

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF
CONTAINER CORPORATION OF INDIA LIMITED
Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **CONTAINER CORPORATION OF INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flows Statement and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the order issued under section 143(11) of the Act.

We conducted our audit of standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

1. We draw attention to the Note no. 53 to the standalone financial statements of 31 March, 2018 which describe investment of ₹ 54.60 Crore in equity of IGTPL, a joint venture in which the company hold 14.56% equity, whose



net worth has been fully eroded. Management has not recognized any impairment in the value of the assets, as in the opinion of the management, the expected present value of future cash flows exceeds the carrying amount of the asset.

Our opinion is not modified in respect of this matter.

2. We further draw attention to the Note no. 54 to the standalone financial statements of 31 March, 2018, regarding non provision for impairment in the value of investment amounting to INR 146.62 Crores in equity of M/s Fresh & Healthy Enterprises Limited (FHEL), a wholly owned subsidiary company, whose net worth has been fully eroded. Management has not recognized any impairment in the value of the assets on account of future revival business plan and committed investment, as in the opinion of the management, the expected present value of future cash flows of the restructured business plan exceeds the carrying amount of the asset.

Our opinion is not modified in respect of this matter.

Other Matters

We did not audit the financial statements/information of 8 regions included in the standalone financial statements of the Company whose financial statements/financial information reflect total assets of ` 3027.90 Crore as at 31 March, 2018 and total revenues of ` 5946.40 Crores for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these regions have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these regions, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(5) of the Act, we give in the "Annexure B", a statement on the matters specified in the Directions issued by The Comptroller and Auditor General of India, and in our opinion, no action is required to be taken thereon and there is no impact on the accounts and financial statements of the Company.
3. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
 - (c) The reports on the accounts of regions of the company audited under section 143 (8) of the Act by branch auditors have been sent to us and have been dealt with in preparing our report in the manner considered necessary by us.
 - (d) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account and the returns received from the branch not visited by us.
 - (e) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
 - (f) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure C"; Our report express an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone

- financial statements-refer note no.-41 to the standalone financial statements of 31 March 2018;
- ii. the Company is not required to make any provision for any material foreseeable losses under any law or Indian Accounting Standard, on long terms contracts. Also the Company is not dealing into derivatives contracts and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For Arun K Agarwal & Associates
Chartered Accountants
(Firm's Registration No. 003917N)

Place: New Delhi
Date: 30 April, 2018

Sd/-
Satish Gulati
(Partner)
M. No. 083897



Annexure A to Independent Auditors' Report

Referred to Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regards to the size of the company and nature of its business. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for items mentioned below:

(` in Crores)

Details of Property	Net Amount
RO Premises at Egmore, Chennai	1.72
Staff Quarters at Chennai	1.08
Residential Flats, Kolkata	0.52
Jangpura-Building	0.85
Leasehold Land-MMLP, Vishakhapatnam	90.08
Freehold land, Krishnapatnam Port	31.07
Land at Village Bhavri	0.04
Land at Vatera	0.64
Jangpura-Land	0.44
Leasehold Land at Kadakola	19.18

- ii. The Company has carried out physical verification of inventory at a reasonable intervals and no material discrepancy were noticed during such verification.
- iii. The Company has granted unsecured loans to 2 wholly owned subsidiary companies i.e. M/s Fresh & Healthy Enterprises Limited (FHEL) and M/s CONCOR Air Limited.
 - (a) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest;
 - (b) Payments of interest are regular in respect of CONCOR Air Limited. However substantial payment of interest in case of FHEL is not regular. The borrower entity (FHEL) is not in a capacity to pay interest and principal as per stipulated terms. The due date of the loan and interest has been extended period after period to avoid default in the account.
 - (c) Interest amounting to INR 15.14 Cr is overdue in relation to loan to FHEL for more than ninety days. According to the information and explanations given to us, the company is following up the recovery of overdue amount.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security as applicable
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Companies Act, 2013 and Rules framed there under.
- vi. As per the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013 for services rendered by the company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the company, except Building & Other construction Worker Cess of ` 1.99 Crores is outstanding as on 31 March, 2018 for a period of more than six month from the date it became payable,

amount deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income Tax, Sales tax, Service Tax, Custom Duty, Value Added Tax, Cess and any other statutory dues have generally been regularly deposited during the year by the company with appropriate authorities.

- (b) According to the information and explanations given to us, the following dues of Income tax, water tax and service tax have not been deposited by the company on account of disputes:

([^] in Crores)

S. No	Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount
1	Finance Act, 1994	Service tax	CESTAT, Bangalore	September 2002 to June 2008	1.48*
			CCE	2004-05	0.11
			CCE (Appeals)	January 2004-March 2004	0.02
			CCE	2005-06	0.20
2	Income Tax Act, 1961	Income Tax	Supreme Court	A.Y. 2003-04	5.30
				A.Y. 2004-05	9.64
				A.Y. 2005-06	11.99
				A.Y. 2007-08	24.75
			High Court	A.Y. 2008-09	48.13
				A.Y. 2009-10	113.68
			ITAT, Delhi	A.Y. 2008-09	96.59
				A.Y. 2010-11	121.08
				A.Y. 2011-12	165.80
				A.Y. 2012-13	159.27
				A.Y. 2013-14	107.31
				A.Y. 2014-15	19.70
			CIT (Appeals)	A.Y. 2015-16	167.41
ITO (Income Tax Officer)	A.Y. 2006-07	0.69			
3	Jal Sansthan, Kanpur	Water Tax	Allahabad High Court	2000-01 to date	0.69

* one third share of the total disputed amount

- viii. The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the company
- x. According to the information and explanation given to us by the management and based the audit procedures performed, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.



- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Arun K Agarwal & Associates
Chartered Accountants
(Firm's Registration No. 003917N)

Sd/-
Satish Gulati
(Partner)
M. No. 083897

Place: New Delhi
Date: 30 April, 2018

Annexure B to Independent Auditors' Report

Referred to Paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

According to the information and explanations given to us we report as under:

S.No.	Areas Examined	Observations/Findings														
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	<p>Based on our observations and branch auditors reports the Company has clear title/ lease deeds for freehold and leasehold Land respectively except 6 as mention below, where some of the compliances to establish clear title/execution of lease deed in favour of the company are pending</p> <table border="1"> <thead> <tr> <th>Details of Property</th> <th>Area</th> </tr> </thead> <tbody> <tr> <td>Leasehold Land-MMLP, Vishakhapatnam</td> <td>98 Acres</td> </tr> <tr> <td>Freehold land, Krishnapatnam Port</td> <td>141.95 Acres</td> </tr> <tr> <td>Land at Village Bhavri</td> <td>1.50 Bigha</td> </tr> <tr> <td>Land at Vatera</td> <td>30.05 Bigha</td> </tr> <tr> <td>Jangpura-Land</td> <td>405.59 Sq. mtr.</td> </tr> <tr> <td>Leasehold Land at Kadakola</td> <td>55.55 Acres</td> </tr> </tbody> </table>	Details of Property	Area	Leasehold Land-MMLP, Vishakhapatnam	98 Acres	Freehold land, Krishnapatnam Port	141.95 Acres	Land at Village Bhavri	1.50 Bigha	Land at Vatera	30.05 Bigha	Jangpura-Land	405.59 Sq. mtr.	Leasehold Land at Kadakola	55.55 Acres
Details of Property	Area															
Leasehold Land-MMLP, Vishakhapatnam	98 Acres															
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Jangpura-Land	405.59 Sq. mtr.															
Leasehold Land at Kadakola	55.55 Acres															
2.	Whether there are any cases of waiver/write off of debts/ loans/ interest etc. if yes, the reasons there for and amount involved.	<p>Yes, there were waivers of terminal service charges amounting to `5,72,562/- during the F.Y. 2017-18. It is reported to be business practice being followed by the company. Further interest amounting to `4,68,911/- has been reduced due to reduction in interest rate as per the approval of competent authority. in relation to the loan to wholly owned subsidiary, `1,13,731/- towards doubtful debts has been written off during the F.Y. 2017-18 as per the approval of competent authority.</p> <p>There are refunds of terminal service charges amounting to `3,49,49,784/- and warehousing charges amounting to `4,24,810/- during the year which are duly approved by competent authority.</p>														
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gifts/grants from the Govt. or other authorities.	<p>(a) There are no inventories lying with third parties.</p> <p>(b) The company has not received any assets as gifts from Govt. or other authorities. Proper records have been maintained in case of grant received.</p>														

For Arun K Agarwal & Associates
Chartered Accountants
(Firm's Registration No. 003917N)

Sd/-
Satish Gulati
(Partner)
M. No. 083897

Place: New Delhi
Date: 30 April, 2018



Annexure C to Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **CONTAINER CORPORATION OF INDIA LIMITED** ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the internal control over financial reporting criteria established by the Company considering



the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Arun K Agarwal & Associates
Chartered Accountants
(Firm's Registration No. 003917N)

Place: New Delhi
Date: 30 April, 2018

Sd/-
Satish Gulati
(Partner)
M. No. 083897