

**Separate Audit Report of the Comptroller and Auditor General of India on the Accounts of Mumbai Port Trust, Mumbai for the year ended 31 March 2016**

We have audited the attached Balance Sheet of Mumbai Port Trust (MbPT) 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 and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 102(2) of Major Port Trusts Act, 1963. These financial statements are the responsibility of the Mumbai 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 and 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 and 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 to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) The Balance Sheet and the Profit and Loss Account dealt with by this report have been drawn up in the format approved by the Board of Trustees under Section 102(1) of the Major Port Trusts Act, 1963;
- (iii) In our opinion, proper books of accounts and other relevant records have been maintained by the Mumbai Port Trust as required under Section 102(1) of the Major Port Trusts Act, 1963 in so far as it appears from our examination of such books.

(iv) We further report that:

**A. Balance Sheet**

**A.1 Reserves and Surplus (Schedule I) - Rs.3220.01 crore**

Above does not include an amount of Rs. 373.20 crore which is the net deficit that was adjusted from Fund for Development, Repayment of Loans and Contingencies. As per Common Framework for Financial Reporting for Major Ports, any debit balance of the Profit and Loss Account should be deducted from the unspecified reserves. In the absence of any balance in any of the unspecified reserves, such debit balance should be shown in the asset side of the Balance Sheet. In this regard reference is invited to Comment No.A.1 on the accounts of MbPT for the year ended 31 March 2015.

This has resulted in understatement of Fund for Development, Repayment of Loans and Contingencies by Rs.373.20 crore, overstatement of "General Reserve" by Rs.41.49 crore and understatement of "Balance of Profit and Loss Account" by Rs.331.71 crore.

**A.2. Sundry Debtors**

**A.2.1 Estate Rentals (Schedule IV) - Rs.1915.46 crore**

**Provisions**

**Provisions for unrecovered Estate Rentals - Rs.1478.19 crore**

**Current Liabilities**

**Advances from Merchants, Contractors and Others Rs.1093.89 crore**

(i) As per Common Framework for Financial Reporting by Major Ports, a provision for bad and doubtful debts should be created and deducted from Sundry Debtors. However, Provision for unrecovered Estate Rentals amounting to Rs.1478.19 crore has been separately disclosed under Provisions. Further an amount of Rs.742.65 crore recovered from the lessees/tenants against Estate Rental is lying in Miscellaneous Advance Account under Advances from Merchants, Contractors and Others without being adjusted against Sundry debtors.

The Board of Trustees of the Port decided (26 August 2008) to appoint a panel of Chartered Accountants to assign the work of reconciliation and adjustment of Miscellaneous Deposit against Sundry Debtors. However, the Port has not appointed any firm of Chartered Accountants for reconciliation and adjustment of Miscellaneous Deposit against Sundry Debtors so far (August 2016). In the absence of reconciliation, the accuracy of Sundry Debtors, Provision for unrecovered Estate Rentals and Advances from Merchants, Contractors and Others cannot be ensured in audit.

(ii) As per Common Framework for Financial Reporting by Major Ports, Sundry Debtors should consist of (a) Government dues, (b) Inter-port dues

and (c) Non-government dues. MbPT has not disclosed Sundry Debtors as per Common Framework for Financial Reporting by Major Ports.

### **A.3 Balance at Banks and Cash in Hand**

#### **A.3.1 Cash in hand with other Departments - (Schedule - V) - Rs.2.22 crore**

Confirmation has not been obtained in respect of Imprest Cash with various account holders. Imprest cash as per details furnished by different imprest account holders is Rs. 0.86 crore against Rs.2.22 crore depicted in the accounts. Reference is invited to Comment No. A.3 of Separate Audit Report on the Accounts of MbPT for the year 2014-15. This has resulted in overstatement of Cash in Hand and understatement of loss by Rs.1.36 crore.

### **A.4 Current Liabilities and Provisions - Rs.4647.76 crore**

#### **A.4.1 Retirement Benefits**

**Read with Note No. 2(I)(d) of Notes to Accounts**

As per Accounting Standard 15 (Employee Benefits) where the liability for retirement benefits was funded through creation of a trust, the cost incurred for the year shall be ascertained by actuarial valuation and the contribution payable by the employer as specified by the Actuary's valuation report shall be charged to the statement of profit and loss account. Reference is invited to Comment No.A.2 on the accounts of MbPT for the year 2014-15 in this regard.

Details of Actuarial Liability, Fund Position, Investment and deficit in the Fund Position and Investment as on 31 March 2016 are given below:

Rs. in crore						
Sr. No.	Name of the Fund	Actuarial Liability as on 31 March 2016	Fund position as on 31 March 2016	Deficit (3 - 4)	Investment as on 31 March 2016	Deficit (4 - 6)
1.	2.	3.	4.	5.	6.	7.
1.	Pension Fund	9946.74	6930.99	3015.75	6814.99	116.00
2.	Gratuity Fund	648.05	461.94	186.11	451.19	10.75
3.	Leave Encashment Fund	356.43	43.82	312.61	50.65	(-) 6.83
	<b>Total</b>	<b>10951.22</b>	<b>7436.75</b>	<b>3514.47</b>	<b>7316.83</b>	<b>119.92</b>

- (i) MbPT has not provided for the deficit amounting to Rs.3514.47 crore. This has resulted in understatement of Current Liabilities and loss by Rs.3514.47 crore;

- (ii) Against the Corpus Fund of Rs.7436.75 crore as on 31 March 2016, the Investments were only Rs.7316.83 crore resulting in shortfall in investment of Corpus Fund by Rs.119.92 crore;
- (iii) Audited accounts of Group Gratuity Fund Trust of Mumbai Port Trust was not available at the time of audit; and
- (iv) Against the Actuarial Liability of Rs.648.05 crore (Gratuity Fund) and Rs.356.43 crore (Leave Encashment Fund), the Actuarial Liability disclosed in Note No.2(I)(d) is Rs.642.70 crore (Gratuity Fund) and Rs.259.09 crore (Leave Encashment Fund).

**A.4.2** This does not include interest due for the period from July 2012 to July 2013 amounting to Rs.2.21 crore paid to the Commissioner of Service Tax, Mumbai on 4 June 2016. As the interest pertained to the period July 2012 to July 2013 and final order for payment was dated 16 March 2015, MbPT should have provided for the liability. This has resulted in understatement of Current Liabilities and loss by Rs.2.21 crore.

## **B. Profit and Loss Account**

### **B.1 Finance and Miscellaneous Income**

#### **B.1.1 Interest on Staff Advances, Delayed Payments and Unallocated Investments - Rs.10.83 crore**

The accounting policy of the Port states that financial statements are prepared under the historical cost convention and on accrual basis of accounting. However in case of staff advances, the interest has been accounted on cash basis.

This has resulted in understatement of Interest on Staff Advances, Delayed Payments and Unallocated Investments and overstatement of loss by Rs.9.05 crore.

#### **B.1.2 Interest Earned on Earmarked Fund - Rs.127.71 crore**

Above includes Rs.121.87 crore being the interest earned on earmarked funds. As per Common Framework for Financial Reporting for Major Ports, income accruing on investments which are earmarked against specific funds should be credited to the respective fund account. As MbPT has credited the interest earned on earmarked funds to Profit and Loss Account, it has resulted in understatement of earmarked funds and deficit for the year by Rs.121.87 crore.

### **B.2 Net Deficit Rs.373.20 crore**

According to Accounting Standard 22 (Accounting for Taxes on Income), deferred tax asset should be recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available

against which tax can be realised. The standard further provides that reasonable level of certainty would normally be achieved by examining the past records of the enterprise and by making realistic estimates of the profits for the future.

Analysis of the past as well as projected financial statements for the future does not provide reasonable level of certainty that future taxable income will be available against which deferred tax assets can be realized. This is evident from the fact that MbPT incurred losses during 2012-13 to 2015-16 and as per the projected statement of Income and Expenditure submitted (August 2014) to TAMP with respect to revision of scale of rates, the projected loss for the year 2016-17 would be Rs.443.95 crore. Further, MbPT has not provided for the Actuarial Liability of Rs.3514.47 crore.

In view of the above, recognition of deferred tax asset is not in order. The net deficit is understated by Rs. 245.22 crore which includes Rs. 100.34 crore being Deferred Tax Assets recognized by the Port during 2015-16 and Rs.144.88 crore relating to earlier years.

This has resulted in overstatement of Deferred Tax Assets and understatement of loss by Rs.245.22 crore.

### **C. Notes to Accounts**

#### **C.1 Contingent Liabilities**

As per Common Framework for Financial Reporting by Major Ports, a note to the Balance Sheet may be added to show separately other money for which the Port is contingently liable. However, MbPT has not disclosed the following items:

(i) The Port had issued Bank Guarantees to various agencies, which are in the nature of Security Deposit. The total value of Bank Guarantee outstanding on 31 March 2016 is amounting to Rs.0.60 crore. The same has not been disclosed under contingent liabilities;

(ii) Potential liability of Rs.74.35 crore pending against the Port at various courts;

(iii) Show cause-cum-Demand Notice issued (19 April 2013) issued by the Commissioner of Service Tax for payment of Service Tax of Rs.21.20 crore for the period from October 2007 to January 2013 and penalty amounting to Rs.21.20 crore has not been disclosed;

(iv) Service Tax short paid by MbPT and penalty thereon amounting Rs.0.64 crore (23 March 2016) has not been disclosed;



**D. Effect of audit comments on the accounts.**

The net impact of the comments given in preceding paras is that the assets are overstated by Rs.237.53 crore, liabilities are understated by Rs.3970.26 crore and loss is understated by Rs.4207.79 crore.

(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 to 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 Balance sheet, of the state of affairs of Mumbai Port Trust Board at 31 March 2016; and

(b) In so far as it relates to the Profit and Loss Account of the deficit for the year ended on that date.

5. A Review of Accounts showing the summarized financial results of Mumbai Port Trust for the last three years ended 31 March 2016 is given in Annexure -II.

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



(Roop Rashi)  
Principal Director of Commercial Audit and  
Ex-officio Member, Audit Board-I, Mumbai

Place: Mumbai,  
Date: 7 October 2016.

## **Annexure-I**

### **1. Adequacy of Internal Audit System**

Internal audit of MbPT for the year 2015-16 was entrusted to M/s. MKPS Associates, Chartered Accountants, Mumbai. Some of the deficiencies pointed by the Internal Auditors are given below:

(i) There were delays in issue of invoices in the case of midstream tankers and cargo vessels;

(ii) Section 56 of the Major Port Trusts Act, 1963 provided that when any Board was satisfied that any charge leviable under Chapter VI of the Major Port Trusts Act, the Board of Trustees may issue a notice to the person who is liable to pay such charge or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice. MbPT has not complied with Section 56 of the Major Port Trusts Act, 1963;

(iii) There was no mechanism for cross check for pilotage and anchorage charges levied by the Port; and

(iv) There was lack of transparency in the allotment of cases to various advocates and solicitors.

Necessary corrective action may be taken to rectify the lapses and shortcomings pointed out in the Internal Audit Report.

### **2. Adequacy of Internal Control System**

The Internal Control System of the Port requires strengthening for the following reasons:

(i) Weaknesses were observed in the system of obtaining balance confirmation in respect of Sundry Debtors and Loans and Advances;

(ii) Age-wise analysis of Sundry Debtors was not carried out as provided in the Common Framework for Financial Reporting by Major Ports;

(iii) There was no system of cross verification of the data in the case of revenue sharing of Offshore Container Terminal project; and

### **3. System of Physical verification of fixed assets**

A reference is invited to Item No.3 of Annexure I to the Separate Audit Report on the accounts of MbPT for the year ended 31 March 2015, wherein it was stated that as per the policy followed by the Port, Physical Verification of Fixed Assets was carried out once in five years.

Despite pointing out the deficiency during 2014-15, Physical Verification of Fixed Assets was not carried out during 2015-16.

**4. System of Physical Verification of Inventory**

Physical Verification of Inventory has not been carried out for the year 2015-16.

**5. Regularity in payment of statutory dues**

The Port was regular in making payment of undisputed statutory dues.

  
(G. Janbagalakshmi)  
Deputy Director

Place: Mumbai,  
Date: 7 October 2016.



## ANNEXURE - II

### Review of accounts of Mumbai Port Trust for three years ended 31 March 2016 by the Comptroller and Auditor General of India

(The Review of Accounts has been prepared without taking into account the audit observations/comments contained in the Separate Audit Report of the Comptroller and Auditor General of India)

#### 1. FINANCIAL POSITION

The Financial Position of Mumbai Port Trust under the broad headings for three years ended 31 March 2016 is given below:

Particulars	Rs. in crore		
	2013-14	2014-15	2015-16
<b>LIABILITIES</b>			
Capital Reserve	1254.75	1267.01	1290.48
Other Reserves	4249.09	2327.03	1929.53
Borrowings	0.00	0.00	0.00
Deferred Tax Liabilities	0.00	0.00	0.00
Current Liabilities & Provisions	4411.82	4559.68	4647.76
Other Liabilities	0.00	0.00	0.00
<b>Total</b>	<b>9915.66</b>	<b>8153.72</b>	<b>7867.77</b>
<b>ASSETS</b>			
Net Fixed Assets	511.53	652.93	763.17
Works-in-Progress	743.22	614.08	527.31
Investments	3404.64	2706.67	2734.69
Current Assets and Loans and Advances	5012.05	3805.59	3440.31
Deferred Tax Asset	74.38	144.88	245.22
<b>Other Assets/Misc. Expenditure:</b>			
Sheds handed over to BOT operator	0.00	0.00	0.00
SVRS Expenditure	169.84	229.57	157.07
<b>Total</b>	<b>9915.66</b>	<b>8153.72</b>	<b>7867.77</b>
Working Capital *	600.23	-754.09	-1207.45
Net Worth **	5503.84	3594.04	3220.01
Capital Employed ***	1111.76	-101.16	-444.28
Net Surplus (before appropriation)	-14.19	-139.35	-349.54
Return on capital employed **** (percentage)	-1.28	137.75	78.68
Capital Employed (including Work -in-Progress)	1854.98	512.92	83.03
Return on Capital Employed (including Work -in-Progress) (percentage)	-0.76	-27.17	-420.98

\* Working Capital represents Current Assets minus Current Liabilities.

\*\* Net worth represents Capital Reserves and Other Reserves plus surplus/ less deficit.

\*\*\* Capital Employed represents Net Fixed Assets plus Working Capital.

\*\*\*\* Return on Capital Employed represents percentage of Net Surplus (before appropriation) to Capital Employed.

## 2. WORKING RESULTS

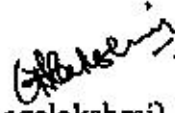
The working results of the Mumbai Port Trust for the last three years ending 31 March 2016 are summarized below:

Particulars	Rs. in crore		
	2013-14	2014-15	2015-16
<b>Revenue</b>			
Operating Income	1304.88	1399.78	1478.18
Non operating Income	343.23	226.63	153.54
<b>Total</b>	<b>1648.11</b>	<b>1626.41</b>	<b>1631.72</b>
<b>Expenditure</b>			
Operating expenditure	965.82	1068.10	1075.69
Non operating expenditure	799.07	788.31	1029.60
<b>Total</b>	<b>1764.89</b>	<b>1856.41</b>	<b>2105.29</b>
Extra ordinary items	0.00	0.00	0.00
Prior period charges	0.00	0.00	0.00
<b>Net surplus before tax</b>	<b>-116.78</b>	<b>-230.00</b>	<b>-473.57</b>
<i>Less:</i> Provision for Tax	0.00	0.00	0.00
<i>Add/Less:</i> Deferred tax liability/ assets	-83.40	-70.49	-100.34
<i>Add:</i> Withdrawn from Welfare Fund and Infrastructure Reserve	19.19	20.16	23.69
<b>Net surplus before appropriation</b>	<b>-14.19</b>	<b>-139.35</b>	<b>-349.54</b>
<i>Less:</i> Mandatory Appropriations, Transfers to Res. Funds, etc.,	19.19	15.46	23.66
Surplus/Deficit transferred to General Reserve	-33.38	-154.81	-373.20
<b>Percentage of net surplus to</b>			
(i) Operating Income	-1.09	-9.96	-23.65
(ii) Net Fixed Assets	-2.77	-21.34	-45.80
(iii) Net Worth	-0.26	-3.88	-10.86

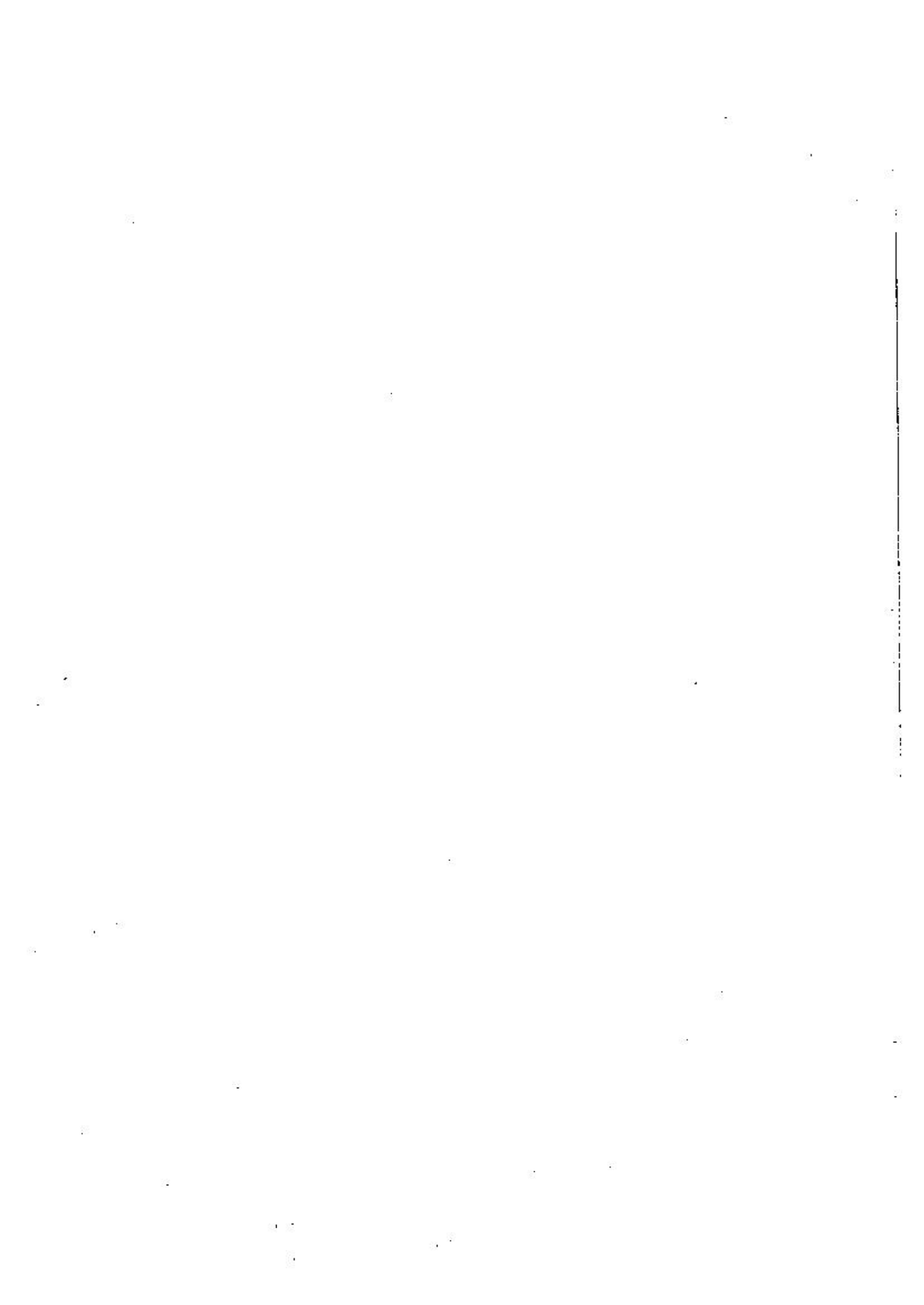
### 3. RATIO ANALYSIS (LIQUIDITY AND SOLVENCY)

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

		Rs. In crore		
Particulars		2013-14	2014-15	2015-16
a.	The percentage of Current Assets to Current Liabilities (including Provisions)	113.61	83.46	74.02
b.	Percentage of Quick Assets to Current Liabilities	93.83	109.61	97.13
c.	Percentage of Sundry Debtors to Operating Income	150.41	154.30	161.06
d.	Percentage of Debt to Capital Reserve & General Reserve	0.00	0.00	0.00
e.	Percentage of profit before tax to:			
a)	Net Worth	-2.12	-6.40	-14.71
b)	Capital Employed	-10.50	227.36	106.59
c)	Operating Income	-8.95	-16.43	-32.04

  
(G. Janbagalakshmi)  
Deputy Director

Place: Mumbai,  
Date: 7 October 2016.



**MUMBAI PORT TRUST**  
**FINANCE DEPARTMENT**

Separate Audit Report of the Comptroller and Auditor General of India on the Accounts of Mumbai Port Trust, Mumbai for the year ended 31 March 2016

Audit Observations	Action Taken Notes
<p><b>A Balance Sheet</b></p> <p><b>A.1 Reserves and Surplus (Schedule I) – Rs.3220.01 crore</b></p> <p>Above does not include an amount of Rs. 373.20 crore which is the net deficit that was adjusted from Fund for Development, Repayment of Loans and Contingencies. As per Common Framework for Financial Reporting for Major Ports, any debit balance of the Profit and Loss Account should be deducted from the unspecified reserves. In the absence of any balance in any of the unspecified reserves, such debit balance should be shown in the asset side of the Balance Sheet. In this regard reference is invited to Comment No.A.1 on the accounts of MbPT for the year ended 31 March 2015.</p> <p>This has resulted in understatement of Fund for Development, Repayment of Loans and Contingencies by Rs.373.20 crore, overstatement of "General Reserve" by Rs.41.49 crore and understatement of "Balance of Profit and Loss Account" by Rs.331.71 crore.</p>	<p>The Reserves and Surplus of Rs. 3220.01 crore is shown after adjusting the loss of Rs. 373.20 crore for the financial year 2015-16.</p> <p>2. As per Common Framework for Financial Reporting (CFFR) for Major Ports, It is also mentioned that: Reserves are that portion of the earnings, receipts or other surplus of an enterprise (whether capital or revenue) appropriated by the management for general or specific purpose other than a provision for depreciation or diminution in the value of fixed assets or for a known liability. Reserves can broadly be classified as:</p> <p style="margin-left: 40px;">(a) Capital Reserve (b) General Reserve (c) Statutory Reserve.</p> <p>3. The reserves are not classified as specific or unspecified in the CFFR. The purpose of Reserves may be general or specific. The very name of the Funds indicate the purpose for which they are created and the monies in the Funds can be used only for that purpose. The Major Ports Commission had recommended that ports should set up two Reserves i.e. Funds for Replacement, Rehabilitation and Modernization of Capital Assets (RRM) and Fund for Development, Repayment of Loans and Contingencies (DRLC). This recommendation was accepted by the Govt. and under its letter No. PGF-15/76 dated 22.09.1976 Ministry had approved the operation of the above two Reserves from financial year 1975-76. Accordingly apart from 3% of capital employed, additional depreciation on capital asset is also transferred to the RRM. General Reserve Fund is meant for transferring surplus that cannot be allocated to any other Fund. In the presence of Reserve (DRLC) the debit balance of the profit and loss account shown in the asset side of the Balance Sheet may be fictitious assets.</p> <p>4. There is no understatement of "Development, Repayment of Loans and</p>

	Contingencies Fund" by Rs. 373.20 crore, overstatement of "General Reserve" by Rs. 41.49 crore and understatement of "Balance of Profit & Loss Account by Rs. 331.71 crore.
<p><b>A.2. Sundry Debtors</b>  <b>A.2.1 Estate Rentals (Schedule IV) – Rs.1915.46 crore</b>  <b>Provisions</b>  <b>Provisions for unrecovered Estate Rentals - Rs.1478.19 crore</b>  <b>Current Liabilities</b>  <b>Advances from Merchants, Contractors and Others Rs.1093.89 crore</b></p> <p>(i) As per Common Framework for Financial Reporting by Major Ports, a provision for bad and doubtful debts should be created and deducted from Sundry Debtors. However, Provision for unrecovered Estate Rentals amounting to Rs.1478.19 crore has been separately disclosed under Provisions. Further an amount of Rs.742.65 crore recovered from the lessees/tenants against Estate Rental is lying in Miscellaneous Advance Account under Advances from Merchants, Contractors and Others without being adjusted against Sundry debtors.</p> <p>The Board of Trustees of the Port decided (26 August 2008) to appoint a panel of Chartered Accountants to assign the work of reconciliation and adjustment of Miscellaneous Deposit against Sundry Debtors. However, the Port has not appointed any firm of Chartered Accountants for reconciliation and adjustment of Miscellaneous Deposit against Sundry Debtors so far (August 2016). In the absence of reconciliation, the accuracy of Sundry Debtors, Provision for unrecovered Estate Rentals and Advances from Merchants, Contractors and Others cannot be ensured in audit.</p> <p>(ii) As per Common Framework for Financial Reporting by Major Ports, Sundry Debtors should consist of (a) Government dues, (b) Inter-port dues and (c) Non-government dues. MbPT has not disclosed Sundry Debtors as per Common Framework for Financial Reporting by Major Ports.</p>	<p>(i) Mumbai port has come under purview of Income Tax from the financial year 2002-2003. The practice followed till 2012-2013 to book the Estate Income on Cash basis and to create the Provision of unrecovered Estate Rental was discontinued. To avoid the mixed accounting policies i.e. billed base and cash base, the policy has been changed as mentioned above with notes to accounts in that year.</p> <p>However, many matters are under dispute and cases are subjudice. The provision for unrecovered Estate Rentals was created for the rents billed but not collected during the year. The debtors were not reduced hence the equivalent amount is shown as "Provision for unrecovered Estate Rentals" on liability side. This is not a provision for doubtful debts hence not deducted from Sundry Debtors.</p> <p>The bills for rent / compensation as per the Hon'ble Supreme Court's verdict dated 13.01.2004 are being rendered to lessees and tenants with effect from 1<sup>st</sup> April 2004 and the liability statements depicting arrears of rent are also being communicated separately. However, many lessees / tenants still continue to make payment at old contractual rates or not paying at all. In respect of disputed cases, where the matter is subjudice the amount received from lessees/ tenants is not adjusted against the sundry debtors but is credited to Estate Manager's Miscellaneous Deposit Account (M.D. Account).</p> <p>The approval is accorded to fix the priority in allocation of monies kept in Miscellaneous Deposit Account vide TR No. 71 dated 26.05.2009 by the Board. The approval is accorded to appoint a panel of Chartered Accountant Firm be prepared to assign the work of reconciliation and adjustment of Miscellaneous Deposit against the Sundry Debtors vide TR No. 137 of 26.08.2008. There is a delay in</p>



	<p>appointment of the Chartered Accountant Firm, hence the adjustment of Miscellaneous Deposit Account against the Sundry debtor is pending.</p> <p>(ii) Some of the departments / divisions are forwarding the statement as per requirement of CFFR. The Audit suggestion made as per CFFR have already been forwarded to all the concerned departments / divisions to fulfill the requirement. The required information will be sought from Department / Divisions in the next financial year.</p>
<p><b>A.3 Balance at Banks and Cash in Hand</b>  <b>A.3.1 Cash in hand with other Departments - (Schedule - V) Rs.2.22 crore</b></p> <p>Confirmation has not been obtained in respect of Imprest Cash with various account holders. Imprest cash as per details furnished by different imprest account holders is Rs. 0.86 crore against Rs.2.22 crore depicted in the accounts. Reference is invited to Comment No. A.3 of Separate Audit Report on the Accounts of MbPT for the year 2014-15. This has resulted in overstatement of Cash in Hand and understatement of loss by Rs.1.36 crore.</p>	<p>The contingency advances sanctioned to various department by Finance Department i.e. Rs. 2.22 crore are reflected in the accounts. All these advances are in the form of Cash and Bank.</p> <p>2. Audit comment regarding expenditure to the extent of Rs. 1.36 crore incurred during the accounting period by various imprest holders have not been accounted in the year itself, may not be correct. During the year 2014-2015 audit had observed that the expenditure to the extent of Rs. 1.69 crore was not accounted in the year itself. The expenditure to the tune of Rs. 0.33 crore (i.e Rs. 1.69 crore – Rs. 1.36 crore) pertaining to the previous year have been also accounted in the current year. It is continuous process, hence it is very difficult to identify the exact amount of less or excess expenditure for the year. The recoupment process includes various processes such as authentication of bills, preparation of vouchers, audit of vouchers, passing of vouchers and authorization of vouchers etc. Hence the expenditure made during the last few days of the financial year cannot be recouped in the same year. The process is consistently followed for last many years.</p> <p>3. There is no overstatement of Cash In Hand and understatement of loss by Rs.1.36 crore.</p>
<p><b>A.4 Current Liabilities and Provisions - Rs.4647.76 crore</b></p>	<p>The figures are not correct.</p>

#### A.4.1 Retirement Benefits

Read with Note No. 2(I)(d) of Notes to Accounts

As per Accounting Standard 15 (Employee Benefits) where the liability for retirement benefits was funded through creation of a trust, the cost incurred for the year shall be ascertained by actuarial valuation and the contribution payable by the employer as specified by the Actuary's valuation report shall be charged to the statement of profit and loss account. Reference is invited to Comment No.A.2 on the accounts of MbPT for the year 2014-15 in this regard.

Details of Actuarial Liability, Fund Position, Investment and deficit in the Fund Position and Investment as on 31 March 2016 are given below:

Rs. in crore

Sr. No.	Name of the Fund	Actuarial Liability as on 31 March 2016	Fund position as on 31 March 2016	Deficit (3-4)	Investment as on 31 March 2016	Deficit (4-6)
1	2	3	4	5	6	7
1	Pension Fund	9946.74	8930.99	3015.75	6814.99	116.00
2	Gratuity Fund	648.05	461.94	186.11	451.19	10.75
3	Leave Encashment Fund	356.43	43.82	312.61	50.65	-16.83
	Total	10951.22	7436.75	3514.47	7316.83	119.92

- (i) MbPT has not provided for the deficit amounting to Rs.3514.47 crore. This has resulted in understatement of Current Liabilities and loss by Rs.3514.47 crore;
- (ii) Against the Corpus Fund of Rs.7436.75 crore as on 31 March 2016, the investments were only Rs.7316.83 crore resulting in shortfall in investment of Corpus Fund by Rs.119.92 crore;
- (iii) Audited accounts of Group Gratuity Fund Trust of Mumbai Port Trust was not available at the time of audit; and
- (iv) Against the Actuarial Liability of Rs.648.05 crore (Gratuity Fund) and Rs.356.43 crore (Leave Encashment Fund), the Actuarial Liability disclosed in Note No.2(I)(d) is

The standard classified benefits into four categories, i.e. short term employees benefits, post-employment benefits, other long term employee benefits and Termination benefits. Hence the Actuarial Valuation for liability towards Pension, Gratuity and Leave Encashment funds for pensioners and existing employees are calculated separately. The valuation done as on 31.03.2016 shows the future liability and not the liability as on that date.

(Rs. in Crore)

Sr. No.	Name of Fund	Actuarial Liability as on 31 March 2016	Fund position as on 31.03.2016	Deficit (3-4)	Investment as on 31 March 2016	Deficit (4-6)
1	2	3	4	5	6	7
1	Pension Fund	9946.74	8930.99	3015.75	6814.99	116.00
2	Gratuity Fund	642.70	464.93	177.77	451.19	13.74
3	Leave Encashment	259.09	43.82	215.27	50.65	-6.83
	Total	10848.53	7429.74	3408.79	7316.83	122.91

(i) Considering the total shortfall of Rs. 3408.79 crore and total Reserve of Rs. 1916.14 crore, the MbPT is not in position to charge the shortfall to Profit and Loss account and to provide the accrued liability as on 31.03.2016. Hence considering the actuarial valuation and surplus available every year contribution is made to these funds and shortfall will be met in the next few years. The necessary disclosure has been made in the notes to accounts. Hence there is no understatement of current liabilities and loss by Rs. 3514.17 crore.

(ii) The amount of deficit as shown in the last column is due to amount of net current assets, loans and advances not available for investment during the year. This is mainly on account of accrued interest and amount receivable from MbPT.

(iii) The accounts of Group Gratuity Fund Trust were under preparation when the MbPT account forwarded to C&AG. But the

<p>Rs.642.70 crore (Gratuity Fund) and Rs.259.09 crore (Leave Encashment Fund).</p>	<p>information in respect of GGFT Account was submitted to C&amp;AG as and when demanded.</p> <p>(iv) The Current Service Cost means, it is the present value of the benefits payable to the employees in the future in respect of their services to be rendered during the current year. The annual contribution is calculated by taking the present value of benefits for the service rendered during the intervaluation period (from current date of valuation to the next date of valuation) taking into account the projected future salaries. The valuation of current service cost is between current dates of valuation to the next date of valuation, hence the amount is not considered as a liability during the current year. As per practice in vogue current service cost for Gratuity Fund and Leave Encashment Fund is not considered from the initial stage of formation of fund.</p>
<p><b>A.4.2</b> This does not include interest due for the period from July 2012 to July 2013 amounting to Rs.2.21 crore paid to the Commissioner of Service Tax, Mumbai on 4 June 2016. As the interest pertained to the period July 2012 to July 2013 and final order for payment was dated 16 March 2015, MbPT should have provided for the liability. This has resulted in understatement of Current Liabilities and loss by Rs.2.21 crore.</p>	<p>The interest amount of Rs. 2,20,65,911/- on Service Tax for the period from July-2012 to July-2013 to Service Tax Authority was paid vide voucher no. JV_0001/2016060081 dated 04.06.2016.</p> <p>2. Competent Authority's sanction for payment of interest was obtained vide W.No. 672 dated 21.04.2016. Hence no provision has been provided for in the accounts for the interest payable on the service tax liability in the accounts. Hence there is no understatement of current liabilities and loss by Rs. 2.21 crore.</p>
<p><b>B. Profit and Loss Account</b></p>	
<p><b>B.1 Finance and Miscellaneous Income</b></p>	
<p><b>B.1.1 Interest on Staff Advances, Delayed Payments and Unallocated Investments - Rs.10.83 crore</b></p> <p>The accounting policy of the Port states that financial statements are prepared under the historical cost convention and on accrual basis of accounting. However in case of staff advances, the interest has been accounted on cash basis.</p> <p>This has resulted in understatement of Interest on Staff Advances, Delayed Payments and Unallocated Investments and overstatement of loss by Rs. 9.05 crore.</p>	<p>The facts and figures are correct.</p> <p>2. The interest received shown in the accounts is Rs. 3.63 crore whereas the interest accrued is Rs. 0.96 crore during the financial year 2015-16 in profit and loss account. Hence there is excess income shown in the accounts by Rs. 2.67 crore for the year 2015-16. As far as Balance Sheet is concerned there is understatement of Assets (i.e. accrued interest on Loan &amp; Advance) and understatement of Reserves by Rs. 9.05 crore due to overstatement of loss.</p> <p>3. The accrual system of booking the interest on staff advances will be implemented from the year 2016-2017.</p>
<p><b>B.1.2 Interest Earned on Earmarked Fund -</b></p>	<p>The interest shown in the Profit and Loss</p>

<p><b>Rs.127.71 crore</b></p> <p>Above includes Rs.121.87 crore being the interest earned on earmarked funds. As per Common Framework for Financial Reporting for Major Ports, income accruing on investments which are earmarked against specific funds should be credited to the respective fund account. As MbPT has credited the Interest earned on earmarked funds to Profit and Loss Account, it has resulted in understatement of earmarked funds and deficit for the year by Rs.121.87 crore.</p>	<p>Account is Rs. 127.71 crore. This includes Rs. 121.87 crore interest on earmarked fund, Rs. 1.65 crore interest on loan to Cochin Port and Rs. 4.19 crore interest on short term deposit with banks for various purposes.</p> <p>Interest earned on investments of earmarked funds amounting to Rs. 121.87 crore forms a part of total interest of Rs. 127.71 crore shown under the Finance &amp; Miscellaneous income in the Profit and Loss Account. Thus akin to other items of income it stands submerged in profit before tax and then gets appropriated to the various funds after provision for taxation. Audit has not considered impact of income tax while working out the interest to be allocated to earmarked funds.</p> <p>In other words, the gross interest earned on every earmarked fund has been brought in the common stream and after adjustment of other relevant factors, the surplus/deficit has been appropriated in the most logical and rational manner, there is no understatement of funds and deficit for the year 2015-2016.</p> <p>The deviation as observed by Audit in the accounting policies as mentioned in the CFFR is mainly due to that MBPT has come under purview of Income Tax from the Financial Year 2002-2003. While preparing the Budget Estimate from that years the accounting/reporting has been shown as mentioned in the Annual Accounts for that years. Approval to the Budget Estimate &amp; Revised Budget Estimates are received from the Ministry from time to time.</p> <p>There is no understatement of earmarked funds and deficit for the year by 121.87 crore.</p>
<p><b>B.2 Net Deficit Rs. 373.23 crores</b></p> <p>According to Accounting Standard 22 (Accounting for Taxes on Income), deferred tax asset should be recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which tax can be realised. The standard further provides that reasonable level of certainty would normally be achieved by examining the past records of the enterprise and by making realistic estimates of the profits for the future.</p> <p>Analysis of the past as well as projected financial</p>	<p>The Port has recognized Rs.100.34 crore as Net Deferred Tax Assets (Income) in the Profit and Loss Account for the year ended 31.03.2016.</p> <p>2. It is correct that according to AS-22 para 15-16, deferred Tax should be recognized and carry forward only to the extent that there is reasonable certainty that sufficient taxable income will be available against which deferred tax can be realized. Further as per para- 17, where an enterprise has unabsorbed depreciation or carry forward losses under tax laws, deferred tax should be recognized only to</p>

statements for the future does not provide reasonable level of certainty that future taxable income will be available against which deferred tax assets can be realized. This is evident from the fact that MbPT incurred losses during 2012-13 to 2015-16 and as per the projected statement of Income and Expenditure submitted (August 2014) to TAMP with respect to revision of scale of rates, the projected loss for the year 2016-17 would be Rs.443.95 crore. Further, MbPT has not provided for the Actuarial Liability of Rs.3514.47 crore.

In view of the above, recognition of deferred tax asset is not in order. The net deficit is understated by Rs. 245.22 crore which includes Rs. 100.34 crore being Deferred Tax Assets recognized by the Port during 2015-16 and Rs. 144.88 crore relating to earlier years.

This has resulted in overstatement of Deferred Tax Assets and understatement of loss by Rs.245.22 crore.

the extent that there is virtual certainty supported by convincing evidence that future taxable income will be available against which such deferred tax assets can be realized. The reasonable level of certainty would normally be achieved by examining the past records of the enterprise and by making realistic estimates of the profits of the future.

3. It is also true that MbPT has been running on loss for the last four years as indicated in the observation.

4. The deferred tax liability is because of difference in the method of depreciation. For accounting purposes straight line method of depreciation is used while for purpose of computing taxable income WDV method is used. This difference will be reversed in future when depreciation for tax purpose will be lower as compared to depreciation for accounting purpose. Also the deferred tax assets arise due to loss computed under Income Tax Act, 1961 which is carried forward and to be set off against the income of the subsequent year. The recognition of Rs.100.34 crore as deferred Tax assets (income) in the Profit and Loss Account was in conformity with the provisions of AS-22.

5. With implementation of Land Policy there is an expected increase in income from Estate Rentals. Funding is expected towards Pension Fund. Subsequently, LIC will begin pension disbursement. Pension liability of MbPT will reduce and hence there is scope of profitability.

6. Hence, though analysis of past records as well as projected financial statements for the future however does not provide any indication of reasonable level of certainty that future taxable income will be available against which deferred tax assets can be realized. MbPT is reasonably certain that in future there will be taxable surplus which can be adjusted against the brought forward losses.

7. In view above, it is incorrect to conclude that recognition of deferred tax assets (income) has resulted in overstatement of deferred Tax Assets and understatement of loss by Rs. 245.22 crore.



<p><b>C. Notes to Accounts</b></p>	
<p><b>C.1 Contingent Liabilities</b></p> <p>As per Common Framework for Financial Reporting by Major Ports, a note to the Balance Sheet may be added to show separately other money for which the Port is contingently liable. However, MbPT has not disclosed the following items:</p> <p>(i) The Port had issued Bank Guarantees to various agencies, which are in the nature of Security Deposit. The total value of Bank Guarantee outstanding on 31 March 2016 is amounting to Rs. 0.60 crore. The same has not been disclosed under contingent liabilities;</p> <p>(ii) Potential liability of Rs.74.35 crore pending against the Port at various courts;</p> <p>(iii) Show cause-cum-Demand Notice issued (19 April 2013) issued by the Commissioner of Service Tax for payment of Service Tax of Rs.21.20 crore for the period from October 2007 to January 2013 and penalty amounting to Rs.21.20 crore has not been disclosed;</p> <p>(iv) Service Tax short paid by MbPT and penalty thereon amounting Rs.0.64 crore (23 March 2016) has not been disclosed;</p>	<p>(i) Necessary disclosure about Bank Guarantee outstanding at the close of the year will be made in the notes forming part of accounts from the next financial year.</p> <p>(ii) The necessary disclosure about 567 cases involving a potential liability of Rs 74.35 crore will be made in note forming part of account under head "Contingent Liability" in the next year.</p> <p>(iii) The necessary disclosure will be made in note forming part of account under head "Contingent Liability" in the next year.</p> <p>(iv) The disclosure about Service Tax short paid by MbPT and penalty thereon amounting Rs. 0.64 crore will be made in the next year.</p>
<p><b>D. Effect of audit comments on the accounts.</b></p> <p>The net impact of the comments given in preceding paras is that the assets are overstated by Rs.237.53 crore, liabilities are understated by Rs.3970.26 crore and loss is understated by Rs.4207.79 crore.</p> <p>(v) Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;</p> <p>(vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes to Accounts, and subject to the significant matters stated above and other matters</p>	<p>The net impact of the audit comments is subject to the clarifications given against each by this port.</p> <p>Factual.</p> <p>Factual.</p>



<p>mentioned in Annexure-I to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India:</p> <p>(a) In so far as it relates to Balance sheet, of the state of affairs of Mumbai Port Trust Board at 31 March 2016; and</p> <p>(b) In so far as it relates to the Profit and Loss Account of the deficit for the year ended on that date.</p>	
<p>5. A Review of Accounts showing the summarized financial results of Mumbai Port Trust for the last three years ended 31 March 2016 is given in Annexure -II.</p>	<p>Please see Annexure-II.</p>

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

Sd/-

(Roop Rashi)

Principal Director of Commercial Audit and  
Ex-officio Member, Audit Board-I, Mumbai.  
Place: Mumbai,  
Date: 7<sup>th</sup> October 2016.



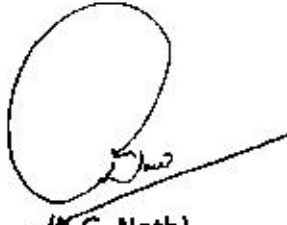
(K.G. Nath)

Financial Adviser and  
Chief Accounts Officer,  
Mumbai Port Trust.  
Place: Mumbai  
Date: 14<sup>th</sup> October 2016.

<b>Annexure I</b>	
<p><b>1. Adequacy of Internal Audit System</b></p> <p>Internal audit of MbPT for the year 2015-16 was entrusted to M/s. MKPS Associates, Chartered Accountants, Mumbai. Some of the deficiencies pointed by the internal Auditors are given below:</p> <p>(i) There were delays in issue of Invoices in the case of midstream tankers and cargo vessels;</p> <p>(ii) Section 56 of the Major Port Trusts Act, 1963 provided that when any Board was satisfied that any charge leviable under Chapter VI of the Major Port Trusts Act, the Board of Trustees may issue a notice to the person who is liable to pay such charge or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice. MbPT has not complied with Section 56 of the Major Port Trusts Act, 1963;</p> <p>(iii) There was no mechanism for cross check for pilotage and anchorage charges levied by the Port; and</p> <p>(iv) There was lack of transparency in the allotment of cases to various advocates and solicitors.</p> <p>Necessary corrective action may be taken to rectify the lapses and shortcomings pointed out in the Internal Audit Report.</p>	<p>The contract of internal audit of MbPT account for the year 2015-16 was awarded to M/s MKPS Associates in the month of April-2015 and letter of appointment was issued to them in the same month. The acceptance of contract by MKPS Associates was forwarded in the month of June-2015 and the work of audit was started. There was delay in accepting the contract, hence the delay in submitting the internal audit report for the year 2015-16. The extension is given to the M/s MKPS Associates in the month of July-2016 to submit the audit report for the remaining 2 quarter upto 31<sup>st</sup> July 2016.</p> <p>The corrective action for the deficiencies pointed by the audit will be taken in the next financial year.</p>
<p><b>2. Adequacy of Internal Control System</b></p> <p>The Internal Control System of the Port requires strengthening for the following reasons:</p> <p>(i) Weaknesses were observed in the system of obtaining balance confirmation in respect of Sundry Debtors and Loans and Advances;</p> <p>(ii) Age-wise analysis of Sundry Debtors was not carried out as provided in the Common Framework for Financial Reporting by Major Ports;</p> <p>(iii) There was no system of cross verification of the data in the case of revenue sharing of Offshore Container Terminal project; and</p>	<p>The internal check and internal control system are well streamlined. Most of the observations relates non-disclosure of information / details in Annual Accounts. In the absence of specific observation on deficiency, the observation may kindly be reviewed. Strengthening of internal Control System is continuous process and is being done consistently.</p> <p>(i) Many matters in respect of Sundry Debtors are under dispute and cases are subjudice. In this case there is technical or legal issue to obtain the confirmation of outstanding balances or exact outstanding balances of these parties. Secondly MbPT is giving loans and advances to their employees only, hence no need to take confirmation as the figures are maintained by MbPT only. In case of Loan to Cochin Port Trust the confirmation of balances are sent by E-mail every year and confirmed by MbPT through E-mail only. The loan and interest have been repaid fully in the month of July 2016.</p> <p>(ii) The age-wise details of sundry debtors are forwarded to RAO under "Document Statement for Annual Account". The necessary changes as per CFFR have been conveyed to the</p>

	<p>concerned department /divisions.</p> <p>(iii) The revenue share of Offshore Container Terminal project booked in the accounts are verified by Revenue Audit Branch of Finance Department. Periodical review meeting have been held at the level of FA&amp;CAO.</p>
<p><b>3. System of Physical verification of fixed assets</b></p> <p>A reference is invited to Item No.3 of Annexure I to the Separate Audit Report on the accounts of MbPT for the year ended 31 March 2015, wherein it was stated that as per the policy followed by the Port, Physical Verification of Fixed Assets was carried out once in five years.</p> <p>Despite pointing out the deficiency during 2014-15, Physical Verification of Fixed Assets was not carried out during 2015-16.</p>	<p>It is true that the physical verification of MbPT's assets are done once in five years in term of TR 797 of 1969 and 71 of 1970. The physical verification for the period from 01.04.2008 to 31.03.2013 is completed except CE Department. The decision taken by the Board of Trustees in 1969 and 1970 will be reviewed by submitting the new proposal for periodical physical verification of Fixed Asset.</p>
<p><b>4. System of Physical Verification of Inventory</b></p> <p>Physical Verification of Inventory has not been carried out for the year 2015-16.</p>	<p>In respect of physical verification of inventory, it is carried out periodically and perpetual inventory system is followed. The policies for physical verification of inventory will also be reviewed by submitting the new proposal for physical verification of inventories.</p>
<p><b>5. Regularity in payment of statutory dues</b></p> <p>The Port was regular in making payment of undisputed statutory dues.</p>	<p>Factual.</p>

Sd/-  
(G. Janbagalakshmi)  
Deputy Director  
Place: Mumbai  
Date: 7<sup>th</sup> October 2016

  
(K.G. Nath)  
Financial Adviser and  
Chief Accounts Officer,  
Mumbai Port Trust.  
Place: Mumbai  
Date: 14<sup>th</sup> October 2016.

**Annexure –II**

**Review of Accounts of Mumbai Port Trust for the year ended 31 March 2016 by the Comptroller and Auditor General of India.**

(This Review of Accounts has been prepared without taking into account the audit observations/comments contained in the Separate Audit Report of the Comptroller and Auditor General of India)

**1. Financial Position**

Financial position of the Mumbai Port Trust under the broad headings for the three years ended 31 March 2016 is given below:

The financial position of Mumbai Port Trust under the broad heading for three years ended 31<sup>st</sup> March 2016 is given below:

Rs. in crore				Rs. in crore			
Year	2013-14	2014-15	2015-16	Year	2013-14	2014-15	2015-16
<b>LIABILITIES</b>				<b>LIABILITIES</b>			
Capital Reserve	1254.75	1267.01	1290.48	Capital Reserve	1254.75	1267.01	1290.48
Other Reserve	4249.09	2327.03	1929.53	Other Reserve	4249.09	2327.03	1929.53
Borrowings	0.00	0.00	0.00	Borrowings	0.00	0.00	0.00
Deferred Tax Liability	0.00	0.00	0.00	Deferred Tax Liability	0.00	0.00	0.00
Current Liabilities and Provisions	4411.82	4559.68	4647.76	Current Liabilities and Provisions	4411.82	4559.68	4647.76
<b>Total</b>	<b>9915.66</b>	<b>8153.72</b>	<b>7867.77</b>	<b>Total</b>	<b>9915.66</b>	<b>8153.72</b>	<b>7867.77</b>
<b>ASSETS</b>				<b>ASSETS</b>			
Net Fixed Assets	511.53	652.93	763.17	Net Fixed Assets	511.53	652.93	763.17
Work-in-Progress	743.21	614.08	527.31	Work-in-Progress	743.22	614.08	527.31
Investments	3404.64	2706.67	2734.69	Investments	3404.64	2706.67	2734.69
Current Assets	5012.05	3805.59	3440.31	Current Assets	5012.05	3805.59	3440.31
Deferred Tax Asset	74.38	144.88	245.22	Deferred Tax Asset	74.38	144.88	245.22
Other Assets/ Misc. Expenditure				Other Assets/ Misc. Expenditure			
Sheds handed over to BOT operator	0.00	0.00	0.00	Sheds handed over to BOT operator	0.00	0.00	0.00
SVRS Expenditure	169.84	229.57	157.07	SVRS Expenditure	169.84	229.57	157.07
<b>Total</b>	<b>9915.66</b>	<b>8153.72</b>	<b>7867.77</b>	<b>Total</b>	<b>9915.66</b>	<b>8153.72</b>	<b>7867.77</b>
Working Capital *	600.23	-754.09	-1207.45	Working Capital *	1612.98	591.01	229.60
Net worth **	5503.84	3594.04	3220.01	Net worth **	5333.99	3364.46	3062.94
Capital Employed ***	1111.76	-101.16	-444.28	Capital Employed ***	2124.51	1243.94	992.76
Net Surplus (before appropriation)	-14.19	-139.35	-349.54	Net Surplus (before appropriation)	-14.19	-139.35	-349.54
Return on Capital Employed (****) (percentage)	-1.28	137.75	78.68	Return on Capital Employed (****) (percentage)	-0.36	-10.68	-34.57

Capital Employed (including Work-in-Progress)	1854.98	512.92	83.03	Capital Employed (including Work-in-Progress)	2867.73	1858.02	1520.08
Return on Capital employed (including Work-In-Progress) (percentage)	-0.76	-27.17	-420.98	Return on Capital employed (including Work-in-Progress) (percentage)	-0.27	-7.15	-22.58

\* Working Capital represents Current Assets minus Current Liabilities.

\*\* Net worth represents Capital Reserves and Other Reserves plus surplus/ less deficit.

\*\*\* Capital Employed represents Net Fixed Assets plus Working Capital.

\*\*\*\* Return on Capital Employed represents percentage of Net Surplus (before appropriation) to Capital Employed.

\* Working Capital represents Current Assets minus Current Liabilities excluding provisions & Service Tax, Sundry Debtors.

\*\* Net Worth represents Capital Reserves and other Reserves.

\*\*\* Capital Employed represents Net Fixed Asset plus Working Capital (Works out as indicated above \*)

\*\*\*\* Rate of Return represents percentage of net Surplus to Capital Employed.

**Note:** Other Reserve represents General Reserve, MbPT Centenary Commemoration Fund, and Fund for Development, Repayment of Loan and Contingencies, Fund for Replacement, Rehabilitation and Modernization of Capital Assets, Fire and Motor Insurance Fund, War Memorial Fund and Employees Welfare Fund.

## 2. Working Results

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

Rs. in crore

Particulars	2013-14	2014-15	2015-16
Revenue			
Operating Income	1304.88	1399.78	1478.18
Non-Operating Income	343.23	226.63	153.54
<b>Total</b>	<b>1648.11</b>	<b>1626.41</b>	<b>1631.72</b>
Expenditure			
Operating Expenditure	965.82	1068.10	1075.69
Non-Operating Expenditure	799.07	788.31	1029.60
<b>Total</b>	<b>1764.89</b>	<b>1856.41</b>	<b>2105.29</b>
Extra ordinary items	0.00	0.00	0.00

## 2. Working Results

The Working Results of Mumbai Port Trust for the three years ended 31<sup>st</sup> March 2016 are given below:

Rs. in crore

Particulars	2013-14	2014-15	2015-16
Revenue			
Operating Income	1304.88	1399.78	1478.18
Non-Operating Income	343.23	226.63	153.54
<b>Total</b>	<b>1648.11</b>	<b>1626.41</b>	<b>1631.72</b>
Expenditure			
Operating Expenditure	965.82	1068.10	1075.69
Non-Operating Expenditure	793.47	788.31	1029.60
<b>Total</b>	<b>1759.29</b>	<b>1856.41</b>	<b>2105.29</b>
Extra ordinary items	0.00	0.00	0.00

Prior Period charges	0.00	0.00	0.00
Net surplus before tax	-116.78	-230.00	-473.57
Less: Provision for tax	0.00	0.00	0.00
Add/Less: Deferred tax liability / assets	-83.40	-70.49	-100.34
Add: Withdrawn from Welfare fund	19.19	20.16	23.69
Net surplus before appropriation	-14.19	-139.35	-349.54
Less: Mandatory Appropriation, Transfers to Res. Funds, etc.	19.19	15.46	23.66
Surplus/Deficit transferred to General Reserve	-33.38	-154.81	-373.20
Percentage of net surplus to Operating Income	-1.09	-9.96	-23.65
Net Fixed Assets	-2.77	-21.34	-45.80
Net Worth	-0.26	-3.88	-10.86

Prior Period charges	0.00	0.00	0.00
Net surplus before tax	-111.18	-230.00	-473.57
Less: Provision for tax	0.00	0.00	0.00
Add/Less: Deferred tax liability / assets	-83.40	-70.49	-100.34
Add: Withdrawn from Welfare fund	19.19	20.16	23.69
Net surplus before appropriation	-8.59	-139.35	-349.54
Less: Mandatory Appropriation, Transfers to Res. Funds, etc.	19.19	15.46	23.66
Surplus/Deficit transferred to General Reserve	27.78	-154.81	-373.20
Percentage of net surplus to Operating Income	-1.09	-9.96	-23.65
Net Fixed Assets	-2.77	-21.34	-45.80
Net Worth	-0.26	-4.14	-11.41

### 3. RATIO ANALYSIS (LIQUIDITY AND SOLVENCY)

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

	Particulars	2013-14	2014-15	2015-16
a	The percentage of Current Assets to Current Liabilities (including provisions)	113.61	83.46	74.02
b	Percentage of Quick Assets to Current Liabilities	93.83	109.61	97.13
c	Percentage of Sundry Debtors to Operating Income	150.41	154.30	161.06
d	Percentage of Debt to Capital Reserve & General Reserve	0.00	0.00	0.00

### 3. RATIO ANALYSIS (LIQUIDITY AND SOLVENCY)

Some important ratios on liquidity and solvency and on financial health of Mumbai Port Trust wherever changes are shown below:

	Particulars	2013-14	2014-15	2015-16
a	The percentage of Current Assets to Current Liabilities (including provisions)	1.97	1.42	1.16
b	Percentage of Quick Assets to Current Liabilities	0.66	1.10	0.69
c	Percentage of Sundry Debtors to Operating Income	148.85	152.85	159.68
d	Percentage of Debt to Capital	0.00	0.00	0.00



e	Percentage of profit before tax to:							
	a) Net Worth	-2.12	-6.40	-14.71				
	b) Capital Employed	-10.50	227.36	106.59				
	c) Operating Income	-8.95	-16.43	-32.04				

	Reserve & General Reserve						
e	Percentage of profit before tax to:						
	a) Net Worth	-2.02	-6.84	-15.46			
	b) Capital Employed	-5.23	-18.49	-47.70			
	c) Operating Income	-8.52	-16.43	-32.04			

Sd/-  
(G. Janbagalakshmi)  
Deputy Director  
Place: Mumbai  
Date: 7<sup>th</sup> October 2016



(K.G. Nath)  
Financial Adviser and  
Chief Accounts Officer,  
Mumbai Port Trust.  
Place: Mumbai  
Date: 14<sup>th</sup> October 2016.

