

# Kolkata Port Trust

15, Strand Road

Kolkata – 700001

## Finance Department

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**Dated 24.08.2016**

No. Fin/ 294/B

M/s Pricewaterhouse Coopers Private  
Limited  
Plot No. 56 & 57, Block – DN,  
Sector – V, Salt Lake  
Kolkata – 700 091

M/s ERNST & YOUNG LLP  
Block – C, 3rd Floor  
22 Camac Street  
Kolkata – 700 016.

M/s Deloitte Touche Tohmatsu India LLP  
11, RDB Blvd, GP Block, Sector V  
Kolkata – 700091.

M/s KPMG,  
Infinity Benchmark,  
Plot No. G-1, 10th floor,  
Block - EP & GP, Sector – V  
Kolkata – 700091.

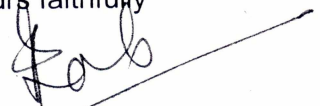
Sub: Notice inviting applications for engagement of firms of Chartered Accountants for review of the principles followed by Kolkata Port Trust regarding share of common expenditure and income and other related issues.

Sir,

This is to inform you that Kolkata Port Trust is inviting applications for engagement of firms of Chartered Accountants for review of the principles followed by Kolkata Port Trust regarding share of common expenditure and income and other related issues. You are requested to kindly peruse the enclosed documents wherein the assignment has been explained and offer your quotations for the same within the stipulated time.

Thanking you,

Yours faithfully

  
(Prateep Lala)  
Financial Adviser &  
Chief Accounts Officer (I/C)

**NOTICE INVITING APPLICATIONS FOR ENGAGEMENT OF FIRMS OF CHARTERED ACCOUNTANTS FOR REVIEW OF THE PRINCIPLES FOLLOWED BY KOLKATA PORT TRUST REGARDING SHARE OF COMMON EXPENDITURE AND INCOME AND OTHER RELATED ISSUES.**

Brief Background:

The Commissioners for the Port of Kolkata ran the port till January 1975 till Major Port Trusts Act, 1963, came into force.

Kolkata Port Trust has two dock systems - Kolkata Dock System at Kolkata with the oil wharves at Baj Baj and Haldia Dock Complex at Haldia.

Initially Kolkata Port functioned with two docks, namely, Khidderpore Docks and Netaji Subhas Dock. To keep pace with the change in sea transportation, a deep water dock system downstream of Kolkata was considered imperative. After thorough study and investigation, Haldia on the west bank of the river Hooghly about 102 kilometers downstream of Kolkata was selected for the new dock complex. It was opened to shipping on February 28, 1977. As per the 3<sup>rd</sup> 5-year plan report, Haldia was to be operated as supplementary to the Port of Kolkata with facilities for handling bulk cargo such as coal, iron ore, food grain, etc. and lightening of general cargo vessels. General cargo would continue to be handled at Kolkata Dock System (KDS). Unlike Mumbai-JNPT, in which case the main objective of the new port was to decongest the city of Mumbai, Haldia Dock Complex (HDC) was envisaged to operate as an ancillary dock system of Kolkata Port Trust (KoPT) mainly focusing on handling bulk commodities.

Since the creation of HDC, the issue of administrative set up of KDS and HDC has been examined by different Government appointed committees. As per their recommendation KoPT has a unified management of Kolkata and Haldia docks. The accounts of Haldia and Kolkata are kept separately as well as a combined account for the entire port trust. As per specification of the Government, the accounts are in effect similar to the account of a holding company and its subsidiary company.

Kolkata Dock System and Haldia Dock Complex are an integral part of one parent body viz. Kolkata Port Trust. The Kolkata Port Trust is represented by the Board of Trustees and the Chairman who are at full liberty to deal with the revenues and expenditure relating to Kolkata and Haldia in such a way they consider appropriate in the best interest of the Port Trust.

While following the concepts of Holding-Subsidiary Company, concept of accounting in KoPT also follows a practice of equitable system of apportionment of common



expenses. Common expenditure incurred by the dock systems are apportioned between the two dock systems to arrive at the correct expenses incurred by the two dock systems.

The principles of share of common expenses were derived quite a few decades back. Since then the financial and taxation scenario in the country has undergone a sea change. Accordingly, the need is felt to review the entire system of accounting including the basis of sharing of common expenditure. Further, there is also a need for looking into the revenue that is earned by the two dock systems and share the common revenue on an equitable basis where the concept of one holding company and two subsidiary companies comes into play since both are the profit centers of KOPT.

In view of the above, offers are being invited for the work of examining the whole issue afresh as described above.

#### Notice for invitation of Offers:

Kolkata Port Trust wishes to engage a firm of Chartered Accountants for review of the principles followed by Kolkata Port Trust regarding share of common expenditure and income and other related issues.

The selected firms may send their offer to FA&CAO, Kolkata Port Trust, 15, Strand Road, Kolkata-700001 by September 8th, 2016. The offer should be made in single part comprising of their profile, acceptance of general terms and conditions and Price Bid in a sealed cover. The envelope should be duly superscribed with the name of the assignment and submitted to FA&CAO, KoPT. A pre-bid meeting will be held on September 1st, 2016 with the representatives of the firms. The firms willing to submit offers shall be required to submit earnest money of Rs.50,000/-. The offers of the firms shall be opened in presence of representatives of the firms later on, the date of which shall be intimated in due course. The remuneration quoted should not include any taxes. The detailed scope of work and terms & conditions, are given below:

#### Scope of work:

- (A) To examine the practice and methodology of sharing of common expenditure and income between HDC and KDS and suggest best practices that should be followed by both the dock systems.
- (B) To examine the accounting principles followed by KoPT and indicate the areas in which such accounting practices are not in consonance with the accepted standard accounting principles and suggest best practices.

- (C) To examine the extent to which the accounting practices followed in KoPT are not in consonance with the concepts of treating the two dock systems as independent profit centers and suggest best practices.
- (D) To suggest sharing of Expenditure along with the revenue under matching concept which is generated by both the dock systems with the assistance of common services?
- (E) To examine the accounting practices of KOPT followed and suggest the best practice for disclosing the accounts of the subsidiary as well as holding company.
- (F) To examine the codification structure and advise the Activity based costing for both the dock systems as per the latest Accounting Standards issued by Institute of Chartered Accountants of India and Institute of Cost Accountants of India.
- (G) To examine the codification structure and advise the Activity based costing for both the dock systems as per the latest Accounting Standards issued by Institute of Chartered Accountants of India and Institute of Cost Accountants of India.
- (H) Kolkata Port Trust is presently contributing its funds to the Superannuation Fund created under the Income Tax Act and the fund is being utilized for purchasing annuity for the retirees of the pensioner and family pensioner as and when the employee retirees/expires and pension is being paid by LIC directly to the pensioner/family pensioner. The Commutation of Pension is also being paid from the Fund. It is understood from other ports, that the Pensioner is being paid directly by the Ports and no annuity is being purchased for the pensioner on the date of retirement. The present practice of KoPT of purchasing Annuity may be examined vis-à-vis practice being followed by other Major Ports as stated above and a clear opinion and recommendation may be given whether (i) the KoPT's present practice of purchasing of Annuity is in order or (ii) any better alternative is available for KoPT which shall be more financially beneficial for KoPT and shall better protect the overall interest of the existing and future pensioners.

Completion time for submission of Final Report to KoPT will be 45 days from the date of placement of work order.



### **Terms and Conditions:**

1. The entire job should be completed within a period of two months from receipt of appointment letter for the assignment.
2. The firm will be required to interact with various personnel of Kolkata Port Trust at both Kolkata and Haldia. For travelling to HDC transportation will be provided by KoPT. Accommodation and food will be provided by the KoPT authorities at HDC.
3. The earnest money submitted by the selected firm will be converted into Security Deposit and will be returned after completion of the assignment. The earnest money submitted by the unsuccessful firms will be returned after issuance of appointment letter to the selected firm.
4. The bill for professional service rendered by the Firm will be paid after acceptance of the report by the KoPT authorities.
5. The firm shall be required to submit their invoice for the subject job in hard copy to KoPT. Service Tax, as applicable, may be levied and shall be paid extra at prevailing rates. Any other tax that may be introduced by the Government shall be paid extra at the applicable rates.
6. TDS will be deducted at applicable rates and certificate of such deductions will be issued in due course.
7. The firm must not subcontract the work.
8. The firm will work in strict confidence and will ensure that the information in respect of the operation of the docks is dealt with in strict confidence and secrecy. A certificate towards maintaining confidentiality is to be provided by the firm before commencement of the assignment.
9. If the progress / performance of the firm is not satisfactory, the KoPT management reserves the right to terminate the appointment of the firm with prior notice of seven days and forfeit the earnest money.
10. Dispute / difference if any, shall be mutually settled with Dy. Chairman, KDS. If the dispute cannot be settled at the level of the Dy. Chairman, it will be forwarded to Chairman for decision, which will be final and binding on all concerned.
11. The contract can be terminated at any time by giving seven days notice by KoPT and the Firm will be debarred from getting any further assignment in Kolkata Port Trust in future in any of the following cases:-

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- a) If the firm obtains appointment on the basis of false information / false statement.
  - b) If the firm does not take up the assignment in terms of the appointment letter.
  - c) If the firm does not submit the report in time, complete in all respect in terms of the appointment.

It is to be clearly understood that the bidder shall specifically declare that the price bid is in no way qualified. Therefore, if the offer is found to be qualified in any way, the bid shall be treated as non-responsive and hence cancelled.