



**ANNUAL ACCOUNTS
AND
AUDIT REPORT THEREON
WITH
ACTION TAKEN
NOTES ON AUDIT OBJECTION /
OBSERVATIONS CONTAINED
IN THE REPORT
FOR THE YEAR 2017-18**



PARADIP PORT TRUST





PARADIP PORT TRUST

ANNUAL ACCOUNTS 2017-18

CONTENTS

<u>PARTICULARS</u>	<u>PAGES</u>
Balance sheet as at 31 st March, 2018	3
Profit and Loss Accounts for the Year ended 31 st March, 2017	5
Schedule to Balance Sheet	
Schedule 1 Reserves & Surplus	6
Schedule 2 Loan Funds	7
Schedule 3 Fixed Assets	8-9
Schedule 4 List of Investment (Face Value)	10
Schedule 5 Current Assets, Loans & Advances	11
Schedule 6 Current Liabilities and Provisions	13
Schedule to Profit and Loss Accounts	
Schedule 7 Cargo Handling & Storage Charges	14
Schedule 8 Port & Dock Charges	14
Schedule 9 Railway Earning	15
Schedule 10 Estate Rentals	15
Schedule 11 Cargo Handling & Storage Charges	15
Schedule 12 Port & Dock Facilities for Shipping (including pilotage)	16
Schedule 13 Railway Workings	16
Schedule 14 Rentable Lands and Buildings	16
Schedule 15 Management & General Administration	17
Schedule 16 Finance & Misc. Income	17
Schedule 17 Finance & Misc. Expenses	18
Schedule 18 Significant Accounting Policies & Notes on Accounts for the year 2017-18	19
Annexure I Pension and Gratuity Fund, Balance Sheet	26
Income and Expenditure Account, Pension & Gratuity	27
Annexure II Provident Fund Account, Balance Sheet	28
Income and Expenditure Account of Provident Fund	29
Audit Report on the Accounts of PPT for the Year 2017-18	33
Action Taken Notes on Audit Observations/ Objections on the Annual Accounts of PPT for the year 2017-18	47





ANNUAL ACCOUNTS 2017-18





BALANCE SHEET AS AT 31ST MARCH 2018

(Amount in ₹)

	SCH	As at 31.03.18	As at 31.03.17
<u>SOURCES OF FUNDS</u>			
1 RESERVES & SURPLUS	1	54,478,548,599	46,917,978,973
2 LOAN FUNDS	2	81,160,348	81,160,348
	TOTAL	54,559,708,947	46,999,139,321
<u>APPLICATION OF FUNDS</u>			
1 FIXED ASSETS	3		
a) Gross Block		22,784,011,736	21,730,838,256
Less: Depreciation		9,799,190,012	9,176,772,730
Net Block		12,984,821,724	12,554,065,526
b) Capital Works-in Progress		2,227,093,457	2,744,814,399
		15,211,915,181	15,298,879,925
2 INVESTMENTS	4	26,087,208,195	23,241,757,481
3 CURRENT ASSETS, LOANS & ADVANCES	5	32,743,458,572	30,214,837,684
Less: CURRENT LIABILITIES AND PROVISIONS	6	19,482,873,001	21,756,335,769
Net Current Assets		13,260,585,571	8,458,501,915
	TOTAL	54,559,708,947	46,999,139,321

Schedules 1 to 18 annexed hereto form part of the Balance sheet and the Profit and Loss Account.

Sd/-
S.K.Sahu

FA & CAO
PARADIP PORT TRUST

Sd/-
Rinkesh Roy

CHAIRMAN
PARADIP PORT TRUST

PARADIP PORT TRUST | ANNUAL ACCOUNTS 2017-18



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2018

(Amount in ₹)

	SCH	2017-18	2016-17
INCOME			
Cargo handling & storage charges	07	6,657,158,816	5,547,997,978
Port & Dock Charges (Including pilotage Fees)	08	3,819,409,246	3,579,931,693
Railway Earnings.	09	2,416,293,055	2,017,579,234
Estate Rentals	10	376,168,725	326,465,160
TOTAL		13,269,029,842	11,471,974,065
LESS EXPENDITURE			
Cargo handling & storage Charges	11	1,806,348,518	1,933,792,285
Port & Dock Facilities (including Pilotage)	12	1,508,870,486	1,455,147,090
Railway workings.	13	624,150,055	543,254,544
Rentable land & buildings.	14	579,450,358	581,295,496
Management & General Administration (not directly attributable to a Activity)	15	1,973,418,748	1,588,545,100
TOTAL		6,492,238,165	6,102,034,515
Operating Surplus/(Deficit)		6,776,791,677	5,369,939,550
Add: Finance & Misc. Income	16	2,526,006,573	1,185,736,788
Less: Finance & Misc Expenditure	17	3,876,284,149	2,325,712,452
Net Surplus/(Deficit) before Income Tax		5,426,514,101	4,229,963,886
Provision for Income Tax		1,853,845,982	1,441,938,171
Provision for Deferred Tax Liability		40,196,661	31,656,658
Net Surplus after Income Tax		3,532,471,458	2,756,369,057
Less: Appropriations		-	-
Fund for Replacement, Rehabilitation and Modernisation of Capital Assets		600,000,000	600,000,000
Fund for Development, Repayment of Loan & Contingencies		600,000,000	600,000,000
Net Surplus after Appropriation		2,332,471,458	1,556,369,057

Schedules 1 to 18 annexed hereto form part of the Balance Sheet and the Profit and Loss Account.

Sd/-
S.K.Sahu

FA & CAO
PARADIP PORT TRUST

Sd/-
Rinkesh Roy

CHAIRMAN
PARADIP PORT TRUST



SCHEDULE TO BALANCE SHEET

(Amount in ₹)

SCHEDULE - 1	RESERVES & SURPLUS	As at 31.03.18	As at 31.03.17
a CAPITAL RESERVE		60,445,839	60,445,839
b. REVENUE RESERVE			
i. General Reserve			
Opening Balance		26,224,861,266	24,832,878,465
Less: Earlier years short provisions		(167,723,133)	(281,800,000)
Add:			
- Other Adjustment		2,930,119,161	117,413,744
- Net Surplus		2,332,471,458	1,556,369,057
		31,319,728,752	26,224,861,266
ii. Reserve for repayment of initial investment		81,160,348	81,160,348
		81,160,348	81,160,348
iii. Employees Welfare Fund			
Opening Balance		1,500,000	1,500,000
Additions		1,500,000	1,500,000
Less: Expenditure		(1,500,000)	(1,500,000)
		1,500,000	1,500,000
iv. E.L. Encashment Fund		638,436,295	591,692,581
		638,436,295	591,692,581



(Amount in ₹)

SCHEDULE - 1	RESERVES & SURPLUS	As at 31.03.18	As at 31.03.17
c. STATUTORY RESERVE			
i. Replacement, Rehabilitation, Modernisation of Capital Assets Fund			
Opening Balance		11,011,073,201	9,502,073,201
Add: Appropriation from Profit & Loss Account		600,000,000	600,000,000
Add: Interest from investment of Fund		-	149,000,000
Add: Interest from investment of Fund		846,447,240	760,000,000
		12,457,520,441	11,011,073,201
ii. Development, Repayment of Loans & Contingencies Fund.			
Opening Balance		8,947,245,738	7,802,700,166
Add: Appropriation from Profit & Loss Account		600,000,000	600,000,000
Less: Repayment of Govt Loan		(323,483,034)	(198,254,428)
Add: Short provision on account of Interest		-	132,800,000
Add: Interest from investment of Fund		695,994,220	610,000,000
		9,919,756,924	8,947,245,738
	TOTAL	54,478,548,599	46,917,978,973
SCHEDULE - 2	LOAN FUNDS	As at 31.03.18	As at 31.03.17
a. SECURED LOANS			
		-	-
b. GOVT. LOANS			
i. Initial Investment by G.O.I.		81,160,348	81,160,348
c. UNSECURED LOANS			
		-	-
	TOTAL	81,160,348	81,160,348



SCHEDULE TO BALANCE SHEET

SCHEDULE - 3

FIXED ASSETS

Description of Asset	GROSS BLOCK			
	As at 01.04.17	Additions during the year	Del/Adj during the year	As at 31.03.18
1	2	3	4	5
Land	77,033,494	17,551,121	-	94,584,615
Lease land	3,002,000	-	(79,000)	2,923,000
Stacking Yard	46,40,93,496	-	-	464,093,496
Capital Dredging	3,689,225,511	180,009,796	-	3,869,235,307
Building Sheds and Other Structures	1,647,148,586	154,183,932	-	1,801,332,518
Wharves, Roads, Boundaries	4,945,252,851	98,895,973	-	5,044,148,824
Floating Craft	828,612,677	-	-	828,612,677
Railway and Rolling Stock	1,858,165,995	493,660,462	-	2,351,826,457
Docks, Sea-Walls, Breakwaters, Piers & Navigational Aids	777,133,255	-	-	777,133,255
Cranes and Vehicles	73,740,083	8,395,840	-	82,135,923
Plant & Machinery	5,65,26,88,447	-	-	5,652,688,447
Installation and Equipments	1,085,368,010	100,555,356	-	1,185,923,366
Furniture & Equipment	2,773,392	-	-	2,773,392
General Cargo Handling Equipments	608,030,486	-	-	608,030,486
Flotila & Marine Crafts	18,569,973	-	-	18,569,973
Total	21,730,838,256	1,053,252,480	(79,000)	22,784,011,736
Works in Progress	2,744,814,399	888,685,311	(1,406,406,253)	2,227,093,457
Grand Total	24,475,652,655	1,941,937,791	(1,406,485,253)	25,011,105,193
<i>Previous Year</i>	23,476,900,580	1,234,557,643	(417,571,158)	24,293,887,065



AS AT 31.03.2018

(Amount in Rupees)

DEPRECIATION				NET BLOCK	
As at 01.04.17	Provisions for the year	Del/Adj during the year	Total as on 31.03.18	As at 31.03.18	As at 31.03.17
6	7	8	9	10	11
-	-	-	-	94,584,615	77033,494
-	-	-	-	2,923,000	3,002,000
168,583,708	11,602,337	-	180,186,045	283,907,451	295,509,788
272,206,426	38,692,353	3,600,196	314,498,975	3,554,736,332	3,417,019,085
649,581,891	35,135,970	-	684,717,861	1,116,614,657	997,566,695
1,290,393,903	81,358,774	1,343,196	1,373,095,873	3,671,052,951	3,654,858,948
469,153,246	41,430,634	-	510,583,880	318,028,797	359,459,431
686,925,794	64,786,311	-	751,712,105	1,600,114,352	1,171,240,201
246,230,715	25,577,649	-	271,808,364	505,324,891	530,902,540
72,911,730	1,679,477	-	74,591,207	7,544,716	828,353
4,531,080,286	265,240,642	-	4,796,320,928	856,367,519	1,121,608,161
470,624,719	23,536,414	716,169	494,877,302	691,046,064	614,743,291
2,773,392	-	-	2,773,392	-	-
297,736,947	27,717,177	-	325,454,124	282,576,362	310,293,539
18,569,963	-	-	18,569,963	10	10
9,176,772,720	616,757,738	5,659,561	9,799,190,029	12,984,821,717	12,554,065,536
-	-	-	-	2,227,093,457	2,744,814,399
9,176,772,720	616,757,738	5,659,561	9,799,190,029	15,211,915,174	15,298,879,935
8,599,037,367	605,152,146	(43,741,512)	9,160,448,001	15,133,439,064	14,877,863,213



SCHEDULE TO BALANCE SHEET

(Amount in ₹)

SCHEDULE - 4	INVESTMENTS	As at 31.03.18	As at 31.03.17
A. INVESTMENT WITH GOVT.OR TRUST SECURITIES		-	-
	Total	-	-
B. SHARES, DEBENTURES OR BONDS			
Investment in Setu Samudram Corporation Ltd.		300,000,000	300,000,000
Investment in Haridaspur Paradip Railway Co.Ltd.		539,064,900	539,064,900
Investment in Paradip Port Road Co Ltd.		400,000,000	400,000,000
Investment in DCI Ltd.		100,000,000	100,000,000
Investment in Indian Port Rail Corporation Ltd.		108,000,000	108,000,000
Investment in Kamarajar Port Ltd.		200,000,000	200,000,000
	Total	1,647,064,900	1,647,064,900
C. INVESTMENT PROPERTIES		-	-
	Total	-	-
D. OTHERS			
Investment in Deferred tax fund		1,019,748,000	964,600,000
Investment in Replacement, Rehabilitation and Modernisation of Capital Assets Reserve Fund		12,457,520,000	11,010,000,000
Investment in Development, Repayment of Loan & Contingencies Reserve Fund		10,243,239,000	8,947,200,000
Investment in Repayment of Initial Investment of GOI Fund		81,200,000	81,200,000
Investment in E.L Encashment Fund		638,436,295	591,692,581
	Total	24,440,143,295	21,594,692,581
	G.TOTAL	26,087,208,195	23,241,757,481



SCHEDULE TO BALANCE SHEET

SCHEDULE - 5

(Amount in ₹)

As at 31.03.18

As at 31.03.17

CURRENT ASSETS, LOANS & ADVANCES

a. CURRENT ASSETS

i. Accrued Interest on Investment		1,505,538,232	1,280,945,992
ii. Inventories		54,461,470	56,844,057
iii. Sundry Debtors			
a. Govt. Dues	45,817,203		
b. Non-Govt. Dues	1,099,058,153	1,144,875,356	1,589,046,708
iv. Cash & Bank Balance			
a. Cash in Hand			
b. Bank Balance			261,155
i. Fixed Deposit	12,798,451,208		7,657,878,208
ii. Savings Bank A/c.			
- Allahabad Bank	28,806,352		3,724,575
- State Bank of India	62,822,045		81,900,558
- United Bank of India	93,925,155		99,396,522
- Allahabad Bank (Ext)	4,339,098		6,149,470
- Uco Bank	42,382,496		45,332,915
- Oriental Bank of Commerce	344,358,297		235,277,177
- Union Bank	18,001,272		20,261,757
- I.D.B.I Bank	110,642,185		186,632,409
- Axis Bank	4,390,784		34,656,175
- State Bank of India(Suravi)	304,829,207		215,225,383
- ICICI Bank	94,593,096		81,831,854
- SBI (EMD)	5,608,333		8,260,691
- PN Bank	11,680,226		4,390,550
- Bank of India	21,347,686		-
- State Bank of India(POS)			3,845,790
- State Bank of India(RFID)	52,614		10,176,783
- I.D.B.I Bank (POS)	3,470,737		2,113,001
	<u>13,949,700,791</u>		<u>8,697,314,973</u>



SCHEDULE TO BALANCE SHEET

(Amount in ₹)

SCHEDULE - 5

As at 31.03.18

As at 31.03.17

b. LOANS AND ADVANCES

i. Deposits		195,377,446	195,377,446
ii. T.D.S		2,475,155,246	2,461,396,611
iii. Payments in Advance			
- Advance for Purchases	42,904,669		39,328,373
- Advance for Motor Cycle/ Scooters etc.	852,882		1,291,819
- Advance for Festivals	5,990,582		8,617,012
- Advance to Staff		-	4,905,403
- Advance against T.A		-	2,041,700
- Natural Calamities Adv.		-	-
- Advance to Contractors	119,487,462		32,796,938

CURRENT ASSETS, LOANS & ADVANCES

- House Building Advance	38,221,231		42,946,294
- Sales Tax Deposit	100,000,000		100,000,000
- Temporary Advance to departments	18,133,223		1,994,187
- Permanent Imprest to departments	1,396,243		878,743
- Income Tax	12,243,317,324		14,868,438,981
- Grants to Management Committee	848,046,415	13,418,350,031	830,672,447
	TOTAL	32,743,458,572	30,214,837,684



SCHEDULE TO BALANCE SHEET

SCHEDULE - 6

(Amount in ₹)

As at 31.03.18

As at 31.03.17

A. CURRENT LIABILITIES

i. Creditors for Stores	95,765,289		103,235,794
ii. Miscellaneous Creditors & Balance	19,732,402		59,500,499
iii. Deposits from Merchants, Contractors & Others			
- Cash	3,130,957,088		3,258,303,620
iv. Grant in aid			-
v. GST	199,071,946		-
vi. Collection of Labour Cess	432,597,232		146,144,953
		3,878,123,957	3,567,184,866

B. PROVISIONS

i. Contingencies			
ii. <u>Taxation</u>			
Income Tax	8,818,700,998		13,493,646,029
Deferred Tax liability	1,019,748,803		964,635,823
iii. <u>Employee Related Benefits</u>			
Pension & Gratuity Provision			(1,015,753,098)
Provident Fund	(19,193,132)		(65,000,000)
Salaries & Wages	405,057,822		291,402,743
iv. <u>Other Provisions</u>			
Accrued Expenses	5,380,434,553		4,520,219,406
		15,604,749,044	18,189,150,903
TOTAL		19,482,873,001	21,756,335,769



SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

SCHEDULE - 7	(Amount in ₹)	
	2017-18	2016-17
<u>CARGO HANDLING & STORAGE CHARGES</u>		
Handling of General Cargo	1,853,076,218	1,830,872,630
Handling of Iron Ore & Other Ore	50,248,593	69,591,710
Storage of goods	1,473,556,529	626,702,115
SPM Warfage	159,506,662	134,123,286
Grab Royalty	-	1,947,086
Ore Mechanical Handling Plant Charges	267,741,881	174,394,345
MCHP Shipping Charges	1,609,024,868	1,498,876,603
MCHP Unloading Charges	992,210,027	977,038,521
POL Handling Charges	150,992,848	91,766,970
Demurrage fees on General Cargo	70,185,263	104,936,634
Penalty/Incentive for performance	24,840,410	-
Miscellaneous	5,775,517	37,748,078
TOTAL	<u>6,657,158,816</u>	<u>5,547,997,978</u>
<u>SCHEDULE - 8</u>		
<u>PORT & DOCK CHARGES</u>		
<u>(Including Pilotage)</u>		
Towage and Mooring Fees	515,318,992	451,446,421
Dock Dues (Berth Hire)	543,590,303	519,664,271
Port Dues	839,490,249	777,771,788
Pilotage Fees	1,894,586,681	180,587,933
Water & Oil supply to Shipping	13,895,779	13,832,590
Dry Dock	10,205,011	9,252,715
Miscellaneous Charges	2,322,231	2,090,975
TOTAL	<u>3,819,409,246</u>	<u>3,579,931,693</u>

PARADIP PORT TRUST | ANNUAL ACCOUNTS 2017-18



(Amount in ₹)

SCHEDULE - 9

RAILWAY EARNING:

	2017-18	2016-17
Freight and Haullage Charges	822,063,740	677,901,329
Siding Charges	113,005,155	109,945,302
Terminal Charges	1,434,400,957	1,199,621,153
Wharfage Demurrage	46,823,203	30,111,450
TOTAL	2,416,293,055	2,017,579,234

SCHEDULE - 10

ESTATE RENTALS:

Rent from Land	131,865,264	78,160,935
Rent from Buildings, Sheds & Godowns	100,636,973	87,283,901
Recoverable Service Charges	139,787,511	151,101,122
Miscellaneous Income	3,878,977	9,919,202
TOTAL	376,168,725	326,465,160

SCHEDULE - 11

CARGO HANDLING & STORAGE

Handling & Storage of General Cargo at Sheds & Wharfages	290,707,105	302,265,877
Handling & Storage of Iron Ore & Other Ore	34,884,218	32,354,730
Operation & Maintenance of Ore Handling Plant	237,462,714	195,366,331
Operation & Maintenance of MCHP	698,542,753	840,713,817
Administration & General Expenses.	189,064,365	207,404,167
Depreciation	355,687,363	355,687,363
TOTAL	1,806,348,518	1,933,792,285



SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

(Amount in ₹)

SCHEDULE - 12	2017-18	2016-17
PORT & DOCK FACILITIES FOR SHIPPING (INCLUDING PILOTAGE)		
Towing, Berthing & Mooring	480,580,509	381,941,053
Pilotage	64,186,090	47,381,119
Dredging & Marine Survey	599,825,383	678,096,541
Operation & Maintenance of Navigation Aids.	17,999,182	12,816,866
Maintenance of Marine Structural, Sea Shore etc.	87,988,896	100,969,679
Administration & General Expenses	152,589,790	133,285,856
Depreciation	105,700,636	100,655,976
TOTAL	1,508,870,486	1,455,147,090

SCHEDULE - 13

RAILWAY WORKINGS:

Operation & Maintenance of Locomotive, Wagons etc.	331,957,784	340,364,737
Maintenance of Permanent way, Signals and Inter Locking	186,335,767	96,273,014
Operation & Maintenance of Station Yards & Sidings.	4,018,689	2,172,448
Administration and General Expenses	37,051,504	47,902,164
Depreciation	64,786,311	56,542,181
TOTAL	624,150,055	54,32,54,544

SCHEDULE - 14

RENTABLE LANDS & BUILDINGS:

Estate Maintenance	486,646,509	479,061,538
Administration & General Expenses	28,725,643	33,746,106
Depreciation	64,078,206	68,487,852
TOTAL	579,450,358	581,295,496



SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

(Amount in ₹)

SCHEDULE - 15	2017-18	2016-17
MANAGEMENT & GENERAL ADMINISTRATION:		
Management & Secretarial Expenses	565,741,533	493,166,053
Labour & Welfare Expenses etc.	127,402,904	91,915,601
Medical Expenses	316,360,645	292,505,893
Store Keeping	34,468,291	32,021,704
Accounting, Auditing & Others	182,425,163	123,072,355
Telephone Expenses	4,842,832	5,957,248
Engineering & Workshop Administration & Overhead.	691,665,286	515,258,064
Sundry Expenses	24,006,887	13,702,749
Depreciation	26,505,207	20,945,433
TOTAL	1,973,418,748	1,588,545,100

SCHEDULE - 16

FINANCE & MISCELLANEOUS INCOME

Interest on deposits	862,820,829	768,632,645
Interest on loans & advances	4,160,765	4,445,591
Sale of unservicable materials	7,940,300	11,884,060
Miscellaneous Income	1,525,369,131	240,866,134
Items Relating to Previous Years	125,715,548	159,908,358
TOTAL	2,526,006,573	1,185,736,788



	(Amount in ₹)	
SCHEDULE - 17	2017-18	2016-17
FINANCE & MISCELLANEOUS EXPENSES:		
Bank Charges	996,160	164,306
Interest Payable on:-		
- Initial Investment of Govt. of India	458,420,773	458,420,773
- Interest on GPF	2,851,720	-
Pension payments including contribution	3,351,821,249	1,752,387,606
Employer's Contribution CPF & Tire-I A/c.	7,408,079	4,888,830
TA to Retired employees	541,123	695,790
C.S.R	55,100,000	51,276,454
Service Charges for NPS	-	25,042
Loss on Disposal of Capital Asset	-	46,197,320
Gratuity Payment	494,528	-
Employees Welfare Fund	1,500,000	1,500,000
Items relating to Previous years	(2,849,483)	10,156,331
TOTAL	<u>3,876,284,149</u>	<u>2,325,712,452</u>



ANNUAL ACCOUNTS 2017-18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES

1. The Books are maintained under Mercantile System of accounting except interest due on advances to employees, amount withheld from the bills but not released during the year.
2. Income is recognized as and when services are rendered except the income from the vessels arrived during the year but the service completed in subsequent year. Income from defaulted / disputed parties are not considered as income as suggested by Audit.
3. Fixed Assets are exhibited at historical cost.
4. Fixed Assets are excluded from the financial statements on disposal.
5. Fixed Assets under Construction are categorized as Capital Works in Progress.
6. Govt. Grants are recognized by reducing the value of Assets to the extent of grants.
7. One time non-refundable upfront fee received from parties are apportioned over the period of lease.
8. Inventories are valued at weighted average cost.
9. The Investments are stated at Cost.
10. Investments are classified as below:-
 - a) Government or Trust Securities
 - b) Shares, Debentures or Bonds
 - c) Investment Properties
 - d) Others
11. Prior period income or expenses which arise in the current period as a result of errors or omission in the preparation of Financial Statements of one or more prior periods are included under Finance and Miscellaneous Income or Expenditure.
12. The stores received during the financial year but not check measured are not accounted for.
13. Foreign Currency denominated transactions: Foreign exchange denominated transactions are evaluated at the rate of exchange prevailing on the date of service, unless a specific date is prescribed in a particular contract.
14. Figures of the previous year have been regrouped / rearranged where ever necessary to confirm to the current year classification.



B. NOTES ON ACCOUNTS

1. YEAR IN BRIEFS

RESULTS FOR THE YEAR	2017-18	2016-17
Traffic (in Million MT)	102.01	88.95
Operating Income (₹In Cr.)	1326.90	1147.19
Operating Expenditure (₹In Cr.)	649.22	610.20
Operating Surplus (₹In Cr.)	677.68	536.99
Total Income (₹In Cr.)	1579.50	1265.76
Total Expenditure (₹In Cr.)	1036.85	842.77
Net Surplus (₹In Cr.)	542.65	422.99
Operating Ratio	1:0.49	1:0.53
Unit Operating Cost per Ton of Cargo Handled (₹)	63.64	68.60
Salary & Wages as percentage of total expenditure (%)	12.61	15.44
Provision of Income Tax (₹In Cr.)	185.38	144.19



2. PROFIT AND LOSS ACCOUNT

The Profit and Loss Accounts shows an operating surplus of ₹677.68 crores and a Net Surplus of ₹542.65 crores. ₹120.00 crores has been transferred to two reserve funds.

3. PENSION CONTRIBUTION

To meet the liabilities on account of pensionary benefits necessary provision has been made towards Pension Fund.

4. INVESTMENT AND INTEREST

Various funds and surplus amount have been invested in different PSU banks & institutions. The income from investments of statutory funds has been credited to respective fund accounts which is being followed consistently.

5. PROVISION TOWARDS PRODUCTIVITY LINKED REWARD

₹2.66 crores has been provided against the anticipated payment towards Productivity Linked Reward to the employees.

6. PROVISION TOWARDS VARIOUS RESERVE FUNDS

₹120.00 crores has been appropriated to the following reserves out of the Net surplus after income tax of ₹185.38 crores as per the guidelines of Ministry.

a) Replacement, Rehabilitation and Modernization of Capital Assets Reserve	₹ 60.00 crore
b) Development, Repayment of Loan and Contingencies Reserve	₹ 60.00 crore

7. TITLE DEEDS OF THE LAND

(i) A meeting of High Power Committee was held on 31.03.2016, where in, Government of Odisha had agreed to handover the land under the possession of Paradip Port Trust on transfer basis instead of lease. In accordance to the outcome of the meeting, a joint petition was filed in the Hon'ble High Court of Odisha. The order of Hon'ble High Court of Odisha has already been passed with a direction to adhere to the decision arrived at the meeting held on 31.03.2016. The port has already filed mutation cases before District Administration for transfer of 6285.54 Acres of land in favour of Paradip Port Trust. However, the land utilization letter for the vacant areas was submitted vide letter No.AD/EST-LAND-35/2016 (Pt.V)/2802 to the Joint Secretary, R&D, Govt. of Odisha. Again the report relating to optimization study of land Assets of Paradip Port was submitted on 20.02.2018 vide Letter No.AD-EST-LAND-35/2016 (Pt.V)/655. The proposal has already been cleared by Revenue and Disaster Management Department, Government of Odisha which is pending with the Office of Chief Minister for order.

(ii) An area measuring 26.68 acres was in possession of East Coast railway since 1970 without payment of License fees.

(iii) An area measuring 73.50 acres of port land was under encroachment.

(iv) Settlement of State land records in respect of 187.82 Acres of land at Haridaspur is under review.



8 PLAN AND NON-PLAN EXPENDITURE

The total capital expenditure during the year 2017-18 was ₹76.97 crores. An amount of ₹108.59 crores is the commitment as on 31.03.2018 towards ongoing plan projects.

9 ARBITRATION AWARD IN FAVOUR OF M/S.PPL

The dispute in between PPL and Paradip Port Trust is under subjudice before Hon'ble High Court of Odisha.

10. PENDING LEGAL CASES

There are 06 nos of cases filed by PPT against different parties during 2017-18. There are 31 nos of cases filed against PPT by different parties during 2017-18.

11. PENSION & PROVIDENT FUND ACCOUNT

The Pension and Gratuity Fund and Provident Fund Accounts are annexed at Annexure –I & II respectively. Paradip Port Trust has also purchased annuity from approved Institutions amounting to ₹143.44 crores for meeting Pension liabilities.

12. INCOME TAX

The registration U/s.12A of Income Tax Act,1961 for the financial year 2002-03, 2003-04 and 2004-05 has already been approved by Hon'ble CIT, (Exempt), Hyderabad. The effect of 12A for above years is pending before the Assessing Officer

For the financial year 2014-15 appeal has been filed before the Hon'ble CIT (Appeal), Cuttack against the assessment order passed by the Assessing Officer.

For the financial year 2015-16 and 2016-17, the assessment is pending before the Assessing Officer.



13. CONTRIBUTION FOR TIER – I EMPLOYEES

In line with Govt. of India Order, TIER – I A/c is in operation for employees joined on or after 01.01.2004. The contribution of these employees along with contribution of Port has been transferred to CRA system under NSDL with the approval of Pension Fund Regulatory & Development Authority.

14. GOVT. OF INDIA LOAN

Govt. of India has moved a Cabinet Note in respect of Paradip Port Trust for waiver of Penal Interest on outstanding loan for which in principle approval of Niti Ayoga, GoI has been received by PPT vide L.No.5/1/2018-TPT dtd.27.02.2018. In the meantime, Cabinet Committee of Economic Affairs has approved the waiver proposal. The formal communication is awaited.

15. CONTINGENT LIABILITY

The under stated claims are subjudice and have not been considered as liability

Name of the party	₹ In Lakhs
DDCPL	602.11
CIMCO BIRLA	307.00
CESCO	44.90
Sri U.N.ROUT	51.00
MESCO STEEL	8.50
PPL	1229.00

16. DISCLOSURE OF ACCOUNTING POLICIES

a. Depreciation (AS 6)

The depreciation on fixed assets has been calculated on the basis of straight-line method which is being followed consistently. Due to this the residual value of asset stands at nil value at the end of the economic life. As per the Govt. of India guidelines full depreciation is being charged in respect of assets costing less than ₹1 lakh and having life not more than 5 years unless it is a part of any project.



b. Revenue Recognition (AS 9)

The accounts of PPT have been prepared as per the uniform accounting practices followed by all Major Port Trusts since 1972. The accrual system of Accounting has been followed in recognition of Revenue and booking of expenditure except

- i. The with-held amounts from different bills have not been taken into account. This is being followed consistently.
- ii. The store issued to site stores for consumption but lying in the site stores as on 31st March 2018 are treated as consumed as its impact in the account is not significant and is being followed consistently. Similarly, medicines purchased are considered to be consumed and charged to Profit and Loss account and is being followed consistently.
- iii. The valuation of inventories as well as the cost of issue of stores has been calculated on weighted average method. Stores materials worth ₹4.50 lakh were received at Central Store during 2017-18 have not been accounted for as those materials were inspected and check measured during 2018-19.
- iv. Nothing is outstanding as per Micro Small and Medium Enterprise Development Act, 2006.

c. Govt. Grants (AS 12)

No grant has been received during 2017-18.

d. Investments (AS 13)

Investment of various funds and surplus have been made in different PSU banks and approved institutions on long term basis. The income from investments of different funds have been credited to respective funds.

e. Employee Benefits (AS 15)

Necessary provision has been made towards Pension, Gratuity and Leave Encashment fund to meet the liability.



127. SUNDRY DEBTORS :

i) The age wise classification of sundry debtors are given below;

Less than 6 months ₹ 61.58 crores

More than 6 months ₹ 52.91 crores

Sd/-
S.K.Sahu

FA & CAO
PARADIP PORT TRUST

Sd/-
Rinkesh Roy

CHAIRMAN
PARADIP PORT TRUST



**PENSION & GRATUITY FUND
BALANCE SHEET AS AT 31.03.2018**

LIABILITIES		AMOUNT(₹)	ASSETS	AMOUNT(₹)
<u>Pension Fund</u>			<u>Investment</u>	
Opening Balance	9,405,536,878		Pension Fund	12,299,139,675
Add: Contribution from PPT	2,350,000,000		Gratuity Fund	1,405,304,581
Add: Adjustment of Previous Year	1,020,000,000			
Less: Transfer to Gratuity Fund	490,000,000		<u>Current Assets & Loans and Advances</u>	
Less: Other Adjustment	18,888,304			
Add: Excess of Income over Expenditure	40,248,879	12,306,897,453	Interest Accrued (IDBI)	7,053,900
			<u>Cash & Bank Balance</u>	
			Cash at Bank	61,609,290
<u>Gratuity Fund</u>				
Opening Balance	1,091,772,705			
Add: Transfer from Pension Fund	490,000,000			
Less: Excess of expenditure over income	115,562,712	1,466,209,993		
		13,773,107,446		13,773,107,446

Sd/-
S.K.Sahu
FA & CAO
PARADIP PORT TRUST

Sd/-
Rinkesh Roy
CHAIRMAN
PARADIP PORT TRUST



Annexure-I

PENSION & GRATUITY FUND
INCOME AND EXPENDITURE ACCOUNTS FOR THE YEAR ENDING 31.03.2018

<u>EXPENDITURE</u>	<u>AMOUNT(₹)</u>	<u>INCOME</u>	<u>AMOUNT(₹)</u>
Pension Payment	848,641,482	Interest Income	
Gratuity Payment	216,770,127	Saving Account	2,275,901
Premium towards Gratuity	1,683,282	Investment of Pension Fund	886,615,225
Bank Charges	765	Investment of Gratuity Fund	102,890,697
Excess of Income Over expenditure of Pension Fund	40,248,879	Excess of Expenditure Over Income of Gratuity Fund	115,562,712
	<u>1,107,344,535</u>		<u>1,107,344,535</u>

Sd/-
S.K.Sahu
 FA & CAO
 PARADIP PORT TRUST

Sd/-
Rinkesh Roy
 CHAIRMAN
 PARADIP PORT TRUST



PARADIP PORT TRUST | ANNUAL ACCOUNTS 2017-18

PROVIDENT FUND ACCOUNT BALANCE SHEET AS AT 31.03.2018

Annexure-II

LIABILITIES		AMOUNT(₹)	ASSETS	AMOUNT(₹)
GPF Fund			<u>Investment</u>	
Opening Balance	1,241,522,071		Principal Amount	1,163,298,000
Add: Contribution	260,207,665		Interest Accrued	<u>49,040,516</u>
Add: Refund of Advance	7,440,117			1,212,338,516
Add: Interest	91,235,596			
	<u>1,600,405,449</u>			
Less: Withdrawal	<u>414,307,502</u>	1,186,097,947		
CPF Fund			<u>Cash & Bank Balance</u>	
Opening Balance	22,471,825		Cash at Bank	11,843,110
Add: Contribution (Employee)	503,409			
Add: Contribution (Employer)	503,409			
Add: Refund of Advance	1,163,155			
Add: Interest	1,305,541			
	<u>25,947,339</u>			
Less: Withdrawal	<u>7,056,792</u>	18,890,547		
Reserve Fund				
Opening Balance	6,617,361			
Add: Trasfer from PPT A/c	2,851,720			
Less: Adjustment	<u>9,469,081</u>			
Current Liability				
PPT A/c		19,193,132		
		<u>1,224,181,626</u>		<u>1,224,181,626</u>

Sd/-
S.K.Sahu
FA & CAO
PARADIP PORT TRUST

Sd/-
Rinkesh Roy
CHAIRMAN
PARADIP PORT TRUST



PROVIDENT FUND ACCOUNT
INCOME AND EXPENDITURE ACCOUNTS FOR THE YEAR ENDING 31.03.2018

EXPENDITURE	AMOUNT(₹)	INCOME	AMOUNT(₹)
Interest on GPF Balances	91,235,596	Interest on FDR	81,616,393
Interest on CPF Balances	1,305,541	Interest on Saving A/c	1,456,035
Bank Charges	372	Excess of Interest payment	9,469,081
	92,541,509	Adjustment against Reserve Fund	92,541,509

Sd/-
S.K.Sahu
FA & CAO
PARADIP PORT TRUST

Sd/-
Rinkesh Roy
CHAIRMAN
PARADIP PORT TRUST



AUDIT REPORT
2017-18



**Separate Audit Report of the Comptroller & Auditor General of India
on the accounts of Paradip Port Trust, Paradip for the year
ended 31st March, 2018**

- 1 We have audited the attached Balance Sheet of Paradip Port Trust (PPT), Paradip as at 31st March 2018 and the Profit and Loss Account for the year ended on that date under Section 19 (2) of Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 102 (2) of the Major Port Trusts Act, 1963. Preparation of these financial statements is the responsibility of the Paradip Port Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms etc. Audit observations on financial transactions with regard to compliance with the Laws, Rules & Regulations (Propriety and Regularity) and efficiency-cum-performance aspects etc., if any, are reported through Inspection Reports/CAG's Audit Reports separately.
- 3 We have conducted our audit in accordance with Auditing Standards Generally Accepted Accounting Principal (GAAP) in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure 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 presentation of financial statements. We believe that our audit provides reasonable basis for our opinion.
- 4 Based on our audit, 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. The Balance Sheet and Profit and Loss Account dealt with by this report have been drawn up in the format approved by the Government of India under Section 102 (1) of the Major Port Trusts Act, 1963;



iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Paradip Port Trust, Paradip as required under Section 102 (1) of the Major Port Trusts Act, 1963 in so far as it appears from our examination of such books.

iv. We further report that:

A. Balance Sheet:

A.1 Sources of Fund:

A.1.1 Loan Fund (Schedule 2):

₹ 8.12 crore

The above included initial investment by Govt. of India amounting to ₹ 8.12 crore being 50% of capital debts as Debenture Capital and remaining 50% as Deferred Redeemable Capital to be repaid with interest @ 5.25% in 10 (ten) equal instalment from the financial year 1988-89. In Balance Sheet loan fund is being depicted in total (₹ 8.12 crore) without segregating into 50% as Debenture Capital and remaining 50% Deferred Redeemable Capital.

Thus Balance Sheet does not depict clear picture of Govt. of India (initial investment) loan fund.

A.2. Application of fund

A.2.1 Fixed Assets:

₹ 2278.40 crore

A.2.1.1 Capital Works-in Progress (Sch-3)

₹ 222.71 crore

A.2.1.2. Net Surplus Before Tax

₹ 542.65 crore

The above includes ₹ 1.39 crore towards project management consultancy (PMC) service charges on Supply, installation, commissioning and operational maintenance of 10 MW Solar Power Plant. The project was terminated (May 2018) by the Ministry of Non-Renewable Energy (MNRE), GOI due to non-substantial progress. Therefore, the same should have been charged to revenue instead of accounting as CWIP.

Non-charging of the same has resulted in overstatement of CWIP and as well as understatement of Expenditure by ₹ 1.39 crore. The same has also resulted in overstatement of Net Surplus for the year by ₹ 1.39 crore.



A.2.2 Investments (Sch-4)

₹ 2608.72 crore

A.2.2.1 Above includes an amount of ₹ 30 crore towards investment in equity shares of Setu Samudram Corporation Ltd., Chennai which has stopped working since August 2009. This is contrary to the Accounting Standard -13 regarding accounting for investments. **Similar comment was included in the Separate Audit Report of 2016-17, but no corrective action has been taken.**

A.2.2.2 The above also includes investment of ₹ 40 crore towards equity shares in Paradip Port Road Co. Ltd. (PPRCL), a Special Purpose Vehicle with National Highway Authority of India. The net worth of PPRCL has fully eroded and stood at (-) ₹ 495.52 crore as on 31.03.2016. Therefore, provision should be made for diminution in the value of long term investment as required under Accounting Standard 13. This has resulted in overstatement of investment and corresponding overstatement of Net surplus before tax by ₹ 40 crore. **Similar comment was included in the Separate Audit Report of 2016-17, but no corrective action has been taken.**

A.3 Current Assets, Loans & Advances:

₹ 3274.35 crore

A.3.1 Sundry Debtors (Sch-5);

₹ 114.49 crore

A.3.1.1 The Port Trust prepared their annual accounts on accrual system of accounting and also followed the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). Therefore, the issue of making provisions for bad and doubtful debts needs to be dealt with according to the Generally Accepted Accounting Principles (GAAP) and instructions contained in Accounting Standard-4 (AS-4) 'Contingencies and Event Occurring after the Balance Sheet Date' and Accounting Standard – 9 (AS-9) 'Revenue Recognition' issued by the ICAI. Further, the Common Framework for Financial Reporting for major ports (November 2002) was approved by C&AG and that framework also clearly laid down that bad and doubtful debts should be provided for. Sundry Debtors included ₹ 21.07 crore claimed against three parties after final disposal of order in favour of PPT by Hon'ble High Court, Odisha issued in April 2014. The dues are old in nature and chances of recovery is remote. Hence, the above debtors should



be provided in the book of accounts considering doubtful in nature. Therefore, non-providing the same has resulted in understatement of Provision by ₹ 21.07 crore and overstatement of Net Surplus by ₹ 21.07 crore.

A.3.1.2 Total dues against the M/s Bharat Minmet Exim India Ltd was around ₹ 2.5 crore as derived by Paradip Port Trust (PPT). The non-coking coal of M/s BMEIL was sold through e-auction in September 2017 for ₹ 10,59,580. However, PPT accounts show sundry debtors of ₹ 2.42 crore against the party. This should have been charged to P/L account. This has resulted in overstatement of Sundry Debtors by ₹ 2.42 crore, understatement of Revenue (Expenditure) by ₹ 2.42 crore and overstatement of Net Surplus by ₹ 2.42 crore.

A.4 Current Liabilities & Provision (Sch-6) ₹ 1948.29 crore

A.4.1 Other Provision ₹ 538.04 crore

A.4.1.1. Net Surplus Before Tax ₹ 542.65 crore

A.4.1.2 The above includes a provision of ₹ 17.19 crore towards interest provision on 50% deferred Redeemable Capital (Initial Investment by Govt. of India). As per the loan terms interest @5.25% in ten equal instalment from the financial year 1988-89 was payable and thus ₹ 2.13 crore was to be paid to Govt. of India. PPT did not pay the loan interest but credited provision for ₹ 17.19 crore resulting in excess provision of ₹ 15.06 crore.

This has resulted in overstatement of provision with corresponding understatement of net surplus by ₹ 15.06 crore.

A.4.1.3 The above does not include ₹ 1.87 crore towards interest on service tax. The Commissioner of GST & Service Tax demanded ₹ 5.00 crore along with cess and interest under section 75 Service Tax Act and penalty thereon amounting to ₹ 1.25 crore. The Port Trust made payment (November) towards Service tax and penalty amounting to ₹ 6.24 crore excluding interest under section 75 of Service Tax Act. The Port Trust neither paid interest from April 2015 nor provided any liability on account of interest in the books of accounts.



Non-provision of same resulted in understatement of Current Liability & provision as well as overstatement Net Surplus before tax by ₹ 1.87 crore.

A.4.1.4 The above does not include ₹ 3.58 crore (M/s Cimco Birla ₹3.07 crore and Shri U. N. Rout ₹ 0.51 crore) towards claim of contractors. The arbitration award was passed in favour of the contractors and as per order issued by NITI Aayog 75% of the award may be paid by the PSU/Department to the contractor/concessionaire against bank guarantee without prejudice to the final order of the court in the matter under challenge. However, Port trust did not make provision of 75% of awards as per order of NITI Aayog against claim of contractors.

Non provision of the same has resulted in understatement of Current Liability & Provision as well as over statement of Net Surplus before Tax by ₹ 2.69 crore.

A.4.1.5 The above does not include ₹ 4.65 crore towards service tax payable on forfeited amount of bank guarantee of ₹ 33.20 crore during 2015-16 to 2017-18 due to short fall of Minimum Guaranteed Tonnage (MGT) scheme. Service Tax payable should have been provided in the Accounts

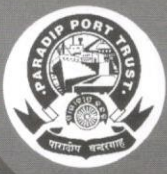
Non provision of the same has resulted in understatement of Current Liability & Provision as well as over statement Net Surplus before Tax by ₹ 4.65 crore.

A.4.2. Pension & Gratuity provision (Sch-6) ₹ Nil

A.4.2.1 Finance & Misc Expenditure ₹ 387.63 Crore

A.4.2.2 As per actuarial valuation made by LIC total pension liability for both pensioner as well as employees was ₹ 451.73 crore. However, Port trust paid only ₹ 335.18 crore towards pension fund

Thus non-provision of the liability for difference between actuarial valuation and funds available has resulted in understatement of Provisions as well as understatement of Finance & Misc Expenditure by ₹ 116.55 crore. The same has also resulted in overstatement of Net Surplus by ₹ 116.55 crore. The disclosure to this effect is not sufficient.



- B Management Letter:** Deficiencies which have not been included in the Audit Report have been brought to the notice of Paradip Port Trust through a management letter issued separately for remedial/corrective action.
- v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure-I to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India:
- a. In so far as it relates to the Balance Sheet, of the state of affairs of the Paradip Port Trust, Paradip as at 31 March 2018; and
- b. In so far as it relates to Profit and Loss Account of the surplus for the year ended on that date.
5. A review of accounts showing the summarised financial results of the Paradip Port Trust for the last three years ended 31 March 2018 is given in Annexure-II.

Place: Kolkata

Date: 12 October 2018

Sd/-

(Suparna Deb)

Director General of Commercial Audit
& Ex-officio Member, Audit Board-I,
Kolkata



ANNEXURE – I TO AUDIT REPORT

- (a) **Adequacy of the Internal Audit System:** Internal Audit conducted by a firm of Chartered Accountants is adequate and commensurate with the size and nature of the business.
- (b) **Adequacy of Internal Control System:** The internal Control System is adequate and commensurate with the size and nature of the business.
- (c) **System of Physical Verification of Fixed Assets:** No Physical Verification of fixed assets was done after 2001. No effort was made to evolve system of verification either departmentally or through outsourcing.
- (d) **System of Physical Verification of Inventories:** The physical verification of inventory for the year 2017-18 has not been conducted. This exercise should be conducted annually for better management of inventory.
- (e) **Regularity in payment of statutory dues:** According to the information and explanations given to us and the records of the Trust examined by us, PPT is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax, Custom Duty, Service Tax, Sales Tax, Royalty, ESI dues, Cess etc. and any other material statutory dues applicable to the Trust.

Sd/-
(D. Goswami)
Dy. Director

**ANNEXURE – II TO AUDIT REPORT
FINANCIAL POSITION OF PARADIP PORT TRUST****REVIEW OF ACCOUNTS OF PARADIP PORT TRUST, PARADIP FOR THE YEAR ENDED 31ST MARCH 2018 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

Note: This review of Accounts has been prepared without taking into account the audit observation/comments contained in the Audit Report of the Comptroller and Auditor General of India.

1. INTRODUCTION

The audit of accounts of the Paradip Port Trust, Paradip was conducted under Section 19(2) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 102 (2) of Major Port Trust Act 1963. The financial position of the Port Trust under broad headings for the last three years ending 31.03.2018 was as follows:

	(₹ in crore)		
A. LIABILITIES	2017-18	2016-17	2015-16
(i) Capital Reserve (#)	2251.89	2009.99	1745.05
(ii) Other Reserve (@)	3195.97	2681.81	2537.89
(iii) Borrowings -			
(a) Inter Corporate Loan	Nil	Nil	Nil
(b) Capital Debt. (Govt. of India Loan)	8.12	8.12	8.12
(c) Institutional Loan (Asian Development Bank)		Nil	Nil
(iv) Current Liabilities and Provisions	1948.28	2175.63	1898.16
(v) Other Liabilities (CPF/Pension fund etc.)	Nil	Nil	Nil
TOTAL	7404.26	6875.55	6189.22

PARADIP PORT TRUST | ANNUAL ACCOUNTS 2017-18



(₹ in crore)

(B) ASSETS	2017-18	2016-17	2015-16
1. (i) Fixed Assets (Gross Block)	2278.40	2173.08	2085.07
(ii) Less: Depreciation	979.92	917.67	859.90
(iii) Net Fixed Assets	1298.48	1255.41	1225.17
(iv) Work-in-Progress	222.71	274.48	262.62
(v) Investments	2608.72	2324.18	2050.55
(vi) Current Assets, Loans & Advances	3274.35	3021.48	2650.88
TOTAL	7404.26	6875.55	6189.22
(C) Working Capital (*)	1326.06	845.85	752.71
(D) Net Worth (**)	3131.97	2622.49	2483.29
(E) Capital Employed (***)	2624.54	2101.26	1977.88
(F) Return on Capital Employed (****)	20.67%	20.13%	19.86%
(G) Capital Employed (Including Capital Work-in-Progress)	2847.25	2375.74	2240.50
(H) Return on Capital Employed (Including Capital Work-in-Progress)	19.06%	17.80%	17.53%

(#) Capital Reserve represents 'Reserve for repayment of initial investment', 'Replacement, Rehabilitation, modernisation of Capital Assets Reserve' and 'Reserve for Development, Repayment of Loans and Contingencies' and Capital Reserve as well.

(@) Other Reserve represents 'General Reserve', 'EL encashment fund' and 'Employees Welfare Fund'.

(*) Working Capital represents Net Current Assets i.e. Current Assets minus Current Liabilities.

(**) Net worth represents Free Reserves less accumulated deficit.

(***) Capital Employed represents net fixed assets plus Working Capital.

(****) Rate of Return represents percentage of Net Surplus (before provision for tax) to Capital Employed.

**3. SUMMARY OF WORKING RESULTS**

The working results of Paradip Port Trust for the last three years ending 31 March 2018 are summarized below –

(₹ in crore)

		2017-18	2016-17	2015-16
(A)	REVENUE			
	(I) Operating Income	1326.90	1147.19	1023.90
	(ii) Non-operating Income	252.60	118.57	147.02
	TOTAL	1579.50	1265.76	1170.92
(B)	EXPENDITURE			
	(I) Operating Expenditure	649.22	610.20	575.42
	(ii) Non-operating Expenditure	387.63	232.57	202.76
	TOTAL	1036.85	842.77	778.18
(C)	Net Surplus/(Deficit) before tax	542.65	422.99	392.74
	Less			
(D)	(i) Provision for taxation	185.38	144.19	132.02
	(ii) Deferred Tax Liability	4.02	3.17	4.34
(E)	Net Surplus/(Deficit) after tax	353.24	275.63	256.38
(F)	Less: Mandatory appropriation /Transfer to Reserve Fund	120.00	120.00	120.00



(₹ in crore)

		2017-18	2016-17	2015-16
(G)	Surplus/(Deficit) transferred to General Reserve fund	233.25	155.63	136.38
(H)	Percentage of Net Surplus (before tax) to			
	(a) Operating Income	40.90	36.87	38.36
	(b) Net Fixed Assets	41.79	33.69	32.06
	(c) Net Worth	17.33	16.13	15.82

4. RATIO ANALYSIS (LIQUIDITY AND SOLVENCY)

No	Ratios	2017-18	2016-17	2015-16
(a)	Percentage of Current Assets to Current Liabilities	168.06	138.88	139.65
(b)	Percentage of Quick Assets to Current Liabilities	85.20	53.17	53.83
(c)	Percentage of Sundry Debtors to Operating Income	8.63	13.85	10.94
(d)	Debt to Capital Reserve & General Reserve	0.00149:1	0.00173:1	0.00189:1

Sd/-
(D. Goswami)
Dy. Director

**ACTION TAKEN
NOTES ON
AUDIT OBSERVATIONS/
OBJECTIONS ON THE
ANNUAL ACCOUNTS OF
PPT FOR THE YEAR
2017-18**



ACTION TAKEN NOTES ON SEPARATE AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF PARADIP PORT TRUST PARADIP FOR THE YEAR ENDED 31ST MARCH'2018.

Observation made by Audit

Action taken by Paradip Port Trust.

iv We further report that:

A. BALANCE SHEET

A.1. Sources of Fund:

A.1.1. Loan Fund (Schedule 2) ₹ 8.11 Crore

The above included initial investment by Govt. of India amounting to ₹8.12 crore being 50% of capital debts as Debenture Capital and remaining 50% as Deferred Redeemable capital to be repaid with interest @ 5.25% in 10 (ten) equal instalment from the financial year 1988-89. In Balance Sheet loan fund is being depicted in total (₹ 8.12 crore) without segregating into 50% as Debenture Capital and remaining 50% as Deferred Redeemable Capital.

Thus Balance Sheet does not depict clear picture of Govt. of India (initial Investment) loan fund.

A.2. Application of Fund

A.2.1 Fixed Assets: ₹2278.40 crore

A.2.1.1 Capital Works-in Progress (Sch-3): ₹ 222.71 crore

Schedule-2 of Balance sheet will be shown as below in the accounts of 2018-19;

b. Govt. loan

I. Initial investment by Govt. of India

(₹)

a)	Debenture Capital	4,05,174
b)	Deferred Redeemable Capital	4,05,174
	Total	8,11,60,348



Observation made by Audit

Action taken by Paradip Port Trust.

A.2.1.2 Net Surplus Before Tax: ₹ 542.65 crore.

The above includes ₹1.39 crore towards project management consultancy (PMC) service charges on Supply, installation, commissioning and operational maintenance of 10 MW Solar Power Plant. The project was terminated (May 2018) by the Ministry of Non-Renewable Energy (MNRE), GOI due to non-substantial progress. Therefore, the same should have been charged to revenue instead of accounting as CWIP.

Non-charging of the same has resulted in overstatement of CWIP and as well as understatement of Expenditure by ₹ 1.39 crore. The same has also resulted in overstatement of Net Surplus for the year by ₹ 1.39 crore.

A.2.2 Investments (Sch-4) ₹2608.72 crore.

A.2.2.1 Above includes an amount of ₹ 30 Crore towards investment in equity shares of Setu Samudram Corporation Ltd., Chennai which has stopped working since August 2009. This is contrary to the

Necessary accounting effect has been made vide Jr.502 dtd.25.10.2018.

Correspondence was made with other ports in respect of investment made with Sethusamudram Corporation Ltd. and accounting procedure being followed for the said investment are as below:-



Observation made by Audit

Action taken by Paradip Port Trust.

Accounting Standard -13 regarding accounting for investments. **Similar comment was included in the Separate Audit Report of 2016-17, but no corrective action has been taken.**

(I) V.O.Chidambanar Port Trust informed "The investment of ₹ 50 crore has been shown in Sch-4 (1) to Balance sheet at its face value and no diminution".

(ii) Chennai Port Trust replied, "Long Term Investments made in M/s. Sethusamudram Corporation Ltd at its original investment value as per its approved accounting policy and has not provided for any diminution in its value".

A2.2.2 The above also includes investment of ₹ 40 Crore towards equity shares in Paradip Port Road Co. Ltd. (PPRCL), a Special Purpose Vehicle with National Highway Authority of India. The net worth of PPRCL has fully eroded and stood at (-) ₹ 495.52 Crore as on 31.03.2016. Therefore, provision should be made for diminution in the value of long term investment as required under Accounting Standard 13. This has resulted in overstatement of investment and corresponding overstatement of Net surplus before tax by ₹ 40 Crore. **Similar comment was included in the Separate Audit Report of 2016-17, but no corrective action has been taken.**

As per common frame work for financial reporting "Long Term Investments are valued at cost". This has been done in line with the investment in equity share of Sethusamudram Corporation Ltd.



Observation made by Audit

Action taken by Paradip Port Trust.

A.3 Current Assets, Loans & Advances: ₹ 3274.35 crore.

A.3.1 Sundry Debtors (Sch-5) ₹114.49 crore

A.3.1.1 The Port Trust prepared their annual accounts on accrual system of accounting and also followed the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). Therefore, the issue of making provisions for bad and doubtful debts needs to be dealt with according to the Generally Accepted Accounting principles (GAAP) and instructions contained in Accounting Standard-4 (AS-4) Contingencies and Event Occurring after the Balance Sheet Date' and Accounting Standard - 9 (As-9)'Revenue Recognition' issued by the ICAI. Further, the Common Framework for Financial Reporting for major ports (November 2002) was approved by C&AG and that framework also clearly laid down that bad and doubtful debts should be provided for.

Sundry Debtors included ₹ 21.07 crore claimed against three parties after final disposal of order in favour of PPT by Hon'ble High

As per the Ministry guideline during Nov,2002, "no debt will be considered as bad irrespective of any time limit". Further, Sundry Debtors amounting to ₹ 21.07 crore against 3 firms as pointed out has to be realised from the firms as per the order of Hon'ble High Court of Odisha. According to Nov,2002 order, the claims are not doubtful for which bad debt provision is not required.



Observation made by Audit

Action taken by Paradip Port Trust.

Court, Odisha issued in April 2014. The dues are old in nature and chances of recovery is remote. Hence, the above debtors should be provided in the book of accounts considering doubtful in nature. Therefore, nonproviding the same has resulted in understatement of Provision by ₹ 21.07crore and overstatement of Net Surplus by ₹ 21.07crore.

A.3.1.2 Total dues against the M/s Bharat Minmet Exim India Ltd was around ₹ 2.5crore as derived by PPT'. The non-coking coal of Ms BMEIL was sold through e-auction in September 2017 for ₹ 10,59,580. However, PPT accounts show sundry debtors of ₹ 2.42 crore against the pary. This should have been charged to PL account. This has resulted in overstatement of Sundry Debtors by ₹ 2.42crore, understatement of Revenue (Expenditure) by ₹ 2.42crore and overstatement of Net Surplus by ₹ 2.42 crore.

Necessary accounting effect has been made vide Jr.501 dtd.25.10.2018.

A.4 Current Liabilities & Provision (Sch-6) ₹ 1948.29 crore

A.4.1 Other Provision ₹ 538.04 crore



Observation made by Audit

Action taken by Paradip Port Trust.

A.4.1.1 Net Surplus Before Tax ₹ 542.65 crore

A.4.1.2 The above includes a provision of ₹ 17.19 crore towards interest provision on 50% deferred Redeemable Capital (Initial Investment by Govt. of India). As per the loan terms interest @5.25% in ten equal installments from the financial year 1988-89 was payable and thus ₹ 2.13 crore was to be paid to Govt. of India. PPT did not pay the loan interest but credited provision for ₹ 17.19 crore resulting in excess provision of ₹ 15.06 crore. This has resulted in overstatement of provision with corresponding understatement of net surplus by ₹ 15.06 crore.

As per terms and conditions, the initial Capital Debt has been treated as 50% Debenture Capital and remaining 50% as deferred Redeemable Capital. The debenture capital together with interest @5.25% is supposed to be repaid in ten annual equal installments from 1988-89. As there is no demand from Gol, PPT has not paid the outstanding amount. However, necessary provision of interest is being provided in the account. As per the recent communication of Gol vide letter No.PD-26025/03/2014-PD-VI(Pt.) dated 14.09.2018, PPT's liability on account of Gol loan has been freezed at ₹ 623.06 crore. In view of this no interest will be charged w.e.f. 2018-19.

A.4.1.3 The above does not include ₹ 1.87 crore towards interest on service tax. The Commissioner of GST & Service Tax demanded ₹ 5.00 crore along with cess and interest under section 75 Service Tax Act and penalty thereon amounting to ₹ 1.25 crore. The Port Trust made payment (November) towards Service tax and penalty amounting to ₹ 6.24 crore excluding interest under section

As per the order of Commissioner of GST and Central Excise, BBSR, PPT has deposited the demanded Service Tax amounting to ₹ 4,99,73,062/- including cess along with Penalty amounting to ₹ 1,24,93,266/- vide Challan No.00552 dtd.21.11.2017. This amount has been paid as per the demand raised by Service Tax. Hence, there is no need to provide for interest.



Trust.

Observation made by Audit

Action taken by Paradip Port Trust.

75 of Service Tax Act. The Port Trust neither paid interest from April 2015 nor provided any liability on account of interest in the books of accounts.

Non-provision of same resulted in understatement of Current Liability & provision as well as overstatement Net Surplus before tax by ₹ 1.87 crore.

A.4.1.4 The above does not include ₹ 3.58 crore (M/s Cimco Birla ₹ 3.07 crore and Shri U. N.Rout ₹ 0.51 crore) towards claim of contractors. The arbitration award was passed in favour of the contractors and as per order issued by NITI Aayog 75% of the award may be paid by the PSU/Department to the contractor/ concessionaire against bank guarantee without prejudice to the final order of the court in the matter under challenge. However, Port trust did not make provision of 75% of awards as per order of NITI Aayog against claim of contractors.

Non provision of the same has resulted in understatement of

The claims of M/s.Cimoco Birla against the work "Design, manufacture, supply erection and commissioning of one number of Stacker-cum-Reclaimer" and Sri U.N.Rout against work, "Pitching of side slope from the Oil Jetty by North side approach" are under subjudice and the claims have not been considered as liability. Thus no provision has been made in the accounts. The fact has properly been disclosed in the "Notes on Accounts". Further there is no such request from the party in the light of NITI Aayog's order.



Observation made by Audit

Action taken by Paradip Port Trust.

Current Liability & Provision as well as over statement Net Surplus before Tax by ₹ 2.69 crore.

A.4.1.5 The above does not include ₹ 4.65 crore towards service tax payable on forfeited amount of bank guarantee of ₹ 33.20 crore during 2015-16 to 2017-18 due to short fall of Minimum Guaranteed Tonnage (MGT) scheme. Service Tax payable should have been provided in the Accounts.

Non provision of the same has resulted in understatement of Current Liability & Provision as well as over statement Net Surplus before Tax by ₹ 4.65 crore.

A.4.2 Pension & Gratuity provision (Sch-6) ₹ Nil.

A.4.2.1 Finance & Misc. Expenditure ₹ 387.63 crore

A.4.2.2 As per actuarial valuation made by LIC total pension liability for both pensioner as well as employees was ₹ 451.73 crore. However, Port trust paid only ₹ 335.18 crore towards pension fund Thus non-provision of the liability for

As per Order No.CCE/BBSR/ST/20/ 2017 dtd.24.10.2017 of Service Tax Department PPT has deposited a sum of ₹ 6,24,66,328 vide Vr.No.470/ SBI dtd.21.11.17 towards non- payment of Service Tax on forfeited amount of B.G due to shortfall of MGT for the year 2014-15. As PPT has not received any demand from Service Tax authority for the year 2015-16, 2016-17 and 2017-18, no provision has been made for the above year. In the meantime, PPT has proceeded to fight the issue before appropriate legal forum. However, the fact will be disclosed in the Notes on Accounts of 2018-19.

Paradip Port Trust has been obtaining actuarial valuation from LIC to ascertain the approximate liability towards Pension Fund. Further provision is being made depending on suitability and availability of surplus in that particular financial year. The deficit is not for a particular year rather



Observation made by Audit	Action taken by Paradip Port Trust.
<p>difference between actuarial valuation and funds available has resulted in understatement of Provisions as well as understatement of Finance & Misc Expenditure by ₹ 116.55 crore. The same has also resulted in overstatement of Net Surplus by ₹ 116.55 crore. The disclosure to this effect is not sufficient.</p>	<p>than accumulated deficit at the end of each financial year. Thus the arrear cumulative shortfall as on 31.03.2018 will be provided in the coming years depending on the availability of surplus. Suitable disclosure will be made in the accounts of 2018-19.</p>
<p>B. Management Letter: Deficiencies which have not been included in the audit Report have been brought to the notice of Paradip Port Trust through a management letter issued separately for remedial/corrective action.</p>	<p>Necessary accounting effect/disclosure will be made in the Accounts of 2018-19.</p>
<p>v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.</p>	
<p>vi. In our opinion and to the best of our information and according to the explanations given to us, the</p>	



Observation made by Audit

Action taken by Paradip Port Trust.

said financial statements read together with the Accounting Policies and Notes on Accounts and subject to the significant matters stated above and other matters mentioned in the Annexure-I to this Audit Report given a true and fair view in conformity with accounting principles generally accepted in India:

- a. In so far it relates to the Balance Sheet, of the state of affairs of the Paradip Port Trust, Paradip as at 31 March 2018; and
 - b. In so far as it relates to Profit and Loss Account of the surplus for the year ended on that date.
5. A review of account showing the summarized financial results of the Paradip Port Trust for the last three years ended 31 March 2018 is given in Annexure-II.

Place: Paradip Port
Date: 25.10.2018

Sd/-
S.K.Sahu
FA & CAO
PARADIP PORT TRUST