

EIGHTEENTH ANNUAL REPORT 2005-2006

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EIGHTEENTH ANNUAL REPORT 2005-2006

BOARD OF DIRECTORS

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

Shri Rakesh Mehrotra
Managing Director

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

Shri Suresh Kumar
Director (Finance)

Shri Anil Kumar Gupta
Director (Domestic Division)

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

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

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

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

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

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

Shri Ravi Khandelwal
GGM(Accounts) & Company Secretary

STATUTORY AUDITORS

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

BRANCH AUDITORS

M/s. D. K. Chhajer & Co.,
Kolkata
M/s. Kalyanasundaram & Co.,
Chennai
M/s Sanghvi & Associates,
Ahmedabad
M/s P. Parikh & Associates, Mumbai

BANKERS

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

Registrars & Share Transfer Agent

M/s. Alankit Assignments Ltd., New Delhi

10 YEARS PERFORMANCE AT A GLANCE - FINANCIAL & PHYSICAL

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

* Twenty foot equivalent units

NOTICE

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

Day : Monday

Date : 4th September, 2006

Time : 15.30 Hrs

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

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

ORDINARY BUSINESS

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

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

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

SPECIAL BUSINESS

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

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

By order of Board of
CONTAINER CORPORATION OF INDIA LIMITED

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

Date : 17.07.2006

Place : New Delhi

DIRECTORS REPORT

NOTES

- 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.
- 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.
- The Register of Members and Share Transfer Books will remain closed from 18th August 2006 to 4th September, 2006 (both days inclusive).
- 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.
- Dividend on Equity shares as recommended by the Directors for the year ended on 31st March, 2006 when declared at the Meeting, will be paid :
 - to those Members whose names appear in the Register of Members of the Company, after giving effect to all valid Share Transfers in Physical form lodged with the Company and its Registrar on or before 17th August, 2006.
 - In respect of Shares held in electronic form, to those "deemed members" whose names appear on the Statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on 17th August, 2006.
- Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends for the financial year ended 31st March, 1999 and thereafter, which remains unclaimed for a period of seven years from the date of transfer of the same will be transferred to Investor Education and Protection fund established by Central Government. Shareholders who have not encashed their dividend warrant (s) so far for the financial year ended 31st March, 1999 or any subsequent financial years are requested to make their claim to the Company or Registrar and Share Transfer Agents, M/s Alankit Assignments Ltd.

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

Item No. 6

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

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

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

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

Item No. 7

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

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

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

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

Item No. 8

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

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

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

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

By order of Board of
CONTAINER CORPORATION OF INDIA LIMITED

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

Date : 17.07.2006
Place : New Delhi

To the shareholders

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

FINANCIAL RESULTS (RS. IN CRORE)

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

DIVIDEND

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

FINANCIAL HIGHLIGHTS

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

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

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

OPERATIONAL PERFORMANCE

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

CAPITAL STRUCTURE

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

LISTING AND DEMATERIALIZATION OF CONCOR'S SHARES

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

WORLD BANK LOAN

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

CAPITAL EXPENDITURE

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

NEW TERMINALS COMMISSIONED

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

- Mandideep (Bhopal) : Combined Terminal on 30.09.2005
- Majerhat, Kolkata : Combined Terminal on 07.06.2005

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

HIGH SPEED WAGONS

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

CONTAINERS

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

CONTAINER HANDLING EQUIPMENT

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

INFORMATION TECHNOLOGY

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

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

NEW VENTURES

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

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

HUMAN RESOURCE MANAGEMENT

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

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

INDUSTRIAL RELATIONS

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

FOREIGN EXCHANGE EARNINGS

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

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

PRESIDENTIAL DIRECTIVES RECEIVED FROM THE GOVERNMENT :

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

RAJBHASHA

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

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

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

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

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

CONCOR's website and all the computers are bilingual.

VIGILANCE

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

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

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

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

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.

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

ADDENDUM TO THE DIRECTORS' REPORT 2005-06

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

Addendum I

DIRECTORS' RESPONSIBILITY STATEMENT

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

- That in the preparation of the annual accounts for the financial year ended 31st March, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;
- That the directors have prepared the accounts for the financial year ended 31st March, 2006 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

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

AUDITORS

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

BOARD OF DIRECTORS

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

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

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

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

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

RETIREMENT OF DIRECTORS BY ROTATION

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

CONCLUSION

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

For and on behalf of the Board of Directors

(S. B. Ghosh Dastidar)
Chairman

Dated : 15.06.2006
Place : New Delhi.

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

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

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

ADDENDUM-II

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

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

For & on behalf of Board of Directors

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

(Suresh Kumar)
Director (Finance)

(Rakesh Mehrotra)
Managing Director

Place: New Delhi
Dated: 27th July, 2006

Place: New Delhi
Dated: 27th July, 2006

ANNEXURE TO THE DIRECTORS REPORT

CORPORATE GOVERNANCE

CORPORATE PHILOSOPHY

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

BOARD OF DIRECTORS

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

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

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

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

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

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

* Held office till 31.07.2005.

** Appointed w.e.f. 18.08.2005

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

@@ Appointed w.e.f. 03.11.2005

Held office till 25.05.2005

Appointed w.e.f. 16.02.2006

\$ Term expired on 19.01.2006

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

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

REMUNERATION COMMITTEE & POLICY

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

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

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

PERFORMANCE CRITERIA FOR GRANT OF PRODUCTIVITY LINKED SCHEME

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

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

AUDIT COMMITTEE

The Audit Committee comprised :-

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

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

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

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

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

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

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The shareholders'/ investors' grievance committee comprises :-

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

Director (Finance) / CONCOR - Member

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

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

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

SHARE TRANSFER COMMITTEE & SYSTEM

The Share Transfer Committee comprises :-

Director (Finance) - Chairman

Director (DD) - Member

GGM (Accounts) & CS - Member

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

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

GENERAL BODY MEETINGS

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

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

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

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

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

DISCLOSURES

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

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

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

MEANS OF COMMUNICATION

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

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

GENERAL SHAREHOLDER INFORMATION

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

(ii) Financial Calendar

1st quarter financial results (un-audited) Within one month of close of quarter.

2nd quarter financial results (un-audited) Within one month of close of quarter.

Limited Review Report for quarterly financial results (un-audited) Within Two months of close of quarter

3rd quarter financial results (un-audited) Within one month of close of quarter

4th quarter financial results (un-audited) Within one month of close of quarter

Approval and authentication of annual accounts by Board of directors Before end of July

Adoption of audited Annual Accounts by Shareholders. Before end of September

(iii) Date of Book Closure 18.08.06 to 04.09.06 (both days inclusive)

(iv) Dividend Payment Date Within 30 days of declaration at AGM

(v) Listing on Stock Exchanges (a) The Stock Exchange, Mumbai Phiroze Jeejeebhoy

(vi) Stock Code
NSE
BSE

(vii) Market Price Data

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

(viii) Stock Exchange Index

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

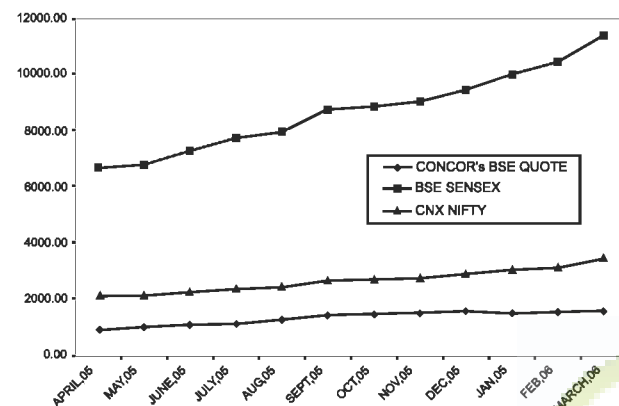
Towers, Dalal Street
Fort, Mumbai 400001

(b) The Delhi Stock Exchange Association Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi 110002. (Voluntarily Delisted w.e.f. 02.01.2006)

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

CONCOR
CNCORPI

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



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

(x) Distribution of Shareholding as on 31.03.2006

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

(xi) Dematerialization of Shares and liquidity.

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

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

(xiii) Plant locations :

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

(xiv) Address for Correspondence

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

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

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

Name of the Companies :

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