	-	-	-	-	0.25	2.74	0.25	2.74
Interest & other Income	-	-	-	-	42.97	50.40	42.97	50.40
Income Taxes	-	-	-	-	142.45	160.25	142.45	160.25
Prior Period Adjustments (Net)	-	-	-	-	(6.12)	2.30	(6.12)	2.30
Tax adjustments for earlier years(Net)	-	-	-	-	17.44	-	17.44	-
Net Profit	-	-	-	-	-	-	367.59	272.85
OTHER INFORMATION								
Segment Assets	775.56	624.81	234.34	193.83	-	-	1,009.90	818.64
Unallocated Corporate Assets	-	-	-	-	777.61	636.64	777.61	636.64
Total Assets	-	-	-	-	-	-	1,787.51	1,455.28
Segment Liabilities	107.63	80.91	41.85	31.31	-	-	149.48	112.22
Unallocated Corporate Liabilities	-	-	-	-	1,638.03	1,343.06	1,638.03	1,343.06
Total Liabilities	-	-	-	-	-	-	1,787.51	1,455.28
Capital Expenditure	179.91	186.03	32.94	28.77	7.59	16.39	220.44	231.19
Depreciation	38.91	31.17	13.41	11.03	2.96	1.74	55.28	43.94
Non cash expenses other than depreciation	0.29	0.12	0.19	0.18	1.98	0.03	2.46	0.33

Note: Prior period adjustments have not been considered as related 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 segments.



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16. **Related Party Disclosures under 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	
	2003-04	2002-03	2003-04	2002-03
i) Whole time directors				
A.K. Kohli, Managing Director	13.26	14.35	-	-
Birkhe Ram, Ex-Director(Finance)	7.87	8.63	-	-
Arun N. Pai, Director (Finance)	1.05	0	-	-
Rakesh Mehrotra, Director (P&S)	10.35	8.40	-	-
P.G. Thyagarajan, Director (IM&O)	8.96	7.60	2.64	2.93
S.C. Misra, Director (Domestic)	10.54	9.29	2.26	2.97
Sitting Fee				
ii) Nominated/ Independent Directors				
R.K.Narang	1.05	0.15		
D. Babu Paul	0.45	0.05		
P.S. Sarma	0.65	0.10		

b) Others:

(Rs. in lakh)

Name	Relationship	Nature of Transaction	2003-04	2002-03
M/s Star Track Terminals Pvt. Ltd.	Joint Venture	Investment in Equity capital by CONCOR	258.01	-
		Lease rent & maintenance charges received	21.09	-
		Security deposit received	30.00	-
M/s Freshways Enterprises Pvt. Ltd.	Joint Venture	Advances for expenses	7.76	-

17. **Leases under Accounting Standard -19:**

(Rs. in crore)

	2003-04	2002-03	
(a) From the Balance Sheet date, the future Minimum lease Payments under non-cancelable operating leases entered into on or after 1st April, 2001 are:			(b) Lease payments recognized in the accounts are Rs. 18.07 crore (previous year : Rs. 18.10 crore)
(i) Not later than one year	6.99	7.73	(c) Sub lease recoveries recognized in the accounts are Rs. 0.13 crore (previous year : Rs. 0.12 crore).
(ii) Later than one year and not later than 5 years	4.44	8.78	
(iii) Later than 5 years	-	-	Items (b) & (c) above includes amount of leases entered prior to 1st April, 2001 also. 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.



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18. Accounting for taxes on income under Accounting Standard-22:

Components of Deferred Tax Assets and Liabilities:		
	(Rs in crore)	
	2003-04	2002-03
i. Deferred Tax Liabilities:		
Difference between book and tax depreciation	121.32	96.01
ii. Deferred tax assets:		
Expenditure disallowable u/s 43B	2.54	2.17
Provision for doubtful advances/ debts	0.34	0.19
Others	0.96	0.53
	<u>3.84</u>	<u>2.89</u>
iii. Net deferred tax liability [i-ii]	117.48	93.12

19. a) The company has gone in appeal against some of the disallowance(s) by the Income tax Authorities. Demands raised against the said disallowance(s) have already been deposited.

b) In view of the deduction available U/S 80IA of the Income Tax Act, 1961, the provision for income tax for the previous year considered to be in excess to the extent of Rs.17.44 crore has been written back during the year, under tax adjustments for earlier years. Further provision for taxation for the year has also been made after considering deduction U/S 80IA on the basis of last year for which assessment U/S 143(3) is yet to be completed.

20. Earning per share (EPS) :

	2003-04	2002-03
Profit after taxation, prior period adjustments & tax adjustments for earlier years as per Profit and Loss Account (Rs. in crore)	367.59	272.85
Weighted average number of equity shares outstanding.	64,991,397	64,991,397
Basic and diluted earnings per share in rupees (face value of Rs. 10/- per share)	56.56	41.98

21. Prior period adjustments include the following:-

(Rs. in crore)

	2003-04	2002-03
Income		
Income from operations	-	0.17
Wealth tax provision written back	-	0.02
Others	-	0.03
Total (A)	-	0.22
Expenses		
Terminal & other service charges	5.86	(2.43)
Stores & Spares	-	(0.51)
Training	-	(0.10)
Consumption of Stores	-	(0.10)
Electricity & water	-	0.10
Security Expenses	0.12	0.12
Rebate Expenses	-	0.08
Repair & Maintenance	-	0.05
Custom Cost Recovery	-	0.64
Others	0.14	0.07
Total (B)	6.12	(2.08)
Net Prior Period Adj. (A- B)	(6.12)	2.30

22. Remittance in foreign currencies for dividend:

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

23. Details of expenditure and earnings in foreign currency

(Rs.in lakh)

	2003-04	2002-03
1) Expenditure in Foreign Currencies*:		
i) Books & periodicals	0.32	0.98
ii) Fees & subscriptions	0.19	0.98
iii) Travelling	46.57	29.23
iv) Interest & commitment charges	19.24	317.43
v) Training	1.46	3.31
vi) Meetings & conference	0.53	7.98
vii) Medical Expenses	0.17	3.47
2) Value of Imports on C.I.F. basis in respect of:-		
i) Spares	17.87	36.16
ii) Capital Goods (including advances)	1709.09	606.63
3) Earnings in Foreign Currencies:		
i) Import Overseas Freight	26.00	19.46

*Disclosure is for actual payments made during the year.



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24. Expenditure on consumption of Stores & Spares:

	2003-04		2002-03	
	(Rs. in crore)	% age	(Rs. in crore)	%age
i) Imported	0.11	11%	0.07	6%
ii) Indigenous	0.88	89%	1.08	94%

25. Excess provision written back during the year includes following:

Particulars	(Rs. in crore)	
	2003-04	2002-03
a) Rail Freight & Demurrage	0.31	-
b) Handling	0.15	-
c) Rates & Taxes	0.13	-
d) Obsolete Stores	-	0.17
e) Leave Encashment	-	0.92
f) Container Leasing Charges	-	0.08
g) Land Licence Fee	0.21	0.14
h) Others	0.31	1.10
TOTAL	1.11	2.41

26. Sundry Debtors, Loans & Advances, Deposits, Creditors, etc. are subject to reconciliation/confirmation.

27. a) Until last year, leasehold land was not being amortised. During the year, the company has changed its accounting policy and leasehold land is being amortised over the period of lease with retrospective effect. Accordingly, profit and net block of fixed assets for the year are lower by Rs. 3.17 crore.

b) Consequent upon change in the policy of accounting of performance linked incentive (PLI) on accrual basis as against payment basis, a sum of Rs. 1.87 crore has been provided for. The payment of PLI will be subject to approval of scheme by Board of Directors. The profit for the year is lower by Rs. 1.87 crore and the current liabilities are higher by the same amount.

28. In line with the requirements of AS-26 relating to Intangible Assets, the software has been classified under intangible assets.

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

(Rs. in crore)

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	
	31 st March, 2004	31 st March, 2003	2003-04	2002-03	31 st March, 2004	31 st March, 2003	2003-04	2002-03
IRWO	1.40	1.60	1.60	1.80	-	-	-	-
Miscellaneous staff loans*	4.36	2.32	4.88	2.42	0.82	0.61	1.08	0.72

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



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30. Sundry Creditors include an amount of Rs. 0.10 crore (previous year: Rs 0.01 crore) due to Small Scale Industrial Undertakings as defined under Industries (Development and Regulation) Act, 1951. The names of the Small Scale Industrial Undertaking to whom company owes an amount which is outstanding for more than 30 days (to the extent information available) are V.S. Engineering Woks & Leotronic Scale Pvt. Ltd. (previous year H B Cranes).

31. In terms of Presidential directives received from the Ministry of Railways, the company has made loan to Indian Railway Welfare Organization (IRWO) at a simple interest of 8.5% p.a. Amount of loan outstanding is Rs. 1.40 crore (previous year Rs.1.60 crore).

32. Miscellaneous expenses & miscellaneous income include Rs. 0.04 crore (previous year: Rs. 0.09 crore) & Rs. 0.11 crore (previous year: Rs. Nil) towards loss on sale of assets & profit on sale of assets respectively.

33. As per the tripartite business arrangement of the company with M/s Hindustan Aeronautics Ltd. & Mysore Sales International Ltd. for operating the air cargo complex at Bangalore (JWG-ACC) , surplus amounting to Rs. 3.83 crore (previous year Rs. 1.41 crore) being share of the company in the profit of the entity has been accounted for as income.

34. On account of upward revision in the land license fee by the Ministry of Railways with retrospective effect, Rs. 7.85 crore pertaining to earlier financial years has been paid/ provided for during the year under terminal and other service charges.

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

(Rs. in crore)

	2003-04	2002-03
Building	4.96	4.19
Railway Siding	9.37	9.37
Plant & Machinery	3.04	3.07
Electrical Fittings	1.77	1.77
Furniture	0.04	0.03
Others	0.13	0.02
Total	19.31	18.45



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36. Financial Reporting of Interests in Joint Ventures – Accounting Standard – 27:

(Rs. in Lakh)

Particulars	Star Track	JWG-ACC (with HAL & MSIL)		Freshways Enterprises
	Terminals Pvt. Ltd.*			Pvt. Ltd. **
	Period ended 31 st December 2003	2003-04	2002-03	2003-04
Ownership interest	49%	33.33%		50%
Country of Incorporation	India	India		India
		Share to the extent of holding		
Details of Assets				
Gross Block	-	83.91	67.63	-
Accumulated Depreciation	-	7.97	3.14	-
Net Block	-	75.94	64.49	-
Capital Work in Progress	69.88	12.81	-	-
Sundry debtors	-	7.61	5.68	-
Cash & Bank Balance	178.55	109.47	87.35	-
Loans & Advances	16.14	6.63	2.11	-
Miscellaneous Expenditure	4.04	-	-	-
Details of Liabilities				
Current Liabilities	10.30	155.99	95.15	-
Provisions	0.30	-	-	-
Income				
Gross Sales	-	475.62	205.51	-
Other Income	-	3.57	1.03	-
Expenses				
Salary & Wages	-	10.40	4.92	-
Rent	-	13.20	7.67	-
Power & Fuel	-	5.77	7.81	-
Insurance	-	6.41	1.99	-
Other Expenses	-	55.56	39.74	-
Depreciation	-	4.83	3.14	-

* Financial statements as on 31st March, 2004 are not available. Since the company was incorporated on 11th August, 2003, financial information for the previous year is not applicable.

**The company was incorporated in the month of March-04 for which no shares were subscribed. The ownership indicated above is provisional subject to signing of Joint venture agreement. Information as regard to asset, liabilities, income & expenses have not been indicated as there were no business operations.



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37. Reconstruction/reconciliation exercise of accounting records at Eastern Region destroyed in fire during November 1998 is in progress. The necessary accounting adjustment entries for the pending accounts shall be made on completion of their reconciliation.
38. Payments for the work carried by Railways/ its units for the company are normally accounted for on the basis of correspondence /estimates/advices etc.
39. Term deposits includes fixed deposits amounting to Rs. 2.33 crore (previous year Rs. 0.03 crore) kept under lien with the banks against letters of credit and guarantees.
40. 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.
41. 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.
42. a) Unless otherwise stated, the figures are in rupees crore.
b) Previous year's figures have been recast/regrouped/ rearranged wherever considered necessary to conform to this year's classification.



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SCHEDULE 12 (Cont'd)

NOTES ON ACCOUNTS (Cont'd)

43 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
Balance Sheet Date	31 Date	03 Month	2004 Year

II. Capital Raised during the year

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

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	1,787.51	(Rs. in crore)	Total Assets
			1,787.51
Sources of Funds :			
Paid-up Capital	64.99		Reserves & Surplus
Secured Loans	-		1,312.25
Current Liabilities	280.80		Unsecured Loans
			11.99
			Deferred Tax Liabilities
			117.48
Application of Funds :			
Net Fixed Assets	1,078.56		Investments
Current Assets	705.50		3.45
Accumulated Losses	NIL		Misc. Expenditure
			-

IV. Performance of the Company

Turnover (Including Other Income)	1,807.40	(Rs. in crore)	Total Expenditure
Profit Before Tax	498.72		1,308.68
EPS	56.56		Profit After Tax
			367.59
			Dividend %
			125%

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

Item Code No. (ITC Code)		1. Transportation of containers.
Product Description		2. Handling of containers.
		3. Parking of containers.
		Not applicable.
		Not applicable.

SIGNATURES TO SCHEDULE "1 TO 12"

RAVI KHANDELWAL
GGM(Accounts) & Co.Secy.

ARUN N. PAI
DIRECTOR (Finance)

A K KOHLI
MANAGING DIRECTOR

As per our separate report attached
For S.N DHAWAN & CO.
Chartered Accountants

Place : New Delhi
Dated : 29-07-2004

SURESH SETH
Partner
M. No. 10577



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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, 2004 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the accounts of six Regions audited by Branch Auditors and the accounts of Northern 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 have 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 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out 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. 19 (b) of Schedule 12. As indicated in the said note the provision for Income Tax for the year has been made after considering deduction available u/s 80IA of the Income Tax Act, 1961 amounting to Rs. 51.57 crore (including Rs. 17.44 crores for the financial year 2002-03). Based on expert opinion, the Company is of the view that such deduction is available to them on new inland ports and rail system including rolling stock. However, the assessments are yet to be completed.

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

- (i) *Accounting of freight and handling income/expenses is being done consistently on cash basis, instead of accrual basis, which, in our opinion, is not in compliance with Section 209 of the Companies Act, 1956 and Accounting Standard 9 on 'Revenue Recognition' issued by the Institute of Chartered Accountants of India. In the absence of relevant information, consequential impact on the working results of the Company in terms of profits/assets/liabilities could not be ascertained;*

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 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 subject to our comments in para 3(i) above.
- (e) The reports on the accounts of the Regions of the Company audited by Branch Auditors have been forwarded to us and have been duly dealt with while preparing this report;
- (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.

We further report that, without considering the observation made in paragraph 3(i) above the effect of which could not be determined, the said accounts read together with the Significant



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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 accounting principles generally accepted in India :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
- (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

FOR S. N. DHAWAN & CO.
CHARTERED ACCOUNTANTS

DATE : 29.07.2004

(SURESH SETH)

PLACE : NEW DELHI

PARTNER
M. NO. 10577



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Annexure referred to in Paragraph 1 of our Report of even date on the Accounts of Container Corporation of India Limited for the year ended 31st March, 2004 :

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As per information and explanations given to us, the fixed assets, except Wagons and Containers, have been physically verified by the management during the year. In our opinion the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year.
- (ii) (a) The inventory of the Company consisting of stores & spares parts has been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable.
- (b) The procedures of physical verification of stores and spare parts followed by the management are 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 stores and spare parts. The discrepancies noticed on physical verification between the physical stock and book records were not material.
- (iii) As informed to us the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and as such clauses 4(iii) (b) to (iii) (d) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores & spare parts, fixed assets, and for rendering services. During the course of our audit, we have not observed any continuing failure to correct any major weaknesses in the internal control procedures except that in the case of :
- (a) Northwest Region, where there is no system in place for timely billing of ground rent/warehousing charges/recoveries from Clearing and Handling Agents on account of rent and electricity etc. for which remedial measures need to be initiated to correct the continuing failure.
- (b) The Company has implemented a new Financial Accounting System (Oracle Financials) in the year 2002-03. As explained to us the new system is facing initial implementation problems and will be stabilised and streamlined during the subsequent financial year.
- (v) According to the information and explanations given to us there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Hence, the question of compliance with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 does not arise.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. However, functioning thereof (including extent of coverage) needs to be strengthened.
- (viii) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.



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- (ix) (a) According to the information and explanations given to us and according to the records examined by us, the Company is generally regular in depositing with the appropriate authorities the undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, custom duty, excise duty, service tax cess and other statutory dues applicable to it. According to the information and explanations given to us except for the cases stated below in respect of the following Regions, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess which were in arrears as at 31st March, 2004 for a period of more than six months from the date they became payable :

Nature of the Statute/ Authority	Nature of Dues	Amount Due (Rs.)	Due Date of Payment	Amount paid (Rs.)	Date of Payment	Remarks
NORTH WEST REGION						
Gujrat Sales Tax Act	Works Tax (TDS)	69,733	31.03.2003	69,733	31.05.2004	
EPF Act	PF from Contractors' Employees Where the Region has Secondary Obligation.	23,200	April 2003 To August 2003	---	---	Cheque given to PF Trust in July 2003, but not cleared.
Income Tax Act, 1961	TDS	7,549	07.07.2003	7,549	10.05.2004	
NORTHERN REGION						
Customs Department	Custom duty	1,01,04,108	31.03.2002 & 31.03.2003	---	---	Ad-hoc Provision made On the basis of show cause notices received.
WESTERN REGION						
Customs Department	Custom duty	29,24,076	2001-2002	---	---	Ad-hoc Provision made

The provisions of Employees State Insurance Act are not applicable to the Company and during the year no amount was due for deposit under investor education protection fund.

- (b) According to records of the Company and information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute, except in the case of North West Region where additional stamp duty of Rs. 74, 74, 748 in respect of purchase of properties has not been deposited against which an appeal was preferred before sub-registrar, Vadodara.



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- (x) The Company has neither accumulated losses as at the end of the financial year nor it has incurred any cash losses during the financial year covered by our audit and immediately preceding financial year.
- (xi) During the year there is no default in repayment of dues to financial institutions 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 and hence provisions of clause 4 (xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Consequently, the provisions of clause 4 (xv) of the Order are not applicable.
- (xvi) According to the information and explanations given to us, the Company, has not taken any term loans during the year. Consequently, the provisions of clause 4 (xvi) of the Order are not applicable.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, the Company has not raised any funds on short-term basis or long-term basis during the year.
- (xviii) As the Company has not made any preferential allotment of shares during the year, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) During the period covered by our audit, the Company has not issued any debentures.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) According to the information and explanations given to us no fraud on or by the company has been noticed or reported during the course of our audit.

FOR S. N. DHAWAN & CO.
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI

(SURESH SETH)

DATE : 29.07.2004

PARTNER

M. NO. 10577



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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

(PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGES)

	2003-2004	(Rs. in Crore) 2002-2003
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	498.72	430.80
Adjustment for :-		
Depreciation/Amortisation	55.28	43.94
Interest paid	0.25	2.74
Interest & Dividend Income	(35.47)	(43.92)
Foreign Exchange Fluctuations	-	0.05
Loss on Sale of fixed Assets	(0.07)	0.09
Operating Profit Before Working Capital Changes	<u>518.71</u>	<u>433.70</u>
Adjustment for :-		
Trade & Other Receivables	52.75	13.50
Inventories	(0.42)	(0.99)
Trade Payable & Provisions	23.30	27.56
Cash Generated from Operations	<u>594.34</u>	<u>473.77</u>
Prior Period Adjustments	(6.12)	2.30
Direct Taxes paid	<u>(126.02)</u>	<u>(138.06)</u>
Net Cash from Operating Activities (A)	<u>462.20</u>	<u>338.01</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(216.80)	(230.00)
Sale of Fixed Assets	0.51	0.07
Capital Work-in-Progress/advances	(21.98)	(14.89)
Purchase of Investment	(2.79)	-
Sale of Investments	-	-
Interest, Dividend & Other Income	35.47	43.92
Advances - Joint Venture Company	(0.07)	-
Net Cash used in Investing Activities (B)	<u>(205.66)</u>	<u>(200.90)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(0.25)	(2.74)
Foreign Exchange Fluctuations	(0.01)	(0.05)
Dividend paid (including tax on dividend)	(80.64)	(64.98)
Proceeds from Long-Term Borrowings	-	-
Repayment of Long Term Loan	(2.38)	(40.28)
Net Cash from Financing Activities (C)	<u>(83.28)</u>	<u>(108.05)</u>
Net Change in Cash & Cash Equivalents (A+B+C)	<u>173.26</u>	<u>29.06</u>
OPENING BALANCE OF CASH & CASH EQUIVALENTS	425.71	396.65
Effect of Exchange rate changes in cash & cash equivalents	0.01	-
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	<u>598.98</u>	<u>425.71</u>

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

(RAVI KHANDELWAL)
GGM (Accounts) & COMPANY SECRETARY

(ARUN N. PAI)
DIRECTOR (FINANCE)

(A.K.KOHLI)
MANAGING DIRECTOR

As per our report of even date
For S.N Dhawan & Co.
Chartered Accountants

NEW DELHI
DATED : 29-07-2004

(Suresh Seth)
Partner
M. No. 10577



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CONTAINER CORPORATION OF INDIA LTD.

Multimodal Logistics Professionals

CONTAINER CORPORATION OF INDIA LTD.

(A Govt. of India Undertaking)

Le-Meridien Commercial Tower, 2nd Floor, Raisina Road, New Delhi –110001

PROXY FORM

D.P. Id*

Regd. Folio No

Client Id*

I / Weof
.....being a member / members of CONTAINER CORPORATION OF INDIA LTD. hereby appoint
.....of
or failing himof
.....as my / our proxy to vote for me / us and on my /our behalf at the **16TH ANNUAL
GENERAL MEETING** to be held on Monday, 20th September, 2004 at 3.00 p.m. or any adjournment thereof.

Signed this.....day of2004

* Applicable for investors holding shares in electronic form.

Affix Re. 1
Revenue
Stamp

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.



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Le-Meridien Commercial Tower, 2nd Floor, Raisina Road, New Delhi –110001

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 **16TH ANNUAL GENERAL MEETING** of the Company held on Monday, 20th September, 2004 at Stein Auditorium, Habitat World, India Habitat Centre, Gate No. 3, Lodhi Road, New Delhi-110003.

* Applicable for investors holding shares in electronic form.

(Signature of the Member or proxy)



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CONTAINER CORPORATION OF INDIA LTD.

(A Govt. of India Undertaking)
Le-Meridien Commercial Tower, 2nd Floor,
Raisina Road, New Delhi – 110001.

Dear Shareholder,

SUBJECT : ELECTRONIC CLEARING SERVICE (ECS) FOR DIVIDEND PAYMENT

We are pleased to advise that the Board of Directors have recommended dividend @ 125% i.e. Rs. 12.50/- per share for the financial year 2003-04, subject to approval by the shareholders at the Annual General Meeting. The Register of Members will be closed during the period 10th September, 2004 to 20th September, 2004 (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 : 18.08.2004

Yours faithfully,

Place : New Delhi

For CONTAINER CORPORATION OF INDIA LTD.

(Ravi Khandelwal)
GGM (Accounts) & Company Secretary



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CONTAINER CORPORATION OF INDIA LTD.

(A Govt. of India Undertaking)
Le-Meridien Commercial Tower, 2nd Floor,
Raisina Road, New Delhi – 110001.

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 18th August, 2004 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 Corp. of India Ltd.)

DATE: _____

<p>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.</p>	
<p>(Bank Stamp) Date :</p>	<p>Signature of authorized official of the Bank</p>



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CONTAINER CORPORATION OF INDIA LTD.

2nd floor, Le Meridien Commercial Tower,
Raisina Road, New Delhi-110001
Phones : 011-23753164, 65, 67, 68, 69, 23320208, 09
Fax : 011-23753156
Email : concor.co@concorindia.com
website. www.concorindia.com

Regional Offices

CENTRAL REGION

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.cg@concorindia.com

EASTERN REGION

Container Corporation of India Ltd. IISCO House,
6th floor, 50, Jawharlal 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 WEST REGION

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

SOUTHERN REGION

Address : 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

Address : 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.,
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