



PARADIP PORT AUTHORITY

**ANNUAL ACCOUNTS
AND
AUDIT REPORT THEREON**

**WITH ACTION TAKEN
NOTES AND AUDIT OBJECTIONS /
OBSERVATIONS CONTAINED IN
THE REPORT**

**FOR THE YEAR
2022-23**

PARADIP PORT AUTHORITY
ANNUAL ACCOUNTS 2022-23





PARADIP PORT AUTHORITY ANNUAL ACCOUNTS 2022-23

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PARADIP PORT AUTHORITY

A stylized silhouette of a ship, possibly a cargo vessel, is positioned horizontally across the center. The ship's superstructure is on the left, and the hull extends to the right. The text "ANNUAL ACCOUNTS" is placed within the upper part of the ship's silhouette, and the years "2022-23" are placed below it, partially overlapping the ship's hull.

ANNUAL
ACCOUNTS
2022-23



**BALANCE SHEET
AS AT 31ST MARCH 2023**

	SCH	As at 31.03.2023	As at 31.03.2022	(Amount in ₹)
I. SOURCES OF FUNDS				
1 RESERVES & SURPLUS	1	85,30,04,41,601	74,79,31,92,535	
2 LOAN FUNDS	2	8,11,60,348	8,11,60,348	
	TOTAL	85,38,16,01,949	74,87,43,52,883	
II. APPLICATION OF FUNDS				
1 FIXED ASSETS	3			
a) Gross Block		26,17,44,58,898	25,88,09,93,934	
Less: Depreciation		12,45,22,50,842	12,26,69,53,702	
Net Block		13,72,22,08,056	13,61,40,40,232	
b) Capital Works-in Progress		5,31,75,76,900	4,43,44,09,969	
		19,03,97,84,956	18,04,84,50,201	
2 INVESTMENTS	4	43,83,37,93,596	39,43,69,22,391	
3 CURRENT ASSETS, LOANS & ADVANCES	5	51,31,54,28,240	41,09,45,23,094	
Less: CURRENT LIABILITIES AND PROVISIONS	6	28,80,74,04,843	23,70,55,42,803	
Net Current Assets		22,50,80,23,397	17,38,89,80,291	
	TOTAL	85,38,16,01,949	74,87,43,52,883	

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/-
D.N.Sondhi
FA & CAO
PARADIP PORT AUTHORITY

Sd/-
P.L.Haranadh
CHAIRPERSON
PARADIP PORT AUTHORITY





**PROFIT AND LOSS ACCOUNT FOR
 THE YEAR ENDED 31ST MARCH 2023**

	SCH	2022-23	2021-22	(Amount in ₹)
INCOME				
Cargo handling & storage charges	07	10,38,27,06,043	9,04,46,83,260	
Port & Dock Charges (Including pilotage Fees)	08	6,42,76,98,174	5,00,19,84,734	
Railway Earnings.	09	2,86,08,73,357	2,63,04,26,484	
Estate Rentals	10	1,06,52,17,981	64,61,34,108	
TOTAL		20,73,64,95,555	17,32,32,28,586	
LESS EXPENDITURE				
Cargo handling & storage Charges	11	1,36,51,17,803	1,29,60,68,431	
Port & Dock Facilities (including Pilotage)	12	2,81,24,86,737	2,17,00,79,732	
Railway workings.	13	69,75,77,361	52,16,36,386	
Rentable land & buildings.	14	58,07,12,062	76,58,45,438	
Management & General Administration (not directly attributable to a Activity)	15	2,28,73,22,128	2,07,04,71,753	
TOTAL		7,74,32,16,091	6,82,41,01,740	
Operating Surplus/(Deficit)		12,99,32,79,464	10,49,91,26,846	
Add: Finance & Misc. Income	16	1,81,56,66,558	1,63,41,66,419	
Less: Finance & Misc Expenditure	17	1,85,26,51,743	4,96,07,77,005	
Net Surplus/(Deficit) before Income Tax		12,95,62,94,279	7,17,25,16,260	
Provision for Income Tax		4,44,84,19,356	2,45,36,34,967	
Provision for Deferred Tax Liability		7,19,09,558	70,74,401	
Net Surplus after Income Tax		8,43,59,65,365	4,71,18,06,892	
Less: Appropriations		-	-	
Fund for Replacement, Rehabilitation and Modernisation of Capital Assets		1,25,00,00,000	93,00,00,000	
Fund for Development, Repayment of Loan & Contingencies		1,25,00,00,000	93,00,00,000	
Net Surplus after Appropriation		5,93,59,65,365	2,85,18,06,892	
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/-
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 FA & CAO
 PARADIP PORT AUTHORITY

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 CHAIRPERSON
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PARADIP PORT AUTHORITY
 Annual Accounts and Audit Report 2022-23



SCHEDULE TO BALANCE SHEET

(Amount in ₹)

SCHEDULE - 1	RESERVES & SURPLUS	As at 31.03.2023	As at 31.03.2022
a. CAPITAL RESERVE		7,54,46,042	7,72,67,210
b. REVENUE RESERVE			
i. General Reserve			
Opening Balance	41,49,40,26,353		38,64,22,19,461
Less: Earlier years		-	
short provisions Add:			
- Other Adjustment			
- Net Surplus	5,93,59,65,365		2,85,18,06,892
	47,42,99,91,718		41,49,40,26,353
Reserve for repayment of initial			
ii. investment	8,11,60,348		8,11,60,348
	8,11,60,348		8,11,60,348
iii. Employees Welfare Fund			
Opening Balance	15,00,000		15,00,000
Additions	15,00,000		15,00,000
Less: Expenditure	(15,00,000)		(15,00,000)
	15,00,000		15,00,000
iv. E.L. Encashment Fund	55,30,59,786		46,64,59,821
	55,30,59,786		46,64,59,821



c. STATUTORY RESERVE

Replacement, Rehabilitation.		
Modernisation of Capital Assets		
i. Fund		
Opening Balance	19,28,12,90,520	17,47,24,27,442
Add: Appropriation from Profit & Loss Account	1,25,00,00,000	93,00,00,000
Add: Interest from investment of Fund		
Add: Interest from investment of Fund	1,17,23,02,432	87,88,63,078
	21,70,35,92,952	19,28,12,90,520
Development, Repayment of Loans		
ii. & Contingencies Fund.		
Opening Balance	13,39,14,88,283	11,86,46,94,175
Add: Appropriation from Profit & Loss Account	1,25,00,00,000	93,00,00,000
Less: Repayment of GoI Loan		
Add: Interest from investment of Fund	81,42,02,472	59,67,94,108
	15,45,56,90,755	13,39,14,88,283
TOTAL	85,30,04,41,601	74,79,31,92,535

SCHEDULE - 2	LOAN FUNDS	As at 31.03.2023	As at 31.03.2022
a. SECURED LOANS			
b. GOVT. LOANS			
i. Initial Investment by G.O.I.		8,11,60,348	8,11,60,348
c. UNSECURED LOANS			
	TOTAL	8,11,60,348	8,11,60,348

PARADIP PORT AUTHORITY

SCHEDULE TO BALANCE SHEET

SCHEDULE - 3 FIXED ASSETS

Description of Asset	GROSS BLOCK			
	As at 01.04.2022	Additions during the year	Del/Adj during the year	As at 31.03.2023
1	2	3	4	5
Land	20,59,21,286	-	-	20,59,21,286
Lease land	26,07,000	45,03,000	-	71,10,000
Stacking Yard	60,98,91,198	-	-	60,98,91,198
Capital Dredging	4,47,20,40,476	-	-	4,47,20,40,476
Building Sheds and Other Structures	1,95,75,24,223	-	3,80,74,336	1,91,94,49,872
Wharves, Roads, Boundaries	6,10,01,56,925	16,29,00,716	34,69,050	6,25,95,88,591
Floating Craft	70,87,79,618	-	-	70,87,79,618
Railway and Rolling Stock	2,58,36,96,268	15,80,00,000	6,25,16,204	2,67,91,80,066
Docks, Sea-Walls, Breakwaters, Piers & Navigational Aids	79,58,08,864	-	1,23,86,190	78,34,22,675
Cranes and Vehicles	8,55,26,528	-	2,07,99,184	6,47,27,345
Plant & Machinery	5,84,42,93,702	1,12,92,000	6,57,44,534	5,78,98,41,155
Installation and Equipments	1,72,57,24,476	20,40,50,691	11,08,026	1,92,86,67,142
Furniture & Equipment	27,73,392	-	27,73,392	-
General Cargo Handling Equipments	76,76,80,006		4,04,10,527	72,72,69,480
Flotila & Marine Crafts	1,85,69,994	-	-	1,85,69,994
Total	25,88,09,93,934	54,07,46,407	24,72,81,443	26,17,44,58,898
Works in Progress	4,43,44,09,969	1,54,49,37,567	66,17,70,636	5,31,75,76,900
Grand Total	30,31,54,03,903	2,08,56,83,974	90,90,52,079	31,49,20,35,798
<i>Previous Year</i>	29,38,15,40,006	2,11,05,95,921	1,17,67,32,024	30,31,54,03,903



AS AT 31.03.2023

(Amount in Rupees)

DEPRECIATION				NET BLOCK	
As at 01.04.2022	Provisions for the year	Del/Adj during the year	Total as on 31.03.2023	As at 31.03.2023	As at 31.03.2022
6	7	8	9	10	11
-	-	-	-	20,59,21,286	20,59,21,287
-	79,000	45,03,000	45,82,000	25,28,000	26,07,000
23,63,24,045	1,52,47,280	-	25,15,71,325	35,83,19,868	37,35,67,147
48,55,62,436	4,47,20,405	-	53,02,82,841	3,94,17,57,635	3,98,64,78,040
83,35,56,119	3,79,93,605	3,33,04,980	83,82,44,744	1,08,12,05,128	1,12,39,68,104
1,76,57,32,471	11,11,31,625	8,13,215	1,87,60,50,881	4,38,35,37,710	4,33,44,454
53,89,56,348	3,08,20,962	-	56,97,77,310	13,90,02,308	16,98,23,269
1,02,28,20,027	7,07,22,987	6,25,16,204	1,03,10,26,810	1,64,81,53,256	1,56,08,76,241
37,41,15,764	1,17,13,807	1,05,97,453	37,52,32,118	40,81,90,557	42,16,93,100
7,91,83,089	14,04,480	2,07,99,184	5,97,88,385	49,38,960	63,43,439
5,81,08,21,995	36,68,128	6,57,44,534	5,74,87,45,589	4,10,95,566	3,34,71,707
64,13,54,550	5,42,28,146	8,45,785)	69,47,36,911	1,23,39,30,231	1,08,43,69,926
27,73,392	-	27,73,392	1	1	-
45,71,83,472	3,68,69,020	4,04,10,527	45,36,41,965	27,36,27,515	31,04,96,512
1,85,69,994		31	1,85,69,962	32	1
12,26,69,53,702	41,85,99,445	23,33,02,305	12,45,22,50,842	13,72,22,08,056	13,61,40,40,232
-	-	-	-	5,31,75,76,900	4,43,44,09,969
12,26,69,53,702	41,85,99,445	23,33,02,305	12,45,22,50,842	19,03,97,84,956	18,04,84,50,201
11,77,05,31,011	61,49,46,132	11,85,16,448	12,26,69,53,702	18,04,84,50,201	17,61,10,08,995



SCHEDULE TO BALANCE SHEET

(Amount in ₹)

SCHEDULE - 4	INVESTMENTS	As at 31.03.2023	As at 31.03.2022
A. SHARES, DEBENTURES OR BONDS			
Setu Samudram Corporation Ltd.	30,00,00,000	30,00,00,000	
Haridaspur Paradip Railway Co.Ltd.	1,38,52,11,060	1,38,52,11,060	
Paradip Port Road Co Ltd.	40,00,00,000	40,00,00,000	
Dredging Corporation of India Ltd.(Bonds)	-	10,00,00,000	
Dredging Corporation of India Ltd.	2,57,04,51,510	2,57,04,51,510	
Indian Port Rail & Rope way Corporation Ltd.	10,80,00,000	10,80,00,000	
Kamarajar Port Ltd.(Bonds)	-	20,00,00,000	
Total	4,76,36,62,570	5,06,36,62,570	
Total	-	-	
B. OTHERS			
Deferred tax fund	1,23,90,98,000	1,15,28,22,000	
Replacement, Rehabilitation and Modernisation of Capital Assets Reserve Fund	21,70,97,44,000	19,28,12,90,000	
Development, Repayment of Loan & Contingencies Reserve Fund	15,46,86,30,240	13,39,14,88,000	
Repayment of Initial Investment of GOI Fund	9,95,99,000	8,12,00,000	
E.L Encashment Fund	55,30,59,786	46,64,59,821	
Total	39,07,01,31,026	34,37,32,59,821	
G.TOTAL	43,83,37,93,596	39,43,69,22,391	



SCHEDULE TO BALANCE SHEET

(Amount in ₹)

SCHEDULE - 5	As at 31.03.2023	As at 31.03.2022
CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
i. Accrued Interest on Investment	3,71,41,38,494	1,52,05,69,356
ii. Inventories	1,65,46,508	2,43,87,769
iii. Sundry Debtors		
a. Govt. Dues	15,57,28,729	
b. Non-Govt. Dues	1,42,52,26,075	1,58,09,54,804
iv. Cash & Bank Balance		98,27,82,725
a. Cash in Hand	-	
b. Bank Balance		
i. Fixed Deposit	19,72,54,38,386	16,28,05,01,699
ii. Savings Bank A/c.		
- Indian Bank	2,29,85,134	2,83,43,305
- I.D.B.I Bank(Inv)	14,97,352	35,39,95,793
- PNB(United Bank of India)	1,87,50,882	2,78,40,607
- Indian Bank (Ext)	3,73,776	3,63,672
- Uco Bank	47,47,075	2,01,63,852
- PNB(Oriental Bank of Commerce)	3,06,23,568	
- Union Bank	2,32,60,087	2,01,20,452
- I.D.B.I Bank	5,64,24,249	2,00,00,000
- I.D.B.I Bank(Estate)	18,35,720	
- Axis Bank	1,23,92,714	15,31,52,272
- State Bank of India(Main)	21,35,48,564	25,05,00,000
- State Bank of India(Suravi)	6,09,31,228	7,36,84,979
- ICICI Bank	2,87,39,581	26,71,42,349
- Indian Overseas Bank	1,03,69,794	1,03,48,557
- PN Bank	9,66,835	
- Bank of India	40,57,850	2,00,96,549
- State Bank of India(POS)		
- State Bank of India(PCS)	1,03,456	1,73,23,592
- Kotak Mahindra Bank	18,24,859	29,41,352
- HDFC Bank	7,48,617	7,08,17,406
Bank of Baroda	67,555	1,00,27,993
- State Bank of India(EMD)	25,75,73,203	
- I.D.B.I (EMD)	13,57,270	29,82,25,263
iii. Current A/c.		
- State Bank of India(RFID)	7,62,181	1,00,968
- State Bank of India(POS)	7,79,513	20,48,01,59,449



B. LOANS AND ADVANCES

i. Deposits	74,95,10,804	46,47,53,080
ii. T.D.S	4,73,72,23,125	3,94,71,87,409
iii. Payments in Advance		
- Advance for Purchases	14,44,910	7,82,58,675
- Advance for Motor Cycle/ Scooters etc.	1,50,500	10,67,108
- Advance for Festivals	60,13,675	1,36,85,957
- Advance to Contractors	34,46,09,144	24,00,01,583

CURRENT ASSETS, LOANS & ADVANCES

- House Building Advance	1,63,78,912	2,13,26,313
- Sales Tax Deposit	-	10,00,00,000
- Temporary Advance to departments	18,48,969	6,12,200
- Permanent Imprest to departments	5,13,000	5,13,000
- Income Tax	19,56,04,71,789	15,71,00,00,000
- GST	1,49,12,069	16,10,988
- Prepaid Expenses (Insurance)	9,05,52,088	6,20,76,271
TOTAL	51,31,54,28,240	41,09,45,23,094



SCHEDULE TO BALANCE SHEET

(Amount in ₹)

SCHEDULE - 6	As at 31.03.2023	As at 31.03.2022
CURRENT LIABILITIES & PROVISIONS		
A CURRENT LIABILITIES		
i. Creditors for Stores	3,19,17,206	10,90,84,320
ii. Miscellaneous Creditors & Balance	5,85,69,919	5,52,69,604
iii. Deposits from Merchants, Contractors & Others	4,78,69,42,798	3,84,12,80,036
iv. GST	49,34,62,911	36,03,72,910
	5,37,08,92,834	4,36,60,06,870
B PROVISIONS		
i. Contingencies	-	-
ii. Taxation		
Income Tax	20,55,99,38,186	16,11,15,18,799
Deferred Tax liability	1,22,47,32,318	1,15,28,22,760
iii. Employee Related Benefits		
Provident Fund	1,76,72,856	1,17,85,773
Salaries & Wages	3,26,53,662	2,49,05,535
Payable to Pension Fund	-	39,88,88,734
iv. Other Liabilities		
Capital Grant-in Aid	47,06,21,767	25,00,00,000
v. Other Provisions		
Accrued Expenses	1,13,08,93,220	1,38,96,14,332
	23,43,65,12,009	19,33,95,35,933
TOTAL	28,80,74,04,843	23,70,55,42,803

PARADIP PORT AUTHORITY
 Annual Accounts and Audit Report 2022-23



**SCHEDULE TO PROFIT AND LOSS ACCOUNTS
 FOR THE YEAR ENDED 31ST MARCH 2023**

(Amount in ₹)

SCHEDULE 7	2022-23	2021-22
CARGO HANDLING & STORAGE		
Handling of General Cargo	1,50,38,85,470	1,48,62,68,675
Handling of Iron Ore & Other Ore	1,85,16,781	5,91,12,872
Licence Fee on BOT	11,54,85,114	9,90,08,454
Storage of goods	61,88,75,799	1,55,06,21,072
SPM Warfage	21,02,70,912	17,48,46,714
Revenue Share on BOT	2,27,29,48,485	83,49,85,280
HMC Royalty	69,10,04,862	60,58,92,749
Ore Mechanical Handling Plant Charges	8,07,18,769	17,36,43,466
MCHP Shipping Charges	2,79,00,68,946	2,31,10,18,438
MCHP Unloading Charges	1,78,46,28,764	1,44,30,74,316
POL Handling Charges	20,17,71,955	19,92,75,866
Demurrage fees on General Cargo	8,74,32,159	10,25,17,666
Miscellaneous	70,98,027	44,17,692
TOTAL	10,38,27,06,043	9,04,46,83,260

SCHEDULE 8

PORT & DOCK CHARGES

(Including Pilotage)

Towage and Mooring Fees	1,01,25,98,277	60,60,26,239
Dock Dues (Berth Hire)	53,97,05,432	58,78,94,568
Port Dues	1,52,80,09,838	1,12,28,56,274
Pilotage Fees	3,28,81,57,733	2,64,08,29,916
Water & Oil supply to Shipping	1,54,58,135	1,28,85,271
Dry Dock	3,81,81,425	2,66,92,646
Miscellaneous Charges	39,00,796	44,31,614
Slipway Charges	16,86,538	3,68,206
TOTAL	6,42,76,98,174	5,00,19,84,734



**SCHEDULE TO PROFIT AND LOSS ACCOUNTS
 FOR THE YEAR ENDED 31ST MARCH 2023**

SCHEDULE 9

RAILWAY EARNING:

Freight and Haullage Charges	58,20,91,537	73,61,62,553
Siding Charges	8,71,92,221	10,18,21,547
Terminal Charges	2,19,15,89,599	1,79,24,42,384
TOTAL	2,86,08,73,357	2,63,04,26,484

(Amount in ₹)

<u>SCHEDULE 10</u>	2022-23	2021-22
ESTATE RENTALS:		
Rent from Land	78,40,84,728	28,34,27,190
Rent from Buildings, Sheds & Godowns	8,06,56,990	8,53,92,898
Recoverable Service Charges	19,50,02,393	27,55,24,583
Miscellaneous Income	54,73,870	17,89,437
TOTAL	1,06,52,17,981	64,61,34,108

SCHEDULE 11

CARGO HANDLING & STORAGE

Handling & Storage of General Cargo at Sheds & Wharfages	7,09,10,989	6,57,49,520
Handling & Storage of Iron Ore & Other Ore	2,72,01,546	65,82,675
Operation & Maintenance of Ore Handling Plant	25,13,60,879	22,05,67,295
Operation & Maintenance of MCHP	76,74,66,598	57,81,15,290
Administration & General Expenses.	14,34,11,882	12,59,62,128
Depreciation	10,47,65,909	29,90,91,523
TOTAL	1,36,51,17,803	1,29,60,68,431



**SCHEDULE TO PROFIT AND LOSS ACCOUNTS
 FOR THE YEAR ENDED 31 ST MARCH 2023**

(Amount in ₹)

SCHEDULE 12	2022-23	2021-22
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PORT & DOCK FACILITIES FOR SHIPPING

(INCLUDING PILOTAGE)

Towing, Berthing & Mooring	70,15,38,344	64,92,19,999
Pilotage	9,48,05,431	9,80,61,417
Dredging & Marine Survey	1,70,90,44,042	1,11,23,06,242
Operation & Maintenance of Navigation Aids.	77,65,870	1,85,52,625
Maintenance of Marine Structural, Sea Shore etc.	2,30,50,420	6,19,287
Administration & General Expenses	18,90,27,456	19,05,77,851
Depreciation	8,72,55,174	10,07,42,311
TOTAL	2,81,24,86,737	2,17,00,79,732

SCHEDULE 13

RAILWAY WORKINGS:

Operation & Maintenance of Locomotive, Wagons etc.	37,32,08,388	32,90,06,197
Maintenance of Permanent way, Signals and Inter Locking	23,04,99,771	4,26,00,481
Operation & Maintenance of Station Yards & Sidings.	-	5,24,472
Administration and General Expenses	2,31,46,215	8,08,46,699
Depreciation	7,07,22,987	6,86,58,537
TOTAL	69,75,77,361	52,16,36,386

SCHEDULE 14

RENTABLE LANDS & BUILDINGS:

Estate Maintenance	42,42,96,105	62,27,10,497
Administration & General Expenses	3,32,26,216	2,90,91,286
Depreciation	12,31,89,741	11,40,43,655
TOTAL	58,07,12,062	76,58,45,438



**SCHEDULE TO PROFIT AND LOSS ACCOUNTS
 FOR THE YEAR ENDED 31ST MARCH 2023**

(Amount in ₹)

SCHEDULE 15	2022-23	2021-22
MANAGEMENT & GENERAL		
ADMINISTRATION:		
Management & Secretarial Expenses	64,27,55,086	68,80,82,597
Labour & Welfare Expenses etc.	7,73,15,927	9,48,99,909
Medical Expenses	39,96,52,933	36,40,43,498
Store Keeping	3,17,82,374	3,84,18,157
Insurance on Port Properties	18,35,13,931	11,54,05,327
Accounting, Auditing & Others	6,70,57,868	6,34,06,277
Telephone Expenses	48,54,245	45,17,173
Engineering & Workshop Administration & Overhead.	80,75,79,743	65,63,22,178
Sundry Expenses	4,01,44,387	1,33,47,909
Depreciation	3,26,65,634	3,20,28,728
TOTAL	2,28,73,22,128	2,07,04,71,753

SCHEDULE 16

**FINANCE & MISCELLANEOUS
 INCOME**

Interest on deposits	1,33,08,35,211	1,01,95,65,126
Interest on loans & advances	1,26,60,189	20,93,086
Sale of unserviceable materials	4,32,96,950	25,71,938
Miscellaneous Income	40,16,20,705	43,16,46,928
Items Relating to Previous Years	2,72,53,503	17,82,89,341
TOTAL	1,81,56,66,558	1,63,41,66,419



SCHEDULE 17

FINANCE & MISCELLANEOUS EXPENSES:

Bank Charges	<u>1,91,805</u>	3,69,554
Interest Payable on:-		
- Initial Investment of Govt. of India	21,30,459	21,30,459
- Interest on GPF	-	-
Pension payments including contribution		
- Contribution to Pension Fund	1,57,95,27,072	4,81,56,54,670
- Contribution to Other Ports	-	-
Employer's Contribution CPF & Tire-I		
A/c.	2,20,36,095	2,75,12,113
TA to Retired employees	9,91,769	14,76,187
C.S.R	10,00,00,000	10,00,00,000
Service Charges for NPS	25,223	27,451
Gratuity Payment		
Employees Welfare Fund	15,00,000	15,00,000
Items relating to Previous years	<u>14,62,49,320</u>	<u>1,21,06,571</u>
TOTAL	<u>1,85,26,51,743</u>	<u>4,96,07,77,005</u>



SCHEDULE-18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES

1. The financial statement of PPA have been prepared based on the revised accounting policy as set up in the recommendation of the Billimoria Committee Report and approved by the Ministry of Shipping vide its communication bearing reference No.PR-20021/2/98-PG dated 06.11.2002.
2. 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, which are being accounted for on actual basis.
3. Operating Income is recognized as and when services are rendered except the income from the vessels arrived during the year but the service completed in subsequent year. Income from defaulted /disputed parties are not considered as income as suggested by Audit.
4. Fixed Assets are exhibited at historical cost.
5. Fixed Assets that have outlived their useful life/surveyed off earlier are removed from the financial statements upon their disposal.
6. Fixed Assets under Construction are categorized as Capital Works in Progress.
7. Govt. Grants are recognized by reducing the value of Assets to the extent of grants and only on receipt basis.
8. One time non-refundable upfront fee received from parties are apportioned over the period of lease.
9. Inventories are valued at weighted average cost.
10. Long term Investments are stated at Fair Value and Face value.
11. Investments are classified as below:-
 - a) Government or Trust Securities
 - b) Shares, Debentures or Bonds
 - c) Investment Properties
 - d) Others
12. 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.
13. The stores received during the financial year but not checked measured are not accounted for.
14. Foreign Currency denominated transactions: Foreign exchange denominated transactions are evaluated at the rate of exchange prevailing on the date of service, unless a specific date is prescribed in a particular contract.
15. Figures of the previous year have been regrouped/ rearranged where ever necessary to confirm to the current year classification.
16. Depreciation (AS 10)
As per the standard, depreciation is charged for every accounting period is recognized in the Profit and Loss statement, unless it is included in carrying the amount of any other Asset. Depreciable amount of any Asset is allocated on methodical basis over the useful life of the Asset.



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

B. NOTES ON ACCOUNTS

1. YEAR IN BRIEF

RESULTS FOR THE YEAR	2022-23	2021-22
Traffic (in Million MT)	135.36	116.13
Operating Income (₹ In Cr.)	2073.65	1732.32
Operating Expenditure (₹ In Cr.)	774.32	682.41
Operating Surplus (₹ In Cr.)	1299.33	1049.91
Total Income (₹ In Cr.)	2255.22	1895.73
Total Expenditure (₹ In Cr.)	959.59	1178.49
Net Surplus (₹ In Cr.)	1295.63	717.25
Operating Ratio	01:00.38	01:00.39
Unit Operating Cost per Ton of Cargo Handled (₹)	57.20	58.76
Salary & Wages as percentage of total expenditure (%)	8.11	7.44
Provision of Income Tax (₹ In Cr.)	444.84	245.36

2. PROFIT AND LOSS ACCOUNT

The Profit and Loss Accounts shows an operating surplus of ₹1299.33 crores and a Net Surplus of ₹1295.63 crores. ₹250 crores has been transferred to two reserve funds.

3. INVESTMENT AND INTEREST

Various funds and surplus amount 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.

4. PROVISION TOWARDS PRODUCTIVITY LINKED REWARD

₹Rs. 1.70 crores has been provided against the anticipated payment towards Productivity Linked Reward to the employees.

5. PROVISION TOWARDS VARIOUS RESERVE FUNDS

₹250 crores has been appropriated to the following Reserves out of the Net Surplus after Income Tax of ₹444.84 crores as per the guidelines of Ministry.

a)	Replacement, Rehabilitation and Modernization of Capital Assets Reserve	₹125.00 crore
b)	Development, Repayment of Loan and Contingencies Reserve	₹125.00 crore

6. TITLE DEEDS OF THE LAND

- A meeting of High Power Committee was held on 31.03.2016, where in, Government of Odisha had agreed to handover the land under the possession of Paradip Port Authority on transfer basis instead of lease. In accordance to the outcome of the meeting, a joint petition was filed in the Hon'ble High Court of Odisha. The order of Hon'ble High Court of Odisha has already been passed with a direction to adhere to the decision arrived at the meeting held on 31.03.2016. The port has already filed mutation cases before District Administration for transfer of 6285.54 Acres of land in favour of Paradip Port Authority. However, the land utilization letter for the vacant



areas was submitted vide letter No. AD/EST-LAND-35/2016 (Pt.V)/2802 dated 07.11.2017 to the Joint Secretary, R&D, Govt. of Odisha. Again the report relating to optimization study of land Assets of Paradip Port was submitted on 20.02.2018 vide Letter No. ADESTLAND-35/2016(Pt.V)/655 dated 20.02.2018. The proposal has already been cleared by Revenue and Disaster Management Department, Government of Odisha which is pending with the Office of Chief Minister, Odisha for order.

Again Principal Secretary, R&DM Department, Govt. of Odisha had undertaken meetings on 21.02.2018 and 27.10.2018. In the said meetings, it was decided that Revenue Department will take further course of action for transfer of land to PPA with Govt. approval.

A review meeting on different issues with PPA & Govt. of Odisha including mutation of land was conducted during visit of Chief Secretary, Govt. of Odisha to Paradip on 04.01.2020.

In compliance to review meeting dated 04.01.2020 another meeting was conducted in Bhubaneswar under the Chairmanship of Chief Secretary, Govt. of Odisha where land mutation issue was discussed along with other issues pertaining to Govt. of Odisha.

- ii. An area measuring 26.68 acres was in possession of East Coast railway since 1970 without payment of License fees.
- iii. An area measuring 73.50 acres of port land was under encroachment.
- iv. Settlement of State land records in respect of 187.82 Acres of land at Haridaspur - Case has been filed in the Court of the Director Consolidation, Odisha Cuttack vide RS No.157/2019.
- v. Further, a letter has been communicated addressing to Principal Secretary to the Government, Revenue & Disaster Management Department, Govt. of Odisha on dated 17.02.2021 requesting for issue suitable instruction to the Collector, Jagatsinghpur and Tahasildar, Kujang to complete the mutation process of 6,285.54 acres of land as per the settlement arrived between Paradip Port Authority and Government of Odisha in the meeting dated 30.01.2015 and in compliance of the order of the Hon'ble High Court of Odisha.
- vi. Subsequently, reminders have been issued on dated 02.12.2022 and 23.03.2023 to the Chief Secretary, Govt. of Odisha for his kind intervention. For early mutation of AC.6285.54 of land in favour of PPA, the Chairperson, PPA has personally met the Chief Secretary, Govt. of Odisha and handed over the letter No. Ad/EST-LAND-35/2007(Pt-V)/1253 Dated: 13.04.2023

7 PLAN AND NON-PLAN EXPENDITURE

The total capital expenditure during the year 2022-23 was ₹162.51 crores. An amount of ₹37.34 crores is the commitment as on 31.03.2023 towards ongoing plan projects.

8. FUNDING STATUS OF SUPERANNUATION, GRATUITY & LEAVE ENCASHMENT FUNDS

The position of corpus available with Superannuation Fund, Gratuity Fund and Leave encashment considering the provisions made to meet the liability and the actuarial valuation done by LIC of India as on 31st March 2023 is as under considering the provision to meet the liability:

(Rs. in Crore)

Fund	Actuarial Valuation as on 31.03.2023	Corpus Fund as on 31.03.2023	Funded Status as on 31.03.2023
Superannuation Fund	2854.38	2975.52	Fully funded
Gratuity Fund	91.84	118.50	Fully funded
Leave Encashment Fund	43.84	55.30	Fully funded



9 INCOME TAX

For the Financial Year 2002-03 to 2013-14, the assessment has been completed.

For the Financial Year 2014-15 to 2016-17 and 2019-20 & 2020-21, appeal has been filed before the Hon'ble CIT (Appeal) against the assessment order passed by the Assessing Officer.

For the financial year 2017-18, the scrutiny assessment completed, but the order is yet to be received. For the Financial year 2018-19, the assessment is completed U/s 143(1) of the Income Tax Act, 1961. There is no scrutiny assessment for that year. For the financial years 2021-22 the Scrutiny Assessment is in Progress.

10 CONTRIBUTION FOR TIER – I EMPLOYEES

In line with Govt. of India Order, NPS-TIER – I A/c is in operation for employees who have 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.

11. CONTINGENT LIABILITY

There are 348 nos. of cases filed against PPA by different parties as on 31.03.2023. The Financial implication is around Rs. 305.41 Cr.

The major claimed by following entities mentioned as below from PPA being subject matter of Pending litigation is contingent.

Name of the party	Rs. in Cr.
PPL	80.00
SURANA SOLAR	8.69
BAM DEV NAYAK	9.92
TRIVENI EARTH MOVERS	10.00
MODI PROJECTS LTD	13.66
M/S SEATRANS MARINE PVT. LTD	30.00
REACH DREDGING LTD.	5.00
K.V.R RAIL INFRA PROJECT	30.00
DDCPL	16.00
MANOJ KUMAR ACHAYATH	50.00
GOPINATH PARIDA	10.00
OTHERS	42.14
TOTAL	305.41

12. CORPORATE SOCIAL RESPONSIBILITY(C.S.R)

The details of the CSR expenditure and provision for last 3 years is as below which has been charged to Finance and Misc. Expenditure:

F.Y	CSR Provision	CSR Expenditure	Rs. in Cr.
2019-20	7.94	7.94	
2020-21	8.88	8.88	
2021-22	10.00	10.00	
2022-23	10.00	10.00	



13. The accounts of PPA have been prepared as per the uniform accounting practices followed by all Major Port Trusts since 1972. The accrual system of Accounting has been followed in recognition of Revenue and booking of expenditure except
 - I. The with-held amounts from different bills have not been taken into account. This is being followed consistently.
 - II. The store issued to site stores for consumption but lying in the site stores as on 31st March 2023 are treated as consumed as its impact in the account is not significant and is being followed consistently. Similarly, medicines purchased during the year are considered to be consumed and charged to Profit and Loss account and is being followed consistently.
 - III. Nothing is outstanding as per Micro Small and Medium Enterprise Development Act, 2006.
14. Investment of various funds and surplus have been made in different approved banks and approved institutions. The income from investments of different funds have been credited to respective funds.
15. As per the order of honorable high court of Odisha against the Odisha Sales Tax Tribunal order, Paradip Port Authority has deposited Rs.10 Crores with Sales Tax Department. As per the observation of audit and the advice of the adviser, Legal, PPA, it has been treated as expenditure.
16. After winding up of Paradip Port Road Company Limited and SPV of NHAI all the equity shares held by NHAI has been transferred to National Highway Logistic Management Limited and as per the above absorption investment of Paradip Port Authority is safe.

17. PHYSICAL VERIFICATION OF FIXED ASSETS

The physical verification of fixed assets has been completed by M/s DM Associates, Chartered Accountants. As per the report, the fixed assets amounting to Rs.21.30crores are non-existing and fully depreciated. Fixed assets amounting to Rs.1.91crores are also non-existing and not fully depreciated. These have been accounted for considering the same as impaired.

18. The Govt of Odisha approved the proposal to create water conservation fund(WCF) for construction of different water conservation projects. It was decided that a corpus fund will be created by way of receipt of one time contribution @Rs2.50crores per cusec water allocated to the industries. As per the revised requirement of 13.50cusec of water, PPA was to pay Rs.33.86 crores towards WCF. PPT had deposited a sum of Rs.5.57crores in two installments. PPA was allowed to pay the remaining amount of 28.18crores in five equal instalments of Rs5.63crores. PPA has already paid four instalments as on 31.03.2023, which has been book under revenue account. The final installment will be taken into revenue account, when payment will due.
19. Capital grant in aid has been received up to 2022-23 towards fishery harbor amounting to Rs.49.94 Crores, out of which Rs.4.47crores has been utilized during this year.
20. Funds created for Pension, Gratuity and Leave Encashment are fully funded as on 31.03.2023 to meet the liability.

21. GENERAL:

- a) As per the Clause 11.7 the Share Purchase agreement entered into between M/s.Dredging Corporation of India Limited and Paradip Port Authority. Paradip Port Authority has invested Rs.257.07crore towards equity of M/s.Dredging Corporation of India Limited with a lock in period of 3 years.

The market price of DCI share as on 31.03.2023 stands at Rs.281.50 as per (BSE) and Rs.283.00 as per (NSC).



- b) All Sundry Debtors are considered good and hence no provision is made for bad debts as per Government letter No.PR-20021/298-PG dated 06.11.2002. The matter is being taken up with CAG to formulate a uniform policy in this regard by Ministry of Shipping vide letter No.PD-21015/1/2017-PD-IV/327607 dated 05.05.2018.
- c) As per clause no.27 of the Major Port Authorities Act,2021 and Clause no.7 of Major Port Authorities (Fixation and Implementation of scale of rate, fees and conditions) Rules,2021, the Board has adopted the existing scale of rate within a period of 180 days from the date of commencement of the Act.
- d) The figures has been rounded up to rupees one.

22 SUNDRY DEBTORS:

The age wise classification of sundry debtors are given below;

Less than 6 months	₹105.35 Crores
More than 6 months	₹52.74 Crores

D.N.Sondhi
F.A & C.A.O.
Paradip Port Authority

P.L.Haranadh
Chairperson
Paradip Port Authority





PENSION & GRATUITY FUND
BALANCE SHEET AS AT 31.03.2023

Annexure-I

						(Amount in ₹)	
		2022-23	2021-22	ASSETS		2021-22	2022-23
Pension Fund				Investment			
Opening Balance	27,62,92,60,128			Pension Fund			
Add:				Investment in LIC	29,75,52,45,500		27,15,20,76,363
(i) Contribution from PPT	1,57,95,27,072			Gratuity Fund			
(ii) LSPC	79,09,310						
(iii) Other Port Receipt	15,84,194			Investment in LIC	1,18,49,17,598	30,94,01,63,099	1,09,96,91,506
Add:				Current Assets and Liabilities & Advances			
(ii) Excess of Income over Expenditure	57,00,76,220						28,25,17,67,869
(As per Income & Expenditure A/c)				Receivable from PPT			
	<u>29,78,83,56,924</u>						39,88,88,734
Less: Excess salary recovery							
Less: Payable to Pensioner							
Add: Medical Re-imbursement Payable	1,53,066	29,78,83,09,990	27,62,92,60,128	Cash & Bank Balance			
Payable to Provident Fund		12,00,00,000		Cash at Bank			
Gratuity Fund							
Opening Balance	1,05,70,82,615						
Add: Excess of Income over Expenditure							
(As per Income & Expenditure A/c)	13,03,797	1,05,83,86,412	1,05,70,82,615				
		30,96,68,96,402	28,68,63,42,743				

Sd/-
D.N.Sendhi
 F.A & C.A.O
 Paradip Port Authority

Sd/-
P.L.Haranadh
 Chairperson
 Paradip Port
 Authority



Annexure-I

PENSION & GRATUITY FUND
INCOME AND EXPENDITURE ACCOUNTS FOR THE YEAR ENDING 31.03.2023

EXPENDITURE	2022-23	2021-22	INCOME	AMOUNT(₹)	
				2022-23	2021-22
Pension Payment	1,50,51,88,461	1,40,57,52,902	Interest Income		
Gratuity Payment	8,39,22,295	9,49,83,296	From Saving Account	26,34,059	63,11,878
Arrear Pension Payment-WRC	5,38,515	88,47,963	From LIC on Pension Fund	2,07,31,69,137	1,80,68,84,863
Premium towards Gratuity	-	7,17,009	From LIC on Gratuity Fund	8,52,26,092	10,65,77,508
Excess of Income Over Expenditure of Gratuity Fund	13,03,797	1,08,77,203	Other Income		
Excess of Income Over Expenditure of Pension Fund	57,00,76,220	39,85,95,876	Excess of Expenditure Over Income of Pension Fund		
			Excess of Expenditure Over Income of Pension Fund		
	<u>2,16,10,29,288</u>	<u>1,91,97,74,249</u>		<u>2,16,10,29,288</u>	<u>1,91,97,74,249</u>

Sd/-
 D.N.Sondhi
 F.A & C.A.O
 Paradip Port Authority

Sd/-
 P.L.Haranadh
 Chairperson
 Paradip Port Authority



**PROVIDENT FUND ACCOUNT
BALANCE SHEET AS AT 31.03.2023**

Annexure-II

LIABILITIES	2022-23	2021-22	ASSETS	AMOUNT(₹)	
				2022-23	2021-22
CPF Fund			Investment		
Opening Balance	98,41,29,635		Principal Amount	80,47,83,049	
Add: Contribution	13,36,48,287		Interest Accrued	1,01,30,672	81,49,13,721
Add: Refund of Advance	35,77,281				95,26,59,704
Add: Interest	6,58,16,471				
Add: Surplus interest	1,18,71,1,674				
Less: Shortfall of interest	62,891		Current Assets, Loan & Advances		
Less Withdrawal	22,12,53,545	96,38,55,238	Receivable from PFT	1,76,72,856	1,17,85,773
		98,41,29,635	Receivable from Pension & Gratuity Fund	12,00,00,000	
CPF Fund			Cash & Bank Balance		
Opening Balance	1,60,93,429		Cash in Bank	3,00,74,754	3,57,77,587
Add: Contribution (Employee)	3,41,340				
Add: Contribution (Employer)	3,41,340				
Add: 50% CLR	43,982				
Add: Recovery of Temporary Adv	4,56,360				
Add: Interest	11,01,421				
	1,83,77,872				
Less: Withdrawal	15,71,779	1,68,06,093	1,60,93,429		
		98,26,61,331	1,00,02,23,064		
				98,26,61,331	1,00,02,23,064

Sd/-
D.N.Soodhi
F.A & C.A.O
Paradip Port Authority

Sd/-
P.L.Haranaadh
Chairperson
Paradip Port Authority



**PROVIDENT FUND ACCOUNT
 INCOME AND EXPENDITURE ACCOUNTS FOR THE
 YEAR ENDING 31.03.2023**

Annexure-II

EXPENDITURE	2022-23	2021-22	INCOME	AMOUNT(₹)	
				2022-23	2021-22
Interest on GPF Balances	6,58,16,471	6,41,98,309	Interest on FDR	6,58,88,200	7,30,48,275
Interest on CPF Balances	11,01,421	10,92,032	Interest on Saving Bank A/c	9,67,391	11,59,074
Bank Charges	590	2,878	Shortfall of Interest	62,891	
Surplus Interest		89,14,130			
	<u>6,69,18,482</u>	<u>7,42,07,349</u>		<u>6,69,18,482</u>	<u>7,42,07,349</u>

Sd/-
D.N.Sondhi
 F.A & C.A.O
 Paradip Port Authority

Sd/-
P.L.Haranadh
 Chairperson
 Paradip Port Authority





AUDIT REPORT 2022-23



Separate Audit Report of the Comptroller & Auditor General of India on the accounts of Paradip Port Authority for the year ended 31st March 2023

- 1 We have audited the attached Balance Sheet of Paradip Port Authority, Paradip as at 31st March 2023 and the Profit and Loss Account for the year ended on that date under Section 19 (2) of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 44(2) of the Major Port Authorities Act, 2021. These financial statements are the responsibility of the management of Paradip Port Authority. 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 Law, Rules & Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any, are reported through Inspection Reports/CAG's Audit Reports separately.
- 3 We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a 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 44(1) of the Major Port Authorities Act, 2021;
 - iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Paradip Port Authority as required under Section 44(1) of the Major Port Authorities Act, 2021 in so far as it appears from our examination of such books.
 - iv. We further report that:

A.1. Balance Sheet

A.1.1. Sources of Fund

Current Liabilities and Provisions (Sch-6)

Other provisions

Accrued expenses: ₹113.09 crore

PPA withheld a sum of ₹4.43 crore from the bills of M/s Dharitri Dredging and Infrastructure Limited (DDIL) as liquidated damage (LD) for delay in execution of dredging work for new South Oil Jetty Dock Basins which was awarded to DDIL in January 2014. Being aggrieved by the decision, DDIL filed arbitration case (No.38 of 2021) claiming ₹27.69 crore from PPA towards refund of LD, amount towards extra works and fuel escalation etc. The sole arbitrator vide his order (December 2022) directed the PPA to refund ₹2.44 crore towards LD and pay fuel escalation charges amounting to ₹0.45 crore, for which no provision was made in the accounts.



Similarly, PPA awarded (September 2015) the capital dredging work for new Iron ore, coal and multipurpose dock Basin to DDIL at a price of ₹142.36 crore. The work was to be completed by April 2017. Due to termination of contract of BOT operator (M/s Essar) by PPA, the dredging work was completely stalled and later, the contract with DDIL was also terminated. Aggrieved by this, DDIL filed arbitration case (No.10 of 2021), claiming ₹82.29 crore towards compensation. The Arbitrator vide his order (December 2022) directed PPA to pay ₹3.95 crore towards loss of profit for premature termination of contract and interest @ 9 *per cent* per annum from 21.06.2021 till the date of payment. The liability on PPA on this account till 31 March 2023 is worked out as ₹4.59 crore (Principal amount ₹3.95 crore *plus* Interest: ₹0.64 crore)

The management had withheld ₹4.43 crore from the bills of DDIL and was showing the same as liability in its accounts, however no provision was made for additional amount of ₹ 3.04 crore (₹7.47 crore - ₹4.43 crore) payable to DDIL as per tribunal's award.

Thus, non-provision of the above has resulted in understatement of "Other Provisions" and corresponding overstatement of Net Surplus before Tax for the year by ₹3.04 crore each.

- (ii) This does not include a sum of ₹4.02 crore being the demand raised (21 March 2023) by East Coast Railways towards maintenance of overhead equipments and inspection charges for the period July 2020 to December 2022.
- Non-provision for the above liability has resulted in understatement of Other Liabilities (accrued expenses) and overstatement of Net Surplus before Tax by ₹4.02 crore each.
- (iii) This does not include a sum of ₹1.99 crore (**Annexure-A**) being the expenditure incurred by PPA upto March 2023 but paid in subsequent period. This has resulted in understatement of Other Liabilities (accrued expenses) and overstatement of Net Surplus before Tax by ₹1.99 crore each.

A.1.2. Application of Fund

Capital Work-In-Progress ₹531.76 crore.

- (i) PPA awarded (July 2011) Railway work for Deep Draught Berths at Paradip Port' to M/s KVR Rail Infra Projects Private Limited at ₹ 98.68 crore, to be completed by January 2023. Due to unsatisfactory performance of the contractor, the contract was terminated (September 2013) and awarded (December 2014) the balance work to Modi Projects Limited (MPL) at ₹ 78.66 crore, to be completed by march 2017. This time also, PPA terminated (April 2017) the contract due to poor performance of the Contractor and awarded (August 2019) at ₹ 79.77 crore. The work was finally completed by October 2021 at a cost of ₹ 189.80 crore which had been booked to CWIP. Non-capitalisation of the above work even after completion of the same has resulted in overstatement of CWIP by ₹ 189.80 crore, understatement of Fixed Assets by ₹ 186.63 crore, Depreciation by ₹ 3.17 crore (@1.67 per cent for one year) leading to overstatement of Net Surplus before Tax by ₹3.17 crore.
- (ii) The work of Strengthening of road from Gate No.3 to Gate No.2 via Atharabanki Main Gate at Paradip Port was awarded in November 2018 and completed in 2019-20 at total cost of ₹9.40 crore. Out of the above, PPA capitalized ₹8.31 crore during 2019-20, leaving a balance of ₹1.09 crore under the above head, which should have been capitalized during 2019-20. Hence, non-capitalization of the above has resulted in overstatement of CWIP by ₹1.09 crore, understatement of Fixed Asset (Net Block) by ₹0.98 crore and depreciation by ₹0.11 crore (@ 2.5 *per cent* for the period 2019-23) each. This has also resulted in overstatement of Net Surplus before Tax.
- (iii) The work of Upgradation of Power Distribution System of IOHP was agreed to commence in December 2017 and completed by January 2021 at a cost of ₹1.31 crore



out of which ₹0.28 crore was booked under CWIP and balance amount of ₹1.03 crore was charged to Profit & Loss Account as revenue expenditure during the period 2018-19 to 2020-21.

Thus, erroneous booking of amount of capital expenditure partly under revenue head and partly under CWIP and non-capitalization of the same even after completion of asset has resulted in overstatement of CWIP by ₹0.28 crore, understatement of Fixed Assets (Net Block) ₹1.11 crore and understatement of Net Surplus after Tax by ₹0.83 crore (₹1.03 crore minus depreciation amounting to ₹0.20 crore calculated @ 5 per cent for 2020-23).

- (iv) The work of Merger of Cargo Berth Substation - I & II was commenced in April 2016 and completed in September 2016 at total cost of ₹2.78 crore of which, PPA had capitalised a sum of ₹1.41 crore during 2016-17 & 2017-18. Out of the balance amount of ₹1.37 crore, a sum of ₹0.50 crore was charged to P & L Account in the previous year(s) treating the same as revenue expenditure, ₹0.80 crore was still lying in CWIP and ₹0.07 crore was not accounted for. These erroneous entries in the accounts have resulted in understatement of Fixed Assets (Net Block) by ₹1.13 crore, Liabilities (Security Deposit) by ₹0.07 crore, Depreciation by ₹0.24 crore (@ 2.5 per cent for the period 2016-23) and Net Surplus before Tax by ₹0.26 crore (₹0.50 crore minus ₹0.24 crore) and overstatement of CWIP by ₹0.80 crore.
- (v) The work of Up-gradation of HT Power Supply System inside Harbour Area to enhance the power supply reliability to MCHP, IOHP & Oil Jetty was awarded in July 2019 and completed in January 2021 at a total cost of ₹2.79 crore. Out of the above, ₹1.11 crore is lying in the above head (CWIP) and the balance ₹1.68 crore was erroneously charged to P&L Accounts of the previous year(s). Non-capitalisation of the entire cost and erroneous entries in the accounts have resulted in overstatement of CWIP by ₹1.11 crore, understatement of Fixed Assets (Net Block) by ₹2.58 crore, Depreciation by ₹0.21 crore (@ 2.5 per cent for the period 2020-23), and understatement of Net Surplus before Tax by ₹1.47 crore (₹1.68 crore minus ₹0.21 crore).
- (vi) The work of Construction of additional two-lane Concrete pavement along-with main drain & retaining wall from ATBK-2 junction to siding 19 junction was awarded in November 2016 and completed in December 2017 at total cost of ₹3.02 crore. The PPA had capitalized a sum of ₹2.82 crore during 2018-19, leaving a balance of ₹0.20 crore as CWIP which should have been capitalized during the same year. This has resulted in overstatement of CWIP by ₹0.20 crore and understatement of Fixed Assets (Net Block) by ₹0.17 crore, Depreciation by ₹0.03 crore (@ 2.5 per cent for the period 2018-23) and overstatement of Net Surplus before Tax by ₹0.03 crore.
- (vii) The work of Supply, Installation, Testing & Commissioning of Dry Fog Dust Suppression System at Wagon Tippler was commenced in August 2021 and completed in March 2022 at total cost of ₹1.84 crore. The PPA, however, charged the entire cost of this capital expenditure to the Profit and Loss Account during 2021-22 (₹1.69 crore) and 2022-23 (₹0.15 crore) treating the same as revenue expenditure. The above wrong accounting has resulted in understatement of Fixed Assets (Net Block) by ₹1.66 crore, Depreciation by ₹0.18 crore (@ 5 per cent for 2021-23) and understatement of Net Surplus before Tax by ₹1.66 crore.



- (vii) The work of Strengthening of road by concreting leading from Gate No.2 to L & T Junction (Fishery Harbour Road) was commenced in July 2018 and completed in October 2019 at a cost of ₹10.25 crore. As against the completed value, PPA capitalised ₹10.19 crore in 2019-20 leaving a balance of ₹0.06 crore in CWIP. This has resulted in overstatement of CWIP by ₹0.06 crore, understatement of Fixed Assets (Net Block) by ₹0.05 crore, understatement of Depreciation by ₹0.01 crore leading to overstatement of Net Surplus before Tax by ₹0.01 crore.
- (ix) The work of construction of new site store building at IOHP was commenced in August 2020 and completed in August 2021 at a cost of ₹1.32 crore but the same was yet to be capitalised under "Non-residential Building". This has resulted in overstatement of CWIP by ₹1.32 crore, understatement of Fixed Assets (Net Block) by ₹1.27 crore, Depreciation by ₹0.05 crore (@2per cent for 2021-23) leading to overstatement of Net Surplus before Tax by ₹0.05 crore.
- (x) The work of Upgradation to existing road from fire station to North-oil Jetty inside Port area was awarded in November 2020 and completed in July 2021 at a cost of ₹1.40 crore but the same was yet to be capitalised under "Road". This has resulted in overstatement of CWIP by ₹1.40 crore, understatement of Fixed Assets (Net Block) by ₹1.33 crore, Depreciation by ₹0.07 crore (@2.5per cent for 2021-23) leading to overstatement of Net Surplus before Tax by ₹0.07 crore.
- (xi) CWIP includes a sum of ₹1.68 crore being the value of works executed towards upgradation to the IOHP area inside Harbour area. The above work was completed in February 2021 at total cost of ₹1.68 crore which should have been capitalized in 2020-21 under "Ore Handling Plant". Non-capitalization of the above has resulted in overstatement of CWIP by ₹1.68 crore, understatement of Fixed Assets (Net Block) by ₹1.44 crore, Other Liabilities by ₹0.01 crore, and overstatement of Net Surplus before Tax on account of depreciation (@5per cent for 2020-23) by ₹0.25 crore.
- (xii) CWIP includes a sum of ₹1.32 crore being the value of works executed towards "Connecting to the Road from ATBK-1 level crossing to Gate No.2 concrete road inside prohibited area". The above work was completed in January 2021 but was not capitalized under "Road". This has resulted in overstatement of CWIP by ₹1.32 crore, understatement of Fixed Assets (Net Block) by ₹1.22 crore, and overstatement of Net Surplus before Tax on account of depreciation (@2.5per cent for 2020-23) by ₹0.10.
- (xiii) CWIP includes a sum of ₹5.84 crore being the value of works executed towards "Upgradation to the existing service Road inside MCHP Area". The above work was completed in October 2021 but was not capitalized under "Road". This has resulted in overstatement of CWIP by ₹5.84 crore, understatement of Fixed Assets (Net Block) by ₹5.55 crore, Depreciation (@ 2.5 per cent for 2021-23) by ₹0.29 crore and overstatement of Net Surplus before Tax by ₹0.29 crore.
- (xiv) CWIP includes an amount of ₹1.54 crore incurred for maintenance of overhead equipment of railway siding. Since the expenditure incurred on maintenance of overhead equipment of railway sidings is revenue in nature, this should have been charged to Profit & Loss Account. This has resulted in overstatement of CWIP and understatement of Net Surplus before tax by ₹1.54 crore.



A.1.3. Investments

Investments with Govt or Trust Securities

Shares, Debentures or Bonds (Schedule-4)

Setu Samudram Corporation Limited: ₹30 crore

The PPA has an investment of ₹30 crore in the equity shares of Sethu Samudram Corporation Limited (SSCL), the Company which was promoted by the Government of India to raise finance and to undertake activities to facilitate operation of a navigable channel from Gulf of Mannar to Bay of Bengal through Palk Bay. The project could not make any progress since the main work was suspended in 2007-08 on the order (14 September 2007) of the Supreme Court. In the meantime, SSCL has also moved the proposal to Ministry for liquidation. Considering the non-viability of the project, the other PSUs like Visakhapatnam Port Trust, Shipping Corporation of India and Dredging Corporation of India have already made full provision against their respective investments in SSCL except PPA.

Hence, non-provision against the above investment by PPA has resulted in overstatement of "Investment in SSCL", understatement of Provisions (Schedule-6) and corresponding overstatement of Net Surplus before Tax by ₹30 crore each. Despite the comment of C&AG in the SAR for the year 2021-22, no corrective action has been taken in this regard.

B. Profit and Loss Account

B.1 Income

Estate Rental (Schedule-10):

Rent from Land: ₹78.41 crore

This includes ₹10.76 crore being advance lease rent (1st instalment) received from M/s Thriveni Earthmovers Private Limited against allotment of 100 acres of land on lease for a period of 60 years for establishment of industry under Paradip SIPC Project. The lessee was to pay the upfront fee and lease rent in 10 yearly instalments. Due to delay in payment of instalment, PPA imposed penal interest of ₹1.83 crore for which the lessee approached the Orissa High Court. The Hon'ble Court vide an interim order (February 2023) imposed stay on the recovery of the amount till further order. As a result, PPA could not proceed further, and the possession of the land was not handed over.

Hence, treatment of advance lease rent/upfront fee as income before handing over of land to the lessee is not appropriate. This has resulted in overstatement of the above head leading to overstatement of Net Surplus before Tax and corresponding understatement Current Liabilities by ₹10.76 crore each.

(ii) This includes ₹11.72 crore being the lease rent received from M/s Odisha Stevedores Limited (OSL) against allotment (January 2021) of 58 acres of land by PPA on 60 years lease basis for establishment of port-based capital-intensive industry. The fact is that the proposed land was not in the name of PPA and thus, could not be handed over to the Lessee. Hence, treating of the advance lease rent received is not appropriate.

This has resulted in overstatement of the above head leading to overstatement of Net Surplus before Tax and corresponding understatement Current Liabilities by ₹11.72 crore each.

B.2 Expenditure

Railway workings (Sch-13)

Maintenance of Permanent way, Signals and Inter-locking: ₹23.04 crore

This includes ₹0.94 crore being the amount paid (against 1st RA bill) to Indian Port Rail & Ropeway Corporation Limited in March 2023 towards Upgradation of Line No.8 & 14 at PPA Exchange Yard. Since it is not a normal maintenance work and the financial sanction (October 2022) was given for the work treating the same as capital expenditure, this should



have been booked under Capital Work-in Progress.

Thus, treatment of Capital expenditure as revenue has resulted in understatement of Capital Work-in Progress and Surplus for the year by ₹0.94 crore each.

- 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:
 - i. in so far as it relates to the Balance Sheet, of the state of affairs of the Paradip Port Authority, Paradip as at 31 March 2023; and
 - ii. 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 Authority for the last three years ended 31 March 2023 is given in Annexure-II.

Place: Kolkata
Date: 06.09.2023

Sd/-
(Atul Prakash)
Principal Director of Audit (Mines)
Kolkata



Annexure - I
To Separate Audit Report

(A) Adequacy of the Internal Audit System: Internal Audit for the year 2022-23 was conducted by a firm of Chartered Accountants (DM Associates). Though the report covered most of the departments, there was much scope of improvement.

(B) Adequacy of Internal Control System: The Internal Control System was not adequate and commensurate with the size and nature of the business.

(C) System of Physical Verification of Fixed Assets: Physical Verification of fixed assets for the 2022-23 was carried out by DM Associates, Chartered Accountants.

(D) System of Physical Verification of Inventories: Physical verification of Inventories was not done during the period 2022-23. This exercise should be conducted annually for better management of inventory. On 25th March 2021, a work order for physical verification of inventories was issued. The Report is yet to be finalized.

(E) Regularity in payment of statutory dues: According to the information and explanations given to us and the records of the Authority examined by us, PPA 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 Authority.

(F) Debt Management- Age-wise analysis of dues/receivables of various departments are required for better control of the debt position of an organization. However, PPA has not prepared proper age-wise analysis of dues/receivables. Further, no mechanism of Debtors' and Creditors' confirmation is in practice in PPA.

(G) No Unclaimed/Old Cheque register is maintained by PPA.

(H) Non-adjustment of Temporary Advance- As on 31.03.2023, an amount of ₹18.49 lakh paid to various departments was lying unadjusted. In this regard, audit observed that this type of advances was given to various departments for specific purposes and this should have been adjusted as soon as the expenditure for the same was incurred.

Sd/-
(B. C. Behera)
Director

PARADIP PORT AUTHORITY
Annual Accounts and Audit Report 2022-23



Annexure – II
To Separate Audit Report

FINANCIAL POSITION OF PARADIP PORT AUTHORITY, PARADIP
REVIEW OF ACCOUNTS OF PARADIP PORT AUTHORITY, PARADIP FOR THE YEAR ENDED 31
MARCH 2023 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Note: This review of Accounts has been prepared without considering 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 Authority, 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 44 (2) of the Major Port Authorities Act, 2021. The financial position of the Port Authority under broad headings for the last three years ending 31.03.2023 was as follows:

2. FINANCIAL POSITION

The financial position of the Port Authority under broad headings for the previous three years ending 31.03.2023 was as follows:

(₹ in crore)

(A) LIABILITIES	2022-23	2021-22	2020-21
(i) Capital Reserve (#)	3731.59	3283.12	2947.95
(ii) Other Reserve (@)	4798.46	4196.20	3911.02
(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 Dev. Bank)	Nil	Nil	Nil
(iv) Current Liabilities and Provisions	2880.74	2370.55	2130.16
(v) Other Liabilities (CPF/Pension fund etc.)	Nil	Nil	Nil
TOTAL	11418.91	9857.99	8997.25
(B) ASSETS			
(i) Fixed Assets (Gross Block)	2617.45	2588.10	2534.34
(ii) Less: Depreciation	1245.23	1226.70	1177.05
(iii) Net Fixed Assets	1372.22	1361.40	1357.28
(iv) Work-in-Progress	531.76	443.44	403.82
(v) Investments	4383.38	3943.69	3609.42
(vi) Current Assets, Loans & Advances	5131.54	4109.45	3626.72
TOTAL	11418.90	9857.99	8997.24
(C) Working Capital (*)	2250.80	1738.90	1496.56
(D) Net Worth (**)	4798.46	4196.20	3911.02
(E) Capital Employed (***)	3623.02	3100.30	2853.84
(F) Return on Capital Employed (****)	35.76	23.13	33.84
(G) Capital Employed (Including Capital Work-in-Progress)	4154.78	3543.74	3257.66
(H) Return on Capital Employed (Including Capital Work-in-Progress)	31.19	20.24	29.64



- (#) 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.

1. SUMMARY OF WORKING RESULTS

The working results of Paradip Port Authority for the previous three years ending 31st March 2023 are summarized below:

			(₹ in crore)		
(A)	REVENUE		2022-23	2021-22	2020-21
	(i) Operating Income		2073.65	1732.32	1631.73
	(ii) Non-operating Income		181.57	163.42	294.99
	TOTAL		2255.22	1895.74	1926.72
(B)	EXPENDITURE				
	(i) Operating Expenditure		774.32	682.41	670.45
	(ii) Non-operating Expenditure		185.27	496.08	283.88
	TOTAL		959.59	1178.49	954.34
(C)	Net Surplus/(Deficit) before tax		1295.63	717.25	965.71
(D)	Less:				
	(i) Provision for taxation		444.84	245.36	332.63
	(ii) Deferred Tax Liability		7.19	0.71	3.97
(E)	Net Surplus/(Deficit) after tax		843.60	471.18	629.11
(F)	Less: Mandatory appropriation/ Transfer to Reserve Fund		250.00	186.00	172.00
(G)	Surplus/(Deficit) transferred to General Reserve fund		593.60	285.18	457.11
(H)	Percentage of Net Surplus (before tax) to				
	(a) Operating Income		62.48	41.40	59.18
	(b) Net Fixed Assets		94.42	52.68	71.15
	(c) Net Worth		27.00	17.09	24.69

4. Ratio Analysis (Liquidity and Solvency):

	Ratios	2022-23	2021-22	2020-21
(a)	Percentage of Current Assets to Current Liabilities	178.13	173.35	170.26
(b)	Percentage of Quick Assets to Current Liabilities	89.47	86.18	97.44
(c)	Percentage of Sundry Debtors to Operating Income	7.62	5.67	7.32
(d)	Debt to Capital Reserve & General Reserve	0.00095	0.00109	0.00118

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

PARADIP PORT AUTHORITY
Annual Accounts and Audit Report 2022-23



Annexure-A
(Refer comment No.A.1.1(iii) of SAR)

Sl No	Vr. No	Date	Party	Amount (₹)	Related to
1.	534/ IDBI	16-05-2023	Ramesh Chandra Mohanty	133100.00	E&M
2.	535/ IDBI	16-05-2023	Ramesh Chandra Mohanty	133100.00	E&M
3.	536/ IDBI	16-05-2023	M/s R.L Security & Man Power Service	212651.00	Administrative
4.	548/ IDBI	16-05-2023	M/s Web Net Asia	155711.88	E&M
5.	549/ IDBI	16-05-2023	Express Publications (Madurai)	106000.00	PR Wing
6.	552/ IDBI	16-05-2023	The Samaja	56000.00	PR Wing
7.	225/ IDBI	09-05-2023	Pilotage Allowance i.r.o Capt. Mallarouthu for the Month of February 2023	140680.00	Marine
8.	252/ IDBI	09-05-2023	M/s Sani Cleaning Pvt Ltd, BBSR	45000.00	Medical
9.	254/ IDBI	09-05-2023	M/s Dibyashree Agency	251484.00	E&M
10.	265/ IDBI	09-05-2023	M/s Pro Power Sweeping Company Pvt Limited	330677.00	PHD
11.	175/ IDBI	08-05-2023	M/s Janaki Engg, BBSR	403100.00	Port Electrical
12.	178/ IDBI	08-05-2023	M/s Frontline Ex-servicemen Bureau	2566272.00	Administrative / SRO
13.	177/ IDBI	08-05-2023	M/s United Engineers Pvt Ltd	550565.00	Port Electrical
14.	183/ IDBI	08-05-2023	M/s Akshar Fire & Safety	249062.82	E&M
15.	194/ IDBI	08-05-2023	M/s Partha Sarathi Enterprises, Paradip	292138.84	Administrative
16.	208/ IDBI	08-05-2023	M/s R.L Security & ManPower Service	1945563.00	Administrative
17.	199/ IDBI	08-05-2023	M/s United Engineers Pvt Ltd	550565.00	Port Electrical
18.	196/ IDBI	08-05-2023	M/s Sai Shreyasi Construction	256960.00	Building Construction
19.	185/ IDBI	08-05-2023	M/s Gangpur Sales & Services	163982.17	Marine
20.	442/ IDBI	15-05-2023	M/s Kay Bee Sales & Services	8230680.00	E&M
21.	684/ IDBI	20-05-2023	M/s R.L Security & Man Power Service	166352.00	Administrative
22.	694/ IDBI	20-05-2023	THG Publishing House	403900.00	Administrative
23.	373/ IDBI	12-05-2023	M/s Partha Sarathi Enterprises, Paradip	100443.00	Administrative



**ACTION TAKEN NOTES ON
SEPARATE AUDIT REPORT
OF THE PRINCIPAL
DIRECTOR OF AUDIT (MINES)
KOLKATA ON THE
ACCOUNTS OF THE PARADIP
PORT AUTHORITY FOR THE
YEAR ENDED 31ST MARCH
2023.**



Observation made by Audit	Action taken by Paradip Port Authority
<p>A.1. Balance Sheet A.1.1. Sources of Fund Current Liabilities and Provisions (Sch-6) Other provisions Accrued expenses: ₹113.09 crore</p> <p>(i). PPA withheld a sum of ₹4.43 crore from the bills of M/s Dharitri Dredging and Infrastructure Limited (DDIL) as liquidated damage (LD) for delay in execution of dredging work for new South Oil Jetty Dock Basins which was awarded to DDIL in January 2014. Being aggrieved by the decision, DDIL filed arbitration case (No.38 of 2021) claiming ₹27.69 crore from PPA towards refund of LD, amount towards extra works and fuel escalation etc. The sole arbitrator vide his order (December 2022) directed the PPA to refund ₹2.44 crore towards LD and pay fuel escalation charges amounting to ₹0.45 crore, for which no provision was made in the accounts.</p> <p>Similarly, PPA awarded (September 2015) the capital dredging work for new Iron ore, coal and multipurpose dock Basin to DDIL at a price of ₹142.36 crore. The work was to be completed by April 2017. Due to termination of contract of BOT operator (M/s Essar) by PPA, the dredging work was completely stalled and later, the contract with DDIL was also terminated. Aggrieved by this, DDIL filed arbitration case (No.10 of 2021), claiming ₹82.29 crore towards compensation. The Arbitrator vide his order (December 2022) directed PPA to pay ₹3.95 crore towards loss of profit for premature termination of contract and interest @ 9 per cent per annum from 21.06.2021 till the date of payment. The liability on PPA on this account till 31 March 2023 is worked out as ₹4.59 crore (Principal amount ₹3.95 crore plus Interest: ₹0.64 crore)</p> <p>The management had withheld ₹4.43 crore from the bills of DDIL and was showing the same as liability in its accounts, however no provision was made for additional amount of ₹3.04 crore (₹7.47 crore - ₹4.43 crore) payable to DDIL as per tribunal's award.</p> <p>Thus, non-provision of the above has resulted in understatement of "Other Provisions" and corresponding overstatement of Net Surplus before Tax for the year by ₹3.04 crore each.</p>	<p>Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-03/JV dated 01-07-2023.</p>



Observation made by Audit	Action taken by Paradip Port Authority
<p>(ii) This does not include a sum of ₹4.02 crore being the demand raised (21 March 2023) by East Coast Railways towards maintenance of overhead equipments and inspection charges for the period July 2020 to December 2022.</p> <p>Non-provision for the above liability has resulted in understatement of Other Liabilities (accrued expenses) and overstatement of Net Surplus before Tax by ₹4.02 crore each.</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-32/JV dated 01-07-2023.
<p>(iii) This does not include a sum of ₹1.99 crore (Annexure-A) being the expenditure incurred by PPA upto March 2023 but paid in subsequent period. This has resulted in understatement of Other Liabilities (accrued expenses) and overstatement of Net Surplus before Tax by ₹1.99 crore each.</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-036/JV dated 01-07-2023.
<p>A.1.2. Application of Fund</p> <p>Capital Work-In-Progress ₹531.76 crore.</p> <p>(i) PPA awarded (July 2011) 'Railway work for Deep Draught Berths at Paradip Port' to M/s KVR Rail Infra Projects Private Limited at ₹ 98.68 crore, to be completed by January 2023. Due to unsatisfactory performance of the contractor, the contract was terminated (September 2013) and awarded (December 2014) the balance work to Modi Projects Limited (MPL) at ₹ 78.66 crore, to be completed by march 2017. This time also, PPA terminated (April 2017) the contract due to poor performance of the Contractor and awarded (August 2019) at ₹ 79.77 crore. The work was finally completed by October 2021 at a cost of ₹ 189.80 crore which had been booked to CWIP.</p> <p>Non-capitalisation of the above work even after completion of the same has resulted in overstatement of CWIP by ₹ 189.80 crore, understatement of Fixed Assets by ₹ 186.63 crore, Depreciation by ₹ 3.17 crore (@1.67 per cent for one year) leading to overstatement of Net Surplus before Tax by ₹ 3.17 crore.</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-06/JV dated 01-07-2023 and corresponding depreciation vide voucher no-07/JV dated 01-07-2023
<p>(ii) The work of Strengthening of road from Gate No.3 to Gate No.2 via Atharabanki Main Gate at Paradip Port was awarded in November 2018 and completed in 2019-20 at total cost of ₹9.40 crore. Out of the above, PPA capitalized ₹8.31 crore during 2019-20, leaving a balance of ₹1.09 crore under the above head, which should have been capitalized during 2019-20.</p> <p>Hence, non-capitalization of the above has resulted in overstatement of CWIP by ₹1.09 crore, understatement of Fixed Asset (Net Block) by ₹0.98 crore and depreciation by ₹0.11 crore (@ 2.5 per cent for the period 2019-23) each.</p> <p>This has also resulted in overstatement of Net Surplus before Tax</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-09/JV dated 01-07-2023 and corresponding depreciation vide voucher no-10/JV dated 01-07-2023

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Observation made by Audit	Action taken by Paradip Port Authority
<p>(iii) The work of Upgradation of Power Distribution System of IOHP was agreed to commence in December 2017 and completed by January 2021 at a cost of ₹1.31 crore out of which ₹0.28 crore was booked under CWIP and balance amount of ₹1.03 crore was charged to Profit & Loss Account as revenue expenditure during the period 2018-19 to 2020-21.</p> <p>Thus, erroneous booking of amount of capital expenditure partly under revenue head and partly under CWIP and non-capitalization of the same even after completion of asset has resulted in overstatement of CWIP by ₹0.28 crore, understatement of Fixed Assets (Net Block) ₹1.11 crore and understatement of Net Surplus after Tax by ₹0.83 crore (₹1.03 crore minus depreciation amounting to ₹0.20 crore calculated @ 5 per cent for 2020-23).</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-11/JV dated 01-07-2023 and corresponding depreciation vide voucher no-12/JV & 37/JV dated 01-07-2023
<p>(iv) The work of Merger of Cargo Berth Substation - I & II was commenced in April 2016 and completed in September 2016 at total cost of ₹2.78 crore of which PPA had capitalised a sum of ₹1.41 crore during 2016-17 & 2017-18. Out of the balance amount of ₹1.37 crore, a sum of ₹0.50 crore was charged to P & L Account in the previous year(s) treating the same as revenue expenditure, ₹0.80 crore was still lying in CWIP and ₹0.07 crore was not accounted for.</p> <p>These erroneous entries in the accounts have resulted in understatement of Fixed Assets (Net Block) by ₹1.13 crore, Liabilities (Security Deposit) by ₹0.07 crore, Depreciation by ₹0.24 crore (@ 2.5 per cent for the period 2016-23) and Net Surplus before Tax by ₹0.26 crore (₹0.50 crore minus ₹0.24 crore) and overstatement of CWIP by ₹0.80 crore.</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-13/JV dated 01-07-2023 and corresponding depreciation vide voucher no-14/JV dated 01-07-2023
<p>(v) The work of Up-gradation of HT Power Supply System inside Harbour Area to enhance the power supply reliability to MCHP, IOHP & Oil Jetty was awarded in July 2019 and completed in January 2021 at a total cost of ₹2.79 crore. Out of the above, ₹1.11 crore is lying in the above head (CWIP) and the balance ₹1.68 crore was erroneously charged to P&L Accounts of the previous year(s).</p> <p>Non-capitalisation of the entire cost and erroneous entries in the accounts have resulted in overstatement of CWIP by ₹1.11 crore, understatement of Fixed Assets (Net Block) by ₹2.58 crore, Depreciation by ₹0.21 crore (@2.5 per cent for the period 2020-23), and understatement of Net Surplus before Tax by ₹1.47 crore (₹1.68 crore minus ₹0.21 crore).</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-15/JV dated 01-07-2023 and corresponding depreciation vide voucher no-16/JV dated 01-07-2023



Observation made by Audit	Action taken by Paradip Port Authority
<p>(vi) The work of Construction of additional two-lane Concrete pavement along-with main drain & retaining wall from ATBK-2 junction to siding 19 junction was awarded in November 2016 and completed in December 2017 at total cost of ₹3.02 crore. The PPA had capitalized a sum of ₹2.82 crore during 2018-19, leaving a balance of ₹0.20 crore as CWIP which should have been capitalized during the same year. This has resulted in overstatement of CWIP by ₹0.20 crore and understatement of Fixed Assets (Net Block) by ₹0.17 crore, Depreciation by ₹0.03 crore (@2.5 <i>per cent</i> for the period 2018-23 and overstatement of Net Surplus before Tax by ₹0.03 crore.</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-17/JV dated 01-07-2023 and corresponding depreciation vide voucher no-18/JV & no-38/JV dated 01-07-2023
<p>(vii) The work of Supply, Installation, Testing & Commissioning of Dry Fog Dust Suppression System at Wagon Tippler was commenced in August 2021 and completed in March 2022 at total cost of ₹1.84 crore. The PPA, however, charged the entire cost of this capital expenditure to the Profit and Loss Account during 2021-22 (₹1.69 crore) and 2022-23 (₹0.15 crore) treating the same as revenue expenditure. The above wrong accounting has resulted in understatement of Fixed Assets (Net Block) by ₹1.66 crore, Depreciation by ₹0.18 crore (@ 5 <i>per cent</i> for 2021-23) and understatement of Net Surplus before Tax by ₹1.66 crore.</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-19/JV dated 01-07-2023 and corresponding depreciation vide voucher no-20/JV & no-39/JV dated 01-07-2023
<p>(viii) The work of Strengthening of road by concreting leading from Gate No.2 to L & T Junction (Fishery Harbour Road) was commenced in July 2018 and completed in October 2019 at a cost of ₹10.25 crore. As against the completed value, PPA capitalised ₹10.19 crore in 2019-20 leaving a balance of ₹0.06 crore in CWIP. This has resulted in overstatement of CWIP by ₹0.06 crore, understatement of Fixed Assets (Net Block) by ₹0.05 crore, understatement of Depreciation by ₹0.01 crore leading to overstatement of Net Surplus before Tax by ₹0.01 crore.</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-24/JV dated 01-07-2023 and corresponding depreciation vide voucher no-25/JV dated 01-07-2023
<p>(ix) The work of construction of new site store building at IOHP was commenced in August 2020 and completed in August 2021 at a cost of ₹1.32 crore but the same was yet to be capitalised under "Non-residential Building". This has resulted in overstatement of CWIP by ₹1.32 crore, understatement of Fixed Assets (Net Block) by ₹1.27 crore, Depreciation by ₹0.05 crore (@2 <i>per cent</i> for 2021-23) leading to overstatement of Net Surplus before Tax by ₹0.05 crore.</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-33/JV dated 01-07-2023 and corresponding depreciation vide voucher no-34/JV dated 01-07-2023
<p>(x) The work of Upgradation to existing road from fire station to North-oil Jetty inside Port area was awarded in November 2020 and completed in July 2021 at a cost of ₹1.40 crore but the same was yet to be capitalised under "Road".</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-33/JV



Observation made by Audit	Action taken by Paradip Port Authority
<p>This has resulted in overstatement of CWIP by ₹1.40 crore, understatement of Fixed Assets (Net Block) by ₹1.33 crore, Depreciation by ₹0.07 crore (@2.5 <i>per cent</i> for 2021-23) leading to overstatement of Net Surplus before Tax by ₹0.07 crore.</p>	<p>dated 01-07-2023 and corresponding depreciation vide voucher no-34/JV dated 01-07-2023</p>
<p>(xi) CWIP includes a sum of ₹1.68 crore being the value of works executed towards upgradation to the IOHP area inside Harbour area. The above work was completed in February 2021 at total cost of ₹1.68 crore which should have been capitalized in 2020-21 under "Ore Handling Plant".</p> <p>Non-capitalization of the above has resulted in overstatement of CWIP by ₹1.68 crore, understatement of Fixed Assets (Net Block) by ₹1.44 crore, Other Liabilities by ₹0.01 crore, and overstatement of Net Surplus before Tax on account of depreciation (@ 5 <i>per cent</i> for 2020-23) by ₹0.25 crore.</p>	<p>Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-26/JV dated 01-07-2023 and corresponding depreciation vide voucher no-27/JV & 40/JV dated 01-07-2023</p>
<p>(xii) CWIP includes a sum of ₹1.32 crore being the value of works executed towards "Connecting to the Road from ATBK-1 level crossing to Gate No.2 concrete road inside prohibited area". The above work was completed in January 2021 but was not capitalized under "Road".</p> <p>This has resulted in overstatement of CWIP by ₹1.32 crore, understatement of Fixed Assets (Net Block) by ₹1.22 crore, and overstatement of Net Surplus before Tax on account of depreciation (@ 2.5 <i>per cent</i> for 2020-23) by ₹0.10.</p>	<p>Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-28/JV dated 01-07-2023 and corresponding depreciation vide voucher no-29/JV & 41/JV dated 01-07-2023.</p>
<p>(xiii) CWIP includes a sum of ₹5.84 crore being the value of works executed towards "Upgradation to the existing service Road inside MCHP Area". The above work was completed in October 2021 but was not capitalized under "Road".</p> <p>This has resulted in overstatement of CWIP by ₹5.84 crore, understatement of Fixed Assets (Net Block) by ₹5.55 crore, Depreciation (@ 2.5 <i>per cent</i> for 2021-23) by ₹0.29 crore and overstatement of Net Surplus before Tax by ₹0.29 crore.</p>	<p>Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-30/JV dated 01-07-2023 and corresponding depreciation vide voucher no-31/JV dated 01-07-2023</p>
<p>(xiv) CWIP includes an amount of ₹1.54 crore incurred for maintenance of overhead equipment of railway siding. Since the expenditure incurred on maintenance of overhead equipment of railway sidings is revenue in nature, this should have been charged to Profit & Loss Account.</p> <p>This has resulted in overstatement of CWIP and understatement of Net Surplus before tax by ₹1.54 crore.</p>	<p>Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-35/JV dated 01-07-2023.</p>



Observation made by Audit	Action taken by Paradip Port Authority
<p>A.1.3. Investments</p> <p>Investments with Govt or Trust Securities, Shares, Debentures or Bonds (Schedule-4)</p> <p>SethuSamudram Corporation Limited: ₹30 crore</p> <p>The PPA has an investment of ₹30 crore in the equity shares of SethuSamudram Corporation Limited (SSCL), the Company which was promoted by the Government of India to raise finance and to undertake activities to facilitate operation of a navigable channel from Gulf of Mannar to Bay of Bengal through Palk Bay. The project could not make any progress since the main work was suspended in 2007-08 on the order (14 September 2007) of the Supreme Court. In the meantime, SSCL has also moved the proposal to Ministry for liquidation. Considering the non-viability of the project, the other PSUs like Visakhapatnam Port Trust, Shipping Corporation of India and Dredging Corporation of India have already made full provision against their respective investments in SSCL except PPA.</p> <p>Hence, non-provision against the above investment by PPA has resulted in overstatement of "Investment in SSCL", understatement of Provisions (Schedule-6) and corresponding overstatement of Net Surplus before Tax by ₹30 crore each. Despite the comment of C&AG in the SAR for the year 2021-22, no corrective action has been taken in this regard.</p>	<p>Paradip Port Authority made an Investment of Rs.30 Crores in the Equity Shares of M/s. Sethusamudram Corporation Limited (M/s SCL) and the same has been disclosed under Investment at cost. As per Ministry of Shipping and Road Transport & Highways Letter No. PD-26014/3/2004-Setu dt. 1st June, 2005 along with, other Major Ports, PSUs and Government of India. Accordingly, the investment is made by the Port with M/s SCL under investment at cost. Since, SCL is not a listed company and owned by Major Ports, PSUs and Government of India, it is not ascertainable for declining of Investment. Long term investments are usually carried at cost and when there is decline in the value of long term investment, carrying amount is reduced to recognize the decline. Indicators of value of an investment are obtained on its market value. As pointed out above, SCL shares are not listed in the Stock exchange. Hence, the value has not been disclosed. Further, it is informed that SCL has moved a proposal for liquidation to the ministry against which no direction has been received till date. Even, M/s SCL has also not indicated any such impact in writing to recognize such decline/diminution. Since, it is a long term investment and necessary action if any on the carrying cost will be taken on receipt of information on winding up of the SCL from the Govt. of India.</p>



Observation made by Audit	Action taken by Paradip Port Authority
<p>B. Profit and Loss Account</p> <p>B.1 Income</p> <p>Estate Rental (Schedule-10): Rent from Land: ₹78.41 crore</p> <p>(i). This includes ₹10.76 crore being advance lease rent (1st instalment) received from M/s Thriveni Earthmovers Private Limited against allotment of 100 acres of land on lease for a period of 60 years for establishment of industry under Paradip SIPC Project. The lessee was to pay the upfront fee and lease rent in 10 yearly instalments. Due to delay in payment of instalment, PPA imposed penal interest of ₹1.83 crore for which the lessee approached the Orissa High Court. The Hon'ble Court vide an interim order (February 2023) imposed stay on the recovery of the amount till further order. As a result, PPA could not proceed further, and the possession of the land was not handed over.</p> <p>Hence, treatment of advance lease rent/upfront fee as income before handing over of land to the lessee is not appropriate. This has resulted in overstatement of the above head leading to overstatement of Net Surplus before Tax and corresponding understatement Current Liabilities by ₹10.76 crore each.</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-01/JV dated 01-07-2023.
<p>(ii) This includes ₹11.72 crore being the lease rent received from M/s Odisha Stevedores Limited (OSL) against allotment (January 2021) of 58 acres of land by PPA on 60 years lease basis for establishment of port-based capital-intensive industry. The fact is that the proposed land was not in the name of PPA and thus, could not be handed over to the Lessee. Hence, treating of the advance lease rent received is not appropriate.</p> <p>This has resulted in overstatement of the above head leading to overstatement of Net Surplus before Tax and corresponding understatement Current Liabilities by ₹11.72 crore each.</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-02/JV dated 01-07-2023.
<p>B.2 Expenditure</p> <p>Railway workings (Sch-13)</p> <p>Maintenance of Permanent way, Signals and Inter-locking: ₹23.04 crore</p> <p>This includes ₹0.94 crore being the amount paid (against 1st RA bill) to Indian Port Rail & Ropeway Corporation Limited in March 2023 towards Upgradation of Line No.8 & 14 at PPA Exchange Yard. Since it is not a normal maintenance work and the financial sanction (October 2022) was given for</p>	Necessary accounting effect has already been given in the accounts of 2023-24 vide voucher No-08/JV dated 01-07-2023.



Observation made by Audit	Action taken by Paradip Port Authority
<p>the work treating the same as capital expenditure, this should have been booked under Capital Work-in Progress.</p> <p>Thus, treatment of Capital expenditure as revenue has resulted in understatement of Capital Work-in Progress and Surplus for the year by ₹0.94 crore each.</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>	Noted.
<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>	Noted.
<p>I. in so far as it relates to the Balance Sheet, of the state of affairs of the Paradip Port Authority, Paradip as at 31 March 2023; and</p> <p>ii. in so far as it relates to Profit and Loss Account, of the surplus for the year ended on that date.</p> <p>5 A review of accounts showing the summarized financial results of the Paradip Port Authority for the last three years ended 31 March 2023 is given in Annexure-II</p>	Facts and figures are confirmed.

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