



PARADIP PORT TRUST

**ANNUAL ACCOUNTS
AND
AUDIT REPORT THEREON**

**WITH ACTION TAKEN
NOTES ON AUDIT OBJECTION/
OBSERVATIONS CONTAINED
IN THE REPORT**

FOR THE YEAR 2019-20



PARADIP PORT TRUST ANNUAL ACCOUNTS 2019-20

CONTENTS

PARTICULARS	PAGES
Balance sheet as at 31 st March,2020	7
Profit and Loss Accounts for the Year ended 31 st March,2020	9
Schedule to Balance Sheet	
Schedule 1 Reserves & Surplus	10-11
Schedule 2 Loan Funds	11
Schedule 3 Fixed Assets	12-13
Schedule 4 List of Investment (Face Value)	14
Schedule 5 Current Assets, Loans & Advances	15-16
Schedule 6 Current Liabilities and Provisions	17
Schedule to Profit and Loss Accounts	
Schedule 7 Cargo Handling & Storage Charges	18
Schedule 8 Port & Dock Charges	18
Schedule 9 Railway Earning	19
Schedule 10 Estate Rentals	19
Schedule 11 Cargo Handling & Storage Charges	19
Schedule 12 Port & Dock Facilities for Shipping (including pilotage)	20
Schedule 13 Railway Workings	20
Schedule 14 Rentable Lands and Buildings	20
Schedule 15 Management & General Administration	21
Schedule 16 Finance & Misc. Income	21
Schedule 17 Finance & Misc. Expenses	22
Schedule 18 Significant Accounting Policies & Notes on Accounts for the year 2019-20	23-28
Annexure I Pension and Gratuity Fund, Balance Sheet	29-30
Annexure I Income and Expenditure Account, Pension & Gratuity	
Annexure II Provident Fund Account, Balance Sheet	31-32
Annexure II Income and Expenditure Account of Provident Fund	
Audit Report on the Accounts of PPT for the Year 2019-20	33-41
Action Taken Notes on Audit Observations/ Objections on the Annual Accounts of PPT for the year 2019-20	43-48

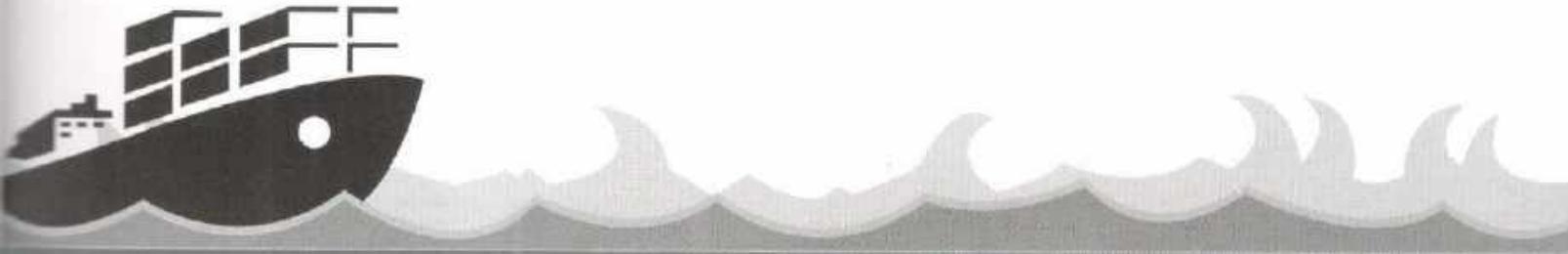




PARADIP PORT TRUST



**ANNUAL ACCOUNTS
2019-20**





BALANCE SHEET AS AT 31ST MARCH 2020

	SCH		(Amount in ₹)	
			As at 31.03.2020	As at 31.03.2019
I.	SOURCES OF FUNDS			
1	RESERVES & SURPLUS	1	64,00,83,72,513	58,52,69,48,479
2	LOAN FUNDS	2	8,11,60,348	8,11,60,348
		TOTAL	64,08,95,32,861	58,60,81,08,827
II.	APPLICATION OF FUNDS			
1	FIXED ASSETS	3		
a)	Gross Block		24,46,57,12,753	23,57,35,23,877
	Less: Depreciation		11,09,55,55,613	10,43,65,94,924
	Net Block		13,37,01,57,140	13,13,69,28,953
b)	Capital Works-in Progress		3,00,76,80,981	2,13,93,26,824
			16,37,78,38,121	15,27,62,55,777
2	INVESTMENTS	4	32,75,73,21,811	30,04,68,72,289
3	CURRENT ASSETS, LOANS & ADVANCES	5	34,16,56,69,974	34,33,06,70,425
	Less: CURRENT LIABILITIES AND PROVISIONS	6	19,21,12,97,045	21,04,56,89,664
	Net Current Assets		14,95,43,72,929	13,28,49,80,761
		TOTAL	64,08,95,32,861	58,60,81,08,827
	Significant Accounting policy and Notes on Accounts	18		

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

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

Sd/-
Rinkesh Roy
CHAIRMAN
PARADIP PORT TRUST





PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2020

	SCH	2019-20	(Amount in ₹) 2018-19
INCOME			
Cargo handling & storage charges	07	7,85,71,21,287	6,97,89,71,935
Port & Dock Charges (Including pilotage Fees)	08	4,91,71,06,890	4,35,32,60,988
Railway Earnings.	09	2,34,29,68,042	2,40,04,08,543
Estate Rentals	10	51,54,27,456	56,99,34,809
	TOTAL	15,63,26,23,675	14,30,25,76,275
LESS EXPENDITURE			
Cargo handling & storage Charges	11	1,70,29,22,499	1,83,37,94,380
Port & Dock Facilities (including Pilotage)	12	1,72,55,81,820	1,47,70,17,067
Railway workings.	13	69,73,96,147	59,95,71,561
Rentable land & buildings.	14	61,94,45,664	69,58,35,235
Management & General Administration (not directly attributable to a Activity)	15	1,92,39,14,079	1,99,58,73,933
	TOTAL	6,66,92,60,209	6,60,20,92,176
Operating Surplus/(Deficit)			
Add: Finance & Misc. Income	16	8,96,33,63,466	7,70,04,84,099
Less: Finance & Misc Expenditure	17	1,61,76,88,722	1,50,58,84,708
Net Surplus/(Deficit) before Income Tax		3,76,86,28,789	3,15,17,58,724
Provision for Income Tax		6,81,24,23,399	6,05,46,10,083
Provision for Deferred Tax Liability		2,33,06,98,326	2,04,32,27,478
Net Surplus after Income Tax		4,30,08,840	4,33,07,830
Less: Appropriations		4,43,87,16,233	3,96,80,74,775
Fund for Replacement, Rehabilitation and Modernisation of Capital Assets		62,00,00,000	62,00,00,000
Fund for Development, Repayment of Loan & Contingencies		62,00,00,000	62,00,00,000
Net Surplus after Appropriation		3,19,87,16,233	2,72,80,74,775
Significant Accounting policy and Notes on Accounts	18		

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

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

Sd/-
Rinkesh Roy
CHAIRMAN
PARADIP PORT TRUST





SCHEDULE TO BALANCE SHEET

<u>SCHEDULE - 1</u>	<u>RESERVES & SURPLUS</u>	As at 31.03.2020	(Amount in ₹) As at 31.03.2019
a. CAPITAL RESERVE		6,11,88,210	6,11,88,210
b. REVENUE RESERVE			
i. General Reserve			
Opening Balance	34,02,24,73,977	31,31,97,28,752	
Less: Earlier years short provisions	(30,46,14,610)	(3,25,93,769)	
Add:			
- Other Adjustment			72,64,219
- Net Surplus	3,19,87,16,233	2,72,80,74,775	
	36,91,65,75,600	34,02,24,73,977	
ii. Reserve for repayment of initial investment	8,11,60,348	8,11,60,348	
iii. Employees Welfare Fund	8,11,60,348	8,11,60,348	
Opening Balance	15,00,000	15,00,000	
Additions	15,00,000	15,00,000	
Less: Expenditure	(15,00,000)	(15,00,000)	
iv. E.L. Encashment Fund	15,00,000	15,00,000	
	74,32,59,821	68,95,11,199	
	74,32,59,821	68,95,11,199	





c. STATUTORY RESERVE

i.	Replacement, Rehabilitation, Modernisation of Capital Assets Fund		
	Opening Balance	14,06,54,01,812	12,45,75,20,441
	Add: Appropriation from Profit & Loss Account	62,00,00,000	62,00,00,000
	Add: Interest from investment of Fund	1,07,74,09,717	98,78,81,371
		<hr/> 15,76,28,11,529	<hr/> 14,06,54,01,812
ii.	Development, Repayment of Loans & Contingencies Fund.		
	Opening Balance	9,60,57,12,933	9,91,97,56,924
	Add: Appropriation from Profit & Loss Account	62,00,00,000	62,00,00,000
	Less: Repayment of Gol Loan	(51,96,33,544)	(1,74,63,32,844)
	Add: Interest from investment of Fund	73,57,97,616	81,22,88,853
		<hr/> 10,44,18,77,005	<hr/> 9,60,57,12,933
	TOTAL	64,00,83,72,513	58,52,69,48,479

<u>SCHEDULE - 2</u>	<u>LOAN FUNDS</u>	As at 31.03.2020	As at 31.03.2019
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



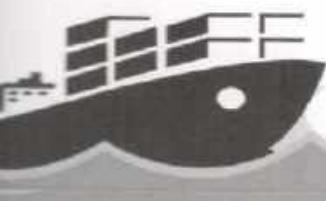


SCHEDULE - 3

FIXED ASSETS

SCHEDULE TO BALANCE SHEET

Description of Asset	GROSS BLOCK			
	As at 01.04.2019	Additions during the year	Del/Adj during the year	As at 31.03.2020
1	2	3	4	5
Land	9,45,84,615	11,13,36,672	-	20,59,21,287
Lease land	28,44,000	-	(79,000)	27,65,000
Stacking Yard	52,10,16,984	-	-	52,10,16,984
Capital Dredging	3,86,92,35,307	-	-	3,86,92,35,307
Building Sheds and Other Structures	1,82,91,67,273	8,23,65,363	-	1,91,15,32,636
Wharves, Roads, Boundaries	5,26,05,51,160	42,17,76,185	-	5,68,23,27,345
Floating Craft	82,86,12,677	-	-	82,86,12,677
Railway and Rolling Stock	2,35,18,26,457	11,88,52,402	-	2,47,06,78,859
Docks, Sea-Walls, Breakwaters, Piers & Navigational Aids	77,71,33,255	-	-	77,71,33,255
Cranes and Vehicles	819,76,528	-	-	819,76,528
Plant & Machinery	5,78,59,97,876	4,65,18,003	-	5,83,25,15,879
Installation and Equipments	1,54,12,03,893	10,63,74,080	-	1,64,75,77,973
Furniture & Equipment	27,73,392	-	-	27,73,392
General Cargo Handling Equipments	60,80,30,486	50,45,171	-	61,30,75,657
Flotila & Marine Crafts	1,85,69,973	-	-	1,85,69,973
Total	23,57,35,23,876	89,22,67,876	(79,000)	24,46,57,12,752
Works in Progress	2,13,93,26,824	2,03,24,94,690	(1,16,41,40,533)	3,00,76,80,981
Grand Total	25,71,28,50,700	2,92,47,62,566	(1,16,42,19,533)	27,47,33,93,733
Previous Year	25,01,11,05,193	1,78,22,02,063	(1,08,04,56,556)	25,71,28,50,700





AS AT 31.03.2020

(Amount in ₹)

DEPRECIATION				NET BLOCK	
As at 01.04.2019	Provisions for the year	Del/Adj during the year	Total as on 31.03.2020	As at 31.03.2020	As at 31.03.2019
6	7	8	9	10	11
-	-	-	-	20,59,21,287	9,45,84,815
-	-	-	-	27,65,000	28,44,000
19,32,11,470	1,30,25,425	-	20,62,36,895	31,47,80,089	32,78,05,514
35,31,91,328	3,86,92,353	-	39,18,83,681	3,47,73,51,626	3,51,60,43,979
72,04,10,527	3,73,39,958	-	75,77,50,485	1,15,37,82,151	1,10,87,56,746
1,45,98,64,705	9,73,13,236	-	1,55,71,77,941	4,12,51,49,404	3,80,06,86,455
55,20,14,514	3,91,41,309	-	59,11,55,823	23,74,56,854	27,65,98,163
81,64,98,416	6,67,71,146	28,11,171	88,60,80,733	1,58,45,98,126	1,53,53,28,041
29,73,86,013	2,55,77,649	-	32,29,63,662	45,41,69,593	47,97,47,242
7,39,80,529	16,52,906	-	7,56,33,435	63,43,093	79,95,999
5,06,82,27,042	27,42,32,013	-	5,34,24,59,055	49,00,56,824	71,77,70,834
52,72,95,729	3,31,89,508	2,77,438	56,07,62,675	1,08,68,15,298	1,01,39,08,164
27,73,392	-	-	27,73,392	-	-
35,31,71,301	2,85,77,437	3,59,140	38,21,07,878	23,09,67,779	25,48,59,185
1,85,69,963	-	-	1,85,69,963	10	10
10,43,65,94,929	65,55,12,940	34,47,749	11,09,55,55,618	13,37,01,57,134	13,13,69,28,947
-	-	-	-	3,00,76,80,981	2,13,93,26,824
10,43,65,94,929	65,55,12,940	34,47,749	11,09,55,55,618	16,37,78,38,115	15,27,62,55,771
9,79,91,90,029	63,96,68,494	(22,63,584)	10,43,65,94,929	15,27,62,55,771	15,21,19,15,174





SCHEDULE TO BALANCE SHEET

(Amount in ₹)

SCHEDULE - 4	INVESTMENTS	As at 31.03.2020	As at 31.03.2019
A. <u>INVESTMENT WITH GOVT. OR TRUST SECURITIES</u>			
	Total	-	-
B. <u>SHARES, DEBENTURES OR BONDS</u>			
Setu Samudram Corporation Ltd.		30,00,00,000	30,00,00,000
Haridaspur Paradip Railway Co.Ltd.		94,36,57,480	86,35,39,580
Paradip Port Road Co Ltd.		40,00,00,000	40,00,00,000
Dredging Corporation of India Ltd.(Bonds)		10,00,00,000	10,00,00,000
Dredging Corporation of India Ltd.		2,57,04,51,510	2,57,04,51,510
Indian Port Rail Corporation Ltd.		10,80,00,000	10,80,00,000
Kamarajar Port Ltd.(Bonds)	Total	20,00,00,000	20,00,00,000
C. <u>INVESTMENT PROPERTIES</u>			
	Total	4,62,21,08,990	4,54,19,91,090
D. <u>OTHERS</u>			
Deferred tax fund		1,10,60,65,000	1,06,30,56,000
Replacement, Rehabilitation and Modernisation of Capital Assets Reserve Fund		15,76,28,11,000	14,06,54,01,000
Development, Repayment of Loan & Contingencies Reserve Fund		10,44,18,77,000	9,60,57,13,000
Repayment of Initial Investment of GOI Fund		8,12,00,000	8,12,00,000
E.L Encashment Fund	Total	74,32,59,821	68,95,11,199
	G.TOTAL	28,13,52,12,821	25,50,48,81,199
		32,75,73,21,811	30,04,68,72,289



SCHEDULE TO BALANCE SHEET

(Amount in ₹)

<u>SCHEDULE - 5</u>	As at 31.03.2020	As at 31.03.2019
CURRENT ASSETS, LOANS & ADVANCES		
a. CURRENT ASSETS		
i. Accrued Interest on Investment	1,91,78,20,634	1,75,59,27,014
ii. Inventories	5,67,84,400	2,91,51,525
iii. Sundry Debtors		
a. Govt. Dues	-	-
b. Non-Govt. Dues	94,47,92,863	94,47,92,863
iv. Cash & Bank Balance		
a. Cash in Hand	76,36,80	-
b. Bank Balance		
i. Fixed Deposit	11,79,69,85,208	12,13,24,68,208
ii. Savings Bank A/c.		
- Allahabad Bank	7,35,03,407	23,30,04,214
- State Bank of India	6,18,72,236	6,87,04,309
- United Bank of India	26,16,04,013	14,75,39,737
- Allahabad Bank (Ext)	91,41,716	3,36,51,038
- Uco Bank	3,39,46,439	4,14,99,271
- Oriental Bank of Commerce	13,25,83,554	29,43,27,795
- Union Bank	1,64,76,119	3,40,32,214
- I.D.B.I Bank	8,77,56,028	17,85,80,131
- Axis Bank	18,41,62,675	10,37,82,536
- State Bank of India(Suravi)	36,44,14,455	1,88,69,472
- ICICI Bank	17,37,55,399	13,20,71,260
- SBI (EMD)	68,80,379	2,64,47,160
- PN Bank	9,89,276	1,09,149
- Bank of India	36,28,210	87,51,059
- State Bank of India(RFID)	89,50,468	70,311
- S.B.I (PCS)	6,54,50,859	13,28,28,64,121
		34,70,737





SCHEDULE TO BALANCE SHEET

(Amount in ₹)

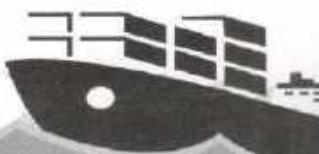
<u>SCHEDULE - 5</u>	As at 31.03.2020	As at 31.03.2019
b. LOANS AND ADVANCES		
i. Deposits	2160,29,973	21,60,29,973
ii. T.D.S	3,31,14,42,439	2,74,19,21,193
iii. Payments in Advance		
- Advance for Purchases	2,66,14,416	1,53,91,615
- Advance for Motor Cycle/ Scooters etc.	6,345	7,520
- Advance for Festivals	1,50,47,326	98,36,611
- Advance to Contractors	31,11,81,885	46,43,63,997
CURRENT ASSETS, LOANS & ADVANCES		
- House Building Advance	2,79,71,204	3,14,45,133
- Sales Tax Deposit	10,00,00,000	10,00,00,000
- Temporary Advance to departments	10,99,99,945	1,72,55,457
- Permanent Imprest to departments	13,96,243	13,96,243
- Income Tax	13,84,37,18,180	14,43,59,35,544
- Grants to Management Committee	-	84,82,432
TOTAL	34,16,56,69,974	34,33,06,714



SCHEDULE TO BALANCE SHEET

(Amount in ₹)

SCHEDULE - 6	As at 31.03.2020	As at 31.03.2019
CURRENT LIABILITIES & PROVISIONS		
A CURRENT LIABILITIES		
i. Creditors for Stores	2,57,19,207	1,55,33,871
ii. Miscellaneous Creditors & Balance	289,44,341	3,19,22,383
iii. Deposits from Merchants, Contractors & Others	3,47,30,79,327	3,49,10,07,149
iv. GST	19,16,68,405	29,26,58,691
v. Collection of Labour Cess	65,29,857	74,68,86,599
	3,72,59,41,137	4,57,80,08,693
B PROVISIONS		
i. Contingencies	-	-
ii. Taxation		
Income Tax	12,11,59,51,028	10,85,46,64,257
Deferred Tax liability	1,10,60,65,473	1,06,30,56,633
iii. Employee Related Benefits		
Provident Fund	7,77,98,377	1,71,73,819
Salaries & Wages	60,12,45,899	63,35,73,194
iv. Other Provisions		
Accrued Expenses	1,58,42,95,131	3,89,92,13,068
	15,48,53,55,908	16,46,76,80,971
	TOTAL	19,21,12,97,045
		21,04,56,89,664





PARADIP PORT TRUST
ANNUAL ACCOUNTS 2019-20

SCHEDULE TO PROFIT AND LOSS ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2020

(Amount in ₹)

SCHEDULE 7	2019-20	2018-19
CARGO HANDLING & STORAGE		
Handling of General Cargo	1,52,28,02,332	1,50,17,59,079
Handling of Iron Ore & Other Ore	14,48,50,178	4,37,85,573
Licence Fee on BOT	8,68,58,760	-
Storage of goods	1,92,79,86,555	1,38,53,87,043
SPM Warfage	18,24,70,403	17,62,53,719
Revenue Share on BOT	24,07,30,970	-
HMC Royalty	20,00,58,269	21,97,08,972
Ore Mechanical Handling Plant Charges	35,61,43,816	33,45,56,116
MCHP Shipping Charges	1,87,14,14,481	1,95,41,35,499
MCHP Unloading Charges	1,02,24,85,291	1,08,18,42,426
POL Handling Charges	19,48,87,824	18,56,98,788
Demurrage fees on General Cargo	9,95,11,705	8,47,06,917
Miscellaneous	69,20,703	1,11,37,803
TOTAL	7,85,71,21,287	6,97,89,71,935

SCHEDULE 8

PORT & DOCK CHARGES

(Including Pilotage)

Towage and Mooring Fees	70,92,03,256	63,33,89,909
Dock Dues (Berth Hire)	65,43,38,177	56,17,60,505
Port Dues	1,03,88,50,607	95,09,79,016
Pilotage Fees	2,49,62,89,229	2,18,76,43,625
Water & Oil supply to Shipping	1,49,73,900	1,17,73,431
Dry Dock	1,68,495	43,54,419
Miscellaneous Charges	32,83,226	33,60,063
TOTAL	4,91,71,06,890	4,35,32,60,988



**SCHEDULE TO PROFIT AND LOSS ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2020**

(Amount in ₹)

SCHEDULE 9	2019-20	2018-19
RAILWAY EARNING:		
Freight and Haulage Charges	73,92,47,619	75,79,17,493
Siding Charges	10,04,74,857	11,55,24,314
Terminal Charges	1,47,15,48,934	1,47,83,23,583
Wharfage Demurrage	3,16,96,632	4,86,43,153
TOTAL	2,34,29,68,042	2,40,04,08,543
SCHEDULE 10		
ESTATE RENTALS:		
Rent from Land	26,69,53,015	33,34,61,413
Rent from Buildings, Sheds & Godowns	11,34,35,170	8,59,37,578
Recoverable Service Charges	12,69,85,238	14,93,43,731
Miscellaneous Income	80,54,033	11,92,087
TOTAL	51,54,27,456	56,99,34,809
SCHEDULE 11		
CARGO HANDLING & STORAGE		
Handling & Storage of General Cargo at Sheds & Wharfages	17,13,28,875	25,59,86,701
Handling & Storage of Iron Ore & Other Ore	37,58,347	28,04,334
Operation & Maintenance of Ore Handling Plant	29,38,14,975	33,81,22,278
Operation & Maintenance of MCHP	69,97,46,914	67,08,70,734
Administration & General Expenses.	16,87,08,814	20,22,34,410
Depreciation	36,55,64,574	36,37,75,923
TOTAL	1,70,29,22,499	1,83,37,94,380





**SCHEDULE TO PROFIT AND LOSS ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2020**

		(Amount in ₹)	
	SCHEDULE 12	2019-20	2018-19
<u>PORT & DOCK FACILITIES FOR SHIPPING (INCLUDING PILOTAGE)</u>			
Towing, Berthing & Mooring		52,71,35,209	50,58,38,470
Pilotage		7,88,71,437	7,51,26,177
Dredging & Marine Survey		83,48,97,643	56,30,67,240
Operation & Maintenance of Navigation Aids.		82,17,917	2,77,04,826
Maintenance of Marine Structural, Sea Shore etc.		1,84,69,161	3,85,16,826
Administration & General Expenses		15,45,79,142	16,10,62,892
Depreciation		10,34,11,311	10,57,00,636
TOTAL		1,72,55,81,820	1,47,70,17,067
 <u>SCHEDULE 13</u>			
<u>RAILWAY WORKINGS:</u>			
Operation & Maintenance of Locomotive, Wagons etc.		41,16,50,374	38,01,09,264
Maintenance of Permanent way, Signals and Inter Locking		18,71,03,983	9,57,56,993
Operation & Maintenance of Station Yards & Sidings.		1,09,41,742	61,65,832
Administration and General Expenses		2,09,28,902	3,80,36,455
Depreciation		6,67,71,146	7,95,03,017
TOTAL		69,73,96,147	59,95,71,561
 <u>SCHEDULE 14</u>			
<u>RENTABLE LANDS & BUILDINGS:</u>			
Estate Maintenance		49,31,47,778	58,32,44,863
Administration & General Expenses		3,61,55,118	3,39,08,213
Depreciation		9,01,42,768	7,86,82,159
TOTAL		61,94,45,664	69,58,35,235



**SCHEDULE TO PROFIT AND LOSS ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2020**

SCHEDULE 15	2019-20	(Amount in ₹) 2018-19
MANAGEMENT & GENERAL ADMINISTRATION:		
Management & Secretarial Expenses	60,95,16,484	64,08,97,181
Labour & Welfare Expenses etc.	9,78,30,916	11,45,49,767
Medical Expenses	31,03,51,798	28,69,81,452
Store Keeping	3,04,45,713	3,27,59,294
Insurance on Port Properties	7,72,82,849	3,90,02,781
Accounting, Auditing & Others	13,53,87,907	10,33,15,215
Telephone Expenses	54,99,118	35,89,274
Engineering & Workshop Administration & Overhead.	60,32,70,258	72,01,96,437
Sundry Expenses	2,47,05,895	2,77,91,700
Depreciation	2,96,23,141	2,67,90,832
TOTAL	1,92,39,14,079	1,99,58,73,933

SCHEDULE 16
FINANCE & MISCELLANEOUS INCOME

Interest on deposits	1,12,32,69,021	1,13,74,67,000
Interest on loans & advances	69,46,998	52,72,896
Sale of unserviceable materials	4,46,87,484	2,02,50,869
Miscellaneous Income	22,09,54,189	45,54,97,421
Items Relating to Previous Years	22,18,31,030	(11,26,03,478)
TOTAL	1,61,76,88,722	1,50,58,84,708





**SCHEDULE TO PROFIT AND LOSS ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2020**

(Amount in ₹)

SCHEDULE 17	2019-20	2018-19
<u>FINANCE & MISCELLANEOUS EXPENSES:</u>		
Bank Charges	10,83,858	7,71,733
Interest Payable on:-		
- Initial Investment of Govt. of India	21,30,459	21,30,459
- Interest on GPF	2,46,38,834	92,39,741
Pension payments including contribution		
- Contribution to Pension Fund	3,61,15,35,136	3,04,15,26,345
- Contribution to Other Ports	86,37,214	43,65,125
Employer's Contribution CPF & Tire-I A/c.	1,05,72,265	78,77,205
TA to Retired employees	4,93,999	8,35,692
C.S.R	7,94,00,000	7,06,00,000
Service Charges for NPS	28,662	22,195
Employees Welfare Fund	15,00,000	15,00,000
Items relating to Previous years	2,86,08,362	1,28,90,235
TOTAL	3,76,86,28,789	3,15,17,56,735





SCHEDULE-18

**ANNUAL ACCOUNTS 2019-20
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

A ACCOUNTING POLICIES

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





B NOTES ON ACCOUNTS

1 YEAR IN BRIEF

RESULTS FOR THE YEAR	2019-20	2018-19
Traffic (in Million MT)	112.68	109.27
Operating Income (₹ In Cr.)	1563.26	1430.25
Operating Expenditure (₹ In Cr.)	666.93	680.21
Operating Surplus (₹ In Cr.)	896.33	770.04
Total Income (₹ In Cr.)	1725.03	1580.83
Total Expenditure (₹ In Cr.)	1043.79	975.39
Net Surplus (₹ In Cr.)	681.24	605.46
Operating Ratio	1:0.43	1:0.46
Unit Operating Cost per Ton of Cargo Handled (₹)	59.18	60.42
Salary & Wages as percentage of total expenditure (%)	10.18	14.01
Provision of Income Tax (₹ In Cr.)	233.07	204.32

2 PROFIT AND LOSS ACCOUNT

The Profit and Loss Accounts shows an operating surplus of ₹896.33 crores and a Net Surplus of ₹681.24 crores. ₹124.00 crores has been transferred to two reserve funds.

3 PENSION AND GRATUITY CONTRIBUTION

To meet the liabilities on account of pensionary and gratuity benefits, necessary provision has been made in these accounts.

4 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.

5 PROVISION TOWARDS PRODUCTIVITY LINKED REWARD

₹2.10 crores has been provided against the anticipated payment towards Productivity Linked Reward to the employees.

6 PROVISION TOWARDS VARIOUS RESERVE FUNDS

₹124.00 crores has been appropriated to the following Reserves out of the Net Surplus after Income Tax of ₹233.07 Crores as per the guidelines of Ministry.



a)	Replacement, Rehabilitation and Modernization of Capital Assets Reserve	₹62.00 crore
b)	Development, Repayment of Loan and Contingencies Reserve	₹62.00 crore

7 TITLE DEEDS OF THE LAND

(i) A meeting of High Power Committee was held on 31.03.2016, where in, Government of Odisha had agreed to handover the land under the possession of Paradip Port Trust on transfer basis instead of lease. In accordance to the outcome of the meeting, a joint petition was filed in the Hon'ble High Court of Odisha. The order of Hon'ble High Court of Odisha has already been passed with a direction to adhere to the decision arrived at the meeting held on 31.03.2016. The port has already filed mutation cases before District Administration for transfer of 6285.54 Acres of land in favour of Paradip Port Trust. However, the land utilization letter for the vacant areas was submitted vide letter No.AD/EST-LAND-35/2016 (Pt.V)/2802 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.AD-EST-LAND-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 PPT with Govt. approval.

A review meeting on different issues with PPT & 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.

8 PLAN AND NON-PLAN EXPENDITURE

The total capital expenditure during the year 2019-20 was ₹176.33 crores. An amount of ₹7.36 crores is the commitment as on 31.03.2020 towards ongoing plan projects.

9 ARBITRATION AWARD IN FAVOUR OF M/S.PPL

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





PARADIP PORT TRUST
ANNUAL ACCOUNTS 2019-20

10 PENDING LEGAL CASES

There are 08 nos of cases filed by PPT against different parties during 2019-20. There are 45 nos of cases filed against PPT by different parties during 2019-20.

11 PENSION & PROVIDENT FUND ACCOUNT

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

12 INCOME TAX

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

For the financial year 2006-07 to 2011-12, the assessment has been completed. For the financial year 2012-13 and 2013-14, the Appeal is pending with ITAT Cuttack Bench.

For the financial years 2014-15, 2015-16 and 2016-17 appeal has been filed before the Hon'ble CIT (Appeal), Cuttack against the assessment order passed by the Assessing Officer.

For the financial year 2017-18 and 2018-19, the assessment is pending before the Assessing Officer.

13 CONTRIBUTION FOR TIER - I EMPLOYEES

In line with Govt. of India Order, TIER - I A/c is in operation for employees joined on or after 01.01.2004. The contribution of these employees along with contribution of PPF has been transferred to CRA system under NSDL.

14 GOVT.OF INDIA LOAN

Govt.of India, MoS vide their letter No.PD-26205/03/2014-PD-VI(Pt.) dtd.14.08.2014 conveyed the approval of Cabinet Committee of Economic Affairs (CCEA) for waiver of Penal Interest and freezed the liability at ₹623.06 crore. In the meantime Paradip Port Trust has cleared total dues of ₹623.06 crore as per the intimation of India.



15 CONTINGENT LIABILITY

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

Name of the party	₹In Lakhs
DDCPL	602.11
CIMCO BIRLA	307.00
CESCO	44.90
Sri U.N.ROUT	51.00
MESCO STEEL	8.10
PPL	1229.00

16 DISCLOSURE OF ACCOUNTING POLICIES

a Depreciation (AS 6)

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

b Revenue Recognition (AS 9)

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

- i. The with-held amounts from different bills have not been taken into account. This is being followed consistently.
- ii. The store issued to site stores for consumption but lying in the site stores as on 31st March 2020 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. The valuation of inventories as well as the cost of issue of stores has been calculated on weighted average method. Stores materials worth 0.98 lakh were received at Central Store during 2019-20 have not been accounted for as those materials were inspected and checked measured during 2019-20.





iv. Nothing is outstanding as per Micro Small and Medium Enterprise Development Act,2006.

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

No grant has been received during 2019-20.

d. **Investments (AS 13)**

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

e. **Employee Benefits (AS 15)**

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

f. The market price of DCI share as on 31.03.2020 stands at ₹145.90 per share

17. **SUNDRY DEBTORS:**

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

Less than 6 months	₹41.80 crores
More than 6 months	₹52.68 crores

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

Sd/-
Rinkesh Roy
Chairman
Paradip Port Trust



Annexure-I

**PENSION & GRATUITY FUND
BALANCE SHEET AS AT 31.03.2020**

LIABILITIES	AMOUNT(₹)	ASSETS	AMOUNT(₹)
Pension Fund			
Opening Balance	15,18,57,92,481	Investment	
Add: Contribution from PPT	3,61,15,35,136	Pension Fund	
Less:		Investment in LIC	18,22,74,43,683
(i) Transfer to Gratuity Fund	18,74,39,772	Cash at Bank	1,65,33,335
(ii) Excess of Expenditure over Income	38,60,05,240		
(As per income & Expenditure A/c)			
Add: Payable to PPT	<u>94,413</u>	18,24,39,77,018	<u>18,24,39,77,018</u>
Gratuity Fund			
Opening Balance	1,57,86,34,359	Gratuity Fund	
Add: Transfer from Pension Fund	18,74,39,772	Investment in LIC	1,63,44,42,827
Less: Excess of expenditure over income		Cash at Bank	6,09,05,412
(As per income & Expenditure A/c)	<u>7,07,25,892</u>	1,69,53,48,239	<u>1,69,53,48,239</u>
	<u><u>19,93,93,25,257</u></u>		<u><u>19,93,93,25,257</u></u>

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

Sd/-
Rinkesh Roy
Chairman
Paradip Port Trust





**PENSION & GRATUITY FUND
INCOME AND EXPENDITURE ACCOUNTS FOR
THE YEAR ENDING 31.03.2020**

EXPENDITURE	AMOUNT(₹)	INCOME	AMOUNT(₹)
Pension Payment	1,33,14,81,010	Interest Income	
Gratuity Payment	18,74,39,772	From Saving Account	35,28,018
Arrear Pension Payment-WRC	36,41,10,839	From LIC on Pension Fund	1,31,88,68,838
Bank Charges	13,47,031	From LIC on Gratuity Fund	11,82,62,097
Premium towards Gratuity	15,48,217	Income from Investment of Pension Fund Excess of Expenditure Over Income of Pension Fund	85,36,784
		Excess of Expenditure Over Income of Gratuity Fund	36,60,05,240
			7,07,25,892
	<u>1,88,59,26,869</u>		<u>1,88,59,26,869</u>

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

Sd/-
Rinkesh Roy
Chairman
Paradip Port Trust



Annexure-II

PROVIDENT FUND ACCOUNT
BALANCE SHEET AS AT 31.03.2020

LIABILITIES	AMOUNT(₹)	ASSETS	AMOUNT(₹)
GPF Fund			
Opening Balance	1,07,39,37,064	<u>Investment</u>	
Add: Contribution	19,92,56,856	Principal Amount	90,71,46,999
Add: Refund of Advance	40,53,639	Interest Accrued	1,75,25,480
Add: Interest	8,08,31,287		92,46,72,479
	<u>1,35,80,78,846</u>	<u>Current Assets, Loan & Advances</u>	
Less Withdrawal	33,82,98,831	Receivable from PPT	7,77,98,377
	<u>1,01,97,80,015</u>		
CPF Fund			
Opening Balance	2,08,85,159	<u>Cash & Bank Balance</u>	
Add: Contribution (Employee)	4,80,883	Cash at Bank	3,59,78,783
Add: Contribution (Employer)	4,80,883		
Add: Refund of Advance	4,91,050		
Add: Interest	16,42,896		
	<u>2,39,80,871</u>		
Less: Withdrawal	53,11,247	<u>1,03,84,49,639</u>	<u>1,03,84,49,639</u>
	<u>1,03,84,49,639</u>		

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

Sd/-
Rinkesh Roy
Chairman
Paradip Port Trust





PARADIP PORT TRUST
ANNUAL ACCOUNTS 2019-20

Annexure-II

PROVIDENT FUND ACCOUNT
INCOME AND EXPENDITURE ACCOUNTS
FOR THE YEAR ENDING 31.03.2020

EXPENDITURE	AMOUNT(₹)	INCOME	AMOUNT(₹)
Interest on GPF Balances	8,08,31,287	Interest on FDR	5,54,61,954
Interest on CPF Balances	16,42,896	Interest on Saving Bank A/c	23,73,395
		Excess of Interest receivable from PPT	2,46,38,834
<hr/> <u>8,24,74,183</u>			<hr/> <u>8,24,74,183</u>

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

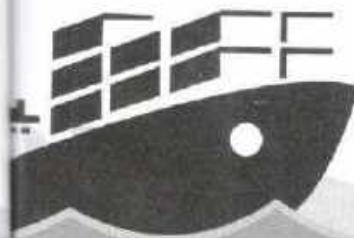
Sd/-
Rinkesh Roy
Chairman
Paradip Port Trust



PARADIP PORT TRUST



**AUDIT REPORT
2019-20**





**Separate Audit Report of the Comptroller & Auditor General of India on the
accounts of Paradip Port Trust for the year ended 31st March, 2020**

1. We have audited the Balance Sheet of Paradip Port Trust, Paradip as at 31st March 2020 and the Profit and Loss Account for the year ended on that date under Section 19 (2) of Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 102 (2) of the Major Port Trusts Act, 1963. Preparation of these financial statements is the responsibility of the Paradip Port Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms etc. Audit observations on financial transactions with regard to compliance with the Laws, Rules & Regulations (Propriety and Regularity) and efficiency-cum-performance aspects etc., if any, are reported through Inspection Reports/CAG's Audit Reports separately.
3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides reasonable basis for our opinion.
4. Based on our audit, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. The Balance Sheet and Profit and Loss Account dealt with by this report have been drawn up in the format approved by the Government of India under Section 102 (1) of the Major Port Trusts Act, 1963;
 - iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Paradip Port Trust, Paradip as required under Section 102 (1) of the Major Port Trusts Act, 1963 in so far as it appears from our examination of such books.
 - iv. We further report that:



A BALANCE SHEET

A.1 Application of fund

A.1.1 Capital work in progress (Schedule-3)-Rs.300.76 crore

A.1.1.1 The Port awarded the work for development of Iron-ore Berth at Paradip on Build Operate Transfer (BOT) to M/s JSW Paradip Terminal Private Limited and work for development of Coal Berth at Paradip on BOT basis to M/s Kalinga International Coal Terminal Private Limited. The work of capital dredging for both the Iron-ore berth and Coal berth was awarded to M/s. Dredging Corporation of India Ltd (DCIL). The works of capital dredging attributable to the BOT Iron-ore Berth were certified as complete on 31.03.2020. However, the BOT Iron-ore Berth operated by M/s JSWPTPL was notified as ready for handling iron-ore with effect from 01.10.2019. Thereafter the berth is operational as revealed from monthly traffic data uploaded on PPT's website. The capital dredging works associated with the Iron-ore Berth is 50% of the total quantum of works being executed by M/s DCIL compositely for both the Iron-ore & Coal Berths.

Since the BOT Iron-ore berth has been put to use since 01.10.2019 and the Capital Dredging works attributable to the BoT Iron-ore Berth has also been certified as complete, therefore the proportionate capital dredging works should have been capitalized during the year 2019-20. This has resulted in overstatement of 'Capital works in progress' and understatement of Fixed Assets (Net block) to the extent of Rs.51.33 crore with corresponding overstatement of net surplus before income tax by Rs.0.51 crore.

A.1.2 Investments (Schedule-4)-Rs.3275.73 crore

A.1.2.1 The above includes investment of Rs.40 Crore towards equity shares in Paradip Port Road Co. Ltd. (PPRCL), a Special Purpose Vehicle with National Highways Authority of India. The net worth of PPRCL has fully eroded and stood at (-) Rs.495.52 crore as on 31.03.2016. Meanwhile the Board of trustees (Paradip Port Trust) were appraised in the meeting No 02/2018-19 held on 26.10.2018 that NHAI had proposed for winding up of the SPV. Therefore, provision should be made for diminution in the value of long term investment as required under AS-13.

This comment was incorporated in the Separate Audit Report of 2018-19, but no corrective action has since been taken.

This has resulted in overstatement of investment and corresponding overstatement of Net surplus before tax by Rs.40 crores.





B. Profit & Loss Account

Net surplus/(Deficit) before Income Tax-Rs.6812.42 crore

B.1 The Paradip Port Trust has purchased a defined benefit plan from Life Insurance Corporation of India for managing pension & gratuity fund of employees & pensioners. PPT makes an annual contribution to the fund which is treated as an expenditure in the books of accounts.

PPT had provided Rs.361.15 crore during the year 2019-20. In their valuation report, LICL has sought for additional Rs.402.44 crore for gap funding in Pension & Gratuity Fund.

As per Paragraph-50 of Accounting Standard (AS) 15, appropriate provision should have been made in Accounts for gap funding of Rs.402.44 crore which was not done. Due to this non-provision, there has been overstatement of Net Surplus before tax with corresponding understatement of 'Current liabilities & provision' to the extent of Rs.402.44 crore.

B.2 The "Common Framework for Financial Reporting for Major Ports Trusts" (November 2002) was approved by C&AG and that framework also clearly laid down that bad and doubtful debts should be provided for.

The Port Trust has not provided any amount for doubtful debts for the year 2019-20. But appropriate provision should have been made in Accounts for the Debts which are more than 6 months old. In view of above, it is observed that there has been overstatement of Net Surplus by Rs.52.68 crore with overstatement of Sundry Debtors by Rs.52.68 crore.

C Significant accounting policies and notes on accounts

Accounting policies

Contingent Liability-Rs.2242.11 lakh

C.1 As per paragraph-10.4 (a) and paragraph-68 of Accounting Standard (AS) 29, the amount of award, in the matter of dispute with M/s Modi Projects Ltd. who were the erstwhile contractor for the Railway Works of Deep Draught Berths, given by the Learned Arbitrator and challenged by the Paradip Port Trust in the Hon'ble Jagatsinghpur District Court should have been disclosed in Contingent Liabilities in the 'Notes on Accounts'. Thus, there has been understatement of Contingent Liabilities to the extent of Rs.13.66 crore.





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

- v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure-I to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India:
 - a. In so far as it relates to the Balance Sheet, of the state of affairs of the Paradip Port Trust, Paradip as at 31 March 2020; and
 - b. In so far as it relates to Profit and Loss Account, of the surplus for the year ended on that date.
- vii. A review of accounts showing the summarized financial results of the Paradip Port Trust for the last three years ended 31 March 2020 is given in Annexure-II.

Place: Kolkata

Date: 01.10.2020

Sd/-
(Suparna Deb)
Director General of Audit (Mines),
Kolkata

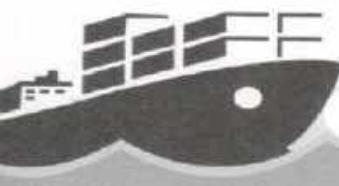




ANNEXURE – I TO AUDIT REPORT

- (a) **Adequacy of the Internal Audit System:** Details regarding Internal Audit for the year 2019-20 were not furnished by Management.
- (b) **Adequacy of Internal Control System:** The internal Control System is adequate and commensurate with the size and nature of the business. However, due to the global pandemic of Covid-19 and consequent restriction on inter-state movement, detailed scrutiny of payment & receipt vouchers, verification of cash, fixed deposits, share certificates & bonds could not be carried out.
- (c) **System of Physical Verification of Fixed Assets:** No Physical Verification of fixed assets was done after 2001. No effort was made to evolve system of verification either departmentally or through outsourcing. Management has not confirmed the details regarding the year 2019-20.
- (d) **System of Physical Verification of Inventories:** This exercise should be conducted annually for better management of inventory. Management has not confirmed whether physical verification of inventory for the year 2019-20 has been conducted or not.
- (e) **Regularity in payment of statutory dues:** According to the information and explanations given to us and the records of the Trust examined by us, PPT is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax, Custom Duty, Service Tax, Sales Tax, Royalty, ESI dues, Cess etc. and any other material statutory dues applicable to the Trust.

Sd/-
(Tanya Singh)
Director





ANNEXURE – II TO AUDIT REPORT

FINANCIAL POSITION OF PARADIP PORT TRUST, PARADIP

**REVIEW OF ACCOUNTS OF PARADIP PORT TRUST, PARADIP FOR THE YEAR ENDED
31st MARCH 2020 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

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

1. INTRODUCTION

The audit of accounts of the Paradip Port Trust, Paradip was conducted under Section 19(2) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 102 (2) of Major Port Trust Act 1963.

2. FINANCIAL POSITION

The financial position of the Port Trust under broad headings for the last three years ending 31.03.2020 was as follows:

(Rs. in Crore)			
A. LIABILITIES	2019-20	2018-19	2017-18
(i) Capital Reserve (#)	2634.71	2381.34	2251.89
(ii) Other Reserve (@)	3766.12	3471.35	3195.97
(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	1921.13	2104.57	1948.28
(v) Other Liabilities (CPF/Pension fund etc.)	Nil	Nil	Nil
TOTAL	8330.08	7965.38	7404.26





(Rs. in Crore)

(B) ASSETS			
(i) Fixed Assets (Gross Block)	2446.57	2357.35	2278.4
(ii) Less: Depreciation	1109.56	1043.66	979.92
(iii) Net Fixed Assets	1337.01	1313.69	1298.48
(iv) Work-in-Progress	300.77	213.93	222.71
(v) Investments	3275.73	3004.69	2608.72
(vi) Current Assets, Loans & Advances	3416.57	3433.07	3274.35
TOTAL	8330.08	7965.38	7404.26
(C) Working Capital (*)	1495.44	1328.5	1326.06
(D) Net Worth (**)	3766.12	3402.25	3131.97
(E) Capital Employed (***)	2832.45	2642.19	2624.54
(F) Return on Capital Employed (****)	24.05	22.92%	20.67%
(G) Capital Employed	3133.22	2856.12	2847.25
(Including Capital Work-in-Progress)			
(H) Return on Capital Employed	21.74%	21.20%	19.06%
(Including Capital Work-in-Progress)			

(#) 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.

(**) Networth represents Free Reserves less accumulated deficit.

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

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



3. SUMMARY OF WORKING RESULTS

The working results of Paradip Port Trust for the last three years ending 31 March 2020 are summarized below –

		(Rs. in Crore)		
		2019-20	2018-19	2017-18
(A)	REVENUE			
	(i) Operating Income	1563.26	1430.26	1326.90
	(ii) Non-operating Income	161.77	150.59	252.60
	TOTAL	1725.03	1580.85	1579.50
(B)	EXPENDITURE			
	(i) Operating Expenditure	666.93	660.21	649.22
	(ii) Non-operating Expenditure	376.86	315.18	387.62
	TOTAL	1043.79	975.39	1036.84
(C)	Net Surplus/(Deficit) before tax	681.24	605.46	542.65
(D)	Less:			
	(i) Provision for taxation	233.07	204.32	185.38
	(ii) Deferred Tax Liability	4.30	4.33	4.02
(E)	Net Surplus/(Deficit) after tax	443.87	396.81	353.25
(F)	Less: Mandatory appropriation/ Transfer to Reserve Fund	124.00	124.00	120.00
(G)	Surplus/(Deficit) transferred to General Reserve fund	319.87	272.81	233.25
(H)	Percentage of Net Surplus (before tax) to			
	(a) Operating Income	43.58	42.33	40.90
	(b) Net Fixed Assets	50.95	46.09	41.79
	(c) Net Worth	18.09	17.80	17.33

4. RATIO ANALYSIS (LIQUIDITY AND SOLVENCY)

No	Ratios	2019-20	2018-19	2017-18
(a)	Percentage of Current Assets to Current Liabilities	177.84	163.12	168.06
(b)	Percentage of Quick Assets to Current Liabilities	84.04	77.69	85.2
(c)	Percentage of Sundry Debtors to Operating Income	6.04	7.96	8.63
(d)	Debt to Capital Reserve & General Reserve	0.00127:1	0.00139:1	0.00149:1

Sd/-
(Tanya Singh)
Director





PARADIP PORT TRUST



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

2019-20





**ACTION TAKEN NOTES ON SEPARATE AUDIT REPORT
(SAR) OF THE COMPTROLLER & AUDITOR GENERAL
OF INDIA ON THE ACCOUNTS OF PARADIP PORT TRUST
FOR THE YEAR ENDED 31ST MARCH, 2020**

Observation made by Audit	Action taken by Paradip Port Trust
<p>iv. We further report that:</p> <p>A BALANCE SHEET</p> <p>A.1 Application of fund</p> <p>A.1.1 Capital work in progress (Schedule-3)- Rs.300.76 crore</p> <p>A.1.1.1 The Port awarded the work for development of Iron-ore Berth at Paradip on Build Operate Transfer (BOT) to M/s JSW Paradip Terminal Private Limited and work for development of Coal Berth at Paradip on BOT basis to M/s Kalinga International Coal Terminal Private Limited. The work of capital dredging for both the Iron-ore berth and Coal berth was awarded to M/s. Dredging Corporation of India Ltd (DCIL). The works of capital dredging attributable to the BOT Iron-ore Berth were certified as complete on 31.03.2020. However, the BOT Iron-ore Berth operated by M/s JSWPTPL was notified as ready for handling iron-ore with effect from 01.10.2019. Thereafter the berth is operational as revealed from monthly traffic data uploaded on PPT's website. The capital dredging works associated with the Iron-ore Berth is 50% of the total quantum of works being executed by M/s DCIL compositely for both the Iron-ore & Coal Berths.</p>	<p>The observation of Audit is noted. Necessary accounting entry will be made in financial year 2020-21.</p>





Observation made by Audit	Action taken by Paradip Port Trust
<p>Since the BOT Iron-ore berth has been put to use since 01.10.2019 and the Capital Dredging works attributable to the BoT Iron-ore Berth has also been certified as complete, therefore the proportionate capital dredging works should have been capitalized during the year 2019-20. This has resulted in overstatement of 'Capital works in progress' and understatement of Fixed Assets (Net block) to the extent of Rs.51.33 crore with corresponding overstatement of net surplus before income tax by Rs.0.51 crore.</p>	
<p>A.1.2 Investments(Sch-4)-Rs.3275.73 crore</p> <p>A.1.2.1 The above includes investment of Rs.40 Crore towards equity shares in Paradip Port Road Co. Ltd. (PPRCL), a Special Purpose Vehicle with National Highways Authority of India. The net worth of PPRCL has fully eroded and stood at (-) Rs.495.52 crore as on 31.03.2016. Meanwhile the Board of trustees (Paradip Port Trust) were appraised in the meeting No 02/2018-19 held on 26.10.2018 that NHAI had proposed for winding up of the SPV. Therefore, provision should be made for diminution in the value of long term investment as required under AS-13.</p> <p>This comment was incorporated in the Separate Audit Report of 2018-19, but no corrective action has since been taken.</p> <p>This has resulted in overstatement of investment and corresponding overstatement of Net surplus before tax by Rs.40 crores.</p>	<p>As per common framework for financial reporting "Long term Investments are valued at cost". Director (SPVs) NHAI vide letter No. NHAI/SPVs/SECY/PPRCL/2018/01 Dtd. 10/08/2018 requested to Paradip Port Trust to give consent for winding up of PPRCL (Annexure I). In response, Paradip Port communicated to inform the methodology of redemption of the investment made by PPT vide letter FA/BUD/R/446/2018/1017 Dtd.31/08/2018 (Annexure II). Till date no further communication has been received from NHAI. Necessary Accounting effect will be given on receipt of further communication from SPV.</p>





Observation made by Audit	Action taken by Paradip Port Trust
<p>B. Profit & Loss Account</p> <p>Net surplus/(Deficit) before Income Tax-Rs.6812.42 crore</p> <p>B.1 The Paradip Port Trust has purchased a defined benefit plan from Life Insurance Corporation of India for managing pension & gratuity fund of employees & pensioners. PPT makes an annual contribution to the fund which is treated as an expenditure in the books of accounts.</p> <p>PPT had provided Rs.361.15 crore during the year 2019-20. In their valuation report, LICI has sought for additional Rs.402.44 crore for gap funding in Pension & Gratuity Fund.</p> <p>As per Paragraph-50 of Accounting Standard (AS) 15, appropriate provision should have been made in Accounts for gap funding of Rs.402.44 crore which was not done. Due to this non-provision, there has been overstatement of Net Surplus before tax with corresponding understatement of 'Current liabilities & provision' to the extent of Rs.402.44 crore.</p>	<p>To ascertain the approximate liability towards Pension Fund Paradip Port Trust has been obtaining actuarial valuation from LIC of India. Provision and Investment are being made depending on suitability and availability of surplus in that particular financial year. The deficit is not for the particular year rather than accumulated deficit of earlier years. The cumulative shortfall as on 31/03/2020 along with future liability if any will be provided in future depending on the available surplus.</p>
<p>B.2 The "Common Framework for Financial Reporting for Major Ports Trusts" (November 2002) was approved by C&AG and that framework also clearly laid down that bad and doubtful debts should be provided for.</p> <p>The Port Trust has not provided any amount for doubtful debts for the year 2019-20. But appropriate provision should have been made in Accounts for the Debts which are more than 6 months old. In view of above, it is observed that there has been overstatement of Net Surplus by Rs.52.68 crore with overstatement of Sundry Debtors by Rs.52.68 crore.</p>	<p>As per Ministry Guidelines during November 2002, "No debt will be considered as bad irrespective of any time limit". Accordingly Provision for doubtful debt has not been made. This is being followed consistently.</p>



Observation made by Audit	Action taken by Paradip Port Trust
<p>C Significant accounting policies and notes on accounts</p> <p>Accounting policies</p> <p>Contingent Liability-Rs.2242.11 lakh</p> <p>C.1 As per paragraph-10.4 (a) and paragraph-68 of Accounting Standard (AS) 29, the amount of award, in the matter of dispute with M/s Modi Projects Ltd. who were the erstwhile contractor for the Railway Works of Deep Draught Berths, given by the Learned Arbitrator and challenged by the Paradip Port Trust in the Hon'ble Jagatsinghpur District Court should have been disclosed in Contingent Liabilities in the 'Notes on Accounts'. Thus, there has been understatement of Contingent Liabilities to the extent of Rs.13.66 crore.</p>	<p>The observation of Audit is noted. Necessary disclosure will be made in future.</p>
<p>D. Management Letter: Deficiencies which have not been included in the Audit Report have been brought to the notice of Paradip Port Trust through a management letter issued separately for remedial/corrective action.</p> <p>v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.</p> <p>vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure-I to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India:</p>	<p>Noted</p>





Observation made by Audit	Action taken by Paradip Port Trust
<p>a. In so far as it relates to the Balance Sheet, of the state of affairs of the Paradip Port Trust, Paradip as at 31 March 2020; and</p> <p>b. In so far as it relates to Profit and Loss Account, of the surplus for the year ended on that date.</p> <p>A review of accounts showing the summarized financial results of the Paradip Port Trust for the last three years ended 31 March 2020 is given in Annexure-II.</p>	Noted

Place: Paradip Port
Date: 12/10/2020

Sd/-
(S.K.Sahu)
FA & CAO
Paradip Port Trust

