

**ANNUAL ACCOUNTS  
AND  
AUDIT REPORT THEREON  
FOR  
2015 - 2016**



**AN ISO 9001 : 2008 & ISPS COMPLIANT PORT**

Willingdon Island, Cochin - 682 009

WITH ACTION TAKEN NOTES ON AUDIT OBJECTIONS/  
OBSERVATIONS CONTAINED IN THE REPORT  
FOR THE YEAR 2015-16



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## Annual Accounts and Audit Report



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## COCHIN PORT TRUST

## BALANCE SHEET AS AT 31ST MARCH 2016

PARTICULARS	SCH	2015-16		2014-15	
		₹	₹	₹	₹
<b>I SOURCE OF FUNDS</b>					
<b>RESERVES &amp; SURPLUS</b>	I				
a Capital Reserve		84,84,07,574		84,84,07,574	
b Funds		44,36,042	85,28,43,616	50,10,794	85,34,18,368
c Statutory Reserves			16,72,81,794		16,72,81,794
d Grants-in-aid			17,72,19,916		14,77,14,772
<b>LOAN FUNDS</b>	II				
a Secured Loans		0		0	
b Government Loans		5,53,65,16,143		5,37,72,47,341	
c Unsecured Loans		10,71,11,069	5,64,36,27,212	25,96,59,558	5,63,69,06,899
<b>Total</b>			<b>6,84,09,72,539</b>		<b>6,80,53,21,833</b>
COCHIN FISHERIES HARBOUR	IX		18,87,019		0
<b>GRAND TOTAL</b>			<b>6,84,28,59,558</b>		<b>6,80,53,21,833</b>
<b>II APPLICATION OF FUNDS</b>					
<b>FIXED/CAPITAL ASSETS</b>	III				
Gross Block		6,82,05,97,472		6,63,59,83,440	
Less: Provision for Depreciation		2,57,96,07,256		2,37,91,81,228	
Net Block			4,24,09,90,216		4,25,68,02,211
Capital Work-in-Progress			11,29,95,021		10,28,51,455
<b>INVESTMENTS</b>	IV		15,00,000		15,00,000
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
a <u>Current Assets:</u>					
i Interest accrued		2,41,71,487		2,70,12,808	
ii Inventories		1,10,35,357		1,41,74,325	
iii Sundry Debtors	V	1,33,74,72,941		1,40,95,94,718	
iv Cash & Bank Balances	VI	1,29,36,00,493		1,79,48,61,406	
b Loans & Advances	VII	64,69,01,384		48,27,59,041	
<b>Total</b>		<b>3,31,31,81,663</b>		<b>3,72,84,02,299</b>	
Less: Current Liabilities & Provisions	VIII	6,02,07,43,679		6,07,20,48,937	
<b>NET CURRENT ASSETS</b>			-2,70,75,62,016		-2,34,36,46,639
c Profit & Loss account (Accumulated loss)			5,19,30,49,319		4,78,78,14,806
<b>TOTAL</b>			<b>6,84,09,72,539</b>		<b>6,80,53,21,833</b>
COCHIN FISHERIES HARBOUR	IX		18,87,019		0
<b>GRAND TOTAL</b>			<b>6,84,28,59,558</b>		<b>6,80,53,21,833</b>

Sd/-  
Financial Advisor & Chief Accounts Officer

Sd/-  
Chairman

## COCHIN PORT TRUST

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2016**

PARTICULARS	SUB SCH	2015-16	2014-15
		₹	₹
<b>INCOME</b>			
Cargo Handling & Storage charges	E	1,47,22,38,562	1,41,09,73,541
Port & Dock charges (including Pilotage fees)	F	2,01,17,80,670	1,53,81,29,087
Railway earnings	G	0	0
Estate Rentals	H	88,84,66,092	90,91,82,763
<b>Total</b>		<b>4,37,24,85,324</b>	<b>3,85,82,85,390</b>
<b>LESS EXPENDITURE:</b>			
Cargo handling and storage	I	55,24,37,736	55,79,63,981
Port & Dock facilities for Shipping (including Pilotage)	J	1,78,14,34,722	1,80,46,42,965
Railway workings	K	0	0
Rentable lands and buildings	L	21,69,13,404	20,07,67,175
Management & General Administration (not directly attributed to particular activity)	M	1,11,27,67,999	1,09,94,09,882
<b>Total</b>		<b>3,66,35,53,862</b>	<b>3,66,27,84,003</b>
Operating Profit (+) / Loss (-)		70,89,31,462	19,55,01,388
Add: Finance & Misc. Income	N	73,10,12,136	61,19,51,806
<b>Total</b>		<b>1,43,99,43,598</b>	<b>80,74,53,192</b>
Less: Finance & Misc. Expenditure	O	1,84,51,78,111	1,52,79,00,293
Profit before Tax		-40,52,34,513	-72,04,47,101
Less: Provision for taxation			
Profit after Tax		-40,52,34,513	-72,04,47,101
<u>Less : Appropriations</u>			
Capital Reserve		0	0
<b>Total</b>			
Balance transferred to Revenue Reserve		-40,52,34,513	-72,04,47,101
<b>COCHIN FISHERIES HARBOUR</b>			
Income		3,45,46,687	2,87,61,921
Expenditure		2,88,21,595	3,17,87,527
Surplus (+) / Deficit (-)		<b>57,25,092</b>	<b>-30,25,606</b>

Sd/-  
Financial Advisor & Chief Accounts Officer

## COCHIN PORT TRUST

## SCHEDULES TO BALANCE SHEET AS AT 31.03.2016

PARTICULARS	SCH	SUB SCH	2015-16	2014-15
			₹	₹
<b>RESERVES &amp; SURPLUS</b>	I	A&B		
Capital Reserve			84,84,07,574	84,84,07,574
Employees' Welfare Fund			26,05,134	17,38,666
CPE (HBA) Family Benefit Fund			16,68,779	26,03,846
Family Security Fund			1,62,129	6,68,282
<b>Total</b>			<b>85,28,43,616</b>	<b>85,34,18,368</b>
<b>STATUTORY RESERVES</b>	I	B		
Fund for Replacement, Rehabilitation and Modernisation of Capital Assets			9,83,85,897	9,83,85,897
Fund for Development, Repayment of Loans and Contingencies			6,88,95,897	6,88,95,897
<b>Total</b>			<b>16,72,81,794</b>	<b>16,72,81,794</b>
<b>GRANTS- IN-AID</b>	I	C		
Grant in Aid for Development of dedicated Cruise Passenger Facilitation Centre			-1,81,390	-1,72,261
Grant-in-aid under ASIDE Scheme			7,81,88,637	6,18,95,063
Grant-in-aid for Development of Walkway and Parking Facilities			-12,85,305	18,39,525
Grant in Aid for Development of Dedicated Cruise Berthing Facility			-20,28,894	-3,32,79,950
Grant in Aid for Construction of a Subway/Flyover in front of International Container Transshipment Terminal (ICTT)			-2,43,04,518	9,46,84,634
Grant in Aid under R&D Schemes "Studies on Siltation and Optimal ameliorative measures"			2,46,41,348	77,25,000
Grant in Aid for Package Septage Treatment Plant			25,77,308	1,50,22,761
Grant in Aid for Refurbishment & Capacity enhancement of Coastal Liquid Terminal in Cochin Port			7,34,67,481	0
Grant in Aid for Procurement Of Pollution Responses (PR) equipment / materials			2,61,45,250	0
<b>Total</b>			<b>17,72,19,916</b>	<b>14,77,14,772</b>
<b>LOAN FUNDS</b>	II			
<b>A. UNSECURED LOANS</b>				
(a) Mumbai Port Trust Loan				
Principal amount of Loan			6,25,00,000	18,75,00,000
Add:- Interest Accrued			1,84,16,218	4,68,27,810
(b) Other Source Loan				
Principal amount of Loan			66,39,257	66,39,257
Add:- Interest Accrued			1,95,55,594	1,86,92,491
<b>Closing Balance</b>			<b>10,71,11,069</b>	<b>25,96,59,558</b>
<b>B. LOAN FROM GOVERNMENT</b>	II			
Principal amount of Loan			2,58,14,30,444	2,58,14,30,444
Add:- Interest Accrued			2,81,45,48,396	2,65,52,79,594
Add:- Penal Interest Accrued			14,05,37,303	14,05,37,303
<b>Closing Balance</b>			<b>5,53,65,16,143</b>	<b>5,37,72,47,341</b>

Sd/-  
Financial Advisor & Chief Accounts Officer

## COCHIN PORT TRUST

**SCHEDULES TO BALANCE SHEET AS AT 31.03.2016**

PARTICULARS	SCH	SUB SCH	2015-16	2014-15
			₹	₹
<b>INVESTMENTS</b>	IV			
Investment in shares			15,00,000	15,00,000
<b>Total</b>			<b>15,00,000</b>	<b>15,00,000</b>
<b>SUNDRY DEBTORS</b>	V			
Government Dues - Less than 6 months			10,04,43,639	14,23,97,006
- More than 6 month			48,29,71,984	41,98,74,314
Non Government Dues - Less than 6 months			6,42,86,248	15,56,16,182
- More than 6 month			71,51,00,198	71,70,36,344
			1,36,28,02,069	1,43,49,23,846
Less: Provision for doubtful debts			2,53,29,128	2,53,29,128
<b>Total</b>			<b>1,33,74,72,941</b>	<b>1,40,95,94,718</b>
<b>CASH &amp; BANK BALANCES</b>				
Cash on Hand	VI	D	2,22,438	6,61,927
Bank Balance :				
Current Accounts			17,51,15,877	26,48,49,355
Fixed Deposits			1,11,82,62,178	1,52,93,50,124
<b>Total</b>			<b>1,29,36,00,493</b>	<b>1,79,48,61,406</b>
<b>LOANS AND ADVANCES (Recoverable in Cash or in kind or for Value to be Received)</b>	VII			
Payment in Advance and Debit Balance			63,08,98,690	46,38,91,077
Deposits			1,60,02,694	1,88,67,964
<b>Total</b>			<b>64,69,01,384</b>	<b>48,27,59,041</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	VIII			
<b>Current Liabilities</b>				
General Provident Fund			56,75,55,256	57,36,72,741
Contributory Pension Fund			89,311	89,311
Salaries & Wages payable			2,71,69,646	33,68,36,927
ESI contribution-Emp			43,881	36,394
EPF contribution-Emp			16,80,449	0
Accrued expenses			2,48,99,48,613	2,13,66,16,300
Misc. Creditors & Credit Balance			1,33,06,52,351	2,07,44,31,620
Stock Adjustment Account			5,29,642	5,29,642
Deposits from Merchants, Contractors & Others			1,60,30,74,531	94,98,36,004
<b>Total</b>			<b>6,02,07,43,679</b>	<b>6,07,20,48,937</b>

Sd/  
Financial Advisor & Chief Accounts Officer



**CAPITAL ASSET REGISTER AS ON 31.3.2016**

(Amount in Rs)

Sl No.	Assets	GROSS BLOCK			PROVISION FOR DEPRECIATION				NET BLOCK		
		As on 01-04-2015	Additions	Deletions	As on 31-03-2016	Balance as on 01-04-2015	On Deletions	During the year	Total as on 31-03-2016	As on 31-03-2016	As on 01-04-2015
1	Land	50,91,72,810	0	0	50,91,72,810	0	0	0	0	50,91,72,810	50,91,72,810
2	Capital Dredging	83,06,96,838	0	0	83,06,96,838	14,82,76,020	83,15,618	15,65,91,638	67,41,05,200	68,24,20,818	
3	Buildings, Sheds and other structures	68,63,04,453	1,73,95,128	1,27,855	70,35,71,726	26,04,93,389	51,480	28,54,17,532	41,81,54,195	42,58,11,064	
4	Wharves, Roads and Boundaries	1,63,60,71,474	14,29,86,809	0	1,77,90,58,283	38,82,77,275	4,53,17,106	43,35,94,381	1,34,54,63,902	1,24,77,94,199	
5	Floating Crafts	1,60,60,80,393	50,01,668	26,72,080	1,60,84,09,981	96,74,96,209	5,65,93,803	1,02,14,17,934	58,69,92,047	63,85,84,184	
6	Docks, Sea Walls etc	17,94,14,758	35,07,520	10,65,839	18,18,56,439	11,81,65,575	1,31,99,792	13,02,99,530	5,15,56,908	6,12,49,182	
7	Cranes & Vehicles	16,80,30,455	9,73,489	44,24,111	16,45,79,833	6,97,50,714	1,39,85,465	7,93,12,079	8,52,67,754	9,82,79,741	
8	Plant and Machinery	37,29,62,020	50,18,091	4,27,608	37,75,52,503	13,98,71,638	3,20,706	16,31,47,272	21,44,05,231	23,30,90,382	
9	Installations for water, electricity, Fire fighting & Telecommunication	59,77,09,035	1,82,04,287	0	61,59,13,322	24,18,66,984	2,23,42,291	26,42,09,275	35,17,04,047	35,58,42,052	
10	Oil Pipeline Installations	3,83,25,308	0	0	3,83,25,308	3,74,41,014	46,541	3,74,87,555	8,37,753	8,84,294	
11	Miscellaneous Assets	1,12,15,896	2,44,539	0	1,14,60,435	75,42,411	5,87,656	81,30,067	33,30,368	36,73,485	
	<b>TOTAL</b>	<b>6,63,59,83,440</b>	<b>19,33,31,530</b>	<b>87,17,493</b>	<b>6,82,05,97,477</b>	<b>2,37,91,81,228</b>	<b>20,89,60,235</b>	<b>2,57,96,07,262</b>	<b>4,24,09,90,214</b>	<b>4,25,68,02,211</b>	
	Capital Work in Progress	10,28,51,455	5,73,91,834	4,72,48,268	11,29,95,021	0	0	0	11,29,95,021	10,28,51,455	
	<b>GRAND TOTAL</b>	<b>6,73,88,34,895</b>	<b>25,07,23,364</b>	<b>5,59,65,761</b>	<b>6,93,35,92,498</b>	<b>2,37,91,81,228</b>	<b>20,89,60,235</b>	<b>2,57,96,07,262</b>	<b>4,35,39,85,234</b>	<b>4,35,96,53,666</b>	

Sd/-

Financial Advisor &amp; Chief Accounts Officer



Annual Accounts and Audit Report



COCHIN PORT TRUST

SUB SCHEDULE - A

**CAPITAL RESERVE**

PARTICULARS	₹
Opening Balance as on 1.4.2015	84,84,07,574
Closing Balance as on 31.3.2016	84,84,07,574

Sd/-  
Financial Advisor & Chief Accounts Officer

SUB SCHEDULE - B

**DETAILS OF FUNDS & STATUTORY RESERVES**

PARTICULARS	Family Security Fund	Employees Welfare Fund	House Building Advance - FBF	Reserve for Development Repayment of loans and Contingencies	Reserve for Replacement, Rehabilitation & modernisation of Capital Assets
	₹	₹	₹	₹	₹
Balance as on 1 <sup>st</sup> April 2015	6,68,282	17,38,666	26,03,846	6,88,95,897	9,83,85,897
<u>Add:</u> Contribution from GRF	8,00,000	6,20,000	89,075		
Contribution from employees	4,05,914		1,78,200		
Interest on investments			1,88,304		
<b>Total</b>	<b>18,74,196</b>	<b>23,58,666</b>	<b>30,59,425</b>	<b>6,88,95,897</b>	<b>9,83,85,897</b>
Less: Expenditure/Adjustments from Fund	17,12,067	6,89,888	4,54,291	-	-
<b>Balance as at 31st March 2016</b>	<b>1,62,129</b>	<b>16,68,778</b>	<b>26,05,134</b>	<b>6,88,95,897</b>	<b>9,83,85,897</b>

Sd/-  
Financial Advisor & Chief Accounts Officer

## GRANT-IN-AID

Sl. No.	Name of work	GL	Grant received								Expense Incurred								Bal- ance		
			2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Total	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15		2015-16	Total
1	Capital Dredging	11001	40.00	99.97	157.45	-	-	-	-	-	22.87	80.45	149.75	23.47	20.88	-	-	-	-	297.42	0.00
2	Tourism Infrastructure	11002	7.25	4.35	0.65	0.49	-	-	-	-	6.84	4.43	0.69	-	0.78	-	-	-	-	12.74	0.00
3	Cruise Passenger facilitation Centre	11003	-	-	-	2.45	0.65	1.09	1.47	-	-	-	-	-	4.88	0.13	0.67	-	-	5.68	-0.02
4	ASIDE - Cargo Handling Equipments	11004	-	-	-	10.00	-	-	-	-	-	-	-	1.10	8.90	-	-	-	-	10.00	0.00
5	ASIDE Power supply to Vallarpadam	11004	-	-	-	-	7.50	-	-7.50	-	-	-	-	-	-	-	-	-	-	0.00	0.00
6	ASIDE grant for Barge Berth	11004	-	-	-	-	-	7.50	-	-	-	-	-	-	-	-	-	-	-	0.00	7.50
7	ASIDE grant for CFS	11004	-	-	-	-	-	2.02	-	2.02	-	-	-	-	-	0.40	2.92	0.40	3.72	0.32	
8	Development of Walkway of DTPC	11005	-	-	-	-	0.12	1.12	0.00	-	-	-	-	0.21	0.84	0.01	0.31	1.37	-0.13		
9	Development of dedicated Cruise Berthing facilities	11006	-	-	-	-	11.21	-	-	-	-	-	-	-	-	8.55	6.19	6.84	21.38	-0.20	
10	Subway- Vallarpadam	11007	-	-	-	-	-	-	10.00	-	-	-	-	-	-	-	0.53	11.90	12.43	-2.43	
11	R&D on Siltation Studies	11008	-	-	-	-	-	-	1.25	2.17	3.42	-	-	-	-	-	0.48	0.48	0.96	2.46	
12	Septage Treatment Plant	11009	-	-	-	-	-	-	1.70	-	1.70	-	-	-	-	-	0.20	1.24	1.44	0.26	
13	Refurbishment of Coastal Liquid Terminal	11010	-	-	-	-	-	-	-	7.48	7.48	-	-	-	-	-	-	0.13	0.13	7.35	
14	Procurement of Pollution Response Equipment	11011	-	-	-	-	-	-	-	2.61	2.61	-	-	-	-	-	-	-	0.00	2.61	
	<b>Total</b>		47.25	104.32	158.10	12.94	19.48	11.73	6.92	24.25	384.99	29.71	84.88	150.44	24.57	35.65	9.72	11.00	21.30	367.27	17.72



Annual Accounts and Audit Report



COCHIN PORT TRUST

SUB SCHEDULE - D

**BALANCE AT BANKS AND CASH ON HAND AS ON 31.03.2016**

PARTICULARS	₹
Cash on hand	2,22,438
Current Account with Nationalised and Scheduled Banks	17,51,15,877
Fixed Deposits with Banks:	
General Reserve Fund	25,52,49,283
Deposit Works	9,56,51,603
Grants	22,08,61,292
Total Deposits	57,17,62,178
General Provident Fund	54,45,00,000
HBA FBF Investments	20,00,000
<b>TOTAL</b>	<b>1,29,36,00,493</b>

Sd/-  
Financial Advisor & Chief Accounts Officer

COCHIN PORT TRUST

**FIXED DEPOSITS AS ON 31.03.2016**

Amount in ₹

Sl. No.	Name of Fund / Investment	Long Term Investment	Short Term Investment	Total
1	R & R Fund	1,52,49,283	24,00,00,000	25,52,49,283
2	Deposit Works	0	9,56,51,603	9,56,51,603
3	Grants	0	22,08,61,262	22,08,61,262
4	HBA FBF	20,00,000	0	20,00,000
5	General Provident Fund	54,45,00,000	0	54,45,00,000

Sd/-  
Financial Advisor & Chief Accounts Officer

## COCHIN PORT TRUST

**SUB - SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR  
ENDED 31.3.2016 - INCOME**

PARTICULARS	2015-16	2014-15
	₹	₹
<b>SUB-SCHEDULE - E</b>		
<b>Cargo handling &amp; Storage charges</b>		
Handling & Storages charges on general cargo	14,96,72,692	15,89,35,211
Cranage	15,69,516	13,30,030
Petroleum, Oil and lubricants handling charges	55,78,42,666	59,77,85,322
Demurrage on general cargo	1,35,21,163	65,31,871
Handling and Storage Charges on Containers	55,92,396	35,89,516
Miscellaneous charges - Cargo	2,93,41,860	2,85,12,148
Revenue share from ICTT	67,63,52,044	58,16,36,725
Waterfront Royalty- LNG Basin	3,83,46,225	3,26,52,717
<b>Total</b>	<b>1,47,22,38,562</b>	<b>1,41,09,73,541</b>
<b>SUB-SCHEDULE - F</b>		
<b>Port &amp; Dock Charges</b>		
Towage and Mooring fees	15,79,99,152	12,35,61,020
Berth Hire charges	18,17,99,580	15,66,41,145
Port dues	44,07,97,417	32,90,80,659
Pilotage Fees	1,04,47,66,452	75,38,94,000
Water supply to shipping	2,13,56,034	1,74,20,030
Miscellaneous charges - Vessel	1,06,25,730	1,12,30,642
Pollution Control Unit	2,74,053	3,26,286
Income from Dredging Services	15,41,62,251	14,59,75,304
<b>Total</b>	<b>2,01,17,80,670</b>	<b>1,53,81,29,087</b>
<b>SUB-SCHEDULE - G</b>		
Railway earnings	0	0
<b>SUB-SCHEDULE - H</b>		
<b>Estate Rentals</b>		
Rent from land	435,232,951	495,957,739
Rent from buildings, sheds & godowns	122,744,125	121,931,172
Miscellaneous Income	317,808,161	279,832,629
Sundry Income	12,680,855	11,461,222
<b>Total</b>	<b>888,466,092</b>	<b>909,182,763</b>

Sd/-  
Financial Advisor & Chief Accounts Officer

## COCHIN PORT TRUST

**SUB - SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR  
ENDED 31.3.2016 - EXPENDITURE**

PARTICULARS	2015-16	2014-15
	₹	₹
<b>SUB-SCHEDULE - I</b>		
<b>Cargo handling &amp; Storage</b>		
Handling & Storage of general cargo at sheds & wharves	39,12,80,250	40,28,22,879
Handling & Storage of containers	30,40,319	23,11,682
Operation & maintenance of crane and vessels	2,83,81,041	3,13,75,162
Handling of Petroleum, Oil & Lubricants	6,32,82,690	5,12,27,594
Expenditure on general facilities at wharves & boundaries	40,75,192	25,12,662
Administration and General expenses	6,22,72,922	6,77,14,001
New Minor works	1,05,322	0
<b>Total</b>	<b>55,24,37,736</b>	<b>55,79,63,981</b>
<b>SUB-SCHEDULE - J</b>		
<b>Port &amp; Dock facilities for shipping including Pilotage</b>		
Towing, Berthing and Mooring	19,49,87,187	22,26,35,422
Pilotage	3,47,13,850	3,38,31,378
Dry Docking expenses	1,90,265	1,90,916
Water supply to shipping	94,05,748	1,20,34,955
Fire fighting	7,69,61,805	6,70,59,096
Dredging and Marine survey	1,22,89,12,318	1,23,90,75,433
Harbour Patrol	40,17,946	64,80,621
Operation & Mtnce. of Navigational aids	4,09,23,409	3,70,10,379
Administration and general expenses	19,11,17,487	18,51,24,427
New Minor works	2,04,707	12,00,336
<b>Total</b>	<b>1,78,14,34,722</b>	<b>1,80,46,42,965</b>
<b>SUB-SCHEDULE - K</b>		
<b>Railway workings</b>		
Maintenance of station, other Buildings and structures	0	0

Sd/-  
Financial Advisor & Chief Accounts Officer

## COCHIN PORT TRUST

**SUB - SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR  
ENDED 31.3.2016- EXPENDITURE**

PARTICULARS	2015-16	2014-15
	₹	₹
<b>SUB-SCHEDULE - L</b>		
<b>Rentable land and buildings</b>		
Estate maintenance	11,96,89,591	10,54,38,328
Administration & General expenses	9,71,80,774	9,53,28,847
New Minor works	43,040	0
<b>Total</b>	<b>21,69,13,404</b>	<b>20,07,67,175</b>
<b>SUB-SCHEDULE - M</b>		
<b>Management &amp; General Administration</b>		
Management & Secretariat expenses	35,24,67,031	32,70,51,568
Medical expenses	13,60,92,608	15,27,21,924
Stores keeping	1,88,95,634	1,87,39,628
Accounting and Auditing	17,73,71,445	19,00,84,341
Head office building & telephones	1,33,71,736	83,44,509
Engineering & workshop administration	13,00,38,074	12,99,49,648
Overhead and sundry expenses	28,41,34,479	27,20,10,755
New Minor works	3,96,993	5,07,510
<b>Total</b>	<b>1,11,27,67,999</b>	<b>1,09,94,09,882</b>

Sd/-  
Financial Advisor & Chief Accounts Officer

## COCHIN PORT TRUST

**SUB - SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR  
ENDED 31.3.2016**

GL CODE	Description	2015-16	2014-15
		₹	₹
<b>SUB-SCHEDULE - N</b>			
<b>Finance &amp; Miscellaneous Income</b>			
540000	Sundry Receipts	7,63,05,192	11,89,92,327
540001	Profit/Loss on disposal of Capital Assets	32,24,810	1,42,89,924
540002	Clearing Account Rev	0	0
540003	Interest receivable from IGTPPL	3,47,97,438	4,51,23,034
540004	Recovery of Insurance Claim on Capital Assets	0	74,795
540005	Interest Income	5,30,78,266	5,43,36,897
540006	Sale of Unserviceable & Surplus Stores	56,79,599	30,90,392
540007	Hire of Motor Lorry & Sundry Plants	4,98,756	3,69,297
540008	Charges for Project Management Services	3,27,37,462	53,335,693
540009	Items Relating to Previous Year	77,05,806	9,34,18,243
540010	Medical Scheme for Pensioners	1,60,154	1,19,451
540011	Medical Treatment to Non-Entitled Persons	12,10,596	2,66,195
540012	Premium for lease of land	51,56,14,057	22,85,35,557
	<b>Total</b>	<b>73,10,12,136</b>	<b>61,19,51,806</b>
<b>SUB-SCHEDULE - O</b>			
<b>Finance &amp; Miscellaneous Expenditure</b>			
670000	Scrap of Assets	1,06,917	4,791
670001	Interest on loan- Government of India	15,92,68,802	0
670002	Bank Charges	3,64,654	3,70,712
670004	Prov. For Doubtful Debts	0	38,31,524
670006	Contribution to Employees Welfare Fund	6,20,000	6,20,000
670007	Contribution to Family Security Fund	8,00,000	8,00,000
670008	Contribution to Pension Fund Trust	1,40,79,70,965	1,26,46,27,271
670009	Expenditure Relating to Previous Years	89,84,034	1,41,65,448
670010	Contribution to CPTE HBA FBF	89,075	1,50,000
670012	Contribution to CPE New Pension Scheme	70,58,746	58,95,466
670013	Refund of Revenue	63,92,228	1,64,42,825
670014	Contribution to Gratuity Fund Trust	22,32,79,819	15,96,00,699
670018	Scrap of unserviceable Stores	15,99,263	43,20,380
670023	Interest on Electricity Deposit	32,05,650	24,93,011
670024	Interest on loans - Mumbai Port Trust	1,65,00,154	3,43,22,305
670026	Interest on other source loans	8,63,103	8,63,103
670027	Expense on Feasibility and R&D Studies	80,74,700	67,76,321
670028	Interest on Grant refunded	0	1,26,16,438
	<b>Total</b>	<b>1,84,51,78,111</b>	<b>1,52,79,00,293</b>

Sd/-  
Financial Advisor & Chief Accounts Officer



## COCHIN PORT TRUST

**ADDITIONAL SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE  
YEAR ENDED 31-03-2016 - OPERATING EXPENDITURE**

GL CODE	Description	2015-16	2014-15
		₹	₹
	<b>SALARIES &amp; WAGES:</b>		
600000	Salaries & Wages (General)	15,63,50,612	15,88,43,162
600002	PLR	2,61,63,577	1,37,42,245
600003	Overtime	3,35,22,597	3,64,02,417
600004	Incentive	37,38,754	31,14,638
600005	Honararium	79,54,027	69,91,126
600006	Leave Encashment	5,42,18,447	6,82,47,481
600007	Salaries & Wages (Operational)	63,58,09,307	65,71,33,366
600008	Salaries & Wages (R&M)	39,28,44,567	42,79,84,717
600010	Leave Travel Concession	2,96,184	4,65,035
600011	Staff Amenities & Welfare Measures	44,420	39,470
600012	Employers ESI contribution	11,70,412	11,63,644
600013	Employers EPF contri	5,07,312	0
640000	Salaries (Port Security)	2,10,75,209	1,87,24,402
650000	Salaries & Wages-Medical	9,15,20,467	9,76,54,666
	<b>TOTAL (A)</b>	<b>1,42,52,15,892</b>	<b>1,49,05,06,368</b>
	<b>STORES</b>		
610000	Stores-General	12,72,651	14,52,898
610001	Stores-Uniform	11,00,616	22,25,192
610002	Stores-Operational	1,96,08,664	1,01,22,296
610003	Stores-Fuel	10,47,91,502	11,12,60,536
610004	Stores (R&M)	1,73,56,607	2,57,31,417
610005	Freight charges	7,701	2,822
	<b>TOTAL (B)</b>	<b>14,41,37,741</b>	<b>15,07,95,161</b>
	<b>OFFICE &amp; ADMINISTRATIVE EXPENSES</b>		
620000	Consumption Stores-Stationery	5,18,855	5,31,552
620001	Books & Periodicals	12,247	18,464
620002	Travelling Expense	61,14,732	38,23,740
620004	Courier charges	2,81,321	2,90,037
620005	Licence fees & Royalty	30,57,036	34,25,376

(Contd.....)

## Annual Accounts and Audit Report



GL CODE	Description	2015-16	2014-15
		₹	₹
620006	Equipment & Furniture	1,09,802	3,34,643
620007	Office Equipment	1,16,178	1,10,228
620008	Office furniture	1,310	7,860
620010	Misc.Expenses	45,24,466	41,95,729
620011	New Minor Works	17,29,723	19,91,223
620012	Trustees Fees	1,20,000	45,000
620013	Entertainment	9,03,000	21,52,982
620014	Training Programme	17,16,631	9,44,917
620015	Sports & Games	9,00,000	3,00,000
620016	Legal Charges	74,72,609	1,03,41,968
620017	Printing Charges	15,20,287	13,07,157
620018	Office Machine hire & service charges	73,356	46,638
620019	Publicity & Advt.	51,11,641	60,34,050
620020	Audit & Accounting	48,91,921	38,41,407
620021	Rent, Rates & Taxes	12,45,339	11,27,513
620022	Telephones	18,63,761	20,06,442
620023	Subscription	2,50,903	2,19,361
620024	Donations & Contributions	7,000	22,000
620025	IPA Share Contribution	93,06,870	82,67,081
620026	Marketing expense	24,20,146	0
	<b>TOTAL (C)</b>	<b>5,42,69,134</b>	<b>5,13,85,367</b>
	<b>OPERATION &amp; MAINTENANCE EXPENSES</b>		
630000	R&M arranged through Contract-Roads	55,01,228	84,42,215
630001	R&M arranged through Contract-Buildings	1,62,94,413	85,89,133
630002	R&M arranged through Contract-Plant & Equipments	27,45,551	49,78,775
630004	Dry Docking of Floating Crafts	7,71,45,515	84,64,873
630005	Special R&M arranged through Contract-Roads	2,59,788	5,00,810
630006	Special R&M arranged through Contract-Buildings	19,73,409	3,10,123
630007	Special R&M arranged thru Contract-Plant & Equipments	21,56,006	10,97,360
630008	Hire of Vehicles & Transport Charges	71,14,618	60,68,793
630009	Water Charges	2,40,08,706	2,08,73,482
630012	Electric Charges	23,10,77,920	20,78,16,849
630013	Hire of boats, Tugs & Launches	11,59,21,041	11,32,10,969

(Contd.....)

## Annual Accounts and Audit Report



GL CODE	Description	2015-16	2014-15
		₹	₹
630015	Maintenance Dredging	1,04,21,94,134	1,12,06,06,220
630016	Sundry Expense	2,15,01,498	1,74,79,258
630017	Insurance	52,13,014	44,71,981
630018	Self Consumption-Electricity	2,79,74,035	0
	<b>TOTAL (D)</b>	<b>1,58,10,80,875</b>	<b>1,52,29,10,840</b>
	<b>SECURITY EXPENSES</b>		
640001	Hire of Boats for Patrolling	19,49,350	12,85,900
640002	I S P S	4,32,255	14,66,749
640004	CISF-Deployment Charges	20,39,80,064	19,31,64,780
640005	SEZ - Cost Recovery	41,12,760	27,44,401
640006	Private Security Charges	6,04,059	0
	<b>TOTAL (E)</b>	<b>21,10,78,488</b>	<b>19,86,61,830</b>
	<b>MEDICAL EXPENSES</b>		
650001	Stipend, Fees & Honorarium to Specialities	30,77,058	31,16,290
650002	Stores-Medical	2,16,24,174	3,34,28,120
650003	Provisions-Medical	7,09,486	8,48,517
650004	Hospital Equipment	69,564	1,80,778
650005	Medical Expenses	23,97,188	17,39,051
650006	Charges paid to Outside Hospitals	1,09,34,027	88,94,156
650007	Medical treat. To Pensioners	0	1,75,971
	<b>TOTAL ( F )</b>	<b>3,88,11,496</b>	<b>4,83,82,882</b>
	<b>DEPRECIATION</b>		
	Depreciation for the year	20,04,41,527	19,76,55,621
670021	Prior Period Depreciation	85,18,708	24,85,933
	<b>TOTAL ( G )</b>	<b>20,89,60,235</b>	<b>20,01,41,554</b>
	<b>GRAND TOTAL (A) TO (G)</b>	<b>3,66,35,53,862</b>	<b>3,66,27,84,003</b>

Sd/-  
Financial Advisor & Chief Accounts Officer

## COCHIN PORT TRUST

**COCHIN FISHERIES HARBOUR  
BALANCE SHEET AS ON 31ST MARCH 2016**

PARTICULARS	2015-16		2014-15	
	₹		₹	
<b>A SOURCES OF FUNDS</b>				
Grant in aid received from GOI	19,10,32,261		18,23,67,261	
Less : Grant utilised	18,91,45,242	18,87,019	18,23,67,261	0
<b>TOTAL</b>		<b>18,87,019</b>		<b>0</b>
<b>B APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block(As per schedule)	18,91,45,242		18,91,45,242	
Work in Progress	0		0	
	18,91,45,242		18,91,45,242	
Less : Grant received	18,91,45,242	0	18,23,67,261	67,77,981
<b>Current Assets:</b>				
Interest accrued on investments	1,68,321		0	
Postage Stamps	73		223	
Sundry Debtors	8,16,441		20,53,329	
Cash & Bank Balances	2,27,29,297		1,31,93,884	
Loans & Advances	0		0	
TDS Receivable	5,38,885		10,796	
Service tax receivable	5,96,013		33,422	
Security Deposit Receivable	65,667		65,667	
Security deposit - KSEB	52,542		52,542	
<b>Total</b>	<b>2,49,67,239</b>		<b>1,54,09,863</b>	
Less:Current Liabilities & Provisions	6,12,82,685		6,61,15,402	
<b>NET CURRENT ASSETS</b>		<b>-3,63,15,446</b>		<b>-5,07,05,538</b>
Profit & Loss Account (Accumulated Deficit)		3,82,02,465		4,39,27,557
<b>TOTAL</b>		<b>18,87,019</b>		<b>0</b>

Sd/-

Financial Advisor &amp; Chief Accounts Officer

**COCHIN PORT TRUST****COCHIN FISHERIES HARBOUR INCOME & EXPENDITURE  
ACCOUNT FOR THE YEAR ENDED 31.03.2016**

(Amount in ₹)

Amount 2014-15	Expenditure	Amount 2015-16	Amount 2014-15	Income	Amount 2015-16
2,00,76,313	Salary & other benefits	2,09,69,801	1,79,411	Enrolment of fishing crafts	2,26,925
1,36,303	Medical reimbursement	29,669	8,09,660	Licensing and license fee	10,38,632
2,448	Revenue & postal stamps	1,470	38,00,414	Lease rent on land	49,58,601
2,77,532	Printing and Stationary	1,95,424	36,53,059	Building and ground rent	43,00,872
81,678	Sundry expenses	99,146	18,19,289	Lease of slipway	12,31,000
1,84,317	Prior period Expenses	-	7,35,257	Fish landing charges	7,67,601
11,24,688	Repairs & maintenance	12,29,700	46,78,080	Fish out - handling charges	62,85,251
1,000	Cost of petrol	-	9,15,832	Water charges	11,35,978
37,198	Telephone charges	37,485	16,79,075	Electricity charges	20,13,869
11,19,933	Water charges	10,88,199	84,73,580	Toll collection	1,02,59,064
24,25,523	Electricity charges	24,90,242	16,02,255	Misc. Receipts	17,89,370
21,76,567	Provision for retirement benefits	22,60,691	4,16,009	Bank interest	5,39,524
780	Misc. (Stores & Newspaper)	1,565			
1,15,542	Interest & Penalty on TDS & Service Tax	12,683			
35,28,282	Provision for doubtful debts	-	30,25,606	Deficit	-
4,99,423	Professional Charges	4,05,520			
	Surplus	57,25,092			
<b>3,17,87,527</b>		<b>3,45,46,687</b>	<b>3,17,87,527</b>		<b>3,45,46,687</b>

Sd/-  
Financial Advisor & Chief Accounts Officer

**COCHIN FISHERIES HARBOUR  
RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31.03.2016**

(Amount in ₹)

Amount 2014-15	Receipts	Amount 2015-16	Amount 2014-16	Payments	Amount 2015-16
1,42,969	Opening cash in hand	2,15,029	2,00,34,160	Salary & PLR	2,09,68,413
96,31,982	Opening cash at Bank	1,29,78,855	1,36,303	Medical reimbursement	29,669
1,79,411	Enrolment of fishing crafts	2,26,925	34,136	LTC / Conveyance	36,013
8,09,660	Licensing and license fee	10,38,632	2,77,532	Printing and Stationary	1,95,424
38,00,414	Lease rent on land	48,23,512	1,000	Cost of petrol	-
36,53,059	Building and ground rent	43,00,872	2,297	Revenue & postal stamps	1,320
18,19,289	Lease of slipway	12,31,000	11,24,688	Repairs & maintenance	12,29,700
7,35,257	Fish landing charges	7,67,601	780	Misc. (Stores & Newspapers)	1,565
46,78,080	Fish out - handling charges	62,85,251	3,64,277	Refund of SD. / Ground rent	2,43,536
16,79,075	Electricity charges	20,13,869	37,198	Telephone charges	37,485
84,73,580	Toll collection	1,02,59,064	24,25,523	Electricity charges	24,90,242
4,24,679	Misc. Deposit / Security	18,13,406	11,19,933	Water charges	10,88,199
16,43,353	Misc. Receipts	17,89,371	2,749	Cheque charges	274
4,16,009	Bank interest	3,71,203	44,793	Sundry expenses	62,525
29,87,167	Service Tax	40,11,587	1,15,542	Interest & Penalty on Service Tax & TDS	5,69,339
9,15,832	Water charges	11,35,978		Security Deposit	
-	Deposit Received	-	4,99,423	Professional Charges	4,05,520



## Annual Accounts and Audit Report

Amount 2013-14	Receipts	Amount 2014-15	Amount 2013-14	Payments	Amount 2014-15
	Receipts relating to previous years ;		31,47,796	Service Tax paid including arrears	39,06,217
5,91,832	- Lease rent on land	12,36,888	-	Purchase of Fixed Assets	-
55,527	- Building & ground rent	-	-	TDS Receivable	3,73,412
9,893	- Service Tax	-	85,054	Cenvat Credit	1,30,893
			-	Fixed Deposit	25,00,000
			2,15,029	Closing cash balance	1,26,281
			1,29,78,855	Closing Bank balance	2,01,03,016
<b>4,26,47,068</b>		<b>5,44,99,043</b>	<b>4,26,47,068</b>		<b>5,44,99,043</b>

Sd/-  
Financial Advisor & Chief Accounts Officer

# NOTES TO ANNUAL ACCOUNTS 2015-16

## Part I – Significant Accounting Policies

1. Income and expenditure are accounted based on mercantile system of accounting.
2. While accounting income, the principle of conservatism has been followed.
3. Fixed assets, inventory and investments are accounted on historical cost method.
4. Depreciation is provided in the accounts on straight-line basis, assuming the value of the asset at the end of life span as Re.1/-. Life span of the asset is fixed based on the guidelines issued by the Govt. of India from time to time. Depreciation is charged proportionately from the date of capitalization.
5. Upfront payment received on lease of land is spread over equally to the period of lease.
6. Premium on lease of land is treated as the income in the year of receipt under Finance and Miscellaneous Income.
7. Prior period items, i.e., income or expense which arise in the current financial year as a result of errors or omissions in the preparation of financial statements or due to revision of bills or claims of one or more prior periods are included under Finance & Miscellaneous Income or Finance & Miscellaneous Expenditure.
8. Incomes received out of investments from various funds are credited to the respective funds.
9. Contingent liabilities are disclosed in the "Other Notes" to accounts.
10. Grants in Aid received related to specific fixed assets are presented in the Balance Sheet by showing the grant as a deduction from the gross value of the assets concerned in arriving at their book value.
11. The revenue recognition policy followed by Cochin Port Trust is Completed service method.
12. Figures of Balance Sheet, P & L Account & Schedules have been regrouped where ever necessary consequent on changes in the items during the year.
13. Necessary provisions have been made for doubtful debts in the accounts.
14. Cochin Port Trust handled 22.10 MMT of cargo during 2015-16 including containerized cargo of 5.78 MMT as against 21.60 MMT during 2014-15 including container cargo of 5.25 MMT. During 2015-16, number of vessels called in at the Port is 1615 against 1476 vessels during 2014-15. Port handled 419550 TEUs of containers in 2015-16 as against 366376 TEUs in 2014-15.
15. Repayment in respect of loans from Govt. of India are in default from 17/3/1983 to 31/3/1986 and from 1/2/1987 to 31/3/2013 amounting to Rs. 1253.06 crores (Principal Rs 258.14 crores, Normal Interest Rs. 265.53 crores and Penal Interest Rs. 729.39 crores). The liability in this regard as on 31/3/2013 has been reconciled with the books of Chief Controller of Accounts, Ministry of Shipping, New Delhi. The loan outstanding and normal interest liabilities have been regularized in line with the aforesaid reconciliation and methodology. This methodology for providing normal interest has been followed by the Port consistently since 1998-99 onwards after effecting reconciliation of the figures as on 31/3/97 during 1998. The Port has submitted a comprehensive proposal in July'2013, which envisages write off of penal interest, freezing the liability as on 31.03.2013 and re-scheduling of payment of the liability frozen in 15 years. Waiver of the penal interest amount of Rs. 715.34 crores is proposed based on the instructions contained in the O.M. No. 5(3)-B (PD)/2012 dated 7-1-2013 of the Department of Economic Affairs, Ministry of Finance, Govt. of India. As the proposal was being considered for submission to Cabinet Committee of Economic Affairs (CCEA) for approval, provision for interest on loan for 2013-14 and 2014-15 was not been made. Since the matter has been pending for a long time, provision for interest on loan from 2013-14 to 2015-16 amounting to Rs.15.93 Crores has been made during the year.
16. Loan availed from Mumbai Port Trust has been serviced regularly. As on 31.03.2016 balance loan amount payable to Mumbai Port Trust is Rs. 8.09



## NOTES TO ANNUAL ACCOUNTS 2015-16

Crores which includes Rs. 6.25 crores as principal and deferred interest of Rs. 93.10 lakhs and normal interest of Rs. 91.06 lakhs. The balance amount will be repaid in full by July 2016.

17. Assets worth Rs. 19.33 Crores have been capitalized during the year 2015-16. CWIP as on 31/03/2016 is Rs. 11.30 Crores.
18. Wage revision arrear for Class III & IV employees due from 01.01.2012 to 31.10.2013 amounting Rs. 33.01 Crores was paid during the year.
19. As per the payment of Bonus (Amendment) Act, 2015 the eligibility limit under section 2(13) has been enhanced from Rs.10,000/- to 21,000/- per month and calculation ceiling under Section 12 from Rs.3,500/- to Rs.7,000/-. Provision for PLR for the year 2015-16 is made according to the amendment passed.
20. Central Excise Authorities had issued 28 Show Cause Notices demanding a total of Rs 70.40 Crores for the non collection of service tax on services provided in Estate Rentals, Rent on Jetties, License fee, Upfront payment, Royalty from M/s. IGTPPL and excess utilization of Cenvat credit, CISF proportionate charges for security services, legal charges. Based on legal opinion, Port Trust has filed appeal and all matters are under sub-judice before appropriate authority/Tribunal/High Court of Kerala.
21. No provision was made in the books of accounts for Income tax since the Port has incurred losses during the current financial year. The carry forward loss including unabsorbed depreciation upto AY 2015-16 amounts to Rs. 574.81 crores as per the Income Tax Return.
22. CoPT had filed Income tax returns from AY's 2003-04 to 2015-16. Assessments of Income tax are completed from AY's 2003-04 to 2013-14.

For AY 2003-04 & 2005-06 assessment order issued with no demand, but disallowed depreciation. CoPT filed appeal before Hon'ble ITAT for disallowance of depreciation and is pending.

The Assessing Officer issued order demanding Rs. 12.73 crores for AY 2004-05, and Cochin Port has filed appeal against this before Hon'ble ITAT, Cochin and is pending.

The Assessment with respect to AY 2006-07 and AY 2008-09 is completed with no demand.

## Annual Accounts and Audit Report



The Assessing Officer issued order demanding Rs. 3.60 Crores for AY 2007-08, disallowing depreciation and income adopted on the basis of net income and CoPT filed appeal before the Hon'ble ITAT, Cochin which partly confirmed the order of CIT(A). Final order of CIT(A) giving effect to the order of ITAT is awaited.

For Assessment Year 2009-10, depreciation on additions during the period of exemption was disallowed. CoPT filed appeal before Hon'ble ITAT. The assessment re-opened u/s 147 of IT Act, and disallowed Rs. 8.60 Crores. appeal is being filed before CIT (A).

Cochin Port has filed appeals before CIT(A) for the AY 2009-10, 2011-12, 2012-13 & 2013-14 as depreciation on additions during the period of exemption was disallowed on the ground that the cost of additions has already been considered as application of funds in computation of income.

For AY 2010-11 appeal filed before ITAT, Kochi against disallowance of depreciation is pending.

23. Government of India has approved Port's investment of Rs.15 lakhs in equity shares of Cochin Bridge Infrastructure Co. Ltd. as an investment of funds under Section 88(2)(d) of the MPT Act 1963 vide Letter No.PO/28025/2/2004-PLN dated 21st November 2006. This has been shown as 'Investments in Shares' in Annual Accounts.
24. Port's claims in respect of Pension contribution, Gratuity contribution and leave salary contribution of the employees deputed to M/s. IGTPPL for the period from 01-04-2005 to 28-02-2011 are as follows:-

(Rs.in crores)

Particulars	Amount claimed by Port	Amount Paid by M/s.IGTPPL	Balance Payable
Pension Contribution	6.71	4.69	2.02
Gratuity Contribution	2.95	2.31	0.64
Leave Salary	3.82	1.52	2.30
<b>Total</b>	<b>13.48</b>	<b>8.52</b>	<b>4.96</b>

CoPT had asked IGTPPL to pay the balance liability against which M/s. IGTPPL has referred the matter to Arbitration.

25. The dispute between M/s.Petronet LNG Limited (PLL) and CoPT regarding the payment of revised lease rent has been heard by the Arbitral Tribunal



and passed an order deferring a decision for a period of 3 months and suggested that the matter may be taken up with the Central Government empowered to resolve the controversy under section 54 and 111 of the MPT Act, 1963. In the mean time PLL approached the Hon'ble High Court of Kerala challenging the TAMP Notification on which the Hon'ble High Court observed that the case is infructuous as a representation is pending before MOS and directed MOS to dispose of the representation within 4 months. Subsequently MOS directed the Port vide Order No.PD-25021/9/2015-COPT dated 17.12.2015 to appoint an independent valuer for valuation of land occupied by PLL within one month and to be forwarded to TAMP for their comments. The Port appointed KITCO for valuation of land on 18.12.2015 and KITCO submitted the valuation report on 22.01.2016 which was forwarded to TAMP on the same day. TAMP vide letter dated 29.01.2016 conveyed that the rates approved by TAMP in May 2010 will not undergo any change.

26. M/s Petronet LNG Ltd. while constructing LNG Port and Re-gasification facilities at Puthuvypeen SEZ, shifted sand from the hydraulic filling area and filled the project site without permission. CoPT claimed Rs. 20 Crores for the above sand from M/s Petronet LNG Ltd., and the matter is still pending.
27. The arbitration proceedings regarding the payment of Transfer Fee of Rs. 25.59 Crores by M/s. BPCL-KR was awarded in favour of Cochin Port Trust. M/s. BPCL-KR has filed an appeal against this award before Additional Secretary & Appellate Authority Ministry of Law and Justice, New Delhi and the matter is pending before the Ministry.
28. Cochin Port Trust had deployed CISF personnel in ICTT Vallarpadam up to December 2015 and the amount outstanding on account of this activity as on 31.03.2016 is Rs. 17.81 crores.
29. CoPT has been sanctioned an amount of Rs 22.43 crores by the Ministry of Tourism for development of dedicated Cruise berthing facilities out of which Rs. 21.19 crores has been received. Against this CoPT has incurred an amount of Rs. 21.39 crores.
30. An amount of Rs.373.22 crores was received from Govt. of India towards Rail Connectivity(including ROB) to ICTT. The Port disbursed the amount to RVNL amounting to Rs.360.48 crores and balance amount was spent towards land acquisition and

other related works. Since RVNL could not take up the ROB work, they have remitted Rs. 10 Crores in January 2015 from the balance amount available with them. The Port has taken up the construction of ROB work along with the construction of a flyover in front of the exit gate of the ICTT to decongest the area at a cost of Rs. 60 crores and awarded to M/s.GPT GEO JV on 17.01.2015. An amount of Rs 10 Crores was received in October 2014 as first installment of Rs. 30 crores sanctioned as budgetary support for construction of Subway/ Flyover. Out of the total available amount of Rs. 20 crores, an expense of Rs.19.58 crores has been incurred till 31-03-2016. The Port has submitted the 3rd Revised Cost Estimate for the Rail Connectivity Project amounting to Rs.409.83 crores, based on the details from RVNL on 02.08.2015 to the Ministry and it was approved on 16.02.2016.

31. An amount of Rs. 1.70 Crores was received from Kerala State Urban Development Project in March 2015 towards Establishment of Package Septage Treatment plant at Willington Island. Out of this an expense of Rs.67.76 Lakhs has been incurred till 31-03-2016.
32. An amount of Rs.5.365 Crores (50% of the estimated cost) was sanctioned by the Ministry of Shipping under R&D Schemes for studies on Siltation and Optimal ameliorative measures at Cochin Port for minimizing the maintenance dredging cost. Out of Rs. 3.25 crores received from the Ministry, the Port has spent Rs. 2.14 crores till 31-03-2016.
33. An amount of Rs. 7.48 Crores was received from the Ministry of Shipping as Budgetary Support on 29.05.2015 towards Refurbishment and Capacity Enhancement of Coastal Liquid Terminal in Cochin Port.
34. The Ministry of Shipping has released an amount of Rs. 2.61 Crores as budgetary support for Procurement of Pollution Responses (PR) equipment / materials on 04-08-2015.
35. Due to acute financial stringency the Port Trust Board decided to pay liabilities on account of Pension, Pension Commutation and Gratuity from the respective funds from April'2013 onwards. During 2015-16, a net amount of Rs. 35.39 crores was withdrawn from Pension Fund Trust Account for payment of Pension.

During the Board Meeting of Cochin Port Trust held on 14.08.2014 it was decided to transfer 50%

of premium on lease of land received to Pension Fund. It was also decided in the Board Meeting held on 22-08-2015 to transfer the premium received on leasing of land in full to Pension Fund Trust considering the deteriorating position of the Pension Fund. During the year the Port has transferred Rs. 34 crores to Pension Fund Trust on this account.

- 36.** Based on the data of 31.03.2016, the actuarial valuation of liability made by LIC is Rs. 2703.22 Crores. The liability for pension for the pensioners and existing employees is Rs. 1868.51 crore and Rs. 728.28 crores respectively totaling Rs. 2596.79 Crores and Gratuity liability for existing employees is Rs. 106.43 Crores. Against this, Cochin Port is having investment of Rs. 100.67 Crores and Rs 7.06 Crores in Pension and Gratuity Fund respectively.
- 37.** M/s. Jaisu Shipping Co. Pvt. Ltd., who executed the Contract of 'Dredging for maintenance of channels at Cochin Port for the year 2007-08 invoked the Arbitration Clause in the Agreement and claimed Rs. 3.51 crores. The Arbitral Tribunal in the Arbitration Award passed on 15-05-2013 directed Cochin Port to pay an amount of Rs. 87,00,000/- (Rupees Eighty Seven Lakhs) to M/s. Jaisu Shipping Company along with interest @ 9% per annum from the date of the claim (19-04-2012) till the date of Award and thereafter at the same rate till the payment is made. Cochin Port has challenged the Arbitration Award dated 15-05-2013 under Section 34 of the Arbitration and Conciliation Act 1996.
- 38.** The contract for Capital Dredging of approach channel and ICTT berth basin for providing depth as required for 14.50 meter draft container vessels and maintenance dredging of Cochin Port during the period from 1st September 2008 to 31st December 2010 under the Agreement No.52 of 2008-2009 was entrusted to M/s. Jaisu Shipping Co. Pvt. Ltd. who failed to provide the deliverables for which the payments has been withheld by the Port. The Bank Guarantee of Rs. 19.25 Crores submitted by Jaisu was encashed during 2011-12. M/s.Jaisu Shipping invoked the Arbitration clause in the Agreement.
- 39.** The Arbitral Tribunal was reconstituted consequent to tendering resignation by the Presiding Arbitrator and Port's nominee Arbitrator of the first Arbitral Tribunal. As per the direction of the Hon'ble High Court of Kerala, M/s. Jaisu Shipping has filed amended claim statement before the reconstituted Arbitral Tribunal worth Rs. 795 Crores
- incorporating all the additional claims filed by them and CoPT has filed the Statement of defence. M/s.Jaisu has also claimed payment of final bill for the work already done, release and return of security deposit, retention amount and encashed Performance Guarantee. Port has filed counter claim amounting to Rs.322 crores.
- The bill for Feb 2011 and March 2011 for Rs. 3.69 crores towards Maintenance Dredging was not processed for payment as necessary supporting documents were not submitted. The bill amount is therefore considered as contingent liability.
- 40.** M/s. Mercator Lines Ltd., who executed the contract of "Capital Dredging of Basin in front of International Container Terminal (ICTT) at Vallarpadam has claimed Rs. 141.65 Crores and the Port filed a counter claim amounting to Rs. 329.71 Crores. The arbitration is in progress. The Bank Guarantee of M/s. Mercator Lines Ltd. of Rs. 6 Crores was encashed on 06/07/2012.
- 41.** The arbitration between Shri. Alexander K John in respect of the delay in completion of work and consequent imposition of penalty in connection with " Providing water connection to IMU Campus at SER area of W/Island" under Agreement No 17 of 2010-11 is in progress. The claim amount from the claimant is Rs.10.94 Lakhs and the matter is pending.
- 42.** The arbitration between Shri.Alexander K John in respect of the delay in completion of work and consequent imposition of penalty in connection with "Cleaning and maintaining various drains and road in Willingdon Island" is reserved for Award. The claim amount from the claimant is Rs. 6.27 Lakhs.
- 43.** The arbitration with M/s. Vardhaman Precision Profiles & Tubes Pvt. Ltd in respect of delay in completing the work and consequent imposition of penalty in respect of "Providing superstructure using pre engineered steel frame work for a multipurpose shed near BTP/NTB" under Agreement No 24 of 2008-09 was concluded on 30-04-2015. The claim amount from the claimant was Rs. 89.97 Lakhs. The sole Arbitrator passed an Award of Rs. 4.00 lakhs with interest @ 9% from the date of award, in favour of Cochin Port Trust but the Claimant did not deposit the amount. Considering the legal opinion that the cost involved in prosecuting the Execution Proceedings is likely to exceed the amount to be recovered, the Board



- of Trustees of CoPT in the meeting No. 6 held on 11-02-2016 has resolved to approve not to proceed with the Execution Petition for recovering the Award amount.
44. The arbitration with Vembanad Construction on imposition of penalty in respect of the work of "Ground and over head RCC Water Tank at CFH" is pending. The claim amount from the claimant is Rs. 4 Lakhs.
  45. The arbitration with Basil Associates in respect of delay in completing the work and consequent imposition of penalty in respect of the work of "Drain (Phase I) at Puthuvyeen" had commenced on 23-02-2015. The claim amount from the claimant is Rs. 70 Lakhs. The arbitration process has been kept pending by the sole arbitrator since the claimant had defaulted in paying the arbitration fee.
  46. A suit was filed by M/s Jakhau Salt Company Pvt. Ltd for the loss of cargo due to collapse of Mattancherry Wharf for Rs.1.47 crores, which is still pending before the Hon'ble High Court of Kerala.
  47. Installation & Commissioning of 110 KV sub-station and connected works at Cochin Port Trust was to complete in a period of 12 months as per agreement with M/s Siemens Ltd. Since there was a delay on 9 months in completing the work, liquidated charges of Rs.1.76 crores as per the agreement was deducted while making the final payment. Arbitration award was against the Port and hence the Port appealed against the award before the Hon'ble District Court, Ernakulam. The last hearing of the case was posted on 07-12-2015 and next hearing is posted on 21-05-2016.
  48. CoPT had entered into a contract with M/s. Tebma Shipyards Ltd., Chennai, for construction and delivery of two nos. 45 Tons BP Tugs. Since the delivery of Tugs was delayed, CoPT had recovered LD of Rs. 8,09,12,000/- from the contractor. They raised objection to CoPT's above decision and the matter was referred for Arbitration. Arbitral Tribunal has passed an award on 10-09-2013 rejecting the claim of the Contractor. Subsequently, M/s. Tebma Shipyards Ltd., has filed an appeal before Hon'ble District Court, Ernakulam to set aside the award and to direct CoPT to release the LD amount of Rs. 8,09,12,000/- with interest. CoPT filed objections to the statement of facts submitted by M/s. Tebma Shipyards Ltd. on 18-12-2014 and next hearing is posted on 18-05-2016.
  49. Port had filed a civil suit on 28-03-2014 against M/s. Tebma Shipyards Ltd., before the Hon'ble Sub Court at Kochi to recover an amount of Rs. 1,05,53,270/- with interest at the rate of 15%, which was incurred by Cochin Port to rectify the manufacturing defects noticed on the Tugs supplied by M/s. Tebma. M/s. Tebma Shipyards Ltd submitted an affidavit dated 06-02-2015 before Hon'ble Sub Court, Kochi praying to direct the Port Trust to refer the dispute for arbitration as stipulated in terms of Clause 45.0 of Agreement Dated 05-10-2006. The Court had directed to refer the matter for arbitration and appointment of arbitrator is in process. As soon the arbitrator is appointed, notice will be send to M/s. Tebma Shipyards.
  50. Cases are pending with the Supreme Court of India against various Customers, in connection with the Judgement of Hon'ble High Court of Kerala towards refund of excess ground rent collected beyond 75 days (around Rs. 1.58 crores).
  51. M/s. Simplex Infrastructure Ltd in connection with the work of Reconstruction of Mattancherry Wharf the arbitrator had passed the award and accordingly Port had paid on 26-10-2015 and the matter was finally settled by paying M/s.Simplex Infrastructure an amount of Rs.10,37,67,458/- plus interest of Rs. 2,60,97,417 totalling to Rs.12,98,64,875/-
  52. Litigation in respect of sponsorship fee due from M/s. Jaisu for Volvo Ocean Race has been awarded in favour of Cochin Port Trust. The Port is in the process of filing execution petition before the Sub Court, Kochi.
  53. Land Acquisition cases related to the Project 'Providing Direct Road Connectivity to the SEZ area at Puthuvypeen, CoPT advanced an amount of Rs.1,07,88,182/- as deposit in Sub Court, Kochi towards 50% of the Decree Debt for the conditional stay in the execution petition moved by the evictees/ claimants. The remittance of the remaining amount is subject to the final verdict. The co-developers in Putuvypeen SEZ viz. PLL, BPCL-KR & IOCL have been requested to reimburse their share towards the 50% amount advanced by CoPT.
  54. A separate set of accounts of Cochin Fisheries Harbour is shown in the accounts.

Sd/-

Financial Advisor & Chief Accounts Officer



**AN ISO 9001 : 2008 & ISPS COMPLIANT PORT**

Willingdon Island, Cochin - 682 009

**AUDIT REPORT  
ON  
ANNUAL ACCOUNTS  
FOR**

**2015 - 2016**





# SEPARATE AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF COCHIN PORT TRUST, FOR THE YEAR ENDED 31 MARCH 2016

1. We have audited the attached Balance Sheet of Cochin Port Trust as at 31 March 2016 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 & Conditions of Service) Act, 1971 read with Section 102 of the Major Port Trusts (MPT) Act, 1963. These financial statements are the responsibility of the Cochin 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 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 mis-statements. 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 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 CAG under Section 102 of the MPT Act, 1963;
  - iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Cochin Port Trust as required under Section 102 of the MPT Act, 1963 in so far as it appears from our examination of such books.
  - iv. We further report that:

<b>A.</b>	<b>BALANCE SHEET</b>
<b>i)</b>	<p><b>APPLICATION OF FUNDS</b>  <b>Current Assets, Loans and Advances : Rs. 331.32 Crore</b>  <b>Sundry Debtors (Schedule V) : Rs. 133.75 Crore</b>            The above is understated by Rs. 4.82 crore being the due from M/s. Petronet LNG Limited which has been included as a negative balance under Current Liabilities. This has resulted in understatement of Current Liabilities also by the same amount.</p>
<b>(ii)</b>	<p><b>Source of Fund</b>  <b>Current Liabilities &amp; Provisions (Schedule VIII): Rs. 602.07 crore</b>            The liability on account of pension and gratuity contribution of existing employees and pensioners as per Actuarial valuation worked out to Rs.2,703.22 crore. However, the contribution made was Rs. 107.73 crore as on 31<sup>st</sup> March 2016 leaving a shortfall of Rs. 2,595.49 crore. This has resulted in understatement of Current Liabilities &amp; Provisions and consequent understatement of Loss by Rs. 2,595.49 crore.</p>
<b>B.</b>	<p><b>Profit &amp; Loss Account</b>  <b>Expenditure</b>  <b>Management and General Administration – Rs. 111.28 crore</b></p> <p><b>(i)</b> The Port had neither discharged its liability nor created any provision towards payment of arrears due to wage revision to retired Class III and IV employees. This has resulted in understatement of Management and General Administration expenditure and Current Liabilities and Provisions by Rs. 28.76 crore. Consequently, loss is understated by the same extent.</p> <p><b>(ii)</b> Provision was not made for expenses on Arms and Ammunitions and Clothing payable to CISF amounting to Rs.1.61 crore. Consequently, loss is understated by Rs. 1.61 crore and Current Liabilities and Provisions understated to the same extent.</p>
<b>C.</b>	<p><b>General</b>            The Port has neither carried out Actuarial Valuation nor provided liability towards Leave Encashment of its employees in the accounts for the year 2015-16.</p>
<b>D.</b>	<p><b>Grants-in-Aid</b>            Opening Balance of grant as on 01 April 2015 was Rs. 14.77 crore. Grant in aid received by the port during 2015-16 was Rs. 24.25 crore of which a sum of Rs. 3.24 crore was received during March 2016. A sum of Rs. 21.30 crore was expended during the year 2015-16. A sum of Rs.17.72 crore remained towards unutilized grant as on 31 March 2016.</p>
<b>E.</b>	<p><b>Effect of Audit</b>            The net impact of the above comments was that assets are understated by Rs.4.82 crore, liabilities understated by Rs.2,630.68 crore and net loss understated by Rs.2,625.86 crore.</p>
<b>F.</b>	<p><b>Management Letter</b>            Deficiencies which have not been included in the Audit Report is brought to the notice of the Chairman, Cochin Port Trust, through a Management Letter to be issued separately for remedial / corrective action.</p>





## Annual Accounts and Audit Report

- 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 Cochin Port Trust as at 31 March 2016; and
- b. In so far as it relates to Profit and Loss Account of the loss for the year ended on that date.
5. A Review of Accounts showing the summarized financial results of the Cochin Port Trust for the last three years is given in **Annexure II**.

For and on behalf of the C & AG of India

(G. SUDHARMINI)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT &  
EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI.

Place: Chennai

Date : 14.10.2016

### Annexure 1

#### Internal Audit and Internal Control

##### 1) Adequacy of Internal Audit

Internal Audit of the Port for the year 2015-16 was done by a firm of Chartered Accountants. Following deficiencies were noticed with regard to the system.

- The Internal Audit Report was not made available during the course of audit.
- The Port does not have an internal audit manual.

##### 2) Adequacy of Internal Control System:

The following weaknesses in internal control system were observed:

- Chartered Accountants were engaged from time to time to conduct Special Audit of the revenue receipts of India Gateway Terminal Private Limited (IGTPL), the concessionaire for International Container Transhipment Terminal at Vallarpadam, as a permanent monitoring measure to ensure accuracy of royalty paid / payable by IGTPL to CoPT as per the License Agreement between the two parties. As per Terms of Reference, the firm was required to conduct and complete the audit within 30 days after the completion of a quarter of a financial year. However, Port failed to ensure timely completion of the Special Audit for the year 2014-15 and obtain the Audit Report. Copy of the Audited Annual Accounts of IGTPL for the year 2014-15 was also not furnished to Audit, for verification of



## Annual Accounts and Audit Report

the figures accounted by IGTP. As such, the purpose of conducting Special Audit as a permanent monitoring measure to ensure accuracy of royalty paid/ payable by IGTP to CoPT as per the License Agreement stands unfulfilled and accuracy of royalty paid / payable by IGTP could not be vouched.

- The Port has 1158 Customer Accounts. However, confirmation of balances was received from 23 customers only. Out of these 23, balances of 6 customers showed differences but the reconciliation of balances was done only in 3 cases. The system, thus, needs to be streamlined.

### 3) System of Physical Verification of Inventories:

Physical verification of inventories as of 31.03.2016 was carried out by the Port. There was a difference of Rs.0.21 crore in the value of Stores and Materials as per Priced Stores Ledgers as compared to the value stated in Accounts, which required reconciliation.

### 4) System of Physical Verification of Fixed Assets

Physical verification of Fixed Assets is done every year and a Verification Report is prepared. However, in the Final Physical Verification Report for the year 2015-16 only quantity of Assets were recorded and location of assets was not mentioned. Even though, location was mentioned in the Department wise Verification Report called 'Register of Tools and Plants (T&P), individual items cannot be traced / located in the Final Verification Report in the absence of 'Unique Asset Code'. Hence, Physical Verification Report could not be checked with reference to the Assets accounts in SAP – ERP / Ledger.

### 5) Regularity in payment of Statutory dues:

The Port is paying statutory dues such as General Provident Fund, Income Tax and Employees State Insurance Contribution regularly within due dates.

**Deputy Director**

**Annexure 2**

**REVIEW OF ACCOUNTS OF COCHIN PORT TRUST FOR THE YEAR ENDED  
31 MARCH 2016 BY THE COMPTROLLER & AUDIT GENERAL OF INDIA**

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

**1. Financial Position**

The following table summarises the financial position of the Port Trust at the end of each of the three years ending 31st March 2014, 2015 and 2016.

(Rs. in crores)				
	PARTICULARS	2013-14	2014-15	2015-16
<b>A</b>	<b>LIABILITIES</b>			
(i)	Capital reserves	84.84	84.84	84.84
(ii)	Other reserves	36.24	32.00	34.89
(iii)	Borrowings - Capital debts, Loan from Govt.	258.14	258.14	258.14
	Other loans	31.91	19.41	6.92
(iv)	Current liabilities and Provisions	708.65	835.96	844.44
(v)	Other liabilities	59.08	57.38	56.94
	<b>Total</b>	<b>1,178.86</b>	<b>1,287.73</b>	<b>1,286.17</b>
<b>B</b>	<b>ASSETS</b>			
(i)	Fixed Assets	641.22	663.59	682.06
(ii)	Less: Depreciation	(218.92)	(237.91)	(257.96)
(iii)	Net fixed assets	422.30	425.68	424.10
(iv)	Capital work in progress	23.67	10.28	11.30
(v)	Investments	0.15	0.15	0.15
(vi)	Current assets, Loans & advances	326	372.84	331.32
(vii)	Accumulated deficit	406.74	478.78	519.30
	<b>Total</b>	<b>1,178.86</b>	<b>1,287.73</b>	<b>1,286.17</b>
C	Working capital <sup>1</sup>	(-382.65)	(-463.12)	(-513.12)
D	Net worth <sup>2</sup>	(-285.65)	(-361.94)	(-399.57)
E	Capital employed <sup>3</sup>	39.65	(-37.44)	(-89.02)
F	Return on capital employed <sup>4</sup> (in %)	(-272)	(-192.41)	(-45.52)
1	Working capital represents Current assets less Current liabilities including Interest accrued on loans.			
2	Net worth represents Capital reserves and Other reserves and Surplus less Accumulated deficit.			
3	Capital employed represents Net fixed assets and Working capital			
4	Return on Capital employed represents percentage of Net surplus/deficit (before appropriation) to Capital employed.			

**2. Working Results:**

The working results of the Port Trust for the three years ending 31 March 2016 are summarized below:

(Rs. in crores)				
	PARTICULARS	2013-14	2014-15	2015-16
A	<b>Revenue</b>			
(i)	Operating income	362.54	385.83	437.25
(ii)	Non-operating income	96.04	61.19	73.10
	<b>Total</b>	<b>458.58</b>	<b>447.02</b>	<b>510.35</b>
B	<b>Expenditure</b>			
(i)	Operating expenditure	382.78	366.27	366.35
(ii)	Non-operating expenditure	183.69	152.79	184.52
	<b>Total</b>	<b>566.47</b>	<b>519.06</b>	<b>550.87</b>
C	Net surplus/deficit before appropriation	(-)107.89	(-)72.04	(-)40.52
D	Less: Appropriations / add: transfers (net)	0	0	0
E	Surplus/deficit transferred to Revenue reserve	(-)107.89	(-)72.04	(-)40.52
F	Percentage of Net surplus/deficit to:			
(i)	Operating income	(-)29.75	(-) 18.67	(-)9.27
(ii)	Net fixed assets	(-)25.55	(-)16.92	(-)9.55
(iii)	Net worth	(-)37.77	(-)19.90	(-)10.14

**3. Ratio Analysis:**

Some important ratios on liquidity and solvency of the Port Trust are shown below:

- Ratio of current assets to current liabilities was 0.46, 0.45 and 0.39 during 2013-14, 2014-15 and 2015-16 respectively.
- Ratio of quick assets to current liabilities was 0.38, 0.39 and 0.31 during 2013-14, 2014-15 and 2015-16 respectively.
- Percentage of Sundry Debtors to operating income was 31.01, 36.53 and 30.59 during 2013-14, 2014-15 and 2015-16 respectively.
- Capital Debt to Capital Reserves & General Reserves ratio was 2.84, 2.72 and 2.60 during the years 2013-14, 2014-15 and 2015-16 respectively.

S/d-  
**Deputy Director**



**AN ISO 9001 : 2008 & ISPS COMPLIANT PORT**

Willingdon Island, Cochin - 682 009

**AUDIT REPORT  
WITH  
ACTION TAKEN NOTES  
FOR**

**2015 - 2016**



# ACTION TAKEN NOTES ON THE COMMENTS ON ACCOUNTS RAISED IN THE SEPARATE AUDIT REPORT OF COCHIN PORT TRUST FOR THE YEAR ENDED 31-03-2016

## A. BALANCE SHEET

### (i) APPLICATION OF FUNDS

**Current Assets, Loans and Advances : Rs. 331.32 Crore**

**Sundry Debtors (Schedule V) : Rs. 133.75 Crore**

**The above is understated by Rs. 4.82 crore being the due from M/s. Petronet LNG Limited which has been included as a negative balance under Current Liabilities. This has resulted in understatement of Current Liabilities also by the same amount.**

- *The short remittance of disputed lease rent amounting to Rs. 4.81 crores wrongly shown in Deposit account grouped under current liabilities has been rectified during 2016-17 by transferring to Sundry Debtors.*

### (ii) Source of Fund

**Current Liabilities & Provisions (Schedule VIII): Rs. 602.07 crore**

**The liability on account of pension and gratuity contribution of existing employees and pensioners as per Actuarial valuation worked out to Rs. 2,703.22 crore. However, the contribution made was Rs. 107.73 crore as on 31st March 2016 leaving a shortfall of Rs. 2,595.49 crore. This has resulted in understatement of Current Liabilities & Provisions and consequent understatement of Loss by Rs. 2,595.49 crore.**

- *The current financial position of Cochin Port is not favourable to make huge provisions based on Actuarial Valuation of Pension & Gratuity, which will result in huge loss and may also render Cochin Port Trust ineligible for Government Grants and in raising funds from financial institutions.*

## B. Profit & Loss Account

### Expenditure

**Management and General Administration – Rs. 111.28 crore**

- (i) The Port had neither discharged its liability nor created any provision towards payment of arrears due to wage revision to retired Class III and IV employees. This has resulted in understatement of Management and General Administration expenditure and Current Liabilities and Provisions by Rs. 28.76 crore. Consequently, loss is understated by the same extent.
  - *The liability towards arrears of pension/family pension and pension commutation due to wage revision is the liability of the Pension Fund Trust and hence not provided in the books of the Port.*
- (ii) Provision was not made for expenses on Arms and Ammunitions and Clothing payable to CISF amounting to Rs.1.61 crore. Consequently, loss is understated by Rs. 1.61 crore and Current Liabilities and Provisions understated to the same extent.
  - *The invoices towards cost of Arms and Ammunitions and Clothing were pending for payment to CISF and not provided for in the books of Accounts due to reasons as explained below :*



## Annual Accounts and Audit Report

SL No	Nature of Expense	Amount (Rs)
1	Arms & Ammunition 2012-13	61,39,296
2	Arms & Ammunition 2013-14	20,07,108
3	Arms & Ammunition 2014-15	10,46,069
4	Clothing Bill for 2013-14	34,34,827
5	Clothing Bill for 2014-15	34,76,018

Even though CISF had submitted the bills for clothing, arms and Ammunition, CoPT had intimated CISF to re work the claim on the basis of strength of contingents attached to different entities and to claim bills directly from the concerned entities and to submit invoice for CISF deployment in CoPT alone. However CISF informed that the unit wise bill will not be possible as the strength of CISF is functioning as one unit. Finally, they submitted a statement showing the unit wise break up on 10.03.2016 after which there were several discussions between the Port and the CISF. It was in May 2016 when the final payment to be made to CISF in this regard was finalised and approved by the concerned authority. By that time, the Annual Accounts for the year 2015-16 was already finalised and hence, provision could not be created. Against the total claim of Rs 1.61 crores, CoPT paid an amount of Rs 0.79 crores in May 2016 being the proportionate share of CoPT.

### C. General

**The Port has neither carried out Actuarial Valuation nor provided liability towards Leave Encashment of its employees in the accounts for the year 2015-16.**

- *Annual Accounts of Port Trust are prepared based on the recommendations given in the Billimoria Report which neither specifies the need for Actuarial Valuation of EL Encashment nor providing liability towards the same. Hence, Port does not follow the practice of taking Actuarial Valuation of EL Encashment of employees.*

### D. Grants-in-Aid

**Opening Balance of grant as on 01 April 2015 was Rs. 14.77 crore. Grant in aid received by the port during 2015-16 was Rs. 24.25 crore of which a sum of Rs. 3.24 crore was received during March 2016. A sum of Rs. 21.30 crore was expended during the year 2015-16. A sum of Rs. 17.72 crore remained towards unutilized grant as on 31 March 2016.**

- *Factual.*

### E. Effect of Audit

**The net impact of the above comments was that assets are understated by Rs. 4.82 crore, liabilities understated by Rs. 2,630.68 crore and net loss understated by Rs. 2,625.86 crore.**

- *The effect of audit as mentioned is subject to the remarks offered against the audit points.*

### F. Management Letter

**Deficiencies which have not been included in the Audit Report is brought to the notice of the Chairman, Cochin Port Trust, through a Management Letter to be issued separately for remedial / corrective action.**

- *The points in the Management Letter are noted and clarifications/corrective action proposed to be taken during 2016-17 is described in the reply to Management Letter submitted to Audit.*





## Annual Accounts and Audit Report

### ANNEXURE I

#### Internal Audit and Internal Control

##### 1) Adequacy of Internal Audit

**Internal Audit of the Port for the year 2015-16 was done by a firm of Chartered Accountants. Following deficiencies were noticed with regard to the system.**

- **The Internal Audit Report was not made available during the course of audit.**

*Internal Audit for the year 2015-16 was conducted by M/s Varma & Varma Chartered Accountants in two terms- (a) April to November 2015, and (b) December 2015 to March 2016. The Draft Audit report for the first term was issued by the Internal Auditors on time for which CoPT had furnished the replies and taken corrective steps. It was furnished to C&AG Audit during the course of Accounts Audit. Final Audit Report for the first term was not issued by the Internal Auditors since it was mutually decided to issue a single consolidated Internal Audit Report for the year 2015-16 to avoid repetition of similar audit observations.*

*The Draft Internal Audit Report for 2nd term was issued during the course of Accounts Audit by C&AG which was immediately furnished to C&AG. Subsequently, CoPT has furnished the replies to the draft Audit Report for the 2nd Term. The final consolidated report for the year 2015-16 is awaited which will be issued immediately and placed before the next Board Meeting. However, necessary corrective measures were taken as recommended in the draft audit report.*

*As suggested by the Resident Audit Officer, it was mutually decided by CoPT and the internal auditors to conduct the Internal Audit on half yearly basis from 2016-17 onwards and to issue the Audit Reports on half yearly basis which will be placed before the Board in the subsequent Board meeting.*

- **The Port does not have an internal audit manual.**

*A detailed scope of audit was issued to the Internal Auditors as part of the Terms of Engagement. M/s Varma & Varma, Chartered Accountants being a well established audit firm having vast experience and expertise, have their own internal audit plan for the port and as per the terms of engagement, they have covered all the departments of the port at least once in a year.*

##### 2) Adequacy of Internal Control System:

**The following weaknesses in internal control system were observed:**

- **Chartered Accountants were engaged from time to time to conduct Special Audit of the revenue receipts of India Gateway Terminal Private Limited (IGTPL), the concessionaire for International Container Transshipment Terminal at Vallarpadam, as a permanent monitoring measure to ensure accuracy of royalty paid/ payable by IGTPL to CoPT as per the License Agreement between the two parties. As per Terms of Reference, the firm was required to conduct and complete the audit within 30 days after the completion of a quarter of a financial year. However, Port failed to ensure timely completion of the Special Audit for the year 2014-15 and obtain the Audit Report. Copy of the Audited Annual Accounts of IGTPL for the year 2014-15 was also not furnished to Audit, for verification of the figures accounted by IGTPL. As such, the purpose of conducting Special Audit as a permanent monitoring measure to ensure accuracy of royalty paid/ payable by IGTPL to CoPT as per the License Agreement stands unfulfilled and accuracy of royalty paid / payable by IGTPL could not be vouched.**

*The special revenue Audit is usually carried out after the Audited Accounts of IGTPL are approved by its Board of Directors which usually falls by the end of July or August every year. Upon getting intimation from IGTPL that the Accounts are approved by the Board, Port informs M/s Varma & Varma, Chartered Accountants to*



## Annual Accounts and Audit Report

carry out the Special Revenue Audit. Thereafter they usually conduct the Special Revenue Audit in October/ November and the report is issued in December. The port then verifies the draft report and queries if any are clarified by the Auditors and then the final report is issued.

In 2014-15, as in earlier years, the draft report was issued by the Chartered Accountants in December, 2015. However, since M/s IGTPPL started extending concessions on Terminal handling charges to specified shipping lines for selected routes/businesses, extending free days for storage of containers etc. it was decided that in addition to the Revenue Audit, a special audit needs to be conducted to ensure that the concessions extended by M/s IGTPPL are properly accounted for in the accounts during the year 2014-15. This was done to assess the financial implication of extending the concession on the port and to ensure the accuracy of royalty received, in addition to the usual areas covered in Special Revenue Audit. Based on the intimations submitted by IGTPPL at the time of extending the concessions, the port prepared the list of concessions and forwarded to the Auditors for assessing the actual income as per the Scale of Rates, shareable income after extending these concessions and reduction in revenue share on account of concession granted. Since the cargo throughput in ICTT has increased considerably in 2015-16 and 2016-17, any modification in the system followed by IGTPPL also needs to be ascertained to assess the impact of concession granted. Being a special assignment not carried out in earlier years, it took time for completing the Revenue Audit. No serious discrepancies have been reported by the audit during the previous years. The draft observations on the revenue audit and special audit were further forwarded by the Auditors to the port and M/s IGTPPL and the discussion of the draft report is in final stage and thereafter the final report will be issued by the Auditors.

The Port is intending to take further steps to streamline the reporting of concession by M/s IGTPPL based on the report. With these efforts, there will be no delay in completion of audit in future. The Special Audit Report on Revenue Receipts from M/s IGTPPL for the year 2014-15 will be submitted in the next Board Meeting.

- **The Port has 1158 Customer Accounts. However, confirmation of balances was received from 23 customers only. Out of these 23, balances of 6 customers showed differences but the reconciliation of balances was done only in 3 cases. The system, thus, needs to be streamlined.**

Efforts were made in order to obtain balance confirmation from major customers having regular transaction via email. However, our effort in the past shows that even if we insist for confirmation from parties, many of them would not furnish the same. Efforts would be made to get confirmation from customers having balance above 10 lakhs from next year onwards.

### 3) System of Physical Verification of Inventories

- **Physical verification of inventories as of 31.03.2016 was carried out by the Port. There was a difference of Rs. 0.21 crore in the value of Stores and Materials as per Priced Stores Ledgers as compared to the value stated in Accounts, which required reconciliation.**

This is because the inventory as per accounts includes inventory in main stores and sub stores of the port. However, priced Stores Ledger as made available to audit shows only the main store balances. Subsequently, the Port furnished the detailed report of both the main store as well as the sub-store.

### 4) System of Physical Verification of Fixed Asset

- **Physical verification of Fixed Assets is done every year and a Verification Report is prepared. However, in the Final Physical Verification Report for the year 2015-16 only quantity of Assets were recorded and location of assets was not mentioned. Even though, location was mentioned in the Department wise Verification Report called 'Register of Tools and Plants (T&P), individual items cannot be traced / located in the Final Verification Report in the absence of 'Unique Asset Code'. Hence, Physical Verification Report could not be checked with reference to the Assets accounts in SAP – ERP/ Ledger.**



## Annual Accounts and Audit Report



*The Fixed Asset Register generated from SAP comprise of plan and non plan capital expenditure of the Port. Each such expenditure is initially accounted in their respective Work Break System (WBS) element from where it is transferred to Capital Work In Progress account. When the asset is put to use/commissioned, the expenditure is capitalised and transferred to Fixed Assets Account. Capitalised assets are given an 8-digit system generated unique asset code. The location of each asset are also recorded in the Master data.*

*The fixed asset register does not include those assets having low value like furniture & fixtures, tools etc which are charged to revenue. Hence, such assets do not have system generated unique asset code. However, they are included in the department wise register of fixed assets furnished by each department for physical verification and are given separate identification numbers. As a result, physical verification report cannot be checked with reference to the Fixed Asset Register in SAP.*

### **5) Regularity in payment of Statutory dues:**

- **The Port is paying statutory dues such as General Provident Fund, Income Tax and Employees State Insurance Contribution regularly within due dates.**

*Factual*

## ANNEXURE II

**REVIEW OF ACCOUNTS OF COCHIN PORT TRUST FOR THE YEAR ENDED 31 MARCH 2016 BY THE  
COMPTROLLER & AUDIT GENERAL OF INDIA**

*Note: The review of accounts has been prepared without taking into account the audit observations / comments contained in the Audit Report of the Comptroller and Auditor General of India*

**1. Financial Position**

The following table summarises the financial position of the Port Trust at the end of each of the three years ending 31st March 2014, 2015 and 2016.

					(Rs. In Crores)	
	PARTICULARS	2013-14	2014-15	2015-16		
<b>A</b>	<b>LIABILITIES</b>					
(i)	Capital reserves	84.84	84.84	84.84		
(ii)	Other reserves	36.24	32.00	34.89		
(iii)	Borrowings - Capital debts, Loan from Govt.	258.14	258.14	258.14		
	Other loans	31.91	19.41	6.92		
(iv)	Current liabilities and Provisions	708.65	835.96	844.44		
(v)	Other liabilities	59.08	57.38	56.94		
	<b>Total</b>	<b>1,178.86</b>	<b>1,287.73</b>	<b>1,286.17</b>		
<b>B</b>	<b>ASSETS</b>					
(i)	Fixed Assets	641.22	663.59	682.06		
(ii)	Less: Depreciation	(218.92)	(237.91)	(257.96)		
(iii)	Net fixed assets	422.30	425.68	424.10		
(iv)	Capital work in progress	23.67	10.28	11.30		
(v)	Investments	0.15	0.15	0.15		
(vi)	Current assets, Loans & advances	326	372.84	331.32		
(vii)	Accumulated deficit	406.74	478.78	519.30		
	<b>Total</b>	<b>1,178.86</b>	<b>1,287.73</b>	<b>1,286.17</b>		
C	Working capital <sup>1</sup>	(-382.65)	(-463.12)	(-513.12)	Factual	
D	Net worth <sup>2</sup>	(-285.65)	(-361.94)	(-399.57)		
E	Capital employed <sup>3</sup>	39.65	(-37.44)	(-89.02)		
F	Return on capital employed <sup>4</sup> (in %)	(-272)	(-192.41)	(-45.52)		
1	Working capital represents Current assets less Current liabilities including Interest accrued on loans.					
2	Net worth represents Capital reserves and Other reserves and Surplus less Accumulated deficit.					
3	Capital employed represents net Fixed assets and Working capital					
4	Return on Capital employed represents percentage of Net surplus/ deficit (before appropriation) to Capital employed.					

## 2. Working Results:

The working results of the Port Trust for the three years ending 31 March 2016 are summarized below:

					(Rs. in Crores)
	PARTICULARS	2013-14	2014-15	2015-16	
A	Revenue				Factual
(i)	Operating income	362.54	385.83	437.25	
(ii)	Non-operating income	96.04	61.19	73.10	
	<b>Total</b>	<b>458.58</b>	<b>447.02</b>	<b>510.35</b>	
B	Expenditure				
(i)	Operating expenditure	382.78	366.27	366.35	
(ii)	Non-operating expenditure	183.69	152.79	184.52	
	<b>Total</b>	<b>566.47</b>	<b>519.06</b>	<b>550.87</b>	
C	Net surplus/deficit before appropriation	(-107.89)	(-72.04)	(-40.52)	
D	Less: Appropriations/add: transfers(net)	0	0	0	
E	Surplus/deficit transferred to revenue Reserve	(-107.89)	(-72.04)	(-40.52)	
F	Percentage of Net surplus/deficit to:				
(i)	Operating income	(-)29.75	(-) 18.67	(-)9.27	
(ii)	Net fixed assets	(-)25.55	(-)16.92	(-)9.55	
(iii)	Net worth	(-)37.77	(-)19.90	(-)10.14	

## 3. Ratio Analysis:

Some important ratios on liquidity and solvency of the Port Trust are shown below:

<ul style="list-style-type: none"> <li>Ratio of current assets to current liabilities was 0.46, 0.45 and 0.39 during 2013-14, 2014-15 and 2015-16 respectively.</li> </ul>	Factual
<ul style="list-style-type: none"> <li>Ratio of quick assets to current liabilities was 0.38, 0.39 and 0.31 during 2013-14, 2014-15 and 2015-16 respectively.</li> </ul>	
<ul style="list-style-type: none"> <li>Percentage of Sundry Debtors to operating income was 31.01, 36.53 and 30.59 during 2013-14, 2014-15 and 2015-16 respectively.</li> </ul>	
<ul style="list-style-type: none"> <li>Capital Debt to Capital Reserves &amp; General Reserves ratio was 2.84, 2.72 and 2.60 during the years 2013-14, 2014-15 and 2015-16 respectively.</li> </ul>	

Sd/-

FINANCIAL ADVISER & CHIEF ACCOUNTS OFFICER

