
Dear Sir/Madam,

In continuation to our letter of even no. dated 04.09.2020, in which the Notice of AGM and Annual Report for the Financial Year 2019-20 was provided, please find enclosed copy of comments of Comptroller and Auditor General of India on the Financial Statements of the Company for the year 2019-20 along with management replies on the same.

This is for your kind information and record.

Dr. Prem |
सेवा में,

अध्यक्ष एवं प्रबंध निदेशक ,
भारतीय कंटेनर निगम लिमिटेड,
कॉन्कोर भवन ,सी-3, मथुरा रोड,अपोजिट अपोलो हॉस्पिटल,
नई दिल्ली - 110076.

विषय: 31 मार्च 2020 को समाप्त वर्ष के लिए भारतीय कंटेनर निगम लिमिटेड के वित्तीय विवरण (Standalone and Consolidated) पर कंपनी अभिनियम 2013 कीडारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ |

महोदय,

मैं, भारतीय कंटेनर निगम लिमिटेड के 31 मार्च 2020 को समाप्त वर्ष के वित्तीय विवरण पर कंपनी अभिनियम 2013 कीडारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेपित कर रहा हूँ |

कृपया इस पत्र की संलग्नको सहित प्राप्ति की पावती भेजी जाए |

भवदीय, 

संलग्न :यथोपरी

(के. एस . रामुवालिया )
प्रधान निदेशक (रेलवे वाणिज्यक)

भारतीय लेखापरीक्षा एवं लेखा ववभार्य प्रधान निदेशक लेखापरीक्षा रेलवे वाणिज्यक ,नई दिल्ली
INDIAN AUDIT AND ACCOUNTS DEPARTMENT OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT RAILWAY-COMMERCIAL, NEW DELHI

संख्या/पी.डी.ए/आर.सी/65-08/ AA-CONCOR/2020-21/171 दिनांक: 22.09.2020
The preparation of financial statements of CONTAINER CORPORATION OF INDIA LIMITED for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by their Audit Report dated 25.6.2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of CONTAINER CORPORATION OF INDIA LIMITED for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A. Comments on Disclosure

1. A reference is invited to Note No. 2.2 (below Note 2) regarding gross block of leasehold land (ROU assets), in respect of which sale/lease deeds are yet to be executed. The note is deficient to the extent of not disclosing the fact that the Company holds Leasehold Land amounting to Rs. 94.81 crore (gross block) at Vishakapatnam, the title deed of which has not been executed till 31 March 2020.

2. A reference is invited to Note No. 55 of the Standalone Financial Statements regarding disclosure relating to impairment of investment of the Company in Fresh & Healthy Enterprise Limited (FHEL). The Company had not disclosed the events and circumstances that led to recognition of impairment loss in the investment in equity shares of FHEL as on 31.03.2020, in violation to para 130(a) of Ind AS 36 ‘Impairment of Assets.'
B. Comment on Auditor’s Report:

1. The Independent Auditor of the Western Region of CONCOR has not reported, in its Audit Report dated 05 June 2020, on the shaded material below the Auditor’s Responsibilities for the Audit of the Financial Statements as required under Para 40 (b) of the SA 700.

2. Independent Auditor (Corporate) has not adequately reported (25/6/2020) on implications of accounting transactions outside IT system on the integrity of accounts along with implications, if any, as required under section 143(5) of the Companies Act, 2013.

The Independent Auditors of the Western Region, Eastern Region South Central Region and North Central Region of CONCOR, in their Audit Reports (dated 5/6/2020, 8/6/2020, 8/6/2020 and 13/6/2020 respectively) have also not adequately reported on this matter as required under section 143(5) of the Companies Act, 2013.

For and on the behalf of the Comptroller & Auditor General of India

(K. S. Ramuwalia)
Principal Director of Audit
Railway Commercial, New Delhi

Place: New Delhi
Dated: 22.09.2020
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CONTAINER CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2020

The preparation of financial statements of CONTAINER CORPORATION OF INDIA LIMITED for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by their Audit Report dated 25.06.2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of Container Corporation of India Limited for the year ended 31 March 2020. We conducted a supplementary audit of the financial statements of, CONCOR Air Limited, Fresh & Healthy Enterprises Limited and Punjab Logistics Infrastructure Limited, but did not conduct supplementary audit of the financial statements of SIDCUL CONCOR Infra Company Limited and Angul Sukinda Railway Limited for the year ended on that date. Further, section 139(5) and 143(6)(a) of the Act are not applicable to the Joint Ventures (as per annexure) being private entity and Himalayan Terminals Private Limited incorporated in Foreign country under the respective laws for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129 (4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:
A. Comments on Disclosure

A reference is invited to Note No. 2.2 (below Note 2) regarding gross block of leasehold land (ROU assets), in respect of which sale/lease deeds are yet to be executed. The note is deficient to the extent of not disclosing the fact that the Company holds Leasehold Land amounting to Rs. 94.81 crore (gross block) at Vishakapatnam, the title deed of which has not been executed till 31 March 2020.

B. Comments on Auditor’s Report:

Independent Auditor (Consolidated) has not reported (25/6/2020) on matters required under section 143(5) of the Companies Act, 2013.

For and on the behalf of the
Comptroller & Auditor General of India

(K. S. Ramuwalia)
Principal Director of Audit
Railway Commercial, New Delhi

Place: New Delhi
Dated: 22.09.2020
ANNEXURE

List of Subsidiaries, Associate company and Joint Ventures of Container Corporation of India Limited, New Delhi for which supplementary audit was not conducted under section 143 (6)(a) read with section 129(4) of the Companies Act, 2013 for the year 2019-20.

Subsidiaries/ Joint Ventures

1. SIDCUL CONCOR Infra Company Limited
2. Angul Sukinda Railway Limited

Associate Company/ Joint Ventures

1. Star Track Terminals Pvt. Ltd.
2. Transworld Terminals Dadri Private Limited
3. Gateway Terminals India Private Ltd.
4. India Gateway Terminal Private Ltd.
5. TCI-CONCOR Multimodal Solutions Pvt. Ltd.
6. Container Gateway Ltd.
7. Allcargo Logistics Park Pvt. Ltd.
8. CMA-CGM Logistics Park (Dadri) Pvt. Ltd.
9. HALCON
10. CONCOR Bats Airport Services
### ADDENDUM-III TO THE DIRECTORS’ REPORT FOR FY 2019-20

<table>
<thead>
<tr>
<th>Para Reference</th>
<th>Comments of C&amp;AG u/s 143(6)b of the Companies Act, 2013 on the Standalone Financial Statements</th>
<th>Reply of the Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A(1)</strong></td>
<td>A reference is invited to Note No.2.2 (below Note 2) regarding gross block of leasehold land (ROU assets), in respect of which sale/lease deeds are yet to be executed. The note is deficient to the extent of not disclosing the fact that the Company holds Leasehold Land amounting to Rs. 94.81 crore (gross block) at Vishakapatnam, the title deed of which has not been executed till 31 March 2020.</td>
<td>This is a matter related to disclosure. The Statutory Auditors Report has duly given the disclosure regarding non-execution of lease deed for land under reference. Detailed status regarding this land has also been given in Addendum-I to the Directors Report. However, the observation of the audit is noted.</td>
</tr>
<tr>
<td><strong>A(2)</strong></td>
<td>A reference is invited to Note No. 55 of the Standalone Financial Statements regarding disclosure relating to impairment of investment of the Company in Fresh &amp; Healthy Enterprise Limited (FHEL). The Company had not disclosed the events and circumstances that led to recognition of impairment loss in the investment in equity shares of FHEL as on 31.03.2020, in violation to para 130(a) of Ind AS 36 ‘Impairment of Assets.</td>
<td>No Comments as matter relates to Branch Auditor’s Report.</td>
</tr>
</tbody>
</table>

### Comments on Auditors Report

| **B(1)**       | The Independent Auditor of the Western Region of CONCOR has not reported, in its Audit Report dated 05 June 2020, on the shaded material below the Auditor’s Responsibilities for the Audit of the Financial Statements as required under Para 40 (b) of the SA 700. | No Comments as matter relates to Branch Auditor’s Report. |
| **B(2)**       | Independent Auditor (Corporate) has not adequately reported (25/6/2020) on implications of accounting transactions outside IT system on the integrity of | No Comments as matter relates to Statutory/Branch Auditors Report. |
accounts along with implications, if any, as required under section 143(5) of the Companies Act, 2013.

The Independent Auditors of the Western Region, Eastern Region, South Central Region and North Central Region of CONCOR, in their Audit Reports (dated 5/6/2020, 8/6/2020, 8/6/2020 and 13/6/2020 respectively) have also not adequately reported on this matter as required under section 143(5) of the Companies Act, 2013.

<table>
<thead>
<tr>
<th>sd/-</th>
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</tr>
</thead>
<tbody>
<tr>
<td>(Manoj K. Dubey)</td>
<td>(V. Kalyana Rama)</td>
</tr>
<tr>
<td>Director (Finance) &amp; CFO</td>
<td>Chairman &amp; Managing Director</td>
</tr>
</tbody>
</table>

Date: 23.09.2020
Place: New Delhi
**ADDENDUM-IV TO THE DIRECTORS’ REPORT FOR FY 2019-20**

<table>
<thead>
<tr>
<th>Para Reference</th>
<th>Comments on Disclosures made in Consolidated Financial Statements</th>
<th>Reply of the Management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Comments of C&amp;AG u/s 143(6)b read with section 129(4) of the Companies Act, 2013 on the Consolidated Financial Statements</strong></td>
<td><strong>Comments on Disclosures made in Consolidated Financial Statements</strong></td>
</tr>
<tr>
<td>Para A</td>
<td>A reference is invited to Note No. 2.2 (below Note 2) regarding gross block of leasehold land (ROU assets), in respect of which sale/lease deeds are yet to be executed. The note is deficient to the extent of not disclosing the fact that the Company holds Leasehold Land amounting to Rs. 94.81 crore (gross block) at Vishakapatnam, the title deed of which has not been executed till 31 March 2020.</td>
<td>This is a matter related to disclosure. The Statutory Auditors Report has duly given the disclosure regarding non-execution of lease deed for land under reference. Detailed status regarding this land has also been given in Addendum-I to the Directors Report. However, the observation of the audit is noted.</td>
</tr>
<tr>
<td>Para B</td>
<td>Independent Auditor (Consolidated) has not reported (25/6/2020) on matters required under section 143(5) of the Companies Act, 2013.</td>
<td>No Comments, as matter relates to Statutory Auditors Report.</td>
</tr>
</tbody>
</table>

*sd/- (Manoj K. Dubey)  
Director (Finance) & CFO*

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

Date: 23.09.2020  
Place: New Delhi