

Friday, December 22, 2017  
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Paradip Port Trust



ANNUAL ACCOUNTS 2016-17

# ANNUAL ACCOUNTS

# 2016-17

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017**

		(Amount in ₹)		
		SCH	As at 31.03.17	As at 31.03.16
<b>I. SOURCES OF FUNDS</b>				
1	RESERVES & SURPLUS	1	46,917,978,973	42,829,389,641
2	LOAN FUNDS	2	81,160,348	81,160,348
<b>TOTAL</b>			<b>46,999,139,321</b>	<b>42,910,549,989</b>
<b>II. APPLICATION OF FUNDS</b>				
1	FIXED ASSETS	3		
	a) Gross Block		21,730,838,256	20,850,733,401
	Less: Depreciation		9,176,772,730	8,599,037,367
	Net Block		12,554,065,526	12,251,696,034
	b) Capital Works-in Progress		2,744,814,399	2,626,167,179
2	INVESTMENTS	4	15,298,879,925	14,877,863,213
			23,241,757,481	20,505,547,831
3	CURRENT ASSETS, LOANS & ADVANCES	5	30,214,837,684	26,508,751,217
	Less: CURRENT LIABILITIES AND PROVISIONS	6	21,756,335,769	18,981,612,272
	Net CURRENT ASSETS		8,458,501,915	7,527,138,945
<b>TOTAL</b>			<b>46,999,139,321</b>	<b>42,910,549,989</b>

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

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

(Amount in ₹)

	SCH	2016-17	2015-16
<b>INCOME</b>			
Cargo Handling & Storage Charges	07	5,547,997,978	4,869,704,998
Port & Dock Charges(Including pilotage Fees)	08	3,579,931,693	3,201,583,592
Railway Earnings.	09	2,017,579,234	1,876,136,119
Estate Rentals	10	326,465,160	291,624,146
	<b>TOTAL</b>	<b>11,471,974,065</b>	<b>10,239,048,855</b>
<b>LESS EXPENDITURE</b>			
Cargo Handling & Storage Charges	11	1,933,792,285	1,837,211,272
Port & Dock Facilities (including Pilotage)	12	1,455,147,090	1,477,467,533
Railway Workings.	13	543,254,544	515,834,487
Rentable Land & Buildings.	14	581,295,496	513,052,191
Management & General Administration (not directly attributable to a Activity)	15	1,588,545,100	1,410,662,527
	<b>TOTAL</b>	<b>6,102,034,515</b>	<b>5,754,228,010</b>
Operating Surplus/(Deficit)		5,369,939,550	4,484,820,845
<b>Add:</b> Finance & Misc. Income	16	1,185,736,788	1,470,254,538
<b>Less:</b> Finance & Misc Expenditure	17	2,325,712,452	2,027,646,367
<b>Net Surplus(+)/(Deficit)(-) before Income Tax</b>		<b>4,229,963,886</b>	<b>3,927,429,016</b>
Provision for Income Tax		1,441,938,171	1,320,221,686
Provision for Deferred Tax Liability		31,656,658	43,384,654
<b>Net Surplus after Income Tax</b>		<b>2,756,369,057</b>	<b>2,563,822,676</b>
<b>Less: Appropriations</b>		-	-
Replacement, Rehabilitation and Modernisation of Capital Assets Fund		600,000,000	600,000,000
Development, Repayment of Loan & Contingencies Fund		600,000,000	600,000,000
<b>Net Surplus after Appropriation</b>		<b>1,556,369,057</b>	<b>1,363,822,676</b>

Significant Accounting policy and Notes on Accounts 18

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

*Sd/-*  
**( S. K. Sahu )**  
FA & CAO  
PARADIPPORT TRUST

*Sd/-*  
**( Rinkesh Roy )**  
CHAIRMAN  
PARADIPPORT TRUST



## SCHEDULED TO BALANCE SHEET

SCHEDULE - 1	RESERVES & SURPLUS	As at 31.03.17	As at 31.03.16
<b>(Amount in ₹)</b>			
<b>A. CAPITAL RESERVE</b>		60,445,839	64,594,530
<b>B. REVENUE RESERVE</b>			
i. General Reserve			
Opening Balance		24,832,878,465	23,857,855,789
<b>Less:</b> Interest to Reserve Fund		(281,800,000)	(388,800,000)
<b>Add:</b>			
- Adjustment		117,413,744	
- Net Generation		1,556,369,057	1,363,822,676
		<b>26,224,861,266</b>	<b>24,832,878,465</b>
ii. Reserve for Repayment of Initial Investment		81,160,348	81,160,348
Opening Balance		---	---
Additions		---	---
<b>Less :</b> Expenditure		<b>81,160,348</b>	<b>81,160,348</b>
iii. Employees Welfare Fund			
Opening Balance		1,500,000	1,500,000
<b>Additions</b>		1,500,000	1,500,000
<b>Less:</b> Expenditure		(1,500,000)	(1,500,000)
		<b>1,500,000</b>	<b>1,500,000</b>
iv. E.L. Encashment Fund		591,692,581	544,482,931
		<b>591,692,581</b>	<b>544,482,931</b>
<b>C. STATUTORY RESERVE</b>			
i. Replacement, Rehabilitation, Modernisation of Capital Assets Fund		9,502,073,201	8,202,073,201
Opening Balance		600,000,000	600,000,000
<b>Add:</b> Appropriation from Profit & Loss Account		149,000,000	
<b>Add:</b> Earlier shortfall Interest		---	---
<b>Add:</b> Interest earned from investment of Fund		760,000,000	700,000,000
		<b>11,011,073,201</b>	<b>9,502,073,201</b>
ii. Development, Repayment of Loans & Contingencies Fund.			
Opening Balance		7,802,700,166	6,642,700,166
<b>Add:</b> Appropriation from Profit & Loss Account		600,000,000	600,000,000
<b>Less:</b> Repayment of GOI Loan		(198,254,428)	-
<b>Add:</b> Earlier shortfall Interest		132,800,000	-
<b>Add:</b> Interest earned from investment of Fund		610,000,000	560,000,000
		<b>8,947,245,738</b>	<b>7,802,700,166</b>
<b>TOTAL</b>		<b>46,917,978,973</b>	<b>42,829,389,641</b>



## SCHEDULED TO BALANCE SHEET

SCHEDULE - 2	LOAN FUNDS	(Amount in ₹)	
		As at 31.03.17	As at 31.03.16
A. SECURED LOANS		---	---
B. <u>GOVT. LOANS</u>			
i. Initial Investment by Govt. of India		81,160,348	81,160,348
C. UNSECURED LOANS		---	---
	<b>TOTAL</b>	<b>81,160,348</b>	<b>81,160,348</b>


**SCHEDULE - 3  
FIXED ASSETS**
**SCHEDULED TO BALANCE SHEET**

DESCRIPTION OF ASSET	GROSS BLOCK			
	As at 01.04.16	Additions during the year	Del/Adj during the year	As at 31.03.17
1	2	3	4	5
Land	77,033,494	-	-	77,033,494
Lease land	3,081,000	-	(79,000)	3,002,000
Stacking Yard	464,093,496	-	-	464,093,496
Capital Dredging	3,142,020,194	547,205,317	-	3,689,225,511
Building Sheds and Other Structures	1,642,120,487	5,028,099	-	1,647,148,586
Wharves, Roads, Boundaries	4,784,454,522	160,798,329	-	4,945,252,851
Floating Craft	828,612,677	-	-	828,612,677
Railway and Rolling Stock	1,715,327,028	142,838,967	-	1,858,165,995
Docks, Sea-Walls, Breakwaters, Piers & Navigational Aids	777,133,255	-	-	777,133,255
Cranes and Vehicles	171,723,635	-	(97,983,552)	73,740,083
Plant & Machinery	5,652,688,447	-	-	5,652,688,447
Installation and Equipments	963,071,315	122,296,695	-	1,085,368,010
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
<b>Total</b>	<b>20,850,733,401</b>	<b>978,167,407</b>	<b>(98,062,552)</b>	<b>21,730,838,256</b>
Works in Progress	2,626,167,179	1,231,310,921	(1,112,663,701)	2,744,814,399
<b>Grand Total</b>	<b>23,476,900,580</b>	<b>2,209,478,328</b>	<b>(1,210,726,253)</b>	<b>24,475,652,655</b>
<i>Previous Year</i>	22,659,914,095	1,234,557,643	(417,571,158)	23,476,900,580

**AS AT 31.03.2017**

(Amount in ₹)

DEPRECIATION AND AMORTISATION				NET BLOCK	
As at 01.04.16	Provisions for the year	Del/Adj. during the year	Total as on 31.03.17	As at 31.03.17	As at 31.03.16
6	7	8	9	10	11
-	-	-	-	77,033,494	77,033,494
-	-	-	-	3,002,000	3,081,000
156,981,371	11,602,337	-	168,583,708	295,509,788	307,112,125
228,563,168	36,892,255	6,751,003	272,206,426	3,417,019,085	2,913,457,026
617,529,599	32,052,292	-	649,581,891	997,566,695	1,024,590,888
1,211,507,528	78,886,375	-	1,290,393,903	3,654,858,948	3,572,946,994
427,722,612	41,430,634	-	469,153,246	359,459,431	400,890,065
618,689,471	56,542,181	11,694,142	686,925,794	1,171,240,201	1,096,637,557
223,897,628	22,333,087	-	246,230,715	530,902,540	553,235,627
117,406,025	629,997	(45,124,292)	72,911,730	828,353	54,317,610
4,265,792,500	265,287,786	-	4,531,080,286	1,121,608,161	1,386,895,947
439,584,340	28,944,684	2,095,695	470,624,719	614,743,291	523,486,975
2,773,392	-	-	2,773,392	-	-
270,019,770	27,717,177	-	297,736,947	310,293,539	338,010,716
18,569,963	-	-	18,569,963	10	10
<b>8,599,037,367</b>	<b>602,318,805</b>	<b>(24,583,452)</b>	<b>9,176,772,730</b>	<b>12,554,065,536</b>	<b>12,250,688,234</b>
-	-	-	-	2,744,814,399	2,626,167,179
<b>8,599,037,367</b>	<b>602,318,805</b>	<b>(24,583,452)</b>	<b>9,176,772,730</b>	<b>15,298,879,935</b>	<b>14,876,855,413</b>
8,037,626,733	605,152,146	(43,741,512)	8,599,037,367	14,877,863,213	14,622,287,363



## SCHEDULED TO BALANCE SHEET

		(Amount in ₹)	
SCHEDULE - 4	INVESTMENTS	As at 31.03.17	As at 31.03.16
<b>A. <u>INVESTMENT WITH GOVT. OR TRUST SECURITIES</u></b>		-	-
<b>TOTAL</b>		-	-
<b>B. <u>SHARES, DEBENTURES OR BONDS</u></b>			
	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
<b>TOTAL</b>		<b>1,647,064,900</b>	<b>1,647,064,900</b>
<b>C. <u>INVESTMENT PROPERTIES</u></b>		-	-
<b>TOTAL</b>		-	-
<b>D. <u>OTHERS</u></b>			
	Investment of Deferred tax fund	964,600,000	930,100,000
	Investment of Replacement, Rehabilitation and Modernisation of Capital Assets Reserve Fund	11,010,000,000	9,500,000,000
	Investment of Development, Repayment of Loan & Contingencies Reserve Fund	8,947,200,000	7,802,700,000
	Investment of Repayment of Initial Investment	81,200,000	81,200,000
	of GOI Fund Investment of E.L Encashment Fund	591,692,581	544,482,931
<b>TOTAL</b>		<b>21,594,692,581</b>	<b>18,858,482,931</b>
<b>G.TOTAL</b>		<b>23,241,757,481</b>	<b>20,505,547,831</b>



## SCHEDULED TO BALANCE SHEET

(Amount in ₹)

SCHEDULE - 5	INVESTMENTS	As at 31.03.17	As at 31.03.16
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
<b>A. CURRENT ASSETS</b>			
i.	Accrued Interest on Investment	1,280,945,992	1,353,059,668
ii.	Inventories	56,844,057	48,161,900
iii.	Sundry Debtors		
	a. Govt. Dues	64,367,816	
	b. Non-Govt. Dues	1,524,678,892	1,120,207,012
iv.	Cash & Bank Balance		
	a. Cash in Hand	261,155	221,498
	b. Bank Balance		
	i. Fixed Deposit	7,657,878,208	6,488,641,967
	ii. Savings Bank A/c.		
	- Allahabad Bank	3,724,575	450,716,834
	- State Bank of India	81,900,558	56,065,417
	- United Bank of India	99,396,522	122,765,030
	- Allahabad Bank (Ext)	6,149,470	12,404,885
	- Uco Bank	45,332,915	27,956,475
	- Oriental Bank of Commerce	235,277,177	200,478,595
	- Union Bank	20,261,757	13,636,155
	- I.D.B.I Bank	186,632,409	117,173,290
	- Axis Bank	34,656,175	15,826,751
	- State Bank of India(Suravi)	215,225,383	113,070,359
	- ICICI Bank	81,831,854	32,626,401
	- SBI (EMD)	8,260,691	75,968,782
	- PN Bank	4,390,550	16,984,091
	- State Bank of India(POS)	3,845,790	-
	- State Bank of India(RFID)	10,176,783	-
	- I.D.B.I Bank (POS)	2,113,001	
		<b>8,697,314,973</b>	<b>7,744,536,530</b>



## SCHEDULED TO BALANCE SHEET

		(Amount in ₹)	
SCHEDULE - 5	INVESTMENTS	As at 31.03.17	As at 31.03.16
<b>B. LOANS AND ADVANCES</b>			
i.	Deposits	1,026,049,893	195,377,446
ii.	T.D.S (Tax Deducted at Source)	2,461,396,611	2,138,146,103
iii.	Payments in Advance		
	- Advance for Purchases	39,328,373	45,750,353
	- Advance for Motor Cycle/ Scooters/ Motor Car / Computer etc.	1,291,819	2,579,536
	- Advance for Festivals	8,617,012	11,177,108
	- Advance to Staff	4,905,403	4,612,847
	- Advance against T.A	2,041,700	1,843,348
	- Natural Calamities Adv.	-	3,814,376
	- Advance to Contractors	32,796,938	55,703,005
	- House Building Advance	42,946,294	53,503,224
	- Sales Tax Deposit	100,000,000	100,000,000
	- Temporary Advance to departments	1,994,187	7,017,018
	- Permanent Imprest to departments	878,743	761,743
	- Income Tax	14,868,438,981	13,622,500,000
		<b>15,103,239,450</b>	<b>13,909,262,558</b>
	<b>TOTAL</b>	<b>30,214,837,684</b>	<b>26,508,751,217</b>



## SCHEDULE TO BALANCE SHEET

(Amount in ₹)

SCHEDULE - 6	As at 31.03.17	As at 31.03.16
<b>A CURRENT LIABILITIES</b>		
i. Creditors for Stores	103,235,794	91,678,087
ii. Miscellaneous Creditors & Credit Balances	205,645,452	29,408,474
iii. Deposits from Merchants, Contractors & Others		
- Cash	3,258,303,620	1,835,785,502
- Securities	100,000,000	100,000,000
<b>Less : Securities at face values</b>	(100,000,000)	(100,000,000)
iv) Grant in aid	-	-
	<b>3,567,184,866</b>	<b>1,956,872,063</b>
<b>B PROVISIONS</b>		
i. Contingencies	-	-
ii. <u>Taxation</u>		
Income Tax	13,493,646,029	12,051,707,858
Deferred Tax liability	964,635,823	932,979,165
iii. <u>Employee Related Benefits</u>		
Pension & Gratuity Provision	(1,015,753,098)	-
Provident Fund	(65,000,000)	46,500
Salaries & Wages	291,402,743	141,129,820
iv. <u>Other Provisions</u>		
Accrued Expenses	4,520,219,406	3,898,876,866
	<b>18,189,150,903</b>	<b>17,024,740,209</b>
<b>TOTAL</b>	<b>21,756,335,769</b>	<b>18,981,612,272</b>

**SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

(Amount in ₹)

<b>SCHEDULE - 7</b>	<b>2016 - 17</b>	<b>2015 - 16</b>
<b><u>CARGO HANDLING &amp; STORAGE CHARGES</u></b>		
Handling of General Cargo	1,830,872,630	1,451,596,310
Handling of Iron Ore & Other Ore	69,591,710	21,007,770
Storage of goods	469,265,760	264,083,890
SPM Warfage	134,123,286	97,270,753
Cranage	108,286,265	89,100
Grab Royalty	1,947,086	2,976,532
Ore Mechanical Handling Plant Charges	174,394,345	-
MCHP Shipping Charges	1,498,876,603	1,805,403,614
MCHP Unloading Charges	977,038,521	1,062,440,494
POL Handling Charges	91,766,970	75,856,797
Demurrage fees on General Cargo	104,936,634	82,214,242
Premium on BOT Project	49,150,090	-
Miscellaneous	37,748,078	6,765,496
<b>TOTAL</b>	<b><u>5,547,997,978</u></b>	<b><u>4,869,704,998</u></b>
<b>SCHEDULE - 8</b>	<b>2016 - 17</b>	<b>2015 - 16</b>
<b><u>PORT &amp; DOCK CHARGES</u></b>		
<b>(Including Pilotage)</b>		
Towage and Mooring Fees	451,446,421	317,771,429
Dock Dues (Berth Hire)	519,664,271	468,194,160
Port Dues	777,771,788	652,154,003
Pilotage Fees	1,805,872,933	1,735,742,694
Water & Oil supply to Shipping	13,832,590	17,187,238
Dry Dock	9,252,715	8,783,229
Miscellaneous Charges	2,090,975	1,750,839
<b>TOTAL</b>	<b><u>3,579,931,693</u></b>	<b><u>3,201,583,592</u></b>


**SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

(Amount in ₹)

<b>SCHEDULE - 9</b>	<b>2016 - 17</b>	<b>2015 - 16</b>
<b><u>RAILWAY EARNING:</u></b>		
Freight and Haulage Charges	677,901,329	666,897,636
Siding Charges	109,945,302	108,158,942
Terminal Charges	1,199,621,153	1,101,079,541
Wharfage Demurrage	30,111,450	-
<b>TOTAL</b>	<b>2,017,579,234</b>	<b>1,876,136,119</b>

<b>SCHEDULE - 10</b>	<b>2016 - 17</b>	<b>2015 - 16</b>
<b><u>ESTATE RENTALS:</u></b>		
Rent from Land	78,160,935	80,796,197
Rent from Buildings, Sheds & Godowns	87,283,901	65,971,634
Recoverable Service Charges	151,101,122	143,598,866
Miscellaneous Income	9,919,202	1,257,449
<b>TOTAL</b>	<b>326,465,160</b>	<b>291,624,146</b>

**SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

(Amount in ₹)

<b>SCHEDULE - 11</b>	<b>2016 - 17</b>	<b>2015 - 16</b>
<b><u>CARGO HANDLING &amp; STORAGE CHARGES</u></b>		
Handling & Storage of General Cargo at Sheds & Wharfages	302,265,877	297,962,744
Handling & Storage of Iron Ore & Other Ore	31,467,562	6,799,723
Ware Housing	887,168	7,179,965
Operation & Maintenance of Ore Handling Plant	195,366,331	162,697,386
Operation & Maintenance of MCHP	840,713,817	753,316,562
Administration & General Expenses.	207,404,167	237,075,822
Depreciation	355,687,363	372,179,070
<b>TOTAL</b>	<b>1,933,792,285</b>	<b>1,837,211,272</b>

<b>SCHEDULE - 12</b>	<b>2016 - 17</b>	<b>2015 - 16</b>
<b><u>PORT &amp; DOCK FACILITIES FOR SHIPPING</u></b>		
<b><u>(INCLUDING PILOTAGE)</u></b>		
Towing, Berthing & Mooring	381,941,053	322,151,573
Pilotage	47,381,119	38,861,582
Dredging & Marine Survey	678,096,541	677,217,397
Operation & Maintenance of Navigation Aids.	12,816,866	39,622,560
Maintenance of Docks & Harbour Walls, Marine Structural, Sea Shore etc.	100,969,679	176,195,431
Administration & General Expenses	133,285,856	128,235,067
Depreciation	100,655,976	95,183,923
<b>TOTAL</b>	<b>1,455,147,090</b>	<b>1,477,467,533</b>



### SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

(Amount in ₹)

<b>SCHEDULE - 13</b>	<b>2016 - 17</b>	<b>2015 - 16</b>
<b><u>RAILWAY WORKINGS</u></b>		
Operation & Maintenance of Locomotive, Wagons etc.	340,364,737	315,228,863
Maintenance of Permanent way, Signals and Inter Locking	96,273,014	100,046,821
Operation & Maintenance and Administration Expenses of Station Yards & Sidings.	2,172,448	2,069,488
Administration and General Expenses	47,902,164	47,769,852
Depreciation	56,542,181	50,719,463
<b>TOTAL</b>	<b>543,254,544</b>	<b>515,834,487</b>

<b>SCHEDULE - 14</b>	<b>2016 - 17</b>	<b>2015 - 16</b>
<b><u>RENTABLE LANDS &amp; BUILDINGS</u></b>		
Estate Maintenance	479,061,538	418,433,908
Administration & General Expenses	33,746,106	30,001,478
Depreciation	68,487,852	64,616,805
<b>TOTAL</b>	<b>581,295,496</b>	<b>513,052,191</b>



### SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

(Amount in ₹)

<b>SCHEDULE - 15</b>	<b>2016 - 17</b>	<b>2015 - 16</b>
<b><u>MANAGEMENT &amp; GENERAL ADMINISTRATION</u></b>		
Management & Secretarial Expenses	493,166,053	463,345,543
Labour & Welfare Expenses etc.	91,915,601	87,953,261
Medical Expenses	292,505,893	246,608,947
Store Keeping	32,021,704	29,792,666
Accounting, Auditing	123,072,355	70,046,861
Telephone Expenses	5,957,248	4,939,695
Engineering & Workshop Administration & Overhead	515,258,064	453,168,211
Sundry Expenses	13,702,749	32,354,458
Depreciation	20,945,433	22,452,885
<b>TOTAL</b>	<b>1,588,545,100</b>	<b>1,410,662,527</b>
<b><u>SCHEDULE - 16</u></b>		
<b><u>FINANCE &amp; MISCELLANEOUS INCOME</u></b>		
Interest on Fixed Deposits	768,632,645	1,021,659,573
Interest on Loans & Advances	4,445,591	13,389,392
Sale of Unservicable Materials	11,884,060	11,809,697
Miscellaneous Income	240,866,134	468,769,155
Items Relating to Previous Years	159,908,358	(45,373,279)
<b>TOTAL</b>	<b>1,185,736,788</b>	<b>1,470,254,538</b>



### SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

(Amount in ₹)

SCHEDULE - 17	2016 - 17	2015 - 16
<b><u>FINANCE &amp; MISCELLANEOUS EXPENSES</u></b>		
Bank Charges	164,306	-
Interest Payable on :		
- Govt. of India Loan & Initial Investment	458,420,773	389,730,459
Pension Contribution including contribution to other port	1,750,075,943	1,397,917,547
Employer's Contribution CPF & Tire-IA/c.	4,888,830	4,537,770
TA to Retired Employees	695,790	4,224,166
E.L.Encashment Provision	-	14,586,539
C.S.R	51,276,454	55,100,000
Service Charges for NPS	25,042	23,574
Loss on Disposal of Capital Asset	46,197,320	-
Gratuity Provision	2,311,663	161,034,465
Employees Welfare Fund	1,500,000	1,500,000
Items relating to Previous Years	10,156,331	(1,008,153)
<b>TOTAL</b>	<b>2,325,712,452</b>	<b>2,027,646,367</b>

**SCHEDULE-18****ANNUAL ACCOUNTS 2016-17  
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.
- 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.
- 7 One time nonrefundable upfront fee received from lessees 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 transactions: Foreign exchange transactions are evaluated at the rate of exchange prevailing on the date of payment (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 BRIEF :**

<b>RESULTS FOR THE YEAR</b>	<b>2016 - 17</b>	<b>2015 - 16</b>
Traffic (in Million MT)	88.95	76.39
Operating Income (₹ In Cr.)	1147.19	1023.90
Operating Expenditure (₹ In Cr.)	610.20	575.42
Operating Surplus (₹ In Cr.)	536.99	448.48
Total Income (₹ In Cr.)	1265.76	1170.92
Total Expenditure (₹ In Cr.)	842.77	778.18
Net Surplus (₹ In Cr.)	422.99	392.74
Operating Ratio	1:0.53	1:0.56
Unit Operating Cost per Ton of Cargo Handled (₹)	68.60	75.33
Salary & Wages as percentage of total expenditure	15.44	15.50
Provision of Income Tax (₹ In Cr.)	144.19	132.02



2 **PROFIT AND LOSS ACCOUNT**

The Profit and Loss Accounts shows an operating surplus of ₹ 536.99 crores and a Net Surplus of ₹ 422.99 crores. ₹ 120.00 crores has been transferred to two reserve funds. The accumulated surplus stands at ₹ 2622.48 crores as on 31.03.2017 which has been exhibited in the General Reserve.

3 **PENSION CONTRIBUTION**

To meet the liabilities on account of pensionary benefits, ₹ 175.00 crores has been provided towards Pension Fund.

4 **INVESTMENT AND INTEREST**

Various funds and surplus have been invested in different nationalised 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**

₹ 2.50 crores has been provided against the anticipated payment towards Productivity Linked Reward.

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 ₹ 144.19 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 has 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. The proposal has already been cleared by Revenue and Disaster Management Department, Government of Odisha and 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) Deletion of Port Trust's name from 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 2016-17 was ₹ 101.85 crores, (Plan Capital ₹ 93.11 crores and Non-plan Capital ₹ 8.75 crores). An amount of ₹ 206.28 crores is the commitment as on 31.03.2017 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 23 nos of cases filed by PPT against different parties during 2016-17. There are 49 nos of cases filed against PPT by different parties during 2016-17.

**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) The effect of 12A for above years is pending before the Assessing Officer

For the financial year 2011-12, Paradip Port Trust filed an appeal before CIT (Appeal), against the order of the Assessing Officer. The Hon`ble CIT (Appeal) passed the order in favour of Paradip Port Trust and also an amount of ₹ 25.40 crore has been refunded by I.T. Department which includes ₹ 1.95 crore as interest.

For the financial year 2012-13 and 2013-14, appeal has been filed before the Hon`ble CIT (Appeal), Cuttack against the assessment order passed by the Assessing Officer.

For the financial year 2014-15 and 2015-16, 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.OFINDIA LOAN**

Ministry of Shipping is initiating a proposal through a Cabinet Note for waiver of penal interest on loans as per the decision of the meeting dated 15.01.2013 and MOS Letter No.26025/03/2014-PDVI dated 11.04.2014 which is in active consideration as communicated vide MOS letter PAO/Control/Reconciliation of loans/2013-14 dated 19.02.2015. However, PPT is providing for interest w.e.f. 2014-15. As per the MOS Letter No.PD-25021/2016-PD-II dtd.10.10.2016, PPT started repayment of loan pending approval of Cabinet on waiver of penal interest and interest. As on 31st March PPT has paid ₹ 19.82 crore towards principal and ₹ 5.89 crore towards interest.

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	86.92
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 plan and non-plan projects.

**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 2017 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 ₹17.00 lakh were received at Central Store during 2016-17 have not been accounted for as those materials were inspected and check measured during 2017-18.
- iv. Nothing is outstanding as per Micro Small and Medium Enterprise Development Act, 2006.

**c Fixed Asset (AS 10)**

Capital Work in Progress has been accounted for on cash basis.

**d Govt. Grants (AS 12)**

No grant has been received during 2016-17

**e Investments (AS 13)**

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

**f Employee Benefits (AS 15)**

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

**17 SUNDRY DEBTORS**

The age wise classification of sundry debtors are given below;

Less than 6 months      ₹ 110.15 crores

More than 6 months      ₹ 48.76 crores

*Sd/-*  
**( S. K. Sahu )**  
FA & CAO  
PARADIPPORT TRUST

*Sd/-*  
**( Rinkesh Roy )**  
CHAIRMAN  
PARADIPPORT TRUST



## Annexure - I

## PENSION & GRATUITY FUND BALANCE SHEET AS AT 31.03.2017

(Amount in ₹)

LIABILITIES	Amount	ASSETS	Amount
<b><u>Pension Fund Account</u></b>			
<b>Opening Balance</b>	7,783,564,223	<b><u>Investment</u></b>	
<b>Add:</b> Contribution from PPT	1,750,000,000	Pension Fund	10,179,578,350
<b>Add:</b> LSPC receivable from PPT	4,246,902	Gratuity Fund	1,302,413,884
	9,537,811,125	Current Assets & Loans and Advances	
<b>Less:</b> Excess of expenditure over income	132,274,247	LSPC receivable from PPT	4,246,902
	9,405,536,878	HBA receivable from PPT	384,136
<b><u>Gratuity Fund Account</u></b>			
Opening Balance	1,206,385,083	<b><u>Cash &amp; Bank Balance</u></b>	
<b>Add:</b> Contribution	891,409	Cash at Bank	30,686,311
	1,207,276,492		
<b>Less:</b> Excess of expenditure over income	115,503,787		
	1,091,772,705		
<b><u>Current Liabilities</u></b>			
Payable to PPT Account	1,020,000,000		
	11,517,309,583		11,517,309,583

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

*Sd/-*  
**( Rinkesh Roy )**  
CHAIRMAN  
PARADIP PORT TRUST



**PENSION & GRATUITY FUND  
INCOME AND EXPENDITURE ACCOUNTS  
FOR THE YEAR ENDING 31.03.2017**

(Amount in ₹)

EXPENDITURE	Amount	INCOME	Amount
Pension Payment	881,379,923	Interest from Saving Account	1,726,776
Gratuity Payment	218,853,416	Interest on Investment of Pension Fund	747,379,736
Premium towards Gratuity	891,409	Interest on Investment of Gratuity Fund	104,241,038
Bank Charges	836		
		<u>Excess of Expenditure Over Income</u>	
		Transfer to Pension Fund	132,274,247
		Transfer to Gratuity Fund	115,503,787
			247,778,034
	<u>1,101,125,584</u>		<u>1,101,125,584</u>

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

*Sd/-*  
**( Rinkesh Roy )**  
CHAIRMAN  
PARADIP PORT TRUST



## Annexure - II

## PROVIDENT FUND ACCOUNT

## BALANCE SHEET AS AT 31.03.2017

(Amount in ₹)

LIABILITIES		Amount	ASSETS		Amount
<b><u>GPF Fund</u></b>			<b><u>Investment</u></b>		
Opening Balance	1,296,381,746		Principal Amount	1,264,998,000	
Add : Contribution	285,652,177		Interest Accrued	59,801,840	1,324,799,840
Add : Recovery	9,965,175				
Add : Interest	114,173,559		Receivable from PPT (TDS)		6,511,776
	<u>1,706,172,657</u>				
Less : Withdrawal	464,650,586	1,241,522,071	<b><u>Cash &amp; Bank Balance</u></b>		
			Cash at Bank		4,299,641
<b><u>CPF Fund</u></b>					
Opening Balance	19,592,690				
Add : Contribution (Employee)	613,783				
Add : Contribution (Employer)	613,783				
Add : Recovery	1,391,828				
Add : Interest	1,930,232				
	<u>24,142,316</u>				
Less Withdrawal	1,670,491	22,471,825			
Reserve Fund	26,039,837				
Less : Adjustment	19,422,476	6,617,361			
<b><u>Current Liability</u></b>					
Payable to PPT		65,000,000			
		<u>1,335,611,257</u>			<u>1,335,611,257</u>

Sd/-  
( S. K. Sahu )  
FA & CAO  
PARADIPPORT TRUST

Sd/-  
( Rinkesh Roy )  
CHAIRMAN  
PARADIP PORT TRUST



## Annexure - II

**PROVIDENT FUND ACCOUNT  
INCOME AND EXPENDITURE ACCOUNTS FOR  
THE YEAR ENDING 31.03.2017**

		(Amount in ₹)	
EXPENDITURE	Amount	INCOME	Amount
Interest on GPF Balances	114,173,559	Interest on FDR	95,400,066
Interest on CPF Balances	1,930,232	Interest on Saving A/c	1,281,249
		Adjusted with Reserve Fund	19,422,476
	<b>116,103,791</b>		<b>116,103,791</b>

*Sd/-*  
**( S. K. Sahu )**  
FA & CAO  
PARADIPPORT TRUST

*Sd/-*  
**( Rinkesh Roy )**  
CHAIRMAN  
PARADIPPORT TRUST



# **AUDIT REPORT 2016-17**



**SEPARATE AUDIT REPORT OF THE COMPTROLLER & AUDITOR  
GENERAL OF INDIA ON THE ACCOUNTS OF PARADIP PORT TRUST,  
PARADIP FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

We have audited the attached Balance Sheet of Paradip Port Trust (PPT), Paradip as at 31<sup>st</sup> March 2017 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 management of Paradip Port Trust. 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 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, evidence 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 Application of fund****A.1.1 Fixed Assets –Net block ₹ 1255.41 crore****Capital Works in Progress ₹ 274.48 crore**

**A.1.1.1** The above Capital Works in Progress includes an amount of ₹ 2.98 Crore on account of dismantling of dilapidated residential buildings (₹ 0.29 crore) and construction of RCC drain, culvert and cable trench for new stack yards near old CISF complex (₹ 2.69 crore). Though the work was completed on 31.01.2016, the same has not been transferred to Fixed/Capital assets. This has resulted in overstatement of Capital work in Progress as well as understatement of Net Fixed assets by ₹ 2.55 Crore and understatement of depreciation including prior period by ₹ 0.14 Crore. Further, non charging of demolition work in revenue also resulted in overstatement of Capital Work In Progress and net surplus before income tax by ₹ 0.29 crore.

**A.1.1.2** The works of Supply, Installation and Commissioning of 112 numbers of High Mast Towers inside Harbour area were completed during the year 2016-17 at a value of ₹ 6.77 crore (60 Nos. completed on 30.11.2016 at a value of ₹ 3.67 crore and 52 Nos. on 25.01.2017 at a value of ₹ 3.10 crore ). Instead of capitalizing the total value, an amount of ₹ 3.90 crore was capitalized and the balance amount of ₹ 2.87 crore has neither been capitalized nor provided for as liability. This has resulted in understatement of Net Fixed Assets by ₹ 2.80 crore and understatement of depreciation by ₹ 0.07 crore as well as understatement of current liabilities and provisions by ₹ 2.87 crore.

**A.1.1.3** The above head (CWIP) includes an amount of ₹ 1.96 Crore paid to M/s. Indian Port Rail Corporation Ltd (M/s. IPRCL) on account of preparation of DPR for dedicated port rail connectivity from Salegaon to Paradip Port including the formation of a SPV for implementation, operation and maintenance of the proposed corridor from Budhapan to Salegaon. As the project does not belong to PPT the amount paid for the above purpose should not create asset for PPT. Hence, the amount should be treated as Advance to M/s. IPRCL.

Non-compliance of the above has resulted in overstatement of Capital Work In Progress as well as understatement of Current Assets, Loans & Advances to the extent of ₹ 1.96 Crore.



**A.1.1.4** The above does not include an amount of ₹ 1.72 Crore against 2<sup>nd</sup> RA Bill dated 15.10.2015 on account of shore protection work to facilitate dredging of the BOT Iron Ore and Coal Berth Dock basin submitted by the contractor M/s. Paresh Construction and Foundations Pvt. Ltd. (M/s. PCFCL). This has resulted in understatement of Capital Work In Progress with corresponding understatement of Current Liabilities & Provisions by ₹ 1.72 Crore.

**A.1.2 Investment (Schedule-4) ₹ 2324.17 Crore**

**A.1.2.1.** 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 2015-16, but no corrective action has been taken.

**A.1.2.2.** 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 2015-16, but no corrective action has been taken.

**A.1.3 Current Assets, Loans & Advances (Schedule-5) ₹ 3021.48 Crore**  
**Sundry Debtors (Schedule-5A) ₹ 158.90 Crore**  
**Current Liabilities & Provisions (Schedule-6) ₹ 2175.63 Crore**

**A.1.3.1 Current Liabilities & Provisions (Schedule-6) ₹ 2175.63 Crore**

The above head does not include an amount of ₹ 63.79 Crore on account of outstanding water charges along with penal interest for the period October 1994 to March 2000 payable to Mahanadi South Division, WR Deptt, Government of Odisha.

Non provisioning of the same has resulted in understatement of Current Liabilities and Provisions with corresponding overstatement of Net surplus before Income Tax to the extent of ₹ 63.79 Crore.

**A.1.3.2 Current Liabilities & Provisions (Schedule -6)****₹ 2175.63 Crore**

Paradip Port Trust had an outstanding liabilities towards Government of India Loan amounting to ₹ 667.09 Crore (Defaulted principal ₹ 387.73 Crore and Interest ₹ 279.36 Crore) as on 01.04.2014. PPT had agreed (July 2014) to repay the defaulted principal amount and interest on default principal w.e.f. 01.04.2014. An amount of ₹ 416.92 Crore was accrued as interest on defaulted principal for the years 2014-15, 2015-16 and 2016-17, including original interest amount. Against the interest liability of ₹ 137.56 Crore from 01.04.2014 to 31.03.2017, only ₹ 122.28 Crore was provided for in the accounts resulting in a short provision of ₹ 15.28 Crore in accounts.

This has resulted in understatement of current liabilities and provisions and overstatement of net surplus before income tax by ₹ 15.28 Crore.

**A.1.3.3 Provision for Deferred Tax Liability (Schedule 6 B ii)****₹ 96.46 crore**

Deferred Tax Liability to the extent of ₹ 1.49 Crore has not been created for the assets which have been capitalized retrospectively with effect from the date of commissioning in earlier years. This has resulted in understatement of Deferred Tax Liability to the extent of ₹ 1.49 Crore with corresponding overstatement of Net surplus after Income Tax to the same extent.

**B. Profit & Loss Account****B.1 Expenditure****B.1.1 Net Surplus (deficit) before Income tax****₹ 422.99 Crore****B.1.2. Management & General Administration (Schedule-15)****₹ 158.85 Crore**

**B.1.2.1** The above includes ₹ 1.39 Crore incurred on project management consultancy services for supply, installation commissioning, operational maintenance of a 10MW solar (PV) Power Plant by Ministry of Shipping, which was to be installed in phases. The expenditure should have been booked to Capital Work In Progress instead of charging to revenue. This has resulted in understatement of Capital Work In Progress by ₹ 1.39 Crore with corresponding understatement of Net Surplus before Income Tax.

**B.1.2.2** Cost of replacement of clothing and Arms and Ammunitions for the CISF Personnel is being paid every year. Based on the last year's payment at least ₹ 0.51 Crore should have been provided in the accounts.



Non-provisioning of the same has resulted in understatement of Current Liabilities & Provisions as well as overstatement of Net Surplus before Income Tax to the extent of ₹ 0.51 Crore.

**C. Significant Accounting Policies and Notes on Account (Schedule-18)**

**C.1 Disclosure of Accounting Policies**

Accounting policies and disclosure on accounting policies are contradicting each other as the accounting policies stressed on the maintenance of books on mercantile basis, while the disclosure of accounting policies states that Capital Work-in-progress has been accounted for on cash basis.

**D. 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 2017; 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 2017 is given in Annexure-II.

**Place: Kolkata**  
**Date: 17.10.2017**

Sd/-  
**(Reena Saha)**  
Principal Director of Commercial Audit  
& 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 2016-17 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/-  
**(B. C. Mandal)**  
Director



## ANNEXURE – II TO AUDIT REPORT

### FINANCIAL POSITION OF PARADIP PORT TRUST, PARADIP

#### REVIEW OF ACCOUNTS OF PARADIP PORT TRUST, PARADIP FOR THE YEAR ENDED 31 MARCH 2017 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.

#### 2. FINANCIAL POSITION

The financial position of the Port Trust under broad headings for the last three years ending 31.03.2017 was as follows:

(₹ in Crore)

A. LIABILITIES	2016-17	2015-16	2014-15
(i) Capital Reserve (#)	2009.99	1745.05	1498.64
(ii) Other Reserve (@)	2681.81	2537.89	2434.66
(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	Nil
(iv) Current Liabilities and Provisions	2175.63	1898.16	1689.67
(v) Other Liabilities (CPF/Pension fund etc.)	Nil	Nil	Nil
<b>TOTAL</b>	<b>6875.55</b>	<b>6189.22</b>	<b>5631.09</b>



<b>(B) ASSETS</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
(i) Fixed Assets (Gross Block)	2173.08	2085.07	2089.49
(ii) Less: Depreciation	917.67	859.90	803.76
(iii) Net Fixed Assets	1255.41	1225.17	1285.73
(iv) Work-in-Progress	274.48	262.62	176.50
(v) Investments	2324.18	2050.55	1780.96
(vi) Current Assets, Loans & Advances	3021.48	2650.88	2387.90
<b>TOTAL</b>	<b>6875.55</b>	<b>6189.22</b>	<b>5631.09</b>
<b>(C) Working Capital (*)</b>	845.85	752.71	698.23
<b>(D) Net Worth (**)</b>	2622.49	2483.29	2385.78
<b>(E) Capital Employed (***)</b>	2101.26	1977.88	1983.96
<b>(F) Return on Capital Employed (****)</b>	20.13%	19.86%	21.03%
<b>(G) Capital Employed (Including Capital Work-in-Progress)</b>	2375.74	2240.50	2160.46
<b>(H) Return on Capital Employed (Including Capital Work-in-Progress)</b>	17.80%	17.53%	19.31%



- (#) 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 2017 are summarized below –

( ₹ in Crore)

		2016-17	2015-16	2014-15
<b>(A)</b>	<b>REVENUE</b>			
	(i) Operating Income	1147.19	1023.90	1016.15
	(ii) Non-operating Income	118.57	147.02	144.31
	<b>TOTAL</b>	1265.76	1170.92	1160.46
<b>(B)</b>	<b>EXPENDITURE</b>			
	(i) Operating Expenditure	610.20	575.42	597.75
	(ii) Non-operating Expenditure	232.57	202.76	145.42
	<b>TOTAL</b>	<b>842.77</b>	<b>778.18</b>	<b>743.17</b>
<b>(C)</b>	Net Surplus/(Deficit) before tax	422.99	392.74	417.29
<b>(D)</b>	Less:(i) Provision for taxation	144.19	132.02	134.89
	(ii) Deferred Tax Liability	3.17	4.34	6.83
<b>(E)</b>	Net Surplus/(Deficit) after tax	275.63	256.38	275.57
<b>(F)</b>	Less: Mandatory appropriation / Transfer to Reserve Fund	120.00	120.00	100.00
<b>(G)</b>	Surplus/(Deficit) transferred to General Reserve fund	155.63	136.38	175.57
<b>(H)</b>	Percentage of Net Surplus (before tax) to			
	(a) Operating Income	36.87	38.36	41.06
	(b) Net Fixed Assets	33.69	32.06	32.45
	(c) Net Worth	16.13	15.82	17.49

**4. RATIO ANALYSIS (LIQUIDITY AND SOLVENCY)**

- (a) The percentage of Current Assets to Current Liabilities was 141.32, 139.65 and 138.88 during the years 2014-15, 2015-16 and 2016-17 respectively.
- (b) The percentage of quick Assets to Current Liabilities was 55.07, 53.83 and 53.17 during the years 2014-15, 2015-16 and 2016-17 respectively (Quick Assets represent Current Assets minus Inventories).
- (c) The percentage of Sundry Debtors to Operating Income was 8.85, 10.94 and 13.85 during the years 2014-15, 2015-16 and 2016-17 respectively.
- (d) Debt to Capital Reserve & General Reserve ratio were 0.0021:1, 0.00189:1 and 0.00173:1 during the years 2014-15, 2015-16 and 2016-17 respectively.

Sd/-  
**(B. C. Mandal)**  
Director



**Action Taken Notes on  
Audit Objections /  
Observations Contained  
in the Report of the Year  
2016-17**



**ACTION TAKEN NOTES ON SEPARATE AUDIT REPORT(SAR) OF THE  
COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF  
PARADIP PORT TRUST, PARADIP FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017.**

Observation made by the Audit	Action taken by Paradip Port Trust
iv. We further report that :	
<b>A. BALANCE SHEET</b>	
<b>A.1. Application of Fund</b>	
<b>A.1.1 Fixed Assets –</b>	
<b>Net block ₹1255.41 Crore</b>	
<b>Capital Works in Progress ₹ 274.48</b>	
<b>Crore</b>	
<b>A.1.1.1</b> The above Capital Works in Progress includes an amount of ₹2.98 Crore on account of dismantling of dilapidated residential buildings (₹ 0.29 Crore) and construction of RCC drain, culvert and cable trench for new stack yards near old CISF complex (₹ 2.69 Crore). Though the work was completed on 31.01.2016, the same has not been transferred to Fixed/ Capital assets. This has resulted in overstatement of Capital work in Progress as well as understatement of Net Fixed assets by ₹ 2.55 Crore and understatement of depreciation including prior period by ₹ 0.14 Crore. Further, non-charging of demolition work in revenue also resulted in overstatement of Capital Work In Progress and net surplus before income tax by ₹ 0.29 Crore.	Necessary accounting effect has been made vide Jr.No.451, 452 and 453 dtd.24.10.2017.
<b>A.1.1.2.</b> The works of Supply, Installation and Commissioning of 112 numbers of High Mast Towers inside Harbour area were	Necessary accounting effect has been made vide Jr.No.454 & 455 dtd.24.10.2017.

**Observation made by the Audit****Action taken by Paradip Port Trust**

completed during the year 2016-17 at a value of ₹ 6.77 Crore (60 Nos. Completed on 30.11.2016 at a value of ₹ 3.67 Crore and 52 Nos. on 25.01.2017 at a value of ₹ 3.10 Crore ). Instead of capitalizing the total value, an amount of ₹ 3.90 Crore was capitalized and the balance amount of ₹ 2.87 Crore has neither been capitalized nor provided for as liability. This has resulted in understatement of Net Fixed Assets by ₹ 2.80 Crore and understatement of depreciation by ₹ 0.07 Crore as well as understatement of current liabilities and provisions by ₹ 2.87 Crore.

**A.1.1.3** The above head (CWIP) includes an amount of ₹1.96 Crore paid to M/s. Indian Port Rail Corporation Ltd. (M/s. IPRCL) on account of preparation of DPR for dedicated port rail connectivity from Salegaon to Paradip Port including the formation of a SPV for implementation, operation and maintenance of the proposed corridor from Budhapan to Salegaon. As the project does not belong to PPT the amount paid for the above purpose should not create asset for PPT. Hence, the amount should be treated as Advance to M/s. IPRCL. Non-compliance of the above has resulted in overstatement of Capital Work In Progress as well as understatement of Current Assets, Loans & Advances to the extent of ₹1.96 Crore.

Necessary accounting effect has been made vide Jr.No.456 dtd.24.10.2017.



Observation made by the Audit	Action taken by Paradip Port Trust
<p><b>A.1.1.4</b> The above does not include an amount of ₹ 1.72 Crore against 2<sup>nd</sup> RA Bill dated 15.10.2015 on account of shore protection work to facilitate dredging of the BOT Iron Ore and Coal Berth Dock basin submitted by the contractor M/s Paresh Construction and Foundations Pvt Ltd (M/s. PCFCL). This has resulted in understatement of Capital Work In Progress with corresponding understatement of Current Liabilities &amp; Provisions by ₹ 1.72 Crore.</p>	<p>Shore Protection Work to facilitate dredging of BOT Iron Ore and Coal berth Dock basin at Paradip was awarded in favour of M/s. Paresh Construction &amp; Foundations Pvt.Ltd. (M/s. PCFCL). But after release of 1<sup>st</sup> RA bill, the contract has been terminated on 04.03.2016 and taken up on cost to risk basis for its poor performance. Hence payment of 2<sup>nd</sup> RA bill, i.e. work performed by the contractor has not been considered. There is no understatement of CWIP and provision. The amount will adjusted against the cost to risk on retendering.</p>
<p><b>A.1.2 Investment (Schedule-4)</b> ₹ 2324. 17 Crore</p>	
<p><b>A.1.2.1.</b> 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 2015-16, but no corrective action has been taken.</p>	<p>Correspondence was made with other ports in respect of investment made with Setu Samudram Corporation Ltd and accounting procedure followed for the said investment. In reply (i) V.O.Chidambaranar Port Trust informed “The investment of ₹ 50 Crore has been shown in the 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. Sethu Samudram Corporation Ltd at its original investments value as per its approved accounting policy and has not provided for any diminution in its value.”</p>
<p><b>A.1.2.2</b> 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</p>	<p>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 Setu Samudram Corporation Ltd.</p>



Observation made by the Audit	Action taken by Paradip Port Trust
<p>(-) ₹ 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 2015-16, but no corrective action has been taken</p>	
<p><b>A.1.3 Current Assets, Loans &amp; Advances (Schedule-5) ₹ 3021.48 Crore</b>  <b>Sundry Debtors (Schedule-5A) ₹ 158.90 Crore</b>  <b>Current Liabilities &amp; Provisions (Schedule-6) ₹ 2175.63 Crore</b></p>	
<p><b>A.1.3.1 Current Liabilities &amp; Provisions (Schedule-6) ₹ 2175.63 crore</b>  The above head does not include an amount of ₹ 63.79 Crore on account of outstanding water charges along with penal interest for the period October 1994 to March 2000 payable to Mahanadi South Division, WR Deptt, Government of Odisha. Non provisioning of the same has resulted in understatement of Current Liabilities and Provisions with corresponding overstatement of Net surplus before Income Tax to the extent of ₹ 63.79 Crore.</p>	<p>Arrear outstanding water charges along with penal interest amounting to ₹ 63.79 Crore for the period from Oct,1994 to March 2000 demanded by Mahanadi South Division, Government of Odisha has been protested by PPT in the court of law. The Hon'ble Court disposed off the case on 05.05.2016 and advised to raise the issue before the Certificate Officer Cum Tahasildar, Kujang. In the meantime the Certificate Officer cum Tahasildar, Kujang ordered on 10.10.2017 has communicated that no dues is pending against PPT as against water rate for payment for the period from 10/1994 to 03/2000. The case is satisfied and disposed off with the above observation. Thus provision of current liability on the above issue is not required.</p>



Observation made by the Audit	Action taken by Paradip Port Trust
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**A.1.3.2 Current Liabilities & Provisions  
(Schedule-6)**

**₹ 2175.63 Crore**

Paradip Port Trust had an outstanding liabilities towards Government of India Loan amounting to ₹ 667.09 Crore (Defaulted principal ₹ 387.73 Crore and Interest ₹ 279.36 Crore) as on 01.04.2014. PPT had agreed (July 2014) to repay the defaulted principal amount and interest on default principal w.e.f. 01.04.2014. An amount of ₹ 416.92 Crore was accrued as interest on defaulted principal for the years 2014-15, 2015-16 and 2016-17, including original interest amount. Against the interest liability of ₹137.56 Crore from 01.04.2014 to 31.03.2017, only ₹ 122.28 Crore was provided for in the accounts resulting in a short provision of ₹15.28 Crore in accounts. This has resulted in understatement of current liabilities and provisions and overstatement of net surplus before income tax by ₹15.28 Crore.

Necessary accounting effect has been made vide Jr.No.457 dtd.24.10.2017.

**A.1.3.3 Provision for Deferred Tax Liability  
(Schedule-6 B ii) ₹ 96.46 Crore**

Deferred Tax Liability to the extent of ₹ 1.49 Crore has not been created for the assets which have been capitalized retrospectively with effect from the date

Necessary accounting effect has been made vide Jr.No.458 dtd.24.10.2017



Observation made by the Audit	Action taken by Paradip Port Trust
<p>of commissioning in earlier years. This has resulted in understatement of Deferred Tax Liability to the extent of ₹1.49 Crore with corresponding overstatement of Net surplus after Income Tax to the same extent.</p>	
<p><b>B. Profit &amp; Loss Account</b></p>	
<p><b>B.1 Expenditure</b></p>	
<p><b>B.1.1 Net Surplus (deficit) before Income tax ₹ 422.99 Crore</b></p>	
<p><b>B.1.2 Management &amp; General Administration (Schedule 15) ₹ 158.85 Crore</b></p>	<p>Necessary accounting effect has been made vide Jr.No.459 dtd.24.10.2017</p>
<p><b>B.1.2.1</b> The above includes ₹ 1.39 Crore incurred on project management consultancy services for supply, installation commissioning, operational maintenance of a 10MW solar (PV) Power Plant by Ministry of Shipping, which was to be installed in phases. The expenditure should have been booked to Capital Work In Progress instead of charging to revenue. This has resulted in understatement of Capital Work In Progress by ₹ 1.39 Crore with corresponding understatement of Net Surplus before Income Tax.</p>	<p>Necessary accounting effect has been made vide Jr.No.460 dtd.24.10.2017</p>
<p><b>B.1.2.2</b> Cost of replacement of clothing and Arms and Ammunitions for the CISF Personnel is being paid every year. Based on the last year's payment at least ₹ 0.51 Crore</p>	



Observation made by the Audit	Action taken by Paradip Port Trust
<p>should have been provided in the accounts. Non-provisioning of the same has resulted in understatement of Current Liabilities &amp; Provisions as well as overstatement of Net Surplus before Income Tax to the extent of ₹ 0.51 Crore</p>	
<p><b>C. Significant Accounting Policies and Notes on Account (Schedule-18)</b></p>	
<p><b>C.1 Disclosure of Accounting Policies.</b> Accounting policies and disclosure on accounting policies are contradicting each other as the accounting policies stressed on the maintenance of books on mercantile basis, while the disclosure of accounting policies states that Capital Work-in-progress has been accounted for on cash basis.</p>	<p>Noted.</p>
<p><b>D. Management Letter:</b> 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 has been made vide Jr.No.461 dtd.24.10.2017</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 said financial statements read together with the Accounting Policies and Notes on</p>	



Observation made by the Audit	Action taken by Paradip Port Trust
<p>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:</p> <p>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 2017; and b. In so far as it relates to Profit and Loss Account of the surplus for the year ended on that date.</p> <p>5. A review of accounts showing the summarised financial results of the Paradip Port Trust for the last three years ended 31 March 2017 is given in Annexure-II</p>	<p>No Action</p>

**Place: Paradip**  
**Date: 24.10.2017**

**(S. K. Sahu)**  
**FA & CAO**  
**PARADIPPORTTRUST**