

## DIRECTORS' REPORT

To,

### The Shareholders

Your directors are pleased to present their report on the business and operations of the Company and the statement of accounts for the financial year ended on 31<sup>st</sup> March 2018.

### FINANCIAL RESULTS

(` in crores)

Particulars	2017-18	2016-17
Income from operations	6,167.12	5,606.13
Profit before depreciation & tax (PBDT)	1,785.30	1,532.43
Profit before tax (PBT)	1,392.65	1,180.61
Provision for tax including prior period tax adjustments	343.61	322.59
Profit after tax (PAT)	1,049.04	858.02
Other Comprehensive Income	5.70	(3.14)
Total Comprehensive Income for the period	1,054.74	854.88
<b>APPROPRIATIONS:</b>		
Interim Dividend (Current Year)	233.97	187.17
Final Dividend (Last Year)	182.79	107.23
Corporate tax on dividend	83.08	59.94
Transfer to general reserves	104.90	85.80
Balance carried to Balance Sheet	450.00	414.74
Earnings per share (`)	43.05	35.21

### DIVIDEND

As per the guidelines issued by Department of Investment and Public Asset Management (DIPAM) the minimum dividend to be paid for the year should be at least 5% of net worth or 30% of profit after tax, whichever is higher. Taking into consideration the above and other factors, the Board recommended a final dividend of 75% (` 7.50 per equity share of ` 10/- each) on the paid up share capital of ` 243.72 crores. Pursuant to the Sub-division of one equity share of ` 10/- each into two equity shares of ` 5/- each, the final dividend which will be paid after the forthcoming Annual General Meeting would be ` 3.75 per equity share of ` 5/- each. An interim dividend of 96% (` 9.60 per equity share of ` 10/- each) on the paid up share capital of ` 243.72 crores has already been paid. The total dividend (including dividend distribution tax) for the year 2017-18 will be ` 501.60 crores as compared to ` 445.29 crores for the FY 2016-17, which is an increase of 12.65% over previous year. The dividend for the year 2017-18 works out to 47.82% of profit after tax of the Company for the year and is 5.34% of its net worth as at 31.03.2018.

### FINANCIAL HIGHLIGHTS

The operating turnover of your Company registered a growth of 10.01% during the year under review, increasing from ` 5,606.13 crores in the previous year to ` 6,167.12 crores in the current year. Total expenditure increased by 7.68% from ` 4,714.76 crores in 2016-17 to ` 5,077.06 crores in 2017-18. The profit before tax works out to ` 1,392.65 crores, higher by 17.96% over 2016-17. After making provisions for income tax, tax adjustments, the net profit stands at ` 1,049.04 crores, which is 22.26% higher than last year. This increase in Profit After Tax (PAT) is attributable to better physical and financial performance during the year.

### OPERATIONAL PERFORMANCE

The throughput of your Company increased during the year 2017-18 in comparison to the year 2016-17. The segment-wise comparison is as under:-



Handling at Terminals (In TEUs)	2017-18	2016-17	%age Growth
EXIM	30,01,948	26,41,695	13.64
Domestic	5,29,952	4,60,516	15.08
<b>Total</b>	<b>35,31,900</b>	<b>31,02,211</b>	<b>13.85</b>

As can be seen, there has been an increase of 13.64% in EXIM and 15.08% in Domestic throughput. In terms of tonnage carried by rail, the Company carried a total tonnage of 39.97 million tons in current fiscal as against 34.70 Million tons in previous fiscal (2016-17) with an increase of 15.19%. The EXIM throughput, total throughput and total tonnage (carried by Rail) by CONCOR are the highest ever volumes in the Company's history.

#### **CAPITAL STRUCTURE**

In the month of February 2017, issuance of one bonus equity share for every four equity shares held was recommended by board for which approval of shareholders through postal ballot route was taken by the Company. After the approval of shareholders, the Board of Directors allotted bonus shares on 10.04.2017 to the shareholders as a result the paid up share capital of the Company increased from ` 194.97 crores to ` 243.72 crores comprising of 24,37,17,739 equity shares of ` 10/- each.

The Board of Directors of your Company recommended sub-division of one equity share of face value of ` 10/- each into two equity shares of face value of ` 5/- each for which approval of shareholders through postal ballot route was taken by the Company. After the approval of shareholders on 12.06.2018, the equity shares of your Company have been sub-divided from one equity share of face value of ` 10/- each to two equity shares of face value of ` 5/- each and as a result the capital structure of the Company has undergone change and now the paid up share capital is ` 243.72 crores comprising of 48,74,35,478 equity shares ` 5/- each from earlier ` 243.72 crores consisting of 24,37,17,739 shares of ` 10/- each. To enable the above sub-division the Authorized Share Capital of the Company has also undergone a change from ` 400 crores comprising of 40 Crores equity shares of ` 10/- each to ` 400 Crores comprising of 80 Crores equity shares of ` 5/- each. New ISIN allotted for Company's equity shares is INE111A01025 having face value of ` 5/- each.

The shareholding of Government and others in the Company as on 31.03.2018 was 54.80% and 45.20% respectively, which was same as on 31.03.2017.

#### **LISTING AND DEMATERIALIZATION OF SHARES**

CONCOR's shares are listed with the two bourses namely BSE Limited and National Stock Exchange of India Limited. The listing fees of both the 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 24,37,17,739 equity shares listed on the Stock Exchanges, 24,37,15,124 equity shares were in demat mode as on 31.03.2018. The market capitalization of the Company was ` 30,345 crores as on 31.03.2018 (as per closing price on last trading day at NSE).

#### **CAPITAL EXPENDITURE**

Capital Expenditure of ` 856.86 crores approx. was incurred during the year mainly on development/expansion of terminals, acquisition of wagons, handling equipments and IT Infrastructure, etc.

#### **NEW TERMINALS & TERMINAL NETWORK EXPANSION**

During the year, the Company has further strengthened its existing Terminal Network to provide efficient services to its customers. The Company has 72 Terminals in total as on 31.03.2018, of which 14 are pure EXIM Terminals, 36 are Combined Container Terminals, 22 are pure Domestic Terminals. In addition, CONCOR has also entered into Strategic Tie ups at seven locations with other logistics players.

Six facilities were developed in FY 2017-18 are as under:-

- Mihan (Nagpur)
- Naya Raipur (Chattisgarh)
- New Mangalore Port Trust (Mangalore)
- Balli (South Goa)
- Varnama (Vadodra)
- Paradip Port [Port Side Container Terminal (PSCT)]

Further, atleast 10 new facilities and completion of the balance infrastructure in few of the above facilities is planned during 2018-19. CONCOR will continue with its plans of CAPEX for further developing new Terminals especially along the upcoming Western & Eastern DFC, including in partnership with Ports both existing as well as upcoming.

#### **HIGH SPEED WAGONS, CONTAINERS AND HANDLING EQUIPMENTS**

In order to strengthen and improve the service level, during the year under review 540 BLC wagons were added to the existing fleet of CONCOR owned wagons, increasing the holding of high speed wagons to 13,198. Total wagons (BLC+BLCM+BLL+BFKN+BVZI) holding as on 31.03.2018 was 14,534. In addition to above four BLC rakes converted into BLCM rakes with increased axle load from 20.3 tonne to 22 tonne.

During the FY 2017-18, 468 twenty feet containers have been inducted in CONCOR's fleet of domestic containers. Further, 1,415 containers have been off-hired / auctioned during FY 2017-18. As on 31.03.2018 your Company has 20,695 (owned plus leased) containers and it also owns 78 Reach Stackers and 16 Gantry cranes.

#### **INFORMATION TECHNOLOGY**

Your Company continued to make progress in the field of Information Technology. The VSAT based hybrid network has been extended and now it covers 82 locations. The Terminal Management System for Domestic (DTMS), for EXIM (ETMS), ERP for Oracle Financial, HR Payroll, Container Repair System, Operation system was implemented for the expanded network of terminals and a Data Warehouse Module for commercial applications on centralized architecture is running smoothly across field locations/Regional Offices and Corporate Office.

The Web enabled Customer interface through a dedicated Web Server is running successfully providing facilities to the customers. The Customer feedback facility system as implemented on the website enables us to constantly evaluate our performance and take corrective action on Customer complaints and feedback.

Public Grievance lodging and monitoring system has been deployed on CONCOR's website for Grievance Redressal system. This system has been developed in line with the O.M. dated 18.02.2013 of Department of Administrative Reforms & Public Grievances. The objective of the system is to reduce time in addressing grievance, to increase transparency and round the clock access for lodging and monitoring grievance.

The Electronic-filing of documents on the Commercial System initially provided at ICD/Tughlakabad have now been extended to all EXIM terminals which enable the customers to file their documents electronically from their own offices and on-line payment mode of NEFT/RTGS has been enabled. As part of Business Continuity plan, CONCOR has established Backup Site and Standby system at primary site for its commercial business critical applications. CONCOR has been re-certified ISO/IEC-27001: 2013 certification from STQC IT Certification Services (Ministry of Communication & Information Technology) for establishing an Information Security Management System (ISMS).

As an extension of existing HRMS, employee portal has been introduced. This system facilitates employees to access information regarding Salary/ reimbursements, leave balances, PF statement, view and submit their APAR online, online submission of Annual Property return, pension details etc. and employee has option of viewing of the information on the screen and the printout of the same can also be taken for the record. Online payment systems for Corporate Office and all regions implemented from Oracle Financials.

The e-Tender system with e-payment facility for sale and EMD electronically, MSE exemptions has also been introduced. Recruitment on CONCOR's website is integrated with online payment gateway for collection of fees. CONCOR has implemented reverse auction and has re-designed its Corporate website to the responsive website.

e-Samarth application for Online Vigilance Clearances to handle bulk NOC request creation and approval and workflow driven system has been evolved. This has increased transparency and drastically reduced the total time of according NOC for various purposes.

e-Voting was successfully done for CONCOR shareholders and file tracking system was implemented at Corporate office of CONCOR. Document Management System for Company Secretary Module, Reimbursement Bills, e-meeting app for conducting Board meeting of CONCOR and Subsidiaries have been implemented and has also successfully implemented 7th Pay commission in HR system for employees.

CONCOR has launched its mobile app for disseminating the information (public tariff, Rail tariff, track & trace, Company directory etc.) for its stake holders and has launched mobile app for Exim e-filing (covering reports & queries) for its stakeholders. It has successfully completed GST integration in its IT systems as per guidelines of Govt.

#### **STANDARDISATION/ CERTIFICATIONS**

CONCOR continues to enjoy ISO 9001:2008 certification and as on 31.03.2018, 63 Nos. of Terminals (including Corporate Office and 8 Nos. Regional Offices) were ISO 9001:2008 certified. It is an illustration of the total commitment of your Company towards Quality Management System. Quality policy clearly provides for ensuring



complete customer convenience & satisfaction and value for money through continual improvement of system and processes. The Quality Policy has been prominently displayed at all locations of CONCOR. Safety Slogans are displayed at prominent locations at various terminals of CONCOR. ISO Certification is available for most of the Units of your Company. Disaster Management System has been hosted on CONCOR website. Further, in its endeavor to maintain high standards of quality, your Company has been taking various steps, some of which are as follows:

- Conducting periodical Management Review Meetings, wherein various actions were taken with regard to Disaster Management, Safety Norms and Quality Standards.
- Quality Audits were undertaken by internal trained Quality Auditors from time to time. Special emphasis was made on "Swachh Bharat" campaign in physical cleanliness of the workstation & other places so as to have a positive and vibrant synergy of work environment and cleanliness.
- Annual Surveillance Audit was undertaken by an independent agency for a number of units. The process of migration from ISO 9001:2008 to ISO 9001:2015 is already on and contemplated for completion in time.
- An endeavor towards paperless working especially in HR and Engineering Divisions.

#### **JOINT VENTURES/STRATEGIC ALLIANCES**

Your Company continued to place emphasis on providing total logistics and transport solutions to its customers by exploring the possibilities of expanding the presence of the Company in all segments of Logistics value chain in the EXIM as well as Domestic segments. Strategic alliances firmed up, both for optimal utilization of infrastructure as well as expansion into other segments of the value chain for effectively achieving the goals.

SIDCUL CONCOR Infra Company Ltd. (SCICL), a Joint Venture Company (JVC) with shareholding of 74% and 26% of Container Corporation of India Limited (CONCOR) and State Infrastructure & Industrial Development Corporation of Uttarakhand Ltd. (SIIDCUL) respectively has developed a Multimodal Logistic Park (MMLP) at Pantnagar located approx. 300 mts from Rudrapur-Haldwani State Highway and approx. one km. from the NH-87.

The year 2017-18 is its first whole completed year of operations in both the stream i.e. EXIM and Domestic. Last year the operations commenced but were in Domestic segment only. The throughput during the current year was 24,967 TEUs which is 64% higher than the throughput of 15,227 TEUs for FY 2016-17. It has handled 416 rakes in FY 2017-18, the containers handled at MMLP, Pantnagar for the said period were 33,010 TEUs and its revenue from business operations for the said period was ` 6.78 crores. The JVC is expected to emerge as a major logistics service provider for rail logistics for the rapidly industrializing State of Uttarakhand. The facility at Pantnagar has given rail access to CONCOR and significant volume is expected to move from this region thereby tapping effectively the available potential of the area and will help in increasing rail share by diverting traffic from road to rail and thereby also contribute in reducing carbon emission.

Punjab Logistics Infrastructure Limited (PLIL) is a JVC of CONCOR and Punjab State Container and Warehousing Corporation Limited (CONWARE). This Company has developed a MMLP in the State of Punjab facilitating trade and industry of the State and putting them on International map.

The work related to phase-I has been completed and commercial activities have already started. The terminal has been notified by Railways as Private Freight Terminals (PFT) for starting the commercial activities.

Further, the High Level Committee (HLC) of the FCI has approved construction of silos of one Lac MTs with railway siding at the MMLP and the work for the same has been initiated. The Company has also received in-principle approval for setting up of Inland Container Depot (ICD) on 17.31 acres of land.

The Company started its business operations w.e.f., 5<sup>th</sup> April, 2017 and during the year 11,790 TEUs were handled and transportation done of 6,345 TEUs. The major chunk of business came from the transportation of primarily food grains, sponge iron and pig iron. The Company's turnover was ` 11.16 crores in the first year of its operations and the operating profit was ` 4.53 crores.

The above two Companies i.e. SCICL & PLIL are also subsidiaries of your Company as it is holding majority of shares in these companies.

While the existing Subsidiaries & Joint Ventures continued to perform to their full potential, contributing to the growth of the core business of CONCOR, new strategic alliances were also made in which Memorandum of Understanding (MoU) were signed with the following:

- National Highways Authority of India (NHAI) and Surat Municipal Corporation (SMC) for establishment of a Multi Modal Logistics Park at Surat, Gujarat.
- National Highways Authority of India (NHAI) and Telangana State Industrial Infrastructure Corporation Limited for establishing a Multi Modal Logistics Park at Hyderabad.

- Paradip Port Trust for development of a Multi Modal Logistics Park at Paradip Port, Odisha.
- Chennai Port Trust (ChPT) for setting up an Extended Gate Common User Facility at CONCOR's premises at Tondiarpet, Tamil Nadu. This would help in reducing the time taken for movement of containers in and out of Chennai Port and contribute to de-congest the road by improving the rail co-efficient of the Port cargo.
- State Govt. of Andhra Pradesh for setting up of an Integrated Logistics & Manufacturing Zone (ILMZ) at Machilipatnam.
- Bharat Mumbai Container Terminals Pvt. Ltd. (BMCT) the PSA 4th Terminal at JNPT (BMCT) for operating Extended Gates at CONCOR's Terminals at Kathuwas (Delhi), Jakhwada (Ahmedabad) and DRT (Mumbai).
- Government of Uttar Pradesh (GoUP) for development of Multi Modal Logistics Park at New Bhaupur.

#### WHOLLY OWNED SUBSIDIARIES

CONCOR had incorporated M/s. Fresh & Healthy Enterprises Ltd. (FHEL) in the year 2006 as its wholly owned subsidiary to create world class cold storage infrastructure in the country, to provide complete cold chain logistics solutions to various stakeholders in this field.

FHEL had incurred net loss of ` 10.62 Crores during the year 2017-18 as against net loss of ` 13.65 Crores during previous year 2016-17. As on 31.03.2018, the accumulated losses of the Company stood at ` 164.18 Crores.

There has been considerable change in business scenario with implementation of Goods & Services Tax (GST) and a number of measures taken to boost logistics sector especially Agri-logistics. A number of Entrepreneurs have been approaching FHEL highlighting the need for customized requirements and storage of smaller quantities in cartons/pallets, thus making the leasing of the facility more attractive with the possibility of making the functioning of the facility viable.

Keeping in view the changed business dynamics, a new business plan has been approved in March 2018 for re-engineering of the facility at Rai, Sonipat and developing it as an Agri-logistics centre in two phases i.e. Phase I for modification of existing facility at a cost of ` 13.45 Crores to cater to the specific requirements of clients based on detailed market analysis and projected business volumes and Phase II with an investment of ` 30.86 Crores for building 2,000 MT of deep freeze facilities and 3,000 sq mtrs. of ancilliary High Rise Storage as a feeder facility for existing facility.

For the purpose of implementation of Phase I at this stage, CONCOR, has made an Equity infusion of ` 13.45 Crores, by subscription of rights issue of 1,34,50,000 equity shares of ` 10/- each, after increase of Authorized Share Capital of FHEL from ` 150 Crores to ` 200 Crores. Steps are being taken for implementation of the business plan and it is being monitored closely.

In order to expand its span of operations and make its presence felt in Air cargo business with a view to establish itself in this Industry, CONCOR had formed earlier CONCOR Air Ltd. (CAL) in the year, 2012. It is 100% subsidiary of CONCOR and has an authorised share capital of ` 50 crores. The Objectives of CAL are to:

- Undertake Air Cargo related activities in International as well as Domestic circuit.
- Contribute in the development of Air Cargo business of the country by providing end to end solution to the customers through the mode of bonded trucking of Import/Export cargo from the various hinterlands to the Airports.
- Provide warehousing facilities to International & Domestic Air Cargo and to facilitate the clearance of EXIM & Domestic Air Cargo.

CONCOR Air Ltd. has made its presence felt at Chattrapati Shivaji International Airport in the field of domestic and international air cargo related activities by entering into concession agreements with Mumbai International Airport Ltd. (MIAL).

#### Domestic Air Cargo Concession:

In February, 2013 CONCOR Air Ltd. has entered into an agreement with MIAL under which Santacruz Air Cargo Terminal (SACT) has been developed by CONCOR Air Ltd. SACT is a State-of-the-art GREEN terminal with ultra-modern facilities for storage of cargo, handling, screening, cold storage, etc. SACT was commissioned on 09.06.2016. Before commissioning of SACT, CAL had taken over the existing Domestic Common User Terminal of MIAL at Marol for operations w.e.f. 01.05.2013 where it was handling domestic air cargo of four airlines viz; Indigo, Spicejet, Go Air and Vistara. With the commissioning of SACT, Jet Airways has also shifted its cargo to CAL.

#### International Concession Agreement:

CONCOR Air Ltd. has also entered into Concession Agreement with MIAL on 30.10.2013 for operations and



management of International Air Cargo at ACC, Sahar. CAL has taken over operations at ACC in February, 2014 whereby it got an opportunity to show its capability in the field of International air cargo operations.

With taking over of International as well as domestic air cargo operations at CSIA Airport, which is one of the best International Airport in the world, CONCOR Air Ltd. is heading towards establishing itself in the field of International and Domestic air cargo industry.

The Company has earned net profit of ` 12.16 crores after tax during 2017-18. The paid up equity capital of the Company was ` 36.65 Crores as on 31.03.2018.

The annual reports of the above four subsidiaries of CONCOR will be available on the website of the Company at [www.concorindia.com](http://www.concorindia.com). Further, your Company will make available the accounts of its subsidiaries of the Company upon request.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company prepared in accordance with the provisions of the Companies Act, 2013 and the applicable Indian Accounting Standards (Ind - AS) forms part of the Annual Report of the Company.

#### **HUMAN RESOURCE MANAGEMENT**

Human Resource Management (HRM) in organizations is designed to maximize employee performance to achieve strategic objectives. HR is primarily concerned with the management of people within organizations, focusing on policies and systems. Being a progressive organisation, CONCOR firmly believes in the strength of its most vital asset i.e. Human Resource.

CONCOR has adopted and aligned its HR strategy vis-a-vis systems & procedures taking into account the business objectives and competence building needed for the organisation. HR strategy acts as a motivating factor for the employees who contribute to the core competence of the organisation to create a match between the Company's future needs and the aspirations of individual employees.

CONCOR's HR Philosophy is rooted in encouraging employee empowerment, growth and development of individuals by realizing their potential, encouraging innovative ideas and fair distribution of rewards. Its work culture is open and dynamic enabling employees to take initiative in jobs with active support of the top management. It is an employer of choice and attracts the best available talent with skill sets required for the growth and development of the organization.

Right placement and refinement of employees is the primary function after induction by which the Company maintains alignment of individual performance and goals with that of CONCOR Goals.

Great care is taken to provide working environment to the employees conducive to their good health. The occurrence of industrial accidents is minimal. Much care is taken to maintain safe and hygienic working climate conducive to the good health of employees.

CONCOR offers various voluntary benefits (apart from statutory benefits) to its employees. These are offered in the form of options to the employees to choose from a mix of perks and allowances available subject to a maximum ceiling. In addition to allowances and benefits covered in the cafeteria approach, additional perks in the form of residential accommodation; telephone instruments/service; advances and welfare amenities are provided to employees.

Provision has been made for timely delivery of HR services through Right to Service for Time Bound Delivery of HR Services and Benefits.

The Company has a performance oriented culture wherein contribution of every employee to the organization is measured and suitably rewarded. CONCOR has a sound and result oriented Performance Management System (PMS). The system promotes CONCOR's philosophy of rewarding and recognizing meritocracy at all levels and support development of executives through a structured approach woven into the appraisal of the Company.

CONCOR has an exclusive training centre at Gurugram to cater to employees' developmental needs. It conducts both In-house and Specialised topic based trainings as per organisational and employees needs from time to time. Feedback of employees and reporting authorities is reviewed constructively and accordingly next training calendar is scheduled. Employees are put to 'On the Job Training Programmes' and are evaluated to get an understanding of the suitability of the employee for his/her right placement and also to understand specific developmental needs of employees.

The Company provides wider opportunities for growth to its employees. Being a young organisation with an average age of employees at 40 years, it has formulated a comprehensive Performance Management System (PMS) in order to identify not only the job performance of the employee but also analysis of employee's behavior and personality

traits under various descriptions of personality. It gives an idea of employee's training and developmental needs and thus contributes majorly to the succession planning of the individual and thereby helps in the analysis of an employee for his placement for a particular job.

With a view to keep our below board level employees/ officers prepared for the future requirement of the organisation, young managers have been placed as the head of the terminals and departments, under Group General Managers and Executive Directors who have been placed as Head of the Regions and departments. The attrition rate is around 2% owing to CONCOR's employee welfare and career development policies.

#### INDUSTRIAL RELATIONS

Sound and healthy Industrial Relations (IR) is the pivot around which the entire business operations revolve. CONCOR believes in community of interests and not in conflicts of interests. Various interest groups strive to further goals in the organisation and resolution of conflicting interests in a positive manner reinforces faith in the system, besides imbuing strength to face external threats. CONCOR maintained industrial peace and harmony and no mandays were lost during the year. Positive IR has been the goal of HR department wherein it CONCOR provides two way communication, participative culture, open platforms for discussion for ideas and motivation of the employees.

#### RESERVATION POLICY

CONCOR is a Central Government Public Sector Undertaking (PSU). It follows all Government mandates in true spirit.

The representation of such categories against the total strength of 1473 as on 31.03.2018 is as under:

Category	No. of Employees
Schedule Caste	215
Schedule Tribe	74
Other Backward Classes	360
Persons with Disabilities (PwDs)	32
Ex-serviceman	23

Further, the details of reserved category candidates who have been recruited/ appointed during the year 2017-18 are as under:

Category	No. of Employees
Schedule Caste	09
Schedule Tribe	04
Other Backward Classes	16
Persons with Disabilities (PwDs)	01
Ex-serviceman	00

#### SPECIAL ACHIEVEMENTS

Your Company continued to excel in fields of its activities and was a proud recipient of the following awards in the year:

- Prestigious BML Munjal Awards for being runners up in the Public Sector Category on 20<sup>th</sup> April 2017 for its contribution in Learning and Development of its employees. The award was presented by Shri. Prakash Javadekar, Hon'ble Union Minister of HRD, Government of India.
- Dun & Bradstreet Corporate Awards, 2017 for achieving excellence in "Transport & Logistics" sector by Shri. Arjun Ram Meghwal, Hon'ble Minister of State for Finance & Corporate Affairs, on 1<sup>st</sup> June 2017.
- "SKOCH Order-of-Merit Award" during 48th SKOCH Summit on 20<sup>th</sup> June 2017 at BSE International Convention Centre, Dalal Street, Mumbai.
- Best PSU under "Transport Service Sector" at the Dun & Bradstreet PSU Awards 2017 by Shri Neeraj Kumar Gupta, IAS, Secretary, Department of Investment & Public Asset Management, Ministry of Finance, on 25/07/2017.
- Received Appreciation Memento during Global Economic Summit from All India Association of Industries at World Trade Centre, Mumbai on 22<sup>nd</sup> February, 2018.



- The 'Best ICD And Container Train Operator' in the country in Conquest Annual Award 2017-18 at New Delhi on 23<sup>rd</sup> February, 2018.
- Global Logistics Excellence award for 'Best Cold Chain Initiative - Food Processing' at Infinity Expo, Leela Hotel Mumbai in association with Tata Strategic Management Group on 23<sup>rd</sup> February, 2018.
- "Smart Transporter – Rail" award at Maritime Gateway Smart Logistics Summit & Awards 2018 at The Oberoi Grand, J N Road, Kolkata on 27<sup>th</sup> February, 2018.
- Ranked 78 in the latest ranking released by Business India Super 100 companies of Corporate India, a massive jump from 103 rank of 2016.

#### **ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION**

The relevant information on conservation of energy and technology absorption stipulated under Section 134 of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, are as under:

For energy conservation and technology absorption, Virtualization is being done in the servers of major applications, which is the latest technology, with the objective to reduce hardware, power consumption and the cooling requirement.

To save power the multiple servers are also being controlled through single console instead of having the separate monitors, which save power as well as reduce cooling requirement. Most of the CRT monitors have been replaced by LCD/LED monitors, which have reduced the power requirement drastically. Most of the latest CPU/ Monitors / Printers of desktops /laptop are configured in power saving mode.

In addition to above, to conserve energy and to reduce power requirement/ heat dissipation wherever possible, consolidation is practiced as per requirement.

The Company is using fuel efficient Rubber Tyred Gantry Cranes and Reach Stackers Machines for handling of containers, usage of fuel efficient power packs to feed power supply to refrigerated containers while transporting to ports. Further energy efficient Rail Mounted Gantry Cranes and improved warehouse design is being used by making them more energy efficient.

#### **FOREIGN EXCHANGE EARNINGS & OUTGO**

During the year, there were no foreign exchange earnings. The details of foreign exchange outgo are as under:

(` in crore)

Foreign exchange outgo	1.27
Import on CIF basis	
a) Stores & Spares	6.11
b) Capital Goods	44.72

#### **RESEARCH & DEVELOPMENT (R&D)**

- Development of a Mobile Application as a customer friendly initiative for ease of doing business. The functionalities available on the App as on date are Track & Trace of containers, Tariffs and other important information about the Company customized type tank container of mild steel for carrying non hazardous liquid cargo.
- Implementing E-filing & KYCL in all EXIM Terminals.
- In the process of acquiring 05 more Gantry Cranes, 49 no. of Reach Stackers and 10,000 containers including 6,000 High Capacity Containers of having Gross Weight of 34T.
- CONCOR is under the process of modifications of existing BLC rakes to BLCM rakes in which carrying capacity per wagon will increase from 61 Ton to 68 Ton.
- Analytical Studies were conducted on key topical issues such as the Impact and the Opportunities available in "Direct Delivery of Containers from JNPT" and "Minimization of Empty Running Ratio".

#### **PRESIDENTIAL DIRECTIVE(S)**

Railway Board vide letter no. 2017/PL/52/4 dated 24.11.2017 has issued Presidential Directive under Article-71 of Memorandum and Articles of Association, for implementation of revised Pay Scales w.e.f. 01.01.2017 in respect of Board Level and Below Board level Executives and Non Unionized Supervisors.



### RAJBHASHA

In order to promote use of Hindi in CONCOR, Official Language Act, 1963 and Official Language Rules, 1976 have been fully complied with. Individual order have been issued to those employees who have been found proficient in Hindi to do their maximum routine work in Hindi. Meetings of official language implementation committee were held regularly in order to review the progress of Hindi in CONCOR. Various steps have been taken to promote use of Hindi including organizing workshops, inspections etc.

Hindi Pakhwara was organized from 14<sup>th</sup> to 28<sup>th</sup> September 2017 in which five competitions were conducted during the pakhwara and 90 officials took part in these competitions. The winners were honored with cash prize and certificate. A Hindi Kavi sammelan was also organized which was well received by the CONCOR staff.

Total 100 employees including 23 from corporate office were given cash awards under CONCOR RAJBHASHA PURSKAR YOJANA 2016-17 for noting and drafting work in Hindi. On 24<sup>th</sup> November 2017, Hindi Kahani Vachan Partiyogita was organized at Corporate Office under the aegis of Town Official Language implementation Committee (PSU), Delhi in which 18 officials from various PSUs participated. CONCOR was conferred with Rajbhasha shield for financial year 2016-17 by Secretary, Dept of Official Language, Govt. of India, for their excellent work in promoting official language, Hindi.



CONCOR conferred with Rajbhasha Shield

CONCOR keeps its library enriched by acquiring Hindi Books of famous authors on various streams of Hindi Literature. The number of books in the library has increased to 3,148 in which 1,829 are Hindi books. 99 New Hindi Books were added during the year 2017. Leading Newspapers as well as monthly and fortnightly magazines continue to be subscribed. To promote original writing in Hindi & to familiarize with Company's activities, a magazine 'Madhubhashika' is being published regularly. Good articles published in this magazines are also suitably awarded. The magazine is also uploaded on CONCOR website.

The Mukhya Rajbhasha Adhikaari was conferred with 'Rail Mantri Rajbhasha Rajat Padak Puraskar' for year 2016 for his outstanding contribution in promoting use of Hindi in CONCOR.

### VIGILANCE

The objective of CONCOR vigilance is to facilitate an environment enabling people to work with integrity, efficiency and in a transparent manner, upholding highest ethical standards for the organisation. To achieve this objective, the Vigilance Department carries out preventive, proactive and punitive actions with greater emphasis in the preventive and proactive functions. Following activities were undertaken during the financial year 2017-18.

Periodic surprise checks were conducted regularly in vulnerable areas of the Company. During the year 2017-18, 23 Preventive / Surprise checks /CTE type checks were conducted at various Regional Offices / Inland Container Depots/ Container Freight Stations. In addition, cases were registered / investigated on the basis of complaints and other information. Suitable penal action was taken against erring officials and contractors. An amount of ₹ 47.42 lakhs was recovered from various contractors/ customers during the financial year.



On the suggestion of Vigilance Division, respective user departments have issued 12 circulars for improvement in systems and procedures. In order to disseminate information among field functionaries, Vigilance Division organised 4 training programmes/ workshops in different Regions covering topical issues such as D&A Rules, Facets of Vigilance and Civil Engineering Works. Information technology is being extensively utilised to effectively institute more transparent process like e-tendering, e-payments, e-receipts, e-filing, e-auction etc. thereby instilling confidence of being just and fair organisation amongst our customers, Business associates etc.

Vigilance Awareness Week (VAW) was observed in all offices of CONCOR by undertaking various activities (30th October to 4th November, 2017). The theme of the Vigilance Awareness Week -2017 was "My Vision-Corruption Free India". VAW-2017 was marked by numerous activities/competitions in schools, colleges, universities, Gram Sabhas etc. 7 nos. of workshops/ interactive sessions were organized. Banners on the VAW theme were displayed at various offices and public places. Several workshops, seminars, nukkad natak, Grievances Redressal Camps were organised involving employees, customers and contractors/vendors. Essay, slogan writing and debate competitions were organised for employees and student community. Safety Manual has also been released at ICD/Whitefield and all regions advised to prepare safety manual of respective terminals.

Vigilance department had conducted a preventive check at North Western Regional office at Ahmedabad during the year 2015. During the inspection, irregularities were noticed w.r.t. claims of travelling allowance by submitting forged and fabricated hotel bills, airway tickets and taxi bills etc. Accordingly, after completion of D&AR proceedings, a major penalty and two minor penalties were imposed on concerned officials during the year 2017-18. Further, in another case, one official had taken the advance from CONCOR and had settled the amount without any supporting documents on his own without the job responsibility assigned to him in the system. After completion of the D&AR proceedings, the disciplinary authority had imposed a major penalty upon the official. There is no pending vigilance case against any official as on 31<sup>st</sup> March, 2018.

In order to motivate the employees in recognition to their contribution in vigilance management, the award for "Most Vigilant Employee of the year" is constituted and this year the award was given to Sh. Parag Ramesh Koranne, Asst. Officer (C&O)/ Western Region during Vigilance Awareness Week.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act 2013, your Directors hereby confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 and loss of the Company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.
- v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

The detailed Management Discussion and Analysis forms a part of this report at **Annexure-A**.

#### **CORPORATE GOVERNANCE & GREEN INITIATIVE**

Your Company has taken structured initiatives towards Corporate Governance & its practices are appreciated by various stakeholders. Your Company believes in the principle that good Corporate Governance establishes a positive organizational culture and it is evident by responsibility, accountability, consistency, fairness and transparency towards its stakeholders. As required under SEBI (LODR) Regulations and DPE guidelines on Corporate Governance, a separate report on Corporate Governance practices followed by the Company forms part of this Report at **Annexure-B**.

A Practicing Company Secretary has examined and certified your Company's compliance with respect to conditions enumerated in SEBI (LODR) Regulations and DPE guidelines on Corporate Governance. The certificate forms part of this Report at **Annexure-C**.

As a responsible corporate citizen and to reduce carbon foot print, your Company has actively supported the implementation of 'Green Initiative'. Electronic delivery of notice of Postal Ballot, notice of Annual General Meeting (AGM) and Annual Report is being done to those shareholders whose email ids are already registered with the respective Depository Participants (DPs) and downloaded from the depositories i.e. NSDL/CDSL and who have not opted for receiving Annual Report in physical form. Accordingly, unless otherwise desired by the shareholders, the Company sends all documents to the shareholders viz. Notice, intimation for dividend, Audited Financial Statements, Directors' and Auditors' Report, etc. in electronic form to their registered e-mail addresses.

#### **CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT**

CONCOR impetus towards sustainable development of all its stakeholders by undertaking various welfare activities under its CSR initiatives continued like in previous years. As per Companies Act, 2013, CONCOR has formulated its CSR policy for the benefit of different segments of the society, specifically the deprived, underprivileged persons, groups, entities, etc. CONCOR has two Tier CSR Committee system for implementing it's CSR activities. The Tier-I committee is headed by Chairman & Managing Director including two Independent Director as it's member. The Tier-II committee is headed by ED(MIS & CSR) including two other senior officers & assisted by Sr. Manager (OL & CSR).

Under CONCOR's CSR policy various thrust areas have been identified in accordance with the provisions of Companies Act, 2013 and include health & medical care, sanitation, education/literacy enhancement, community development and rehabilitation measures, environment protection, conservation of natural resources, natural calamities and infrastructure development, rural development, etc.

CONCOR's social activities in FY 2017-18 were directed towards holistic development of society with prime focus on education, sanitation, environment sustainability, preventive health care, skilling and rural development of its stakeholders. CONCOR CSR committee headed by CMD/CONCOR and having one Independent Director and one functional director as its members met on quarterly basis in order to sanction and oversee the progress of sanctioned projects for the benefit of its stakeholders. CONCOR board on recommendation of CSR committee approved an amount of ₹ 25.22 crores towards CSR expenditure in terms of Companies Act, 2013 for the year 2017-18, which was further fixed to ₹ 26.75 crores due to recasting of accounts of year 2015-16 by Company.

CONCOR implemented it's major projects in the area of education, health, sanitation, skill development & environment sustainability. Some of it's CSR initiatives are as under:

Solar lights have been installed in the unelectrified rural areas of Bhadohi, Shrawasti and Ghazipur districts of Uttar Pradesh to benefit a large number of rural population. Support was extended towards solar electrification of Shyamgarh and Bhawani Mandi Railway stations in Rajasthan alongwith completion of solar electrification of Abu Road and Bhilwara railway stations.



Solar electrification in Bhadohi and Shrawasti

Passenger amenities were upgraded at New Delhi and Vadodara Railway stations by providing water coolers, maintenance of track cleaning machines, solar electrification of platforms of New Delhi Railway station.

Skill development activities were initiated for weaker section of society in the field of Garment and Logistics section in Uttar Pradesh, Andhra Pradesh, Tamilnadu and Gujarat benefiting 560 youths belonging to backward classes who will be skilled enough to sustain in society on their own.



Skill development training at KISS, Bhubaneswar

Preventive Health camps continued to be organized like previous years at 25 major locations of CONCOR facilities benefiting approximately 50,000 stakeholders by organizing 77 health camps which have been able to create a mass awareness among CONCOR stakeholders towards basic health issues being faced by them.



Health Camps

Support was also extended towards infrastructure development of hospitals in Chattisgarh and Andhara Pradesh for the benefit of common man of society.

Company took care of abandoned/ mentally retarded persons by constructing toilet blocks and by providing water geyser in Haryana benefitting 400 such persons.

To promote sanitation among masses, community toilet blocks were constructed in Jahanabad, Bihar and Ghazipur and Varanasi, Uttar Pradesh. Construction of school toilets in Kannur district of Kerala also got completed.



Community toilet in Ghazipur, Uttar Pradesh



Handpumps in Lakhimpur, Khiri, Uttar Pradesh

CONCOR, like previous years continued to contribute in 'Swachh Bharat Kosh' set by Govt. of India for sanitation activities near CONCOR facilities.

CONCOR supported towards upgradation of Mango Pack House in Devgad, Sindhudurg District of Maharashtra through Maharashtra State Agriculture Marketing Board (MSAMB) by providing funds for civil works as well as procurement of Ethylene dosing system, cartons sealing machine, fork lift, plastic crates, plastic pallets and CCTV camera etc. The upgraded Mango Pack House will serve the mango growers of the area by enhancing their earnings.



Mango Pack House at Sindhudurg

CONCOR's commitment to support education to those who are least privileged in society continued further by supporting 40 bright students towards preparation for higher studies in Eastern Uttar Pradesh belonging to poor families as well as in Delhi, where it supported operation and maintenance of a primary school run for slum children benefitting 250 such children.



Support to slum children in Delhi

Enthusied by the success of Perishable Cargo Centre at Ghazipur CONCOR completed the construction of another Perishable Cargo Centre at Rajatalabh Railway station in Varanasi in order to provide storage facility to farmers of this area with 400 MT storage capacity. The centre will be helpful to those who had no access to such storage facility resulting in wastage of vegetables in large scale in vegetable growing season.





Out of the funds allocated as per Companies Act 2013, including unspent balance of previous year towards CSR Expenditure for FY 2017-18, an amount of ₹ 15.75 crores has been disbursed towards various CSR activities during the year.

CONCOR is fully committed to benefit its stakeholders including less developed section/areas of society by taking up various social welfare activities especially for poor and weaker section of society towards their sustainable development in society.

The particulars of CSR activities for the year in the form of the Annual Report on CSR activities is as per **Annexure-D** to this report.

#### **RISK MANAGEMENT**

As per the requirement of SEBI (LODR) Regulations, 2015, the Company is having a Board level Risk Management Committee. The particulars of Committee are stated in the Corporate Governance Report forming part of this Report. The Company has a well laid down Risk Management (RM) system to identify, evaluate risks and opportunities. The said system seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The risk management system defines the risk management approach across the enterprise in various business activities. The RM structure has different risk models which help in identifying risk trends, exposure and potential impact analysis at Company level and also separately for business segments. It forms an integral part of the Company's functioning and the Board of Directors are being regularly apprised about the status of various risk elements and the mitigation plans for the same.

#### **INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY**

CONCOR's Internal Control Systems are commensurate with its size, scale and complexity and nature of its business activities. Internal audit constitutes an important element in overall internal control systems of the Company. The scope of work of the internal audit is well defined and is very exhaustive to cover all crucial functions and businesses of the Company. The internal audit in the Company is carried out by the independent professional firms appointed for this purpose. Further, the internal financial controls with reference to the Financial Statements are adequate.

The respective department of the Company monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies. Based on the report of internal auditors' necessary steps are taken at regular intervals to further strengthen the existing systems and procedures. The significant observations of internal auditors and corrective actions thereon are presented to the Audit & Ethics Committee of the Board at regular intervals. In addition, a separate certification of implementation and effectiveness of internal financial controls during 2017-18 was also done by an Independent agency.

#### **PARTICULARS OF EMPLOYEES**

As per provisions of section 197 of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed company is required to disclose the ratio of the remuneration of each director to the median employee's remuneration and such other details as may be prescribed in the Directors' Report. However, as per Notification No. GSR 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of section 197 of the Companies Act, 2013. CONCOR being a Government Company, such particulars are not included as part of Directors' Report.

#### **AUDITORS**

Being a Government Company, the Comptroller & Auditor General (C&AG) of India had appointed Company's Statutory and Branch/Regional Auditors for the financial year 2017-18. M/s. Arun K Agarwal & Associates, Chartered Accountants has been appointed as Company's Statutory Auditors for the year 2017-18. The statutory auditors were appointed by C&AG vide its letter No.CA.V/COY/CENTRAL GOVERNMENT,CCIL(9)/159, dated 20.07.2017. The Statutory Auditors of the Company is being paid an audit fee of ₹ 4,00,000/-. The Statutory Auditors have audited the Annual Financial Statements of the Company for the financial year ended on 31.03.2018.

The comments of the Comptroller and Auditor General (C&AG) of India, through letter No. PDA/R-C/RPSU/13-1/CONCOR/2018-19/294, dated 09.08.2018 on the Audited Financial Statements of your Company for the financial year ended 31.03.2018 under the Companies Act, 2013 have been received. The Comments of C&AG for the financial year 2017-18 along with the Statutory Auditors Report of your Company have been placed elsewhere in this Annual Report. Further, CONCOR is not required to maintain cost records as required under section 148 of Companies Act, 2013 and rules made thereunder.

#### **BOARD OF DIRECTORS**

CONCOR being a Government Company, the appointment of directors on its board are communicated by the

Ministry of Railways from time to time. During the financial year 2017-18, nine meetings of the Board of Directors were held for transacting various businesses. During the year and upto the date of this report, the directorship in the Company are under:

- Shri V. Kalyana Rama, Chairman and Managing Director [DIN: 07201556]
- Shri Pradip K. Agrawal, Director (Domestic Division) [DIN: 07557080]
- Shri Sanjay Swarup, Director (Intl. Mktg. & Ops.) [DIN: 05159435]
- Shri Rahul Mithal, Director (Projects & Services) [DIN: 07610499] (w.e.f. 29.09.2017)
- Shri Sanjay Bajpai, Govt. Nominee Director [DIN: 07549036]
- Shri Manoj Kumar Srivastava, Govt. Nominee Director [DIN: 06890877] (w.e.f. 30.04.2018)
- Shri Kamlesh Shivji Vikamsey, Independent Director [DIN: 00059620]
- Shri Sanjeev S. Shah, Independent Director [DIN: 00323163]
- Ms. Vanita Seth, Independent Director [DIN: 07944119] (w.e.f. 21.09.2017)
- Shri Lov Verma, Independent Director [DIN: 07560071] (w.e.f. 21.09.2017)
- Shri Anjaneya Prasad Mocherla, Independent Director [DIN: 03645659] (w.e.f. 21.09.2017)
- Shri Deepak Shetty, Independent Director [DIN : 07089315] (w.e.f. 14.07.2018)
- Maj. Gen. (Retd.) Raj Krishan Malhotra, Independent Director [DIN: 07483272] (upto 16.06.2017)
- Shri S. K. Sharma, Govt. Nominee Director [DIN: 07522844] (upto 26.09.2017)
- Dr. P. Alli Rani, Director (Finance) & CFO [DIN: 02305257] (upto 03.10.2017)
- Shri Prabhas Dansana, Govt. Nominee Director [DIN: 07973307] (w.e.f. 27.10.2017 upto 18.04.2018)

Shri S. K. Sharma, part-time Government director ceased to hold the office of director CONCOR w.e.f. 26.09.2017 as he relinquished the charge of the post of EDTC(Rates), Railway Board. Due to his untimely demise, Shri Raj Krishan Malhotra ceased to be director on 16.06.2017. Shri Rahul Mithal was appointed Director (Projects & Services) w.e.f. 29.09.2017 as per order no. 2016/E/(O)II/40/23, dated 29.09.2017 of Ministry of Railways. Shri Prabhas Dansana, EDTT (Steel) was appointed part-time government director w.e.f. 27.10.2017 as per order no. 2004/PL/51/3 dated 26.09.2017 of Ministry of Railways and ceased to hold the office of director CONCOR w.e.f. 18.04.2018 as he relinquished the charge of the post of EDTT(Steel), Railway Board. Dr. P. Alli Rani, Director (Finance) ceased to be a Director w.e.f. 03.10.2017 after her resignation on appointment as CMD, Cotton Corporation of India Ltd.

In terms of order of the Ministry of Railways, Government of India three non-official part-time (Independent) Directors were appointed on the Board of CONCOR on 21.09.2017. These Independent Directors were Ms. Vanita Seth, Shri Lov Verma and Shri Anjaneya Prasad Mocherla. Further, Shri Deepak Shetty was appointed as non-official part-time (Independent) Director w.e.f. 14.07.2018 in terms of DoPT notification no. 12/4/2018-EO(ACC) dated 14.07.2018. CONCOR had already requested Ministry of Railways for appointment of requisite number of independent directors to comply with the requirements under SEBI (LODR) Regulations. Shri Manoj Kumar Srivastava, EDTT(F), Railway Board was appointed as a part-time Government director w.e.f. 30.04.2018.

#### **RETIREMENT OF DIRECTORS BY ROTATION**

As per the Companies Act, 2013 the provisions in respect of retirement of Directors by rotation will not be applicable to Independent Directors. In view of this, no Independent Director is considered to be retiring by rotation but all other directors will be retiring by rotation. Accordingly, one third among all other directors namely Shri Pradip Kumar Agrawal and Shri Sanjay Swarup are liable to retire by rotation and being eligible, offer themselves for reappointment.

#### **EVALUATION & REMUNERATION**

As per Section 134(3)(p) of the Companies Act 2013, the Board's Report of a Listed Company shall include a statement indicating the manner of formal annual evaluation of Board, Individual Directors etc. Ministry of Corporate Affairs has vide its notification dated 5<sup>th</sup> June, 2015 notified the exemptions to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sec. 134(3)(p) regarding statement on formal annual evaluation shall not apply to Government Companies in case the Directors are evaluated by the Ministry which is administratively in-charge of the company as per its own evaluation methodology. Further, in line with aforementioned exemptions, Sub-Sections (2), (3) & (4) of Sec. 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of Government Companies.

In terms of notification dated 05.07.2017 issued by MCA the provisions in Schedule IV of the Companies Act, 2013



about reviewing the performance of Chairperson and non-independent directors and the Board as a whole by the Board by the Independent Directors in their separate meeting and that on the basis of performance evaluation of Independent Directors, it shall be determined whether to extend or continue their term of appointment shall not apply to a Government Company if the requirements in respect of same are specified by the concerned Ministries or Departments of the Central Government and such requirements are complied with by the Government Companies. Since the appointment of the all Directors in the Company is decided by the Govt. of India, the requirement related to evaluation of directors as stated in Schedule-IV are not applicable to CONCOR.

CONCOR is a Government Company under the administrative control of Ministry of Railways. The selection procedure for all the directors is also laid down by the Government of India and all the directors of the Company have been appointed in accordance with the said procedure. The functional directors including CMD are selected on the recommendations of PESB in accordance with the procedure and guidelines laid down by Govt. of India. Its Directors are appointed by Ministry of Railways and there is system and procedure laid down by Department of Public Enterprises for evaluation of its functional directors including Chairman and Managing Director. The evaluation framework for assessing the performance of functional directors comprises of the following key areas:

- Performance of the Company under the MOU signed with Ministry of Railways.
- Performance with respect to the targets fixed for the respective director.
- The evaluation includes self evaluation by the respective board member and subsequent assessment by CMD for the functional directors and thereafter final evaluation by the Ministry of Railways, the administrative ministry.
- In respect of CMD the evaluation includes self evaluation and final evaluation by the Ministry of Railways.

In respect of Government nominee directors their evaluation is done by the Ministry of Railways as per the procedure laid down. The evaluation of independent directors is done by the board of the Company.

The induction of officers at below board level is made by way of recruitment, promotion and/or lateral entry by way of deputation/immediate absorption of the officials from Ministry of Railways, Govt. Departments and other PSUs.

The performance of below Board Level Officials at Group General Manager and Executive Director grades is evaluated on the basis of the achievement of MOU targets as approved by Administrative Ministry and DPE. The performance of Functional Directors is evaluated by the Administrative Ministry i.e. Ministry of Railways.

CONCOR follows a robust Performance Management System (PMS) in compliance with the DPE instructions for evaluation of performance of its officials in Sr. General Manager and below grade. Format for evaluation comprises broad parameters for assessment of personal traits of the officials such as integrity, communication, cost consciousness, planning and organizing, job knowledge, continuous improvement, people management, collaboration, initiatives etc. and contribution of the official towards financial performance of the organization. The Key Result Areas (KRAs) are proposed by the appraisee and approved by appraiser in the beginning of the year which is subject to mid-year review for further modification/improvement, if any. The officials are rated for their performance and Bell Curve approach is followed for payment of Performance Related Pay (PRP) as per DPE guidelines/instructions in this regard, suitably modified on the basis of ASCI (Administrative Staff College of India) recommendations for the Company.

CONCOR being a Government Company the remuneration payable to its functional directors, including CMD, senior management officials and all other employees is in accordance with the guidelines issued by Department of Public Enterprises (DPE) in pursuance of recommendations of the committee on pay revision. For fixation of remuneration at workmen level, CONCOR adopts collective bargaining method with registered trade union of workmen. For supervisors & officers, pay scales have been designed in a progressive way and all statutory compliances in this regard are being adopted and followed. It is being taken care of that no employee gets stagnated.

The Nomination & Remuneration Committee had taken note of the remuneration policy of the Company and the procedure and policy for selection of the Directors, Senior Management and their remuneration.

#### **RELATED PARTY TRANSACTIONS**

The related party transactions that were entered into during the year were on an arm's length basis and were in the ordinary course of business. Omnibus approval of the Audit & Ethics Committee was taken for the related party transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are placed before the Audit & Ethics Committee and the Board of Directors on a quarterly basis. The policy on related party transactions, as approved by the Board has been uploaded on the Company's website at [http://www.concorindia.co.in/assets/pdf/CONCOR\\_Policy\\_MRPT.pdf](http://www.concorindia.co.in/assets/pdf/CONCOR_Policy_MRPT.pdf). Though there are no materially significant related party transactions entered by the Company, the particulars as required under section 134(3) of the Companies Act 2013 are as per **Annexure-E** to this report.



### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Vishakha Harbola & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report from the auditor is annexed as **Annexure-F** to this report.

The Secretarial Auditor as well as the Auditor who has given Corporate Governance Compliance certificate had observed that the Company is not having adequate number of independent directors. The remarks of the directors on the same are that the independent directors in the Company are appointed by President of India, through Ministry of Railways, Government of India. The Company has repeatedly requested Ministry of Railways, Government of India for appointment of requisite number of independent directors on its Board. Further, after the recent notification dated 14.07.2018 by DoPT appointing one more independent Director, as on the date of this report the number of independent Directors are meeting the requirements of SEBI(LODR) Regulations and DPE guidelines.

### OTHER DISCLOSURES

The particulars forming part of the extract of the Annual Return in the form MGT- 9 is annexed as **Annexure-G**. In addition Statement pursuant to Section 129 of the Companies Act, 2013 (AOC-1) relating to Subsidiary Companies and Joint Ventures are as per **Annexure-H**.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year, your Company has made investments and has disbursed loans to its subsidiaries and joint ventures. The particulars of which are as under:

(` in crore)

S.No.	Name of Company	Loan/Investment	Amount
1.	M/s Fresh & Healthy Enterprises Ltd., Wholly Owned Subsidiary	Loan disbursed Loan recovered	1.75 0.70
2.	M/s Punjab Logistics Infrastructure Ltd., Subsidiary	Equity investment*	15.30
3.	M/s CONCOR Air Ltd., Wholly Owned Subsidiary	Loan recovered	10.00

\* Investments were made towards subscription of equity shares of ` 10 each for cash at par.

The above loan disbursed to M/s Fresh & Healthy Enterprises Ltd. (FHEL) during the year 2017-18 is bearing interest rate of 8.51% p.a. for the period from 01.04.2017 to 31.12.2017 which was subsequently reduced to 6.58% p.a. w.e.f. 01.01.2018. Your Company has not accepted deposits from public as envisaged under Sections 73 to 76 of Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014.

### DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Container Corporation of India Ltd. (CONCOR) prohibits any kind of act of sexual harassment at work place and included the acts amounting to sexual harassment at workplace in its Conduct Rules and Certified Standing orders and Discipline & Appeal Rules so as to prohibit any such Act. CONCOR constituted an Internal Complaints Committee in the year 2003 to receive and investigate complaints related to "Sexual harassment at workplace" following the guidelines issued by Hon'ble Supreme Court of India in "Visakha Vs. State of Rajasthan". The then committee included Senior Officer with Executive Director as its chairperson.

The 'Internal Complaints Committee' consists of four members at the senior level including one external female member who is an advocate on record of Hon'ble Supreme Court of India. CONCOR has 176 female employees out of total 1473 employees. The Company has created a conducive work environment free from any kind of harassment.

One complaint was received during the FY 2017-18 for which the proceedings were conducted by the committee.

### CEO & CFO CERTIFICATION

Pursuant to provisions of Regulation 17(8) of the SEBI (LODR) Regulations, certificate for the year under review from Shri V. Kalyana Rama, Chairman and Managing Director, who is holding additional charge of Director (Finance) in terms of orders of the Ministry of Railways vide its order no. 2007/E(O)II/40/14, dated 03.10.2017 and 21.12.2017 was placed before the Board of Directors of the Company at its meeting held on 30.04.2018. A copy of the said certificate on the financial statements for the financial year ended 31st March, 2018 is as per **Annexure-I**.



### **BUSINESS RESPONSIBILITY REPORT**

For describing the initiatives taken by the companies from Environmental, Social and Governance perspective, under SEBI (LODR) Regulations it has been mandated that the top 500 listed entities, based on market capitalisation to include Business Responsibility Report (BRR) as part of the Annual Report. SEBI has also issued circular no.CIR/CFD/CMD/10/2015, dated 04.11.2015 providing the format for BRR reporting in which it has elaborated a disclosure framework mapping Company's performance on the nine Principles and Core elements. Accordingly, in compliance to the said circular and provisions of SEBI (LODR) Regulations, the Business Responsibility Report (BRR) is as per **Annexure- J**.

### **CODE OF CONDUCT**

The Code of Conduct has been laid down for the Board Members and senior management. A copy of the same is available on the website of the Company.

Based on the affirmation received from Board Members and Senior Management Personnel, it is hereby declared that all the members of the Board and Senior Management Personnel have affirmed compliance of Code of Conduct for the financial year ended on 31.03.2018.

### **CONCLUSION**

Your Directors express their gratitude for continued co-operation, support and guidance in effective management of Company's affairs and resources provided by Government of India, in particular the Ministry of Railways, Customs, Ports and above all the customers who have continued to patronize the services provided by your Company.

The Directors also place on record their sincere appreciation for the continued support and goodwill of the esteemed Shareholders, Institutions, State Governments where Company operates or is planning to expand its business and all other agencies who have helped your Company in delivering excellent performance.

Your Directors acknowledge the constructive suggestions received from Auditors and Comptroller and Auditor General of India and are grateful for their consistent support and help.

Your Directors would like to place on record its deep and sincere appreciation for the hard work, dedication, valuable contribution and unstinted efforts by the team CONCOR for the excellent performance during the year and for creating a platform to achieve greater success in future.

For and on behalf of the Board of Directors

Date: 21.08.2018  
Place : New Delhi

Sd/-  
**(V. Kalyana Rama)**  
Chairman & Managing Director