

# **ANNUAL ACCOUNTS**

**AND**

## **AUDIT REPORT THEREON**

**WITH**

**ACTION TAKEN NOTES ON AUDIT  
OBJECTIONS/OBSERVATIONS  
CONTAINED IN THE REPORT  
FOR THE YEAR 2012-13**



# **PARADIP PORT TRUST**

# PARADIP PORT TRUST

## ANNUAL ACCOUNTS 2012-13

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# **ANNUAL ACCOUNTS**

**2012-13**

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

(Amount in Rs.)

		SCH	As at 31.03.13	As at 31.03.12
<b>I SOURCES OF FUNDS</b>				
1.	RESERVES & SURPLUS	1	31,961,204,350	29,105,235,256
2.	LOAN FUNDS	2	81,160,348	81,160,348
<b>TOTAL</b>			<b>32,042,364,698</b>	<b>29,186,395,604</b>
<b>II. APPLICATION OF FUNDS</b>				
1.	FIXED ASSETS	3		
a)	Gross Block		19,896,850,555	17,115,004,211
	Less : Depreciation		6,813,880,359	6,273,342,223
	Net Block		13,082,970,196	10,841,661,988
b)	Capital Works-in Progress		1,202,590,483	2,416,448,206
			14,285,560,679	13,258,110,194
2.	INVESTMENTS	4	13,535,700,000	10,321,200,000
3.	CURRENT ASSETS LOANS & ADVANCES	5	19,217,331,561	18,792,746,494
	Less : CURRENT LIABILITIES AND PROVISIONS	6	14,996,227,542	13,185,661,084
	NET CURRENT ASSETS		4,221,104,019	5,607,085,410
<b>TOTAL</b>			<b>32,042,364,698</b>	<b>29,186,395,604</b>
	Notes on Accounts	18		

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

*Sd/-*  
(G.S.S. Kumar)  
F.A & C.A.O.  
Paradip Port Trust

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(Amount in Rs.)

	SCH	2012-13	2011-12
<b>INCOME</b>			
Cargo Handling & Storage Charges	07	3,656,905,153	3,510,019,305
Port & Dock Charges (Including pilotage Fees)	08	1,966,383,856	1,773,166,576
Railway Earnings	09	967,667,284	871,521,352
Estate Rentals	10	246,372,202	239,167,407
<b>TOTAL</b>		<b>6,837,328,495</b>	<b>6,393,874,640</b>
<b>LESS - EXPENDITURE</b>			
Cargo Handling & Storage Charges	11	1,576,312,827	1,505,687,635
Port & Dock Facilities (including Pilotage)	12	934,252,910	899,736,610
Railway Working	13	415,083,391	327,581,383
Rentable Land & Buildings	14	408,184,366	496,334,663
Management & General Administration (not directly attributable to a Activity)	15	1,077,255,697	947,287,572
<b>TOTAL</b>		<b>4,411,089,191</b>	<b>4,176,627,863</b>
Operating Surplus (+) Deficit (-)		2,426,239,304	2,217,246,777
Add : Finance & Misc. Income	16	1,145,133,002	1,704,596,637
Less : Finance & Misc Expenditure	17	877,465,053	591,267,863
<b>Net Surplus (+) Deficit (-) before tax</b>		<b>2,693,907,253</b>	<b>3,330,575,551</b>
Provision for Income Tax		758,182,025	1,025,844,811
Provision for Deferred Tax Liability		59,540,198	31,964,019
Net Surplus after Income Tax	<b>TOTAL</b>	<b>1,876,185,030</b>	<b>2,272,766,721</b>
Less : Appropriations		-	-
Replacement, Rehabilitation and Modernisation of Capital Assets		520,000,000	500,000,000
Development, Repayment of Loan & Contingencies		520,000,000	500,000,000
Net Surplus after Appropriation		<b>836,185,030</b>	<b>1,272,766,721</b>
Notes on Accounts	18		

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

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**(G.S.S. Kumar)**  
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**(S.S. Mishra)**  
Chairman  
Paradip Port Trust



## SCHEDULED TO BALANCE SHEET

		(Amount in Rs.)	
SCHEDULE - 1	RESERVES & SURPLUS	As at 31.03.13	As at 31.03.12
<b>A. CAPITAL RESERVE</b>		60,445,839	60,445,839
<b>B. REVENUE RESERVE</b>			
i. General Reserve			
Opening Balance		20,167,765,179	18,011,933,716
Add : - Net Generation		836,185,030	1,272,766,721
- Transfer & Adjustment		-	883,064,742
		<u>21,003,950,209</u>	<u>20,167,765,179</u>
ii. Reserve for Repayment of Initial Investment			
Opening Balance		81,160,348	81,160,348
Additions		-	-
Less : Expenditure		-	-
		<u>81,160,348</u>	<u>81,160,348</u>
iii. Employees Welfare Fund			
Opening Balance		1,000,000	1,000,000
Additions		1,500,000	1,000,000
Less : Expenditure		(1,000,000)	(1,000,000)
		<u>1,500,000</u>	<u>1,000,000</u>
iv. E.L. Encashment Fund		364,235,491	322,651,427
		<u>364,235,491</u>	<u>322,651,427</u>
<b>C. STATUTORY RESERVE</b>			
i. Replacement, Rehabilitation, Modernisation of Capital Assets Fund			
Opening Balance		4,822,656,231	3,964,456,231
Additions		520,000,000	500,000,000
Add : Transfer		526,900,000	358,200,000
Less : Expenditure		-	-
		<u>5,869,556,231</u>	<u>4,822,656,231</u>
ii. Development, Repayment of Loans & Contingencies Fund			
Opening Balance		3,649,556,232	2,883,256,232
Additions		520,000,000	500,000,000
Add : Transfer		410,800,000	266,300,000
Less : Expenditure		--	-
		<u>4,580,356,232</u>	<u>3,649,556,232</u>
<b>TOTAL</b>		<u><b>31,961,204,350</b></u>	<u><b>29,105,235,256</b></u>

**SCHEDULED TO BALANCE SHEET**

		(Amount in Rs.)	
SCHEDULE - 2	LOAN FUNDS	As at 31.03.13	As at 31.03.12
A.	SECURED LOANS	-	-
B.	Govt. Loans		
i.	Capital Loan from Govt. of India	-	-
ii.	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

## SCHEDULED TO BALANCE SHEET

## FIXED ASSETS

DESCRIPTION OF ASSET	GROSS BLOCK			
	Opening Balance As at 01.04.12	Additions during the year	Del. / Adj. during the year	Closing Balance As at 31.03.13
1	2	3	4	5
Land	77,033,494	0	0	77,033,494
Lease Land	3,397,000	0	79,000	3,318,000
Stacking Yard	417,294,533	0	0	417,294,533
Capital Dredging	748,959,197	2,372,056,241	0	3,121,015,438
Building Sheds and other Structures	1,364,559,350	249,341,890	0	1,613,901,240
Wharves, Roads, Boundaries	4,537,178,824	96,944,902	0	4,634,123,726
Floating Craft	827,755,632	857,045	0	828,612,677
Railway and Rolling Stock	1,631,376,299	0	0	1,631,376,299
Docks, Sea-Walls, Breakwaters, Piers & Navigational Aids	581,482,179	31,641,266	0	613,123,445
Cranes and Vehicles	168,904,407	0	0	168,904,407
Plant & Machinery	5,635,997,165	31,084,000	0	5,667,081,165
Installation and Equipments	758,133,786	0	0	758,133,786
Furniture & Equipment	2,773,392	0	0	2,773,392
General Cargo Handling Plants & Equipments	341,588,980	0	0	341,588,980
Flotila & Marine Crafts	18,569,973	0	0	18,569,973
<b>Total</b>	<b>17,115,004,211</b>	<b>2,781,925,344</b>	<b>79,000</b>	<b>19,896,850,555</b>
Works in Progress	2,416,448,206	1,274,103,790	2,487,961,513	1,202,590,483
<b>Grand Total</b>	<b>19,531,452,417</b>	<b>4,056,029,134</b>	<b>2,488,040,513</b>	<b>21,099,441,038</b>
Previous Year	18,471,649,103	2,102,606,165	1,042,802,851	19,531,452,417



## AS AT 31.03.2013

(Amount in Rupees)

DEPRECIATION AND AMORTISATION				NET BLOCK	
Opening Balance As at 01.04.12	Provisions for the year	Del. / Adj. during the year	Total as on 31.03.13	As at 31.03.13	As at 31.03.12
6	7	8	9	10	11
0	0	0	0	77,033,494	77,033,494
0	0	0	0	3,318,000	3,397,000
112,894,071	10,432,365	0	123,326,436	293,968,097	304,400,462
103,092,406	31,210,155	0	134,302,561	2,986,712,877	645,866,791
489,669,352	31,989,883	0	521,659,235	1,092,242,005	874,889,998
915,229,856	71,678,417	0	986,908,273	3,647,215,453	3,621,948,968
296,654,903	41,430,634	(34,654,827)	303,430,710	525,181,967	531,100,729
411,718,233	46,573,925	0	458,292,158	1,173,084,141	1,219,658,066
150,360,053	13,569,232	0	163,929,285	449,194,160	431,122,126
95,968,538	5,059,210	0	101,027,748	67,876,659	72,935,869
3,171,799,998	279,791,673	0	3,451,591,671	2,215,489,494	2,464,197,167
317,604,747	27,374,649	0	344,979,396	413,154,390	440,529,039
2,773,392	0	0	2,773,392	0	0
187,506,100	16,082,820	0	203,588,920	138,000,060	154,082,880
18,070,574	0	0	18,070,574	499,399	499,399
<b>6,273,342,223</b>	<b>575,192,963</b>	<b>(34,654,827)</b>	<b>6,813,880,359</b>	<b>13,082,970,196</b>	<b>10,841,661,988</b>
0	0	0	0	1,202,590,483	2,416,448,206
<b>6,273,342,223</b>	<b>575,192,963</b>	<b>(34,654,827)</b>	<b>6,813,880,359</b>	<b>14,285,560,679</b>	<b>13,258,110,194</b>
5,803,007,108	555,954,993	(85,619,862)	6,273,342,223	13,258,110,194	12,668,160,686



## SCHEDULED TO BALANCE SHEET

(Amount in Rs.)

SCHEDULE - 4	INVESTMENTS	As at 31.03.13	As at 31.03.12
<b>A. INVESTMENT WITH GOVT. OF TRUST SECURITIES</b>			
	<b>Total</b>	-	-
<b>B. SHARE, DEBENTURE OR BONDS</b>			
	Investment in Setu Samudram Cororation Ltd.	300,000,000	300,000,000
	Investment in Haridaspur Paradip Railway Co. Ltd.	275,000,000	275,000,000
	Investment in Paradip Port Road Co. Ltd.	400,000,000	400,000,000
	Investment with DCILtd.	100,000,000	-
	Investment with Ennore Port Ltd.	200,000,000	-
	<b>Total</b>	<b>1,275,000,000</b>	<b>975,000,000</b>
<b>C. INVESTMENT PROPERTIES</b>			
	<b>Total</b>	-	-
<b>D. OTHERS</b>			
	Investment of deferred tax fund	660,000,000	615,000,000
	Investment of Capital Asset Replacement Rehabilitation & Modernisation Reserve Fund	5,869,500,000	4,830,000,000
	Investment Development, Repayment of Loans & Contigencies Reserve Fund	5,480,000,000	3,650,000,000
	Investment of Repayment of Initial Investment of Govt. of Orissa & India	81,200,000	81,200,000
	Unallocated Investment	170,000,000	170,000,000
	<b>Total</b>	<b>12,260,700,000</b>	<b>9,346,200,000</b>
	<b>G. TOTAL</b>	<b>13,535,700,000</b>	<b>10,321,200,000</b>



## SCHEDULED TO BALANCE SHEET

		(Amount in Rs.)	
SCHEDULE - 5		As at 31.03.13	As at 31.03.12
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
<b>A. CURRENT ASSETS</b>			
i.	Interest accrued on investment	1,282,673,718	1,264,988,539
ii.	Inventories	64,999,703	70,063,575
iii.	Sundry Debtors		
	a. Govt. Dues	46,810,916	
	b. Non-Govt. Dues	535,425,754	
		582,236,670	540,471,504
iv.	Cash & Bank Balance		
	a. Cash in Hand	407,892	332,979
	b. Bank Balance		
	i. Fixed Deposit		
	- Port funds	4,880,018,324	6,391,609,134
	ii. Savings Bank A/c.		
	- Allahabad Bank, Paradip	1,015,409,204	103,746,872
	- State Bank of India, Paradip	1,318,889	35,768,421
	- United Bank of India, Paradip	80,436,382	69,996,791
	- Allahabad Bank (Ext), Paradip	2,957,214	8,266,211
	- Uco Bank, Paradip	2,722,697	15,632,103
	- Oriental Bank of Commerce, Paradip	34,536,296	28,229,547
	- Union Bank, Paradip	4,688,135	16,878,291
	- I.D.B.I. Bank, Paradip	10,145,209	68,202,313
	- Axis Bank	7,176,996	3,995,490
	- State Bank of India (Suravi)	26,750,921	84,876,272
	- ICICI Bank	16,095,082	354,087
		6,082,663,241	6,827,888,511



		(Amount in Rs.)	
SCHEDULE - 5 (Contd.)		As at 31.03.12	As at 31.03.11
<b>B. LOANS AND ADVANCES</b>			
i.	Deposits	177,770,273	123,580,150
ii.	Tax Deducted at Source	1,118,843,559	920,210,292
iii.	Payments in Advance		
	- Advance for Purchases	98,653,168	67,633,542
	- Advance for Motor Cycle/Scooter/ Motor Car / Computer	7,629,077	4,257,498
	- Advance for Festivals	10,969,287	12,192,207
	- Advance to Staff	4,420,446	4,704,886
	- Advance against T.A.	1,350,127	1,470,281
	- Natural Calamities Advance	2,271,631	13,748,559
	- Advance to Contractors	55,788,080	60,097,080
	- Advance for House Building	16,856,704	3,813,804
	- Suspense Accounts	101,364,032	101,364,032
	- Temporary Advance to Departments	6,085,102	26,497,667
	- Permanent Advance to Departments	256,743	243,743
	- Advance Income Tax	9,602,500,000	8,702,500,000
		9,908,144,397	8,998,523,299
iv.	Receivable from Ministry of Agriculture (GOI) on account of Fishery Harbour Project	-	47,020,624
<b>TOTAL</b>		<b>19,217,331,561</b>	<b>18,792,746,494</b>



## SCHEDULED TO BALANCE SHEET

(Amount in Rs.)

SCHEDULE - 6	As at 31.03.13	As at 31.03.12
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b>A. CURRENT LIABILITIES</b>		
i. Creditors for Stores	115,707,899	122,789,685
ii. Miscellaneous Creditors and Credit Balances	24,639,697	138,595,453
iii. Deposits from Merchants, Contractors & others		
- Cash	1,668,496,011	1,504,093,919
- Securities	100,000,000	100,000,000
Less : Securities at face values	<u>(100,000,000)</u>	<u>(100,000,000)</u>
	<b>1,808,843,607</b>	<b>1,765,479,057</b>
<b>B. PROVISIONS</b>		
i. Contingencies	-	-
ii. <u>Taxation</u>		
Income Tax	8,312,817,849	7,554,635,824
Deferred Tax Liability	667,123,397	607,583,199
iii. <u>Employee Related Benefits</u>		
Pension & Gratuity Provision	627,913,805	343,299,661
Provident Fund	2,534,214	-
Salaries & Wages	278,660,488	105,441,569
iv. <u>Other Provisions</u>		
Accrued Expenses	2,857,127,417	2,792,445,158
Accrued Expenses on Capital Works	441,206,765	-
C.S.R.	-	1,180,397
Rehabilitation	-	15,596,219
	<u>13,187,383,935</u>	<u>11,420,182,027</u>
<b>TOTAL</b>	<b>14,996,227,542</b>	<b>13,185,661,084</b>


**SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

(Amount in Rs.)

SCHEDULE - 7	2012 - 13	2011 - 12
<b><u>CARGO HANDLING &amp; STORAGE CHARGES</u></b>		
Handling of General Cargo	1,156,393,330	1,157,947,431
Handling of Iron Ore & Other Ore	45,613,771	129,940,668
Storage of Goods	484,492,504	453,158,155
SPM Warfage	78,557,995	77,336,351
Cranage	3,818,242	7,496,013
Grab Royalty	7,104,270	15,447,090
Ore Mechanical Handling Plant Charges	25,352,246	128,067,976
MCHP Shipping Charges	1,055,075,767	858,658,304
MCHP Unloading Charges	670,866,134	577,618,269
POL Handling Charges	57,035,938	65,423,594
Demurrage Fees on General Cargo	68,015,860	36,980,240
Miscellaneous	4,579,096	1,946,214
<b>TOTAL</b>	<b><u>3,656,905,153</u></b>	<b><u>3,510,019,305</u></b>

**SCHEDULE - 8****PORT & DOCK CHARGES**

(Including Pilot Charges)

Towage and Mooring Fees	269,596,321	189,756,170
Dock Dues (Berth Hire)	362,371,057	379,455,251
Port Dues	444,312,150	390,559,682
Pilotage Fees	861,227,934	774,652,259
Water & Oil supply to Shipping	9,075,068	12,033,051
Dry Dock	18,149,766	24,484,464
Miscellaneous Charges	1,651,560	2,225,699
<b>TOTAL</b>	<b><u>1,966,383,856</u></b>	<b><u>1,773,166,576</u></b>


**SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

(Amount in Rs.)

<b>SCHEDULE - 9</b>	<b>2012 - 13</b>	<b>2011 - 12</b>
<b><u>RAILWAY EARNING</u></b>		
Freight and Haulage Charges	340,527,962	312,626,559
Siding Charges	79,387,389	73,136,400
Terminal Charges	547,751,933	485,758,393
<b>TOTAL</b>	<b>967,667,284</b>	<b>871,521,352</b>
<b>SCHEDULE - 10</b>		
<b><u>ESTATE RENTALS</u></b>		
Rent from Lands	52,189,152	61,135,048
Rent from Buildings, Sheds & Godowns	52,456,550	57,366,163
Recoverable Service Charges	117,034,591	101,038,153
Miscellaneous Income	24,691,909	19,628,043
<b>TOTAL</b>	<b>246,372,202</b>	<b>239,167,407</b>


**SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

(Amount in Rs.)

SCHEDULE - 11	2012 - 13	2011 - 12
<b><u>CARGO HANDLING &amp; STORAGE CHARGES</u></b>		
Handling & Storage of General Cargo at Sheds & Wharfages	319,764,693	275,880,352
Handling & Storage of Iron Ore & Other Ore	24,004,157	45,470,319
Ware Housing	13,674,542	40,349,472
Operation & Maintenance of Wharf Crane & Cranes	-	575,193
Operation & Maintenance of Ore Handling Plant	161,015,004	170,093,830
Operation & Maintenance of MCHP	458,833,418	400,489,728
Operation & Maintenance of Lighters & Barges	6,732,281	8,929,966
Administration & General Expenses	230,660,270	203,751,659
Depreciation	361,628,462	360,157,116
<b>TOTAL</b>	<b>1,576,312,827</b>	<b>1,505,687,635</b>
<b>SCHEDULE - 12</b>		
<b><u>PORT &amp; DOCK FACILITIES FOR SHIPPING (INCLUDING PILOTAGE)</u></b>		
Towing, Berthing & Mooring	219,105,791	256,070,236
Pilotage	38,717,548	23,710,324
Dredging & Marine Survey	407,088,318	336,894,455
Operation & Maintenance of Navigation Aids.	55,707,224	39,690,491
Maintenance of Docks & Harbour Walls, Marine Structural, Sea Shore etc.	39,333,736	94,656,870
Administration & General Expenses	88,090,273	73,249,002
Depreciation	86,210,020	75,465,232
<b>TOTAL</b>	<b>934,252,910</b>	<b>899,736,610</b>


**SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

(Amount in Rs.)

<b>SCHEDULE - 13</b>	<b>2012 - 13</b>	<b>2011 - 12</b>
<b><u>RAILWAY WORKINGS</u></b>		
Operation & Maintenance of Locomotives, Wagons etc.	195,343,241	111,610,577
Maintenance of Permanent way, Signals and Inter Locking	42,379,877	35,398,209
Operation & Maintenance and Administrative Expenses of Station Yards & Sidings	34,980,378	25,122,721
Administration and General Expenses	95,805,970	98,875,951
Depreciation	46,573,925	46,573,925
<b>TOTAL</b>	<b>415,083,391</b>	<b>327,581,383</b>

**SCHEDULE - 14****RENTABLE LANDS & BUILDINGS**

Estate Maintenance	331,910,716	426,120,178
Administration & General Expenses	18,310,985	15,559,154
Depreciation	57,962,665	54,655,331
<b>TOTAL</b>	<b>408,184,366</b>	<b>496,334,663</b>


**SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

(Amount in Rs.)

SCHEDULE - 15	2012 - 13	2011 - 12
<b><u>MANAGEMENT &amp; GENERAL</u></b>		
<b><u>ADMINISTRATION</u></b>		
Management & Secretarial Expenses	346,306,569	291,162,572
Labour & Welfare Expenses	65,041,648	94,140,796
Medical Expenses	162,370,975	138,069,341
Store Keeping	31,083,064	33,825,311
Accounting & Auditing	54,093,732	58,977,167
Expenditure on Office Telephones	3,924,017	3,869,052
Engineering & Workshop Administration and Overhead	377,363,836	293,332,203
Sundry Expenses	14,253,965	14,807,741
Depreciation	22,817,891	19,103,389
<b>TOTAL</b>	<b>1,077,255,697</b>	<b>947,287,572</b>
<b>SCHEDULE - 16</b>		
<b><u>FINANCE &amp; MISCELLANEOUS INCOME</u></b>		
Interest on Fixed Deposit & Other Funds	762,823,454	713,924,302
Interest on Loans & Advances	5,446,372	5,925,113
Sale of Unservicable Materials	17,198,349	46,626,670
Miscellaneous Income	358,555,387	901,408,937
Items Relating to Previous Years	1,109,440	36,711,615
<b>TOTAL</b>	<b>1,145,133,002</b>	<b>1,704,596,637</b>


**SCHEDULE TO PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

SCHEDULE - 17	(Amount in Rs.)	
	2012 - 2013	2011 - 12
<b><u>FINANCE &amp; MISCELLANEOUS EXPENSES</u></b>		
Bank Charges	137,259	98,224
Interest Payable on :		
- Initial Investment of Govt. of India	2,130,459	2,130,459
Pension Contribution	774,472,771	400,000,000
Employer's Contribution CPF & Tire-IA/c.	2,932,641	2,274,805
TA to Family of Deceased Employees	1,618,871	2,195,206
E.L. Encashment Provision	41,584,064	322,651,427
C.S.R.	45,456,000	45,000,000
Service Charges for NPS	14,383	-
Gratuity Payment	1,149,316	-
Employees Welfare Fund	1,500,000	-
Items Relating to Previous Years	6,469,289	(183,082,258)
<b>TOTAL</b>	<b>877,465,053</b>	<b>591,267,863</b>



## SCHEDULE-18

ANNUAL ACCOUNTS 2012-13  
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 less depreciation.
- 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.
- 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 incomes accrued from the plots which are under subjudice have been considered as the income for the financial year.
- 12 The stores received during the financial year but not check measured are not accounted for.

**B. NOTES ON ACCOUNTS**1. YEAR IN BRIEF :

RESULTS FOR THE YEAR	2012 - 13	2011 - 12
Traffic (in Million MT)	56.55	54.25
Operating Income (Rs. in Cr.)	683.73	639.38
Operating Expenditure (Rs. in Cr.)	441.11	417.66
Operating Surplus (Rs. in Cr.)	242.62	221.72
Total Income (Rs. in Cr.)	798.25	809.85
Total Expenditure (Rs. in Cr.)	528.86	476.79
Net Surplus (Rs. in Cr.)	269.39	333.06
Operating Ratio	1:0.65	1:0.65
Unit Cost per Ton of Cargo Handled (Rs.)	93.52	87.88
Salary & Wages as percentage of Total Expenditure	24.38	23.23
Provision of Income Tax (Rs. in Cr.)	75.82	102.58



2. **PROFIT AND LOSS ACCOUNT**

The Profit and Loss Accounts shows an operating surplus of Rs. 242.62 crores and a Net Surplus of Rs. 269.39 crores. Rs. 104.00 crores has been transferred to two reserve funds. The accumulated surplus stands at Rs. 2100.40 crores as on 31.03.2013 which has been exhibited in the General Reserve.

3. **PENSION CONTRIBUTION**

To meet the liabilities on account of pensionary benefits, Rs. 77.45 crores has been provided towards pension fund 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. 2.28 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. 104.00 crores has been appropriated to the following reserves out of the Net surplus after income tax of Rs. 187.62 crores as per the guidelines of Ministry.

a)	Replacement, Rehabilitation and Modernization of Capital Assets Reserve	Rs. 52.00 crore
b)	Development, Repayment of Loan and Contingencies Reserve	Rs. 52.00 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 2012-13 was Rs. 77.05 crores, (Plan Capital Rs. 73.73 crores and Non-plan Capital Rs. 3.32 crores). An amount of Rs. 29.52 crores is the commitment upto 2012-13 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 21 nos of cases filed by PPT against different parties during 2012-13. There are 124 nos of cases filed against PPT by different parties during 2012-13

**13. PENSION & PROVIDENT FUND ACCOUNT**

The Pension and Gratuity Fund and Provident Fund Accounts are annexed at Annexure -I & II respectively. Application for recognition of Provident Fund by Income Tax Authority has not yet been disposed off. Paradip Port Trust has also purchased annuity from approved Institutions amounting to Rs. 143.44 crores for meeting Pension liabilities.

**14. PROVISION FOR C.S.R**

CSR activities have been taken up as per the guidelines issued vide Ministry letter No.PD-25021/10/2011-PD.II dated 02.12.2011.

**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 year 2009-10, an appeal has been filed before the Hon'ble CIT Appeal, Cuttack against the assessment order passed by the Assessing Officer.

For the financial year 2010-11 and 2011-12, 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.

**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 ` 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 but not released 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 2013 are treated as consumed as its impact in the account is not significant. Similarly, medicines purchased for day to day use 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.64 lakh were received at Central Store during 2012-13 but taken into account during 2013-14 as those materials were inspected and check measured during 2013-14.
- 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 2012-13.

**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.11.72 per unit.
- ii. The share certificate/ bonds for the following investments has not been received within 31.03.2013.

1	HPRCL	Rs. 27.50 crore
2	DCILtd	Rs. 10.00 crore
3	EPL	Rs. 20.00 crore

**f Employee Benefits (AS 15)**

Necessary provision has been made for creation of Pension fund to meet the liability.

**20. SUNDRY DEBTORS:**

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

Less than 6 months                      Rs. 38.66 crores

More than 6 months                      Rs. 19.55 crores

ii) The plot rent from the Iron Ore plots under subjudice amounting to Rs. 12.83 crore has been taken into accounts for the year 2012-13.

*Sd/-*  
**(G.S.S. Kumar)**  
F.A & C.A.O.  
Paradip Port Trust

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



Annexure - I

**PENSION & GRATUITY FUND  
BALANCE SHEET AS AT 31.03.2013**

		(Amount in Rs.)		
<u>LIABILITIES</u>	Amount	ASSETS	Amount	
<u>Fund A/c</u>		<u>Investment</u>		
Pension	3,737,747,345	Pension	3,015,401,600	
Add : Excess of Income Over Expenditure	736,024,210	4,473,771,555	Gratuity	727,090,860
Gratuity	755,798,556		<u>Current Assets</u>	
Less : Excess of Expenditure over Income	(76,983,086)	678,815,470	Interest Accrued	267,506,651
<u>Current Liabilities</u>			Receivable From PPT	627,913,805
TDS From Pension		59,160	<u>Cash &amp; Bank Balance</u>	
Tire-I		66,024	Cash at Bank	515,636,317
PPT Account		837,024		
		<u>5,153,549,233</u>		<u>5,153,549,233</u>

*Sd/-*  
(G.S.S. Kumar)  
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 31.03.2013**

EXPENDITURE	Amount	INCOME	Amount
Pension	363,656,107	Interest on Investment of Pension Fund	328,214,787
Gratuity	140,334,110	Interest on Investment of Gratuity Fund	65,854,155
Annual Premium towards Gratuity	4,918,745	Pension Contributin from PPT	772,300,000
<b><u>Excess of Income Over Expenditure</u></b>		Pension contribution from Other Organisation	1,581,144
Transfer to Pension Fund	736,024,210		
Transfer to Gratuity Fund	(76,983,086)	659,041,124	
	<b>1,167,950,086</b>		<b>1,167,950,086</b>

*Sd/-*  
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F.A & C.A.O.  
Paradip Port Trust

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



**PENSION & GRATUITY FUND  
RECEIPT AND PAYMENT ACCOUNTS  
FOR THE YEAR ENDING 31.03.2013**

		(Amount in Rs.)	
RECEIPT	Amount	PAYMENT	Amount
		<b><u>PENSION PAYMENT</u></b>	
Opening Bank Balance	140,332,321	Pension	279,167,045
Investment	1,520,000,000	Commutation of Pension	<u>84,489,062</u>
PPT Account	429,806,838		363,656,107
		<b><u>GRATUITY PAYMENT</u></b>	
Pension Contribution from PPT	145,967,339	Gratuity	136,277,412
Tire-I	4,861,720	Death Gratuity	<u>4,056,698</u>
TDS of Pensioners	1,805,964	Investment	1,405,000,000
Interest on Investment	184,593,543	PPT Account	85,841,797
LIC on Account of Gratuity	92,058,720	Tire-I	4,795,696
		TDS of Pensioners	1,746,804
		Gratuity Premium	2,415,614
		Closing Bank Balance	<u>515,636,317</u>
	<u>2,519,426,445</u>		<u>2,519,426,445</u>

*Sd/-*  
**(G.S.S. Kumar)**  
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 31.03.2013**

<b>LIABILITIES</b>		<b>Amount</b>	<b>ASSETS</b>		<b>Amount</b>
<b>Fund A/c</b>			<b>Investment</b>		
General Provident Fund	1,275,367,823		Principal Amount	1,205,915,868	
Contributory Provident Fund	<u>13,982,019</u>	1,289,349,842	Interest Accrued	<u>81,691,542</u>	1,287,607,410
Reserve Fund			<b>Current Assets</b>		
Opening Balance	23,709,481		Receivable from PPT	2,534,214	
			Cash & Bank balance		
Add : Excess of Income Over Expenditure	<u>1,052,602</u>	24,762,083	Cash at Bank	23,970,301	
		<u>1,314,111,925</u>		<u>1,314,111,925</u>	

*Sd/-*  
**(G.S.S. Kumar)**  
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 31.03.2013**

(Amount in Rs.)

EXPENDITURE	Amount	INCOME	Amount
Interest on GPF Balances	108,774,339	Interest on FDR	110,975,175
Interest on CPF Balances	1,148,234		
Excess of Income over Expenditure	1,052,602		
	<u>110,975,175</u>		<u>110,975,175</u>

*Sd/-*  
**(G.S.S. Kumar)**  
F.A & C.A.O.  
Paradip Port Trust

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



**PROVIDENT FUND ACCOUNT  
RECEIPT AND PAYMENT ACCOUNTS  
FOR THE YEAR ENDING 31.03.2013**

(Amount in Rs.)			
RECEIPT	Amount	PAYMENT	Amount
OPENING BALANCE AT BANK	6,304,592	<u>WITHDRAWAL</u>	
		General Provident Fund	410,612,157
		Contributory Provident Fund	<u>1,244,396</u> 411,856,553
<b>SUBSCRIPTION</b>			
General Provident Fund	308,624,393		
Contributory Provident Fund	<u>1,003,562</u> 309,627,955	<b>INVESTMENT</b>	1,106,579,476
<u>RECOVERY</u>		<b>CLOSING BALANCE AT BANK</b>	23,970,301
General Provident Fund	9,030,242		
Contributory Provident Fund	<u>778,370</u> 9,808,612		
<b>INTEREST ON INVESTMENT</b>	153,710,246		
<b>MATURITY</b>	1,055,000,000		
<b>PPT ACCOUNT</b>	7,954,925		
	<u>1,542,406,330</u>		<u>1,542,406,330</u>

*Sd/-*  
**(G.S.S. Kumar)**  
F.A & C.A.O.  
Paradip Port Trust

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

**AUDIT REPORT**  
**2012-13**



**SEPARATE AUDIT REPORT OF THE COMPTROLLER & AUDITOR  
GENERAL OF INDIA ON THE ACCOUNTS OF PARADIP PORT TRUST,  
PARADIP FOR THE YEAR ENDED 31ST MARCH, 2013**

1. We have audited the attached Balance Sheet of Paradip Port Trust, Paradip as at 31st March 2013 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 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 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 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 (Schedule-3) - ₹ 1428.56 Crore**
- A.1.1.1.** Assets valuing ₹ 15.28 Crore put to use during the year 2011-12 & 2012-13 were not capitalized and depreciation was not provided accordingly. Depreciations on the assets should have been provided from the respective date of put to use. This has resulted in understatement of Fixed Assets by ₹ 15.28 Crore and understatement of provision for Depreciation by ₹ 0.89 Crore with corresponding overstatement of Profit by the same amount.
- A.1.1.2.** Capital works-in-progress has been understated by ₹ 1.26 crore due to non-inclusion of with held amount from the contractor for the Railway work for deep draught berth at Paradip Port. This has also resulted in understatement of Current Liabilities by the same amounts.
- A.2.1. Investments (Schedule - 4) - ₹ 1353.57 Crore**
- A.2.1.1. Investment in Setu Samundram Corporation Ltd. - ₹ 30 Crore**
- The above represents investment of ₹ 30 crore in equity shares of Setu Samudram Corporation Limited for Ship Canal Project. The work of the project has been suspended since September 2007 following an order from Hon'ble Supreme Court of India and no further progress was made so far. The fact has not been disclosed in the accounts.
- A.2.1.2. Investment of Development, Repayment of Loans & Contingencies Reserve Fund - ₹ 548 Crore**
- Against the Development, Repayment of loans & Contingencies Reserve fund of ₹ 458 Crore corresponding investment of the fund was erroneously shown as ₹ 548 crore due to inclusion of other fixed deposits. This has resulted in overstatement of Development, Repayment of loans & Contingencies Reserve fund as well as understatement of Current Assets by ₹ 90 crore.
- A.3.1. Current Assets, Loans & Advances (Schedule-5) - ₹ 1921.73 Crore**
- A.3.1.1. Advance to Contractor - ₹ 5.58 Crore**
- The above includes advance of ₹ 2.29 crore given to a contractor for Construction of Surge protection Embankment from Sandhkud Basti as Deposit Work on account of IOCL Refinery Project. An amount of ₹ 0.88 crore withheld from the running account bill submitted by the contractor has not been accounted for in the Accounts. Thus, non accounting of the same



has resulted in overstatement of Current Assets and overstatement of Current Liability to the amount of ₹ 0.88 crore.

**B. PROFIT & LOSS ACCOUNTS**

**B.1. Expenditure**

**B.1.1 Rentable Land Building (Schedule - 14) - ₹ 40.82 Crore**

Estate Maintenance ₹ 33.19 Crore

The above expenditure has been overstated due to inclusion of ₹ 2.44 Crore being Capital expenditure on supply, installation and commissioning of High Mast Lighting towers inside Harbour area which should have been capitalised. This has resulted in understatement of net surplus by ₹ 2.44 Crore and understatement of Capital Works in Progress by the same amount.

**B.1.2 Finance & Miscellaneous Expenses (Schedule-17) - ₹ 87.75 Crore**

**B.1.2.1 Pension Contribution ₹ 77.45 Crore read with Item Nos. B (3) and 19(f) of Notes of Accounts (Schedule - 18)**

According to Actuarial valuation done by Life Insurance Corporation of India (LIC), the recommended liability towards pension fund of the employees as on 31.03.2013 was ₹ 532.93 crore. PPT maintains a separate pension fund, wherein the fund balance was ₹ 447.38 crore as on 31.03.2013 (as per the unaudited statement). No provision, however, has been made in the books of accounts to make good the deficit of ₹ 85.55 crore in the Pension Fund. This is in contravention of the disclosure made in item No. 19 of the Notes on Accounts and has resulted in understatement of Provision for Pension Contribution by ₹ 85.55 crore and over statement of Net Surplus by the same amount.

**B.1.2.2 Gratuity Payment - ₹ 0.11 Crore**

As per actuarial valuation done by LIC, the liability towards group gratuity scheme of PPT was ₹ 105.31 crore as on 31.03.2013. The balance of the gratuity fund lying with LIC as on that date was ₹ 67.88 crore (as per the unaudited statement). However, neither any payment has been made to LIC nor any provision made in the annual accounts for ₹ 39.19 crore towards deficit in gratuity fund payable to LIC. This has resulted in understatement of provision for gratuity contribution by ₹ 37.43 crore as well as overstatement of Net Surplus by the same amount.

**C. NOTES ON ACCOUNTS (Schedule - 18.B)****C.1. Plan & Non-Plan Expenditure**

**C.1.1.** An amount of ₹29.52 crore has been shown as commitment upto 2012-13 towards ongoing plan projects which should have been ₹331.68 Crore.

**D.1** Management Letter: Deficiencies which have not been included in the Audit Report have been brought to the notice of Paradip Port Trust management through a 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 2013; 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 31st March 2013 is given in Annexure-II.

Place : Kolkata

Date : 3 October 2013

*Sd/-*

(Prmod 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:** No internal audit was conducted during the year 2012-13 either by internal audit wing of Paradip Port Trust or by any outside agency.
- (b) **Adequacy of Internal Control System:** The system of adjustment of advances for purchase of store needs to be strengthened.
- (c) **System of Physical Verification of Fixed Assets:** Physical Verification of fixed assets was not done since inception. No effort was made to evolve system of verification either departmentally or through outsourcing.
- (d) **System of Physical Verification of Inventories:** Management evolved to have Physical Verification of Inventories once in two years. A firm was engaged (April 2009) to conduct verification of inventories for the years 2008-09 and 2010-11. The report for the year 2010-11 has been submitted by the firm in June 2013.
- (e) **Placement of Surplus Funds in Investments:** PPT is placing most of the surplus revenue funds, reserve funds in fixed deposits with Banks and some time in mutual fund investments, where chances for diminution in the value are high.
- (f) **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, 2013 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

**Note :** This review of Accounts has been prepared without taking into account the audit observations/ 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 of the Major Port Trust Act, 1963.

#### 2. FINANCIAL POSITION

The financial position of the Port Trust under broad headings for the last three year ending 31.03.2013 was as follows:

(₹ in Crore)

(A) LIABILITIES		2012-13 (Current Year)	2011-12 (Previous Year)	2010-11 (Previous Year)
(i)	Capital Reserve (#)	1059.15	861.38	697.70
(ii)	Other Reserve (@)	2136.97	2049.14	1801.29
(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	1499.62	1318.56	1304.43
(v)	Other Liabilities (CPF/Pension fund etc.)	Nil	Nil	Nil
	<b>TOTAL</b>	<b>4703.86</b>	<b>4237.20</b>	<b>3811.54</b>



<b>B)</b>	<b>ASSETS</b>			
(i)	Fixed Assets (Gross Block)	1989.69	1711.50	1635.43
(ii)	Less: Depreciation	681.39	627.33	580.30
(iii)	Net Fixed Assets	1308.30	1084.17	1055.13
(iv)	Work-in-Progress	120.26	241.64	211.73
(v)	Investments	1353.57	1032.12	865.89
(vi)	Current Assets	1921.73	1879.27	1678.78
	<b>TOTAL</b>	<b>4703.86</b>	<b>4237.20</b>	<b>3811.53</b>
(C)	Working Capital (*)	422.11	560.71	374.35
(D)	Net Worth (**)	2100.40	2016.78	1801.19
(E)	Capital Employed (***)	1730.41	1644.87	1429.48
(F)	Return on Capital Employed (****)	15.57%	20.25%	29.10%
(G)	Capital Employed (Including Work-in-Progress)	1850.67	1886.52	1641.22
(H)	Return on Capital Employed (Including Work-in-Progress)	14.56%	17.65%	25.34%



- (#) Capital Reserves 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 Reserves represents 'General Reserve', 'EL encashment fund' and 'Employees Welfare Fund'.
- (\*) Working Capital represents Net Current Assets i.e. Current Assets minus Current Liabilities. Current Liabilities included provision for interest on Government of India Loan ( ₹229.97 crore as on 31 March 2013) and not paid.
- (\*\*) 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 2013 are summarized below

(₹ in Crore)

		2012-13 (Current Year)	2011-12 (Previous Year)	2010-11 (Previous Year)
<b>(A)</b>	<b>REVENUE</b>			
(i)	Operating Income	683.73	639.39	705.38
(ii)	Non-operating Income	114.51	170.46	145.78
	<b>TOTAL</b>	<b>798.24</b>	<b>809.85</b>	<b>851.16</b>
<b>(B)</b>	<b>EXPENDITURE</b>			
(i)	Operating Expenditure	441.11	417.66	391.16
(ii)	Non-operating Expenditure	87.74	59.13	44.04
	<b>TOTAL</b>	<b>528.85</b>	<b>476.79</b>	<b>435.20</b>
(C)	Net Surplus/(Deficit) before appropriation	269.39	333.06	415.96
(D)	Less: (i) Mandatory appropriation / Transfer to Reserve Fund	104.00	100.00	50.00
	(ii) Provision for taxation	75.82	102.58	139.83
	(iii) Deferred Tax Liability	5.95	3.20	4.09
(E)	Surplus/(Deficit) transferred to General Reserve fund	83.62	127.28	222.03
(F)	Percentage of Net Surplus (before tax) to			
	(a) Operating Income	39.40	52.09	58.96
	(b) Net Fixed Assets	20.59	30.70	39.42
	(c) Net Worth	12.83	16.51	23.09

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

- (a) The percentage of Current Assets to Current Liabilities was 128.70, 142.52 and 128.15 during the years 2010-11, 2011-12 and 2012-13 respectively.
- (b) The percentage of quick Assets to Current Liabilities was 60.58, 65.48 and 53.00 during the years 2010-11, 2011-12 and 2012-13 respectively. (Quick Assets represent Current Assets minus Inventories).
- (c) The percentage of Sundry Debtors to Operating Income was 3.79, 8.45 and 8.52 during the years 2010-11, 2011-12 and 2012-13 respectively.
- (d) Debt to Capital Reserve & General Reserve ratio were 0.0032:1, 0.0028:1 and 0.0025:1 during the years 2010-11, 2011-12 and 2012-13 respectively.

*Sd/-*

(B. C. Mandal)

**Deputy Director**

**Action Taken Notes on  
Audit Objections /  
Observations Contained  
in the Report of the Year  
2012-13**



**ACTION TAKEN NOTES ON SEPARATE AUDIT REPORT OF THE  
COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF PARADIP  
PORT TRUST, PARADIP FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

Observation made by the Audit	Action taken by Paradip Port Trust
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iv. We further report that:

**A Balance Sheet**

**A.1. APPLICATION OF FUND**

**A.1.1. Fixed Assets (Sch-3) Rs. 1428.56 crore.**

**A.1.1.1.** Asset valuing Rs. 15.28 crore put to use during the year 2011-12 and 2012-13 were not capitalised and depreciation was not provided accordingly. Depreciations on the assets should have been provided from the respective date of put to use. This has resulted in understatement of Fixed assets by Rs.15.28 crore and understatement of provision for depreciation by Rs. 0.89 crore with corresponding overstatement of profit by the same amount

Necessary rectification will be made.

**A.1.1.2.** Capital Work in Progress has been understated by Rs.1.26 Crore due to non inclusion of withheld amount from the contractor for the Railway work for deep draught berth at Paradip Port. This has also resulted in understatement of Current Liabilities by the same amount

Necessary rectification will be made.

**A.2.1. Investments (Schedule 4) - Rs. 1353.57 crore.**



Observation made by the Audit	Action taken by Paradip Port Trust
<p><b>A.2.1.1. Investment in Setu samudram Corporation Ltd. Rs. 30 Crore</b></p> <p>The above represents of investment of Rs. 30 crore in equity shares of Setu Samudram Corporation Ltd. for ship canal projects. The work of the projects has been suspended since September 2007 following an order from Hon'ble Supreme Court of India and no further progress was made so far. The fact has not been disclosed in the accounts.</p>	<p>Suitable discloser will be made.</p>
<p><b>A.2.1.2. Investment of Development, Repayment of Loans &amp; Contingency Reserve Fund"- Rs. 548 Crore</b></p> <p>Against the "Development, Repayment of Loans &amp; Contingency Reserve Fund" of Rs. 458 Crore corresponding Investment of the fund was erroneously shown as Rs.548 crore due to inclusion of other fixed deposit. This has resulted in overstatement of Development, Repayment of Loans &amp; Contingency Reserve Fund as well as understatement of Current Assets by Rs. 90 crore.</p>	<p>Necessary rectification will be made.</p>
<p><b>A.3.1. Current Assets, Loans &amp; Advances (Sch-5) Rs.1921.73 Crore</b></p>	
<p><b>A.3.1.1. Advance to Contractor - Rs. 5.58 Crore</b></p> <p>The above includes advance of Rs.2.29 crore given to a contractor for Construction of Surge protection Embankment from Sandhkud</p>	<p>Necessary rectification will be made.</p>



Observation made by the Audit	Action taken by Paradip Port Trust
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Basti as deposit work on account of IOCL Refinery Project. An amount of Rs 0.88crore withheld from the running account bill submitted by the contractor has not been accounted for in the Accounts. Thus non accounting of the same has resulted in overstatement of Current assets and overstatement of Current liability to the amount of Rs.0.88Crore.

**B. PROFIT AND LOSS ACCOUNT**  
**Expenditure**

**B.1. Rentable Land & Building (Sch-14) Rs. 40.82 Crore**

**B.1.1. Estate Maintenance -Rs.33.19 Crore**

The above expenditure has been overstated due to inclusion of Rs. 2.44 Crore being capital expenditure on Supply, installation and commissioning of High Mast Lighting towers inside Harbour area which should have been capitalised. This has resulted in understatement of net surplus by Rs. 2.44 crore and understatement of Capital works in progress by the same amount.

Necessary rectification will be made.

**B.1.2. Finance & Miscellaneous Expenses (Sch-17) Rs. 87.75 Crore**



Observation made by the Audit	Action taken by Paradip Port Trust
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**B.1.2.1. Pension Contribution Rs.77.45 crore read with item Nos B(3) and 19(f) of Notes of Accounts (Sch 18).**

According to Actuarial valuation done by Life Insurance Corporation of India (LIC), the recommended liability towards pension fund of the employees as on 31.03.2013 was 532.93 crore. PPT maintains a separate pension fund, wherein the fund balance was 447.38 crore as on 31.03.2013 (as per the unaudited statement). No provision, however, has been made in the books of accounts to make good the deficit of Rs. 85.55 crore in the Pension Fund. This is in contravention of the of the discloser made in item No. 19 of the notes on accounts and has resulted in understatement of Provision for Pension Contribution by Rs. 85.55 crore and over statement of Net Surplus by the same amount.

Necessary rectification will be made.

**B.1.2.2. Gratuity Payment -Rs. 0.11 Crore**

As per actuarial valuation done by LIC, the liability towards group gratuity scheme of PPT was Rs.105.31 crore as on 31.03.2013. The balance of the gratuity fund lying with LIC as on that date was 67.88 crore (as per the unaudited statement). However, neither any payment has been made to LIC nor any provision made in the annual accounts for Rs.39.19 crore towards deficit in gratuity fund payable to LIC. This has

Necessary rectification will be made.



Observation made by the Audit	Action taken by Paradip Port Trust
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resulted in understatement of provision for gratuity contribution by Rs.37.43 crore as well as overstatement of Net Surplus by the same amount.

### C.1. NOTES ON ACCOUNTS (Schedule 18B)

#### C.1.1. Plan & Non-Plan Expenditure.

An amount of Rs.29.52 Crores has been shown as commitment upto 2012-13 towards on going plan projects which should have been Rs. 331.68 Crore. Noted

#### D.1. Management Letter:

Deficiencies which have not been included in the Audit Report have been brought to the notice of Paradip Port Trust Management through a letter issued separately for remedial/ corrective action. Noted

v. Subject to our observation in the preceding paragraphs, we report that the Balance Sheet and Profit & Loss Account dealt with this report are in agreement with the books of accounts. No Action

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read No Action

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

together with the Accounting Policies and Notes on Accounts, and subject to the significant matter stated above and other matter 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 31st March 2013; and

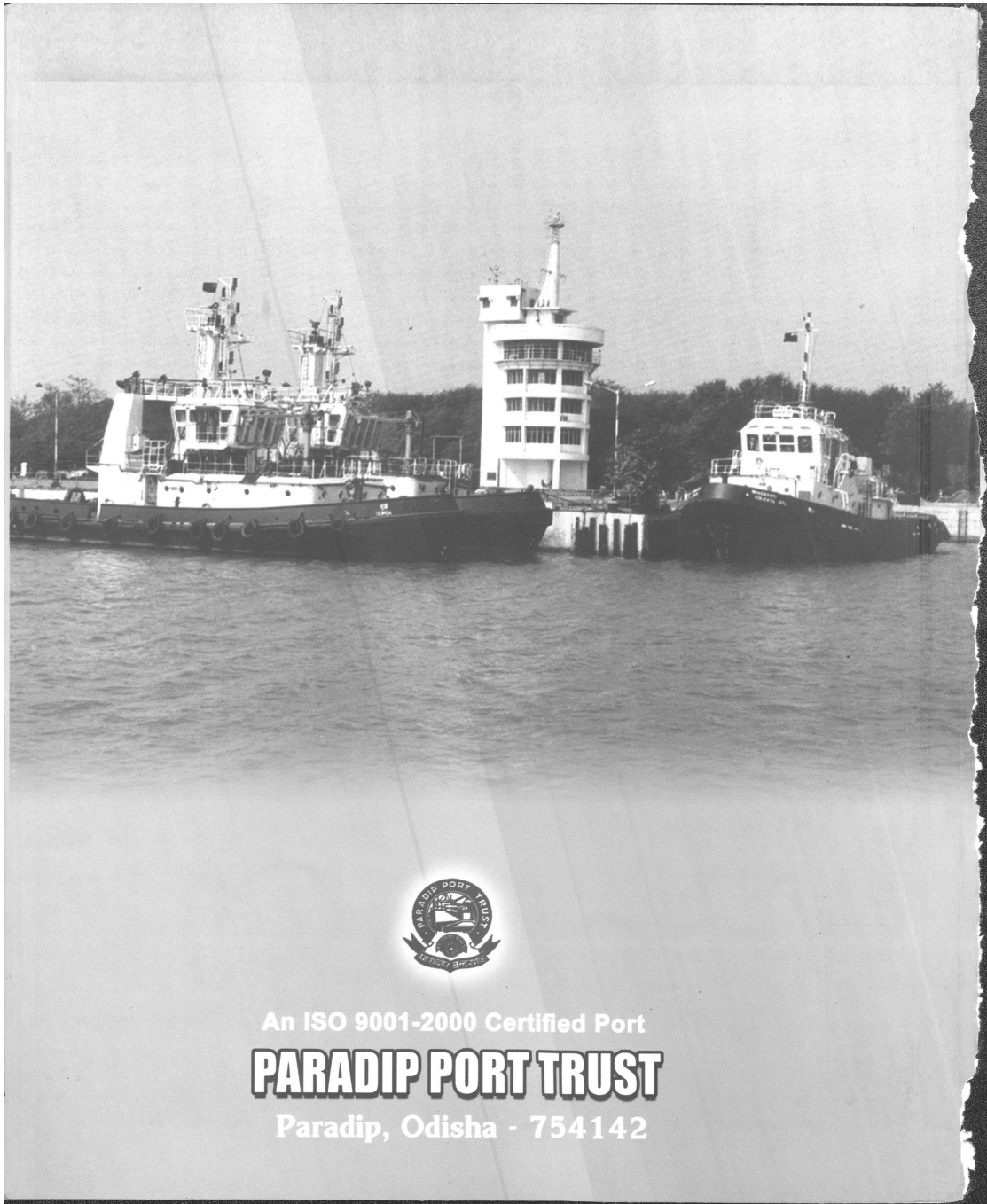
b. In so far as it relates to Profit & Loss account of the surplus for the year ended on that date.

5. A review of accounts showing the summarized financial results of the Paradip Port Trust for the last three years ended 31st Mar 2013 is given in Annexure II.

No Action

**Place : Paradip**  
**Date : 17.6.2013**

*Sd/-*  
**(G.S.S. Kumar)**  
F.A & C.A.O.  
Paradip Port Trust



An ISO 9001-2000 Certified Port

**PARADIP PORT TRUST**

Paradip, Odisha - 754142