

## FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)

(A Wholly owned subsidiary of CONCOR)

### Directors' Report

#### To the shareholders

Your Directors are pleased to present their report on the working of the Company together with the Audited Accounts for the financial year ending 31st March, 2008.

#### OPERATIONAL REVIEW

The Company procured 5,48,657 boxes of fruits from Shimla / Kinnaur districts of Himachal Pradesh & other places and sold 3,98,615 boxes at Delhi, Mumbai, Chennai, Ahmedabad and other Fruit markets.

#### FINANCIAL REVIEW

During the financial year ended on 31st March, 2008, your Company registered an operating turnover of Rs. 1629.71 lacs with other income of Rs. 149.14 lacs and incurred total expenditure of Rs. 3025.46 lacs. After providing for Depreciation, Interest, writing off of Preliminary Expenses and Fringe Benefit Tax of Rs. 216.96 lacs, Rs. 341.84 lacs, Rs. 5.53 lacs and Rs. 3.35 lacs, respectively Company suffered a loss of Rs. 1814.29 lacs for the financial year 2007-08.

#### CAPITAL STRUCTURE

There is no change in the Authorized Share Capital of Rs. 35 Crore, with Container Corporation of India Ltd. (CONCOR) continuing to hold 100% of the Equity Share Capital of FHEL.

#### SECURED LOANS

The Company has drawn a sum of Rs. 49.92 Crore till 31st March, 2008 from Axis Bank (formerly known as UTI Bank) out of Sanctioned Secured Term Loan of Rs. 65 Crore for the purpose of setting up the Cold Chain Project.

#### UNSECURED LOAN

For the purpose of procurement of Apples during the season 2007-08, the Company has obtained Unsecured Working Capital Loan from CONCOR of Rs. 27.96 Crore @ 6.5% p. a.. Further, a sum of Rs. 8.50 Crore was refunded during the year and the Working Capital Loan stood at Rs. 19.46 Crore as on 31st March, 2008.

#### CONTROLLED ATMOSPHERE (CA) STORE

In order to increase the shelf life of fruits and vegetables produced in the Country, Company has set up Controlled Atmosphere (CA) Store consisting of 3 units of 4000 MT capacity each at Rai, Sonapat. The facility was inaugurated by Shri V. N. Mathur, Member Traffic, Railway Board on 14th August, 2007 and has been operating successfully..

#### PARTICULARS OF EMPLOYEES

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

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

The particulars in respect of Conservation of energy, technology absorption are detailed in the Annexure. Further, the details regarding foreign exchange earnings and outgo are not applicable at this stage.

#### AUDITORS

M/s. S. S. Poddar & Co., Chartered Accountants, New Delhi were appointed as Company's Statutory Auditors for the year 2007-08. The Board of Directors' of the Company fixed a remuneration of Statutory Auditors' of Rs 60,000/- plus Service Tax, subject to approval of Shareholders.

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### BOARD OF DIRECTORS

The Board met 5 (five) times for transacting business of the Company during the financial year 2007-08 on the following dates :-

Board Meeting No.	Board Meeting Dates
8	25.04.2007
9	11.06.2007
10	23.07.2007
11	17.10.2007
12	15.01.2008

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

- (1) Shri Rakesh Mehrotra, Chairman;
- (2) Shri Suresh Kumar, Director;
- (3) Shri Anil Kumar Gupta, Director;
- (4) Shri Harpreet Singh, Director.

### RETIREMENT OF DIRECTORS BY ROTATION

In terms of provisions of the Companies Act, 1956, Shri Anil Kumar Gupta, Director is liable to retire by rotation and being eligible, offers himself for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit or loss of the Company for the year under review;
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the accounts for the financial year ended 31st March, 2008 on a 'going concern' basis.

### AUDIT COMMITTEE

The Company is conscious of the concept and the principles underlying the Corporate Governance. As a part of good governance, the Company has been taking steps to implement such concepts. The Board of Directors' has constituted an Audit Committee on 24.07.2006, comprising of :-

Shri Suresh Kumar	-	Chairman;
Shri Anil Kumar Gupta	-	Director;
Shri Harpreet Singh	-	Director.

During the year, the Committee met five times on 25th April, 2007, 11th June, 2007, 23rd July, 2007, 17th Oct., 2007 and 15th January, 2008

The Committee reviews Company's broad based structure, financial Results before submission to the Board of Directors. Further, Committee has discussion with the Auditors, periodically.

### CONCLUSION

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

For and on behalf of the Board of Directors

Place : New Delhi  
Date : 10.06.2008

(Rakesh Mehrotra)  
Chairman

## ADDENDUM TO DIRECTORS' REPORT 2007-2008

Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the accounts of Fresh and Healthy Enterprises Limited, New Delhi for the year ended 31 March, 2008	Replies of Management
<p>The preparation of financial statements of Fresh &amp; Healthy Enterprises Limited, New Delhi for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 10 June 2008.</p> <p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Fresh &amp; Healthy Enterprises Limited, New Delhi for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under section 619(4) of the Companies Act, 1956, which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report:</p> <p><b>Balance Sheet</b>  <b>Fixed Assets (Schedule -3)</b>  <b>1. Building (Gross Block):Rs.20.94 crore</b></p> <p>The above building was constructed on the lease hold land measuring 66440 square meter taken over from Haryana state Industrial Development Corporation Limited for a period 30 years for which no premium was paid upfront (annual lease rent was being paid ) . The land has not been accounted for in the financial statements. These facts should have been disclosed.</p> <p><b>2. Plant and Machinery</b>  <b>Net Block: Rs.43.38 crore</b></p> <p>The above has been arrived at after charging depreciation on controlled atmosphere store at a rate 4.75 per cent. As the controlled atmosphere store is a continuous process plant, the depreciation thereon should have been charged at the rate of 5.28 per cent as required under Schedule XIV to the Companies Act 1956. This has resulted in understatement of depreciation as well as loss and overstatement of net block of fixed assets by Rs.14.86 Lakh.</p> <p style="text-align: right;">For and on the behalf of the  Comptroller &amp; Auditor General of India</p> <p style="text-align: right;">(Ghazala Meenai)  Principal Director of Commercial  Audit &amp; Ex-Officio Member  Audit Board-III, New Delhi</p> <p>Place : New Delhi  Dated : 30 July, 2008</p>	<p><b>Balance Sheet</b>  <b>Fixed Assets (Schedule -3)</b>  <b>1. Building (Gross Block):Rs.20.94 crore</b></p> <p>The company has taken land from HSIDC Limited for which no lease premium has been paid . In fact, the company is only paying a monthly lease rent to HSIDC Ltd. As such, since no upfront lease money has been paid to HSIDC Ltd. for the land, no disclosure is required thereof in the Fixed Assets Schedule of the company. Further, in terms of the provisions of Schedule VI of the companies Act 1956, there are no separate disclosure requirements of such items, where the cost of acquisition is NIL</p> <p><b>2. Plant and Machinery</b>  <b>Net Block: Rs.43.38 crore</b></p> <p>As per schedule XIV of the Indian Companies Act, 1956, 'continuous process plant' means a plant, which is required and designed to operate 24 hours a day. In our case all the chambers of CA Store at Rai are not operational on 24x7 basis for the entire financial year, Further the utilization of equipment say refrigeration even when the chambers in a particular corridor are sealed is just one out of three at a time. The business being seasonal in nature, most of the equipments work only in season. Thus it cannot be categorized as 'continuous process plant' for which a depreciation rate of 5.28% has been prescribed under SLM method in Schedule XIV of the Companies Act, 1956. Thus it is felt that depreciation rate of 4.75% is justified. However, in view of C &amp;AG's observations, the matter is proposed to be reviewed.</p>

**FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)**  
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**Balance Sheet As At 31st March 2008**

(Amount in Rs.)			
	SCHEDULE	AS AT 31.03.2008	AS AT 31.03.2007
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDER'S FUNDS</b>			
Share Capital	1	350,000,000	350,000,000
		<u>350,000,000</u>	<u>350,000,000</u>
<b>LOAN FUNDS</b>			
Secured Loan	2	502,810,687	304,715,345
Unsecured Loan		201,366,117	-
		<u>704,176,804</u>	<u>304,715,345</u>
		<u>1,054,176,804</u>	<u>654,715,345</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	826,056,666	754,724
Less: Depreciation		21,833,189	136,669
Net Block		<u>804,223,477</u>	<u>618,055</u>
Capital Work In Progress (Including Advances)		-	542,145,785
		<u>804,223,477</u>	<u>542,763,840</u>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	4	115,561,971	612,038
Sundry Debtors		30,494,783	-
Cash and Bank Balances		10,658,975	149,740,897
Other Current Assets		586,034	542,898
Loans & Advances		23,133,631	72,934,183
		<u>180,435,394</u>	<u>223,830,016</u>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	5	113,078,317	115,356,481
Provisions		1,887,389	129,366
		<u>114,965,706</u>	<u>115,485,847</u>
		<u>65,469,688</u>	<u>108,344,169</u>
<b>NET CURRENT ASSETS</b>			
<b>MISCELLANEOUS EXPENDITURE</b>			
(to the extent not written off or adjusted)	6		
Preliminary Expenses		1,176,080	1,729,120
		<u>1,176,080</u>	<u>1,729,120</u>
<b>PROFIT AND LOSS ACCOUNT</b>			
For the Year		181,429,343	1,878,216
Opening balance		1,878,216	-
		<u>1,054,176,804</u>	<u>654,715,345</u>
Significant Accounting Policies	11		
Notes on Accounts	12		
Schedules 1 to 12 form an integral part of the accounts		-	-
As per our report of even date			
For S S Poddar & Co.			
Chartered Accountants			
S S Poddar			
Partner			
M No.15018			
Rakesh Mehrotra			
Chairman			
Suresh Kumar			
Director			
Suman Lata			
Company Secretary			
Date : 10.06.2008			
Place: New Delhi			

For and on behalf of the Board of Directors

**FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)**  
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**Profit & Loss for the Period Ended 31st March 2008**

(Amount in Rs.)			
	SCHEDULE	AS AT 31.03.2008	AS AT 31.03.2007
<b>INCOME</b>			
Sales		162,126,818	47,554,427
Renting of Chambers		844,333	-
Other Income	7	14,913,843	1,520,991
<b>TOTAL</b>		<u>177,884,994</u>	<u>49,075,418</u>
<b>EXPENDITURE</b>			
Cost of Sales	8	276,179,584	41,050,175
Employees Remuneration & Benefits	9	10,857,012	3,762,241
Administrative & Other Expenses	10	15,509,627	5,305,107
Depreciation		21,696,520	136,669
Interest		34,183,746	-
Preliminary Expenses Written Off		553,040	553,040
<b>TOTAL</b>		<u>358,979,529</u>	<u>50,807,232</u>
Profit/(Loss) before Tax		(181,094,535)	(1,731,814)
Less:Fringe Benefit Tax		334,808	146,402
Profit/(Loss) after Tax		<u>(181,429,343)</u>	<u>(1,878,216)</u>
Balance Carried to Balance Sheet		(181,429,343)	(1,878,216)
Basic and Diluted earning/(loss) per share		(5.18)	(0.05)
of Rs. 10/- each (In Rs.)			
(Note No:5 of Schedule 12)			
Schedules 1 to 12 form an integral part of the accounts.			
As per our report of even date			
For S S Poddar & Co.			
Chartered Accountants			
S S Poddar			
Partner			
M No.15018			
Rakesh Mehrotra			
Chairman			
Suresh Kumar			
Director			
Suman Lata			
Company Secretary			
Date : 10.06.2008			
Place: New Delhi			

For and on behalf of the Board of Directors

FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)  
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Schedules forming part of the accounts

SCHEDULE 1: SHARE CAPITAL

	(Amount in Rs.)	
	AS AT 31.03.2008	AS AT 31.03.2007
AUTHORIZED 3,50,00,000 (Previous year 3,50,00,000) Equity Shares of Rs.10/- each	350,000,000	350,000,000
ISSUED, SUBSCRIBED & PAIDUP 3,50,00,000 Equity Shares of Rs.10/- each fully paid-up (Previous year 3,50,00,000)	350,000,000	350,000,000
<b>TOTAL</b>	<b>350,000,000</b>	<b>350,000,000</b>

FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)  
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SCHEDULE 2: SECURED & UNSECURED LOANS

	(Amount in Rs.)	
	AS AT 31.03.2008	AS AT 31.03.2007
<b>SECURED LOAN</b>		
Term Loan from Axis Bank (Includes Interest accrued and due of Rs.3603863/-)(Previous Year Rs.1315345/-) (Secured against first charge on the present and future fixed assets (Movable & immovable) of the company and second charge on the present and future current assets of the company)	502,810,687	304,715,345
<b>UNSECURED LOAN</b>		
Loans and Advances from Corporate {Includes Interest accrued and due of Rs.6766117/- (Net of TDS)}(Previous Year Nil) (Holding Company, Container Corporation of India Ltd.)	201,366,117	-
<b>TOTAL</b>	<b>704,176,804</b>	<b>304,715,345</b>

FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)  
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SCHEDULE 3: FIXED ASSETS

(Amount in Rs.)

Description	Gross Block			Depreciation				Net Block		
	As at 01.04.07	Additions during the year	Sale/ Adjustment	As at 31.03.08	As at 01.04.07	For the year	Sale / Adjustment	Up to 31.03.08	As at 31.03.08	As at 31.03.07
Tangible Assets										
Building	-	209,364,568	-	209,364,568	-	4,227,735	-	4,227,735	205,136,833	-
Plant & Machinery	-	447,161,686	-	447,161,686	-	13,330,831	-	13,330,831	433,830,855	-
Office Equipments	177,591	100,750	-	278,341	33,039	25,048	-	58,087	220,254	144,552
Computer	461,310	619,292	-	1,080,602	16,676	126,198	-	142,874	937,728	444,634
Furniture & Fittings	115,823	1,220,841	-	1,336,664	86,954	75,717	-	162,671	1,173,993	28,869
Plastic Bins	-	164,792,206	-	164,792,206	-	3,871,835	-	3,871,835	160,920,371	-
Wooden Bins	-	2,042,599	-	2,042,599	-	39,156	-	39,156	2,003,443	-
Total	754,724	825,301,942	-	826,056,666	136,669	21,696,520	-	21,833,189	804,223,477	618,055
CAPITAL WORK IN PROGRESS (Including advances)*-									-	542,145,785
Previous Year	-	754,724	-	754,724	-	136,669	-	136,669	618,055	-

\*Additions to Fixed Assets include Rs.13098483/- (Previous Year-Nil) on account of Interest on Term Loan Pending Capitalisation and allocation of Rs.542145785/- spend on account of construction/acquisition of assets for CA unit at Rai has been shown under CWIP in the previous year which has been capitalised in the current year & shown under respective heads of fixed assets.

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SCHEDULE 4: CURRENT ASSETS, LOANS AND ADVANCES

(Amount in Rs.)

	AS AT 31.03.2008	AS AT 31.03.2007
INVENTORIES (As taken, valued & certified by the Management)		
Fresh Fruits	115,316,443	-
Packing Materials	245,528	612,038
TOTAL	115,561,971	612,038
SUNDRY DEBTORS (Unsecured and considered good)		
More than Six Months	18,966	-
Less than Six Months	30,475,817	-
TOTAL	30,494,783	-
CASH AND BANK BALANCES		
Imprest Account	3,008	-
Cheques in Hand	-	3,671
Balance with Scheduled Banks		
- Current Accounts	10,455,967	29,037,226
- Deposits Accounts (Unsecured)*	200,000	120,700,000
TOTAL	10,658,975	149,740,897
*Pledged with Sales Tax Authorities of Rs.2,00,000 (Previous Year Rs.200000/-)		
OTHER CURRENT ASSETS		
Interest accrued on deposits, Prepaid Insurance	586,034	542,898
TOTAL	586,034	542,898
LOANS AND ADVANCES		
Loans to Employees (Secured)	1,651,221	26,900
Advances (Unsecured) (Recoverable in cash or in kind or for value to be received)	15,726,641	376,926
Fixed Deposits with Corporate	-	67,500,000
Deposits (Unsecured)		
- Govt Authorities	3,779,216	4,375,450
- Others	319,770	319,770
Tax Deducted at Source	1,656,783	335,137
TOTAL	23,133,631	72,934,183

**FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)**  
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## SCHEDULE 5: CURRENT LIABILITIES AND PROVISIONS

	(Amount in Rs.)	
	AS AT 31.03.2008	AS AT 31.03.2007
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	103,767,209	106,010,813
Others	9,311,108	9,345,668
<b>TOTAL</b>	<u>113,078,317</u>	<u>115,356,481</u>
<b>PROVISIONS</b>		
Retirement Benefit (Gratuity & Leave Encashment)	1,870,399	112,078
Provision for FBT (Net of Advance Fringe Benefit Tax Rs.464220/- (Previous Year-Rs.129114/-))	16,990	17,288
<b>TOTAL</b>	<u>1,887,389</u>	<u>129,366</u>

**FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)**  
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## SCHEDULE 6: MISCELLANEOUS EXPENDITURE

	(Amount in Rs.)	
	AS AT 31.03.2008	AS AT 31.03.2007
<b>Preliminary Expenses</b>		
Opening Balance	1,729,120	1,932,160
Add: Incurred during the year	-	350,000
Less: Written Off during the year (1/5th)	553,040	553,040
<b>TOTAL</b>	<u>1,176,080</u>	<u>1,729,120</u>
<b>Pre - Operative Expenses</b>		
Opening Balance	-	2,101,459
Less: transferred to Capital work in progress	-	2,101,459
<b>TOTAL</b>	<u>-</u>	<u>-</u>

FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)  
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SCHEDULE 7: OTHER INCOME

	(Amount in Rs.)	
	AS AT 31.03.2008	AS AT 31.03.2007
Interest earned on :		
- Short Term Deposit with Financial Institutions (TDS-Rs.1,15,499/-)(Previous Year-Rs.94,524/-)	509,699	421,233
- Short Term Deposit with Banks(TDS-Rs.9,83,284/-)(Previous Year-Rs.2,23,485/-)	4,939,127	1,097,660
Miscellaneous Income	9,465,017	2,098
<b>TOTAL</b>	<b>14,913,843</b>	<b>1,520,991</b>

FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)  
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SCHEDULE 8: COST OF SALES

	(Amount in Rs.)	
	AS AT 31.03.2008	AS AT 31.03.2007
Opening Stock (A)		
Fresh Fruits	-	-
Packing Material	612,038	-
	<u>612,038</u>	<u>-</u>
Add: Purchases (B)		
Fresh Fruits	304,971,325	35,536,830
Packing Material	10,542,185	1,047,110
	<u>315,513,510</u>	<u>36,583,940</u>
Less: Closing Stock (C)		
Fresh Fruits	115,316,443	-
Packing Material	245,528	612,038
	<u>115,561,971</u>	<u>612,038</u>
<b>Net (A+B-C)</b>	<b>200,563,577</b>	<b>35,971,902</b>
Purchase/CA Store/Storage Expenses		
CA store maintenance	4,865,022	-
Freight Exp/Road Freight	33,280,392	3,149,747
Handling Expenses	2,319,617	227,173
Hiring Charges Forklift	65,753	-
Loading/Unloading Charges	3,360,684	-
Power & Fuel	21,495,839	-
Testing Charges	16,359	-
Supervision Expenses	4,793,043	805,285
APMC Fees	2,740,965	335,690
Cold Storage Charges	2,029,501	560,378
Rent - Rai Land	597,600	-
Rent - Pre Cooler Site	51,232	-
	<u>75,616,007</u>	<u>5,078,273</u>
<b>TOTAL</b>	<b>276,179,584</b>	<b>41,050,175</b>

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SCHEDULE 9: EMPLOYEES REMUNERATION AND BENEFITS

	(Amount in Rs.)	
	AS AT 31.03.2008	AS AT 31.03.2007
Salary, Allowances & Other Employee Benefits	8,250,738	2,866,649
Contribution to PF & FPF	637,570	239,283
Rent for Leased Accommodation (Net)	720,032	247,973
Employees Welfare & Medical	984,803	328,466
Gratuity	173,600	77,820
Training Expenses	90,269	2,050
<b>TOTAL</b>	<b>10,857,012</b>	<b>3,762,241</b>

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SCHEDULE 10: ADMINISTRATIVE & OTHER EXPENSES

	(Amount in Rs.)	
	AS AT 31.03.2008	AS AT 31.03.2007
Rent Office Space	1,489,586	751,739
Agency Charges-Commission	4,854,375	1,839,523
Auditors Remuneration		
- Statutory Audit Fee	50562	
- Tax Audit Fee	16854	
Telephone Expenses(Communication)	464,575	197,614
Advertisement	1,323,298	58,312
Bank Charges	248,788	45,572
Boarding & Lodging Expense	617,875	727,533
Books & Periodicals	11,676	15,883
Business Promotion	144,147	-
Computer Maintenance	48,383	-
Consultancy Fees	53,769	-
Conveyance Expense	101,742	-
Electricity Expenses	130,857	21,930
Licence Fee-Factory	10,000	-
Entertainment Expenses	22,230	-
Exhibition charges	96,403	-
General Office Expenses	71,717	275,634
Insurance Premium	908,139	63,043
Legal & Professional Charges	1,348,601	415,984
Office Maintenance Charges	273,814	-
Office Vehicle Charges	1,870,886	577,767
Postage & Courier Charges	30,420	-
Printing & Stationery Exp	414,868	104,797
Security Expenses	479,805	-
Software Development Expenses	76,895	-
Subscription & Membership Fee	3,007	-
Surveyor Charges	3,090	-
Travelling Expenses	156,484	-
Water Charges	31,000	-
Repair & Maintenance	155,781	153,656
<b>TOTAL</b>	<b>15,509,627</b>	<b>5,305,107</b>

FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)  
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SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention & Concepts

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

2. Fixed Assets & Capital Work in Progress

Fixed Assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost of acquisition is net of interest on capital advances and is inclusive of freight, duties, taxes and other incidental expenses. In respect of assets due for capitalization where final bills /claims are to be received or passed, the capitalization is based on engineering estimates. Final adjustments for cost and depreciation are made retrospectively in the year of ascertainment of actual cost and finalization of claim. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized.

Capital work in progress includes the cost of fixed assets that are not yet ready for their intended use, advances paid to acquire /construction of fixed assets, direct costs, related incidental expenses (including cost of borrowed funds for acquisition/construction) incurred during construction of the assets till the assets are capitalized.

3. Borrowing cost

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

4. Inventories

Inventories are valued at cost or realizable value, whichever is lower. Cost include direct purchase cost and a proportion of direct allocable expenses.

Cost is determined on a weighted average basis.

5. Depreciation

Depreciation is provided on the straight line method at the rate and in the manner provided in Schedule XIV of the Companies Act, 1956.

6. Impairment of assets

An asset is said to be impaired when the carrying amount of asset is more than the recoverable value of the asset. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired.

7. Retirement Benefits

Gratuity liability to employees is provided for on accrual basis as at the balance sheet date.

The accrued liability for leave salary payable to employees has been provided at cash value of leaves due to the employees at the end of the year.

Contribution to defined contribution schemes such as Provident fund & Family Pension are charged to Profit and Loss account as and when accrued.

8. Revenue Recognition:

Sales

Revenue from Sale of Goods is recognized when the significant risk and reward of ownership of goods are transferred to the customer and no significant uncertainty as to its determination or realization exists.

Rental Income

Revenue is recognized on receipt basis.

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(A Wholly owned subsidiary of CONCOR)

**FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)**  
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**SCHEDULE 12 :NOTES TO ACCOUNTS**

1. a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)  
(Amount in Rs.)

	2007-08	2006-07
Cold Chain Plant at Rai	Nil	12,18,12,726
b) Contingent Liabilities not provided for in respect of Bank Guarantee	2,00,000	2,00,000

2 Pending Capitalization and allocation amount spent on account of construction/acquisition of assets for Controlled Atmosphere Unit (CA Unit) at Rai has been shown under Capital Work in Progress (including Advances). The Break up is as under:

	2007-08	2006-07
Capital Expenditure	Nil	50,74,27,968
Interest on Borrowed Funds	Nil	18,01,889
Expenses incurred during Construction including		
Pre-operative Expenses	Nil	44,49,794
Advance Payments	Nil	2,84,66,134
Total	Nil	54,21,45,785

3 Sales have been accounted for based on the consignment notes and the invoices received from the marketing associates.

4 Related party disclosure

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

a) Relationship :

- i) Parties whose control exists  
Holding company – Container Corporation of India Ltd
- ii) Key management personnel  
Rakesh Mehrotra Chairman  
Suresh Kumar Director  
Anil Kumar Gupta Director  
Harpreet Singh Director

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

	2007-08	2006-07
i) Parties whose control exists (Holding Company)		
Unsecured Loan Taken	Rs 27,96,00,000	-
Unsecured Loan Refunded	Rs. 8,50,00,000	-
Loan Interest payable	Rs 87,48,535	-
ii) Key management personnel	Nil	
Balances at the end of the Year		
Parties Whose Control Exists (Holding Company)		
Unsecured Loan amount	Rs. 19,46,00,000	-
Loan Interest Payable	Rs 87,48,535	-

**FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)**  
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5. Earning Per Share

	31.03.08	31.03.07
Profit/loss after taxation as per Profit and loss account (Rs.)	(18,14,29,343)	(18,78,216)
Weighted Average number of Equity Shares outstanding (Nos.)	3,50,00,000	3,50,00,000
Basic and diluted Earning/loss Per Share (Rs.)	(5.18)	(0.05)

6. Pending issuance of Notification u/s 441A of Companies Act, 1956 no provision has been made towards Cess on turnover.

7 Expenditure in foreign currency

	2007-08	2006-07
Travelling (Rs.)	-	50,761

8. Additional information required as per Part II of schedule VI of companies Act 1956 regarding purchase, sale and stock.

Class of Goods	Opening stock		Purchase		Sale		Closing Stock	
	Qty	Value(Rs.)	Qty	Value (Rs.)	Qty	Value(Rs.)	Qty	Value (Rs.)
Fruits (in boxes)	Nil	Nil	5,48,657	30,49,71,325	3,98,615	16,21,26,818	1,57,838	11,53,16,443
CFB cartons (in Numbers)	24,799	6,12,038	3,08,189	78,02,319	3,00,880	83,88,534	9,697	2,45,528

Note: (1) Difference of 7796 (Excess) boxes is on account of self generation caused by repacking.

(2) Difference of 22411 (Short) in CFB Cartons is on account of self consumption for repacking of fruits.

9. As per AS-19 amount charged to Profit & Loss Account in respect of operating leases for office and staff is Rs 28,07,218 (Previous Year Rs.9,99,712) which is net of recovery of Rs.49,921 (Previous Year Rs.8386).

10. All Previous year's figures have been recast/regrouped/rearranged wherever considered necessary to conform to this year's classification. Unless otherwise stated, all figures have been rounded off to the nearest rupees.

11. The company is dealing in logistics of fresh fruits. All the activities of the company revolve around this business and all the operations are in India. As such there is no other reportable segment defined by Accounting Standard AS-17 related to segment reporting.

12. During the year the company had no employee drawing remuneration equal to or more than the limits prescribed under the Companies (Particulars of Employees) Rules, 1975.

13. During the year, provision for current tax is not made as the company is under tax holiday as per Section 80-IB of Income Tax Act, 1961.

14. Deferred Tax asset is not being recognized since there is uncertainty regarding sufficient future taxable income being available for realizing such deferred tax asset.

15. Sundry creditors include an amount booked under outstanding liabilities of Rs.9,27,22,608/- for construction of fixed assets and other expenses, for which, provision has been made on estimated basis as the actual work done and amount payable/recoverable for the same is under examination.

16. The Company is in the process of determining and obtaining the information from the suppliers covered under The Micro, Small and medium Enterprise Development Act, 2006, as at 31st March, 2008.

S S Poddar  
Partner  
M No.15018

Rakesh Mehrotra  
Chairman



Suresh Kumar  
Director

Suman Lata  
Company Secretary

Date: 10.06.2008  
Place: New Delhi

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CONCOR

CONTAINER CORPORATION OF INDIA LTD.

Multimodal Logistics Professionals

FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)  
(A Wholly owned subsidiary of CONCOR)

SCHEDULE 12 :NOTES TO ACCOUNTS

1. a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)  
(Amount in Rs.)
- |   | 2007-08  | 2006-07      |
|---|----------|--------------|
| Cold Chain Plant at Rai   | Nil      | 12,18,12,726 |
| b) Contingent Liabilities not provided for in respect of Bank Guarantee | 2,00,000 | 2,00,000     |
- 2 Pending Capitalization and allocation amount spent on account of construction/acquisition of assets for Controlled Atmosphere Unit (CA Unit) at Rai has been shown under Capital Work in Progress (including Advances). The Break up is as under:
- |  | 2007-08 | 2006-07      |
|--|---------|--------------|
| Capital Expenditure  | Nil     | 50,74,27,968 |
| Interest on Borrowed Funds   | Nil     | 18,01,889    |
| Expenses incurred during Construction including Pre-operative Expenses | Nil     | 44,49,794    |
| Advance Payments   | Nil     | 2,84,66,134  |
| Total  | Nil     | 54,21,45,785 |
- 3 Sales have been accounted for based on the consignment notes and the invoices received from the marketing associates.
- 4 Related party disclosure  
Related party disclosure as required under accounting standard on "Related Party disclosures" issued by the Institute of Chartered Accountants of India are given below :
- a) Relationship :
- i) Parties whose control exists  
Holding company – Container Corporation of India Ltd
- ii) Key management personnel  
Rakesh Mehrotra Chairman  
Suresh Kumar Director  
Anil Kumar Gupta Director  
Harpreet Singh Director
- b) The following transactions were carried out with related party in the ordinary course of business :
- |   | 2007-08 | 2006-07 |
|---|---------|---------|
| i) Parties whose control exists (Holding Company) |         |         |

S. S. Poddar

Partner

Membership No.:15018

Place : New Delhi

Date : 10.06.2008



भारतीय कंटेनर निगम लिमिटेड

कॉन्कोर  
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CONTAINER CORPORATION OF INDIA LTD.

Multimodal Logistics Professionals

FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)  
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FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)  
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## Re: Fresh &amp; Healthy Enterprises Limited

## Annexure referred to in paragraph 3 of our report of even date

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the Company have been physically verified by management during the year and no material discrepancies between the book records and the physical verification have been noticed. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company.
- (c) There was no substantial disposal of fixed assets during the year.
- 2) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. Discrepancies noticed during physical verification, which were not material, have been properly dealt within the books of accounts.
- 3) (a) As informed, the Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and as such clause 4(iii) (a) to 4 (iii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (b) The Company has taken an unsecured loan from one Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 27,96,00,000 and the year end balance of the loan taken from such party was Rs. 19,46,00,000.
- (c) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from Company listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (d) The Company has been regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- 5) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) The Company has not accepted any deposits from the public. Accordingly paragraph 4(vi) of the order is not applicable.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the Company.
- 9) (a) According to the records of the Company, the Company has been generally regular in depositing the undisputed statutory dues with the appropriate authorities.
- (b) According to the informations and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)  
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- (c) According to the information and explanations given to us, there are no dues on income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- 10) The Company was incorporated on 1st February, 2006. Since a period of five years has not elapsed from the date of incorporation, we are of the opinion that no comments is required under clause (x) of the paragraph 4 of the order regarding the erosion of 50% of the net worth and cash losses in the current and in the immediately financial year.
- 11) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holder as at the balance sheet date.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its associates or subsidiaries from bank or financial institutions.
- 16) In our opinion, the term loans have been applied for the purpose for which they are raised.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on a short term basis have been used for long term investment.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The Company did not have any outstanding debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. S. Poddar &amp; Co. Chartered Accountants

S. S. Poddar  
 Partner  
 Membership No.: 15018

Place : New Delhi  
 Date : 10.06.2008

**FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)**  
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**Annexure to Directors' Report**

**PARTICULARS REQUIRED UNDER THE COMPANIES  
(DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988**

**(A) CONSERVATION OF ENERGY**

During the year 2007-08, regular in-house Audits in areas of Refrigeration and Air Conditioning, Compressed Air, Lube Oil Systems, Lighting, Water Balancing, Cooling Water System, were carried out at Controlled Atmosphere (CA) Store, Rai.

The details of various measures taken during the year under various heads of Energy Conservation are as follows :-

**1. POWER CONSUMPTION FOR REFRIGERATION AND AIR CONDITIONING, AUXILIARY UNITS**

(a) Energy Saving Screw Compressors and Chillers have been installed and used for refrigeration of CA Store, Processing Area Air Conditioning and Office building. Also, Variable frequency drives (VFDs) have been used for Refrigeration compressors, Cooling coil fan motors (312 motors), Air cooling unit fan motors for Air-conditioning (17 motors), Cooling tower fan motors (6 motors), Carbon dioxide scrubbers (12 motors).

(b) Cooling towers and Condenser water pumps are operated based on ambient conditions and actual requirement.

(c) Optimization of Running of refrigeration compressors and air conditioning system.

(d) Cleaning and replacement of air filters for air compressors, nitrogen generator compressors and diesel generators.

**2. Lighting :**

Energy Conservation in lighting is achieved by use of Energy efficient tube lights for entire plant, use of CFL's for office building, use of electronic ballasts, cleaning of light fittings for optimum utilization of light illumination and lighting voltage optimization.

**3. Heat energy :**

Loss/Gain of heat energy in the cold room is prevented by optimum thermal insulation thickness for stores and cladding for pipe lines for minimal heat loss/ gain, cleaning of chilled water tubes, condenser water tubes and Minimum Infiltration of external Air to Cold Store and processing area by proper sealing of incoming and exit gates.

**4. Fuel oil :**

By regular and proper preventive maintenance and calibration of components of diesel generators, minimum fuel consumption is ensured.

**5. Lubricants :**

Optimisation of lubricants consumption is achieved by prescribed topping up of lub oil, use of waste lub oil for general mechanical fitting works and attending to lub oil leakages on day to day basis.

**6. Water for cooling towers and processing :**

Water conservation is achieved by use of electronic controllers for avoiding over flow for 442 KL water tanks, re-use of processed water, waste water and fruit washing water for horticulture and timely detection and rectification of water leakages.

**7. Battery chargers for material handling equipments and other purposes :**

Chargers are installed with automatic low current charging devices for energy saving.

**(B) Additional investments & Proposals for reduction in Consumption of Energy**

Electricity Connection from State Electricity Board has been sanctioned. The connection work is under progress and is expected to be completed soon.

**(C) Impact of measures taken for Energy Conservation**

This was the first year of operation of CA Store. The above measures have set benchmark of Energy consumption in different areas. In the coming year all these aspects shall to be watched more intensively to reduce energy consumption.

**FRESH & HEALTHY ENTERPRISES LIMITED (FHEL)**  
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**FORM A**

Disclosure of particulars with respect to Conservation of Energy

**A. Power and Fuel Consumption**

	Current Year	Previous year
1 Electricity		
a) Purchased		
Unit	Nil	Nil
Total amount	Nil	Nil
Rate/Unit	Nil	Nil
b) Own Generation		
(i) Through Diesel generator		
Unit (KWH)	27,52,871	Nil
Unit per Ltr. of diesel oil	3.99	Nil
Cost/Unit	Rs. 7.68	Nil
(ii) Through steam turbine/generator		
Unit	Nil	Nil
Unit per Ltr. of fuel oil/gas	Nil	Nil
Cost/Unit	Nil	Nil
2. Coal (specify quality and where used)		
Quantity (tonnes)	Nil	Nil
Total Cost	Nil	Nil
Average rate	Nil	Nil
3. Furnace Oil		
Quantity (k. ltrs.)	Nil	Nil
Total Amount	Nil	Nil
Average rate	Nil	Nil
4. Others/internal generation (please give details)		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil

**B. Consumption per unit of production (per ton of storage of apples)**

Details	Standards (If Any)	Current year	Previous year
Products (with details) unit			
- Apples storage energy cost per ton.	-	Rs. 2581.9/-	-
Electricity	-	-	-
Furnace Oil	-	-	-
Coal (Specify quality)	-	-	-
Others (Specify)	-	-	-

**C. TECHNOLOGY ABSORPTION**

Specific Areas in which R & D activities have been carried out during 2007-08;

Controlled Atmosphere (CA) Technology is being used for long term storage of apples. We have done some trials with lemons and carrots. During 2008-09, trials are proposed to be conducted with mangoes and pears.

**FRESH & HEALTHY ENTERPRISES LIMITED (FHFL)**  
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FORM B  
(See rule 2)

Form for disclosure of particulars with respect to absorption

**A. Research and development (R & D)**

- 1) Specify areas in which R & D carried out by the company:  
Studies were conducted in the in house laboratory, on the shelf life extension of fruits and vegetables (Lemon and carrot)
- 2) Benefits derived as a result of the above R & D:  
Commercial scale storage of carrot and lemon will be done in future.
- 3) Future plan of action Trials are proposed to be done with mangoes and pears
- 4) Expenditure on R & D : Nil
  - i. Capital : Nil
  - ii. Recurring : Nil
  - iii. Total : Nil
  - iv. Total R & D expenditure as a Percentage of total turnover: - : Nil

**B. Technology absorption, adaptation and innovation**

1) Efforts, in brief, made towards technology absorption, adaptation and innovation	Controlled Atmosphere Technology along with automation and controls were obtained from ICA, UK.
2) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc	By adapting the CA Technology shelf life of apples for marketing was increased to make them available round the year
3). In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished	a) CA technology for long term storage of fruit and vegetables. b) 2007-08 c) In progress d) Presently used for apples. Trials with other fruits and vegetables under progress
a) Technology imported	
b) Year of import	
c) Has technology been fully absorbed	
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	

**FRESH & HEALTHY ENTERPRISES LIMITED (FHFL)**  
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**Cash Flow Statement for the Year Ended 31st March 2008**

(Amount in Rs.)

	For the year ended 31.03.2008	For the year ended 31.03.2007
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/ (Loss) before tax and extraordinary items	(181,429,343)	(1,731,814)
Adjustments for :		
Depreciation	21,696,520	136,669
Preliminary Expenses	553,040	553,040
Interest Debited	25,435,211	-
Interest Earned	(5,448,826)	(1,518,893)
Operating Profit before Working Capital changes	(139,193,398)	(2,560,998)
Adjustments for :		
Trade & other receivables (Decrease)	19,059,624	127,718,119
Inventories (Increase)	(114,949,933)	(612,038)
Trade & other Payable (Increase)	9,832,849	115,421,223
Cash Flow from operating Activities	(225,250,858)	239,966,306
Less: Fringe Benefit Tax Paid	(317,818)	(129,114)
Net Cash Flow from operating activities	(225,568,676)	239,837,192
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Share Capital		
- Preliminary Expenses	-	(350,000)
Preoperative Expenses	-	2,101,459
Payment towards capital Assets	(286,794,871)	(754,724)
Interest Received	5,818,486	1,518,893
Capital Work in Progress/ Advances	-	(542,145,785)
Net Cash from / (Used) in Investing Activities	(506,545,061)	(539,630,157)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowing	474,091,479	299,528,862
Utilisation of Borrowing	(85,000,000)	-
Interest paid	(21,831,348)	-
Net cash from/(Used) in financing Activities	367,260,131	299,528,862
Net Increase/(Decrease) in Cash and Cash Equivalents	(139,284,930)	(264,103)
Opening cash and Cash Equivalents	149,740,897	150,005,000
Closing Cash and Cash Equivalents	10,455,967	149,740,897
Net Increase/(Decreased) as per Books	139,284,930	264,103

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

S S Poddar  
Partner  
M No.15018

Rakesh Mehrotra  
Chairman

For and on behalf of the Board of Directors

Suresh Kumar  
Director

Suman Lata  
Company Secretary

Date : 10.06.2008  
Place: New Delhi