

ANNUAL ACCOUNTS

AND

AUDIT REPORT THEREON

WITH

**ACTION TAKEN NOTES ON AUDIT
OBJECTIONS/OBSERVATIONS
CONTAINED IN THE REPORT
FOR THE YEAR 2013-14**



PARADIP PORT TRUST

PARADIP PORT TRUST

ANNUAL ACCOUNTS 2013-14

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ANNUAL ACCOUNTS

2013-14

BALANCE SHEET AS AT 31ST MARCH, 2014

		(Amount in Rs.)		
		SCH	As at 31.03.14	As at 31.03.13
I SOURCES OF FUNDS				
1.	RESERVES & SURPLUS	1	35,258,688,654	31,961,204,350
2.	LOAN FUNDS	2	81,160,348	81,160,348
TOTAL			35,339,849,002	32,042,364,698
II. APPLICATION OF FUNDS				
1.	FIXED ASSETS	3		
a)	Gross Block		20,594,384,363	19,896,850,555
	Less : Depreciation		7,423,655,232	6,813,880,359
	Net Block		13,170,729,131	13,082,970,196
b)	Capital Works-in Progress		1,290,668,301	1,202,590,483
			14,461,397,432	14,285,560,679
2.	INVESTMENTS	4	16,824,695,212	14,648,373,718
3.	CURRENT ASSETS LOANS & ADVANCES	5	20,966,138,457	18,104,657,843
	Less : CURRENT LIABILITIES AND PROVISIONS	6	16,912,382,099	14,996,227,542
	NET CURRENT ASSETS		4,053,756,358	3,108,430,301
TOTAL			35,339,849,002	32,042,364,698
Significant Accounting				
policy and Notes on Accounts		18		

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

Sd/-
(S.K. Sahu)
F.A & C.A.O.
Paradip Port Trust

Sd/-
(S.S. Mishra)
Chairman
Paradip Port Trust

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in Rs.)

	SCH	2013-14	2012-13
INCOME			
Cargo Handling & Storage Charges	07	4,827,226,247	3,656,905,153
Port & Dock Charges (Including pilotage Fees)	08	2,652,610,103	1,966,383,856
Railway Earnings	09	1,342,178,726	967,667,284
Estate Rentals	10	324,006,210	246,372,202
TOTAL		9,146,021,286	6,837,328,495
LESS - EXPENDITURE			
Cargo Handling & Storage Charges	11	1,820,699,007	1,576,312,827
Port & Dock Facilities (including Pilotage)	12	1,523,979,150	934,252,910
Railway Working	13	412,562,459	415,083,391
Rentable Land & Buildings	14	485,089,430	408,184,366
Management & General Administration (not directly attributable to a Activity)	15	1,254,218,221	1,077,255,697
TOTAL		5,496,548,267	4,411,089,191
Operating Surplus/(Defective)		3,649,473,019	2,426,239,304
Add : Finance & Misc. Income	16	1,535,703,199	1,145,133,002
Less : Finance & Misc Expenditure	17	1,784,227,328	877,465,053
Net Surplus/(+) Deficit (-) before Income Tax		3,400,948,890	2,693,907,253
Provision for Income Tax		1,069,778,290	758,182,025
Provision for Deferred Tax Liability		86,293,897	59,540,198
Net Surplus after Income Tax	TOTAL	2,244,876,703	1,876,185,030
Less : Appropriations		-	-
Replacement, Rehabilitation and Modernisation of Capital Assets Fund		540,000,000	520,000,000
Development, Repayment of Loan & Contingencies Fund		540,000,000	520,000,000
Net Surplus after Appropriation		1,164,876,703	836,185,030
Significant Accounting Policy and Notes on Accounts	18		

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

Sd/-
(S.K. Sahu)
F.A & C.A.O.
Paradip Port Trust

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(S.S. Mishra)
Chairman
Paradip Port Trust



SCHEDULED TO BALANCE SHEET

SCHEDULE - 1	RESERVES & SURPLUS	As at 31.03.14	As at 31.03.13
(Amount in Rs.)			
A. CAPITAL RESERVE		60,445,839	60,445,839
B. REVENUE RESERVE			
i. General Reserve			
Opening Balance		21,003,950,209	20,167,765,179
Add : - Net Generation		1,164,876,703	836,185,030
		22,168,826,912	21,003,950,209
ii. Reserve for Repayment of Initial Investment			
Opening Balance		81,160,348	81,160,348
Additions		-	-
Less : Expenditure		-	-
		81,160,348	81,160,348
iii. Employees Welfare Fund			
Opening Balance		1,500,000	1,000,000
Additions		1,500,000	1,500,000
Less : Expenditure		(1,500,000)	(1,000,000)
		1,500,000	1,500,000
iv. E.L. Encashment Fund		436,843,092	364,235,491
		436,843,092	364,235,491
C. STATUTORY RESERVE			
i. Replacement, Rehabilitation, Modernisation of Capital Assets Fund			
Opening Balance		5,869,556,231	4,822,656,231
Additions		540,000,000	520,000,000
Add : Transfer		550,000,000	526,900,000
		6,959,556,231	5,869,556,231
ii. Development, Repayment of Loans & Contingencies Fund			
Opening Balance		4,580,356,232	3,649,556,232
Additions		540,000,000	520,000,000
Add : Transfer		430,000,000	410,800,000
Less : Expenditure		5,550,356,232	4,580,356,232
	TOTAL	35,258,688,654	31,961,204,350

**SCHEDULED TO BALANCE SHEET**

(Amount in Rs.)

SCHEDULE - 2	LOAN FUNDS	As at 31.03.14	As at 31.03.13
A. SECURED LOANS		-	-
B. GOVT. LOANS			
i. Initial Investment by Govt. of India		81,160,348	81,160,348
C. UNSECURED LOANS		-	-
	TOTAL	81,160,348	81,160,348



SCHEDULE - 3

SCHEDULED TO BALANCE SHEET

FIXED ASSETS

DESCRIPTION OF ASSET	GROSS BLOCK			
	Opening Balance As at 01.04.13	Additions during the year	Del. / Adj. during the year	Closing Balance As at 31.03.14
1	2	3	4	5
Land	77,033,494	-	-	77,033,494
Lease land	3,318,000	-	(79,000)	3,239,000
Stacking Yard	417,294,533	715,826	-	418,010,359
Capital Dredging	3,121,015,438	21,004,756	-	3,142,020,194
Building Sheds and Other Structures	1,613,901,240	28,219,247	-	1,642,120,487
Wharves, Roads, Boundaries	4,634,123,726	150,330,796	-	4,784,454,522
Floating Craft	828,612,677	-	-	828,612,677
Railway and Rolling Stock	1,631,376,299	83,950,729	-	1,715,327,028
Docks, Sea-Walls, Breakwaters, Piers & Navigational Aids	613,123,445	86,646,797	-	699,770,242
Cranes and Vehicles	168,904,407	1,563,988	-	170,468,395
Plant & Machinery	5,667,081,165	8,336,872	-	5,675,418,037
Installation and Equipments	758,133,786	59,805,529	-	817,939,315
Furniture & Equipment	2,773,392	-	-	2,773,392
General Cargo Handling Equipments	341,588,980	257,038,268	-	598,627,248
Flotila & Marine Crafts	18,569,973	-	-	18,569,973
Total	19,896,850,555	697,612,808	(79,000)	20,594,384,363
Works in Progress	1,202,590,483	1,066,017,338	977,939,520	1,290,668,301
Grand Total	21,099,441,038	1,763,630,146	977,860,520	21,885,052,664
<i>Previous Year</i>	19,531,452,417	4,056,079,134	2,488,040,513	21,099,491,038



AS AT 31.03.2014

(Amount in Rupees)

DEPRECIATION AND AMORTISATION				NET BLOCK	
Opening Balance As at 01.04.13	Provisions for the year	Del. / Adj. during the year	Total as on 31.03.14	As at 31.03.14	As at 31.03.13
6	7	8	9	10	11
0	0	0	0	77,033,494	77,033,494
0	0	0	0	3,239,000	3,318,000
123,326,436	10,450,261	-	133,776,697	284,233,662	293,968,097
134,302,561	31,420,203	-	165,722,764	2,976,297,430	2,986,712,877
521,659,235	31,966,904	-	553,626,139	1,088,494,348	1,092,242,005
986,908,273	74,866,421	-	1,061,774,694	3,722,679,828	3,647,215,453
303,430,710	41,430,634	-	344,861,344	483,751,333	525,181,967
458,292,158	50,719,463	8,238,924	517,250,545	1,198,076,483	1,173,084,141
163,929,285	14,596,786	705,383	179,231,454	520,538,788	449,194,160
101,027,748	5,319,927	-	106,347,675	64,120,720	67,876,659
3,451,591,671	280,208,517	-	3,731,800,188	1,943,617,849	2,215,489,494
344,979,396	29,837,205	610,000	375,426,601	442,512,714	413,154,390
2,773,392	-	-	2,773,392	-	-
203,588,920	28,904,856	-	232,493,776	366,133,472	138,000,060
18,569,963	-	-	18,569,963	10	499,399
6,814,379,748	599,721,177	9,554,307	7,423,655,232	13,170,729,131	13,082,970,196
-	-	-	-	1,290,668,301	1,202,590,483
6,814,379,748	599,721,177	9,554,307	7,423,655,232	14,461,397,432	14,285,560,679
6,273,342,223	575,102,963	(34,654)	6,848,410,516	14,251,080,522	13,258,110,194



SCHEDULED TO BALANCE SHEET

(Amount in Rs.)

SCHEDULE - 4	INVESTMENTS	As at 31.03.14	As at 31.03.13
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.	510,000,000	275,000,000
	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 Ennore Port Ltd.	200,000,000	200,000,000
	Total	1,510,000,000	1,275,000,000
C.	INVESTMENT PROPERTIES	-	-
	Total	-	-
D.	OTHERS		
	Investment of deferred tax fund	753,500,000	660,000,000
	Investment of Replacement, Rehabilitation and Modernisation of Capital Assets Reserve Fund	6,959,500,000	5,869,500,000
	Investment of Development, Repayment of Loan & Contingencies Reserve Fund	5,550,400,000	5,480,000,000
	Investment of Repayment of Initial Investment of Govt. of India Fund	81,200,000	81,200,000
	Investment of E.L Encashment Fund	348,891,386	-
	Accrued Interest on Investment	1,621,203,826	1,282,673,718
	Total	15,314,695,212	13,373,373,718
	G. TOTAL	16,824,695,212	14,648,373,718



SCHEDULED TO BALANCE SHEET

		(Amount in Rs.)	
SCHEDULE - 5		As at 31.03.14	As at 31.03.13
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
A. CURRENT ASSETS			
i) Inventories		57,305,057	64,999,703
i Sundry Debtors			
a. Govt. dues	64,012,397		
b. Non-Govt. Dues	879,359,033	943,371,430	582,236,670
iii) Cash & Bank Balance			
a. Cash in Hand	636,350		407,892
b. Bank Balance			
i. Fixed Deposit	6,884,871,744		5,050,018,324
ii. Savings Bank A/c.			
- Allahabad Bank	93,283,363		1,015,409,204
- State Bank of India	33,103		1,318,889
- United Bank of India	69,975,691		80,436,382
- Allahabad Bank (Ext)	6,324,028		2,957,214
- Uco Bank	18,946,322		2,722,697
- Oriental Bank of Commerce	5,724,458		34,536,296
- Union Bank	18,946,495		4,688,135
- I.D.B.I Bank	57,990,521		10,145,209
- Axis Bank	18,315,825		7,176,996
- State Bank of India(Suravi)	72,494,256		26,750,921
- ICICI Bank	28,976,061		16,095,082
		7,276,518,217	6,082,663,241



(Amount in Rs.)

SCHEDULE - 5 (Contd.)		As at 31.03.14	As at 31.03.13
B. LOANS AND ADVANCES			
i. Deposits		141,872,158	177,770,273
ii. T.D.S.		1,464,094,910	1,118,843,559
iii) Payments in Advance			
- Advance for Purchases	67,764,060		98,653,168
- Advance for Motor Cycle/ Scooters / Motor Car/ Computer etc.	6,828,559		7,629,077
- Advance for Festivals	14,282,135		10,969,287
- Advance to Staff	4,619,297		4,420,446
- Advance against T.A.	1,825,645		1,350,127
- Natural Calamities Adv.	14,769,668		2,271,631
- Advance to Contractors	15,279,780		55,788,080
- Advance for House Building	46,506,731		16,856,704
- Suspense Accounts	100,000,000		101,364,032
- Temporary Advance to Departments	7,844,067		6,085,102
- Permanent Advances to Departments	756,743		256,743
- Income Tax	10,802,500,000	11,082,976,685	9,602,500,000
	TOTAL	20,966,138,457	18,104,657,843



SCHEDULED TO BALANCE SHEET

(Amount in Rs.)

SCHEDULE - 6	As at 31.03.14	As at 31.03.13
<u>CURRENT LIABILITIES & PROVISIONS</u>		
A. CURRENT LIABILITIES		
i. Creditors for Stores	123,707,410	115,707,899
ii. Miscellaneous Creditors and Credit Balances	28,331,010	24,639,697
iii. Deposits from Merchants, Contractors & others		
- Cash	2,681,625,370	1,668,496,011
- Securities	100,000,000	100,000,000
Less : Securities at face values	(100,000,000)	(100,000,000)
	2,833,663,790	1,808,843,607
B. PROVISIONS		
i. Contingencies	-	-
ii. <u>Taxation</u>		
Income Tax	9,382,596,139	8,312,817,849
Deferred Tax Liability	753,417,294	667,123,397
iii. <u>Employee Related Benefits</u>		
Pension & Gratuity Provision	752,226,400	627,913,805
Provident Fund		2,534,214
Salaries & Wages	151,127,580	278,660,488
iv. <u>Other Provisions</u>		
Accrued Expenses	3,039,350,896	3,298,334,182
	14,078,718,309	13,187,383,935
TOTAL	16,912,382,099	14,996,227,542


SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs.)

SCHEDULE - 7	2013 - 14	2012 - 13
<u>CARGO HANDLING & STORAGE CHARGES</u>		
Handling of General Cargo	1,569,407,473	1,156,393,330
Handling of Iron Ore & Other Ore	146,698,269	45,613,771
Storage of Goods	535,757,353	484,492,504
SPM Warfage	84,617,386	78,557,995
Cranage	117,165	3,818,242
Grab Royalty	3,182,045	7,104,270
Ore Mechanical Handling Plant Charges	1,069,320	25,352,246
MCHP Shipping Charges	1,434,324,067	1,055,075,767
MCHP Unloading Charges	882,251,826	670,866,134
POL Handling Charges	66,416,226	57,035,938
Demurrage Fees on General Cargo	100,068,760	68,015,860
Miscellaneous	3,316,357	4,579,096
TOTAL	<u>4,827,226,247</u>	<u>3,656,905,153</u>
SCHEDULE - 8		
<u>PORT & DOCK CHARGES</u>		
(Including Pilotage)		
Towage and Mooring Fees	294,921,557	269,596,321
Dock Dues (Berth Hire)	498,937,704	362,371,057
Port Dues	547,137,075	444,312,150
Pilotage Fees	1,294,043,474	861,227,934
Water & Oil supply to Shipping	9,964,360	9,075,068
Dry Dock	5,670,640	18,149,766
Miscellaneous Charges	1,935,293	1,651,560
TOTAL	<u>2,652,610,103</u>	<u>1,966,383,856</u>


SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs.)

SCHEDULE - 9	2013 - 14	2012 - 13
<u>RAILWAY EARNING</u>		
Freight and Haulage Charges	498,467,925	340,527,962
Siding Charges	98,598,614	79,387,389
Terminal Charges	745,112,187	547,751,933
TOTAL	1,342,178,726	967,667,284

SCHEDULE - 10**ESTATE RENTALS**

Rent from Lands	111,328,924	52,189,152
Rent from Buildings, Sheds & Godowns	71,264,724	52,456,550
Recoverable Service Charges	132,527,090	117,034,591
Miscellaneous Income	8,885,472	24,691,909
TOTAL	324,006,210	246,372,202


SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs.)

SCHEDULE - 11	2013 - 14	2012 - 13
<u>CARGO HANDLING & STORAGE CHARGES</u>		
Handling & Storage of General Cargo at Sheds & Wharfages	364,806,682	319,764,693
Handling & Storage of Iron Ore & Other Ore	10,963,476	24,004,157
Ware Housing	16,499,402	13,674,542
Operation & Maintenance of Wharf Crane & Cranes	503,044	-
Operation & Maintenance of Ore Handling Plant	197,110,143	161,015,004
Operation & Maintenance of MCHP	656,893,933	458,833,418
Operation & Maintenance of Lighters & Barges	-	6,732,281
Administration & General Expenses	198,388,836	230,660,270
Depreciation	375,533,491	361,628,462
TOTAL	1,820,699,007	1,576,312,827

SCHEDULE - 12
**PORT & DOCK FACILITIES FOR SHIPPING
(INCLUDING PILOTAGE)**

Towing, Berthing & Mooring	279,784,861	219,105,791
Pilotage	56,188,004	38,717,548
Dry Dock Expenses	4,737,365	
Dredging & Marine Survey	846,967,165	407,088,318
Operation & Maintenance of Navigation Aids.	38,209,911	55,707,224
Maintenance of Docks & Harbour Walls, Marine Structural, Sea Shore etc.	89,298,988	39,333,736
Administration & General Expenses	121,345,235	88,090,273
Depreciation	87,447,621	86,210,020
TOTAL	1,523,979,150	934,252,910


SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs.)

SCHEDULE - 13	2013 - 14	2012 - 13
<u>RAILWAY WORKINGS</u>		
Operation & Maintenance of Locomotives, Wagons etc.	237,777,800	195,343,241
Maintenance of Permanent way, Signals and Inter Locking	70,335,981	42,379,877
Operation & Maintenance and Administrative Expenses of Station Yards & Sidings	6,343,371	34,980,378
Administration and General Expenses	47,385,844	95,805,970
Depreciation	50,719,463	46,573,925
TOTAL	412,562,459	415,083,391

SCHEDULE - 14**RENTABLE LANDS & BUILDINGS**

Estate Maintenance	406,956,044	331,910,716
Administration & General Expenses	17,129,711	18,310,985
Depreciation	61,003,675	57,962,665
TOTAL	485,089,430	408,184,366


SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs.)

SCHEDULE - 15	2013 - 14	2012 - 13
<u>MANAGEMENT & GENERAL ADMINISTRATION</u>		
Management & Secretarial Expenses	402,812,344	346,306,569
Labour & Welfare Expenses	106,369,862	65,041,648
Medical Expenses	205,233,553	162,370,975
Store Keeping	57,503,812	31,083,064
Accounting & Auditing	61,325,669	54,093,732
Expenditure on Office Telephones	4,080,162	3,924,017
Engineering & Workshop Administration and Overhead	371,636,037	377,363,836
Sundry Expenses	20,239,864	14,253,965
Depreciation	25,016,918	22,817,891
TOTAL	1,254,218,221	1,077,255,697
<u>SCHEDULE - 16</u>		
<u>FINANCE & MISCELLANEOUS INCOME</u>		
Interest on Fixed Deposit & Other Funds	927,221,518	762,823,454
Interest on Loans & Advances	22,530,645	5,446,372
Sale of Unservicable Materials	3,170,293	17,198,349
Miscellaneous Income	599,961,235	358,555,387
Items Relating to Previous Years	(17,180,492)	1,109,440
TOTAL	1,535,703,199	1,145,133,002


SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs.)

SCHEDULE - 17	2013 - 2014	2012- 13
<u>FINANCE & MISCELLANEOUS EXPENSES</u>		
Bank Charges	149,876	137,259
Interest Payable on :		
- Initial Investment of Govt. of India	2,130,459	2,130,459
Pension Contribution	1,152,038,054	774,472,771
Employer's Contribution CPF & Tire-IA/c.	3,528,359	2,932,641
TA to Family of Deceased Employees	1,167,379	1,618,871
E.L. Encashment Provision	46,367,642	41,584,064
C.S.R.	56,285,000	45,456,000
Service Charges for NPS	18,008	14,383
Gratuity Provision	537,346,724	1,149,316
Employees Welfare Fund	1,500,000	1,500,000
Items Relating to Previous Years	(16,304,173)	6,469,289
TOTAL	1,784,227,328	877,465,053



SCHEDULE-18

**ANNUAL ACCOUNTS 2013-14
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 One time non refundable upfront fee received from lessees are apportioned over the period of lease.
- 7 Inventories are valued at weighted average cost.
- 8 The Investments are stated at Cost. The NAV value of Mutual Fund are disclosed separately in the notes to accounts.
- 9 Investments classified as below:-
 - a) Government of Trust Securities
 - b) Share , Debenture or Bonds
 - c) Investment Properties
 - d) Others
- 10 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.
- 11 The stores received during the financial year but not check measured are not accounted for.
- 12 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 :**

RESULTS FOR THE YEAR	2013 - 14	2012 - 13
Traffic (in Million MT)	68.00	56.55
Operating Income (Rs. in Cr.)	914.60	683.73
Operating Expenditure (Rs. in Cr.)	549.65	441.11
Operating Surplus (Rs. in Cr.)	364.95	242.62
Total Income (Rs. in Cr.)	1068.17	798.25
Total Expenditure (Rs. in Cr.)	728.07	528.86
Net Surplus (Rs. in Cr.)	340.09	269.39
Operating Ratio	1:0.60	1:0.65
Unit Operating Cost per Ton of Cargo Handled (Rs.)	80.83	78.00
Salary & Wages as percentage of Total Expenditure	16.62	24.38
Provision of Income Tax (Rs. in Cr.)	106.98	75.82



2. **PROFIT AND LOSS ACCOUNT**

The Profit and Loss Accounts shows an operating surplus of Rs.364.95 crores and a Net Surplus of Rs.340.09 crores. Rs.108.00 crores has been transferred to two reserve funds. The accumulated surplus stands at Rs.2216.88 crores as on 31.03.2014 which has been exhibited in the General Reserve

3. **PENSION CONTRIBUTION**

To meet the liabilities on account of pensionary benefits, Rs.115.20 crores has been provided towards Pension Fund and for Gratuity Fund Rs.53.73 crores as per the actuarial valuation of LIC

4. **INVESTMENT AND INTEREST**

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

Rs. 1.50 crores has been provided against the anticipated payment towards Productivity Linked Reward.

6. **PAYMENT OF SALES TAX-DISPUTED**

The sales tax department's assessment of sales tax on Port revenue has been challenged and the matter is pending with the Hon'ble High Court of Orissa. An amount of Rs. 10.00 crores was deposited against the order of Hon'ble High Court of Orissa which has been reflected in the suspense account.

7. **PROVISION TOWARDS VARIOUS RESERVE FUNDS**

Rs. 108.00 crores has been appropriated to the following reserves out of the Net surplus after income tax of Rs. 224.49 crores as per the guidelines of Ministry.

a)	Replacement, Rehabilitation and Modernization of Capital Assets Reserve	Rs. 54.00 crore
b)	Development, Repayment of Loan and Contingencies Reserve	Rs. 54.00 crore

**8. INITIAL INVESTMENT OF GOVT. OF INDIA AT PARADIP PORT**

The investment made by Government of India in the Port Project amounting to Rs. 8.12 crores has been shown in Schedule-2 to the Balance Sheet. Out of this an amount of Rs. 4.06 crores has been treated as deferred redeemable capital. The terms and conditions of redemption thereof has not been communicated.

9. TITLE DEEDS OF THE LAND

The title deed for land transferred by Government of Odisha to Paradip Port Trust has not yet been received, in spite of repeated follow up with the State Govt.

10. PLAN AND NON-PLAN EXPENDITURE

The total capital expenditure during the year 2013-14 was Rs.93.02 crores, (Plan Capital Rs.90.02 crores and Non-plan Capital Rs.3.00 crores). An amount of Rs.61 lakhs is the commitment as on 31.03.2014 towards ongoing plan projects

11. 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.

12. PENDING LEGAL CASES

There are 39 nos of cases filed by PPT against different parties during 2013-14. There are 65 nos of cases filed against PPT by different parties during 2013-14

13. 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 Rs.143.44 crores for meeting Pension liabilities

14. PROVISION FOR CORPORATE SOCIAL RESPONSIBILITY

CSR activities have been taken up as per the guidelines issued by Ministry of Shipping from time to time

**15. INCOME TAX**

The registration U/s. 12A of Income Tax Act, 1961 for the financial year 2002-03, 2003-04 and 2004-05 are pending before the Hon'ble CIT, Cuttack Charge as per the Order of Hon'ble ITAT, Cuttack to reconsider the belated application for registration.

For the financial years 2009-10 and 2010-11, appeals have been filed before the Hon'ble CIT (Appeal), Cuttack against the assessment order passed by the Assessing Officer.

For the financial year 2011-12 and 2012-13, the assessment is pending before the Assessing Officer.

16. 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.

17. GOVT. OF INDIA 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 dtd.11.04.2014.

18. CONTINGENT LIABILITY

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

Name of the party	Rs. In Lac
DDCPL	602.11
CIMCO BIRLA	307.00
CESCO	44.90
Sri U.N.ROUT	86.92
MESCO STEEL	8.50

**19. 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 Rs.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 has 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 2014 are treated as consumed as its impact in the account is not significant. Similarly, medicines purchased are considered to be consumed and charged to Profit and Loss account.
- iii. The valuation of inventories as well as the cost of issue of stores has been calculated on weighted average method. Different stores materials worth Rs.32 lakh were received at Central Store during 2013-14 have been accounted for as those materials were inspected and check measured during 2014-15.
- iv. Nothing is outstanding as per Micro Small and Medium Enterprise Development Act,2006.

c Fixed Asset (AS 10)

Capital expenses have been accounted for on accrual basis.

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

Fixed Assets created out of Govt. Grants have been shown at a nominal value. No Govt. Grant has been received during 2013-14.

e Investments (AS 13)

- i. Investment of various funds and surplus have been made in different banks and approved institutions. The income from investments of different funds have been credited to respective funds. The NAV of investment in mutual fund of ICICI Prudential is Rs.14.18 per unit as on 31.03.2014.
- ii. The share certificates for the investment made with HPRCL amounting to Rs.51.00 crore is yet to be received.

f Employee Benefits (AS 15)

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

20. SUNDRY DEBTORS:

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

Less than 6 months	Rs. 67.53 crores
More than 6 months	Rs. 26.80 crores

Sd/-
(S.K. Sahu)
F.A & C.A.O.
Paradip Port Trust

Sd/-
(S.S. Mishra)
Chairman
Paradip Port Trust



**PENSION & GRATUITY FUND
INCOME AND EXPENDITURE ACCOUNTS
FOR THE YEAR ENDING 31.03.2014**

(Amount in Rs.)			
EXPENDITURE	Amount	INCOME	Amount
Pension Payment	483,123,993	Interest from Saving Account	2,157,628
Gratuity Payment	140,163,383	Interest on Investment of Pension Fund	361,583,731
Annual Premium towards Gratuity	2,289,122	Interest on Investment of Gratuity Fund	82,044,439
Bank Charges	878	Other Income from Gratuity Fund	606,486
		Excess of Expenditure Over Income	
		Transfer to Pension Fund	261,229,531
		Transfer to Gratuity Fund	(82,044,439)
	<u>625,577,376</u>		<u>625,577,376</u>

Sd/-
(S.K. Sahu)
F.A & C.A.O.
Paradip Port Trust

Sd/-
(S.S. Mishra)
Chairman
Paradip Port Trust



Annexure - II

PROVIDENT FUND ACCOUNT
BALANCE SHEET AS AT 31.03.2014

		(Amount in Rs.)	
LIABILITIES	Amount	ASSETS	Amount
<u>GPF Fund</u>		<u>Investment</u>	
Opening Balance	1,27,53,67,823	Principal Amount	1,26,46,16,949
Add: Contribution	32,12,10,526	Interest Accrued	<u>8,92,97,091</u> 1,35,39,14,040
Add: Recovery	94,74,567		
Add: Interest	<u>11,53,483,016</u>	<u>Cash & Bank Balance</u>	
	1,72,14,35,932	Cash at Bank	1,49,10,315
Less Withdrawal	<u>39,18,21,265</u>		
	1,32,96,14,667		
<u>CPF Fund</u>			
Opening Balance	1,39,82,019		
Add: Contribution	10,30,180		
Add: Recovery	8,10,530		
Add: Interest	<u>12,15,748</u>		
	1,70,38,477		
Less Withdrawal	<u>24,92,992</u>		
	1,45,45,485		
Reserve Fund	2,47,62,083		
Less: Adjustment	<u>97,880</u>		
	<u>1,36,88,24,355</u>		<u>1,36,88,24,355</u>

Sd/-
(S.K. Sahu)
F.A & C.A.O.
Paradip Port Trust

Sd/-
(S.S. Mishra)
Chairman
Paradip Port Trust



**PROVIDENT FUND ACCOUNT
INCOME AND EXPENDITURE ACCOUNTS
FOR THE YEAR ENDING 31.03.2014**

(Amount in Rs.)			
EXPENDITURE	Amount	INCOME	Amount
Interest on GPF Balances	115,383,016	Interest on FDR	115,507,057
Interest on CPF Balances	1,215,748	Interest on Savings A/c.	993,827
		Adjusted on Reserve Fund	97,880
	<u>116,598,764</u>		<u>116,598,764</u>

Sd/-
(S.K. Sahu)
F.A & C.A.O.
Paradip Port Trust

Sd/-
(S.S. Mishra)
Chairman
Paradip Port Trust

AUDIT REPORT
2013-14



**SEPARATE AUDIT REPORT OF THE COMPTROLLER & AUDITOR
GENERAL OF INDIA ON THE ACCOUNTS OF PARADIP PORT TRUST,
PARADIP FOR THE YEAR ENDED 31ST MARCH, 2014**

We have audited the attached Balance Sheet of Paradip Port Trust, Paradip as at 31st March 2014 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 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. Application of Fund

A.1.1. Investments (Schedule - 4) - ₹ 1682.47 Crore.

A.1.1.1. Investments in Sethu Samudram Corporation Ltd. - ₹ 30.00 Crore

Pradeep Port Trust has not ascertained and provided for the diminution in the value of long-term investment of ₹ 30 crore in M/s. Sethusamudram Corporation Limited, Chennai. This is in contrary to the Accounting Standard - 13 regarding accounting for Investments.

B. PROFIT & LOSS ACCOUNT

B.1 Income

B.1.1 Finance & Miscellaneous Income (Schedule-16)

B.1.1.1 Interest on Fixed Deposits and Other Funds - ₹ 92.72 Crore

The above includes ₹ 7.48 crore being the interest income pertaining to Statutory Funds viz. Replacement, Rehabilitation and Modernisation of Capital Assets Fund and Development, Repayment of loans and Contingencies Fund. But due to inappropriate basis of apportionment (considering investments in shares, debentures/bonds, earmarked investments of EL encashment fund), the above income is overstated by ₹ 7.48 crore on accounts of short credit of interest to the statutory funds as well as overstatement of Net Surplus before Income Tax by the same amount. This has also resulted in understatement of Replacement, Rehabilitation and Modernisation of Capital Assets Fund by ₹ 4.25 crore and Development, Repayment of loans and Contingencies Fund by ₹ 3.23 crore.

B.2. Expenditure

B.2.1. Finance & Miscellaneous Expenses (Sch-17) - ₹ 178.42 Crore

B.2.1.1. Pension Contribution - ₹ 115.20 Crore

B.2.1.1.1. Gratuity Provision - ₹ 53.73 Crore

{read with Items 3, 13 and 19(f) of Notes of Accounts (Schedule - 18 B)}

According to Actuarial valuation done by Life Insurance Corporation of India (LIC), the recommended liability towards pension fund of the employees as on 31.03.2014 was ₹ 562.52 crore. PPT maintains a separate pension fund, wherein the fund balance was ₹ 541.18 crore as on 31.03.2014 (as per the unaudited statement). No provision, however, has been made in



the books of accounts to make good the deficit of ₹21.34 crore in the Pension Fund. This is in contravention of the disclosure made in item 19 of the Notes on Accounts.

As per actuarial valuation done by LIC, the liability towards group gratuity scheme of PPT was ₹115.75 crore as on 31.03.2014. The balance of the gratuity fund lying with LIC as on that date was ₹125.33 crore (as per the unaudited statement). No adjustment has however, been made in the accounts for surplus of ₹9.58 crore in gratuity fund.

Thus, this has resulted in understatement of Provision for Pension Contribution by ₹21.34 crore and overstatement of Provision for Gratuity Contribution by ₹9.58 crore with corresponding overstatement of Net Surplus by ₹11.76 crore.

C. 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 2014; 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 summarized financial results of the Paradip Port Trust for the last three years ended 31 March 2014 is given in Annexure-II.

Place : Kolkata

Date : 10 October 2014

Sd/-

(Prمود Kumar)

**Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board - I,
Kolkata**

**ANNEXURE - I TO AUDIT REPORT**

- (a) **Adequacy of the Internal Audit System:** Paradip Port Trust has appointed a firm of Chartered Accountants in October 2013 for conducting Internal Audit and thus, coverage is not adequate and commensurate with the size and nature of the business.
- (b) **Adequacy of Internal Control system:**
- i) The system of reconciliation of inventories between stores accounts and financial accounts needs to be strengthened.
 - ii) The system of adjustment of advances for purchase of store needs to be strengthened.
- (c) **System of Physical Verification of Fixed Assets:** No physical verification of fixed assets is done after 2001.
- (d) **System of Physical Verification of Inventories:** No physical verification of inventories is done during 2013-14.
- (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)

Deputy Director



ANNEXURE -II TO AUDIT REPORT

REVIEW OF ACCOUNTS OF PARADIP PORT TRUST, PARADIP FOR THE YEAR ENDED 31ST MARCH-2014 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 31.03.2014 was as follows: (₹ in Crore)

A. LIABILITIES	2013-14	2012-13	2011-12
(i) Capital Reserve (#)	1265.15	1059.15	861.38
(ii) Other Reserve (@)	2260.71	2136.97	2049.14
(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	1691.24	1499.62	1318.56
(v) Other Liabilities (CPF/Pension fund etc.)	Nil	Nil	Nil
TOTAL	5225.22	4703.86	4237.2



(₹ in Crore)

(B) ASSETS	2013-14	2012-13	2011-12
1. (i) Fixed Assets (Gross Block)	2059.44	1989.69	1711.5
(ii) Less: Depreciation	74237	681.39	627.33
(iii) Net Fixed Assets	1317.07	13083	1084.17
(iv) Work-in-Progress	129.07	120.26	241.64
(v) Investments	1682.47	135157	1032.12
(vi) Current Assets, Loans & Advances	2096.61	1921..73	1879.27
TOTAL	5225.22	4703.86	4237.2
C. Working Capital (*)	40537	422.11	560.71
D. Net Worth (**)	22.16.88	2100.4	2016.78
E. Capital Employed (***)	1722.44	1730.41	1644.88
F. Return on Capital Employed (****)	19.74%	15.57%	20.25%
G. Capital Employed (Including Capital Work-in-Progress)	1851.51	1850.67	1886.52
H. Return on Capital Employed (Including Capital Work-in-Progress)	18.37%	14.56%	17.65%



- (#) 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.



2.2 SUMMARY OF WORKING RESULTS

The working results of Paradip Port Trust for the last three years ending 31 March 2014 are summarized below

(₹ in Crore)

		2013-14	2012-13	2011-12
(A)	REVENUE			
	(i) Operating Income	914.60	683.73	639.39
	(ii) Non-operating Income	153.57	114.51	170.46
	TOTAL	1068.17	798.24	809.85
(B)	EXPENDITURE			
	(i) Operating Expenditure	549.65	441.11	417.66
	(ii) Non-operating Expenditure	178.42	87.74	59.13
	TOTAL	728.07	528.85	476.79
(C)	Net Surplus/(Deficit) before tax	340.09	269.39	333.06
(D)	Less:			
	(1) Provision for taxation	106.98	75.82	102.58
	(ii) Deferred Tax Liability	8.63	5.95	3.20
(E)	Net Surplus/(Deficit) after tax	224.48	187.62	227.28
(F)	Less: Mandatory appropriation / Transfer to Reserve Fund	108.00	104.00	100.00
(G)	Surplus/(Deficit) transferred to General Reserve fund	116.48	83.62	127.28
(H)	Percentage of Net Surplus (before tax) to			
	(a) Operating Income	37.18	39.4	52.09
	(b) Net Fixed Assets	25.82	20.59	30.70
	(c) Net Worth	15.34	12.83	16.51

**2.3 RATIO ANALYSIS (LIQUIDITY AND SOLVENCY)**

- (a) The percentage of current Assets to Current Liabilities was 142.52, 128.15 and 123.97 during the years 2011-12, 2012-13 and 2013-14 respectively.
- (b) The percentage of quick Assets to Current Liabilities was 65.48, 53.00 and 48.26 during the years 2011-12, 2012-13 and 2013-14 respectively (Quick Assets represent Current Assets minus Inventories).
- (c) The percentage of Sundry Debtors to Operating Income was 8.45, 8.52 and 10.31 during the years 2011-12, 2012-13 and 2013-14 respectively.
- (d) Debt to Capital Reserve & General Reserve ratio were 0.0028:1, 0.0025:1 and 0.0023:1 during the years 2011-12, 2012-13 and 2013-14 respectively

Sd/-

(B. C. Mandal)

Deputy Director

**Action Taken Notes on
Audit Objections /
Observations Contained
in the Report of the Year
2013-14**



**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 31ST MARCH, 2014**

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

iv. We further report that:

A Balance Sheet

A.1. APPLICATION OF FUND

A.1.1. Investments (Schedule - 4) - Rs. 1682.47 Crore.

A.1.1.1 Investments in Setu Samudram Corporation Ltd. - Rs. 30.00 Crore

Pradeep Port Trust has not ascertained and provided for the diminution in the value of long-term investment of Rs. 30 crore in M/s. Sethusamudram Corporation Limited, Chennai. This is in contrary to the Accounting Standard - 13 regarding accounting for Investments.

Suitable disclosure will be made in the accounts of 2014-15

B. PROFIT & LOSS ACCOUNT

B.1 Income

B.1.1 Finance & Miscellaneous Income (Schedule-16)

B.1.1.1 Interest on Fixed Deposits and Other Funds -Rs. 92.72 Crore

The above includes Rs. 7.48 crore being the interest income pertaining to Statutory Funds viz. Replacement, Rehabilitation and Modernisation of Capital Assets Fund and Development, Repayment of loans and Contingencies Fund. But due to inappropriate basis of apportionment

Necessary Accounting effect has been made vide JV No. 500 Dtd. 15/10/2014.

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

(considering investments in shares, debentures/ bonds, earmarked investments of EL encashment fund), the above income is overstated by Rs. 7.48 crore on accounts of short credit of interest to the statutory funds as well as overstatement of Net Surplus before Income Tax by the same amount. This has also resulted in understatement of Replacement, Rehabilitation and Modernisation of Capital Assets Fund by Rs. 4.25 crore and Development, Repayment of loans and Contingencies Fund by Rs. 3.23 crore.

B.2. Expenditure**B.2.1. Finance & Miscellaneous Expenses (Sch-17) - Rs. 178.42 Crore****B.2.1.1. Pension Contribution - Rs.115.20 Crore****B.2.1.1.1 Gratuity Provision - Rs. 53.73 Crore {read with Items 3, 13 and 19 (f) of Notes of Accounts (Schedule - 18 B)}**

According to Actuarial valuation done by Life Insurance Corporation of India (LIC), the assessed liability towards pension fund of the employees as on 31.03.2014 was Rs. 562.52 crore. PPT maintains a separate pension fund, wherein the fund balance was Rs. 541.18 crore as on 31.03.2014 (as per the unaudited statement). No provision, however, has been made

Necessary Accounting effect has been made vide JV No. 501 Dtd. 15/10/2014.



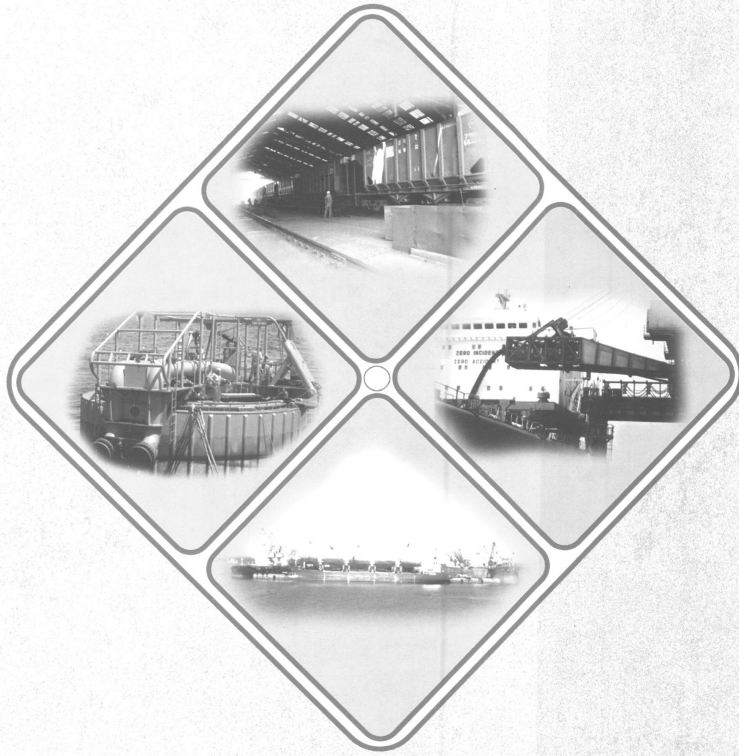
Observation made by the Audit	Action taken by Paradip Port Trust
<p>in the books of accounts to make good the deficit of Rs. 21.34 crore in the Pension Fund. This is in contravention of the disclosure made in item 19 of the Notes on Accounts.</p> <p>As per actuarial valuation done by LIC, the liability towards group gratuity scheme of PPT was assessed Rs. 115.75 crore as on 31.03.2014. The balance of the gratuity fund lying with LIC as on that date was Rs. 125.33 crore (as per the unaudited statement). No adjustment has however, been made in the accounts for surplus of Rs. 9.58 crore in gratuity fund.</p> <p>Thus, this has resulted in understatement of Provision for Pension Contribution by Rs. 21.34 crore and overstatement of Provision for Gratuity Contribution by Rs. 9.58 crore with corresponding overstatement of Net Surplus by Rs. 11.76 crore.</p>	
<p>C. Management Letter:</p> <p>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 JV No. 502 & 503 Dtd. 15/10/2014.</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>No Action</p>



Observation made by the Audit	Action taken by Paradip Port Trust
<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 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 2014; and</p> <p>b. In so far as it relates to Profit and Loss Account of the surplus for the year ended on that date.</p>	No Action
<p>5 A review of accounts showing the summarized financial results of the Paradip Port Trust for the last three years ended 31 March 2014 is given in Annexure-II.</p>	No Action

Paradip
Dt. 17/10/2014

S.K. Sahu
FA & CAO
Paradip Port Trust



An ISO 9001-2000 Certified Port

PARADIP PORT TRUST

Paradip, Odisha - 754142