



AN ISO 9001:2015 & ISPS COMPLIANT PORT

COCHIN PORT TRUST

Willingdon Island, Cochin-682009

ANNUAL ACCOUNTS AND AUDIT REPORT THEREON FOR 2018-19

**WITH ACTION TAKEN NOTES ON AUDIT
OBJECTIONS/ OBSERVATIONS CONTAINED IN
THE REPORT FOR THE YEAR 2018-19**



AN ISO 9001:2015 & ISPS COMPLIANT PORT

COCHIN PORT TRUST

Willingdon Island, Cochin-682009

ANNUAL ACCOUNTS

2018-19

COCHIN PORT TRUST

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COCHIN PORT TRUST
BALANCE SHEET AS AT 31ST MARCH 2019

PARTICULARS		SCH	2018-19		2017-18	
			₹	₹	₹	₹
I	<u>SOURCE OF FUNDS</u>					
	RESERVES & SURPLUS	I				
	a Capital Reserve		84,84,07,574		84,84,07,574	
	b Funds		63,83,013	85,47,90,587	54,21,299	85,38,28,873
	c Statutory Reserves			16,72,81,794		16,72,81,794
	d Grants-in- aid			25,84,81,066		5,69,54,035
	LOAN FUNDS	II				
	a Government Loans		5,02,67,62,290		5,58,52,91,433	
	b Unsecured Loans		2,48,75,272	5,05,16,37,562	2,79,21,057	5,61,32,12,490
	Total			6,33,21,91,008		6,69,12,77,192
	COCHIN FISHERIES HARBOUR	IX		11,86,366		11,86,366
	GRAND TOTAL			6,33,33,77,374		6,69,24,63,558
II	<u>APPLICATION OF FUNDS</u>					
	FIXED/CAPITAL ASSETS	III				
	Gross Block		6,88,71,12,299		6,85,01,90,470	
	Less:Provision for Depreciation		3,02,33,71,954		2,83,75,27,804	
	Net Block			3,86,37,40,345		4,01,26,62,666
	Capital Work-in-Progress			20,54,03,844		24,58,73,181
	INVESTMENTS	IV		15,00,000		15,00,000
	CURRENT ASSETS, LOANS AND ADVANCES					
	a <u>Current Assets:</u>					
	i Interest accrued		4,11,91,387		3,32,77,397	
	ii Inventories		86,73,328		97,47,664	
	iii Sundry Debtors	V	1,38,10,90,200		1,47,36,76,883	
	iv Cash & Bank Balances	VI	2,35,41,97,396		2,11,88,92,585	
	b Loans & Advances	VII	81,56,61,603		80,23,50,796	
	Total		4,60,08,13,914		4,43,79,45,324	
	Less:Current Liabilities & Provisions	VIII	7,47,66,53,342		7,33,59,34,632	
	NET CURRENT ASSETS			-2,87,58,39,428		-2,89,79,89,308
	c Profit & Loss account (Accumulated loss)			5,13,73,86,247		5,32,92,30,653
	TOTAL			6,33,21,91,008		6,69,12,77,192
	COCHIN FISHERIES HARBOUR	IX		11,86,366		11,86,366
	GRAND TOTAL			6,33,33,77,374		6,69,24,63,558

Sd/-
**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

Sd/-
CHAIRMAN

COCHIN PORT TRUST

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2019

	SUB SCH	2018-19 ₹	2017-18 ₹
<u>INCOME</u>			
Cargo Handling & Storage charges	E	2,29,58,57,747	1,99,70,95,790
Port & Dock charges (including Pilotage fees)	F	2,47,59,33,425	2,21,63,02,337
Railway earnings	G	0	0
Estate Rentals	H	1,08,33,40,908	1,05,45,47,929
Total		5,85,51,32,081	5,26,79,46,056
<u>LESS EXPENDITURE:</u>			
Cargo handling and storage	I	56,10,46,521	55,07,87,379
Port & Dock facilities for Shipping (including Pilotage)	J	1,69,75,67,012	1,74,53,90,002
Railway workings	K	0	0
Rentable lands and buildings	L	24,96,42,092	23,22,15,018
Management & General Administration (not directly attributed to particular activity)	M	1,23,84,53,478	1,14,37,87,999
Total		3,74,67,09,103	3,67,21,80,398
Operating Profit (+) / Loss (-)		2,10,84,22,978	1,59,57,65,658
Add: Finance & Misc. Income	N	46,60,81,151	51,14,89,391
Total		2,57,45,04,129	2,10,72,55,049
Less: Finance & Misc. Expenditure	O	2,38,26,59,723	1,97,17,83,311
Profit before Tax		19,18,44,406	13,54,71,738
Less: Provision for taxation			
Profit after Tax		19,18,44,406	13,54,71,738
<u>Less : Appropriations</u>			
Capital Reserve		0	0
Total			
Balance transferred to Revenue Reserve		19,18,44,406	13,54,71,738
<u>COCHIN FISHERIES HARBOUR</u>	P		
Income		3,79,53,088	3,98,25,114
Expenditure		3,84,10,243	3,23,33,116
Surplus (+) / Deficit (-)		-4,57,154	74,91,998

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**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

COCHIN PORT TRUST
SCHEDULES TO BALANCE SHEET AS AT 31.03.2019

PARTICULARS	SCH	SUB SCH	2018-19	2017-18
			₹	₹
<u>RESERVES & SURPLUS</u>	I	A&B		
Capital Reserve			84,84,07,574	84,84,07,574
CPE (HBA) Family Benefit Fund			36,35,358	30,86,183
Employees' Welfare Fund			25,85,541	22,12,626
Family Security Fund			1,62,114	1,22,490
Total			85,47,90,587	85,38,28,873
<u>STATUTORY RESERVES</u>	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
Total			16,72,81,794	16,72,81,794
<u>GRANTS- IN-AID</u>	I	C		
Grant-in-aid under ASIDE Scheme			-7,53,81,316	-3,11,40,617
Grant-in-aid for Development of Walkway and Parking Facilities			1,10,28,679	74,63,411
Grant in Aid for Creation of Additional tourism facility-Walkway			2,36,98,274	0
Grant in Aid for Construction of a Subway /Flyover in front of International Container Transshipment Terminal(ICTT)			3,27,91,055	-1,39,29,019
Grant-Rail Over Bridge			13,26,31,922	-5,31,61,245
Grant in Aid under R&D Schemes "Studies on Siltation and Optimal ameliorative measures"			-10,10,380	13,40,419
Grant in Aid for Refurbishment & Capacity enhancement of Coastal Liquid Terminal in Cochin Port			0	-1,35,93,140
Grant in Aid for Procurement Of Pollution Responses(PR) equipment / materials			62,74,018	63,74,188
Grant in Aid - Implementation of projects under IPDS			-22,15,032	59,018
Grant in Aid-Upgradation of berth and backup area of Ekm. Wharf			4,59,20,573	4,17,17,000
Grant in Aid for Developing infrastructure for cruise terminal(Samudrika)			61,36,545	0
Total			17,98,74,338	-5,48,69,985
Less: Excess amount spent over Grant-in-Aid - receivable from Ministry disclosed under Current Assets			-7,86,06,728	-11,18,24,020
Total Grant			25,84,81,066	5,69,54,035
<u>LOAN FUNDS</u>				
<u>A. LOAN FROM GOVERNMENT</u>	II			
Principal amount of Loan			2,32,32,87,400	2,58,14,30,444
Add:- Interest Accrued			2,54,56,87,478	2,82,85,41,642
Add:- Penal Interest Accrued			15,77,87,412	17,53,19,347
Closing Balance			5,02,67,62,290	5,58,52,91,433
<u>B. UNSECURED LOANS</u>	II			
(a) Other Source Loan				
Principal amount of Loan			29,91,508	66,39,257
Add:- Interest Accrued			2,18,83,764	2,12,81,800
Closing Balance			2,48,75,272	2,79,21,057

Sd/-
**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

COCHIN PORT TRUST

SCHEDULES TO BALANCE SHEET AS AT 31.03.2019

PARTICULARS	SCH	SUB SCH	2018-19	2017-18
			₹	₹
<u>INVESTMENTS</u>	IV			
Investment in shares			15,00,000	15,00,000
Total			15,00,000	15,00,000
<u>SUNDRY DEBTORS</u>	V			
Government Dues - Less than 6 months			11,63,78,290	10,74,72,785
- More than 6 month			68,99,43,170	75,39,14,069
Non Government Dues - Less than 6 months			9,79,79,546	8,58,22,229
- More than 6 month			56,72,08,768	62,71,57,455
			1,47,15,09,774	1,57,43,66,538
Less: Provision for doubtful debts			9,04,19,573	10,06,89,655
Total			1,38,10,90,200	1,47,36,76,883
<u>CASH & BANK BALANCES</u>	VI	D		
Cash on Hand			14,196	6,146
Bank Balance :				
Current Accounts			13,62,85,696	17,12,69,984
Fixed Deposits			2,21,76,32,520	1,94,73,91,982
Cash Card			2,64,985	2,24,473
Total			2,35,41,97,396	2,11,88,92,585
<u>LOANS AND ADVANCES (Recoverable in Cash or in kind or for Value to be Received)</u>	VII			
Payment in Advance and Debit Balance			70,99,43,940	66,61,12,888
Deposits			2,71,10,934	2,44,13,887
Add: Excess amount spent over Grant-in-Aid receivable from Ministry			7,86,06,728	11,18,24,020
Total			81,56,61,603	80,23,50,796
<u>CURRENT LIABILITIES & PROVISIONS</u>	VIII			
<u>Current Liabilities</u>				
General Provident Fund			64,88,53,302	60,94,75,132
Salaries & Wages payable			50,37,43,181	32,54,46,911
ESI contribution Payable			0	1,86,611
EPF contribution Payable			6,03,185	6,09,781
Accrued expenses			2,34,13,00,735	2,32,81,93,333
Misc. Creditors & Credit Balance			1,87,85,76,185	2,01,71,66,597
Deposits from Merchants, Contractors & Others			2,10,35,76,754	2,05,48,56,267
Total			7,47,66,53,342	7,33,59,34,632

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COCHIN PORT TRUST
CAPITAL ASSET REGISTER AS ON 31.03.2019

SCHEDULE III

(Amount in ₹)

Sl No.	Assets	GROSS BLOCK				PROVISION FOR DEPRECIATION				NET BLOCK	
		As on 01-04-2018	Additions	Deletions	As on 31-03-2019	As on 01-04-2018	On Deletions	During the year	Total as on 31-03-2019	As on 31-03-2019	As on 01-04-2018
1	Land	51,49,16,218	0	0	51,49,16,218	0	0	0	0	51,49,16,218	51,49,16,218
2	Capital Dredging	84,42,64,556	0	3,02,683	84,39,61,873	17,39,20,295	72,630	84,56,966	18,23,04,631	66,16,57,242	67,03,44,261
3	Buildings,Sheds and other structures	73,02,97,573	1,77,19,520	3,88,000	74,76,29,092	33,50,11,623	1,93,947	2,39,40,808	35,87,58,484	38,88,70,609	39,52,85,949
4	Wharves,Roads and Boundaries	1,84,26,78,679	32,76,708	0	1,84,59,55,387	51,74,20,900	0	4,00,66,269	55,74,87,169	1,28,84,68,218	1,32,52,57,778
5	Floating Crafts	1,47,26,09,426	0	98,56,226	1,46,27,53,200	98,50,57,361	98,56,225	4,45,13,801	1,01,97,14,937	44,30,38,263	48,75,52,064
6	Docks, Sea Walls etc	18,18,56,439	0	0	18,18,56,439	15,43,18,242	0	1,10,68,973	16,53,87,216	1,64,69,223	2,75,38,197
7	Cranes & Vehicles	17,05,46,298	29,51,792	0	17,34,98,090	10,33,65,998	0	1,58,63,056	11,92,29,054	5,42,69,036	6,71,80,297
8	Plant and Machinery	38,15,44,629	0	0	38,15,44,629	20,77,54,839	0	2,39,71,689	23,17,26,529	14,98,18,100	17,37,89,790
9	Installations for water, electricity, Fire fighting & Telecommunication	66,32,48,779	2,44,01,323	9,55,620	68,66,94,482	31,58,31,009	2,25,876	2,78,60,573	34,34,65,706	34,32,28,776	34,74,17,769
10	Oil Pipeline Installations	3,83,25,308	0	0	3,83,25,308	3,75,80,638	0	46,541	3,76,27,179	6,98,129	7,44,671
11	Miscellaneous Assets	99,02,563	75,019	0	99,77,582	72,66,893	0	4,04,157	76,71,050	23,06,532	26,35,672
	TOTAL	6,85,01,90,465	4,84,24,362	1,15,02,529	6,88,71,12,299	2,83,75,27,798	1,03,48,678	19,61,92,833	3,02,33,71,954	3,86,37,40,345	4,01,26,62,665
	Capital Work in Progress	24,58,73,181	5,35,66,541	9,40,35,877	20,54,03,844	0	0	0	0	20,54,03,844	24,58,73,181
	GRAND TOTAL	7,09,60,63,646	10,19,90,903	10,55,38,406	7,09,25,16,143	2,83,75,27,798	1,03,48,678	19,61,92,833	3,02,33,71,954	4,06,91,44,189	4,25,85,35,846

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FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER

SUB SCHEDULE - A

COCHIN PORT TRUST

CAPITAL RESERVE

PARTICULARS	₹
Opening Balance as on 1.4.2018	84,84,07,574
Closing Balance as on 31.3.2019	84,84,07,574

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SUB SCHEDULE - B

COCHIN PORT TRUST

DETAILS OF FUNDS & STATUTORY RESERVES

G/L CODE	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
	110102 ₹	110101 ₹	110100 ₹	110201 ₹	110200 ₹
Balance as on 1 st April 2018	1,22,490	22,12,626	30,86,183	6,88,95,897	9,83,85,897
<u>Add:</u> Contribution from GRF	8,00,000	7,00,000	51,800		
Contribution from employees	1,94,625	0	1,05,542		
Accident claim from Insurance Co.	0	0	3,75,000		
Interest on investments	0	0	1,68,379		
Total	11,17,115	29,12,626	37,86,904	6,88,95,897	9,83,85,897
<u>Less:</u> Expenditure / Adjustments from Fund	9,55,001	3,27,085	1,51,546		
Balance as at 31st March 2019	1,62,114	25,85,541	36,35,358	6,88,95,897	9,83,85,897

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CHIEF ACCOUNTS OFFICER

COCHIN PORT TRUST
GRANT-IN-AID

Sl. No.	Name of work	GL	Amount sanctioned	Prior to 2013-14	Grant Received								Prior to 2013-14	Expenditure incurred								Balance
					2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Interest accrued	Total		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Interest repaid	Total	
1	ASIDE grant for Barge Berth	110004	15.00	-	7.50	-	-	0.88	-	-	1.40	9.78	-	-	-	-	6.99	6.59	4.42	-	18.00	-8.22
2	ASIDE grant for CFS	110004	8.08	-	2.02	-	2.02	-	-	-	0.07	4.11	-	0.40	2.92	0.40	-0.31	-	-	-	3.41	0.70
3	Development of Walkway (Phase I, II, III)	110005	9.01	0.12	1.12	-	-	4.75	0.05	2.70	0.34	9.08	0.21	0.84	0.01	0.31	0.23	3.69	2.69	-	7.98	1.10
4	Creation of Additional tourism facility-Walkway	110017	4.66	-	-	-	-	-	-	2.33	0.04	2.37	-	-	-	-	-	-	-	-	-	2.37
5	Subway-Vallarpadam	110007	30.00	-	-	10.00	-	8.45	8.31	3.00	0.98	30.74	-	-	0.53	10.68	9.54	6.18	0.53	-	27.46	3.28
6	Rail Over Bridge-Vallarpadam	110015	409.83	373.22	-	-	-	-	5.00	31.61	0.88	410.71	360.34	0.11	3.30	7.67	7.76	5.58	12.69	-	397.45	13.26
7	R&D Studies on Siltation	110008	5.37	-	-	1.25	2.00	-	2.11	-	0.24	5.60	-	-	0.48	0.48	3.36	1.15	0.23	-	5.70	-0.10
8	Refurbishment of Coastal Liquid Terminal	110010	14.96	-	-	-	7.48	5.29	-	1.68	0.54	14.99	-	-	-	0.13	8.14	5.86	0.32	0.54	14.99	0.00
9	Procurement of Pollution Response Equipment	110011	5.23	-	-	-	2.61	-	-	-	0.36	2.97	-	-	-	-	-	1.98	0.01	0.36	2.35	0.62
10	IPDS	110012	3.26	-	-	-	-	0.32	-	0.48	-	0.80	-	-	-	-	-	0.32	0.70	-	1.02	-0.22
11	Swachh Bharat	110013	2.00	-	-	-	-	2.61	2.00	2.00	0.29	6.90	-	-	-	-	-	4.61	2.00	0.29	6.90	-
12	Upgradation of berth and backup area of Ekm. Wharf (Cruise Terminal at Ekm Wharf)	110014	21.41	-	-	-	-	4.33	-	6.37	0.47	11.17	-	-	-	-	-	0.16	6.42	-	6.58	4.59
13	Developing infrastructure for cruise terminal (Samudrika)	110016	1.21	-	-	-	-	-	-	0.60	0.01	0.61	-	-	-	-	-	-	-	-	-	0.61
	Total		530.02	373.34	10.64	11.25	14.11	26.63	17.47	50.77	5.62	509.83	360.55	1.35	7.24	19.67	35.71	36.12	30.01	1.19	491.84	17.99

Sd/-
FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER

SUB SCHEDULE - D

COCHIN PORT TRUST

BALANCE AT BANKS AND CASH ON HAND AS ON 31.03.2019

PARTICULARS		₹
Cash on hand		14,196
Cash Card		2,64,985
Current Account with Nationalised and Scheduled Banks		13,62,85,696
Fixed Deposits with Banks:		
General Reserve Fund	59,57,00,000	
Deposit Works	75,79,69,520	
Grants	24,91,63,000	
Total Deposits		1,60,28,32,520
General Provident Fund		61,22,00,000
HBA FBF Investments		26,00,000
TOTAL		2,35,41,97,396
Balance with Scheduled Banks		2,35,41,83,200
Balance with Non Scheduled Banks		NIL

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CHIEF ACCOUNTS OFFICER**

COCHIN PORT TRUST

FIXED DEPOSITS AS ON 31.03.2019

(Amount in ₹)

Sl. No.	Name of Fund / Investment	Long Term Investment	Short Term Investment	Total
1	R & R Fund	0	59,57,00,000	59,57,00,000
2	Deposit Works	9,97,41,071	65,82,28,449	75,79,69,520
3	Grants	0	24,91,63,000	24,91,63,000
4	HBA FBF	26,00,000	0	26,00,000
5	General Provident Fund	61,22,00,000	0	61,22,00,000

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**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

SUB - SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2019

INCOME

	2018-19	2017-18
	₹	₹
<u>SUB-SCHEDULE - E</u>		
<u>Cargo handling & Storage charges</u>		
Handling & Storages charges on general cargo	20,86,41,848	18,54,46,438
Cranage	5,79,850	11,21,056
Petroleum, Oil and lubricants handling charges	1,02,24,96,581	83,31,27,895
Demurrage on general cargo	75,22,806	70,21,488
Handling and Storage Charges on Containers	29,44,227	27,93,600
Miscellaneous charges - Cargo	1,72,82,857	2,02,60,826
Revenue share from ICTT	95,05,70,342	83,10,27,512
Waterfront Royalty- LNG Basin	8,58,19,236	11,62,96,975
Total	2,29,58,57,747	1,99,70,95,790
<u>SUB-SCHEDULE - F</u>		
<u>Port & Dock Charges</u>		
Towage and Mooring fees	19,57,33,752	17,52,92,258
Berth Hire charges	27,06,05,396	20,66,35,423
Port dues	60,64,78,897	54,72,81,614
Pilotage Fees	1,29,21,16,600	1,14,17,99,691
Water supply to shipping	1,19,72,652	1,28,70,215
Miscellaneous charges - Vessel	74,60,547	75,23,701
Income from Dredging Services	1,29,92,000	5,64,48,000
Income from Cruise Vessel	7,85,73,581	6,84,51,435
Total	2,47,59,33,425	2,21,63,02,337
<u>SUB-SCHEDULE - G</u>		
Railway earnings	0	0
<u>SUB-SCHEDULE - H</u>		
<u>Estate Rentals</u>		
Rent from land	64,42,43,522	62,23,87,495
Rent from buildings,sheds & godowns	10,59,64,782	7,77,11,640
Miscellaneous Income	31,69,63,270	32,32,71,208
Sundry Income	1,61,69,335	3,11,77,585
Total	1,08,33,40,908	1,05,45,47,929

Sd/-
**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

SUB - SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2019

EXPENDITURE

	2018-19	2017-18
	₹	₹
<u>SUB-SCHEDULE - I</u>		
<u>Cargo handling & Storage</u>		
Handling & Storage of general cargo at sheds & wharves	38,88,32,553	38,28,12,445
Handling & Storage of containers	14,75,615	11,62,312
Operation & maintenance of crane and vessels	2,27,96,066	2,16,01,074
Handling of Petroleum, Oil & Lubricants	7,04,61,011	7,22,85,622
Expenditure on general facilities at wharves & boundaries	45,82,967	44,73,732
Administration and General expenses	7,27,83,197	6,84,40,944
New Minor works	1,15,112	11,250
Total	56,10,46,521	55,07,87,379
<u>SUB-SCHEDULE - J</u>		
<u>Port & Dock facilities for shipping including Pilotage</u>		
Towing, Berthing and Mooring	17,66,07,175	19,32,37,460
Pilotage	6,38,31,451	5,60,73,863
Water supply to shipping	1,07,72,187	1,08,89,686
Fire fighting	9,36,62,208	8,97,00,171
Dredging and Marine survey	1,06,52,78,728	1,12,93,67,642
Harbour Patrol	55,69,919	55,41,116
Operation & Mtnce. of Navigational aids	3,66,03,581	3,92,63,494
Administration and general expenses	24,52,18,037	21,83,66,570
New Minor works	23,726	29,50,000
Total	1,69,75,67,012	1,74,53,90,002
<u>SUB-SCHEDULE - K</u>		
<u>Railway workings</u>		
Maintenance of station, other Buildings and structures	0	0

Sd/-
**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

SUB - SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2019

EXPENDITURE

	2018-19	2017-18
	₹	₹
<u>SUB-SCHEDULE - L</u>		
<u>Rentable land and buildings</u>		
Estate maintenance	14,11,64,480	12,51,49,863
Administration & General expenses	10,84,54,487	10,70,27,356
New Minor works	23,125	37,800
Total	24,96,42,092	23,22,15,018
<u>SUB-SCHEDULE - M</u>		
<u>Management & General Administration</u>		
Management & Secretariat expenses	34,18,38,591	31,13,87,306
Medical expenses	14,16,23,145	12,98,55,603
Stores keeping	2,03,67,049	1,82,10,490
Accounting and Auditing	29,21,20,865	24,27,13,462
Head office building & telephones	88,76,180	92,38,305
Engineering & workshop administration	15,41,28,355	15,66,77,810
Overhead and sundry expenses	27,93,90,271	27,56,98,300
New Minor works	1,09,022	6,723
Total	1,23,84,53,478	1,14,37,87,999

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GL CODE	Description	2018-19	2017-18
		₹	₹
	<u>SUB-SCHEDULE - N</u>		
	<u>Finance & Miscellaneous Income</u>		
540000	Sundry Receipts	8,77,13,696	21,62,27,167
540001	Profit/Loss on disposal of Capital Assets	1,04,99,999	65,78,668
540003	Interest receivable from IGTPPL	2,00,56,465	2,25,73,660
540004	Recovery of Insurance Claim on Capital Assets	5,55,456	0
540005	Interest Income	8,87,09,637	5,85,29,998
540007	Hire of Motor Lorry & Sundry Plants	3,05,088	93,391
540008	Charges for Project Management Services	5,49,95,704	6,28,98,346
540009	Items Relating to Previous Year	2,39,47,422	12,23,232
540010	Medical Scheme for Pensioners	70,432	68,518
540011	Medical Treatment to Non-Entitled Persons	6,16,127	4,54,365
540012	Premium for lease of land	10,78,66,068	3,17,99,872
540013	Service Exports from India Scheme (SEIS)	7,07,45,056	11,10,42,174
	Total	46,60,81,151	51,14,89,391
	<u>SUB-SCHEDULE - O</u>		
	<u>Finance & Miscellaneous Expenditure</u>		
670000	Scrap of Assets	11,53,850	3,22,626
670002	Bank Charges	4,12,253	9,27,705
670004	Prov. For Doubtful Debts	54,35,814	5,98,03,034
670005	Ex-Gratia-C.P.E. VRS	0	5,11,68,970
670006	Contribution to Employees Welfare Fund	7,00,000	7,00,000
670007	Contribution to Family Security Fund	8,00,000	8,00,000
670008	Contribution to Pension Fund Trust	2,01,67,26,552	1,53,49,50,422
670009	Expenditure Relating to Previous Years	2,14,30,284	87,60,254
670010	Contribution to CPTE HBA FBF	51,800	67,100
670012	Contribution to CPE New Pension Scheme	85,96,565	76,27,427
670014	Contribution to Gratuity Fund Trust	15,76,43,029	15,71,00,061
670018	Scrap of unserviceable Stores	0	1,193
670020	Salary Arrears Payable	10,11,65,822	13,59,00,000
670023	Interest on Electricity Deposit	28,97,257	30,90,182
670026	Interest on other source loans	6,01,964	8,63,103
670027	Expense on Feasibility and R&D Studies	6,19,38,595	76,13,989
670029	Interest -Others	0	20,87,245
670030	Contribution to Distress Relief Fund	31,05,938	0
	Total	2,38,26,59,723	1,97,17,83,311

Sd/-
**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

ADDITIONAL SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2019

OPERATING EXPENDITURE

GL CODE	Description	2018-19	2017-18
	<u>SALARIES & WAGES:</u>		
600000	Salaries & Wages (General)	18,85,69,340	17,44,24,410
600002	PLR	2,41,76,298	2,10,72,410
600003	Overtime	1,84,70,732	1,47,37,686
600004	Incentive	30,00,267	33,55,698
600005	Honararium	85,69,666	81,02,569
600006	Leave Encashment	13,71,81,704	8,49,28,632
600007	Salaries & Wages (Operational)	70,01,74,523	67,79,29,087
600008	Salaries & Wages (R&M)	40,96,03,617	42,39,59,867
600010	Leave Travel Concession	5,20,480	2,57,076
600011	Staff Amenities & Welfare Measures	35,028	39,707
600012	Employers ESI contribution	17,11,325	15,74,501
600013	Employers EPF contribution	35,98,616	37,00,174
640000	Salaries (Port Security)	2,54,76,524	2,24,76,040
650000	Salaries & Wages-Medical	9,86,94,134	8,99,37,464
	TOTAL (A)	1,61,97,82,254	1,52,64,95,322
	<u>STORES</u>		
610000	Stores-General	10,37,281	14,28,014
610001	Stores-Uniform	8,36,512	13,54,966
610002	Stores-Operational	92,77,611	94,48,647
610003	Stores-Fuel	15,34,01,012	11,79,06,565
610004	Stores (R&M)	1,00,80,468	1,07,24,780
	TOTAL (B)	17,46,32,884	14,08,62,972
	<u>OFFICE & ADMINISTRATIVE EXPENSES</u>		
620000	Consumption Stores-Stationery	5,40,802	5,31,885
620001	Books & Periodicals	7,925	5,810
620002	Travelling Expense	54,35,441	47,38,442
620004	Courier charges	1,92,391	2,28,736
620005	Licence fees & Royalty	29,39,082	30,34,323
620006	Equipment & Furniture	1,06,068	1,48,574

GL CODE	Description	2018-19	2017-18
		₹	₹
620010	Miscellaneous Expenses	86,28,289	42,67,323
620011	New Minor Works	31,57,657	33,69,938
620012	Trustees Fees	0	99,900
620013	Entertainment	5,97,237	11,65,294
620014	Training Programme	11,09,365	6,87,142
620015	Sports & Games	9,00,000	9,00,000
620016	Legal Charges	77,06,542	65,92,382
620017	Printing Charges	7,67,618	7,83,827
620018	Office Machine hire & service charges	27,903	39,883
620019	Publicity & Advertisement	45,59,566	30,64,646
620020	Audit & Accounting	49,87,887	51,28,821
620021	Rent, Rates & Taxes	11,86,987	18,61,624
620022	Telephones	14,02,472	15,68,582
620023	Subscription	2,20,151	1,34,294
620025	IPA Share Contribution	1,38,45,561	1,01,66,000
620026	Marketing expense	16,03,351	16,22,798
	TOTAL (C)	5,99,22,294	5,01,40,223
	<u>OPERATION & MAINTENANCE EXPENSES</u>		
630000	R&M arranged through Contract-Roads	62,53,185	42,01,910
630001	R&M arranged through Contract-Buildings	72,61,233	72,81,227
630002	R&M arranged through Contract-Plant & Equipments	36,66,790	37,98,331
630004	Dry Docking of Floating Crafts	9,41,79,985	1,12,47,677
630005	Special R&M arranged through Contract-Roads	79,76,894	18,21,538
630006	Special R&M arranged through Contract-Buildings	10,11,881	8,94,666
630007	Special R&M arranged thru Contract-Plant & Equipments	41,17,204	75,41,842
630008	Hire of Vehicles & Transport Charges	90,27,807	73,63,183
630009	Water Charges	4,10,08,490	3,40,59,025
630012	Electricity Charges	24,47,53,581	23,91,93,876
630013	Hire of Boats, Tugs & Launches	14,44,34,427	13,23,96,637
630015	Maintenance Dredging	86,36,35,909	1,03,18,96,072
630016	Sundry Expense	2,37,11,928	3,90,03,393
630017	Insurance	33,30,229	40,65,641
630018	Self Consumption-Electricity	1,60,14,605	2,51,90,865
	TOTAL (D)	1,47,03,84,148	1,54,99,55,884

GL CODE	Description	2018-19	2017-18
		₹	₹
	<u>SECURITY EXPENSES</u>		
640001	Hire of Boats for Patrolling	24,19,741	20,34,875
640002	I S P S	500	1,01,000
640004	CISF-Deployment Charges	17,54,17,322	15,81,08,209
640005	SEZ - Cost Recovery	40,86,314	42,47,179
640006	Private Security Charges	50,38,234	24,48,298
	TOTAL (E)	18,69,62,111	16,69,39,561
	<u>MEDICAL EXPENSES</u>		
650001	Stipend, Fees & Honorarium to Specialists	32,25,494	35,26,954
650002	Stores-Medical	2,35,99,316	1,75,42,002
650003	Provisions-Medical	6,14,418	9,39,284
650004	Hospital Equipment	64,160	51,743
650005	Medical Expenses	18,88,005	16,48,573
650006	Charges paid to Outside Hospitals	94,41,184	90,31,603
	TOTAL (F)	3,88,32,577	3,27,40,159
	<u>DEPRECIATION</u>		
	Depreciation for the year	19,49,89,623	20,39,66,327
670021	Prior Period Depreciation	12,03,210	10,79,951
	TOTAL (G)	19,61,92,833	20,50,46,278
	GRAND TOTAL (A) TO (G)	3,74,67,09,103	3,67,21,80,398

Sd/-
**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

COCHIN FISHERIES HARBOUR
BALANCE SHEET AS ON 31ST MARCH 2019

(Amount in ₹)

PARTICULARS		2018-19		2017-18	
A	<u>SOURCES OF FUNDS</u>				
	Grant in aid received from GOI	19,10,32,261		19,10,32,261	
	Less : Grant utilised	18,98,45,895	11,86,366	18,98,45,895	11,86,366
	TOTAL		11,86,366		11,86,366
B	<u>APPLICATION OF FUNDS</u>				
	Fixed Assets				
	Gross Block	18,98,45,895		18,98,45,895	
	Work in Progress	0		0	
		18,98,45,895		18,98,45,895	
	Less : Grant received	18,98,45,895	0	18,98,45,895	0
	Current Assets, Loans and Advances				
	a. Current Assets:				
	(i) Interest accrued on investments	22,53,891		17,38,880	
	(ii) Postage Stamps	351		36	
	(iii) Sundry Debtors	83,23,441		35,37,252	
	(iv) Cash & Bank Balances	3,81,12,281		3,92,02,855	
	b. Loans & Advances	<u>23,27,721</u>		<u>7,46,973</u>	
	Total	5,10,17,684		4,52,25,996	
	Less: Current Liabilities & Provisions	7,64,66,567		7,02,17,725	
	NET CURRENT ASSETS		-2,54,48,883		-2,49,91,729
	Profit & Loss Account (Accumulated Deficit)		2,66,35,249		2,61,78,095
	TOTAL		11,86,366		11,86,366

Sd/-
**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

COCHIN FISHERIES HARBOUR
INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2019

(Amount in ₹)

Amount 2017-18	Expenditure	Amount 2018-19	Amount 2017-18	Income	Amount 2018-19
2,16,90,270	Salary & Other Benefits	2,58,52,654	1,09,48,769	Toll Collection	1,07,72,245
23,26,545	Electricity Charges	22,80,361	19,00,192	Electricity Charges	20,35,002
25,27,798	Security Charges	29,51,934	64,55,423	Fish out - handling Charges	57,80,641
13,23,991	Water Charges	14,78,623	74,69,098	Lease Rent on Land	69,64,450
12,06,923	Repairs & Maintenance	16,96,756	43,54,557	Building and Ground Rent	40,62,831
3,53,266	Professional Charges	3,74,347	9,33,080	Misc. Receipts	9,82,990
2,03,733	Printing and Stationary	1,95,623	24,03,963	Lease of Slipway	19,66,070
59,945	Sundry Expenses	1,12,020	10,31,771	Water Charges	11,03,761
25,939	Travelling Expenses	48,288	9,97,235	Licensing and License Fee	8,18,170
0	Prior Period Expense	5,38,568	5,38,568	Prior Period Income	0
58,584	Medical Reimbursement	15,993	6,16,367	Fish Landing Charges	5,70,019
33,394	Telephone Charges	40,098	19,89,730	Bank Interest	26,98,798
830	Revenue and Postal Stamps	1,411	1,86,361	Enrolment of Fishing Crafts	1,98,112
1,60,500	Penalty on Service Tax	532			
23,61,398	Provision for Retirement Benefits	28,23,036			
74,91,998	Surplus	-4,57,154			
3,98,25,114		3,79,53,088	3,98,25,114		3,79,53,088

Sd/-
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COCHIN FISHERIES HARBOUR
RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31.03.2019

(Amount in ₹)

Amount 2017-18	Receipts	Amount 2018-19	Amount 2017-18	Payments	Amount 2018-19
1,12,193	Opening Cash in Hand	1,55,913	1,95,09,599	Salary & PLR	2,23,11,699
1,22,51,709	Opening Cash at Bank	3,90,46,942	58,584	Medical Reimbursement	15,993
1,86,361	Enrolment of Fishing Crafts	1,98,112	25,939	Travelling Expenses	48,288
9,66,211	Licensing and License Fee	8,18,170	2,01,328	Printing And Stationary	1,95,623
59,51,224	Lease Rent On Land	47,34,352	2,855	Revenue & Postal Stamps	1,726
43,58,557	Building And Ground Rent	40,68,268	12,06,923	Repairs & Maintenance	16,96,756
20,77,377	Lease Of Slipway	0	0	Advance to COPT for Deposit work	15,25,000
6,16,367	Fish Landing Charges	5,70,019	9,74,512	Refund Of SD / Ground Rent	6,13,293
64,55,423	Fish Out - Handling Charges	57,80,641	33,394	Telephone Charges	40,098
18,92,514	Electricity Charges	20,35,002	23,26,545	Electricity Charges	22,80,361
1,09,48,769	Toll Collection	1,07,72,245	13,23,991	Water Charges	14,78,623
12,91,283	Misc. Deposit / Security	6,95,862	10,900	Cheque Charges	14,632
9,30,605	Misc. Receipts	9,82,990	41,824	Sundry Expenses	96,849
14,72,989	Bank Interest	21,83,787	1,40,911	Deposit with CESTAT	0
12,76,220	Service Tax Collection	0	1,32,411	Penalty On Service Tax Late fee	532
97,032	TDS Liability	1,12,130	0	Service Tax Paid	537
9,77,321	Water Charges	11,03,761	3,53,266	Professional Charges	3,74,347
67,00,000	Deposit Received	0	25,27,798	Security Charges	29,51,934
42,00,527	GST Collection	45,58,918	7,93,491	Service Tax Pre deposit paid	55,748
			87,158	TDS Liability Paid	1,13,268
			0	TDS Receivable	12,574
			1,34,258	Service Tax Cenvat Credit	0
			31,96,910	GST Paid	52,29,494
			0	GST TDS paid	10,126
			3,77,230	GST Cenvat Credit	6,37,331
			1,85,00,000	Fixed Deposits	0
			1,55,913	Closing Cash Balance	2,04,879
			1,06,46,942	Closing Bank Balance	3,79,07,402
6,27,62,682		7,78,17,112	6,27,62,682		7,78,17,112

Sd/-
**FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER**

NOTES TO ANNUAL ACCOUNTS 2018-19

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. Income received out of investments from various funds is credited to the respective funds.
9. Contingent liabilities are disclosed in the “Other Notes” to accounts.
10. Grant 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. Revenue on Cargo and Vessel Related Services are recognized on completion of service. Revenue from estate is recognized on time basis.
12. Export incentive is recognized when there is a reasonable assurance that the conditions are met and incentive will be received.

13. All new works or additions/alterations to the existing works or all new plant or equipment or craft or replacement thereof costing not more than Rs 1 lakh or life not exceeding five years are charged to revenue as New Minor Works.

Part II - Other Notes

14. Figures of Balance Sheet, P & L Account & Schedules have been regrouped where ever necessary consequent on changes in the items during the year.

15. Performance of the Port

Cochin Port Trust handled 32.02 MMT of cargo during 2018-19 against 29.14 MMT during 2017-18. During 2018-19, number of vessels called in at the Port is 1608 against 1555 vessels during 2017-18. Port handled 5,94,592 TEUs of containers in 2018-19 as against 5,55,812 TEUs in 2017-18.

16. Grant in Aid:

- a) The details of Grant in Aid received by the Port, expenditure incurred and interest accrued on the same is shown as Sub Schedule C to the Balance Sheet.
- b) The Grant in Aid received by the Port from various Ministries are parked as fixed Deposits with Nationalised banks and encashed based on the requirement. The interest received from such investments was credited by the port to the income unless specifically provided in the terms and conditions of the grant that the interest has to be credited to the grant. CoPT had credited interest to grant account in the case of Siltation Studies (Ministry of Shipping), Construction of Barge Berth (Ministry of Commerce) and Development of Container Freight Station (Ministry of Commerce) . As per the direction of the Ministry, interest accrued on grant for Siltation Studies amounting to Rs 23,50,799 was remitted to the Ministry in December 2018.

As per Rule 230(8) of the new General Financial Rules (GFR) 2017, ' All interests or other earnings against Grants in Aid or advances (other than reimbursement) released to any Grantee institution should be mandatorily remitted to the Consolidated Fund of India immediately after finalization of Accounts."

On enquiring Ministry of Shipping directed to remit the interest earned immediately. Accordingly Port remitted Rs 1,19,26,530 to the Ministry of Shipping in March 2019 towards the following projects.

Name of the Project	Amount of Interest remitted
Swachch Bharat Abhiyan	29,35,955
Refurbishment of Coastal Liquid Terminal	53,55,511
Procurement of Pollution Response Equipment	36,35,064
Total	1,19,26,530

Interest accrued on grant for Construction of Subway and Rail Over Bridge at Vallarpadam totaling Rs 1,86,29,882 were retained by the port on intimation to the Ministry till an opinion is obtained from Additional Solicitor General to retain the unspent balance towards meeting pending claims in respect of arbitration, additional work for the same project etc.

Interest accrued on Grant released by the Ministry of Tourism amounts to Rs 85,56,047 as follows:

Name of the Project	Amount of Interest Accrued
Developing Infrastructure at Cochin Port Cruise Terminal	97,045
Creation of Additional Tourism Facility-Walkway	3,74,774
Development of Walkway (PhaseIII)	34,09,021
Upgrading of Berths and Back up area of Ernakulam wharf by Cochin Port Trust	46,75,207
Total	85,56,047

The Port has intimated the interest accrued to the Ministry and awaiting response from them. Necessary action will; be taken during 2019-20 based on the direction from the Ministry of Tourism.

17. **Loans availed from Government of India**

The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 24th August, 2016 had approved the proposal of CoPT towards waiver of penal interest on GOI loans availed by CoPT and freezing the liability on account of

principal, interest and penal interest @ 0.25% as on 31.03.2016 and scheduling the repayment of the frozen amount in 10 years commencing from 2018-19.

The final liability of GOI loan as on 31.03.2016 as per the records of Principal Chief Controller of Accounts amounts to Rs 558.53 Crores. As committed, the first instalment of Rs 55.85 crores was remitted by the Port in March 2019.

18. **Dutch Loan**

Under Indo Dutch Bilateral co-ordination programme 1991-2001, Cochin Port had availed financial assistance of NLG 181,042.50 on 29.05.1996 for the procurement of spares for Port Dredger –Nehru Shatabdi. The port had repaid the same on 20.11.1996 at the then prevailing foreign exchange rate amounting to Rs 37,21,057 .

However, the repayment of Rs 37,21,057 made by the port towards Dutch Loan was adjusted by the Ministry against the outstanding amount of ADB Loan of Rs 66,39,257 which was availed for a full fledged container Terminal at Q8 and Q9 berths. Subsequently, the Ministry clarified that it is immaterial if this amount is adjusted against ADB Loan or Dutch Loan and requested the port to deposit the principal amount of Dutch Loan amounting to Rs 36,47,749 outstanding in their Suspense account as the same was being objected by their Government Audit. Port repaid the loan amount of Rs 36,47,749 in September 2018 with the approval of the Board in the meeting held on 16.08.2018.

19. **Capitalisation:**

Assets worth Rs. 4.84 Crores have been capitalized during the year 2018-19. Capital Work In Progress as on 31.03.2019 amounts to Rs. 20.54 Crores.

20. **Provisions:**

a) Provision has been created for Wage Revision for the year 2018-19 amounting to Rs 13.66 crores including arrears for Leave encashment. Besides, short provision in Wage revision arrear for the year 2016-17 and 2017-18 amounting to Rs 10.27 crores has also been provided in 2018-19.

b) Necessary provisions have been made for doubtful debts in the accounts.

21. **Service Tax**

Central Excise Authorities had issued 27 Show Cause Notices demanding a total of Rs 70.55 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, ineligible 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.

22. Income Tax

- a) Income Tax Assessments are completed till AY 2016-17. Assessment order for AY 2016-17 was issued on 26.12.2018 and refund of Rs 7.10 crores was obtained on 26.04.2019.
- b) Intimation u/s 143(1) of the Income Tax Act,1961 has been obtained for AY 2017-18 vide Order dated 23.03.2019. The rectification petition filed by the Port u/s 154 against the same has been rejected vide communication dated 06.05.2019 and the port is in the process of taking up the matter with Jurisdictional Assessing Officer.
- c) Rectification petition filed by the Port for AY 2007-08 to consider excess application of income of the earlier Assessment Years as per the Order of Hon'ble ITAT is pending with Jurisdictional Assessing Officer.
- d) Refund of TDS for AY 2014-15 to AY 2016-17 due to change in PAN which is pending for a long time has been taken up with Income Tax Department at various levels and also filed grievance at CPGRAMS.

23. Deferred Tax

In terms of the Accounting Standard on accounting for taxes on Income AS-22, Deferred Tax Asset (net) has not been recognized in the accounts in the absence of virtual/reasonable certainty of future taxable profits.

24. Investments:

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.

25. Arbitration and legal proceedings

- a) Arbitration with M/s PLL in connection with revised lease rent was awarded in favour of CoPT vide order dated 24.08.2017 allowing CoPT to collect differential lease rent at warehouse rates along with penal interest. PLL filed an OP against the Arbitral Award before the Hon'ble District

Court along with an IA for staying the operation of the Award pending disposal of OP. PLL also represented before the Secretary (Shipping) vide letter dated 09.10.2017 to review the decision dated 19.01.2017. CoPT has also filed an application challenging the Arbitral Award before the District Court for getting enhanced lease rentals on “land with water frontage” rates and the claim for dredged sand on 24.11.2017. The District Court passed an interim order dated 16.10.2017 staying the operation of the Award subject to the condition that PLL shall pay the revised rent as per 2010 TAMP Guidelines from 2014 onwards. However, PLL has filed another IA for modification of the said order. Based on the Court direction dated 16.10.2017, CoPT issued notice dated 20.12.2017 to PLL demanding to remit Rs.26.38 crores towards lease rent from 01.04.2014 to 30.09.2017 along with penal interest. District court has posted the hearing on 12.06.2019.

However, during the discussion with PLL on 18.01.2018, the Port briefed the financial position of the Port and requested PLL to remit Rs.15 cr immediately against the dues, in order to provide uninterrupted service to LNG Vessels. PLL agreed to make the payment as dredging advance. MoS vide letter dated 06.02.2018, informed PLL that they have not disputed the order of Secretary (Shipping) dated 19.01.2017 until the arbitration award was passed on 24.08.2017. MoS, therefore directed PLL to remit the outstanding dues to CoPT without any delay.

Based on the direction of MoS, CoPT sent a letter to PLL on 15.02.2018 requesting to remit Rs.27.38 cr towards dues and penal interest and a reminder was issued on 06.03.2018. PLL filed WP before the High Court on 06.04.2018 for quashing the report of KITCO dated 20/01/2016, MoS Orders dated 19.01.2017 and 06.02.2018 and CoPT's demand letter dated 15.02.2018 and 06.03.2018.

The Single Bench of the Hon'ble High Court of Kerala, vide interim order dated 13.04.2018, stayed the recovery of dues from PLL for a period of 3 months on the condition that the balance amount of dredging advance paid by PLL i.e. Rs.10.62 cr. out of Rs.15 cr. to be adjusted to lease rent dues, also that PLL to pay another Rs.5 cr towards lease rent dues, for the balance amount to provide BG and to pay 50% of the enhanced rate in future till the WP is disposed off. PLL challenged the interim order dated 13.04.2018. The Division bench on 11.05.2018 modified order of Single

Bench by vacating that portion of order which requires PLL to provide BG and also the direction to pay 50% of enhanced rate. It is also further directed that the PLL shall also continue to pay lease rentals at the pre-revised rate during the pendency of the Writ petition. The Port has filed counter affidavit against the writ petition filed by PLL before the single bench.

- b) M/s IGTPL had filed claim before the Arbitral Tribunal to the tune of Rs 300 Crores against which port had filed counter claim amounting to Rs 1070.71 Crores which comprises of claims raised in connection with capital and maintenance dredging work, loss due to concession on Vessel related charges, loss of revenue share on account of under utilization of facilities, cost of deployment of CISF at ICTT, reimbursement of leave salary and gratuity contribution in respect of port employees deputed to IGTPL from 01.04.2005 to 28.02.2011. The Arbitral Tribunal passed Award on 12.05.2017. The issue in respect of date of commencement of Licence period was awarded in IGTPL's favour. In respect of the issue of cost of CISF deployment at ICTT and reimbursement of leave salary, pension and gratuity contribution, the tribunal stated that IGTPL has to bear the cost but did not specified the amount to be paid. The Arbitral Tribunal in the order stated that the parties have to sort out what amount are payable by the claimant and sort it out between themselves. Based on the Expert opinion of Attorney General of India, CoPT filed petition against the Award dated 12.05.2017 passed by the Arbitral Tribunal in the Hon'ble District Court, Ernakulam on 16.08.2017. IGTPL has filed a petition to question of territorial jurisdiction and CoPT filed its statement of objection. Case posted for hearing on 07.06.2019.
- c) 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 0.87 Crores 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. Aggrieved on the Award, Cochin Port has challenged the Arbitration Award dated 15.05.2013 under Section 34 of the Arbitration and Conciliation Act 1996 which is pending before the Hon'ble District Court, Ernakulam. Next hearing posted on 27.05.2019.

- d) 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 01.09.2008 to 31.12.2010 under the Agreement No.52 of 2008-09 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 Shipping Co. Pvt. Ltd was encashed during 2011-12. The party then invoked the Arbitration clause in the Agreement.

As per the direction of the Hon'ble High Court of Kerala, Jaisu Shipping Co. Pvt. Ltd 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. Jaisu Shipping Co. Pvt. Ltd., 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 arguments of the claimant were heard by the Arbitral Tribunal. The argument of Port has commenced. No sitting held after 03.11.2018 since Jaisu had filed an application with a prayer to order CoPT to pay their share of Arbitrator's fees also considering their financial constraints, which CoPT had not agreed. Meanwhile, the Arbitral Tribunal has now been reconstituted by nominating a new Arbitrator in place of CoPTs nominee Arbitrator now deceased. As per section 15 of the Arbitration Act, the hearings previously held may have to be repeated.

The bill for February 2011 and March 2011 for Rs 3.69 Crores towards Maintenance Dredging was not processed for payment as necessary supporting documents were not submitted.

- e) Litigation in respect of sponsorship fee due from M/s. Jaisu Shipping Co. Pvt. Ltd amounting to Rs 2.98 Crores along with interest @ 12% p.a for Volvo Ocean Race has been awarded in favour of Cochin Port Trust on 26.09.2013. As per the legal Opinion obtained by the Port, CoPT can file execution petition for recovery of the amount within 12 years from the date of decree. However, for this the assets owned by M/s Jaisu Shipping Co. Pvt. Ltd which are having no encumbrance to be attached are to be identified and other civil procedure are to be complied with.

- f) 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 was decreed against the Port. Port filed appeal before the Hon'ble High Court of Kerala, which is still pending. Last hearing posted on 29.10.2018 adjourned for disposal, date not specified.
- g) Installation & Commissioning of 110 KV sub-station and connected works at Cochin Port Trust was given to M/s Siemens Ltd., Chennai as on 16.03.2007 and the work was to complete in a period of 12 months as per agreement with M/s Siemens Ltd. Since there was a delay of 9 months in completing the work, liquidated damages 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. Hearing is going on. Next hearing is scheduled on 23.05.2019.
- h) CoPT had entered into a contract with M/s.Tebma Shipyards Ltd., Chennai, for construction and delivery of two nos. 45 Tons Bollard Pull Tugs. Since the delivery of Tugs was delayed, CoPT had recovered Liquidated Damages of Rs. 8.09 Crores 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 on 21.12.2013 before Hon'ble District Court, Ernakulam to set aside the award and to direct CoPT to release the Liquidated Damages of Rs. 8.09 Crores with interest. CoPT filed objections to the statement of facts submitted by M/s.Tebma Shipyards Ltd. Proceedings of the Court are in progress. Next hearing is posted on 07.06.2019.
- i) 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 Crores 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 Shipyards Ltd. They have 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 both the parties have appointed arbitrators. However,

the Arbitrator nominated by M/s Tebma Shipyards Ltd., informed M/s Tebma Shipyards that he is not in a position to act as Arbitrator in the above dispute. Accordingly, a notice has been issued to M/s Tebma Shipyard Ltd., on 29.03.2019 to nominate another Arbitrator in the Arbitration panel and the reply of M/s Tebma Shipyards Ltd., is awaited.

- j) 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 (approximately Rs. 1.58 crores). The case was posted for hearing before Supreme Court on 18.04.2017 and matter adjourned to 03.05.2017. Subsequently, the SLPs were taken up by the court on 12th, 13th & 14th of September 2017. After hearing the arguments, the Bench referred the matter to a larger Bench of 3 judges. The case is now posted for hearing in first week of July 2019.
- k) 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 Crores 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 Puthuvypeen SEZ viz. PLL, BPCL-KR & IOCL were requested to reimburse their share towards the 50% amount advanced by CoPT out of which PLL & BPCL have reimbursed their share of Rs 26.97 lakhs. The share of IOCL amounting to Rs.26.97 lakhs is still pending which is being followed up.
- l) M/s.Lots Shipping Ltd. invoked the Arbitration against CoPT with respect to operation of Ro-Ro/ Lo-Lo Barge Service between W/Island & Bolghatty, claiming Rs 14.346 crores towards losses on account of low average daily volumes than the projected volumes in the tender, charter cost/day, maintenance costs of staff, taxes & levies paid, cost of frequent repair and loss of profit. Based on the default/dues on the part of M/s Lots Shipping Ltd. as per contract conditions, CoPT raised a Counter Claim of Rs 15.905 crores towards business loss, non-payment of Terminal Usage charges, parking charges, damages claim etc. Sole Arbitrator has been appointed and Arbitration proceedings are in progress. Oral evidence completed on 29.09.2018. 20 Arbitration sittings were held so far. In the

20th Arbitral sitting held on 23.03.2019, argument by Lots commenced and completed. The argument by Port side was held on 22.04.2019.

- m) CoPT invoked Arbitration against IGTPL in the dispute on non-reimbursement of Cost Recovery Charges (CRC) at Vallarpadam SEZ by them. The Arbitral Tribunal has been constituted. The 10th and last sitting of the Arbitral Tribunal was held on 11th March 2019 during which arguments by Port side & IGTPL side were completed and reserved for award.
- n) Cochin Port Trust had given work order for “Supply, erection, testing and commissioning of 3 nos. 20 metre High Mast lighting system at the Cochin Fisheries Harbour” to M/s Ambligola Exporters, Bangalore at a total contract value of Rs.16,77,000/- on 02.07.2012 with a completion period of 3 months. But there was a delay of five months in completing the work by the contractor. From the final bill submitted by the firm an amount of Rs.5,02,278/- was deducted, which includes the three amounts of Rs.1,59,825/-, Rs.3,40,578/- and Rs.1875/- towards LD, reinstating charges of the cable trenches and filling the foundation pit using JCB respectively. M/s Ambligola Exporters, filed a case before the Hon’ble Munsiff Court, Kochi against Cochin Port Trust. The judgement of the Court went in favour of the Plaintiff M/s Ambligola Exporters, directing to pay Rs.5,16,708/- to M/s Ambligola Exporters with interest @6% per annum. An appeal has been filed before the Hon’ble District Court against the judgement passed by the Hon’ble Munsiff Court on 15.03.2019.
- o) The work of “Providing 200mm Ductile Iron pumping line from UG tanks at Halt area at various locations in Willington Island and Road rectification thereof was awarded to M/s East India Engineers on 12.05.2015 with work Order value of Rs 1.91 crores. The contractor completed the pipelaying work except at the 3 railway crossing due to pending approval from Railway Authorities but the Road rectification work was not completed. The contractor raised certain issues regarding release of retension money, modified rates for executing road rectification work etc and appointed Sole arbitrator for the subject work. As per the final order issued by the Sole Arbitrator, the contractor is eligible for claims of Rs 74.59 lakhs and port is eligible for claims of Rs 18.48 lakhs. Port has challenged the Order before Hon’ble District Court.

p) The work of “Dredging for maintenance of channels and basins at Cochin Port for the year 2017-18” was awarded to M/s. DCIL through open tender for an amount of Rs.88.511 crores. The contract consists of two parts viz., (i). Part-A- Lumpsum basis - Rs.75.041 crores and (ii) Part-B - Need/Quantity Basis- Rs. 13.47 crores. As per the contract conditions, the contractor has to maintain the entire channel coming under the lumpsum part of the contract to a depth of (-) 15.90m throughout the contract period. It was reported by DCI that as per the pre dredge survey, there was a back log quantity of around 8 Million Cu.m is to be removed for achieving the depth of (-) 15.90m and the time period given for making full depth from the date of commencement of work is 2 months. DCI has requested to allow them to maintain the channels and basins, as handed over to them till completion to the contract without any penalty. As DCI’s claims are not in line with the agreement conditions, CoPT has not acceded to the same. Considering the higher ruling shortfall in depth in the channels coming under the lumpsum part of the contract after the allowable period of 2 months, the Board of Trustees vide resolution No. 127 (Agenda Item No.B4) resolved to approve, (a) continuing the ongoing contract with M/s. DCI, based on the pre-dredge survey taken as on 19-02-2018, in view of settling the disputes through AMRCD as detailed in Agenda Item No.B4; and b) releasing payment against the monthly bills of DCI since May 2018 for the work done, till the disputes are resolved through the AMRCD as: (i) @ 75% against the gross bill amount under Part A - Lumpsum basis; (ii) full payment for work done under Part B - Need /Quantity basis; (iii) to recover the charges towards the services availed by DCI for execution of the contract and other recoveries as per the agreement conditions, except the recovery towards non performance due to shortfall in depth and width; and (iv) to effect the fuel price variation payments based on the payment made as above, as recommended by Dredging Committee. Accordingly, payments towards the bills raised by DCI for the period from May 2018 onwards were released to DCI.

26. **Retirement Benefits:**

- a) Based on the data of 31.03.2019, the actuarial valuation of liability made by LIC is Rs 2774.26 Crores. The pension liability for the pensioners and existing employees is Rs 1725.23 crores and Rs 910.56 crores respectively totaling Rs 2635.79 Crores and Gratuity liability for existing employees is approximately Rs 138.47 Crores. Against this, Cochin Port is having

investment of Rs.170.46 Crores and Rs 7.59 Crores in Pension and Gratuity Fund respectively as on 31.03.2019.

- b) The Actuarial Valuation of Pension liability has increased to Rs 2635.79 Crores as on 31.03.2019 as against Rs 2143.52 crores as on 31.03.2018 due to the impact of wage revision effected on the salary of Class III & IV employees.
- c) During the Board Meeting of Cochin Port Trust held on 22.08.2015 it was decided to transfer the premium received on leasing of land in full to Pension Fund Trust considering the deteriorating position of the Pension Fund. The premium for the year 2018-19 amounting to Rs 10.79 crores has been fully transferred to Pension fund of LIC. Besides, port has transferred Rs 16.62 crores to LIC Pension Fund during the year 2018-19. The total contribution made during 2018-19 amounting to Rs 27.41 crores is within the limits prescribed under Rule 87 and 88 of the Income Tax Rules, 1962.

27. Other Disclosures:

a) Joint Venture with IWAI for RO-RO Operation

RO-RO Terminal has become operational from 25.02.2011. As per the MOU entered between IWAI and CoPT on 08.10.2009, the management and operation of RO-RO Terminals at Bolgatty Island and Willingdon Island will be carried out jointly by the port and IWAI by forming a Joint Management Committee (JMC) comprising of representatives of both the parties. As per the MOU, Port shall arrange for collection of terminal charges from the contractor and will prepare Annual Accounts of all transactions relating to the use of the terminals. The administrative expenditure shall be met out from the revenue earned and the net surplus generated will be shared in the ratio of 70% to IWAI and 30% to CoPT. A separate Bank Account in the name of JMC was opened to remit the amount received against terminal usage charges from the contractor.

Due to failure in complying with the tender conditions, the port directed the party to stop the operation with effect from June 2017 and subsequently the party has invoked arbitration against the port.

The audited accounts of JMC as on 31.03.2018 shows accumulated profit amounting to Rs 35.17 Lakhs. 30% of the profit share amounting to Rs 10.55 lakhs attributable to Cochin Port Trust has been recognized as income under "sundry receipts" in the books of CoPT during the year 2017-18. 70%

share of profit amounting to Rs 24.62 lakhs is attributable to M/s IWAI which has been shown as due to IWAI in the books of CoPT and will be settled based on the arbitration award.

b) Outstanding dues from Pre-1996 lessees.

With respect to Pre - 1996 lessees, port had charged revised lease rent based on TAMP notified rates 2010 in the year 2014. However, lessees filed litigation in the Hon'ble High Court of Kerala through Cochin Port Lease Holders Association and Interim Order was issued on 25.02.2015 to maintain status -quo in the matter. The litigation is still pending. Meanwhile, estate rentals were once again revised vide TAMP Notification No. 304 dated 22.07.2016 and came into effect from 21.08.2016. Based on legal opinion obtained by the port, bills at TAMP notified rate was raised in respect of all lessees including Pre-1996 lessees. However, vide WP(C) No. 12138/2017 (N), Cochin Port Leaseholders Association along with 2 other petitioners (Pre-1996 lessees) filed a petition in the Hon'ble High Court of Kerala. Vide order dated 06.04.2017, interim stay for recovery of enhanced amounts was passed. Total arrears under litigation amounts to Rs. 4.09 Crs as at 31.03.2019.

c) License fees on jetties

The Port collects license fees from boat Jetties and piers based on the CoPT (Licensing of Jetties, Slipways and Boat Pens) regulations, 1968 and its amendments in 1996. License fees initially was Rs 1,297 per Jetty per annum which was enhanced to Rs 1,00,000 per Jetty per annum for those rent out their jetties for tying up Valloms/boats belonging to others. As required u/s 123(n) of the MPT Act, 1963, the amendments were published in the official Gazette on 13.05.2014 and the same was communicated to Jetty owners on 16.06.2014. Jetty owners filed Writ petition in the Hon'ble High Court of Kerala and interim Order was passed that if the petitioners pay 1/4th of the demand, no action shall be initiated against the petitioners. Out of 287 jetties in use, only 65 owners have paid license fee. Balance is pending on account of litigation. Subsequently Port had reduced the rates and introduced a slab rates ranging between Rs. 2000/- to Rs. 100000/- depending on description of jetty. These have been published in the Kerala Gazette and waiting for publication in the Central Gazette. These rates have now been factored in the proposal for general revision in SoR of Port which is under consideration by TAMP.

d) Electricity bills of NTB & STB

The Port HT Electricity connection to North and South Tanker Berths was billed under HTII (Non Industrial – Non Commercial) Tariff. Consequent on revision of tariff, KSEB reclassified the tariff from HT II to HT IV (Commercial) w.e.f. 15-05-1999 and KSEB issued revised bill for the period from May 1999- July 2010 and raised demand of arrear. The Port filed Writ Petition on the matter and issue is presently pending. The Port is presently paying bill as per HT II tariff. The differential amount towards disputes is Rs 35.85 lakhs as on 31.03.2019 .

- e) In the case of estate rentals, billing has not been made in those cases for which port has issued resumption notice and eviction is under process.

f) Duty Credit scrip:

During the year, Port received SEIS scrips pertaining to the financial years 2016-17 and 2017-18 amounting to Rs. 5.14 Crs and Rs. 7.18 Crs resp. Since the scrips could be utilized only against payment of customs duty and since Port did not anticipate any imports in the near future, Port decided to auction the scrip as the scrips are freely transferrable. Details of scrip and E-auction are as follows:

FY	Value of scrip	E-auction date	% realized	Value realised
2016-17	5.14 crs	20.08.2018	99.45%	5.11 crs
2017-18	7.18 crs	02.05.2019	98.03%	7.04 crs

The Port has also filed a second application for the Duty Credit Scrip for the year 2016-17 amounting to Rs. 2.17 crores and is yet to be issued by JDFT. The Port has recognized the income during 2018-19, based on the net realizable value of 98.03%.

Similarly, M/s IGTPL has also received the scrip for 2015-16, 2016-17 and 2017-18 for Rs. 6.77 Crores, Rs. 5.74 Crores and Rs. 5.57 Crores respectively. C&AG has observed that IGTPL has to pay revenue share on sale of SEIS Scrips and the Port based on the legal opinion from our legal advisors and Additional Solicitor General, raised a demand on IGTPL for Rs. 4.16 Crores (based on SEIS scrips for 2015-16 and 2016-17). The Revenue Auditors have also mentioned in the Note to the Audit Report

for the year 2016-17 that IGTPPL has not paid the revenue share on sale of SEIS scrips. However, IGTPPL subsequently informed the Port that Royalty is not payable on SEIS scrips vide their letters dated 25.04.2018 and 18.04.2019. The Port will take further steps in accordance with the License Agreement.

28. A separate set of accounts of Cochin Fisheries Harbour is shown in the accounts.

Sd/-
FINANCIAL ADVISER &
CHIEF ACCOUNTS OFFICER.



AN ISO 9001:2015 & ISPS COMPLIANT PORT

COCHIN PORT TRUST

Willingdon Island, Cochin-682009

AUDIT REPORT ON ANNUAL ACCOUNTS 2018-19

**SEPARATE AUDIT REPORT OF THE COMPTROLLER & AUDITOR
GENERAL OF INDIA ON THE ACCOUNTS OF COCHIN PORT TRUST FOR
THE YEAR ENDED 31 MARCH 2019**

We have audited the attached Balance Sheet of Cochin Port Trust, Cochin as at 31 March 2019 and the Profit & 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 Act, 1963. These financial statements are the responsibility of the Port's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. The Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules & Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any are reported through Inspection Reports/ CAG's Audit Reports separately.

3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, 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 were necessary for the purpose of our audit, other than the basic records of India Gateway Terminal (P) Limited (IGTPL) in order to certify the total revenue and corresponding share of revenue received by Cochin Port Trust as per Concession Agreement with IGTPL. 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 Major Port Trusts Act, 1963;
- ii. 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 Major Port Trusts Act, 1963 in so far as it appears from our examination of such books.

We further report that:

A. Balance Sheet:

A.I. Application of Funds

A.I.1 Current Liabilities and Provisions : ₹ 747.66 crore

- (i) The liability on account of pension and gratuity contribution of existing employees and pensioners as per actuarial valuation worked out to ₹ 2774.26 crore as on 31 March 2019 against which the investment in the Pension and Gratuity Fund was ₹ 178.05 crore, leaving a shortfall of ₹ 2596.21 crore. This has resulted in understatement of Current Liabilities & Provisions by ₹ 2596.21 crore as well as overstatement of profit to the same extent.

This comment was also issued in the Separate Audit Report for the years 2016-17 and 2017-18. However, no corrective action has been taken by the Port.

- (ii) Above is understated by ₹ 1.66 crore payable to Indian Port Association towards Port Community System and Consultant Fees for Benchmarking & Reuse of Waste Water. This has resulted in under understatement of Current Liabilities & Provisions and overstatement of profit by ₹ 1.66 crore.

B. Profit & Loss Account

B.I. Income

B.I.1 Estate Rentals : ₹ 108.33 crore

Above does not include ₹ 0.13 crore receivable from M/s Penna Cements Industries Limited towards electricity charges (including ₹ 0.01 crore for Electricity duty) for the month of March 2019.

This has resulted in understatement of Income by ₹ 0.12 crore, Current Liabilities & Provisions by ₹ 0.01 crore and Sundry Debtors by ₹ 0.13 crore.

B.I.2 Finance and Miscellaneous Income : ₹ 46.61 crore

The Port accounted ₹ 0.25 crore, by writing back Earnest Money Deposit payable to M/s Jaisu Shipping Co (P) Ltd. against which an arbitration case is pending.

This has resulted in over statement of Income as well as Profit and understatement of Current Liabilities & Provisions by ₹ 0.25 crore.

C. General

- C.1** The Port has neither carried out Actuarial Valuation nor provided liability towards Earned Leave Encashment of its employees in the accounts.

This comment was also issued in the Separate Audit Reports for the year 2016-17 and 2017-18. However, no corrective action has been taken by the Port.

D. Grants in Aid

Opening Balance of grant as on 01 April 2018 was ₹ 5.69 crore. Grant in aid received by the Port during 2018-19 was ₹ 54.68 crore of which a sum of ₹ 6.37 crore was received during March 2019. A sum of ₹ 31.20 crore was expended during the year 2018-19 and ₹ 3.32 crore was adjusted against the expenses spent from Port's own funds during earlier years. A sum of ₹ 25.85 crore remained towards unutilized grant as on 31 March 2019.

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 2019; and
- b. in so far it relates to Profit and Loss Account of the Profit for the year ended on that date.

5. A review of accounts showing the summarised financial results of the Cochin Port Trust for the last three years is given in **ANNEXURE II**.

**For and on behalf of the
Comptroller & Auditor General of India**



**(R. AMBALAVANAN)
Director General of Commercial Audit &
Ex Officio Member, Audit Board, Chennai**

**Place: Chennai
Date 25.09.2019**

ANNEXURE I

1) Adequacy of Internal Audit

The internal audit of the Port was entrusted to Chartered Accountants. The Internal Audit Report for the second half year for 2018-19 is yet to be issued by them.

2) Adequacy of Internal Control System

Internal Control system provides a reasonable assurance on the achievement of the objectives of an organisation regarding efficiency and effectiveness of operations, compliance with rules and regulations and the adequacy of financial reporting system. The following deficiencies were noticed:

- (i) The Port did not account depreciation for ₹1.81 lakh for three Sub Assets due to technical issues in SAP System.
- (ii) Clearing Account balances should be reconciled periodically and balance should be zero at the end of the financial year. However, unreconciled balances existed in Clearing Accounts, which reflects inadequacy of Internal Control.

3) Physical Verification of Fixed Assets

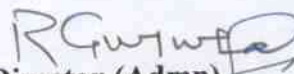
The Physical Verification of the Fixed Assets was carried out during 2018-19.

4) System of Physical Verification of Inventories

As per the Common Framework for Financial Reporting for Major Ports, the Port was required to make a policy for the depreciation of slow/ non moving items of inventory. The Port in its reply to SAR for 2017-18 assured to formulate depreciation Policy. However, it has not adopted any policy for depreciation of slow/ non-moving items of inventory. In the absence of such policy, the correctness of value of inventory carried in the Balance Sheet and the consequent impact on the Profit could not be checked by Audit.

5) Regularity in payment of Statutory dues

The Port is paying statutory dues such as Provident Fund, ESI, Income Tax, Service Tax, GST etc. on due dates.


Director (Admin)

ANNEXURE II

REVIEW OF ACCOUNTS OF COCHIN PORT TRUST FOR THE YEAR ENDED 31 MARCH 2019 BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

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

1. Financial Position

The following table summarizes the financial position of the Port Trust at the end of each of the three years ending 31 March 2017, 2018 and 2019.

(₹ in Crore)

PARTICULARS		2016-17	2017-18	2018-19
A	LIABILITIES			
(i)	Capital Reserves	84.84	84.84	84.84
(ii)	Other reserves	35.06	22.97	43.21
(iii)	Borrowings - Capital debts, Loan from Govt.	258.14	258.14	232.33
	Other loans	0.66	0.66	0.30
(iv)	Current liabilities and Provisions	955.70	975.08	955.25
(v)	Other liabilities	60.25	61.03	64.95
	Total	1394.65	1402.72	1380.88
B	ASSETS			
(i)	Fixed Assets	695.17	685.02	688.71
(ii)	Less: Depreciation	(277.69)	(283.75)	(302.34)
(iii)	Net fixed assets	417.48	401.27	386.37
(iv)	Capital work in progress	18.50	24.59	20.54
(v)	Investments	0.15	0.15	0.15
(vi)	Current assets, Loans & advances	412.05	443.79	460.08
(vii)	Accumulated deficit	546.47	532.92	513.74
	Total	1394.65	1402.72	1380.88
C	Working Capital ¹	(-)543.65	(-)531.29	(-)495.17
D	Net worth ²	(-)426.57	(-)425.11	(-)385.69
E	Capital employed ³	(-)126.17	(-)130.02	(-)108.80
F	Return on capital employed ⁴ (in %)	(-)21.54	(+)10.42	(+)17.63
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 March 2019 are summarized below:

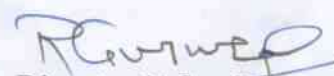
(₹ in Crore)

	PARTICULARS	2016-17	2017-18	2018-19
A	Revenue			
(i)	Operating income	496.23	526.79	585.51
(ii)	Non-operating income	48.80	51.15	46.61
	Total	545.03	577.94	632.12
B	Expenditure			
(i)	Operating Expenditure	368.51	367.22	374.67
(ii)	Non-operating expenditure	203.69	197.18	238.27
	Total	572.20	564.40	612.94
C	Net surplus/deficit before appropriation	(-)27.17	(+)13.54	(+)19.18
D	<u>Less: Appropriations /</u> <u>add: transfers (net)</u>	0	0	0
E	Surplus/deficit transferred to revenue Reserve	(-)27.17	(+)13.54	(+)19.18
F	Percentage of net surplus/ deficit to			
(i)	Operating income	(-)5.48	(+)2.57	(+)3.28
(ii)	Net fixed assets	(-)6.51	(+)3.37	(+)4.96
(iii)	Net worth	(-)6.37	(+)3.18	(+)4.97

3. Ratio Analysis

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

- ❖ Percentage of Current assets to Current liabilities was 43.11, 45.51 and 48.17 during 2016-17, 2017-18 and 2018-19 respectively.
- ❖ Percentage of Quick assets to Current liabilities was 33.79, 37.18 and 39.53 during 2016-17, 2017-18 and 2018-19 respectively.
- ❖ Percentage of Sundry debtors to Operating income was 28.51, 27.97 and 23.59 during 2016-17, 2017-18 and 2018-19 respectively.
- ❖ Capital debt to Capital reserves & General reserves Ratio was 2.54, 2.53 and 2.28 during the years 2016-17, 2017-18 and 2018-19 respectively.


Director (Admin)



AN ISO 9001:2015 & ISPS COMPLIANT PORT

COCHIN PORT TRUST

Willingdon Island, Cochin-682009

**AUDIT REPORT
WITH
ACTION TAKEN NOTE
FOR 2018-19**

Action Taken Notes on the comments on Accounts raised in the Separate Audit Report of Cochin Port Trust for the year ended 31.03.2019

A. Balance Sheet:

A.I. Application of Funds:

A.I.1 Current Liabilities and Provisions: Rs.747.66 crore

- (i) The liability on account of pension and gratuity contribution of existing employees and Pensioners as per actuarial valuation worked out to Rs.2774.26 crore as on 31 March 2019 against which the investment in the Pension and Gratuity Fund was Rs.178.05 crore, leaving a shortfall of Rs.2596.21 crore. This has resulted in understatement of Current liabilities & Provisions by 2596.21 crore as well as overstatement of profit to the same extent. This comment was also issued in the Separate Audit Report for the years 2016-17 and 2017-18. However, no corrective action has been taken by the Port.
- The current financial position of Cochin Port is not favourable to make huge provisions based on Actuarial Valuation of Pension & Gratuity Contribution, which will result in huge loss and may also render Cochin Port Trust ineligible for Government Grant in Aid/raising funds from financial institutions.*
- (ii) Above is understated by Rs.1.66 crore payable to Indian Port Association towards Port Community System and Consultant Fees for Benchmarking & Reuse of Waste water. This has resulted in understatement of Current liabilities & Provisions and overstatement of Profit by Rs.1.66 crore.
- CoPT had not made provision for Rs 1.66 crores claimed by IPA towards PCS Contribution, Consultant Fee for Bench marking and Consultant fee for Reuse of Waste water as the same was pending for approval before the competent authority and was uncertain whether the port would admit the entire claim raised by IPA.*
The claim towards PCS Contribution amounting to Rs 35.02 lakhs was paid in June 2019 when the approval of the competent authority was obtained. Regarding the other two claims ie Consultant Fee for Bench marking amounting to Rs 86.53 lakhs and Consultant fee for Reuse of Waste water amounting to Rs 44.54 lakhs, it was decided to get the comments from other Ports regarding the action taken by them. Hence, the admissibility of the claim is still not finalised. In view of the above uncertainty, provision was not created for the same during 2018-19.

B. Profit & Loss Account

B.I. Income

B.I.1 Estate Rentals: Rs.108.33 crore

Above does not include Rs.0.13 crore receivable from M/s Penna Cements Industries Limited towards electricity charges (including Rs.0.01 crore for Electricity duty) for the month of March 2019. This has resulted in understatement of Income by 0.12 crore, Current liabilities & Provisions by 0.01. crore and Sundry Debtors by 0.13 crore.

- *The Electricity charges of Penna Cements was manually posted in SAP since the multiplication factor for meter installed at Penna Cement was not available in ISU module. However, while manual posting, the same was wrongly accounted under Sundry receipts account by oversight which will be correctly accounted in future. Necessary steps have been initiated to make required configuration in ISU module. The Electricity duty and surcharge omitted to be paid were paid in July 2019. In future, it will be ensured that necessary provisions are made for Electricity charges and duties for the month of March in the respective years.*

B.I.2 Finance and Miscellaneous Income : Rs.46.61 crore.

The Port accounted Rs.0.25 crore, by writing back Earnest Money Deposit payable to M/s Jaisu Shipping Co (P) Ltd., against which an arbitration case is pending. This has resulted in over statement of Income as well as Profit and understatement of Current Liabilities & Provisions by 0.25 crore.

- *Necessary rectification entry has been passed during 2019-20 reversing the write back of the EMD of M/s Jaisu Shipping Co.(P) Ltd.,*

C. General

C.1 The Port has neither carried out Actuarial Valuation nor provided liability towards Earned Leave Encashment of its employees in the accounts. This comment was also issued in the Separate Audit Reports for the years 2016-17 and 2017-18. However, no corrective action has been taken by the Port.

- *The Annual Accounts of Cochin 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. Cochin 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 2018 was Rs.5.69 crore. Grant in aid received by the Port during 2018-19 was Rs.54.68 crores of which a sum of Rs.6.37 crore was received during March 2019. A sum of Rs.31.20 crore was expended during the year 2018-19 and Rs.3.32 crore was adjusted against the expenses spent from Port's own funds during earlier years. A sum of Rs.25.85 crore remained towards unutilized grant as on 31 March 2019.

- *Factual*

ANNEXURE I

Internal Audit & Internal Control:

1) Adequacy of Internal Audit:

The Internal Audit of the Port was entrusted to Chartered Accountants. The Internal Audit Report for the second half year for 2018-19 is yet to be issued by them.

- *The Internal Auditors have issued the Internal Audit Observations for the second half of 2018-19 and the port is in the process of providing management responses.*

2) Adequacy of Internal Control System

Internal Control System provides a reasonable assurance on the achievement of the objectives of an organization regarding efficiency and effectiveness of operations, compliance with rules and regulations and the adequacy of financial reporting system.

The following deficiencies were noticed:

- (i) The Port did not account depreciation of Rs.1.81 Lakh for three Sub Assets due to technical issues in SAP System.
 - *Necessary rectification will be made in 2019-20 with regard to depreciation omitted to be calculated for the 3 Sub Assets capitalized during 2018-19.*
- (ii) Clearing Account balances should be reconciled periodically and balance should be zero at the end of the financial year. However, unreconciled balances existed in clearing Accounts, which reflects inadequacy of Internal Control.
 - *Clearing accounts will be analyzed during 2019-20 and efforts will be made to clear the same periodically and maintain zero balance at the end of every financial year.*

3) Physical Verification of Fixed Assets

The Physical Verification of the Fixed Assets was carried out during 2018-19.

- *Factual*

4) System of Physical Verification of Inventories

As per the Common Framework for Financial Reporting for Major Ports, the Port was required to make a policy for the depreciation of slow/non moving items of inventory. The Port in its reply to SAR for 2017-18 assured to formulate depreciation Policy. However, it has not adopted any policy for depreciation of slow / non-moving items of inventory. In the absence of such policy, the correctness of value of inventory carried in the Balance Sheet and the consequent impact on the Profit could not be checked by Audit.

- *In the case of depreciation on slow moving / non moving of inventory, majority of the stock items in CoPT are of consumable nature which are procured for the day to day operational requirement of the port and hence the volume of slow moving or non moving inventory would be very negligible due to which the Port has not made any Policy for depreciation of slow/non moving inventory though provided in the Billimoria report. Since different Ports are following different policy for depreciation on inventory, IPA is in the process of framing a uniform policy for all Major Ports and the same will be complied with as and when the final decision on the matter is taken by IPA.*

5) Regulatory in payment of Statutory dues.

The Port is paying statutory dues such as Provident Fund, ESI, Income Tax, Service Tax, GST etc., on due dates.

- *Factual*

ANNEXURE II

REVIEW OF ACCOUNTS OF COCHIN PORT TRUST FOR THE YEAR ENDED 31 MARCH 2019 BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

1. Financial Position:

The following table summarizes the financial position of the Port Trust at the end of each of the three years ending 31 March 2017, 2018 and 2019.

(Rs. In Crores)

PARTICULARS		2016-17	2017-18	2018-19	FACTUAL
A	LIABILITIES				
(i)	Capital Reserves	84.84	84.84	84.84	
(ii)	Other reserves	35.06	22.97	43.21	
(iii)	Borrowings - Capital debts, Loan from Govt.	258.14	258.14	232.33	
	Other loans	0.66	0.66	0.30	
(iv)	Current liabilities and Provisions	955.7	975.08	955.25	
(v)	Other liabilities	60.25	61.03	64.95	
	Total	1394.65	1402.72	1380.88	
B	ASSETS				
(i)	Fixed Assets	695.17	685.02	688.71	
(ii)	Less: Depreciation	-277.69	-283.75	-302.34	
(iii)	Net fixed assets	417.48	401.27	386.37	
(iv)	Capital work in progress	18.5	24.59	20.54	
(v)	Investments	0.15	0.15	0.15	
(vi)	Current assets, Loans & advances	412.05	443.79	460.08	
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	Total	1394.65	1402.72	1380.88	
C	Working Capital ¹	(-)543.65	(-)531.29	(-)495.17	
D	Net worth ²	(-)426.57	(-)425.11	(-)385.69	
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F	Return on capital employed ⁴ (in %)	(-)21.54	(+)10.42	(+)17.63	
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 2019 are summarized below:

(Rs. In Crores)					
	PARTICLUARS	2016-17	2017-18	2018-19	
A	Revenue				FACTUAL
(i)	Operating income	496.23	526.79	585.51	
(ii)	Non-operating income	48.8	51.15	46.61	
	Total	545.03	577.94	632.12	
B	Expenditure				
(i)	Operating Expenditure	368.51	367.22	374.67	
(ii)	Non-operating expenditure	203.69	197.18	238.27	
	Total	572.2	564.4	612.94	
C	Net surplus/deficit before appropriation	(-)27.17	(+)13.54	(+)19.18	
D	<u>Less:</u> Appropriations / <u>add:</u> transfers (net)	0	0	0	
E	Surplus/deficit transferred to revenue Reserve	(-)27.17	(+)13.54	(+)19.18	
F	Percentage of net surplus/ deficit to:				
(i)	Operating income	(-)5.48	(+)2.57	(+)3.28	
(ii)	Net fixed assets	(-)6.51	(+)3.37	(+)4.96	
(iii)	Net worth	(-)6.37	(+)3.18	(+)4.97	

3.Ratio Analysis:

Percentage of current assets to current liabilities was 43.11 and 45.51 and 48.17 during 2016-17, 2017-18 & 2018-19 respectively	FACTUAL
Percentage of quick assets to current liabilities was 33.79, 37.18 and 39.53 during 2016-17, 2017-18 & 2018-19 respectively.	
Percentage of Sundry Debtors to operating income was 28.51, 27.97 and 23.59 during 2016-17, 2017-18 & 2018-19 respectively.	
Capital Debt to Capital Reserves & General Reserves ratio was 2.54, 2.53 and 2.28 during the years 2016-17, 2017-18 & 2018-19 respectively.	

Sd/-
FINANCIAL ADVISOR
& CHIEF ACCOUNTS OFFICER