

15th Annual Report 2002-2003

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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.

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Fifteenth Annual Report 2002-2003

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BOARD OF DIRECTORS

Sh. K. K. Agarwal (w.e.f. 18.03.2003)
Part-time Chairman

Sh. M. C. Srivastava (till 28.02.2003)
Part-time Chairman

Shri A. K. Kohli
Managing Director

Shri Birkhe Ram
Director(Finance)

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

Shri Rakesh Mehrotra
Director (P & S)

Shri S. C. Misra
Director (Domestic Division)

Shri Shri Prakash
Govt. Nominee Director, Ministry of Railways

Shri P. C. Jha (till 14.07.2002)
Govt. Nominee Director, Ministry of Finance

Shri R. K. Narang (w.e.f. 20.01.2003)
Part-time Non-Executive Director

Dr. P. S. Sarma (w.e.f. 20.01.2003)
Part-time Non-Executive Director

Dr. D. Babu Paul (w.e.f. 20.01.2003)
Part-time Non-Executive Director

Shri Ravi Khandelwal
GGM (Accounts) & Company Secretary

STATUTORY AUDITORS

M/s. V. K. Dhingra & Co., New Delhi

BRANCH AUDITORS

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

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

M/s Kedia & Kedia Associates, Sabarmati

M/s Ghalla & Bhansali, Mumbai

BANKERS

ABN Amro Bank
Allahabad Bank
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

REGISTRARS & SHARE TRANSFER AGENT

M/s. Alankit Assignments Ltd., New Delhi.

TAX ADVISOR

M/s. Sastry K. Anandam & Co., New Delhi

LEGAL ADVISOR

R. K. Joshi, Advocate

NOTE : AUDITED ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED 31.03.2003 ARE SUBJECT TO REVIEW BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956



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NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of the Company will be held as under :-

Day : Monday
Date : 29th September, 2003
Time : 5.00 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, 2003, 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, 2003.
3. To appoint a Director in place of Shri P. G. Thyagarajan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Rakesh Mehrotra, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri S. C. Misra, who retires by rotation and being eligible, offers himself for reappointment.
6. To take note of the appointment of M/s. V. K. Dhingra & 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. V. K. Dhingra & Co., Chartered Accountants as Statutory

Auditors of the Company for the financial year 2002-03 in terms of the order no. 24 CA. V/COY/Central Govt., CCIL (5)/62/88 dated 05.10.2002 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 2002-03.”

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 K. K. Agarwal, be and is hereby appointed as part-time Chairman of the Company w.e.f. 18.03.2003 in terms of Railway Board's order no. 2003/TT-III/73/5 dated 18.03.2003 and shall be liable to retire by rotation.
8. “RESOLVED that Shri R. K. Narang be and is hereby appointed as Director of the Company w.e.f. 20.01.2003 in terms of Railway Board's order no. 98/TC(FM)/16/2 dated 20.01.2003 and shall be liable to retire by rotation.”
9. “RESOLVED that Dr. P. S. Sarma be and is hereby appointed as Director of the Company w.e.f. 20.01.2003 in terms of Railway Board's order no. 98/TC(FM)/16/2 dated 20.01.2003 shall be liable to retire by rotation.”
10. “RESOLVED that Dr. D. Babu Paul be and is hereby appointed as Director of the Company w.e.f. 20.01.2003 in terms of Railway Board's order no. 98/TC(FM)/16/2 dated 20.01.2003 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 : 8th August, 2003
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 19th September, 2003 to 29th September, 2003 (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, 2003 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 18th September, 2003; or
- (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 18th September, 2003.

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 K. K. Agarwal, Member Traffic / Railway Board, on the Board of the Company as Part-time Chairman w.e.f. 18.03.2003 and communicated through

Ministry of Railways, Govt. of India vide order no. 2003/TT-III/73/5 dated 18.03.2003.

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

Item No. 8

In exercise of powers conferred under Article 66 of Articles of Association of Company, Shri R. K. Narang, was appointed by President of India vide letter no. 98/TC(FM)/16/2 dated 20.01.2003 of Ministry of Railways, Railway Board.

Accordingly, the Company has filed the requisite particulars of Shri R. K. Narang 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 R. K. Narang is concerned or interested in the resolution.

Item No. 9

The Government of India has appointed Dr. P. S. Sarma as Director of the Company vide its order no. 98/TC(FM)/16/2 dated 20.01.2003.

The Company has filed the requisite particulars of Dr. P. S. Sarma 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 Dr. P. S. Sarma is concerned or interested in the resolution.



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Item No. 10

Dr. D. Babu Paul was appointed as Director of the Company vide order no. 98/TC(FM)/16/2 dated 20.01.2003 of Ministry of Railways, Railway Board.

The Company has filed the requisite particulars of Dr. D. Babu Paul 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 Dr. D. Babu Paul 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

Dated : 8th August, 2003
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 31st March, 2003.

FINANCIAL RESULTS (Rs. Crores)

Particulars	2002-03	2001-02
Income from operations	1483.44	1286.46
Profit before depreciation & tax (PBDT)	474.74	422.64
Profit before tax (PBT)	430.80	389.17
Provision for tax	160.24	139.32
Profit after tax (PAT)	270.56	249.85
Profit available for appropriations	272.85	249.48
APPROPRIATIONS :		
Proposed Dividend	71.49	64.99
Corporate tax on dividend	9.16	-
Transfer to general reserves	27.28	24.95
Balance carried to Balance Sheet	164.92	159.54
Earnings per share (Rs.)	41.98	38.39

DIVIDEND

Keeping in view the Company's Capex programme, your Directors recommend a dividend of 110% of the paid up share capital. The pay out on account of dividend would be Rs.11/- per share of Rs. 10/-. The total dividend payable amounts to Rs. 71.49 crores as compared to Rs.64.99 crores during 2001-02.

FINANCIAL HIGHLIGHTS

The turnover of your company has registered a growth of 15.31% during the year under review, increasing from Rs.1286.46 crores in the previous year to Rs.1483.44 crores.

Other income which includes interest income and miscellaneous income has marginally increased to Rs.50.40 crores. Total expenditure has also increased in line with the growth in income by 16.57%. After adjusting for the expenditure of Rs.1103.04 crores as compared to Rs.946.24 crores in the previous year, the profit before tax works out to Rs.430.80

crores, which shows a growth of 10.69%. After making provisions for income tax, the net profit stands at Rs.272.85 crores, which is a growth in net profit of 9.36%.

OPERATIONAL PERFORMANCE

Handling in TEUs	2002-03	2001-02	% age Growth
Exim	1031925	905058	14.02%
Domestic	351238	326775	7.49%
Total	1383163	1231833	12.28%

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 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, 2,39,86,529 shares were in demat mode as on 31st March, 2003.

WORLD BANK LOAN

Out of the outstanding balance of US\$11.18 million as on 31st March 2002, the company has prepaid an amount of Rs.40.9 crores which represented the total portion of the pooled currency loan as this was beneficial to the company. The outstanding balance as on 31st March 2003 is US\$3.014 million.

CAPITAL EXPENDITURE

Capital outgo of Rs.246 crores approx. was deployed on development of terminals, acquisition of wagons, containers and handling equipment.

NEW TERMINALS

The terminal network of the company now comprises 51 terminals, with the addition of 4 new terminals during the year.



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These are:

1. Dronagiri Node, Mumbai commissioned in June 2002
2. Fatuha, Patna commissioned in January 2003
3. New Guwahati commissioned in February 2003
4. Rewari, Haryana commissioned in March 2003

HIGH SPEED WAGONS

The existing CONCOR fleet of wagons increased by 735 additional high-speed wagons raising the total number of high-speed wagons to 2640.

CONTAINERS

The fleet of containers catering to the domestic business has increased by additional number of both owned and leased containers totaling 10314 TEUs as on 31.03.2003.

HANDLING EQUIPMENT

The equipment holding of the company has increased by 4 numbers of loaded reach stackers, one Rubber Tyred Gantry crane and one Rail Mounted Gantry crane. The capital expenditure on this account amounted to Rs.21 crores.

INFORMATION TECHNOLOGY

In the field of Information Technology, your Company has already set up its dedicated and reliable Communication Network through VSATs and terrestrial lines. Your Company is in the process of implementation of Custom Designed ERP packages based on Centralised Architecture in the areas of HR & Payroll, Financial Accounting Systems, and Terminal Management Systems for EXIM and Domestic Terminals. Through this Infrastructure, your Company is providing facilities for Customer related queries through its dynamic Website and has further plans to provide Web enabled services in near future. With advancements in IT front, your Company aims to be in the forefront of technology with a view to enhance efficiency, cost competitiveness and customer satisfaction.

NEW VENTURE

Integrated with its plans for the new Mega Terminal being set up by your Company is at Dadri near Delhi, the Company has entered in to a Joint Venture Agreement with Maersk India Pvt. Ltd., one of the major Customers of the Company, to set up an independent CFS within the premises of ICD at Dadri, to leverage to mutual advantage the relative strengths of both the partners and to introduce the best practices to International

Standards in CFS Operations.

In view of the considerable business potential for multi-modal transportation in the Cold Supply Chain, the Company has been actively pursuing the Cold Supply Chain Project and has done considerable ground work. This project, once implemented, will bring tremendous economic benefit to the Country as a whole. Your Company will be utilising its Core strength in terms of Infrastructure and Logistics Management.

HUMAN RESOURCE MANAGEMENT

Along with the expansion of the business of the company, the working strength has also risen from 781 to 841 employees. The cost however, continues to remain within the self-imposed limit of 2% of the total cost.

The ERP application on Human Resource implemented during the year has resulted in better management of personal records and personnel administration.

INDUSTRIAL RELATIONS

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

FOREIGN EXCHANGE EARNINGS (Rs. in lakhs)

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

Foreign exchange earnings	:	19.46
Foreign exchange outgo		
a) CIF value of Imports	:	36.16
b) Capital Goods / Advances	:	606.63
c) Repayment / Pre-payments of loan	:	4333.43
d) Others	:	363.39

PRESIDENTIAL DIRECTIVES RECEIVED FROM THE GOVERNMENT

No presidential directives were received from the government during the financial year 2002-03.

RAJBHASHA

Considerable progress has been made in the use of Hindi, particularly in matters relating to correspondence. The provisions of the Official Language Act have been complied with. Every effort is made to correspond with offices situated in A and B Regions in Hindi as required by the Act. Parliamentary Committee of Official Language has reviewed



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the progress of implementation of Hindi in CONCOR during this year.

VIGILANCE

With the appointment of a full time Chief Vigilance Officer since September 2002, the Vigilance cell has been upgraded to the status of a Division. The focus of the Division is on "Preventive Vigilance" by way of undertaking preventive checks at various Regional Offices / Inland Container Depots / CFSs. Providing a boost to these activities, 15 preventive checks were conducted during the financial year 2002-03. Administrative action and procedural improvements also resulted from the above action. In order to disseminate information regarding Vigilance activities as well as to acquaint employees with the guidelines of the CVC, a quarterly Vigilance newsletter was commenced from October 2002. The Vigilance Awareness Week was also celebrated in a befitting manner and altogether 8 officials received cash prizes by way of incentive for contributing essays and slogans on relevant themes.

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, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the Year under review;

- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the accounts for the financial year ended 31st March, 2003 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. V. K. Dhingra & Co., Chartered Accountants, New Delhi were appointed as Company's statutory auditors for the year 2002-03.

BOARD OF DIRECTORS

During the financial year 2002-03, eleven meetings of the Board of Directors were held for transacting the business of the Company.

Shri M. C. Srivastava, Member Traffic / Railway Board, Part-time Chairman / CONCOR held office till the date of his superannuation on 28.02.03 and Shri P. C. Jha, Govt. Nominee Director, Ministry of Finance ceased to hold the office on 14.07.2002. 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 K. K. Agarwal, Member Traffic / Railway Board as part-time Chairman w.e.f. 18.03.2003, Shri R. K. Narang, Dr. P. S. Sarma and Dr. D. Babu Paul as part-time non-executive directors w.e.f. 20.01.2003.

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 Birkhe Ram, Director (Finance);
- Shri P. G. Thyagarajan, Director (IM & O);
- Shri Rakesh Mehrotra, Director (P & S);
- Shri S. C. Misra, Director (Domestic Div.)



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- Shri Shri Prakash, 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 Companies Act, 1956, Shri P. G. Thyagarajan, Director (IM & O), Shri Rakesh Mehrotra, Director (P & S) and Shri S. C. Misra, Director (Domestic Division) are liable to retire by rotation and being eligible, offer themselves for re-appointment.

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 : 16th August, 2003

Place : New Delhi.

(K. K. Agarwal)

Chairman

