

COCHIN PORT TRUST

BOARD OF TRUSTEES SPECIAL MEETING NO. 1 OF 2017-18

No. 1

Dated :27.10.2017

AGENDA ITEM No.A-1

REVISED ESTIMATES FOR 2017-18 & BUDGET ESTIMATES FOR 2018-19

Revised Estimates (RE) for 2017-18 and Budget Estimates (BE) for 2018-19 of Cochin Port Trust are submitted for kind perusal and approval of the Board of Trustees. Salient features of the estimates are detailed below:-

1. **Cargo Traffic:-**

The Port estimates a cargo throughput of 30.00 Million Metric Tonnes (MMT) and 33.20 MMT during 2017-18 and 2018-19 respectively. The cargo throughput achieved during 2016-17 was 25.01 MMT.

2. **Operating Income:-**

Operating Income estimated for the years 2017-18 & 2018-19 is Rs. 505.10 Crores and Rs. 565.36 Crores respectively as against the Operating Income of Rs. 496.23 crores earned during the year 2016-17. The increase in income is mainly due to increase in cargo throughput of Crude / POL after the commissioning of BPCL-KR – IREP Project and increase in traffic at ICTT.

Income projection from Estate rentals for RE 2017-18 has come down to Rs. 66.05 crores from Rs. 94.87 crores received in 2016-17. This is due to the reversal of lease rent of Rs. 25.31 Crores for the period from 11.07.2010 to 30.09.2017 billed to M/s. Petronet LNG Limited being the difference on account of change in category of lease from '*berth with waterfront*' rate to '*warehouse*' rate as per the arbitration award.

3. **Operating Expenditure:-**

Revised Estimate for the year 2017-18 and Budget Estimate for the year 2018-19 are Rs. 382.37 crores and Rs. 383.03 crores respectively with a marginal increase. The actual Operating Expenditure incurred during the year 2016-17 was Rs. 368.51 crores. The increase in Operating Expenditure for the year 2017-18 is mainly due to the dry docking of the port dredger-GHD Nehru Shatabdi estimated at Rs 10 Crores. The Port could control the maintenance dredging expenditure by implementing nautical depth concept. The Port has also made provision for Wage revision which will be effective from 01.01.2017.

4. **Operating profit and operating ratio:-**

Based on the operating income and expenditure projections, Port expects an Operating profit of 122.72 crores and Rs. 182.33 crores during RE 2017-18 and BE 2018-19 respectively as against Rs.127.73 crores in 2016-17. The Operating ratio for the year 2016-17 was 74.26 % and expected operating ratio for RE 2017-18 and BE 2018-19 is 75.70 % and 67.75 % respectively.

5. **Finance and Miscellaneous Income:-**

The Finance and Miscellaneous Income is estimated as Rs. 73.79 crores and Rs. 57.14 crores for the years 2017-18 and 2018-19 respectively as against Rs. 48.80 Crores received during 2016-17. Increase in income is attributed to Interest on delayed payment to be received from M/s. Petronet LNG Limited amounting to Rs. 21.39 Crores as per the arbitration award. Port is expecting a premium of Rs. 12 crores from leasing of land during the year. Further, income from Project Management Services from deposit works of NTRO, Coast Guard, MULT etc. expected amounts to Rs. 9 crores.

6. **Finance and Miscellaneous Expenditure:-**

Finance and Miscellaneous Expenditure is estimated as Rs. 193 crores and Rs. 184.38 crores respectively for the years 2017-18 and 2018-19 as against Rs. 203.69 crores incurred during 2016-17. CoPT has made following provisions during RE 2017-18:

- i. A provision of Rs.15 crores for the wage revision arrears.
- ii. CoPT has granted SVRS to 31 employees during 2017-18. Total benefits payable amounts to Rs. 9.48 Crores which includes ex-gratia, pension and gratuity. The exgratia payment amounting to Rs.5.35 crores has been deferred for the next 5 years as per Sec.35DDA of the Income Tax Act 1961.

7. **Net profit :-**

Based on the above Income and Expenditure estimates, the Port estimates a marginal net profit of Rs. 3.51 crores in RE 2017-18 and Rs. 55.09 crores in BE 2018-19 as against net loss of Rs 27.17 Crores in 2016-17. The Port is estimating the net profit after a period of 10years after recording a net profit of Rs.4.49 crores in 2007-08.

8. Capital expenditure and funding pattern:-

Estimated Capital expenditure for the years 2017-18 and 2018-19 are shown below:-

(Rs. In Crores)

Particulars	Actual 2016-17	BE 2017-18	RE 2017-18	BE 2018-19
Plan Works- GBS	37.36	5.60	39.76	1.12
<u>IEBR</u>	<u>17.76</u>	<u>27.28</u>	<u>27.22</u>	<u>7.96</u>
<u>Total</u>	<u>55.12</u>	<u>32.88</u>	<u>66.98</u>	<u>9.08</u>
Non-Plan Works	6.23	16.03	14.23	20.14
Grant in Aid Works	2.23	6.39	31.24	32.44
Total	63.58	55.30	112.45	61.66

Cochin Fisheries Harbour.

The total Income of Cochin Fisheries Harbour estimated for the years RE 2017-18 & BE 2018-19 is Rs.3.84 crores and Rs.4.00 crores respectively as against the income of Rs. 3.63 crores earned during the year 2016-17.

The total expenditure estimated for the year RE 2017-18 & BE 2018-19 is Rs.3.57 crores and Rs.3.72 crores respectively as against Rs. 3.18 crores incurred during the year 2016-17.

CFH expects a net profit of Rs 0.27 crores during RE 2017-18 and Rs 0.28 crores during BE 2018-19. Against net profit of Rs 0.45 crores earned in 2016-17. This reduction in profit is mainly due to the expenditure of Rs. 0.28 crores provided for increase in salary due to wage revision due from January 2017.

Approval of the Board of Trustees is requested for the Revised Estimates for 2017-18 and Budget Estimates for 2018-19 of Cochin Port Trust and Cochin Fisheries Harbour as required under Section 98 of the Major Port Trusts Act 1963.

**P. RAVEENDRAN
CHAIRMAN**