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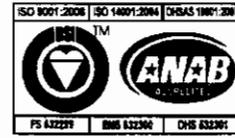
प्रबन्ध निदेशक

B.B. PATTANAİK

Managing Director

गति - गुणवत्ता - किफायत

SPEED - QUALITY - ECONOMY



केन्द्रीय भण्डारण निगम

(भारत सरकार का उपक्रम)

Central Warehousing Corporation

(A Government of India Undertaking)

December 31, 2013

Dear Colleagues,

Financial Year 2012-13 saw CWC maintaining sustained growth in respect of most of the physical and financial parameters excepting container handling and CRT income and achieving an all time high turnover of Rs.1407 crore. The overall capacity utilization increased from 91% to 93, mostly due to increased foodgrain storage. In view of the improved financial results, CWC paid dividend @ 41% to its shareholders, an all time high so far. I am also happy to share that as per the evaluation by the Department of Public Enterprises (DPE), the performance of the CWC for the year 2012-13 under MOU parameters has been rated as **"Excellent"** with composite score of 1.212. CWC has also been rated as **"Excellent"** by DPE under Corporate Governance parameters for 2012-13.

2. However, during the current financial year 2013-14, the performance so far has not been quite satisfactory. As per the core data upto Nov 2013, the average capacity utilization has fallen to 90% as against 94% achieved upto November last year. The income for the month of Nov 2013 in respect of 9 Regions out of 18 Regions is less than the income for Nov 2012 and pro rata IT inspite of the revision of storage charge of FCI stocks. The income from Customs Bonded, CFS/ICD operations in Nov 2013 is less than the income in Nov 2012 while the income from Customs Bonded, CFS/ICD operations, MF charges, Income from CFS/ICD through SAMO, CRT operations and PCS income in November 2013 is less than the corresponding pro rata IT.

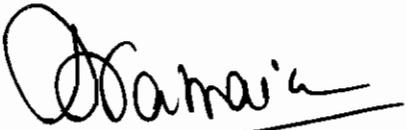
3. The increase in progressive income upto Nov 2013 over the corresponding period of last year (Nov 2012) works out to 6.96% only while on the other hand the increase in progressive expenditure upto Nov 2013 over Nov 2012 works out to 8.93%. Thus the gross margin, which is an important MOU parameter, is shrinking. The progressive total establishment cost upto Nov 2013 is about Rs.12 crore more than the pro rata establishment cost. This is a matter of concern.

4. CWC has started operating the Cargo Terminal of ICP, Agartala since Nov 2013 and may secure the work of operating the Cargo Terminal of the upcoming ICP, Petrapole which may be ready by mid 2014-15. However, at the current rate, it may not be possible for us to achieve the MOU target fixed for 2013-14 and also to maintain the growth in turnover unless sustained efforts are made at all levels. The possibility of storage of cotton by CCI and NAFED in a sizeable quantity is bleak in view of the prevailing market price. The stock position of FCI is also declining and, therefore, FCI is releasing our storage space. However, commencement of wheat export by FCI through PEC, STC and MMTC at certain ports is likely to offer the scope for increasing our income through ship fumigation. However, sincere marketing efforts for securing business from alternate depositors to fill up the capacity being vacated by FCI due to release of stocks needs to be made so that not only the overall capacity utilization is improved but also the sustained growth in physical and financial parameters consistently being made during the last few years is maintained.

5. You will agree that achieving better physical and financial results will require hard work, sincere team efforts and total commitment by all employees. On the New Year, let us all resolve to work with more zeal, hard work and dedication so that the Year 2014 would also be more successful and satisfying and CWC would cross many more milestones in its physical and financial performance.

6. I take this opportunity in wishing you and your family members **Happy and Prosperous New Year.**

With best wishes,


(B.B. Pattanaik)
31/12