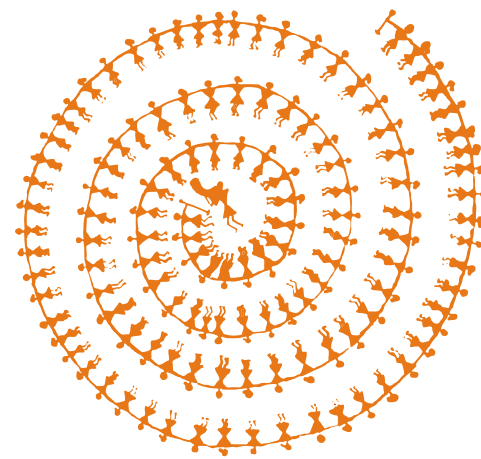


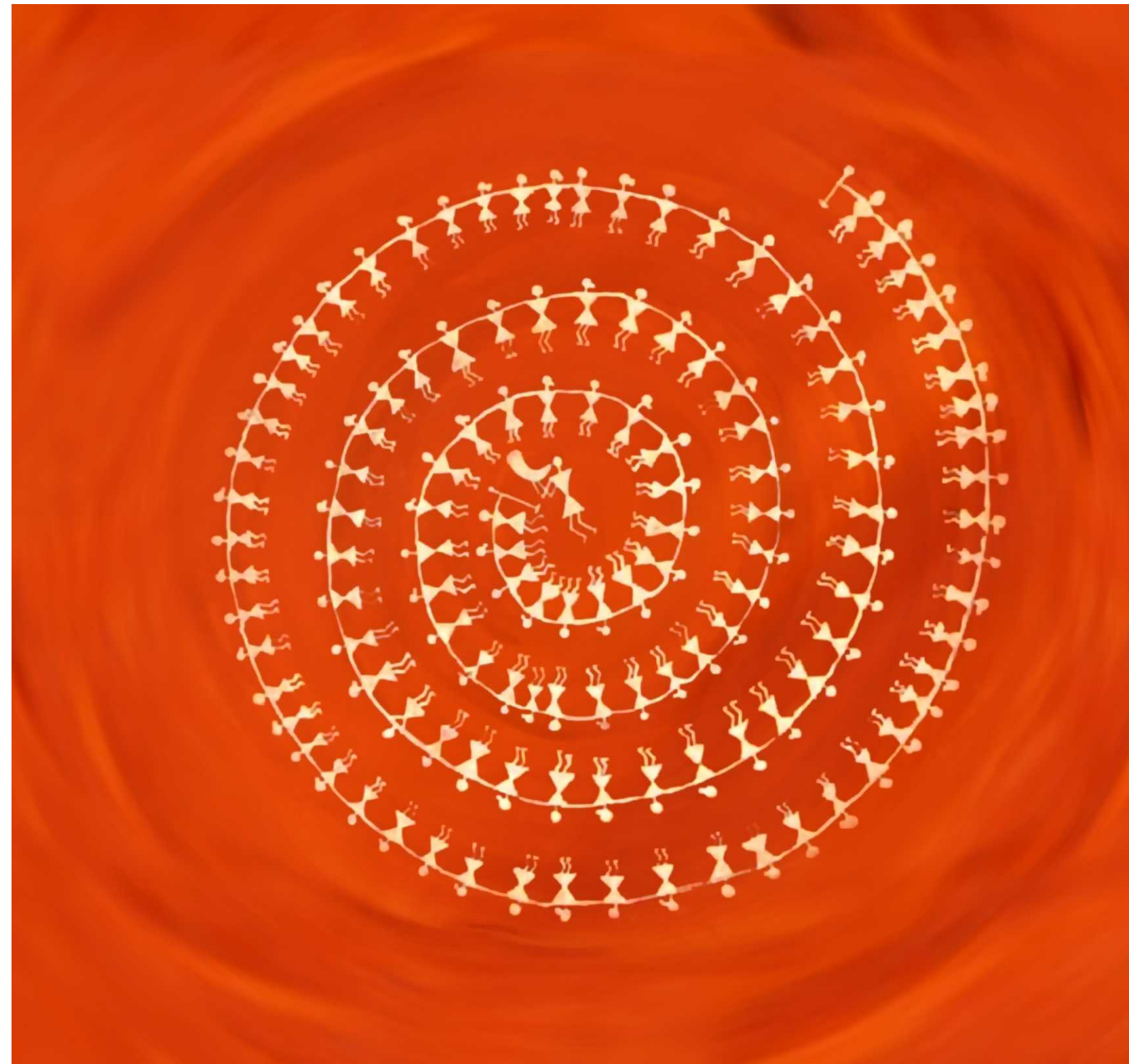
Annual Report 2006 - 2007



Regd. Office: Flat Nos. 306 & 307, 1-8-271 to 273, Third floor, Ashoka Bhoopal Chambers,
S P Road, Secunderabad - 500 003

Corporate Office: TCI House, 69 Institutional Area, Sector 32, Gurgaon - 122 001, India
Tel.: +(91) (124) 2381603-607 Fax.: +(91) (124) 2381611.
Email: corporate@tcil.com URL: www.grouptci.com
Customer Care (Toll Free) : 1800 1800 977

www.feedbackglobal.com



Moving together. Growing together.





Moving Together & Growing Together is a way of life at TCI.

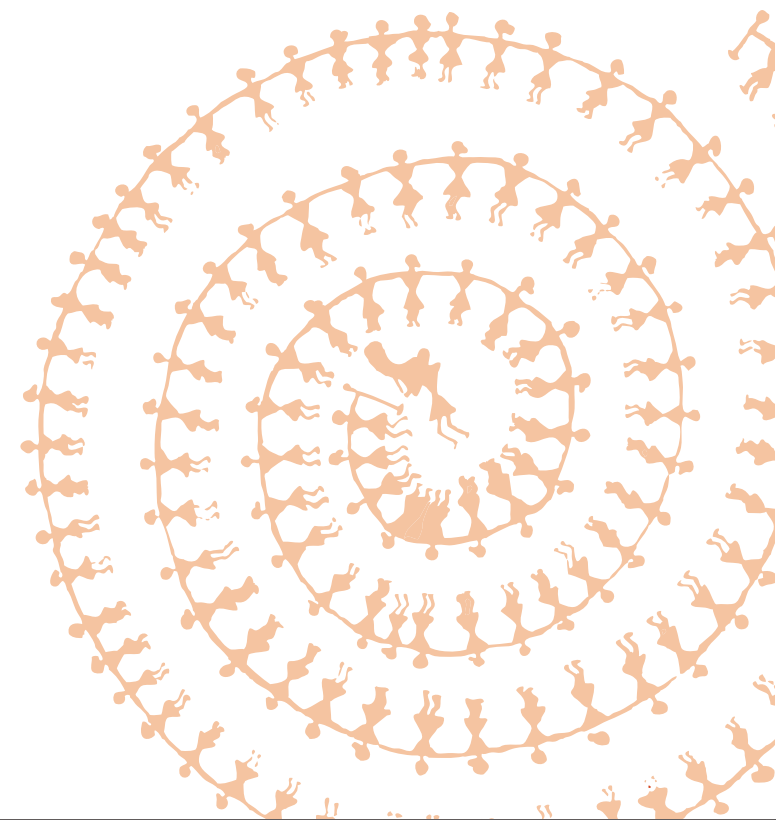
The philosophy lies in creating maximum wealth for its stakeholders. The company has always taken proactive endeavours to emerge as a leader in its segment by establishing operational synergy in its processes. The cover graphic with its spiral outlook and moving folks beautifully depicts the thought. Known as Warli, the painting is a tribal art form of Maharashtra that portrays spontaneous expressions of social life, reflecting integrity & togetherness in a single-line drawing.

Vision

TCI Group should be a customer-oriented, multi-technology, and multi-specialist transport system in Indian and international markets, with a proven commitment to excellence in every facet of activity and pursuit of value based policies to satisfy aspirations of society, customers, vendors, employees, shareholders and the transport industry.

Values

- To be a learning and growing company.
- Attaining global standards in the quality of service we offer.
- Have mutual trust, respect, open communication and transparency of action in all spheres of activity.
- Be a responsible, environment-friendly company and adopt latest available technologies.
- Practise Indian values with a global mindset.



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CFO & Company Secretary:

A.K. Bansal

Auditors:

R.S. Agarwala & Company
Chartered Accountants

Bankers:

State Bank of India
Citibank N.A.
HDFC Bank
HSBC Bank

Registered Office:

Flat Nos. 306 & 307, 1-8-271 to 273, 3rd Floor,
Ashoka Bhoopal Chambers, S.P. Road, Secunderabad - 500 003.

Corporate Office:

TCI House, 69, Institutional Area, Sector - 32, Gurgaon-122 001, Haryana
Phone: (+91-124) 2381603 to 607 Fax : (+91-124) 2381611
E-mail: corporate@tcil.com Website: www.grouptci.com



Key Financials

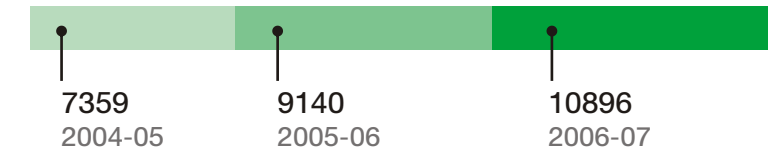
(Amount in Rs. million)

Financial Snapshot

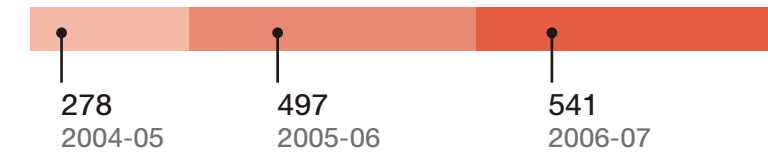
Particulars	(Rs. Millions)								
	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	
OPERATIONAL									
1. Total Income	10,895.7	9,139.8	7,358.9	6,340.7	5,368.2	5,244.9	4,974.2	4,357.3	
2. Profit before interest, depreciation & tax	742.7	627.5	344.3	285.7	258.2	260.9	271.0	240.0	
3. Interest (net)	103.4	71.3	54.4	53.3	73.3	91.7	102.9	104.4	
4. Depreciation	199.1	185.2	137.5	113.6	93.7	92.8	85.1	61.2	
5. Profit before tax	440.2	371.0	152.4	118.8	91.2	76.4	83.0	84.6	
6. Tax - Current	82.3	46.2	12.4	9.8	20.5	16.6	7.5	9.5	
- Deferred	36.6	43.6	34.5	33.7	13.5	9.2	-	-	
- FBT	15.6	12.9	-	-	-	-	-	-	
7. Net Profit	305.7	268.3	105.5	75.3	57.2	50.6	75.5	65.1	
8. Cash Profit	541.4	497.1	277.5	222.7	164.4	152.6	160.6	126.3	
9. Dividend Per Share (Rs.)	0.60*	2.50	2.00	1.80	1.80	1.80	1.80	1.80	
10. Earning Per Share (Rs.)	4.53*	19.78	10.05	7.17	5.45	4.82	7.19	8.93	
FINANCIAL									
11. Gross Block	3,551.8	2,608.8	1,965.8	1,667.5	1,490.1	1,364.6	1,333.3	1,244.4	
12. Net Block	2,659.9	1,874.3	1,460.2	1,272.2	1,172.2	1,082.5	1,104.9	1,087.9	
13. Net Worth	1,326.5	1,067.8	651.4	572.5	518.3	481.9	543.4	434.4	
14. Total Debts	2,185.8	1,130.7	960.3	825.1	765.4	680.6	761.3	720.9	
15. Avg Capital Employed	3,101.1	2,110.9	1,671.4	1,473.3	1,332.2	1,284.8	1,230.0	1,128.7	
16. Return of Net Worth	23.04%	25.13%	16.20%	13.15%	11.04%	10.50%	13.89%	14.99%	
17. Return of Capital Employed	17.53%	20.96%	12.37%	11.68%	12.35%	13.08%	15.11%	15.86%	
18. Debt Equity Ratio (Times)	1.65	1.06	1.47	1.44	1.48	1.41	1.40	1.66	
19. Interest Cover (Times)	7.18	8.80	6.33	5.36	3.52	2.85	2.68	2.30	
20. Book value Per Share (Rs.)	19.65*	79.08	62.04	54.52	49.36	45.90	51.75	59.59	
21. Share Capital	135.01	135.01	105.00	105.00	105.00	105.00	105.00	72.90	

* Each share of Rs.10 each has been sub divided into 5 shares of Rs. 2 each effective from 12 December, 2006.

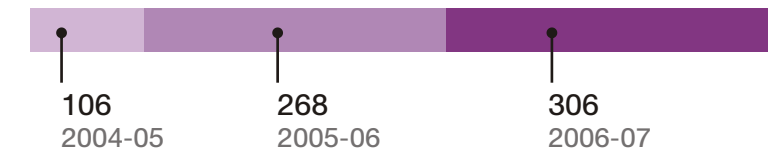
TOTAL INCOME



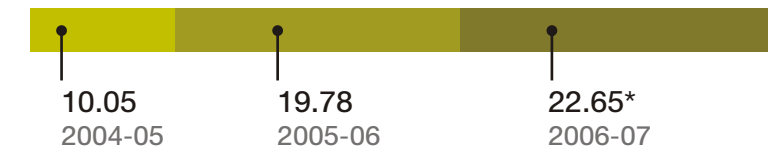
CASH PROFIT



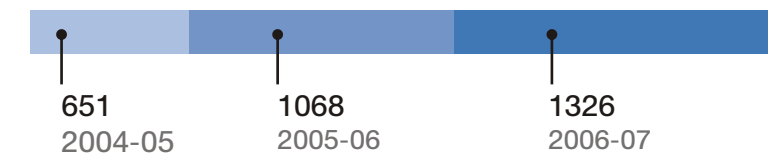
NET PROFIT



EPS (Rs.)



NET WORTH



* Each share of face value of Rs. 10 has been subdivided into five shares of face value of Rs. 2 each with effect from 12th December, 2006. However, for the purpose of comparison, EPS for the FY 06-07 has been shown at 5 times the value (of Rs. 2 each).

Letter to Shareholders



TCIL is a performing network of competent logistic services that meet the needs and at times expands the possibilities for customers through customised transport solutions. Our mission is not only to maintain being the largest integrated multi-modal logistics company in India, but also the best.

Dear Shareholder,

In 1958, Transport Corporation of India (TCI) was set up with an agenda to professionalise the Indian cargo transportation sector. And the journey, which began with "one man, one truck and one office", continues to grow with updated solutions and value-added services. Towards consolidating its leadership, the more benchmarks your company is crossing, it is continuing to raise the bar every time. This indicates your Company's growth potential in the burgeoning Indian economy.

Year 2006-07 will go as a landmark year in your Company's history, with the total revenues crossing the Rs.10 billion mark. In what has been a highly satisfying year, let me share the key performance highlights of your Company as under:

- Total revenue grew by 20.10% at Rs.10,892 million (Rs.9,070 million in 2005-06)
- EBITDA grew by 32.26% at Rs.738 million (Rs.558 million in 2005-06)
- Profit after tax grew by 52.04% at Rs.302 million (Rs. 198 million in 2005-06)

(Above figures are excluding extraordinary other income of Rs. 4.2 million in FY 2006-07 and Rs. 70.0 million in FY 2005-06 representing sale of investments in shares)

The exclusion of extra ordinary other income from the above figures has made the data more comparable and enhanced the Company's profitability ratios substantially, especially EBITDA margin has increased by 32.26% as against 18.36% and PAT margin has also gone up by 52.04% against 13.92% during 2006-07 over last year.

To stay ahead in the rapidly changing business environment, your company believes that it shall consolidate and diversify at the same time. Your Company has created a focused Supply Chain Solutions (SCS) Division in 2006-07, by taking the logistics business out from its Transport Division.

Some of the key developments in the year 2006-07 were:

- Tie up with Concor which will enable TCI provide comprehensive rail-road based, door-to-door logistics services
- Acquisition of the fifth ship, MV TCI Surya, enhancing total capacity to 16444 DWT
- Landmark contracts obtained in retail and consumer product verticals in SCS division

Your company believes that the burgeoning economy will demand more from the logistics sector, both quantitatively and qualitatively. In order to scale up in the dynamic business environment, your Company invested Rs.1 billion in warehouses, land, ships, marine containers, trucks, and IT systems. These investments are part of our overall growth strategy and will leverage greater values in times to come.

I would like to conclude by extending my sincere appreciation to all our stakeholders for their continued support and the entire team TCI for their consistent contributions to help TCI maintain its status of India's largest integrated logistics solutions provider.

D.P. Agarwal
Vice-Chairman & Managing Director

Moving Together

One man. One truck. One office. That was the modest beginning of TCI, in 1958. The vision was to create a national transport company, that shall make its own little contribution towards professionalising the transportation sector in the country.

49 years hence, TCI moves nearly 1.5% of Country's GDP by value and is present in almost the entire length and breadth of the country. TCI has truly made its due contribution to the country's growth. In the process, TCI has grown in stature, knowledge and worth.

From a conventional transportation company, it has grown to become the largest Integrated Logistics Service Provider in India through its multi-modal network. Its sphere of offerings include multi-modal transportation, warehousing, inventory management, freight forwarding, customs clearance, and express services including courier.

The TCI story is a story of moving together. It has kept pace with changing times, moved together with its stakeholders, its people, its associates, its customers and the society as well. Moving together, TCI is confident of becoming a Rs. 25 billion organisation by 2010.

TCI today

1,100 Company owned branches

6.5 million Square feet of exclusive warehousing space (owned & leased)

7,000 Total number of trucks on road

200,000 Total number of satisfied customers across all segments

3,000 Total number of committed associates

16,000 Total number of shareholders

5,700 Professionally Trained Personnel



Growing Together

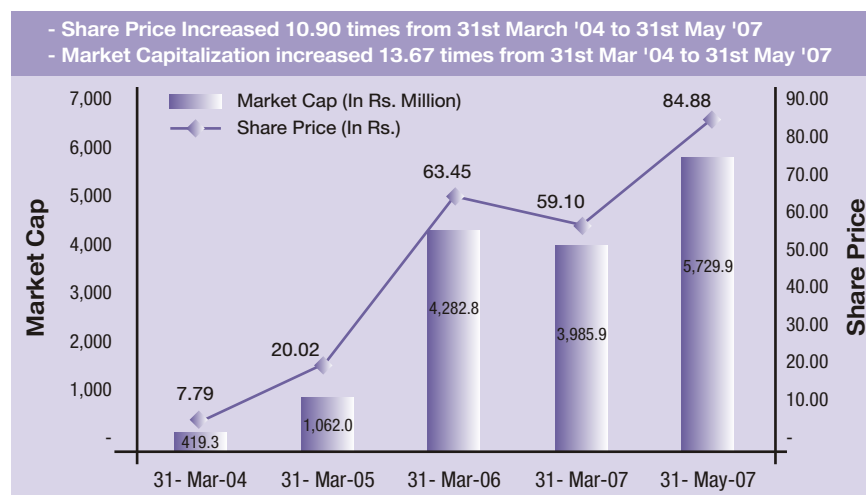
TCI, the largest Integrated Logistics Service Provider in India, has crossed the Rs.10 billion revenue benchmark in 2006-07. The rate of its growth has been much faster than the industry in all its business segments. The growth has been a result of TCI's customer-centric approach, coupled with the present spurt in Indian economy.

TCI focussed on high growth segments like Supply Chain Solutions and Express Services and leveraged the trust and loyalty of customers it enjoys. After merging TCI Seaways Limited in the previous year, TCI separated the logistics business from transport division with effect from 01.04.2006, to create a separate Supply Chain Solution division in financial year 2006-07.

In 2006-07, TCI registered a 20% growth in Net sales, 19% growth in profit before tax (PBT) and a healthy 14% growth in net profit. Amongst divisions, revenue growth of 62% in Supply Chain Solutions, 24% in XPS, 6% in Transport Division and 6% in Seaways has been achieved.

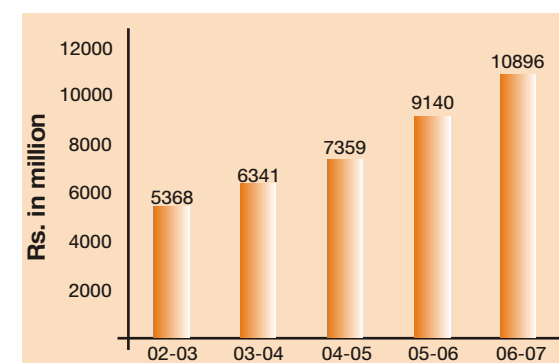
TCI continued to reorganise its priorities amongst its various business segments, in order to achieve business synergies and profitable growth. In this direction, it hived off 8 of the 9 fuel outlets it had in its trading division, to stay focussed at better margin and high growth businesses.

Share Prices and Market Capitalization

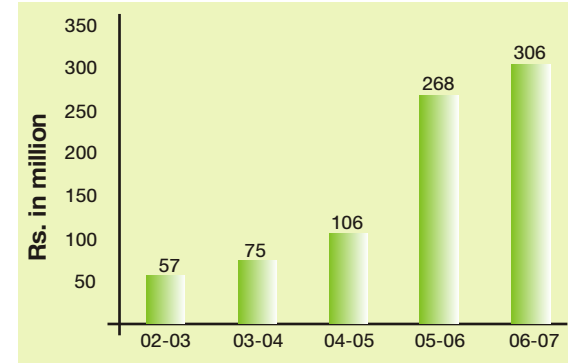


Note: Each Share of face value of Rs.10 has been split in 5 shares of face value of Rs. 2 each. All the data has been considered accordingly.

Total Income



PAT



Integrating Faster

Against the backdrop of a booming Indian Economy, there is a faster growth in per capita income and consumption levels. Manufacturing and services both are growing at record pace. Large-scale infrastructure development (airports, roadways etc.) is driving larger shipment volumes.

Outsourcing of distribution and supply chain management by leading product brands is an attractive and sustainable segment of business. The implementation of uniform taxation across regions also has a significant impact. These are all adding up to a leap phase for the logistics sector.

TCI has well anticipated this scenario and has diversified and scaled up to maximize from the outsourcing of Supply Chain Activities. TCI, with its mammoth infrastructure, is all set to capitalise on the growing market opportunities. In 2006-07, TCI has invested Rs. 1 billion, a part of its mid-term Capex corpus of Rs. 4.5 billion. The investment was made to strengthen the company with acquisitions of more warehouses, trucks, ships, and also by further augmenting of its IT systems and office networks.

To create an extensive and effective network of distribution & logistics centres, TCI acquired lands in various part of the country. TCI has added 1.5 mn. sq. ft. of warehouse space, taking its total to 6.5 mn. sq. ft. Acquisition of "MV TCI Surya" took its cargo vessel fleet to 5 Ships. From hereon, TCI plans to add 1 Ship every year till 2010.



TCI has invested in technology, in order to smoothen its logistics operations and optimize its process flows. The company opened its doors to computerisation 30 years ago, and today all its offices are well networked. Continuing with its vision, TCI is investing Rs. 250 million for technology upgradation in its Capex plan for next few years.

In its XPS division, TCI has introduced Key Accounts Management (KAM) practice to all its major customers. The service reach of XPS Courier has been expanded to over 200 countries. Domestically, the penetration has been furthered to cover almost all the Tier - II cities of India.

Highlights 2006-07

Transport Division	TCI - Concor tie up to open new avenues of growth through multi modal transport.
Express Division	Key Accounts Management expanded to all major customers. Rs. 70 million invested in XPS Courier
SCS Division	Landmark contracts achieved in Retail, Consumer Products and Auto Industry. 1.5 mn. sq. ft. of warehousing space added.
Shipping Division	"MV TCI Surya" acquired, taking the total capacity to 16444 DWT. 100 new marine containers acquired.

Steering Ahead

Board of Directors

From conventional transportation to integrated multi-modal logistics services provider, TCI is evolving everyday under the dynamic and visionary leadership of its Board of Directors. The aspiration of creating larger shareholder's wealth through a transparent, knowledge-driven and integrated logistics conglomerate is reflected in the professional Board of Directors of TCI.

It is under their ethical direction that TCI is not only gaining strength in its business domain, but also excelling in executing its corporate social responsibility.



Mr. S. N. Agarwal is the Chairman of TCI. He has over 36 years of rich experience in various industries including logistics. Mr. Agarwal also serves as the Chairman of Bhoruka Gases Ltd and Bhoruka Power Corporation Ltd besides being on the Boards of Kirloskar Electric Co. Ltd and Iruppa Power Pvt Ltd. He is also a member of the governing body of IIM Bangalore. A magna cum laude graduate in management from Davenport College of Business, USA, Mr. Agarwal also holds an Advance Management Program (AMP) certificate from Harvard Business School, USA



Mr. S. M. Datta has more than 48 years of experience in the engineering and technology sector. Previously he has served as the Chairman of Hindustan Lever and all Unilever group companies in India and Nepal between 1990-1996. Mr. Datta holds the following positions namely: Director on the Boards of Castrol India, Philips Electronics India, IL&FS Investment Manager, BOC India and Zodiac Clothing Company. A Chartered Engineer, Mr. Datta is also associated with various management & research institutes both in India and abroad.



Mr. O. S. Reddy has over 54 years of experience as a financial and management consultant. He is currently the Chairman of the governing body of the Indian Institute of Economics, Hyderabad. Mr. Reddy is associated with the Boards of Sagar Cements, TCI Finance, Sagar Power, Surana Telecom, Khaitan Electricals, H.B.C Flex Tech among others. He is also a member of the management committee of federation of A. P. Chamber of Commerce & Industry.



Mr. K.S. Mehta is a renowned Chartered Accountant in practice. He has approximately 36 years of experience in corporate finance & restructuring, project financing, business valuations and tax planning. Mr. Mehta is the board member of Radico Khaitan, Prudential ICICI Asset Management, Kothari Industrial Management Company, Blue Coast Hotels & Resorts, Ayurvet Limited, Consafe Mcnulty JV Limited and Consafe Engineering Services of UK.



Mr. Ravi Uppal has over 32 years of experience in operational management and is presently the Managing Director of Asea Brown Boveri Ltd., India. Previously he has been the CEO & Managing Director of Volvo India Limited where he played a major role in establishing & developing Volvo's operations in India. He has also been the Chairman of CII, Karnataka besides being a member of CII's southern region, Association of Construction & Equipment Manufacturers and National Task Force for Electronics.



Mr. M. P. Sarawagi has been associated with the Company for the past 43 years. He possesses rich experience in the legal and commercial aspects of the transport industry. Mr. Sarawagi also serves the Boards of Bhoruka Finance Corporation of India, Bhoruka Investments, Orissa Tyres, Calcutta Goods Transport Association, All India Motor Union Congress and several other cultural associations. He is a Graduate in Law from the Calcutta University.

Mr. D. P. Agarwal is the Vice-Chairman and Managing Director of TCI. Mr. Agarwal has been associated with the transport industry for more than 40 years. He has been contributing in transforming the unorganised logistics sector into an organised one. Mr. Agarwal holds the Directorships of Bhoruka Power Corporation and Jai Bharat Maruti Ltd. Mr. Agarwal is also associated with various Chambers of Commerce including CII, FICCI & PHDCCI. He also takes active participation in many social and philanthropic activities for the common good.



Mr. Vineet Agarwal is the Executive Director of TCI. He joined the Company in January 1996 and has held various finance and management roles within the Company. In addition to these responsibilities, Mr. Agarwal is Director with Transcorp International and Chairman in Transystem Logistics International. He has led the Company into high growth segments like Third Party Logistics and Express Cargo Services.



Mr. Chander Agarwal is the Executive Director of TCI. Diligent in nature, he has toiled his way through all levels of TCI since he joined in as a management trainee. Mr. Agarwal has held various finance and management roles in other group companies like TCI Seaways, XPS etc. His hands-on experience with Transfreight USA, a 3PL specialising in 'lean logistics' for Toyota Motor vehicles, USA, has given him unmatched knowledge of the Supply Chain Management. Currently he is spearheading Group TCI's international expansion across South East Asia.



Innovating Everyday

Logistics industry in India is at a threshold stage. With the trends in economy and its growth pattern, logistics is entering a burgeoning phase. Being the leader in its sphere, TCI has been proactive in terms of strategising and implementing plans.

There are core committees and executive committees in all its divisions, with the object of maximizing the revenues, market shares and realizations at one end and for cross-leveraging the group benefits overall at the other.

The long term corporate strategies are developed and implemented by executive committees consisting of the Managing Director, Executive Directors, Division CEOs,

HR, Finance, Legal and Accounts heads. Business strategies are developed and implemented at core committees consisting of Division CEOs, Managing Director, Executive Directors, Finance Heads, and Operational heads at corporate and regional levels.

These committees work relentlessly to enhance the value of TCI's services to its customers and to outperform the competition in the market.

Based on TCI's focused growth policies and favourable macro environment, the Company is poised to make significant strides in the high growth logistics industry.



(From Left to Right) : Mr. R. U. Singh, Capt. K Singh, Mr. Vineet Agarwal, Mr. O. P. Jain, Mr. D. P. Agarwal



(From Left to Right) : Mr. P. C. Sharma, Mr. A. K. Bansal, Mr. Chander Agarwal, Mr. Jasjit Sethi, Mr. K Prabhakar

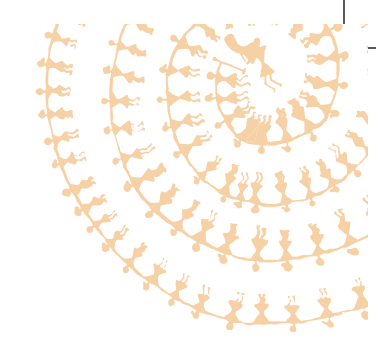
Management Team

- **Mr. R. U. Singh**
President & CEO, Shipping Division
- **Capt. K. Singh**
President (Technical), Shipping Division
- **Mr. Vineet Agarwal**
Executive Director

- **Mr. O. P. Jain**
President & CEO, Transport Division
- **Mr. D. P. Agarwal**
Vice Chairman & Managing Director

- **Mr. P. C. Sharma**
CEO, Air and Courier
- **Mr. A. K. Bansal**
CFO & Company Secretary
- **Mr. Chander Agarwal**
Executive Director

- **Mr. Jasjit Sethi**
CEO, Supply Chain Solutions
- **Mr. K. Prabhakar**
President & CEO, Express Division



Propelling Service Mix

Underlying TCI's success is a consistent strategy that emphasises size and scale, product diversity & quality, and a strong customer focus. The Company has always taken a proactive approach in diversifying its business domain as per market needs, whilst employing contemporary technology for more value addition.

Today, TCI implements a division-wise focus in its various spheres of business, which makes it the country's largest integrated multi-modal logistics provider.

Transport Division

Transport Corporation of India (TCI) is India's foremost surface transport company and amongst the leading players in Asia. Its extensive network, strong foundation and skilled manpower add up to a significant national presence for TCI across the length and breadth of the country.

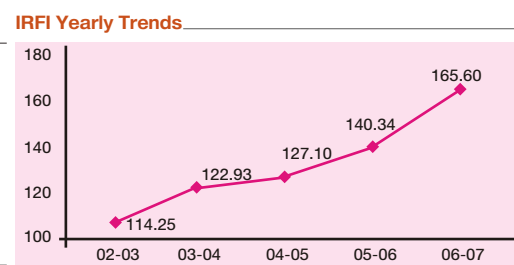
Through 800 branches, transport division operates over 1,000 trucks every day. With its traditional offer mix of full truckload, less than truckload and sundry cargoes, this division competes with unorganised player on one hand. On the other hand, the division is continuously developing value added specialised capabilities in handling over dimensional, containerized and project cargoes.



The Company offers single window solutions to a significantly large customer base of over 200,000 customers nationwide. This division contributes around 53% to the group's revenues.

CONCOR, the country's largest rail cargo mover has recognised TCI's road transport prowess and entered in a strategic tie up with it, in order to offer a unique rail-road door-to-door cargo transportation mix to the manufacturing and trading customers of the country.

TCI's Road Freight Index (RFI) is an index of weighted average freight rates compiled across various routes that give a comprehensive analysis of freight trends, route-wise and date-wise and helps to forecast the freight trends.



Express Division

Incorporated in 1997, XPS today, has emerged as the fastest growing express brand in the country and is making rapid inroads into the international markets. It's over 350 branches cover more than 3000 destinations. Equipped with ISO 9001:2000 certified operations, XPS surface division is complemented by XPS Air, XPS Courier and XPS Global to provide seamless delivery solutions to its customers.



In order to enhance the delivery and service levels further in this time-sensitive business segment, XPS has taken several initiatives.

A dedicated customer service centre named XCC (XPS Customer Care) has been commissioned at the corporate office of the Group. Towards more effective tracking, XPS has installed Advanced Vehicle Tracking Systems with GPS/GPRS in its express cargo carrying fleet, running on national routes.



Surface

The operational backbone of XPS Surface lies in its strategically located hubs and a fully containerized fleet of Express, Feeder and Service route vehicles. This fleet connects over 3000 pick-up and delivery locations and enables doorstep pickup and delivery of customer's cargo. XPS surface offers customer friendly and value added services such as COD (Collect on Delivery), FOD (Freight on Delivery), and DACC (Delivery against Consignee / Consignor Copy).

Air

XPS Air has business associate relationship with all the major airlines in the country. Its strengthened network enables XPS Air to deliver to all major metros in 24 Hrs and to Mini Metros and A class cities in 48 Hrs, through specialized and dedicated infrastructure.

Courier

XPS Courier, with an all India network of own branches and Strategic Business Associates, reaches out to nearly 13000 locations in India and more than 200 countries internationally. With technological edge and dedicated infrastructure, XPS Courier provides tailor made services to its customers. It has established its own branch in Singapore to cater to South East Asian markets.

Global

XPS Global has positioned itself through agency network at different countries to enable customers import and export by sea and air modes. Equipped with CHA, IATA and MTO licenses, XPS Global can provide customs clearance from all the major sea and airports of India. It can also issue House waybills for both Sea and Air shipments. XPS Global has established its own office in Singapore to service South East Asian region.

Propelling Service Mix

Supply Chain Solutions Division

With a Mission to be “the most admired service provider of integrated supply chain solutions”, TCI-SCS brings a lot of commitment in its partnership with clients. It is dedicated to synergies inbound and outbound logistics for its diverse clientele, through resourceful planning and efficient management of the flow of goods and information. Key Account Management, customised services and continuous value addition are mantras for its growth.

Being in a knowledge driven and ever evolving industry, the division has a rich talent pool for business development and management of operations to the last details. Dedicated verticals for Auto, Retail and Consumer Products, Telecom, High-Tech, Life Science and Health Care offer specialized services to these critical sectors of the economy.

Group TCI has also evolved a “Farm to Fork” concept for linking Retail and Cold Chain under a single roof. This unique position would provide customers a comprehensive solution while facilitating succession planning and de-risking of the business model.



In order to provide customized logistics solutions for the automotive industry, TCI joined hands with Mitsui & Co. Ltd., to set up a joint venture company, Transystem Logistics International Pvt. Ltd., the only logistics service company in India certified by ISO 14000:2004. The division functions as the logistics partner for Toyota by providing them customised logistics services.



TCI Cold Chain caters to the transportation of perishable items for export as well as domestic markets under close surveillance. The products transported include dairy products (milk, chocolates, ice cream, butter, cheese etc.) fruits & vegetables, fast foods, pharmaceutical products, meat & poultry items, fish and other marine products, chemicals, aromatics and mushrooms.



TCI Cold Chain has vehicles equipped with GPS Integrated with Temperature Data Logger and GPS/ GSM vehicle tracking systems for Online Vehicle and Temperature Tracking. Besides, the vehicles also have modern Reefer units that maintain temperatures between -25° C to 25° C.

Shipping Division

Sea is the crucial link to the multi-modal logistics approach of TCI. TCI Seaways undertakes coastal cargo movement in the Indian and neighbouring countrys' coasts. This business of TCI was merged with the parent company in 2005-06 to bring the advantage of consolidation to the group's operations.

TCI Seaways has acquired a new ship, “MV TCI Surya” in 2006-07. This 312-TEU capacity (4,508 DWT) vessel, capable of handling project cargoes with the help of a 40-tonne crane on board, as well as 60 reefer containers, brings substantial scale and capability to TCI Seaways.

With the acquisition of “TCI Surya”, TCI Seaways' fleet strength has gone up to five. The other four ships are MV TCI XPS, MV TCI Arjun, MV TCI Shakti and MVTCI Lakshmi.



The Division is on the lookout for acquiring one additional ship every year from hereon, to augment its capacities further.

TCI Seaways proposes to buy 220 specialized and general purpose marine containers during 2007-08.

TCI seaways will handle the technical management of the proposed Joint

Venture with M/s Scan Trans from the year 2008. The acquisition of bigger ships/tonnage will boost the revenue and the optimum utilization of available technical expertise of the Division.



Fulfilling Corporate Responsibilities

TCI believes that its businesses should play a major role in supporting the communities in which it operates. Fulfilling its commitment towards a better civic life, TCI Foundation (TCIF) has been actively undertaking developmental works in the domain of Primary Education, Women Development, Disaster Management and Healthcare. While developing a strong foundation for socio-economic transformation of rural & remote areas of the country, TCIF is strongly committed to the widespread distribution and proper application of benefits.

Promotion of education, subsidised medical facilities and initiatives to curb HIV/AIDS were the focus areas of TCIF 2005-06. In 2006-07, TCIF focussed on intensive implementation of AIDS awareness program 'Project Kavach' for long distance truck drivers.



Project Kavach

TCI Foundation, the social arm of Group TCI, has been implementing Project Kavach, an HIV/AIDS prevention programme for long distance truck drivers and helpers since December 2003 under grant from AVAHAN, the India AIDS Initiative of the "Bill & Melinda Gates Foundation". The programme is present at 17 large intervention locations, most of which are trans-shipment locations/Transport Nagars. It has a unique & innovative approach to HIV prevention amongst the mobile trucking population. It provides comprehensive health services including treatment of Sexually Transmitted Infections (STIs) through a programme owned network of "Khushi Clinics" across India. Currently more than 30 medical teams provide medical services at 17 TCIF intervention sites, located at important trucking hubs. The goal of this project is to arrest the spread of HIV among long distance truckers in India.

Project Infrastructure

- Branded national programme (Khushi Clinics)
- 17 Intervention site locations across India
- Unique Peer led Dialogue Based Interpersonal Communication Model for outreach (360 truckers actively involved in educating their peers)
- 17 Khushi Clinics and 70 satellite clinics (2 full time medical teams at each intervention)
- 800 condom social marketing outlets

▼ Khushi AIDS Awareness Street Show organised by TCIF



▼ A mobile Khushi clinic



Indicators	To Date	Monthly
IPC Contacts	1.4 million	50,000
Truckers treated for ailments	280,000	15,000
Truckers treated for STIs	62,800	3,300
Condoms socially marketed	12.1 million	100,000
Mid-media events held	12,214	900

▼ TCI DAV School in Ranchi (Jharkhand)



▲ TCI Dispensary at Port Blair

Maternal & Child Healthcare

TCI is set to provide substantial healthcare measures and ensure preventive and curative services through its ten-bedded maternal and child health (MCH) centre at Bhorugram (Rajasthan). Well equipped with X-ray and OT facilities, the MCH centre also organises camps for T. B. patients, cataract operations, ENT and other family welfare programs.

Infrastructure Development

In drawing up its community development plans, TCI has substantially contributed towards the construction of 28 class rooms, 5 halls and other edifices like verandas, boundary walls, health sub centres in different villages of Churu district (Rajasthan). 3000 low cost sanitation units in 70 villages and 50 sanitary blocks in the schools have also been constructed in the current year.



Case Study

The Case Study on India's leading Automobile Manufacturer- "Bajaj Auto Ltd." and how Group TCI has been able to deliver to their expectations.

ABOUT BAJAJ AUTO LTD

The Bajaj Group is amongst the top 10 business houses in India. Its footprint stretches over a wide range of industries, spanning automobiles (two/three-wheelers), finance, home appliances, lighting, iron & steel and travel. The group's flagship company, Bajaj Auto Ltd., is ranked as the world's fourth largest two- and three- wheeler manufacturer and the Bajaj brand is well-known in over a dozen countries in Europe, Latin America, the USA and Asia- and easily the best known brand in 2 Wheelers in India.



THE CHALLENGE

The Bajaj leadership could foresee the changes in customer behavior unfolding in the market place and the key role which distribution will play. Their focus on Supply Chain Management triggered the need to re-engineer their Supply Chain to make it leaner and more response to change.

This was easier said than done, as it involved a close coordination and transparency- from the dealer to transporter to distribution to production planning and finally to the parts vendor.

THE APPROACH

A Cross Functional Team was formed at Bajaj for developing a fresh perspective to the challenge. This team zeroed into TCI and a road map was prepared.

The first phase was identified as distribution as Bajaj had the customer as its first priority and another factor was that outbound logistics was a bigger challenge. The fundamental of this approach was forging of a true partnership between Bajaj and TCI as the chosen 3PL.



PHASE 1

The distribution system was studied, discussed and debated across various meetings and the plan was woven around the **vision that Dealer must not hold excessive inventory and he must "order as he retails"**.

This involved a change from the existing order pattern of full load (say 55 Bikes) to any number ; which further percolated into making the delivery in "dealer clusters" than single dealer and further required vehicles with modular fittings as the Bajaj product line had everything from an 80 CC Step through to an Eliminator (now Avenger) high-end motorbike.



A zone was chosen as the Pilot Area and dealers were met across for encouraging transparency, changing the order pattern from push to pull and a lot of commitment (to the dealer) of supply of desired quantity in 48 hours of order.

Vehicles were designed to be modular, confirm to CMVR guidelines, be 100% covered and also have GPS on them for better fleet management.

For the first time in the industry, trailers were designed for Bikes and further the trailer was made into a 3 Deck Trailer, the first time in the world that such an invention was done for road transport.

This product (patented by TCI) carries 105 to 110 bikes in one go or can accommodate 28 Auto Rickshaws (against 14 in a normal truck) to reduce the complexity and save cost on transportation.



This vehicle has been further developed to have a tailgate - a self loading (or unloading) mechanism for easy discharge of cargo without a ramp.

The dealers now carry 12 to 15 days of inventory (against 35 earlier). Nothing like a win-win for sustainable development.

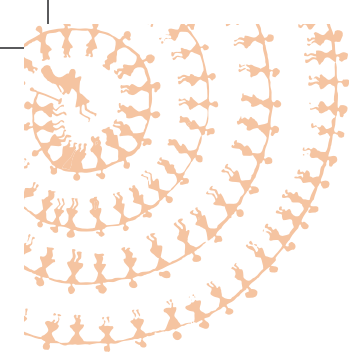
PHASE 2

The next item on the agenda also focused on the customer. It was the arena of after sales - the availability of genuine Bajaj spares. The objective was dual - to ensue timely delivery of spares to a dealer for his customer as well as check the growth of spurious spares, which were available in abundance for a well known brand like Bajaj.

This led to formation of a Logistics protocol. The regular orders were shipped through the conventional mode of TCI , by a Hub and Spoke arrangement while the VOR (vehicle off road) were shipped through XPS surface cargo and XPS Air (Emergency orders).

This focus on spares was further enhanced by a Pilot Depot in a Zone for Spares. Here the results have been startling - within three months the dealer spares inventory has fallen to 15 days and deliveries happened the same day in the core zone (65%) and within 24 hours in remainder of the zone.

The parts like a motorbike chassis, which is required rarely, is also available in a day leading to very quick repairs to even the worst mishaps and thus validating the customer's faith in purchasing a Bajaj product.



PHASE 3

The growth plans of Bajaj saw it moving to Pantnagar in Uttranchal for a Greenfield project. In this modern plant, it decided to give half of its land to its vendors to help them in relocating their facility nearby. This was a first by any auto major and set the stage for a JIT (Just In Time) production system for Bajaj.

TCI was entrusted with the entire logistics of supplier coordination and delivery to the plant. Further the receipt in plant and delivery to the line was also entrusted to TCI. The type of vehicles deployed were customized to Trolley/ Bin sized and included LCV's and also some Commercial Tractor Trolleys.

During start up all suppliers could not relocate or ready their facilities hence a separate VMI (Vendor Management Inventory) facility was created to facilitate collection, provide value added services like kitting and binning and supply to the plant on the schedule.

Some critical components made at Waluj arrive in returnable bins in 48 hours by a fleet of dedicated containers, completing the loop for making world class motorbikes in the foothills of the Himalayas.

FUTURE



Bajaj is aggressively planning to reduce inventory of vehicles & Spare parts to 7 days level across the country and a partnership of this nature is never ending journey of improvement and sustainable development. While these efficiencies will continue to flow and make the systems stronger, a small step has been taken in going international.

Bajaj has set up its first plant outside India in the ASEAN region: Indonesia. TCI has set up its office there as PT TCI GLOBAL to partner Bajaj's growth in new frontiers.

These services would involve CKD movement, Freight Forwarding and Ocean shipping: all of which is part of the Group TCI's portfolio of group companies and services

IN CONCLUSION

The partnership is now over 3.5 years old and TCI has been able to deliver indirect and unquantifiable benefits to Bajaj over the more obvious commercial aspects.

The challenges ahead are greater and the team is now ready to sustain - and build upon - the learning's acquired together.

Case Study

TCI SUPPLY CHAIN SOLUTIONS : AUTO VERTICAL

The Auto Industry in India is poised for growth beyond what has been witnessed in recent years. From the current share of 5% of the GDP, the Automotive Mission Plan aims to straddle 10% of the GDP by 2016 a CAGR of 15%.

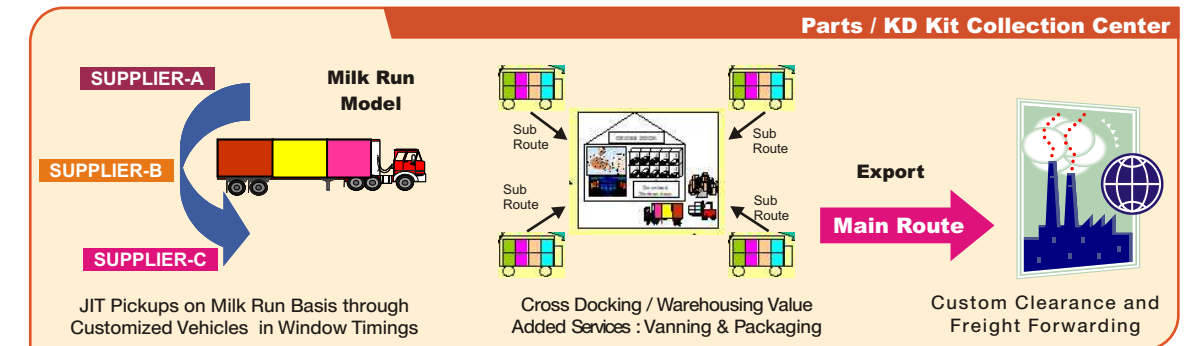
TCI SCS recognizes the potential of the industry and also the logistical challenges which are crucial for the industry's growth in domestic and international markets.

The Services basket covers the following solutions :

From Conceptualization / BPR to actual implementation as a LLP (A 7PL organization) covering

 <p>Inbound Logistics : On a built to suit model</p> <ul style="list-style-type: none"> • Conventional or Clustering. • (VMI) Vendor Managed Inventory or (CMI) Co-Managed Inventory. • Just In Time using the troika of Cross Dock, Milk Route and specialized vehicles. 	 <p>In Plant Logistics :</p> <ul style="list-style-type: none"> • Line feeding • Managing the Finished Goods Warehouse / Yard. 	 <p>Outbound CBU Logistics</p> <ul style="list-style-type: none"> • Car Carriers Trucks and Trailers fitted with GPS • Rail Operations on a Hub and Spoke Model • Container Operations 	 <p>Spares Logistics</p> <ul style="list-style-type: none"> • Management of DC • Kitting, Labeling and Packaging • Order Management • Returns and Warranty Management • Distribution on Logistics protocols • COD (Collection on Delivery) and Road permit Management • VOR (Vehicle Off Road) by XPS
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With the strong Auto component / manufacturing base in India Parts collection / KD centres are the emerging need for a Global Supply Chain



The division is providing these services for almost the entire Auto Supply Chain



With a substantial share of the auto market today and with a view to the future, the Auto Logistics vertical is destined to partner the new ambitions of the Industry.

Aiming Together

The largest integrated multimodal logistics company of India, TCI is all geared up to extract maximum value from the unfolding market opportunity. The Company targets to play a major role in driving the country's economy by emerging as a Rs. 250 billion logistic company by 2012, by strategising its business policies and establishing synergy in its operational domain.

According to industry reports, completion of the Golden Quadrilateral project, modernisation of ports and laying of a dedicated rail freight corridor would boost intra & inter-state goods movement, and propel exports and imports. Further an increased penetration of organised retail, and cost savings achieved by outsourcing of logistics services are expected to be the key growth drivers of the logistics industry in India.

Changing economic scenario, led by removal of trade barriers, and globalisation of markets has resulted in a spurt in the international business. Increased outsourcing and changes in regulatory structure (such as implementation of VAT & central tax regime) are expected to drive further growth in the industry.

TCI is poised to meet the futuristic demand through an established client base, strong infrastructure and customer-centric approach.

The company is into expansion of its warehouse projects, which will provide more business to express and trucking division, as it will lead to more cargo transportation to and from its warehouses. TCI plans to modernise its existing 6.5 million sq ft of warehousing space by assimilating contemporary technology, as in mechanisation of equipments & tools, and by implementing online operations in material handling. As envisioned, the expansion plans will equip TCI to provide an international standard warehousing facility to its customers.

In line with the Company's business objectives, TCI aspires to deliver superior customer service whilst expanding its operational loci into potential markets, both domestic & international. The Company also intends to expand its footprints in leading trade-partnering countries of India by providing high value added services globally.

TCI aims to build and attain leadership in all its segments Transportation, Express, Shipping and Supply Chain Management. The Company has also entered into the documents' courier business, which is also expected to provide growth and higher margin. Although document courier is a competitive business, it enjoys higher margin, and is therefore profitable.

Aligning with the concept of 'Moving Together & Growing Together', TCI also plans to implement contemporary HR policies and Resource efficiency programmes to create a pool of satisfied employees.



Management Discussion & Analysis

The Trillion-dollar Economy

The Indian economy grew by 9.4% during 2006-07, which is the highest in the last 18 years. With this, our economy's average growth has been more than 8.5 % annually over the past four years. The economy also swelled to the trillion dollar mark, making India the 12th nation to reach this milestone. The figures show that India is growing at a pace close to that of China, which last year grew at 10.7 %.

From here, India shall aim at an average annual 9 % growth till 2011-12 on the back of strong fundamentals. The growth journey shall continue on the back of a stupendous performance by the manufacturing and services sector, positively impacted by boosting incomes and consumption, resulting in increasing demands.

Indian Logistics Today

Till early nineties, logistics in India meant "movement of goods from one place to another". Post liberalization, till India becoming a trillion dollar economy, Indian Logistics Sector have come a long way forward. Its coverage now expands to warehousing, inventory management, freight forwarding, express services, customs clearing and multi-modal transportation.

Estimates suggest the size of logistics sector globally to be around USD 2 trillion and Indian logistics to be around USD 85 billion. Logistics cost as a percentage of GDP, is estimated to be much higher in India at 13%, as against 10% in case of developed economies. Though the infrastructure development is catching up at par with to global standards, it has to improve manifolds.

The industry today is moving towards consolidation, though a large part of it remains highly fragmented and unorganised, with very little understanding of supply chain management.

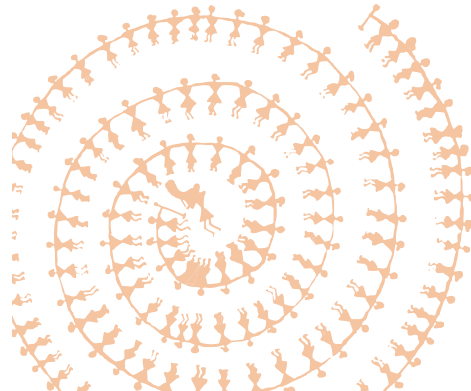
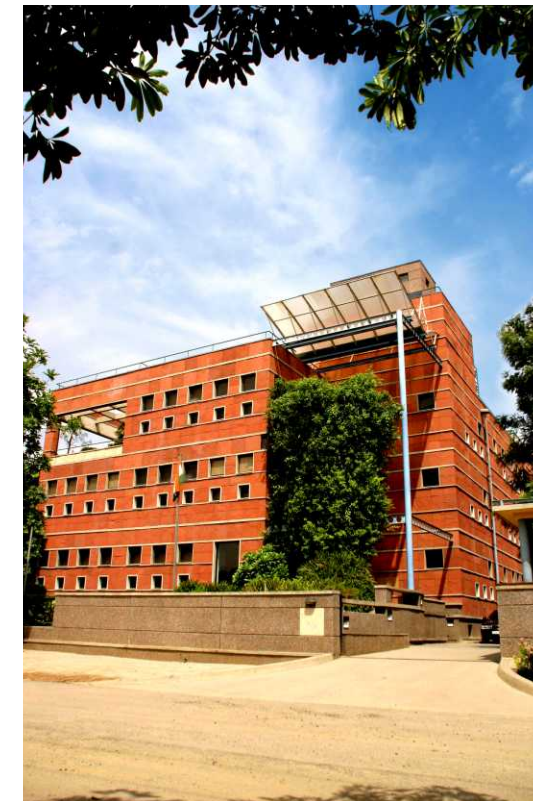
Growth Drivers

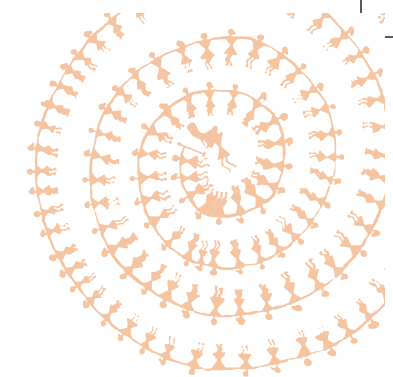
There is greater commitment from the government towards infrastructure development. Development of Golden Quadrilateral, participation of private players in ports and airport developments and focus on efficiency improvement in Railways is likely to impact the growth prospects of logistics immensely.

In the fiercely competitive market place, consumer goods companies have to integrate with the global business trends. The need is to focus on the core competence areas. More and more consumer goods manufacturers are showing a shift towards outsourcing their supply chain management responsibilities. This drives home the cost and efficiency advantages to them and helps them stay focused on their core competence.

India is emerging as the preferred outsourcing destination for manufactures globally. Domestic market is fast growing. There has been an advent of FDI in consumer durables, electronics, auto and auto components. Opportunities in organised retail, exports, and inroads in the agribusiness are also happening at a fast pace in the country. Notably, these sectors are the largest users of supply chain solutions and outsourced logistics services and are thus expected to fuel growth in the Indian logistics sector.

One noticeable change is that the logistics sector is getting organised with focus on quality of service and delivery schedules.





Management Discussion & Analysis

Distribution and marketing costs are to be reduced. Manufacturing companies, to be more cost effective, will rely on logistics service providers with established network and a pan India presence.

TCI expects that the emerging scenario would help the company to penetrate deeper into the country and nullify the impact of unorganized players' price advantage. Introduction of value added tax (VAT) would also help the national players like TCI a lot.

Business Overview

TCI has the largest network of strategically located 1,100 company-owned branches, covering almost all the cities and towns of the country. It has well-equipped and secure warehouses with an occupied space of over 6.5 million square feet (owned and leased). The company operates a mammoth fleet of over 7000 trucks, at any given point of time.

TCI's story moves with its 200,000 customers (across all segments), 16,000 shareholders, 3,000 associates, 5,700 professionally trained personnel and over 15,000 people on contract. It comes from single window integrated logistics mix, backed by an impeccable multi-modal transportation service by road, rail, sea and air.

Multi service, multi modal business is conducted in a focused division-wise approach. It has 6 business divisions namely Transport, Express, Supply Chain solutions, Shipping, Fuel Trading and Wind Energy divisions.

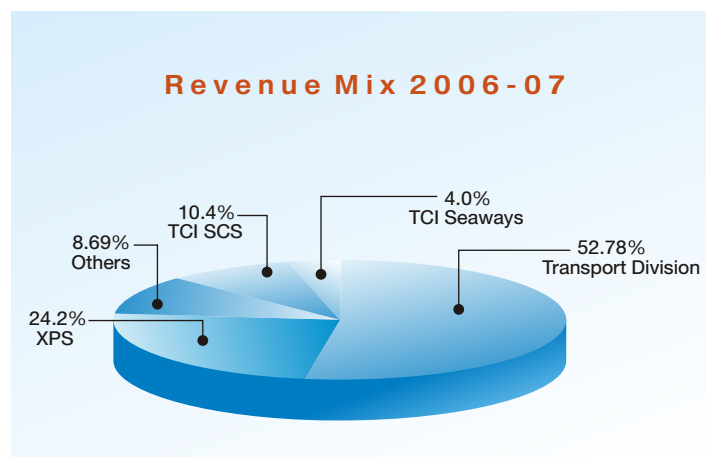
Transport Division

The flagship division of TCI, the transport division, has been the major contributor to its revenues and holds a dominant share in the organized market. About 53% of the company's revenue came from transport division in 2006-07.

During FY 06-07, the division registered:

- Sales of Rs. 5736.1 million, which grew by 22% as against Rs. 4,688.90 million (excluded Rs.700 million contribution from TCI Supply Chain Solutions, which was part of this division upto 31st March, 2006) in the previous fiscal.
- Profit before interest and tax of Rs.155 million as compared to Rs.88 million in 2005-06.
- Sustained growth of near 20%, as against the industry growth trend of 5-10%.

With added strengths coming from rail, road and over dimensional cargo services, this division aims to achieve a steady growth of 20-25% annually. With an ever-increasing the focus on trained human resource and "updated system and technology", Company expects this division to witness an increasing market share in near future.



XPS Division

This division of TCI features amongst India's fastest growing brands with a focus on packages, cutting edge service and innovative products. As a specialised service division, XPS contributes over 24% to the group's revenues.

In 2006-07, this division's operation portfolio increased with the network expanding to over 200 countries and the contributions from the international operations registering a healthy growth trend. In the country, XPS is serving all major cities and tier II towns and has been the preferred brand of high end and time sensitive sectors like Banking, insurance, telecom and educational institutions.

During FY 06-07, XPS division registered:

- Net sales of Rs. 2,633 million as against Rs. 2,138.4 million a year ago, recording a growth of 23%.
- Profit before interest and tax rose by Rs.14.8 million to Rs. 170.8 million.

XPS Global is on the lookout for logistics partners in foreign markets. By doing this, the group will enhance the value added mix of its operations, diversify its service range, and grow the market share extensively.

An investment of Rs. 70 million has been made in XPS courier in last fiscal, in order to increase its geographical coverage and enhance operations.

Growing retail base in the country and super hubs under construction are likely to boost growth pattern of XPS division, and it is likely to record an aggressive growth of 25-30 % annually, with increasing yields from air and courier sub divisions.

TCI Supply Chain Solutions Division

To begin with a caveat, Supply Chain Solutions division has been separated from transport division with effect from April 1, 2006. This division provides complete logistics management, including transport, warehousing, C&F, order processing, inventory management and other value-added services. It puts the company in a unique vantage position to benefit for the emerging trend of outsourcing supply chain management by the customers.

During FY 06-04 the division :

- Crossed the Rs.1 Billion milestone.
- Posted revenue of Rs.1,130.8 million in 2006-07, registering an impressive 60% growth.
- Recorded a growth of 64% in Profit before interest and tax at Rs.79.2 million.

SCS division constituted 10% of overall business with over 12% operating margins. The growth was fuelled primarily by auto and retail verticals, while telecom vertical gained momentum and hi-tech vertical went operational in the fourth quarter.

This division is viewed as the major growth propeller and the company anticipates an explosive growth of 50-75 % in this division in near future.

TCI Seaways Division

It merged with TCIL with effect from April 1, 2005. This division caters to the coastal cargo movement for both domestic and international markets. It has 590 TEU containers and five vessels of total capacity of over 16,000 DWT. The company acquired a new ship with a capacity of 4500 DWT for Rs. 370 million in March this year.





Management Discussion & Analysis

The shipping division contributes 4% overall business with 29 % of operating margins.

During FY 06-07 the division registered:

- Revenue of Rs. 434.9 million as against Rs. 410.30 million (excluding extra ordinary other income) in the previous fiscal.
- Profit before interest and tax grew to Rs. 93 million from Rs. 63 million in 2005-06 (excluding extra ordinary other income).

In the year 2006-07, the shipping division placed orders for 100 additional marine containers, 55 of which has been received and 45 more will get received by the end of first quarter of 2007-08. With this, the division's tally of container will reach 590.

The rising fuel cost has impacted the operational cost and resulted in reduced margins, as the impact could not have been passed on to the customers' due to competitive pricing in the markets.

With expected robust growth in the coastal cargo, TCI plans to add one more ship in 2007-08 in the capacity range of 4500-10000 DWT. The division also plans to buy 220 specialised and general-purpose marine containers in 2007-08.

The acquisition of new ships and will improve the revenues and optimize the available technical expertise of this division.

Trading Division

In keeping aligned to the dynamically changing logistics scenario, TCI has been consistently consolidating and diversifying with a focus on profitable growth areas. In this context, trading division is being considered as an area to de-focused from. Accordingly, 8 of the 9 fuel pumps forming part of this divisions have been hived off in the last financial year. Consequently, revenue declined from Rs.1078.7 million in 2005-06 to Rs. 890.70 million in 2006-07. Its PBIT also saw a dip to Rs. 6.1 million in 2006-07 from Rs. 9.7 million in 2005-06.

Being a low margin business, the hiving off will have a positive effect on the profitability of the company to the extent of 0.5-0.6% in the overall operating profits.

Wind Power

The division has a total installed capacity of 11.5 MW.

This division's revenue rose to Rs. 59.8 million in 2006-07 from Rs. 41.4 million a year ago. Its PBIT grew to Rs. 35.3 million against Rs. 25.1 million in the last fiscal. Its operating margins stood at 58.4 million and EBDITA at 38.9 million.

Rs.in Million

	REVENUE		PBIT	
	2006-07	2005-06	2006-07	2005-06
Transport	5736.1	4688.9*	155.0	88.0
XPS	2633.0	2138.4	170.8	156.0
TCI SCS	1130.8	700.0	79.2	48.0
TCI SEAWAYS	434.9	410.3**	93.0	63.0**
TRADING	890.7	1078.7	6.1	9.7
WIND POWER	59.8	41.4	35.3	25.1

*Excluding Rs. 700 Million contribution from SCS which was part of Transport division uptill 31.03.2006.

** Excluding Extraordinary other income.

Capital Expenditure

TCI had planned a four-years capex of Rs. 4,500 million in 2005-06 for expansion and augmentation of services. In 2006-07, Rs.1,000 million was invested as a part of the programme. Warehousing and land accounted for an investment of Rs. 220 million, ships & marine containers 370 million, trucks and containers Rs. 230 million, wind power Rs. 91 million and balance into IT Systems and others was Rs. 89 million. The company's capex is expected to be funded through a mix of internal accruals, debt and equity.

Community Partnership

In the race of flourishing business and rosy growth, TCI does not forget to fulfill its corporate social responsibility. It has always proactively worked towards the betterment of the community, which fuels its business.

TCI has taken several community initiatives in the surrounding spheres of its business domain. Its CSR endeavor covers the fundamental issues of primary education, healthcare at one hand and critical social issues on the other.

In the communities surrounding its business, TCI has undertaken Project Kavach for the prevention, diagnosis, and cure of HIV AIDS in the truck drivers.

It runs two schools in the state of Jharkhand and Rajasthan. In the field of maternal and infant healthcare, it is running a ten-bedded center in Rajasthan. TCI has also made substantial contributions in development of school classrooms, low cost sanitations etc.

Information Technology

With its rapid business growth and expansions, there is a constant need to store, connect and analyse information. IT initiatives in 2006-07 were aimed at bringing the operations of the company under one platform into a user-friendly cohesive system. The company has opted for VPN and advanced vehicle tracking system with GPS.

TCI's branches and operations are fully computerised and networked through intra & inter-branch networks. Usages of bar-coded packages help TCI increase its response time.

A system of online tracking and e-proof of delivery is implemented to provide the customers with armchair comfort right end to end. The integrated back-end systems and processes ensure that the Proof of Delivery with consignee's signature after delivery, is sent by hard copy, e-mail or fax to the consignor.

TCI plans to implement contemporary processes to smoothen usage of stored information for financial reporting and management decision-making. The method would be used for data retrieval, with an added functionality of integrating information from various sources.

The IT business consolidation system will enable the Company to report consolidated accounting numbers after taking care of inter-company transfers. TCI also intends to install business simulation softwares, which would help in decision management by simulating the impact of any change in the erratic logistic business environment.

For our employees, we intend to deploy human resource information systems that would store each individual's information on the system. Each employee's association with the company, performance appraisal and other information would be available on this system. This would also enable us to leverage technology for training our employees, as the system would flag employees that fit the training needs of a particular module. In doing so, it would form an integral part of the knowledge management programme for our employees.



Management Discussion & Analysis

Future Outlook

The 49-year young business journey of TCI continues with the same zest and aims higher growth in backdrop of the growing opportunities in the country emanating from sound fundamentals of the economy.

Becoming a Rs. 12 billion Group was the hallmark of 2006-07. TCI expects to double the current revenue base by 2009-10 and aims a revenue growth of 18-25% annually. TCI will focus on high value added business to achieve this goal, while taking a consolidation approach in its traditional business segments.

Similarly, our earnings per share are expected to grow in the range of 20-30% annually. The growth opportunities in each of its businesses has been promising and TCI is confident of sustaining the momentum. In addition, the demand from the manufacturing and retail sector and an overall buoyant economy shall continue giving impetus to TCI's business.

TCI will continue to provide all encompassing supply chain solutions with customized format for various industry verticals. It is extremely bullish about the mounting demand from retail companies and is aiming at deriving a major chunk of its growth from this sector.

Apart from investing for capacity augmentation and infrastructure upgradation, TCI plans to expand its network both nationally and globally. Network expansion with service portfolio expansions will help TCI achieve its 2009-10 goals.



At present, TCI is catering to a wide spectrum of customers coming from almost all industry segments. The clientele shall increase faster, on the back of quality and diverse service delivery.

TCI Group moves more than 1.5% of National GDP by value. This indicates the Group's strength in driving the Indian Economy. Its continuous efforts to better its services would help it grow.

Human Resources

Recognizing that people are key constituents of TCI and represent its DNA, the Company has been constantly raising its HR standards. It has adopted certain tools similar to the Balance Scorecard. This ensures equable performance by managers across multiple dimensions of financial performance, customer management, internal business processes, innovation & learning, and helps in sharper alignment of overall business strategy with each individual's goals and performance.

TCI recruits management trainees from reputed management institutes on an ongoing basis. TCI also practises a non-discriminatory HR approach towards HIV infected people.

During the year under review several other HR initiatives were undertaken, both at the corporate as well as the regional levels. We provided further learning opportunities to our employees through various programmes. A competency-based selection tool was also developed for selecting the right set of front line employees.

Internal Controls And Their Adequacy

TCI has a robust internal audit and control system, overseen by the Board of Directors, management and other personnel, and provides reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The Company's Internal Audit function is staffed with qualified and experienced people. The Standard Operating Procedures (SOPs) put in place by the company are in line with the best global practices, and have been laid down across the process flows, along with authority controls for each activity.

TCI has implemented the COSO framework for internal controls and adequacy of internal audit. Under this framework, various risks facing the company are identified and assessed routinely across all levels and functions and suitable control activities are designed to address and mitigate the significant risks.

Risk Management

TCI has a robust and well-structured risk management system in place. Driven by its people, the system goes deep down into lower layers of management. The Chief Risk Officer (CRO) of the company is responsible for and ensures Effective Risk Management including risk identification and mitigation. A team of risk officers at each company location supports the CRO.

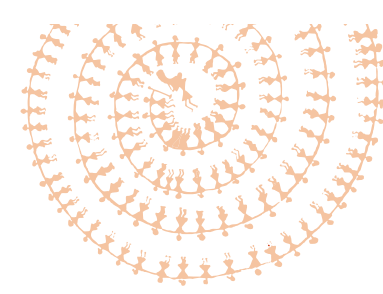
Each employee is entitled to identify risk and report it to the concerned risk officer who in turn reports it to the CRO. The risks are reported in the Risk Register and classified in terms of their impact and probability of occurrence. The risks are further mapped in terms of mitigation action to be taken and the people responsible for taking the actions. The Risk Register is reviewed periodically by senior management and is presented to the Audit Committee on a quarterly basis.

While we have a systematic risk identification and mitigation framework in place, there are certain business risks, which are external and intrinsic to the company. Over these risks the company has very little control. Some of these include a general downturn in market demand conditions, escalation in fuel prices and changes in regulatory frameworks.

Cautionary Statement

Statements in this management discussion and analysis report describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward-looking statements are identified in this report, by using words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied.





Dear Shareholders,

On behalf of the members of the Board, I have great pleasure in presenting our Report together with the Audited Financial Statements of Accounts for the year ended 31st March 2007.

PERFORMANCE REVIEW

Particulars	(Rs. in Million)	
	2006-07	2005-06
Income	10895.7	9139.8
Profit before Interest, Depreciation and Taxation	742.6	627.5
Less: Interest (Net)	103.4	71.3
Depreciation (Net)	199.0	185.2
Profit before Tax	440.2	371.0
Less: Provision for Tax - Current	82.3	46.2
- Deferred	36.6	43.6
- FBT	15.6	12.9
Profit after Tax	305.7	268.3
Taxes for earlier years	-	(0.20)
Add: Balance brought forward	52.8	34.8
Amt. Trf. on amalgamation of TCISL	-	62.7
Profit available for appropriation	358.5	365.7
Appropriations:		
-Capital redemption reserve	-	19.4
-Dividend on preference shares	-	1.0
-Interim dividend	20.3	6.8
-Proposed Dividend	20.3	27.0
-Dividend Tax	6.3	4.9
-Tonnage tax reserve	20.0	23.0
-General reserve	238.0	230.8
Balance carried forward	53.7	52.8
	<u>358.5</u>	<u>365.7</u>

For the year under review your Company has registered impressive results in all division witnessing the robustness of corporate strategy for optimizing stakeholders' wealth. The financial performance of the Company is even more satisfying keeping in view the challenges of competition is being faced by the industry from unorganized sectors. The gross turn over for the financial year 2006-07 grew by 20.10 % to Rs.10892 million as against Rs.9071 million in the last year. The profit after tax has also shown a growth of 52.04% at Rs. 301.5 million as against profit after tax for the previous year at Rs.198.3 million (these figures are excluding extra ordinary other income of Rs. 4.2 million in FY 2006-07 and Rs. 70.0 million in FY 2005-06 representing sale of investment in shares).

HIVING OFF OF FUEL PUMP DIVISION

In line with your concurrence, the company has since transferred/ closed 8 out of 9 fuel pumps to TCI India Ltd, an associate of TCI Group during the year under review. Operation of two pumps had been discontinued, as it was not found to be commercially viable.

Remaining one pump is expected to be transferred shortly during the year 2007-08 after completing the requisite formalities with respective fuel PSUs.

DIVIDEND

During the year under review, an interim dividend @ 15% has already been paid. Since the Company has performed better, your directors consider that our shareholders deserve better dividend. Hence, Board of Directors have recommended a final dividend @ 15 % for your approval, making the total dividend for the year 2006-07 @ 30 %. The total dividend for the year shall be Re. 0.60 per share of Rs. 2/- each resulting into a payout aggregating to Rs. 46.79 Million (including Distribution Tax).

FIXED DEPOSITS

At the end of the year under review, Public Deposits with the Company were at Rs.14.24 million, out of which Rs. 1.02 million have matured and remain unclaimed.

There were no overdue deposits.

DIRECTORS

Mr. K. S. Mehta and Mr. M. P. Sarawagi, Directors are retiring by rotation at this meeting and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. R.S. Agarwala & Co., Chartered Accountants, the statutory auditors of the Company retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness to accept office if re-appointed.

M/s. K.B. Chitracar & Co., Chartered Accountants, Kathmandu, the Branch Auditors for all the branches of the Company situated in Royal Kingdom of Nepal are retiring at the conclusion of this AGM and being eligible, offer themselves for re-appointment.

Similarly, M/s Natarajan & Swaminathan, Certified Public Accountants, the Branch Auditors for newly opened Singapore Branch also retire at the conclusion of this AGM. They have also confirmed their eligibility and willingness to be re-appointed as Branch Auditors for the year 2007-08.

Your Directors recommend the re-appointment of statutory auditors and branch auditors for next financial year.

EXTERNAL COMMERCIAL BORROWINGS

The Company during the year raised fully hedged external commercial borrowings (ECB) for an amount of USD 11.0 million to meet its capex requirements.

GLOBAL PRESENCE

During the year under review, the Company has opened branch office in Singapore to enhance business opportunities for all divisions. Another office has been opened in Indonesia in June 2007 and plans are on the anvil to have presence in major countries trading with India to ensure global reach.

HR INITIATIVES

At TCI, we are endeavouring to introduce various pro-active measures to retain the best talent. The company has formulated the better Performance Appraisal System to reward the deserving staff members accordingly.

Besides, a 360 degree performance feedback system has been extended for the first time to all middle and senior managers of the company. The one-on-one Counseling Sessions with a team of reputed external Consultants have been well received.

A number of in-house training programs-Functional, Behavioural & Management Development related are being held for all categories of employees & key persons are also nominated for external programs to update their knowledge & to give them greater exposure.

To sustain our ever growing manpower needs to meet the business expansion plans, we have adopted sound HR Systems & Practices to cater to the demands & challenges since our Employees are our strength & are the drivers to take the Company forward.

STATUTORY DISCLOSURES

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed and forms a part of this report.

List containing the particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is also annexed with this report.

CORPORATE GOVERNANCE

The Company believes that the core value of corporate governance interalia includes conducting business in accordance with the highest legal and ethical standards, which also involves great level of transparency, professionalism and accountability. The Board has also formulated and adopted a Code of Conduct based on the principles of Best Corporate Governance Policies being followed globally. The code is available on the Company's web site <http://www.tcil.com>.

As per the requirements of Clause 49 of Listing Agreement with the Stock Exchanges, a report on Corporate Governance and Management Discussion & Analysis along with Auditors' Certificate forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY

We live in the era where companies being legal entities substantially control major part of available resources. Since the corporates intervene in so many areas of social life, they must be responsible towards society and the environment. TCI very well understand its duty towards society and continues to strive for the same. TCI is deeply committed towards improving the quality of life of society.

TCI Foundation, the philanthropic arm of TCI is offering various charitable services for the welfare and improvement of society by taking care of maternal and child health through its health care center at Bhorugram (Rajasthan) equipped with X-ray and OT facilities. Towards women and child development, TCI is operating 220 Anganwadi centers to provide interalia health checkups to women and children and pre-schools education to children. It also serves society by running charitable clinical facilities, providing informal education programme for 6-14 years old girls and educating people about natural resource management and disaster relief management.

TCI Foundation, has been implementing Project Kavach, an HIV/AIDS prevention program for long distance truck drivers and helpers since December 2003 under grant from Avahan, the India AIDS initiative of the Bill & Melinda Gates Foundation. The program is being presently implemented at 17 large intervention locations, most of which are Transshipment & Hub-centres. It has a unique and innovative approach to HIV prevention amongst the mobile trucking population. The Foundation provides comprehensive health services including treatment of sexually transmitted infections (STIs) through a program owned network of "Khushi Clinics" across India. The goal of this project is to arrest the spread of HIV among long distance truckers in India.

DIRECTORS' RESPONSIBILITY

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956 ("Act") and based on the representations received from the operating management, the Directors hereby confirm that:

- (i) In the preparation of the Annual Accounts for the year 2006-07, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) They have selected such accounting policies in consultation with the statutory auditors 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 of the Company for the financial year;
- (iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the Annual Accounts on a going concern basis.

CAUTIONARY STATEMENT

The Management Discussion and Analysis and this Report have certain statements describing Company's objectives, estimates and future expectations that involve various risks and uncertainties. These statements are based upon various economic studies, future plans of government, changing global situation and some other assumptions and estimates. Actual results may differ from those either expressed or implied in such forward-looking statements.

Your Company assumes no obligation and responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.

PARTICULARS OF EMPLOYEES

Information as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in an Annexure forming part of this report.

ACKNOWLEDGEMENTS

Your directors acknowledge with sincere gratitude the co-operation and assistance received from all our valued customers, Suppliers/ vendors, Shareholders, Financial Institutions, Banks & various central and state government authorities in the Company's path of success.

The Board also conveys its heartiest appreciation of the dedication of and efforts by all the employees in achieving all the targets.

Date: 22.05.2007

Place: Gurgaon

For & on behalf of the Board

S N Agarwal

Chairman

To,

The Board of Directors

Transport Corporation of India Ltd.

Gurgaon (Haryana)

Dear Sir,

This is to certify that:

- a) We have reviewed financial statement for the F.Y. ended 31st March 2007 and the cash flow statement for the year (consolidated and unconsolidated) and that to the best of our knowledge and belief: -
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair copy of the Company's affairs and are in compliance with existing standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and Audit committee:
 - (i) About significant changes in internal control during the year, whenever applicable;
 - (ii) That there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) That there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having such significant role in the Company's internal control system.
- e) We further declare that all members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

For Transport Corporation of India Ltd.

D.P. Agarwal

Vice Chairman & Managing Director

Place : Gurgaon (Haryana)

Dated: 22.05.2007

For Transport Corporation of India Ltd.

A.K. Bansal

CFO & Co. Secretary

Place: Gurgaon (Haryana)

Dated: 22.05.2007

Annexures To The Directors' Report



A. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO

Research & Development:

The operations of company involve low energy consumption. However, various adequate measures have been taken to conserve energy, wherever possible. Your company utilizes various modes of transport viz. Road, Rail, Air and Sea for its logistics business. For conservation of energy and using best technology, constant improvements are being carried from time to time. To improve operational efficiency, following steps have been taken:

- The mechanism of RTHSSE (Road Transport Health Safety Security and Environment) continues to yield good results at various fleet centers of Company.
- While disposal of tyres, batteries and used oil is done with proper care for soil conservation, there have been further improvements to increase the life of these by using Radial Tyres in selected routes and an electronic device to increase the battery life and oil additives to increase the life of oil.
- The Global Positioning System (GPS) installation has crossed 500 numbers in the Company and the benefits are coming in for better utilization.
- Setting up of modern warehouses with Racking, Fork Lifts, Stackers, Dock Levelers and a WMS (Warehouse Management System) for better throughput with aids like Hand Held Terminals / Scanners.
- The company is also investing into higher capacity vehicles for better costing and control. During the year the company has bought MAN trucks for its operations.

Foreign exchange earnings and outgo:

	(Rs. in Million)	
	2006-07	2005-06
Foreign Exchange Outgo	396.7	50.3
Foreign Exchange Earnings	37.5	73.0

B. Statement under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975.

Sl. No.	Name & Qualification	Age	Designation/ Nature of Duties	Remuneration in Rs.	Exp. in Yrs.	Date of Commencement	Previous employment/ Position held of employment
Employed for full year							
1	D.P. Agarwal * B.Com	58	Vice-Chairman Chairman & Managing Director, Overall Management	1,96,22,431	42	10.04.65	Executive Transport Corporation of India Pvt. Ltd.
2	Vineet Agarwal* B.Sc. (Econ.)	33	Executive Director, General Management	1,22,34,028	11	01.04.96	Executive Transport Corporation of India Ltd.

NOTES:

Remuneration stated above include inter-alia, value of perquisites and other benefits as per provisions of the Income Tax Act, 1961 and Rules made hereunder and Company's contribution to Provident Fund but does not include Gratuity paid or contribution made to Gratuity Fund.

* Nature of employment contractual as per the terms of appointment. Mr. D. P. Agarwal being the Chief Promoter holds/controls 72.64% of the paid up equity of the Company through himself & his associates. Mr. D. P. Agarwal is also related to Mr. S. N. Agarwal, Mr. Vineet Agarwal and Mr. Chander Agarwal.

C. Report on Corporate Governance

Corporate Governance is about values and ethical business conducts that includes transparency, fairness, disclosures and accountability of the corporates at large. It implies application of control mechanism over each activity in such a manner, resulting in overall growth of the organization and maximization of stakeholders' wealth. Your Company recognizes the vitality of Corporate Governance and is committed to the best practices of governance being followed globally and in spirit of clause 49 of Listing Agreement. Your directors believe that they are fiduciaries and trustee of stakeholders and liable to full disclosure of all the relevant transactions. The Company's corporate philosophy is to abide by the regulatory requirements and to follow voluntarily best business ethics prevailing worldwide.

BOARD OF DIRECTORS

The Board of Directors of the Company is the main governing body that performs its duty in good faith and in the best interest of the Company to achieve desired objectives. Their main responsibility is to formulate broad strategies of the Company and ensure its implementation in view of the overall objectives of the Company.

The Board of Directors of TCI is an optimum blend of executive and non-executive directors, which strictly follows the requirements of Companies Act, 1956 and principles of corporate governance.

The Board of Directors of the Company met five times during the financial year 2006-07. The gap between any two-Board meetings was less than 4 months. The annual calendar for Board meetings for whole financial year is generally decided in advance in the month of April.

The name and category of each director and numbers of meeting held during the year and attend by each director are given herein below.

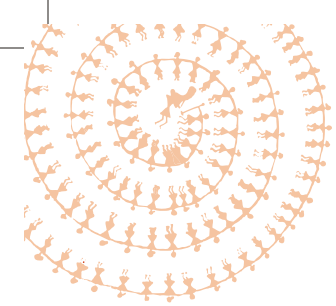
Sl. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	25th May 2006	8	8
2.	28th July 2006	8	4
3.	21st September 2006	9	6
4.	23rd October 2006	9	6
5.	23rd January 2007	9	6

Director's attendance at the Board Meetings and the Annual General Meeting (AGM)

Sl. No.	Names	Position	No. of meetings attended out of five meeting held	Attendance at last AGM held on 23rd October 2006
1.	S. N. Agarwal	Non Executive Chairman	3	Yes
2.	S. M. Datta	Non Executive Independent Director	4	Yes
3.	O. Swaminatha Reddy	Non Executive Independent Director & Chairman-Audit Committee	4	Yes
4.	K. S. Mehta	Non Executive Independent Director & Chairman-Investor Grievance Committee	4	No
5.	Ravi Uppal	Non Executive Independent Director	1	No
6.	M. P. Sarawagi	Non Executive Director	1	No
7.	D. P. Agarwal	Vice Chairman & Managing Director	5	Yes
8.	Vineet Agarwal	Executive Director	5	Yes
9.	Chander Agarwal*	Executive Director	2	Yes

*Mr. Chander Agarwal joined Board w.e.f. 21st September 2006.

All the directors have confirmed to the Board that they are not member of more than 10 (ten) committees and do not act as Chairman of more than 5 (five) committees across all the companies in which they are directors.



Code of Conduct

Your Company has a separate code of conducts for the Directors and Senior Management Personnel. These codes are formulated on the basis of three fundamental principles viz. Good Corporate Governance, Standard Business Ethics and Good Personal Conducts. The Board of Directors and Senior Management have adopted these codes as their commitment to high standards of corporate governance. These codes are available on the website of the Company <http://www.tcil.com>. All the Board Members have adopted these codes willfully and affirming their compliance with it. A declaration to this effect, duly signed by the Managing Director (CEO) is also attached hereto.

Information placed before the Board

In addition to the information / items that are required to be placed before Board for its approval according to the Memorandum and Articles of Association, prevailing laws or regulatory authorities, following are also tabled before the Board for their information/review/ analysis:

- Quarterly performance of the Company and its divisions including business wise financials in respect of revenues, profits, cash flows/ balance sheet etc.
- Half yearly summary of all long-term borrowings made, guarantee given, and investment made.
- Minutes of meetings of audit committee and other committees of the Board.
- Observations made by Internal Auditor and their report thereon (through Audit Committee).
- Status of safety and security, policy over risks assessment/management and related action plan.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Default, if any, in payment of interest and repayment of principal on any public deposits, dues to any major creditor or financial institutions or banks.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property, if any.
- All significant court judgment or order, if any, on the conduct of the Company, subsidiary or any employee, which adversely affect the image of the Company.
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- Treasury policy, both domestic as well as foreign exchange exposures.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Material happenings of theft / fraud / or dishonesty.
- Quarterly Secretarial MIS and Policy on Shareholders Disclosures.

Directorship in other Companies:

Name	No. of Companies		
	Chairman	Director	Members
Mr. S. N. Agarwal	3	3	3
Mr. S. M. Datta	4	8	6 (Including 3 as Chairman)
Mr. O. Swaminatha Reddy	4	12	7 (Including 5 as Chairman)
Mr. K.S. Mehta	-	12	6 (Including 2 as Chairman)
Mr. Ravi Uppal	1	8	2 (Including 1 as Chairman)
Mr. M. P. Sarawagi	-	4	1
Mr. D. P. Agarwal	-	3	3 (Including 1 as Chairman)
Mr. Vineet Agarwal	1	2	4
Mr. Chander Agarwal	-	6	-

Board Committees

At present there are 4 (four) Board Committees viz. Audit Committee, Shareholders/Investors' Grievance Committee, Share Transfer Committees and Finance Committee. The Chairman of respective committees convenes meeting of these Board committees.

The composition, role and number of meetings of such committees held during the year and the attendance of respective members of each committee are given herein below:

I. Audit Committee

The Audit Committee consists of only non-executive directors. The Audit Committee is primarily responsible for the supervision of the financial reporting process that ensures proper disclosure credibility and authenticity of financial statements in compliance with the requirements of accounting standards, listing agreement and other prevailing legal provisions, reviewing internal control systems, internal & external audit reports, assessing their adequacy vis-à-vis nature and size of Company's business.

The Audit Committee inter-alia has following powers:

- Overseeing the Company's financial reporting processes & disclosure of its financial information to ensure that the financial statement are authenticated, correct, sufficient and are true and fair in spirit.
- Reviewing on periodical basis financial results, financial statements and adequacy of internal control systems.
- Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- Approving internal audit plans and receiving efficacy of the function.
- Reviewing the company's financial and risk management policies.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, coverage and frequency of internal audit, appointment, removal, performance and terms of remuneration of internal auditors.
- Recommending the appointment and removal of external auditors, fixation of audit fees etc.
- Discussion with internal auditors of any significant finding and follow-up on such issues.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Discussion and review of periodic audit reports .
- To look up into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower Mechanism as per clause 49 of the Listing Agreement.
- Carry out other functions as referred to it on case-to-case basis.

Your Company is deriving great benefits from recommendations of and analysis by audit committee of its findings in all related matters like financial statements, policy making, internal control system and risk assessment and management policies.

The composition of the Audit Committee and the attendance of each member at the meetings are as follows:

Name	Category	No. of Meetings during 2006-07	
		Held	Attended
Mr. O. Swaminatha Reddy - Chairman	Independent, Non-Executive	5	4
Mr. K.S. Mehta	- do -	5	4
Mr. S.M. Datta	- do -	5	4
Mr. S.N. Agarwal	Non-Independent, Non Executive	5	3

The Company Secretary acts as the Secretary of the Audit Committee.

II. Shareholders /Investors' Grievance Committee

This Committee specifically looks into redressal of shareholders' and investors' grievances arising out of matters relating to share transfers unclaimed/unpaid dividend, demat v/s physical status of equity shares SEBI & Stock Exchanges compliances etc. All the complaints have been resolved to the satisfaction of the complainants/ shareholders/investors, as received by the company so far.

Annexures To The Directors' Report



The structure of the Shareholders /Investors' Grievance Committee and details of the meetings attended by its Members are:

Name	Category	No. of Meetings during 2006-07	
		Held	Attended
Mr. K.S. Mehta- Chairman	Independent, Non-Executive	5	4
Mr. S.N. Agarwal	Non-Independent, Non-Executive	5	4
Mr. Vineet Agarwal	Non-Independent, Executive	5	4

III. Share Transfer Committee

Role of Share Transfer Committee interalia encompasses following matters:

1. Transfer / Transmission of shares
2. Dividend /Interest payments
3. Dematerialization / Rematerialization of shares
4. Issue of Duplicate Certificates in place of lost/stolen/mutilated ones
5. Change in mandate/POA/Information
6. Splitting/Consolidation, and
7. Other related issues.

The Share Transfer Committee meets once in every fortnight and 24 such meetings were held during the financial year 2006-07. The composition of the committee is as follows:

Name	Category
Mr. D.P. Agarwal - Chairman	Non-Independent, Executive.
Mr. Vineet Agarwal	Non-Independent, Executive.
Mr. M.P. Sarawagi	Non- Executive.

IV. Finance Committee

The Board has also constituted a Finance Committee interalia to deal with following urgent matters:

- To take on record the un-audited quarterly results for the Company for the 1st & 3rd quarter.
- To consider and approve proposals from Banks/Financial Institutions for availing financial assistance for the Company for both Term loan as well as working capital within the permissible limits.
- Any other issue as may be delegated by the Board.

Composition

The composition of Finance Committee is as follows:

1. Mr. S. N. Agarwal, Chairman
2. Mr. O. Swaminatha Reddy
3. Mr. K. S. Mehta
4. Mr. D. P. Agarwal
5. Mr. Vineet Agarwal

As the purpose of constitution of The Finance Committee is very limited it meets only in case of extreme exigency when due to some unavoidable reasons, it may not be feasible to convene and hold a full-fledged Board meeting while transacting very urgent issue(s).

Managerial Remuneration

The managerial remuneration to the managerial personnel is decided by the Board itself with its recommendation to the shareholders for their approval, if necessary. In view of this, the Board has not constituted a separate remuneration committee. Further, as per listing norms, the constitution of Remuneration Committee is a non-mandatory one.

The Board decides about the compensation package, whenever such a need arises for the Directors including whole time Directors. The compensation structure is reviewed from time to time keeping in view the industry trends and best practices prevailing in the country.

Name of Directors	Salary (Rs.)	Sitting Fees (Rs.)	Commission (Rs.)
Mr. S. N. Agarwal	-	-	150000
Mr. S. M. Datta	-	63000	150000
Mr. O. Swaminatha Reddy	-	77000	150000
Mr. K. S. Mehta	-	84000	150000
Mr. Ravi Uppal	-	7000	150000
Mr. M. P. Sarawagi	-	-	-
Mr. D. P. Agarwal, Vice Chairman & Managing Director	11122431	-	8500000
Mr. Vineet Agarwal, Executive Director	7934028	-	4300000
Mr. Chander Agarwal, Executive Director	1570397	-	-

- The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees and /or payment of commission to them. The Company is paying fees to a firm of legal consultants of which a Non-Executive Director is a proprietor / partner.
- While Mr. S. N. Agarwal, Chairman has voluntarily preferred not to take any sitting fees, Mr. M. P. Sarawagi is not drawing any sitting fee/ commission & accordingly no such payment has been made to them.

Equity Shares held by Non Executive Directors

The non executive directors of the Company do not hold any equity share of the Company as at 31st March, 2007.

Disclosures:

1. There were no transactions of material nature with its promoters, directors or the senior management personnel of the Company or their relatives except those disclosed in the notes to accounts as per Accounting Standards 18 (AS- 18).
2. There were no penalties imposed or strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory on any matter related to capital markets.
3. There are no pecuniary relationship or transactions with non-executive directors.
4. Disclosure of Accounting treatment
There is no deviation in following the treatment prescribed in any Accounting Standards in preparation of financial statements for the financial year 2006-07.
5. Board Disclosures-Risk Management
The Board has appraised the Company's policy on assessment and management of Risk to the business and assets of the Company.
6. The Company has complied with all the mandatory requirements and adopted non-mandatory requirements of Clause 49 of Listing Agreement. A Whistle Blower Policy has established the necessary mechanism in line with Clause 49 of the Listing Agreement with the Stock Exchanges. No employee has been denied access to the Audit Committee.

Postal Ballot:

During the year, shareholders' resolutions were passed on 13th November 2006 through Postal Ballot relating to (i) Splitting up of equity shares of Rs. 10/- each into equity shares of Rs. 2/- each, (ii) Authorisation to Board for creation of mortgage of or charges on assets of the company and (iii) Authorisation to board to transfer / sell or otherwise dispose off of movable and immovable properties relating to fuel pump division of the company. Mr. Suresh Kumar Jain / Mr. B. Ramesh Kumar, Chartered Accountants were appointed as scrutinizer for overseeing the Postal Ballot process. The detail of Postal Ballot is given herein below:

Annexures To The Directors' Report



Sl No.	Particular of resolution	Type of resolution	No. of members voted on resolution	Votes cast in favour of resolution	Votes cast against the resolution	Invalid resolution	% of votes cast in favour of resolution
1	Splitting up of equity shares of Rs. 10/- each in to equity shares of Rs. 2/- each	Special	174	10699287	4	2	99.99
2	Authorisation to Board for creation of mortgage of or charges on assets of the company.	Ordinary	174	10699151	140	2	99.99
3	Authorisation to Board to transfer/sell or otherwise dispose off of movable and immovable properties relating to fuel pump division of the company.	Ordinary	174	10698857	434	2	99.99

Means of Communication to Shareholders:

Your Company believes that crux of corporate governance lies in absolute transparency and disclosures of information to the related persons.

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India. The financial results, shareholding pattern and annual report apart from displaying on Company's website <http://www.tcil.com> are also uploaded on electronic data information filling and retrieval (EDIFAR) website namely <http://www.sebidifar.nic.in>. Presentation(s), if any made to the institutional investors and analysts after the declaration of these results and all other related information are also displayed on the Company's web-site. A Management Discussion and Analysis statement is a part of the Company's Annual Report.

General Shareholder Information

I. AGM and Share related details:

Date	25th July 2007
Venue	Surana Udyog Hall, The Federation of Andhra Pradesh Chambers of Commerce & Industry, 11-6-841, Red Hills, Hyderabad-500004
Time	11 A.M.
Book Closure Dates	24th July and 25th July 2007
Dividend Payment Date	On or after 26 July 2007
Financial Calendar	April to March
Listing of Equity Shares at	The National Stock Exchange (NSE), Hyderabad Stock Exchange (HSE), and Bombay Stock Exchange (BSE).
Stock Code	NSE-TCI, HSE-TCI INDS 6247& BSE-532349
ISIN No.	INE688A01022

General Body Meetings: The Company held its last 3 Annual General Meeting as under:

Year	Date & Time	Venue	Special resolutions passed
2005-06	23rd Oct, 2006 11.30 A.M.	Surana Udyog Hall, Federation of Andhra Pradesh Chambers of Commerce & Industry, 11-6-841, Red Hills, Hyderabad-500004	1. Remuneration to Non Executive Directors not exceeding 0.50 % of net profit. 2. Offer, issue or allot shares under Employee Stock Option Scheme-2006
2004-05	30th Aug, 2005 11.00A.M.	-do-	1. Alteration in Memorandum of Association. 2. Alteration in Articles of Association 3. Appointment of Mr. Chander Agarwal in office or place of profit
2003-04	4th Sep, 2004 11.00 A.M.	-do-	None

II. Stock Market Price Data (In Rs./per share):

Month	BSE			NSE		
	High	Low	Volume (No. of Shares)	High	Low	Volume (No. of Shares)
April 2006	350.0	285.0	100342	360.0	287.0	149590
May	447.7	283.6	243398	429.0	282.3	325577
June	369.0	269.0	19514	373.0	254.5	75990
July	302.0	231.2	8199	300.0	235.0	18083
August	301.1	278.4	17138	266.4	269.9	29045
September	308.4	296.7	118190	292.8	298.4	113578
October	362.0	348.7	19237	362.6	347.3	37920
November	361.6	347.3	40197	347.3	346.6	56401
December*	84.4	80.0	55167	86.2	71.1	132209
January 2007	79.2	81.3	133304	82.7	76.6	232863
February	82.0	79.5	25040	84.0	81.5	37426
March	62.5	58.2	11410	63.3	58.9	18321

* Data from December 2006 onwards is after splitting of shares. Each equity share of Rs. 10/- was sub divided (splitted) into 5 equity shares of Rs. 2/- each.

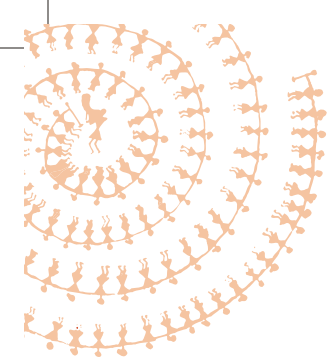
A total of 59377955 Shares constituting 87.96% of paid up equity belonging to 5170 Shareholders have been dematerialized till 31st March, 07.

III. Unclaimed Dividends:

According to the provisions of Section 205A read with 205C of the Companies Act, 1956, the dividend lying unclaimed for the 7 years from the date of its declaration needs to be deposited with "Investor Education and Protection Fund" (IEPF) administered by the Central Government. The following table gives the status in this regard.

Year	Nature of Dividend	Date of Declaration	Last Date of Transfer
2000-01	Final	7th Sep, 2001	7th Oct, 2008
2001-02	Final	7th Sep, 2002	7th Oct, 2009
2002-03	Final	29th Aug, 2003	29th Aug, 2010
2003-04	Final	4th Sep, 2004	4th Oct, 2011
2004-05	Final	3rd Sep, 2005	3rd, Oct, 2012
2005-06	Final	23rd Oct 2006	23rd Nov 2013
2006-07	Interim	9th Feb 2007	9th Mar 2014
2006-07	Final	25th Jul 2007	25th Aug 2014

As part of its proactive measures, the Company communicates with the shareholders from time to time facilitating them to claim the unclaimed dividend.



IV. Distribution of Shareholding:

Shareholding Pattern as on 31st March, 2007 is as follows:

SI No	Particulars	As on 31st March, 2007		As on 31st March, 2006	
		No. of Shares	% of paid up Equity	No. of Shares	% of paid up Equity
1.	Promoters	49037195	72.64	7514510	71.57
2.	Banks / Financial Institution	128950	0.19	25290	0.24
3.	Bodies Corporate other than group companies	4670466	6.92	430433	4.11
4.	NRIs	1099097	1.63	99078	0.94
5.	FIs	1653150	2.45	156742	1.49
6.	Mutual Funds	1584647	2.35	273227	2.60
7.	Public	9332135	13.82	2000720	19.05
	TOTAL	67505640*	100.00	10500000	100.00

*Increase is due to allotment of 3001128 equity shares of Rs. 10/- each according to scheme of merger and subsequent sub division.

Distribution of Shareholding as on 31st March, 2007:

Slab of Shareholding	Shareholders		Shares	
	Nos.	%Age	Nos.	%Age
1-50	1136	7.11	27823	0.04
51-100	1086	6.80	89803	0.13
101-500	11443	71.64	2818596	4.18
501-1000	1282	8.02	925215	1.37
1001-5000	819	5.13	1581901	2.34
5001-10000	86	0.54	608787	0.90
10000 & above	121	0.76	61453515	91.03
Total	15973	100.00	67505640	100.00

Number and nature of complaints regarding shares:

Complaint Type	Number of complaints	Number redressed
Issue of Duplicate shares	1	1
Share Exchange Matter	3	3
Share Transfer Matter	1	1
Demat Matter	5	5
Total	10	10

There was no pending complaint needing intervention as on date.

Investor Services:

With effect from 1st April, 2003 all the share transfers and related operations both for physical as well as in demat mode, have been outsourced to:

M/s Abhipra Capital Ltd.

Ground Floor, Abhipra Complex,
Dilkush Industrial Area, A-387,
G.T.Karnal Road, Azadpur, Delhi- 110033.
Tel: 95-11- 42390851, 42390909
Fax: 95-11- 27215530

Shares related correspondence could also be effected at the corporate office of the Company at:

Transport Corporation of India Ltd.

TCI House, 69, Institutional Area
Sector- 32, Gurgaon-122001.
Tel. 0124-2381603-7 Fax. 0124-2381611
Dedicated e-mail : secretarial@tcil.com / ak.bansal@tcil.com
Website : http://www.grouptci.com

DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT.

In accordance with clause 49 of the listing agreement with the Stock Exchange, I hereby confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance to their respective Code of Conduct, as applicable to them for the Financial Year ended 31st March, 2007.

For Transport Corporation of India Ltd.

D.P. Agarwal

Vice Chairman & Managing Director

Dated:22.05.2007

Secretarial Audit Report

The Secretarial Audit Report of the Company prepared in terms with SEBI circular No. D&CC/FITTC/CIR-16/2002 dated 31st Dec., 2002, reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued /paid up capital of the Company is being circulated to the Board and duly submitted to the stock exchange(s) for every quarter.

Certificate from Auditors' on Corporate Governance

The Board of Directors
Transport Corporation of India Ltd.
Flat No. 306 & 307, Ashoka Bhoopal Chambers,
S.P. Road, Secunderabad-500003.

Re: Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by Transport Corporation of India Ltd. for the year ended on 31st March, 2007, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period of one month against the Company as per the records presented to the Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s R S Agarwala & Co.
Chartered Accountants

Camp: Gurgaon
22nd May, 2007

R. S. Agarwala
Partner

To The Members of Transport Corporation of India Ltd.

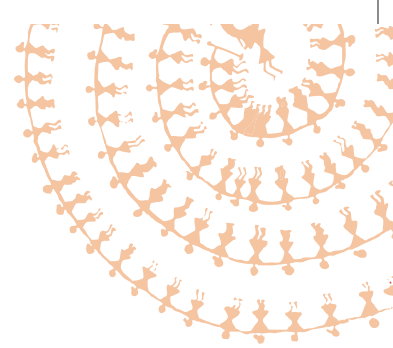
We have audited the attached Balance Sheet of Transport Corporation of India Ltd. as at 31st March 2007, the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date in which are incorporated the audited accounts of the TCI Seaways division and the branches in Nepal and at Singapore as audited by other auditors.

1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure hereto a statement on the matters specified in paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure, referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditors' Report has been forwarded to us and appropriately dealt with.
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns from the branches.
 - iv. In our opinion, the Profit and Loss Account, the Balance Sheet and the Cash Flow Statement comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
 - v. On the basis of written representations received from the directors as on 31st March, 2007 and taken on record by the Board of Directors none of the directors is disqualified as on 31st March, 2007 from being appointed as a director under section 274(1) (g) of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes and accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2007;
 - b) In the case of Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For R S Agarwala & Co.
Chartered Accountants

R. S. Agarwala
Partner
Membership No.F-5534

Camp: Gurgaon
22nd May, 2007



Annexure to Auditors' Report referred to in paragraph 3 of our report of even date:

1. The Company has maintained records showing full particulars including quantitative details and situation of fixed assets. We are informed that a test physical verification of these assets was carried out by the management during the year and no material discrepancies were noticed.
2. During the year the Company has not disposed off a substantial part of its fixed assets.
3. Physical verification was conducted by the management in respect of inventories at reasonable intervals. The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification. The procedures followed by the management for such physical verification are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
4. (a) The Company has granted unsecured loans to one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year aggregates to Rs.27.48 lakhs and was repaid during the year.
(b) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
(c) There are no stipulations as to the dates for repayment of principal and/or interest.
(d) The Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Act.
5. There is an adequate internal control system commensurate with the size and nature of the Company's business for the purchase of inventories, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system, nor we have been informed of any such instance.
6. (a) To the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register in pursuance of Section 301 of the Act, 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 or arrangements entered into the register in pursuance of Section 301 of the Act, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
7. The Company has complied with the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public.
8. The Company has appointed firms of Chartered Accountants at certain places to do the internal audit regularly. The in-house internal audit department of the company conducts internal audit at other places. The internal audit system is commensurate with the size and nature of Company's business.
9. We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act in respect of Electricity generation. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of such records.
10. (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty and other material statutory dues as applicable with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, trade tax and employees' state insurance as at March 31, 2007 which have not been deposited on account of a dispute are as under:

Nature of Dues	Amount (Rs. In lacs)	Forum where Pending
Income Tax	518.95	Commissioner (Appeals)
Income Tax	418.19	Income-tax Appellate Tribunal
Trade Tax	110.24	Trade Tax Officer
Employees' State Insurance	29.00	High Court
Employees' State Insurance	7.06	Civil Court

11. The Company has no accumulated losses as at March 31, 2007 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceeding financial year.
12. 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 holders as at the balance sheet date.
13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
15. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments. The investments in shares, securities, debentures etc., are held by the Company in its own name.
16. In our opinion, and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions, are not prima facie prejudicial to the interest of the Company.
17. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
18. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, funds raised on short-term basis, have not been used for long-term investment.
19. The Company has not made any preferential allotment of shares during the year.
20. There are no debentures outstanding at the year-end.
21. The Company has not raised any money by public issues during the year.
22. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For R S Agarwala & Co.
Chartered Accountants

R. S. Agarwala
Partner
Membership No.F-5534

Camp: Gurgaon
22nd May, 2007

Balance Sheet

Balance Sheet as at 31st March, 2007

	Schedule	Rupees	31st March, 2007 Rupees	31st March, 2006 Rupees
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Capital	1A	135,011,280		105,000,000
Capital Suspense	1B	-		30,011,280
Reserves and Surplus	2	1,744,161,950		1,485,316,155
			1,879,173,230	1,620,327,435
LOAN FUNDS				
Secured Loans	3	2,171,389,423		811,271,603
Unsecured Loans	4	14,424,880		319,419,170
			2,185,814,303	1,130,690,773
DEFERRED TAX LIABILITY	5	264,185,000		227,587,000
TOTAL FUNDS EMPLOYED			4,329,172,533	2,978,605,208
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	6	3,551,761,000		2,608,781,889
Less: Depreciation		917,782,146		748,293,044
Net Block		2,633,978,854		1,860,488,845
Capital Work-in-Progress		25,953,062		13,783,709
			2,659,931,916	1,874,272,554
INVESTMENTS	7		55,929,053	60,484,464
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	8	6,840,060		16,045,371
Sundry Debtors	9	1,542,763,239		1,121,813,733
Cash and Bank Balances	10	153,446,335		58,969,983
Loans and Advances	11	344,994,939		255,541,774
		2,048,044,573		1,452,370,861
Less: CURRENT LIABILITIES AND PROVISIONS				
Liabilities	12	309,941,624		309,024,828
Provisions	13	124,791,385		99,497,843
		434,733,009		408,522,671
NET CURRENT ASSETS			1,613,311,564	1,043,848,190
TOTAL ASSETS (NET)			4,329,172,533	2,978,605,208
Notes on Accounts	22			

Schedules referred to above form part of the Balance Sheet.

In terms of our Report of even date For and on behalf of the Board

For R S Agarwala & Co.
Chartered Accountants

S.M. Datta
O. Swaminatha Reddy
D.P. Agarwal
Vineet Agarwal
A.K. Bansal

Director
Director
Vice Chairman & Managing Director
Executive Director
CFO & Company Secretary

R. S. Agarwala
Partner
Camp: Gurgaon, 22nd May, 2007

Place: Gurgaon
Date: 22nd May, 2007

Profit And Loss Account

Profit and Loss Account for the Year Ended 31st March, 2007

	Schedule	31st March, 2007 Rupees	31st March, 2006 Rupees
INCOME			
Freight	14	9,766,444,250	7,827,080,699
Sales & Services	15	1,086,872,816	1,220,822,241
Other Income	16	42,390,349	91,941,122
		10,895,707,415	9,139,844,062
EXPENDITURE			
Purchases		878,819,869	1,061,359,271
Operating Expenses	17	8,064,465,140	6,391,973,475
Personnel Expenses	18	463,981,066	372,315,261
Administrative Expenses	19	573,064,021	502,725,618
Repairs and Maintenance Expenses	20	172,721,884	183,999,658
Interest (Net)	21	103,399,198	71,327,658
Depreciation (Net)		199,089,006	185,180,526
		10,455,540,184	8,768,881,467
Profit Before Tax		440,167,231	370,962,595
Provision For Tax - Current		82,300,000	46,191,474
- Deferred		36,598,000	43,582,000
- Fringe Benefit		15,600,000	12,856,000
		305,669,231	268,333,121
Taxes for earlier years		-	(191,657)
Balance brought forward from Previous Year		52,847,428	34,824,378
Amount transferred on amalgamation of TCISL (Note 1 on Schedule 22)		-	62,691,856
Balance Available For Appropriation		358,516,659	365,657,698
APPROPRIATIONS:			
Capital Redemption Reserve		-	19,400,000
Dividend on Preference Shares		-	985,414
Interim Dividend paid		20,251,692	6,752,535
Proposed Dividend		20,251,692	27,000,284
Tax on Dividend		6,282,076	4,872,037
Tonnage Tax Reserve		20,000,000	23,000,000
General Reserve		237,994,380	230,800,000
Balance Carried to Balance Sheet		53,736,819	52,847,428
		358,516,659	365,657,698
Earning per Share-Basic and Diluted (Note on Schedule 22)		4.53	3.96
Notes on Accounts	22		

Schedules referred to above form part of the Profit and Loss Account.

In terms of our Report of even date For and on behalf of the Board

For R S Agarwala & Co.
Chartered Accountants

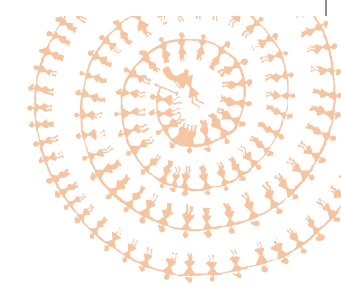
S.M. Datta
O. Swaminatha Reddy
D.P. Agarwal
Vineet Agarwal
A.K. Bansal

Director
Director
Vice Chairman & Managing Director
Executive Director
CFO & Company Secretary

R. S. Agarwala
Partner
Camp: Gurgaon, 22nd May, 2007

Place: Gurgaon
Date: 22nd May, 2007

Schedules To The Accounts



	31st March, 2007 Rupees	31st March, 2006 Rupees			
(1A) SHARE CAPITAL					
Authorised :					
100,000,000 Equity Shares of Rs.2 each (Previous year 20,000,000 Equity Shares of Rs. 10 each)	200,000,000	200,000,000			
500,000 Preference Shares of Rs.100 each	50,000,000	50,000,000			
	250,000,000	250,000,000			
Issued, Subscribed and Paid up:					
Equity Shares of Rs.2 each fully paid up :					
16,059,305 Shares paid in cash (Previous year 3,211,861 Equity Shares of Rs. 10 each)	32,118,610	32,118,610			
51,446,335 Shares allotted for consideration other than cash as per the Schemes of Arrangement/ Amalgamation duly approved by the Hon'ble Andhra Pradesh High Court (Previous year 7,288,139 Equity Shares of Rs. 10 each)	102,892,670	72,881,390			
	135,011,280	105,000,000			
Note: Pursuant to the approval by the shareholders, each equity share of Rs. 10 each has been sub-divided into five equity shares of Rs. 2 each with effect from 12th December, 2006					
(1B) SHARE CAPITAL SUSPENSE					
3,001,128 Equity shares of Rs. 10 each to be issued as fully paid up pursuant to the scheme of amalgamation of TCI Seaways Ltd. without payment being received in cash (allotted on 21st September 2006)	-	30,011,280			
	-	30,011,280			
(2) RESERVES & SURPLUS					
	At 1st April 2006	Additions	Deductions		
Capital Reserves :					
Revaluation Reserve	552,721,399	-	37,976 (a)	552,683,423	552,721,399
Share Premium	121,616,708	-	-	121,616,708	121,616,708
Capital Redemption Reserve	19,400,000	-	-	19,400,000	19,400,000
Others	25,000	-	-	25,000	25,000
				693,725,131	693,763,107
Revenue Reserves :					
General Reserve	652,005,620	237,994,380 (b)	-	890,000,000	652,005,620
Reserve under section 33AC of the Income Tax Act, 1961 (c)	47,700,000	-	-	47,700,000	47,700,000
Tonnage Tax Reserve (c)	39,000,000	20,000,000 (b)	-	59,000,000	39,000,000
Profit and Loss Account				53,736,819	52,847,428
				1,050,436,819	791,553,048
				1,744,161,950	1,485,316,155

(a) Transferred to Profit and Loss Account being depreciation provided on revalued amount.
(b) Transferred from Profit and Loss Account.
(c) Fully utilised during the year for acquiring ships.

	31st March, 2007 Rupees	31st March, 2006 Rupees		
(3) SECURED LOANS				
Term Loans from Banks :				
Against hypothecation of Motor Trucks/Motor Cars/Containers purchased there against and all movable assets and book debts of Wind Farm projects and equitable mortgage of specified properties (Repayable within one year Rs.205,640,201 - Previous year Rs.189,397,584)	615,498,692	563,171,791		
Foreign currency loans secured by first charge on three ships, book debts and equitable mortgage of specified properties (Repayable within one year Rs.21,523,500 - Previous year Rs.27,344,320)	533,657,794	64,711,706		
Term Loans from Others:				
Secured by equitable mortgage of specified immovable properties and hypothecation of Motor Trucks and Containers purchased there against (Repayable within one year Rs.39,796,823 - Previous year Rs. 31,721,160)	107,997,936	67,231,742		
Working Capital Loans from Banks:				
Against hypothecation of Book Debts, Inventories, Fixed Deposit Receipts and equitable mortgage of specified immovable properties	914,235,001	116,156,364		
	2,171,389,423	811,271,603		
In addition, loans to the extent of Rs. 14,690 lacs (previous year Rs. 2,978 lacs) are also guaranteed by some of the Directors.				
(4) UNSECURED LOANS				
Short Term Loans and Advances				
Commercial Paper	-	300,000,000		
Fixed Deposits (a) (Repayable within one year Rs. 9,483,000 - Previous year Rs. 6,300,000)	14,419,000	19,274,308		
Interest accrued and due	5,880	144,862		
	14,424,880	319,419,170		
(a) Includes Rs.70,000 from a director (Previous year Rs.70,000)				
(5) DEFERRED TAX LIABILITY				
	At 1st April 2006	Current Year		
Deferred Tax (Asset) Liability				
Difference between book and tax depreciation	228,366,000	37,132,000	265,498,000	228,366,000
Disallowance under section 43B	(774,000)	(447,000)	(1,221,000)	(774,000)
Other Items	(5,000)	(87,000)	(92,000)	(5,000)
			264,185,000	227,587,000



Schedules To The Accounts

Description of Assets	AT COST OR VALUATION						DEPRECIATION			NET BLOCK		
	As at 01.04.2006	Added on Amalgamation	Additions during the year	Deductions during the year	Total Balance	Up to 31.03.2006	Added on Amalgamation	For the Year	Adjustment on Deductions	Total Balance	31st March 2007	31st March 2006
Land	461,646,568	-	146,900,280	-	608,546,848	-	-	-	-	-	608,546,848	461,646,568
Buildings (c)	333,930,347	-	42,755,319	-	376,685,666	48,767,373	-	5,993,762	-	54,761,135	321,934,531	285,162,974
Ships	280,766,962	-	368,308,450	444,242(e)	648,631,170	130,081,535	-	24,562,465	-	154,644,000	493,987,170	150,685,427
Motor Trucks	687,452,436	-	233,900,791	27,142,454	894,210,773	380,716,493	-	95,076,455	25,647,957	450,144,991	444,065,782	306,735,943
Vehicles	65,852,614	-	15,543,649	6,627,063	74,769,200	17,619,965	-	7,210,703	2,917,461	21,913,207	52,855,993	48,232,649
Plant and Machinery	473,151,758	-	92,209,374	530,021	564,831,111	37,313,301	-	24,906,671	124,801	62,095,171	502,735,940	435,838,457
Computers	147,125,993	-	31,045,144	919,120	177,252,017	78,643,803	-	24,108,657	722,468	102,029,992	75,222,025	68,482,190
Containers	51,692,852	-	14,123,241	-	65,816,093	8,539,067	-	5,821,835	-	14,360,902	51,455,191	43,153,785
Furniture & Fittings	69,810,894	-	19,660,374	233,914	89,237,354	30,183,183	-	7,487,826	97,288	37,573,721	51,663,633	39,627,711
Office Equipments	34,236,037	-	14,158,340	278,331	48,116,046	14,927,930	-	3,696,016	127,905	18,496,041	29,620,005	19,308,107
Weighing Scales & Chain Pulley	2,741,770	-	549,294	-	3,291,064	1,222,783	-	212,021	-	1,434,804	1,856,260	1,518,987
Capital Work -in-Progress	13,783,709	-	19,058,479	6,889,126	25,953,062	-	-	-	-	-	25,953,062	13,783,709
Assets on Lease Motor Trucks	373,658	-	-	-	373,658	277,611	-	60,571	-	338,182	35,476	96,047
TOTAL	2,622,565,598	-	998,212,735	43,064,271	3,577,714,062	748,293,044	-	199,126,982	29,637,880	917,782,146	2,659,931,916	-
PREVIOUS YEAR	1,972,830,918	333,765,580(d)	423,528,407	107,559,307	2,622,565,598	512,607,222	116,052,302(d)	185,218,502	65,584,982	748,293,044	-	1,874,272,554

NOTES:

- (a) A part of the Land & Buildings were revalued during the year ended 31st March, 1999 and the resultant increase in the value of assets by Rs. 144,985,578 and Rs. 1,006,193 respectively aggregating Rs. 145,991,771 was transferred to Capital Reserve.
- (b) Depreciation for the year includes Rs. 37,976 in respect of the above revaluations.
- (c) Buildings include those on leasehold land.
- (d) As per the scheme of amalgamation (note on schedule 22)
- (e) Due to fluctuation in Foreign Exchange Rates.

(7) INVESTMENTS (At Cost)

Long Term Investments

Unquoted - Trade Investments:

National Savings Certificates	-	3,000
Fully Paid Equity Shares of Joint Stock Companies :		
3,920,000 Transystem Logistics International Pvt Ltd. of Rs. 10 each	39,200,000	39,200,000
300,000 XPS Cargo Services Ltd of Rs. 10 each	3,000,000	3,000,000
	42,200,000	42,203,000

Quoted - Non-trade Investments:

Fully Paid Equity Shares of Joint Stock Companies :		
4,100 Canara Bank of Rs. 10 each	143,500	143,500
2,500 Indian Petrochemical Corporation Ltd. of Rs. 10 each	425,000	425,000
200 Biocon Ltd. of Rs. 5 each	119,639	119,639
2,965 IVRCL Infrastructure & Projects Ltd of Rs. 2 each (Sold during the year)	-	234,235
150 Jagaran Prakashan Ltd. of Rs. 10 each (Sold during the year)	-	48,000
10,000 Andaman Timber Industries Ltd. of Rs. 10 each (Sold during the year)	-	200,000
9,200 Gati Ltd. of Rs. 2 each	641,059	-
10,936 Boruka Gases Ltd. of Rs. 2 each	289,132	-
2,400 Infosys Technologies Ltd. of Rs. 5 each (1200 bonus shares received during the year)	3,704,039	-
1,000 Reliance Industries Ltd. of Rs. 10 each	1,006,763	-
25,000 Reliance Petroleum Ltd. of Rs. 10 each	1,985,648	-
2,284 Subros Ltd. of Rs. 10 each	524,518	-

Other Investments:

4,899 US 2002 units of Unit Trust of India of Rs.10 each (a)	-	70,162
3,105 Units of UTI Balanced Fund (a)	67,655	-
43,221 6.75% Tax Free US 64 Bonds of Unit Trust of India of Rs 100 each	4,322,100	4,322,100
500,000 Units of SBI Magnum Multicap Fund (Sold during the year)	-	4,965,000
500,000 Units of SBI Bluechip Fund (Sold during the year)	-	4,965,000
244,498 Units of HSBC Advantage India Fund (Sold during the year)	-	2,500,000
48,899 Units of Principal Infrastructure & Services Industries Fund	500,000	500,000
	13,729,053	18,492,636

Less: Provision for diminution in value

	-	(211,172)
	55,929,053	60,695,636
Market value of quoted investments	15,851,797	25,828,146

(a) 4899 US 2002 units converted into 3105 units of UTI Balanced Fund

Schedules To The Accounts

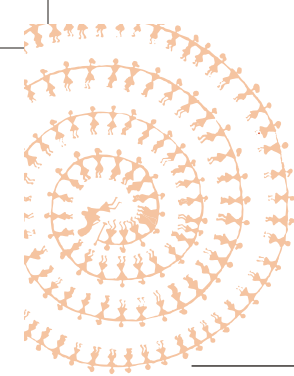


	31st March, 2007 Rupees	31st March, 2006 Rupees
Investments held/acquired and sold during the year:		
Fully Paid Equity Shares-Quoted:		
231,643 Transport Corporation of India Ltd. of Rs. 10 each	-	5,908,676
1,000 TCI Industries Ltd. of Rs. 10 each	-	90,940
17 Jet Airways Ltd. of Rs. 10 each	-	18,700
50 UTV Software Ltd. of Rs. 10 each	-	6,500
3,000 Deccan Aviation Ltd. of Rs. 10 each	256,521	-
500 Maruti Udyog Ltd. of Rs. 5 each	427,835	-
Mutual Funds:		
499,800 Units of JM Floaters	-	5,025,685
726,316 Units of Birla Sunlife Floaters	-	7,535,343
246,833 Units of SBI Magnum Floaters	-	2,509,876
(8) INVENTORIES (As taken, valued and certified by the Management) At lower of cost and net realisable value		
Diesel and Petrol	1,158,926	9,370,367
Motor Parts, Lubricants and Others	171,527	1,513,744
Stores & Spare Parts (at cost)	5,509,607	5,161,260
	6,840,060	16,045,371
(9) SUNDRY DEBTORS (Unsecured) Outstanding for more than six months-Considered Good	46,264,197	35,523,520
Others-Considered Good	1,496,499,042	1,086,290,213
	1,542,763,239	1,121,813,733
Due by a private company in which a director of the company is a director/ member:		
Transystem Logistics International Pvt. Ltd.	15,870,462	17,904,638
(10) CASH AND BANK BALANCES		
Cash and Cheques in Hand	510,935	425,610
Cash and Cheques in Transit	2,541,860	305,442
With Scheduled Banks :		
In Current Accounts	24,613,578	15,714,554
In Deposit Accounts (a)	121,914,369	40,121,089
In Unpaid Dividend Accounts	3,840,468	2,386,431
With Other Banks :		
In Current Accounts	Maximum Balance	
Nepal Bank Ltd.	744,661	12,899
Andaman & Nicobar State Co-operative Bank	539,879	12,226
	153,446,335	58,969,983

(a) Some of the fixed deposit receipts are deposited with Banks against borrowings and guarantees issued.

	31st March, 2007 Rupees	31st March, 2006 Rupees
(11) LOANS AND ADVANCES (Unsecured-considered good)		
Loans	10,116,340	11,667,228
Advances recoverable in cash or in kind or for value to be received	80,985,923	49,964,601
Advances and Deposits with Landlords	48,971,583	41,434,619
Deposits with Others	49,010,652	43,718,263
Advances for Capital Expenditure	41,124,695	30,739,358
Tax Deducted at Source	114,785,746	78,017,705
	344,994,939	255,541,774
Due from Officers of the Company	2,644,281	2,626,094
Maximum Due During the Year	3,549,412	3,449,843
Loans and Advances in the nature of loans due from Associate Companies:	Amount outstanding Rupees	Maximum balance during the year Rupees
XPS Cargo Services Ltd.	4,927,000	7,674,993
TCI India Ltd.	Nil	10,064,427
(12) LIABILITIES		
Sundry Creditors	210,939,554	245,997,518
Customers' Credit Balances	24,096,413	23,478,182
Overdrawn Bank Balances	12,674,120	2,941,268
Other Liabilities	26,377,730	14,646,490
Due to Directors	520,835	166,382
Interest Accrued but not due on Loans	10,647,906	3,658,061
Sundry Deposits	20,844,600	15,750,698
Unpaid/Unclaimed Dividend	3,840,466	2,386,229
	309,941,624	309,024,828
There are no amounts due and outstanding to be credited to the Investor Education & Protection Fund.		
(13) PROVISIONS		
Taxation (Net of payments)	81,229,438	53,029,955
Gratuity	9,553,272	8,172,872
Leave Encashment	10,315,207	7,507,942
Proposed Dividend	20,251,692	27,000,284
Tax on Dividend	3,441,776	3,786,790
	124,791,385	99,497,843
(14) FREIGHT		
Freight, Miscellaneous Charges etc. (a) (Tax Deducted Rs.22,099,343-Previous Year Rs.26,074,203)	9,332,942,005	7,418,736,139
Shipping Freight and Charter Hire (Tax Deducted Rs.4,750,253-Previous Year Rs.4,365,212)	433,502,245	408,344,560
	9,766,444,250	7,827,080,699

(a) Includes Demurrage Rs. 19,316,363 (Previous Year Rs.19,261,604)

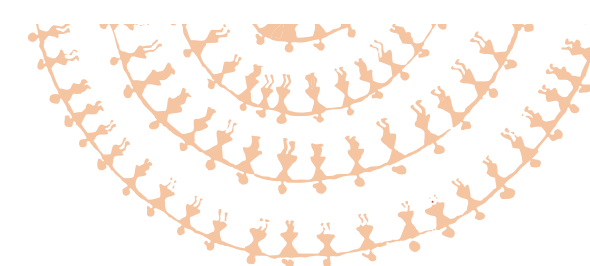


Schedules To The Accounts

	31st March, 2007 Rupees	31st March, 2006 Rupees
(15) SALES & SERVICES		
Sales	959,468,646	1,120,753,699
Bus Operations	481,688	547,851
Logistics and Other Services (Tax Deducted Rs.2,343,846 - Previous year Rs.2,087,619)	135,540,894	99,659,576
Lease Rent	-	1,064,949
Commission	935,246	208,231
Increase/(Decrease) in Closing Stock	(9,553,658)	(1,412,065)
	1,086,872,816	1,220,822,241
(16) OTHER INCOME		
Rent (Tax deducted Rs.4,662,286 - Previous Year Rs.2,717,056) (a)	25,463,353	12,893,349
Dividends on Investments :		
Long Term	4,055,510	3,868,302
Short Term	1,750	-
Miscellaneous Income (Tax deducted Rs.58,733 - Previous year Rs. 93,847)	2,293,082	2,799,005
Profit on sale of Fixed Assets (Net)	116,606	-
Profit on sale of Investments (Net)	4,007,397	69,964,496
Unspent Liabilities/Excess Provisions written back	1,161,172	1,829,669
Bad Debts and Irrecoverable Balances written off in earlier years, realised	5,190,133	586,301
Surplus on sale of fixed assets of Fuel Pumps	101,346	-
	42,390,349	91,941,122
(a) Includes for earlier years Rs. 895,774 (Previous year Rs. 188,526)		
(17) OPERATING EXPENSES		
Freight	6,719,356,433	5,234,802,625
Vehicles' Trip Expenses	808,151,380	685,972,478
Tyres & Tubes etc.	49,439,323	37,870,798
Other Expenses	197,944,874	159,592,684
Claims for loss & damages (Net)	15,184,324	13,532,900
Commission	8,386,399	12,902,277
Vehicles' Taxes	26,148,915	26,871,007
Vehicles' and Ship Insurance	15,519,713	15,684,440
Power, Fuel and Water Charges	70,114,632	67,921,995
Stores & Sapre Parts Consumed	26,349,009	23,593,389
Port and Survey Expenses	19,394,127	12,627,383
Stevedoring and Cargo Expenses	68,931,508	59,517,686
Wages, Bonus and Other Expenses - Floating Staff	39,345,950	40,902,764
Contribution to Provident & Other Funds - Floating Staff	198,553	181,049
	8,064,465,140	6,391,973,475
(18) PERSONNEL EXPENSES		
Salaries, Wages & Bonus	359,964,803	287,823,586
Gratuity	12,710,788	9,617,698
Contribution to Provident & Other Funds	29,792,768	24,587,825
Contribution to Employees' State Insurance	5,297,742	4,853,018
Staff Welfare & Development Expenses	56,214,965	45,433,134
	463,981,066	372,315,261

	31st March, 2007 Rupees	31st March, 2006 Rupees
(19) ADMINISTRATIVE EXPENSES		
Rent (a)	116,361,570	86,939,979
Rates and Taxes	4,923,737	4,347,514
Insurance	6,188,567	6,080,157
Telephone Expenses	71,671,754	66,074,502
Printing and Stationery	41,500,635	41,310,224
Travelling Expenses	85,499,259	61,708,896
Legal Expenses	4,977,107	4,906,316
Postage and Telegram	8,810,366	6,484,762
Electricity Expenses	25,191,281	21,616,949
Bank Charges	9,522,640	10,420,030
Advertisement Expenses	9,812,401	9,522,481
Miscellaneous Expenses(b)	144,577,089	120,750,951
Remuneration to Directors:		
Salaries	13,000,000	7,950,000
Commission	15,000,000	5,250,000
Fees	231,000	128,000
Remuneration to Auditors:		
Audit fees	621,983	466,343
Tax audit fees	211,493	165,629
Other Services	7,538	-
Sales Tax (Net)	31,772	14,467
Lease Rent Payments	1,384,757	867,583
Bad Debts and Irrecoverable Balances Written Off (Net)	8,953,932	22,377,498
Agricultural Expenses (Net)	274,941	177,912
Charity & Donations	3,429,358	9,461,303
Loss on sale/discard of Fixed Assets (Net)	-	15,527,959
Exchange Rate Difference (Net)	880,841	176,163
	573,064,021	502,725,618
(a) Includes for earlier years Rs. 2,406,000 (Previous year Rs. Nil)		
(b) Includes Rs. 720,000 to a director for services of a professional nature (Previous Year Rs. 720,000)		
(20) REPAIRS & MAINTENANCE EXPENSES		
Motor Trucks	93,537,421	75,861,851
Other Vehicles	18,625,285	16,231,750
Ships	11,945,736	7,245,799
Dry Docking Expenses	14,373,034	53,191,257
Plant & Machinery	6,186,771	5,686,977
Computers	14,573,612	13,772,264
Buildings	13,480,025	12,009,760
	172,721,884	183,999,658
(21) INTEREST		
Fixed Loans	62,792,330	43,050,868
Fixed Deposits	1,715,149	3,712,344
Others	51,065,871	29,555,683
	115,573,350	76,318,895
Less: Interest Received (Tax deducted Rs.2,779,765 - Previous year Rs.1,157,648)	(12,174,152)	(4,991,237)
	103,399,198	71,327,658

Schedules To The Accounts



(22) NOTES ON ACCOUNTS

1. Pursuant to the scheme of arrangement for amalgamation of erstwhile TCI Seaways Limited (TCISL); engaged in the business of coastal and international cargo movement by ships; with effect from the appointed date 1st April, 2005, as approved by the shareholders in the Court convened meeting held on 7th June, 2006 and subsequently approved by the Hon'ble High Court of Andhra Pradesh on 18th August, 2006, the assets and liabilities of TCISL were transferred to and vested in the Company as a going concern with effect from 1st April, 2005. The Scheme was accordingly given effect to in the previous year ended 31st March, 2006.

	31st March, 2007 Rupees	31st March, 2006 Rupees
2. Total Remuneration to Directors:		
Salaries	13,000,000	7,950,000
Commission	15,000,000	5,250,000
Money Value of perquisites	6,150,856	3,110,088
Contribution to Provident / Superannuation Funds	1,476,000	900,000
Directors' Fees	231,000	128,000
3. Computation of net profit in accordance with Section 309 (5) of the Companies Act, 1956		
Profit before tax	440,167,231	370,962,595
Add:		
Depreciation as per accounts	199,089,006	185,180,526
Directors' Remuneration	35,857,856	17,338,088
	234,946,862	202,518,614
	675,114,093	573,481,209
Less:		
Depreciation under section 350	199,089,006	185,180,526
Excess provision written back	211,172	100,000
Capital profit on sale of fixed assets	-	629,734
Capital profit on sale of Investments	4,007,397	69,964,496
	203,307,575	255,874,756
Net Profit computed in accordance with section 309 (5)	471,806,518	317,606,453
Commission payable to:		
Managing Director - 2%	9,436,130	6,352,129
Executive Director - 1%	4,718,065	3,176,065
Non Executive Directors - 0.5%	2,359,033	1,588,032
Restricted to:		
Managing Director	8,500,000	3,000,000
Executive Director	4,300,000	1,500,000
Non Executive Directors	2,200,000	750,000
The above does not include contribution to gratuity fund and provision for encashable leave, which is actuarially calculated on an overall basis.		
4. The net depreciation charged for the year is arrived at as follows:		
Depreciation for the year	199,126,982	185,218,502
Deduct: Transfer from Capital Reserve on account of depreciation provided on revalued amount	37,976	37,976
Net depreciation charged in Profit & Loss Account	199,089,006	185,180,526

5. Related party disclosures

a. List of related parties:

i. Key Management Personnel:

- Mr. D.P. Agarwal
- Mr. Vineet Agarwal
- Mr. Chander Agarwal

ii. Relatives of Key management Personnel:

- Mrs. Urmila Agarwal (wife of Mr.D.P. Agarwal)
- Mrs. Priyanka Agarwal (wife of Mr. Vineet Agarwal)
- Mr. Vihan Agarwal (Son of Mr. Vineet Agarwal)
- Mr. Ashok Agarwal (Brother of Mr.D.P. Agarwal)
- Mrs. Chandrima Agarwal (wife of Mr. Chander Agarwal)
- Mr. Nav Agarwal (Son of Mr. Vineet Agarwal)

iii. Associates:

- TCI Logistics Ltd.
- Bhoruka Finance Corporation of India Ltd.
- TCI Industries Ltd.
- Bhoruka International Pvt. Ltd.
- TCI Airways Pvt. Ltd.
- TCI Exim Pvt. Ltd.
- XPS Cargo Services Ltd.
- Etralog.com Solutions Ltd.
- TCI India Ltd.

iv. Joint ventures:

- Transystem Logistics International Pvt. Ltd

Transystem Logistics International Private Ltd. (Transystem) is a joint venture incorporated in India in partnership with Mitsui & Co. Ltd., Japan, in which Transport Corporation of India Ltd. (TCI) holds 49% of equity. Transystem is engaged in the business of providing logistics services and TCI provides support services to Transystem.

Aggregate amounts related to 49% interest of TCI in Transystem: Amount (Rs.in Million)

Assets as on 31.03.2007	191.05	Income for the year ended 31.03.2007	473.50
Liabilities as on 31.03.2007	76.09	Expenses for the year ended 31.03.2007	413.89

b. Transactions with related parties:

(Amount in Rupees)

Nature of Transaction	Associates		Joint Venture		Key Management Personnel		Relatives of Key Management Personnel	
Income								
Freight Income	-	(-)	150,206,570	(196,337,268)	-	(-)	-	(-)
Sales	5,205,614	(-)	50,834,896	(42,003,728)	-	(-)	-	(-)
Rent Received	-	(-)	9,863,501	(7,578,337)	-	(-)	-	(-)
Interest Received	295,750	(28,228)	-	(-)	-	(-)	-	(-)
Miscellaneous Income	348,200	(-)	-	(-)	-	(-)	-	(-)
Reimbursement of Expenses	-	(-)	10,983,056	(10,003,863)	-	(-)	-	(-)
Expenditure								
Freight Expenses	34,651,353	(18,616,776)	-	(1,186,368)	-	(-)	-	(-)
Rent Paid	8,268,000	(3,728,000)	-	(-)	-	(-)	600,000	(240,000)
Salary and Perquisites	-	(-)	-	(-)	-	(-)	2,170,117	(1,983,707)
Remuneration, Fees & Commission	-	(-)	-	(-)	33,435,605	(16,460,088)	-	(-)
Finance & Investment								
Sale of Shares	-	(28,642,469)	-	(-)	-	(2,016,000)	-	(9,476,500)
Purchase of vehicles	-	(-)	-	(10,500,000)	-	(-)	-	(-)
Loans Given	1,155,350	(1,592,643)	-	(-)	-	(-)	-	(-)
Advances Received	-	(-)	-	(-)	601,500	(325,000)	-	(-)
Repayment of Loans Given	2,747,993	(-)	-	(-)	-	(-)	-	(-)
Share Application	-	(-)	-	(-)	-	(-)	-	(-)
Money Given	-	(34,100,000)	-	(-)	-	(-)	-	(-)
Sale of Fixed Assets	845,569	(-)	-	(-)	-	(-)	-	(-)
Refund of Share Application	-	(-)	-	(-)	-	(-)	-	(-)
Money Given	-	(34,100,000)	-	(-)	-	(-)	-	(-)
Advances Given	9,509,058	(5,490,000)	-	(-)	-	(-)	-	(-)
Refund of Advances Given	6,442,058	(3,630,000)	-	(-)	-	(-)	-	(-)
Refund of Advances Received	-	(-)	-	(-)	247,047	(603,527)	-	(-)
Balances as on 31st March, 2007								
Advances Received	-	(-)	-	(-)	468,578	(114,125)	-	(-)
Loans Given	-	(1,592,643)	-	(-)	-	(-)	-	(-)
Advances Given	4,927,000	(1,860,000)	-	(-)	-	(-)	-	(-)
Trade Receivables	179,228	(-)	15,894,078	(17,904,638)	-	(-)	-	(-)
Trade Payable	-	(605,382)	-	(-)	-	(-)	-	(-)
Rent Receivables	-	(-)	974,172	(846,684)	-	(-)	-	(-)
Rent Payable	-	(13,510)	-	(-)	-	(-)	-	(-)
Investments Made	3,000,000	(3,000,000)	39,200,000	(39,200,000)	-	(-)	-	(-)

(Figures in brackets relate to the previous year)

6. Segment Information
Primary Business Segments

(Rupees in million)

	For the Year ended 31st March, 2007						
	Transport Division	Supply Chain Solution Division	XPS Division	Trading Division	Power Division	TCI Seaways Division	Consolidated Total
Revenue							
Segment Revenue	5,736.07	1130.78	2632.95	890.73	59.77	434.94	10885.24
Less: Inter Segment Revenue							(18.58)
Net Income from Operations							10866.66
Segment Results	161.80	79.21	170.75	6.12	35.34	93.02	546.24
Un-allocated Corporate Income Net of Un-allocated Corporate Expenses							(2.67)
Interest Expenses (Net of income)							103.40
Profit Before Tax							440.17
Other Information							
Segment Assets	1,137.86	546.69	638.04	6.35	513.66	680.18	3522.78
Unallocated Corporate Assets							688.44
Total Assets							4211.22
Segment Liabilities	118.28	84.55	47.80	1.49	37.11	9.65	298.88
Unallocated Corporate Liabilities							135.85
Total Liabilities							434.73
Capital Expenditure	106.10	118.31	84.18	-	85.19	387.01	780.79
Unallocated Capital Expenditure							148.53
Depreciation	34.56	65.57	37.53	0.08	23.01	31.48	192.23
Unallocated Depreciation							6.86

The company operates mainly in India and therefore there are no separate geographical segments.

7. Earning per share

	31st March 2007	31st March 2006 (*)
No. of Equity Shares	67,505,640	67,505,640
Net Profit after tax (Rupees)	305,669,231	267,017,846
Basic/Diluted Earning per Share of Rs.2/- each (Rupees)	4.53	3.96

(*): Pursuant to the approval by the shareholders, each equity share of Rs. 10 each has been sub-divided into five equity shares of Rs. 2 each with effect from 12th December, 2006. The no. of equity shares as on 31st March, 2006 has been revised accordingly to make it comparable.

8. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.39.24 million.
9. In respect of assets taken under non-cancelable operating lease, the future minimum lease payments as on 31st March, 2007 are:

	(Amount in Rupees)
i) Not later than one year	205,609
ii) Later than one year and not later than five years	84,200
iii) Later than five years	231,550
Total	521,359

10. In respect of assets given under non-cancelable operating lease, the future minimum lease payments, as on 31st March, 2007 is Nil.

11. During the year five fuel pumps were disposed off at a profit of Rs.101,346 leaving two fuel pumps pending disposal at the year end.

12. Previous year's figures have been regrouped/rearranged wherever considered necessary.

13. Contingent liability not provided for in respect of:

	(Rupees in million)	
	31st March 2007	31st March 2006
a) Trade Tax/ Octroi/ Duty/ ESI and other demands under dispute	17.08	16.98
b) Guarantees and Counter Guarantees Outstanding	8.05	81.38
c) Income Tax demands under dispute	93.71	95.07

ACCOUNTING POLICIES:

1. Recognition of Income and Expenditure:

- Income and expenditure are generally recognized on accrual basis in accordance with the applicable accounting standards and provision is made for all known losses and liabilities.
- Freight income is accounted when goods are delivered by the company to customers, except in case of the TCI Seaways Division where freight income is accounted when the ship sails out of the port.
- Freight expenses are accounted when hired vehicles deliver goods to the Company at destination.
- Having regard to the size of operations and the nature and complexities of the Company's business, freight received/paid in advance is accounted as income/expense on payment and inter-divisional transfers are not eliminated.
- Year-end liability in respect of claims for loss and damages is provided as calculated by claims recovery agents except in case of the TCI Seaways Division where such liability is provided as calculated by the Company's claim department.

2. Gratuity:

A provision for gratuity liability to employees is made on the basis of actuarial valuation and paid to the approved Gratuity Fund.

3. Depreciation:

Depreciation is provided on straight-line method at rates specified in schedule XIV to the Companies Act, 1956 in all divisions except in the TCI Seaways Division where depreciation is provided on written down value method at rates specified in schedule XIV to the Companies Act, 1956. Depreciation on additions/ deductions is calculated pro-rata from / to the month of addition / deduction. Individual assets whose actual cost does not exceed Rs. 5,000 are fully depreciated in the year of purchase.

4. Fixed Assets:

- Fixed Assets are stated at cost and/or at revaluation.
- Depreciation on the amount added to Fixed Assets on revaluation is adjusted by transfer of equivalent amount from capital reserve created on revaluation of fixed assets to Profit and Loss Account.

5. Investments:

Investments are stated at cost.

6. Inventories:

Petroleum products are valued at lower of cost and net realizable value. Stores & spare parts are valued at cost.

7. Foreign Exchange Transactions:

Foreign currency loans and borrowings remaining unsettled at the end of the year are translated at the year-end rate. Any exchange difference relating to acquisition of fixed asset is adjusted to the cost of the asset. In other cases it is accounted in the Profit and Loss Account.

8. Taxation:

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on assessable income. Provision for current income tax on income from shipping activities is made on the basis of deemed tonnage income of the Company.

The company, except for its TCI Seaways division, provides for deferred tax based on the tax effect of timing differences resulting from the recognition of items in the accounts and in estimating its current tax provision. The effect on deferred taxes of a change in tax rate is recognized in the year in which the change is effected. Pursuant to the introduction of section 115V of the Income Tax Act 1961, the company has opted for computation of its income from shipping activities under the Tonnage Tax scheme. Thus income from the operating ships shall be assessed on the basis of deemed tonnage income of the company and no deferred tax will be applicable to this income as there will be no timing differences.

9. Impairment of Assets:

The company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired and if such indication exists, the carrying value of such asset is reduced to its recoverable amount and a provision is made for such impairment loss in the profit and loss account.

Additional Information

Additional Information Under Part II of Schedule VI to the Companies Act, 1956

	Unit	31st March, 2007		31st March, 2006	
		Quantity	Amount Rupees	Quantity	Amount Rupees
A) Generation of Energy					
Generation at wind mill project	Units	13,723,874	-	6,635,736	-
Sales of Energy	Units	13,723,874	59,765,079	6,635,736	41,389,076
B) Goods Traded					
Sales					
Diesel & Petrol	Ltrs	22,668,425	894,137,947	30,055,953	1,072,961,563
Motor Parts, Lubricants and Others	-	-	5,565,620	-	6,403,060
			899,703,567		1,079,364,623
Purchases					
Diesel & Petrol	Ltrs	22,490,000	875,275,239	29,979,000	1,055,406,737
Motor Parts, Lubricants and Others	-	-	3,544,630	-	5,952,534
			878,819,869		1,061,359,271
Opening Stock					
Diesel & Petrol	Ltrs	250,621	9,370,367	350,608	11,376,251
Motor Parts, Lubricants and Others	-	-	1,513,744	-	919,925
			10,884,111		12,296,176
Closing Stock					
Diesel & Petrol	Ltrs	32,560	1,158,926	250,621	9,370,367
Motor Parts, Lubricants and Others	-	-	171,527	-	1,513,744
			1,330,453		10,884,111
C) C.I.F. Value of Imported & Indigenous Stores and Spare Parts Consumed:					
		% to Total Consumption	Amount Rupees	% to Total Consumption	Amount Rupees
Imported		1.73%	457,118	68.78%	16,228,203
Indigenous		98.27%	25,891,891	31.22%	7,365,186
		100.00%	26,349,009	100.00%	23,593,389
D) Expenditure in Foreign Currency					
Capital Goods			380,351,958		-
Travelling Expenses			6,259,793		2,223,221
Medical Expenses (Recoverable)			454,498		-
Conference and Seminar			-		1,240,657
Consultancy Charges			77,815		1,313,700
Subscription			565,306		223,196
Interest			5,041,774		5,541,790
Dividend			-		2,025,525
Insurance			2,290,989		1,634,039
Drydock			-		18,631,064
Spare Parts			750,244		16,228,203
Others			883,600		1,256,757
E) Earnings in Foreign Currency					
Freight Income			37,544,851		73,025,984

Signatures to Schedules 1 to 22

In terms of our Report of even date For R S Agarwala & Co. Chartered Accountants R.S. Agarwala Partner Camp: Gurgaon, 22nd May, 2007	For and on behalf of the Board S.M. Datta Director O. Swaminatha Reddy Director D.P. Agarwal Vice Chairman & Managing Director Vineet Agarwal Executive Director A.K. Bansal CFO & Company Secretary Place: Gurgaon Date: 22nd May, 2007
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Cash Flow Statement

Cash Flow Statement for the Year Ended 31st March, 2007

	Rs. in Lacs 2006-07	Rs. in Lacs 2005-06
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	4401.67	3709.63
Adjustments for :		
Depreciation	1990.89	1851.81
Loss (Profit) on sale of Fixed Assets	(1.17)	155.28
Loss(Profit) on sale of Investments	(42.19)	(699.64)
Interest Payments	1155.73	763.19
Interest Received	(121.74)	(49.91)
Dividend Income	(40.57)	(38.68)
Lease Rent Received	-	(10.65)
	2940.95	1971.40
Operating profit before Working Capital changes	7342.62	5681.03
Adjustments For:		
Trade and Other Receivables	(4648.23)	(3105.81)
Inventories	92.05	(37.49)
Trade Payables	(19.66)	937.81
Cash Generation From operations	2766.78	3475.54
Interest Paid	(1155.73)	(763.19)
Direct Taxes Paid/Refund received	(1064.69)	(463.26)
NET CASH FROM OPERATING ACTIVITIES	546.36	2249.09
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9913.23)	(6231.81)
Sale of Fixed Assets	66.54	83.85
Purchase of Investments	(82.18)	(133.42)
Sale of Investments	169.93	791.96
Interest Received	121.74	49.91
Dividend Received	40.57	38.68
Lease Rent Received	-	10.65
Loans and Advances	(88.35)	(328.92)
NET CASH FROM INVESTING ACTIVITIES	(9684.98)	(5719.10)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of Share Capital on amalgamation of erstwhile TCI Seaways Ltd.	-	300.11
Transfer of Reserves on amalgamation of erstwhile TCI Seaways Ltd.	-	1576.08
Proceeds from Short Term Borrowings	7980.79	1600.00
Repayment of Short Term Borrowings	(3049.94)	(1548.22)
Proceeds from Long Term Borrowings	8114.91	1863.27
Repayment of Long Term Borrowings	(2494.53)	(211.29)
Payment of Dividend	(405.03)	(347.38)
Payment of Dividend Tax	(62.82)	(48.72)
NET CASH FROM FINANCING ACTIVITIES	10083.38	3183.85
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENT(A+B+C)	944.76	(286.16)
CASH & CASH EQUIVALENT AS ON 31.03.2006	589.70	875.86
CASH & CASH EQUIVALENT AS ON 31.03.2007	1534.46	589.70
In terms of our Report of even date	For and on behalf of the Board	
For R S Agarwala & Co. Chartered Accountants R.S. Agarwala Partner Camp: Gurgaon, 22nd May, 2007	S.M. Datta Director O. Swaminatha Reddy Director D.P. Agarwal Vice Chairman & Managing Director Vineet Agarwal Executive Director A.K. Bansal CFO & Company Secretary Place: Gurgaon Date: 22nd May, 2007	Director Director Vice Chairman & Managing Director Executive Director CFO & Company Secretary

Balance Sheet Abstract

Balance Sheet Abstract and General Business profile as per part IV, Schedule VI of the Companies Act, 1956

1 Registration Details:

Registration No. State Code Balance Sheet Date
Date Month Year

2 Capital raised during the year (Amount in Rs. Thousand)

Public Issue	Rights Issue	Bonus Issue	Private Placement
<input type="text" value="Nil"/>	<input type="text" value="Nil"/>	<input type="text" value="Nil"/>	<input type="text" value="Nil"/>

3 Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	Total Assets
<input type="text" value="4,329,172"/>	<input type="text" value="4,329,172"/>

Sources of Funds:

Paid up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
<input type="text" value="135,011"/>	<input type="text" value="1,744,162"/>	<input type="text" value="2,171,389"/>	<input type="text" value="14,425"/>

Deferred Tax Liability

Application of Funds:

Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure
<input type="text" value="2,659,932"/>	<input type="text" value="55,929"/>	<input type="text" value="1,613,311"/>	<input type="text" value="Nil"/>

4 Performance of Company: (Amount in Rs. Thousand)

Turnover	Total Expenditure	Profit before Tax	Profit after Tax
<input type="text" value="10,895,707"/>	<input type="text" value="10,455,540"/>	<input type="text" value="440,167"/>	<input type="text" value="305,669"/>

Earning per Share (in Rs.)	Dividend Rate %
<input type="text" value="4.53"/>	<input type="text" value="30"/>

5 Generic Names of Three Principal Products (as per monetary terms)

Item Code No. (ITC Code)	Production Description
<input type="text" value="Nil"/>	<input type="text" value="Transport & Logistics Services"/>

For and on behalf of the Board

S.M. Datta	Director
O. Swaminatha Reddy	Director
D.P. Agarwal	Vice Chairman & Managing Director
Vineet Agarwal	Executive Director
A.K. Bansal	CFO & Company Secretary

Place: Gurgaon
Date: 22nd May, 2007