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Tariff Authority for Major Ports

G No. 112 **New Delhi,** **18 April 2013**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act**,** 1963 (38 of 1963)**,** the Tariff Authority for Major Ports hereby disposes of the proposal received from the New Mangalore Port Trust for fixation of final wharfage rate for Jetty Nos.10 and 11 for the years from 2002-03 to 2008-09 as in the Order appended hereto.

(**T.S. Balasubramanian**)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/22/2012 - NMPT

New Mangalore Port Trust … Applicant

QUORUM:

(i). Smt. Rani Jadhav, Chairperson
(ii). Shri. T.S. Balasubramanian, Member (Finance)
(iii). Shri C.B. Singh, Member (Economic)

O R D E R

(Passed on 1st day of April 2013)

This case relates to the proposals dated 28 March 2012 and 4 April 2012 received from the New Mangalore Port Trust for fixation of final wharfage rate for Jetty Nos.10 and 11 for the years from 2002-03 to 2008-09.

2. The New Mangalore Port Trust (NMPT) and Mangalore Refinery and Petrochemicals Limited (MRPL) had signed a Memorandum of Understanding (MOU) on 20 January 1995 for construction of a dedicated jetty to handle MRPL cargo. The NMPT and the MRPL both had disagreements on various issues concerning computation of wharfage rate for Jetty No.10. This Authority vide its earlier Orders dated 27 October 1998, 19 July 2000 and 18 November 2004 has set the guiding principles to be followed for fixation of wharfage rate for Jetty No.10. In the order dated 9 August 2001 relating to general revision of tariff of NMPT, it was clarified that the instalment of loan repayment must be considered in computation of wharfage rate only to the extent it is in excess of depreciation reckoned in the calculation.

3.1. This Authority vide Order No.TAMP/19/2010-NMPT dated 11 October 2011 had fixed the final wharfage rate leviable on cargo handled at Jetty No.10 for the years 2000-01 & 2001-02 and advised NMPT and MRPL to sit together and finalise the wharfage rate for the year 2002-03 onwards and submit a proposal.

3.2. In this context, it may be relevant to mention here that both MRPL and NMPT filed Writ Petitions in the High Court of Karnataka challenging some of the principles enumerated by this Authority in its Order dated 19 July 2000. As recorded in paragraph 11 (i) of the Order dated 11 October 2011, the Writ Petitions filed by both NMPT and MRPL challenging some of the guidelines issued by this Authority and on the wharfage rate fixed by this Authority for the years 1996-97 to 1999-2000 have been dismissed by the Order passed by the Single Judge of the High Court of Karnataka dated 27 October 2005. The Writ Appeal filed by the MRPL challenging the Order of Single Judge has also been dismissed by the Division Bench of High Court of Karnataka in its Order dated 20 April 2010. Hence, there is no order as such restraining this Authority to take up the matter for fixing wharfage rate for Jetty No.10.

4.1. In this backdrop, the NMPT vide its letters dated 28 March 2012 and 4 April 2012 has filed the proposals for the years 2002-03 to 2004-05 and 2005-06 to 2008-09 respectively for fixation of final wharfage on cargo handled at Jetty Nos.10 and 11.

4.2. The NMPT has for the first time filed the proposal for fixation of wharfage rate for Jetty No.11 from the year 2002-03 onwards. Subsequently, the NMPT furnished a copy of the MOU dated 9 February 2000 in this regard.

5.1. With reference to the proposal for fixation of final wharfage rate on cargo handled at Jetty No.10 and 11 for the years 2002-03 to 2004-05, the NMPT had initially filed the proposal vide its letter dated 10 December 2007 along with calculation sheets. Since this proposal filed by NMPT was not found to be verified by MRPL, NMPT was requested vide our letter dated 18 December 2007 to file a complete proposal for the years 2002-03 to 2004-05 after verification of figures by MRPL. Subsequently, the NMPT endorsed a copy of its letter dated 9 September 2011 to this Authority wherein it had furnished its remarks on the comments furnished by MRPL vide its letter dated 20 July 2010. The MRPL has furnished its further comments vide its letter dated 14 February 2012 with reference to the clarifications offered by NMPT vide its letter dated 9 September 2011. The NMPT while filing the final proposal with this Authority vide its letter dated 28 March 2012 has also offered its clarification on the comments furnished by MRPL vide its letter dated 14 February 2012.

5.2. With reference to the proposal for fixation of final wharfage on cargo handled at Jetty Nos.10 and 11 during the years 2005-06 to 2008-09, the NMPT has forwarded the revised calculation sheets along with its remarks on the comments of MRPL vide its letter dated 11 May 2011, to MRPL vide its letter dated 10 October 2011. The MRPL has furnished its further comments vide its letter dated 14 February 2012. The NMPT while filing the final proposal with this Authority vide its letter dated 4 April 2012 has also offered its clarification on the further comments of MRPL.

5.3. The proposal of the NMPT is to approve the following final wharfage rates for the years 2002-03 to 2008-09 for Jetty Nos.10 and 11:

Years	**Wharfage rate per MT**	
	Jetty No.10	**Jetty No.11**
2002-03	60.41	71.51
2003-04	48.91	65.37
2004-05	40.16	42.21
2005-06	30.33	32.34
2006-07	29.58	38.73
2007-08	22.96	39.54
2008-09	27.60	36.07

5.4. The NMPT has submitted that the proposal in respect of the years 2009-10 onwards will be submitted as soon as a confirmation is received from MRPL on verification of figures.

6.1. The proposals filed by NMPT with this Authority for fixation of final wharfage rate for Jetty Nos.10 and 11 for the years from 2002-03 to 2008-09, after verification of figures by MRPL, were forwarded to MRPL for its comments, allowing 15 days time vide our letter dated 19 April 2012.

6.2. The MRPL has furnished its response vide its letter dated 2 May 2012, wherein, it has, inter-alia, stated that while the NMPT agreed to consider certain points raised by MRPL, most of its observations that have material impact on the computation of wharfage rate remain unattended by NMPT. It has also requested this Authority to give necessary direction to NMPT to rectify these points and submit the revised proposal immediately.

6.3. The MRPL in its letter dated 2 May 2012 also furnished a comparative statement giving MRPL's observations, NMPT's reply and MRPL's comments on the issues relating to computation of wharfage rates for the years 2002-03 to 2008-09. The comparative position in this regard is summarized in the table given below:

Sl. No.	**MRPL's observation**	**NMPT's reply**	**MRPL's comments**
(A).	**Wharfage computation for the years 2002-03, 2003-04 and 2004-05**		
(i).	Provision for Pension for the years 2002-03 to 2004-05: Shortfall in provision, if any, on account of employee benefits	Since consensus has been arrived at between NMPT and MRPL for considering the figures reported in the Annual Accounts	Agreeable to MRPL. No further comments.

	for the periods prior to commissioning of MRPL jetties should not be included while arriving at wharfage rates.	of NMPT for creation of Pension & Gratuity Funds while finalizing the calculations for 2000-01 and 2001-02, the same method is followed for 2002-03 to 2004-05 calculations also.	
(ii).	Capitalisation of dredging cost under Jetty No.10 during 2002-03 to the extent of ₹2.66 crores, though Jetty-10 was capitalised and operational since 1996.	This expenditure was necessitated based on the merit of the requirement as clarified by the Chief Engineer, NMPT. Hence there is no need to change the wharfage calculation.	Agreeable to MRPL. No further comments.
(iii).	Various Assets have been capitalised under Jetty-11 during 2002-03 and 2003-04 to the extent of ₹70.43 crores. Since portion of capital dredging and diaphragm wall is common for Jetty-11 and 12, MRPL has requested NMPT to apportion the expenditure to Jetty No.11 & 12. Corresponding impact of investment, interest expenditure and loan repayment for Jetty-11 for the three years under consideration and for all future years at the time of fixing wharfage charges.	Chief Engineer, NMPT has clarified the issue and no recalculation of wharfage is felt necessary.	Not agreeable to MRPL, as Jetty-12 is mainly used by private parties. MRPL cannot be a facilitator for the infrastructure cost of such facility, as per MOU.
(iv).	Items relating to previous years under Miscellaneous expenditure include certain items not related to Jetty-10 & 11. Such items need to be excluded and the effect shall be given accordingly in the wharfage computation.	NMPT agreed to exclude such items and expenditure. Rate calculation has been recast.	Agreeable to MRPL. No further comments.
(v).	Required to give effect to observations of CAG Audit regarding overstatement of certain expenditure vide Audit paras, while calculating the wharfage charges.	This has been clarified by NMPT with CAG and hence there is no need to effect any change in the wharfage calculations.	Agreeable to MRPL. No further comments.
(vi).	Port's methodology of withdrawal of amounts from Escrow Account is not agreeable to MRPL. There is huge variation between amount actually withdrawn from Escrow Account with respect to Port's Operation and Maintenance Expenditure.	Interest Income taken for calculation of wharfage is as per the Annual Accounts of NMPT. Since consensus has been arrived at between NMPT and MRPL for agreeing this method while finalizing the calculations for 2000-01 and 2001-02, same method is applied for 2002-03 to 2004-05.	Agreeable to MRPL. No further comments.
(vii).	General Comments - Unilateral action of NMPT to pre-close the loan taken from SBI, which has resulted into excess claim of ROI from the year 2003-04 onwards against Jetty-11, and	Amortization table was fixed by the lending Bank (i.e. SBI). By adhering to the amortization table, MRPL is equally benefited to the extent of reduced loan repayment to be incorporated in	Not agreeable to MRPL since repayment of loan is contrary to the terms and conditions, set in Rupee Loan Agreement between MRPL, NMPT

	pre-closure of MOU between NMPT and MRPL.	the wharfage calculation. Hence the argument of MRPL is not acceptable to NMPT.	and SBI.
(B).	**Wharfage computation for the years 2005-06, 2006-07, 2007-08 and 2008-09**		
(i).	Overstatement of ₹4467812.00 towards Jetty-10. Deprecation for the year 2005-06.	Has been corrected by NMPT and calculation revised.	Agreeable to MRPL. No further comments.
(ii).	Overstatement of ₹72,27,862/- in dredging expenses for the year 2006-07.	Has been corrected by NMPT and calculation revised.	Agreeable to MRPL. No further comments.
(iii).	Excess provision made towards dredging expenses to the extent of ₹1.30 crores for the year 2006-07 has not been written back.	Necessary reduction has been made out of dredging cost consequent on writing back of the provision made in 2007-08.	Agreeable to MRPL. No further comments.
(iv).	Short consideration of income generated from port dues, pilotage and berth hire charges for the year 2006-07 to the extent of ₹47.47 lakhs.	NMPT has agreed that there is variation as contended by MRPL. However, such variations occur only when it is compared with the total income arrived at based on list of vessels of the respective jetties and the total amount booked under respective heads of account. Hence, it is felt that no change in the calculation is necessary.	Not agreeable to MRPL.
(v).	Regarding allocation of Pension contribution, MRPL requested that contribution relating to period earlier than MRPL berth coming into existence should not be considered for allocation. This issue need to be reviewed and the amount relating to the current period only to be considered for computation, during the years 2006-07 & 2007-08.	This issue has been discussed while finalising the wharfage rate for 2000-01 and 2001-02 and a consensus has been arrived at between NMPT and MRPL to follow the adjustment as per the Annual Accounts. Hence, no change in the calculation is felt necessary.	Agreeable to MRPL. No further comments.
(vi).	Overstatement of insurance expenditure for the years 2006-07.	On verification, it is seen that there has been some error in adoption of figures exclusively related to Jetty-10 and Jetty-11. This has been rectified and calculations revised.	Agreeable to MRPL. No further comments.
(vii).	Depreciation-MGA Preliminary study amounting to ₹14.24 lakhs under the head “Management & General Admn. Expenses” for the year 2007-08 needs to be corrected and reduced from the Management Expenses as such charges are not being relevant to MRPL. MRPL has requested NMPT to inform the nature of this expenditure based on which MRPL would convey the acceptance or otherwise.	The amount relates to Preliminary expenses on certain unspecified items of capital expenditure which are otherwise chargeable to revenue budget. Since it is felt that no error in calculation has taken place and the existing calculation is, therefore, maintained.	NMPT has not provided the details of the expenditure.

(viii).	Overstatement of working capital considered for Return on Capital Employed by ₹8.63 crores, resulting into excess claim of Return on Assets to the extent of ₹15.83 lakhs.	It is clarified that return on capital employed on Jetty-10 and Jetty-11 assets and return on common assets has been recast and revised statement is submitted.	Not agreeable to MRPL. NMPT has totally recast the working capital calculation while revising the wharfage computation. It is apparent that NMPT has grossly erred in recasting the working capital by entirely changing the basis of working capital computation. Surprised to see that investments have been included for computation of current assets which is not an accepted method of computing the working capital.
(ix).	HPCL, ASIDE Schemes, Cranes and Vehicles are considered for net block calculation. As these do not have any relationship with MRPL or any usage by MRPL, the same need to be reduced from the net block value.	It is clarified that the assets separately shown as "HPCL" in the accounts schedule is the cost of upgradation of NMPT Jetty No.9. This has no relevance to M/s.HPCL as the same is fully owned by NMPT. Similarly, assets created under ASIDE schemes also.	Not agreeable to MRPL. In net block calculation of common assets, HPCL, ASIDE, Cranes, Vehicles – Inclusion of Assets pertaining to any specific scheme / MOUs with other port users for calculation of common assets allocable to wharfage computation is not correct. NMPT is required to delete any such items from the calculation of net block of assets allocable for wharfage computation of Jetty No.10 and 11.
(x).	Excess allocation of pension fund for the year 2008-09, to the extent of ₹1.10 crores.	NMPT has agreed to rectify the error.	Agreeable to MRPL. No further comments.
(xi).	General comments: Unilateral action of NMPT to pre close the loan taken from SBI, which has resulted into excess claim of ROI from 2003-04 onwards against Jetty-11, and pre-closure of MOU between NMPT and MRPL.	Amortization table was fixed by the lending bank (i.e. SBI). By adhering to the amortization table, MRPL is equally benefited to the extent of reduced loan repayment to be incorporated in the wharfage calculation. Hence the argument of MRPL is not acceptable to NMPT.	Not agreeable to MRPL since repayment of loan is contrary to the terms and conditions, set in Rupee Loan Agreement between MRPL, NMPT and SBI.

6.4. The comments received from MRPL was forwarded to NMPT for its information / comments vide our letter dated 15 May 2012. We have not received any response from NMPT till the finalization of this case.

7. It is seen from the statement of observations and comments furnished by MRPL vide its letter dated 2 May 2012 that a few issues remain to be resolved between MRPL and NMPT in respect of fixation of wharfage rates for the years 2002-03 to 2008-09 for Jetty Nos.10 and 11. A summary of observations of MRPL and the position of NMPT with reference to the issues remain resolved are reproduced in the table given below:

Sr. No.	Observation of MRPL	Position of NMPT
A.	**Issues which are common for all the years**	
(i).	**Apportionment of certain cost of capital expenses of Jetty 12 to Jetty 11:**	
	Jetty-12: Though the Jetty-12 was commissioned during October 2002, first vessel of MRPL was berthed in Jetty-12 only on 24th November 2004, which is after 2 years of its commissioning. From this, it is clear that Jetty-12 was not an essential requirement for MRPL. From the records, the jetty 12 occupancy for MRPL vessels was hardly 5%. Even when the occupancy in Jetty No.10 and 11 was about 70%, Jetty No.12 has not been used by MRPL for more than twice or thrice in a month. Hence, the basis considered by NMPT is not correct. Further, initially MRPL did not have pipeline connecting to this Jetty for export of products. Major users of Jetty 12 were private parties and IOC uses the Jetty once or twice in a month. Wharf Wall: As stated by NMPT, the wharf wall was essential for Jetty No.12 and more so irrespective of the strategy/ circumstances under which the Jetty has been built. However, as per the MOU, only relevant cost is to be considered and in this regard, only proportionate cost to be considered for computation of wharfage. It is stated that Jetty 11 was designed for 1.2 lakh DWT/ 17m draft 285m LOA vessel can be accommodated and to meet the requirement, dredging was done and wharf wall was constructed. However, NMPT never declared draft of more than 14 meters till date, that too under high tide. During the monsoon it is brought down to the extent of 12.75m. The vessels permitted are of max LOA 250m only. Hence, the merit / opportunity of berthing larger vessels of more than 14 m. draft was not given. As Jetty-12 is mainly used by private parties, MRPL cannot be made a facilitator for the infrastructure required generally by NMPT. MRPL has requested to apportion the cost of assets of ₹30.46 crores for capital dredging and ₹40.04 crores for dock, walls, jetties, etc. between Jetty No.11 and Jetty No.12 on an equitable basis.	It is clarified that this issue is more technical in nature. In order to utilise the existing berth no.10 and proposed berth no.11 and to maximize the productivity, it was proposed to construct berth no.12 for smaller vessels for products and other chemicals. The berth no.12 was considered as an additional facility for M/s.MRPL which in effect would reduce waiting time for the smaller vessels as well as larger parcel size vessels carrying crude and products. The design of berth no.11 is for vessels of LOA 285, beam of 40 m. (B) and for a draft of 17 m. (14 m. presently planned). In order to cater to the navigational requirements, the berth is required to be provided with a diaphragm wall to retain the earth on the forward side of the vessels. The dredging in front of the berth and for a width to the extent of 5 B i.e. 200 m. to retain the slope formed due to dredging upto 15.1 m. CD in a slope of 1:5 and therefore, additional extension of wall was necessary upto 300 m. Accordingly, a provision was made for essential requirements i.e. dredging and diaphragm wall in the estimate for construction of berth No.11 along with other allied facilities in civil works. The berth no.12 is designed for LOA of 225 m. beam of 32 m. (b) for a draft of 12 m. attracting vessels of size upto 50,000 DWT. The required depth for Jetty no.12 is only 13.1 m. below CD and NMPT did not envisage any dredging, since the basin is created for the deeper vessels at berth no.11. Therefore, the dredging at berth no.12 was not required as the requirement of dredging already created a basin and no dredging is envisaged for a lesser depth of berth no.12. Therefore, the

	While reducing the proportionate cost from Jetty No.11 while arriving at the capital cost of the project, corresponding impact on return on investment, interest expenditure and loan repayment for Jetty No.11 for the three years under consideration and for all future years at the time of fixing wharfage charges is required to be made.	cost of dredging and construction of diaphragm wall cannot be allocated or apportioned to Jetty-12. Hence it is felt that no recalculation in the wharfage is considered necessary. (The clarifications furnished by NMPT are not agreeable to MRPL. It has reiterated that MRPL cannot be a facilitator for the infrastructure cost of such facility, as per MOU).
(ii).	**Pre closure of Rupee Term Loan with SBI**	
	As per the terms and conditions of Rupee Loan Agreement between NMPT and SBI (for Jetty No.11), repayment of loan to SBI was to start from April 2003 and to complete by March 2013. Thereafter, MRPL loan repayment would commence by June 2013 and complete by September 2014. Contrary to the terms and conditions of Rupee Loan Agreement, NMPT chose to pay back the loan by August 2009, inspite of MRPL expressing its concerns, by increasing the Equated Monthly Instalments proportionate to the loan sanctioned as against loan drawn. This has resulted in excess claim of RoI, from 2003-04 onwards, against Jetty No.11. MRPL have objected to this unilateral action of pre-closure of SBI Loan on several occasions. This issue needs to be addressed suitably while fixing the wharfage rate for Jetty-11.	The loan was arranged by MRPL through SBI. The amortization table was fixed by the lending Bank. NMPT has very little role i.e. entering into Rupee Loan Agreement and abide by the terms and conditions prescribed. Hence, the repayment of loan and interest as fixed by the lending Bank (viz., State Bank of India) was serviced by NMPT. In fact, by adhering to the amortization table MRPL is equally benefited to the extent of reduced loan repayment to be incorporated in the wharfage calculation. Hence, the argument of MRPL is not acceptable to NMPT. (Not agreeable to MRPL since repayment of loan is contrary to the terms and conditions, set in Rupee Loan Agreement between MRPL, NMPT and SBI).
(iii).	**Computation of working capital**	
	In the revised cost sheets, the investments have been included under current assets for computation of working capital which is not an accepted method of computing the working capital. As suggested by NMPT earlier, both the organisations have agreed to consider the figures as per Books of Accounts. Therefore, NMPT is requested to revise the working capital calculation as per audited accounts for the years 2005-06 to 2008-09.	The assessment of working capital for the purpose of calculation has been done with reference to directives of TAMP taking into account only relative items. The working capital referred to by MRPL with reference to Annual Accounts is worked out on Accounting procedure suggested by M/s.Billimorea and accepted by NMPT for the purpose of presentation of accounts and not for the purpose of costing of MRPL rate calculation. Hence no change is necessary in the calculation. (Not agreeable to MRPL. NMPT has grossly erred in changing the basis of working capital computation while recasting the working capital. It is surprised to see investments have been included for computation of current assets which is not an accepted method of computing working capital).

(iv).	**Net Block of common assets, HPCL, ASIDE, Cranes, Vehicles**	
	Inclusion of Assets pertaining to any specific scheme/ MOUs with other port users, for calculation of common assets allocable to wharfage computation is not correct. NMPT is requested to delete any such items from the calculation of net block of assets allocable for wharfage computation of jetty nos.10 and 11.	It is confirmed that while assessing the common assets for the purpose of calculation of net block, only the relative assets as considered in previous years' calculation have been taken. Therefore, no change is necessary. (Not agreeable to MRPL. Inclusion of assets pertaining to any specific scheme / MOU with other port users (HPCL, ASIDE, Cranes, Vehicles) for calculation of common assets allocable for wharfage computation is not correct).
B.	**Issues relating to specific years**	
(i).	**Short consideration of income in computation of wharfage rate for 2006-07:**	
	MRPL do not agree to the reply furnished by the port for short consideration of income of ₹22.67 lakhs and ₹24.81 lakhs that such variations occur only when it is compared with the total income arrived at based on list of vessels of the respective jetties and the total amount booked under respective heads of accounts. Necessary adjustments may be made by effecting additional income of ₹22.67 lakhs and ₹24.81 lakhs for Jetty Nos.10 and 11 respectively, against income on account of port dues, pilotage and berth hire charges.	It has been already clarified that income recorded as per the list of vessels of the respective jetties which is also verified by MRPL is taken for the calculation. Hence it is felt that the figures shown in income head for various reasons which are not relevant to Jetty cannot be considered. (Not agreeable to MRPL)
(ii).	**Depreciation - MGA Preliminary Study in computation of wharfage rate for 2007-08:**	
	NMPT may inform the nature of this expenditure based on which MRPL would convey the acceptance or otherwise, since the reply furnished is not clear with regard to the nature of expenditure.	Necessary remarks have already been offered. Hence, there is no change in the stand taken by NMPT. The remarks offered by NMPT are as follows: The depreciation of ₹14,23,790 under Management and GI Admn. pointed out by MRPL relates to preliminary expenses on certain unspecified items of capital expenditure which are depreciated 100% and charged to Management and General Expenses. The cost on wharf length basis is apportioned to Jetty Nos.10 and 11 like all other costs under Management and General Expenses except RCHW Wing. Hence no error in calculation has taken place. The existing calculation is therefore maintained. (MRPL has stated that NMPT has not furnished the details).

8.1. A joint hearing in this case was held on 3 July 2012 at the office of the Authority in Mumbai. The NMPT made a power point presentation of its proposal. The MRPL also made a power point presentation on the issues remain to be resolved between NMPT & MRPL. At the joint hearing, NMPT and MRPL have made the following submissions:

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(i). The capital dredging and diaphragm wall construction expenses incurred only for Jetty No.11. The capital estimates for Jetty No.11 include these expenses. The estimates are approved by PIB and CCEA.

(ii). As per MOU, loan was arranged by MRPL for the project cost of Jetty no.11 which include capital dredging and civil works including diaphragm wall.

(iii). Jetty No.12 is a shallow draught berth designed for smaller vessels and hence no separate capital dredging was required.

(iv). Diaphragm wall was constructed to retain the earth as per the technical requirement for the construction of Jetty No.11 only.

(v). Short income claimed by MRPL for the year 2006-07 is based on income reported in Annual Accounts. We have calculated income based on number of vessels handled by MRPL at Jetty No.10 & 11. The income as per Annual Accounts cannot be relied upon as it may contain wrong bookings also.

(vi). Working capital is calculated as per the principles laid down by TAMP in its earlier orders.

(vii). As per formats given by CAG based on Billimoria report, short term deposits are shown under investments for financial reporting. But, for wharfage calculation the same are considered under current assets. This approach is adopted in the wharfage rate approved for the years 1996-97 to 2001-02.

(viii). The interest earned on short term deposits is not considered as income for wharfage computation.

(ix). Common assets are apportioned based on wharf length. We have followed the same approach adopted for the years 2000-01 and 2001-02.

(x). We have not included assets covered by MOU with other parties under common assets. KIOCL asset is excluded.

(xi). Assets created under ASIDE scheme are port assets only.

(xii). HPCL facility has power connection from which power is supplied to MRPL jetties.

(xiii). We have followed the repayment schedule as per the Loan agreement. Repayment ended ahead of schedule since the sanctioned loan amount was not drawn fully.

(xiv). We have not violated any provisions of the MOU or Loan agreement in the repayment of loan.

(xv). MRPL loan is repayable only after SBI loan is paid up. We retired SBI debt and then paid MRPL. MRPL accepted the payment.

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(i). We don't deny that the capital estimates and MOU include cost of capital dredging and diaphragm wall under Jetty No.11. But, the benefit of diaphragm wall is enjoyed by the vessels using Jetty No.12 also. Please apportion the cost.

(ii). We were never informed that the NMPT would construct Jetty No.12 later. Otherwise, we would have raised this issue at MOU stage.

(iii). We believe NMPT had allowed some other vessels to be berthed at Jetty No.10 and 11. They have not considered income realized on this account. TAMP has already ruled that calculation should account for income from all vessels berthed at the Jetty.

(iv). We don't have any issue on depreciation of ₹14.23 lakhs charged under Management & General Expenses. We have just pointed out that NMPT has not furnished the details of this expenditure.

(v). The short term deposits cannot form part of working capital by any analogy. Please exclude this from working capital.

(vi). The definition of common asset is expanded by the NMPT to include all assets of the port. Even assets covered under dedicated facilities like container handling and LPG handling are apportioned to us.

(vii). Assets created under ASIDE scheme are relevant only for general cargo and container handling. We don't utilize these facilities which are meant for truck movement. Our cargo passes through pipelines.

(viii). Cost relating to dedicated LPG handling at Berth No.9 is included under common assets though shown as 'HPCL' in the books of NMPT. But loaded on to us.

(ix). We don't use power drawn from NMPT for any purpose other than general lighting.

(x). Pre-closure of loan is not in our interest. It deprives us of the special tariff arrangement available under MOU.

(xi). We have written several letters to NMPT and SBI to revise the repayment schedule on account of short drawing of the loan amount.

(xii). It is incorrect to pre-close the loan without the consent of MRPL who is also a party to the Loan agreement. The amount is paid by MRPL since the repayment is included in the tariff calculation.

(xiii). We can't be deprived of the benefit of special tariff arrangement available under MOU due to ahead of schedule repayment of loan made by NMPT despite our protest. Irrespective of what has happened on the loan front, NMPT should treat the MOU as subsisting for the original tenure of loan.

8.2. In addition to the above, MRPL made written submissions at the joint hearing vide its letter No.MRPL/F&A/TAMP/Wfge/2002-03 to 2008-09 dated 3 July 2012 on the material issues not sorted out by NMPT and MRPL. The main points made by MRPL in the above written submission are summarized below:

(i). Apportionment of capital cost of diaphragm wall and capital dredging cost which are common to Jetty-11 and Jetty-12:

(a). During the verification of cost computation given by the NMPT, MRPL had observed that the cost of capital dredging to the tune of ₹30.36 crores and cost of diaphragm wall to the extent of ₹40.04 crores (totaling to ₹70.40 crores) have been fully capitalized under Jetty No. 11 capital cost during 2002-03.

(b). The capital dredging carried out and debited to project cost of jetty-11 has helped the Jetty-12 also since this jetty is directly opposite to jetty-11 and has not shared any cost to such dredging. In view of this, it is submitted that at least 50% of such capital has to be reduced from capital cost of Jetty
no. 11.

(c). Similarly, the diaphragm wall built to contain land erosion is a facility common to both the Berths as the wall extends even upto Berth No.12. But it is observed that the entire cost has been included in capital cost of Berth No. 11 only without any cost being apportioned to Berth No.12. It is submitted that al least 50% cost has to be reduced from the capital cost of Berth No.11.

(d). This has an impact on claim for return on investment, interest expenditure and loan availment for Jetty No.11 from 2002-03 onwards. MRPL request to NMPT to equally apportion these two expenditure between Jetty No.11 & 12 capital cost has not been considered even though NMPT is convinced about these aspects. Hence, it is submitted that this may be considered for reduction from capital cost of Jetty No.11.

(e). A brief description of impact of this is as under:
   (i). Jetty No.11 fixed assets to be reduced by ₹35.20 crores (being 50% of capitalized value of capital dredging and diaphragm wall cost).
   (ii). Total capital employed is derived by apportioning Working capital on wharf length ration + net fixed assets (i.e. Fixed assets as per books – ₹35.20 crores)
   (iii). ROI is calculated @ 3% on total capital cost which has to be reduced by ₹35.20 crores.
   (iv). The loan availment and consequent repayment of such loan and interest thereon will also be impacted.

(ii). Prepayment of loan taken from State Bank of India for construction of Jetty-11.

(a). SBI has sanctioned a loan of ₹160.00 crores for construction of Jetty No.11. For availing this loan, MRPL had paid ₹20.00 crores as seed capital to NMPT.

(b). There is a loan agreement between SBI, NMPT and MRPL. As per loan agreement, the loan amount will be paid back by NMPT in 120 equal monthly instalments @ ₹1.34 crores/pm. The EMI was fixed basis the loan sanctioned repayment after repayment holiday period over 10 years period.

(c). Loan agreement also provides that for any reason, if the amount finally disbursed by SBI out of the loan is less that the sanctioned amount of loan, repayment schedules shall be revised accordingly by SBI on pro-rata basis. The loan or any part thereof shall not be pre-paid by NMPT, except with the prior written approval by SBI.

(d). The amount finally drawn by NMPT was only ₹103.42 crores. As per loan agreement terms, repayment schedule ought to have been rescheduled accordingly. NMPT, instead started paying ₹1.34 crores per month. (₹16.08 crores per annum) based on sanctioned loan amount, instead of revising the EMI on pro-rata basis as per agreement, thereby closing the loan by October 2009, as against the scheduled closure of loan by 31.03.2013.

(e). As per the agreement, repayment of MRPL loan in 6 equated quarterly installments would have started from June 2013 and completed by September 2014. The NMPT repaid this also immediately thereafter inspite of MRPL protest against such action of NMPT.

(f). NMPT started paying MRPL loan from December 2009 instead of from June 2013 and completed by March 2011, as against the agreed schedule of September 2014.

(g). MoU provides that it will be operative till the entire loan (both SBI and MRPL) is fully repaid. The unilateral action of NMPT in not reducing the monthly EMI of SBI and pre-closure of SBI loan and consequently the MoU, was protested by MRPL.

(h). The impact of such unilateral action of NMPT inspite of protest of MRPL is as under:

(i). Loan availed from SBI is ₹103.42 crores. Out of this, NMPT spent ₹70.40 crores for capital dredging and diaphragm wall (common for Jetty No.11 & 12). Therefore, out of loan amount drawn, 50% of such cost apportionable to be reduced from the cost of Jetty - 11.

(ii). For the purpose of wharfage rate computation, loan amount drawn to be considered as ₹68.22 crores (i.e. 103.42 crores Less ₹35.20 crores) after adjusting the 50% of the costs as above. Accordingly, loan repayment amount to be considered in wharfage computation would be ₹6.82 crores per year, instead of ₹16.08 crores (lesser to the extend of ₹9.26 crores per year) to be adjusted.

(iii). Adoption of different methodology for computing working capital and thereby effecting the claim of ROI @ 3% on MRPL assets.

(a). The computation of Working Capital by NMPT considers even investments as working capital which in the first instance is against the Indian GAAP as well as contrary to the disclosure made by NMPT in the audited annual accounts for the relevant years.

(b). NMPT had earlier suggested that both the organizations may consider the figures as per Books of Accounts which will pave the way for clear understanding of computation. MRPL have earlier mutually agreed to such suggestion while consenting the computation of earlier years.

(c). NMPT's revised methodology of increasing the working capital requirement by ₹210.00 crores (average of last 7 years) which has a material impact on the claim of ROI @3%.

(d). TAMP had vide earlier order dated 19.07.2010 had prescribed the method of computing the working capital which says that 'working capital shall be calculated as the difference between the current assets (excluding cash balances of specific funds) and current liabilities and the basis of its apportionment will be wharf length". NMPT has totally deviated from this directive while working out the working capital for the years from 2003-04. MRPL submit that TAMP may give suitable directions to NMPT to rectify this and adopt the working capital as disclosed in the Annual Accounts for the relevant years considering TAMP's earlier directives.

(e). Further, MRPL submit that there may not be any need for any working capital in the ROI computation itself, if MRPL have taken into account that MRPL pay adhoc wharfage based on annual operating cost on per ton basis. Thus NMPT collect the adhoc wharfage charges even before the expenditure is incurred. As such, in real terms, there is no need for any working capital. TAMP may consider this view point also.

(iv). Inclusion of HPCL/ASIDE Schemes etc. in the Net Block calculations:

(i). MRPL has pointed out that the assets dedicated to HPCL and ASIDE schemes are considered in the Net Block calculation. As these do not have any usage to MRPL berth operation, the same need to be reduced from the Net Block value. Similarly, if any Assets pertaining to any specific scheme/MoUs with other Port users are considered, the same to be adjusted to that extent.

The ROPI @18% on the Net Block chargeable to MRPL is to be suitably reduced, excluding the net block of HPCL/ASIDE and any other schemes.

(v). Short Consideration of vessel related income

MRPL has observed that income to the extent of ₹47.47 lakhs has been short considered for computation of wharfage rate, as compared to the Revenue records made available for verification, during the year 2006-07. MRPL requested NMPT to consider additional income of ₹47.47 lakhs as shown in the Revenue records. ₹22.67 lakhs against Jetty No. 10 and ₹24.80 lakhs against Jetty No.11.

Considering the above points, MRPL has provisionally revised the wharfage rate submissions of NMPT and accordingly, the computation has been reworked and submitted as under:

Jetty No.10

(in Rupees per Ton)

Year	Rate as per NMPT	Rate as per MRPL	Difference
2002-03	60.41	60.15	0.26
2003-04	48.91	47.05	1.86
2004-05	40.16	37.74	2.42
2005-06	30.33	27.87	2.46
2006-07	29.58	27.00	2.58
2007-08	22.95	20.34	2.61
2008-09	27.61	25.13	2.48

Jetty No.11

(in Rupees per Ton)

Year	Rate as per NMPT	Rate as per MRPL	Difference
2002-03	71.51	67.92	3.59
2003-04	65.37	47.12	18.25
2004-05	42.21	29.44	12.77
2005-06	32.24	21.78	10.56
2006-07	38.74	27.57	11.16
2007-08	39.54	28.59	10.95
2008-09	36.07	25.63	10.44

8.3. As decided at the joint hearing, the NMPT was requested to confirm that the proposed rates take into account the effect of issues already resolved between NMPT and MRPL and if not, to modify the proposed rates suitably and furnish a revised calculation to us with copy endorsed to MRPL for its comments.

8.4. At the joint hearing, the NMPT was also advised to furnish additional information/ clarifications on certain points with a copy endorsed to MRPL for its comments. The NMPT furnished its response vide its letter dated 16 July 2012. The MRPL also furnished its comments on the response of NMPT vide its letter dated 21 July 2012. The additional information /

clarification sought from NMPT, the response of NMPT and comments of MRPL thereon are summarized in the table below:

<table>
<tr><th>Sl. No.</th><th>Details sought from NMPT</th><th>Response of NMPT</th><th>Comments of MRPL</th></tr>
<tr><td>(i).</td><td>NMPT to confirm that the proposed rates take into account the effect of issues already resolved between NMPT and MRPL and if not, to modify the proposed rates suitably</td><td>After the hearing the entire calculations were reviewed and it is observed that there is no change in the calculation of rate as regards the items agreed by MRPL, but there is a calculation error in the wharfage calculation for J. No. 10 for the year 2006-07. The error is due to omission of apportionment in respect of two cost centres viz., 274 & 276. For the cost centre 274, ₹3666020.41 is to be apportioned and for cost centre 276, ₹6863981.27 is to be apportioned as additional expenditure. After taking into account the above apportionment of ₹10530001.68, the rate works out to ₹30.64 per tonne for the year 2006-07 in respect of J. No. 10.

After making the above correction the proposal to fix rates has been revised as follows:-
<table>
<tr><th>Year</th><th colspan="2">Wharfage rate per M.T. (₹)</th></tr>
<tr><th></th><th>J. No. 10</th><th>J. No. 11</th></tr>
<tr><td>2005-06</td><td>30.33</td><td>32.34</td></tr>
<tr><td>2006-07</td><td>30.64</td><td>38.73</td></tr>
<tr><td>2007-08</td><td>22.96</td><td>39.54</td></tr>
<tr><td>2008-09</td><td>27.60</td><td>36.07</td></tr>
</table>
</td><td>While forwarding the copy of letter to MRPL, NMPT has not forwarded any annexure with reference to calculation sheet and other details. NMPT has erroneously apportioned the expenditure, under HOA 274 and 276. MRPL shall further comment on this, on receipt of detailed calculations. MRPL do not agree for these additions. As is being done every time, NMPT revises the calculation upwards whenever it is referred back to them to clarify on any specific issue. Therefore, MRPL has requested TAMP not to accept the revision sought.</td></tr>
<tr><td>(ii).</td><td>Copies of approval obtained from PIB / CCEA for Jetty No.11 giving details of estimates of capital dredging and diaphragm wall construction.</td><td>NMPT furnished copies of approval obtained from PIB/CCEA for J. No. 11 and sanction of the Govt. vide letter No.PD/11011/1/98-NMPT dated 16th July 1999 along with executive summary of feasibility study for Berth No.12 giving the details of the project.

(As per the break-up details of capital cost estimate furnished by NMPT, the estimate for construction of Jetty No.11 include cost of capital dredging at ₹36.00 crores and cost of construction of diaphragm wall at ₹26.50 crores. The estimate for construction of Jetty No.12 does not include cost of capital dredging and construction of wall)</td><td>---</td></tr>
<tr><td>(iii).</td><td>Draft of vessels berthed at Jetty No.11 and Jetty No.12 for each of the years from the date of commencement of operations at Jetty No.12</td><td>In the vessel papers submitted by the users draft details are very sparingly mentioned which is referred if necessary during berthing/de-berthing. However, DWT and GRT details are given. NMPT furnished a list of vessels called at Jetty No.11 & 12 with details of GRT of each of the vessels called during 2006-07.
(The Average GRT of the vessels handled at Jetty No.11 ranges from 16000 to 61000</td><td>---</td></tr>
</table>

		and the average GRT of the vessels handled at Jetty No.12 ranges from 4000 GRT to 30000 GRT)	
(iv).	Length of diaphragm wall and break up of its construction cost in the total civil cost	NMPT furnished brief note in respect of construction of Berth No.11 & 12 indicating the estimated cost and the actual executed amount. The details furnished by NMPT are summarized below: 1.The Berth No. 11 is designed for handling vessels of size upto 1.20 lakh DWT with LOA of 275 mts with dredged depth of - 15.1 MCD and whereas Berth No.12 is designed for vessels of 50,000 DWT with LOA of 225 mts. which requires a draft of - 13.1 MCD. 2. The construction of Berth No. 11 was approved by the Ministry of Surface Transport vide letter No. PD/11011/1/98-NMPT dated 16.07.1999 for ₹236.50 crores. The sanction was granted under Section 93.1 of the Major Port Trusts Act, 1963 (copy enclosed). 3. As per the PIB note submitted to the Central government's approval, the proposal envisages construction of new jetty to handle 12000 DWT taken with a length of 320 m, from outer mooring to outer mooring. The Project consisting of Capital dredging with a depth of -15.1 m CD, relieving platform type berth for harbor crafts at the southern end of the dock arm, Harbour crafts and other allied works. 4. During the period, the Port has also proposed to construct a Multi-user Berth for handling additional MRPL cargo and to cater to other users, in the basin created under the capital dredging of Berth No.11. The estimated cost of the berth No.12 was ₹31.00 crores which was within the competence of the Port Trust Board and accordingly, the Port Trust Board has approved the proposal for construction of Multi-user Liquid Berth No.12 on 21.05.1998. Since the approval for construction of Berth No.11 was received in the year 1999, the tenders for construction of Berth. 11 and 12 were invited simultaneously. There was also directive from Government to club all such works which have been envisaged in the 9th FY plan works. In order to execute the work under one contract work the tenders were invited in following parts: (a). Construction of Tanker Jetty No.3, which is similar to Tanker Jetty No.2 in all	---

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<td>
respects except that it has a common mooring dolphin with the Tanker Jetty No.1. The Jetty is designed to handle 65,000/85,000 DWT Tankers drawing a draft of 14 M. - Estimated cost - ₹21.07 crores.

(b). Tanker Jetty No.4 - This Jetty is designed for handling 50,000 DWT Tankers drawing a draft of 12.5 M. This Tanker Jetty No.4 has general features same as Tanker Jetty No.2 and No.3 - Estimated cost - ₹16.14 crores.

(c). Wharf Wall - The wharf wall is of a relieving type platform of 350 M length. This will mainly serve the purpose of retaining the soil and will also be used for housing the fire fighting pump house and for providing berthing facilities for Port craft etc. - Estimated cost - ₹25.59 crores.

(d). Building works like Control Towers, Common Pump House, etc - Estimated cost ₹3.25 crores.

5. The offers received for construction of the works were substantially on lower side and the following statement shows the estimated cost vis-à-vis quoted amount. The work was completed and the actual cost as executed is also shown in the statement :

<table>
<tr><th>Bills</th><th>Estimate Price</th><th>Lowest offer of M/s AFCONS and work awarded</th><th>Actual / Executed amount</th></tr>
<tr><td>Construction of Berth No 11</td><td>21,07,67,550.00</td><td>17,12,06,538.00</td><td rowspan="4">34,77,00,000.00</td></tr>
<tr><td>Construction of Wharf Wall</td><td>25,59,15,850.00</td><td>15,38,85,166.00</td></tr>
<tr><td>Building works</td><td>3,24,81,310.00</td><td>3,33,65,053.00</td></tr>
<tr><td>Provisional works</td><td></td><td>7,04,933.00</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>Construction of berth no 12</td><td>16,13,59,575.00</td><td>12,85,72,967.00</td><td>12,50,00,000.00</td></tr>
</table>
</td>
<td></td>
</tr>
<tr>
<td>(v).</td>
<td>Amount of short term deposits included under working capital apportioned to Jetty No. 11 & 12 for each of the relevant years and interest earned on such short term deposits during the respective years</td>
<td>
The amount of short terms deposits included under the working capital for the period from 2003-04 to 2008-09 is as follows:-
(in ₹)
<table>
<tr><td>2003-04</td><td>146,28,91,000.00</td></tr>
<tr><td>2004-05</td><td>210,52,28,000.00</td></tr>
<tr><td>2005-06</td><td>219,44,06,097.96</td></tr>
<tr><td>2006-07</td><td>237,50,97,744.66</td></tr>
<tr><td>2007-08</td><td>252,08,97,639.44</td></tr>
<tr><td>2008-09</td><td>261,95,71,711.96</td></tr>
</table>

As already stated in the hearing that these amounts were included under cash & Bank balances as per the principle laid down by TAMP in computing the working capital and finalizing the rates for J. No.10
</td>
<td>The MRPL has stated that the NMPT has clarified that interest earnings have been included under Finance and Miscellaneous Income in the proposal submitted for general revision of Scale of Rates. However, same has not been considered for the computation of wharfage rate submitted under the MOU which is under</td>
</tr>
</table>

		for the period 1996-97 to 2001-02. In the accounts from the year 2003-04 onwards these short term deposits were included under "Investments" only for the purpose of audit requirement. However, it is reiterated that these deposits which are short term in nature should be considered as Cash & Bank balances and included under Current Assets only. The above deposits are for a period of more than 1 year and less than 1 year at various intervals and it may not be possible to calculate the interest earnings on these deposits. However, the interest earnings have been included under FMI income in the proposal submitted for General revision of Scale of Rates.	consideration.
(vi).	Brief note on utilization of common assets covered under HPCL, ASIDE and other special schemes with break-up of cost of such assets considered for apportionment to MRPL.	Details of schemes included under ASIDE are furnished. The connected Agenda note submitted in the Board of Trustees meeting held on 8.3.2004 is also furnished. As far as the assets exhibited under HPCL in the accounts is only to indicate the assets pertaining to J. No.9. It does not imply the assets were executed as part of the scheme with HPCL. There is no MOU with HPCL for creation of assets.	No details have been provided to MRPL with respect to schemes included under ASIDE and HPCL. Hence, MRPL are not in a position to offer any comments on this issue.
(vii).	The treatment given to the income of ₹47.48 lakhs for the year 2006-07 generated from port dues, pilotage and berth hire charges in the recent general revision of Scale of Rates at NMPT	The amount of ₹47.48 lakhs for the year 2006-07 generated from Port Dues, Pilotage and Berth hire charges has been included as operating income and considered for the recent General Revision of Scale of Rates for NMPT.	NMPT has clarified that income generated to the extent of ₹47.48 lakhs for the year 2006-07 have been included as operating income and considered for the recent General Revision of SOR. The income so generated also has not been included for this wharfage rate computation. It is submitted that when the submissions are in respect of a method of computation under the MOU, NMPT clarifies that these have been included under General Revision of tariff which is for the prospective period of 1.4.2012 onwards, whereas the rate under consideration is for much earlier period i.e. 2002-03 to 2008-09.

(viii).	The impact of pre-closure of loan in the fixation of wharfage for the relevant years	There is no pre-closure of loan as attributed by MRPL. The Loan repayment schedule has been drawn by SBI as per the rupee loan agreement and the repayment was made as per the repayment schedule. The repayment schedule was drawn for a loan component of ₹160 Crores. However, as the project cost has been reduced, the loan component was also reduced and accordingly when the repayment was made upto the loan amount, SBI gave NOC for the discharging the loan. As per the rupee loan agreement Article 8.2 the repayment schedule if required, shall be revised only by SBI. The rupee loan agreement also provides for pre-payment of loan and hence the discharging of the loan availed from SBI is as per the provisions of rupee loan agreement. As per the Clause 3 of the MOU, the liability of NMPT in respect of MRPL loan would be discharged only after the liability of NMPT to banks and financial institutions have been paid in full. Accordingly, after the receipt of NOC from SBI regarding the discharge of bank loan NMPT repaid the loan of ₹20 Crores availed from MRPL in 6 installments from 31.12.2009 to 31.3.2011. The MRPL also accepted the repayment of above loan even though the above repayment was also made prior to the amortization schedule provided in the agreement. Since the loan was discharged as per the provisions of rupee loan agreement, MOU and accepted both by the Lenders viz., SBI & MRPL, the action of NMPT in discharging the loan prior to the schedule is in order. Since the loan was discharged as per the provisions of the rupee loan agreement and MOU there is no need to calculate the impact of pre-closure of loan in the fixation of wharfage for the relevant years.	MRPL have made a detailed submission to TAMP dated 5 July 2012 with respect to pre-closure of SBI loan (Details brought out in para 8.4 below). NMPT and SBI have taken a unilateral decision to pre close the loan, contrary to the terms and conditions of Rupee Loan Agreement. NMPT has stated that MRPL has accepted the repayment of loan even though the repayment was made prior to the amortization schedule provided the agreement. The statement is totally not agreeable to MRPL. The said repayment amount was originally returned to NMPT by MRPL with our detailed comments. However, the same was forcefully sent back and MRPL have accepted the repayment cheque under protest only, vide MRPL letter dated 29 January 2010, a copy of which is already provided to TAMP.
(ix).	NMPT to verify the calculations of wharfage rates furnished by MRPL based on its stand and furnish its comments	As regards the issues which are not agreed by MRPL, comments of the Port were already given vide this office letter dated 4.4.2012 and also in the above paragraphs. NMPT has no remarks to offer on the calculations made by MRPL as it is not acceptable to NMPT.	---
(x).	NMPT to endorse a copy of its response to MRPL for its comments.	A copy of the above remarks sent to TAMP is also endorsed to MRPL for their information. A copy of the MOU for Jetty No.11 and rupee loan agreement entered with SBI is furnished.	---

8.5. As agreed at the joint hearing, the MRPL was requested to submit a note on the effects of pre-closure of loan by NMPT along with copy of loan agreement. In response, MRPL vide its letter no. MRPL/F &A/TAMP/Wfge/02-03 to 08-09 dated 5 July 2012 has furnished additional comments with respect to the issue of prepayment on loan taken for construction of Jetty No.11, resulting into pre-closure of MoU on 31.03.2011, as against the scheduled tenure up to 30 September 2014. The main points made by MRPL are as under:

(i). As per Article-8 of the terms and conditions of the Tripartite Rupee Loan Agreement dated 9.2.2000 between NMPT, MRPL and SBI –

(a). repayment shall be made in 120 equal installments commencing from 30 April 2003 and ending on 30 March 2013 (Article 8.1).

(b). If, for any reason the amount finally disbursed by SBI out of the loan is less than the amount of the loan, the repayment schedule shall be revised accordingly by SBI on pro-rata basis (Article 8.2).

(c). The loan or any part thereof shall not be prepaid by the borrower except with the prior written approval of SBI and on such terms and conditions including premium as may be stipulated by them (Article 8.3).

(ii). The amount sanctioned by SBI was ₹160 crores and equated monthly installments set forth was ₹1.34 crores per month. However, though the amount finally drawn by NMPT was only ₹103.42 crores, without revising the repayment schedule on pro-rata basis as mentioned in Article 8.2 of Rupees Loan agreement, NMPT started paying ₹1.34 crores per month (i.e. ₹16.08 crores p.a.)

(iii). As the phrase used in clause 8.2 is '**shall be revised**', SBI should have revised the schedule, complying NMPT ought to have sought rescheduling of the installment. The action of NMPT not seeking rescheduling of the installment was strongly objected by MRPL vide its letter dated 29 November 2004, with a copy marked to SBI and subsequently many letters were addressed to NMPT.

(iv). In spite of the MRPL taking up the matter with NMPT on several occasions, the loan repayment was completed in 6½ years, as against 10 years term without revising the schedule.

(v). The said Rupee Loan agreement between SBI, NMPT and MRPL is a tripartite agreement which is an offshoot of the MoU between NMPT and MRPL. The MoU terms devolve on the terms of the loan agreements and the funding is arranged by MRPL by way of seed capital, repayment guarantee and debt servicing through wharfage recovery. The relevant gist of clause no. 2.9 of MoU dated 9 February 2000 between NMPT and MRPL, which specifically deal with Loan agreement, is as under:

(a). MRPL to arrange funds to finance the total project cost.

(b). The loan will be repayable along with interest over a period of 10 years (after 4 years for construction and moratorium) in 120 equal monthly installments.

(c). Wharfage shall be collected in order to enable NMPT to repay the funds along with interest thereon.

(d). MRPL to provide guarantee if required and in case of invocation of the guarantee, MRPL shall be subrogated to lender's right.

Therefore, it is clear that MRPL was active participant in the borrowing arrangement with all legal rights and responsibilities attached therein.

Besides, there is Rupee Loan Agreement dated 15 May 2000 between NMPT and MRPL with respect to seed capital loan of ₹20 crores to NMPT. The repayment terms are as under

'The principal amount of this loan would be discharged after the liabilities of the borrower to SBI have been paid in full. The repayment of this loan

would be in 6 equal quarterly installments commencing during the quarter following the last installments due to SBI, provided that if the amount lying in the Escrow Account is more than the repayment installment due to MRPL, then such balances shall be utilized towards the prepayment of this loan in consultation with MRPL.

Without considering MRPL requests and true spirit of MoU and Loan Agreement, NMPT, after arbitrarily pre-closing the loan with SBI, started paying back MRPL loan in 6 equated monthly installments from December 2009. MRPL returned the repayment cheque to NMPT stating that accepting it would violate the Agreement between the parties. However, MRPL was constrained to accept the 1st installment.

(iv). Early repayment of loan with SBI leads to:

(a). Higher Loan repayment element included in the wharfage rate computation, which forms a predominant role in ascertaining the rate.

(b). Early closure of MoU by 31 March 2011, as against the schedule of 30 September 2012.

Impact of wharfage rate per ton for Jetty-11 on the prepayment of loan as provisionally computed by MRPL is as under:

Year	Impact per ton (in ₹)
2003-04	13.89
2004-05	8.87
2005-06	7.15
2006-07	7.13
2007-08	6.57
2008-09	6.02

(v). In view of above, MRPL requested to give following directives to NMPT:

(a). Revise the wharfage rate suitably to give effect to:
(i). reduction in loan repayment amount.
(ii). increase in interest payable during the initial years.

(b). Keep in force the MoU terms only with regard to fixation of wharfage charges till September 2014, i.e. the original scheduled period of closure of loan.

8.6. At our request, the NMPT has furnished the following clarification/confirmation vide its letter no. NMPT/FIN/REV/J-10 & 11/2010-11 dated 15 March 2013:

(i). Booking of income on vessels called at Jetty No.10, 11 & 12:

NMPT has confirmed that income derived on vessels called on Jetties irrespective of the parties, are booked and taken into account to the credit of the respective jetties. This is as per the directives of TAMP adopted at the time of approving the final rates for the years 1996 to 2002.

(ii). Interest income derived out of Short-term deposits included under the working capital:

NMPT has stated that the interest earnings on the short term deposits have been included under Finance and Miscellaneous income of the Port Trust as already clarified under para 2.2.(v) of its letter dated 16 July 2012.

9. The proceedings relating to consultation in this case are available on records at the office of this Authority.

10. With reference to the totality of the information collected during the processing of this case, the following position emerges:

(i) The proposal of the New Mangalore Port Trust (NMPT) is to fix wharfage rate for the years 2002-03 to 2008-09 for the cargo handled at the Jetties, viz. Jetty No.10 and Jetty No.11 dedicated for MRPL based on Memorandum of Understanding (MOU) entered between NMPT and MRPL.

(ii) Jetty No.10 is covered by a MoU dated 20 January 1995. This Authority vide its earlier Orders dated 27 October 1998, 19 July 2000 and 18 November 2004 has set the guiding principles to be followed for fixation of wharfage rate for Jetty No.10. This Authority has already fixed wharfage rate for Jetty No.10 for the period upto 2001-02 based on the proposals filed by NMPT, following the set principles.

As far as Jetty No.11 is concerned, the NMPT has for the first time filed a proposal for fixation of wharfage rate. A separate MoU for Jetty No.11 has been entered between the NMPT and MRPL on 9 February 2000. It is reported that the terms and conditions of MoU for Jetty No.11 are similar to Jetty No.10. That being so, the principles set by this Authority for fixation of wharfage at Jetty No.10 are taken to be applicable for Jetty No.11 also. Incidentally, the NMPT has also adopted the same guiding principles for fixation of wharfage rate for both jetties.

Operations at Jetty No.11 commended on 16 May 2002 and the NMPT has filed its proposal for fixation of wharfage rate for Jetty No.11 from the year 2002-03 onwards.

(iii) The proposal is formulated by NMPT based on the guiding principles prescribed by this Authority in its earlier orders in this regard. MRPL has reportedly verified the figures / calculations furnished by NMPT. Both parties have exchanged a lot of correspondence between them and sorted out differences except on a few issues. Relying on the position reported by both the parties, the detailed examination of the methodology adopted and arithmetical accuracy of the proposal filed by NMPT have not been gone into. The exercise on hand is limited to analyse the unresolved issues between NMPT and MRPL and make adjustment in the tariff proposed by NMPT, to the extent required. The issues reported to be unresolved between NMPT and MRPL in the fixation of wharfage rate for Jetty No.10 and Jetty No.11 for the years from 2002-03 to 2008-09 are discussed in the following paragraphs.

(iv) **<u>Apportionment of certain capital expenses to Jetty 12</u>:**

The MRPL has contended that the cost of capital dredging and construction of diaphgram wall are common to Jetty No. 11 and Jetty No.12. Jetty No.12 is not a dedicated jetty to MRPL. Since the benefit of these capital expenses are flowing to Jetty No.12 also, these capital expenses should be apportioned to Jetty No.12 by reducing the capital cost of Jetty No.11, according to the MRPL.

According to NMPT, with regard to capital dredging cost, Jetty No.12 is a shallow draft berth designed for smaller vessels while the Jetty No.11 was designed for larger vessels. Since Jetty No.12 was designed for smaller vessels no separate capital dredging was required for Jetty No.12. Statistics furnished by NMPT in respect of vessels handled at Jetty No.12 also reveals that the jetty no.12 is a shallow draught jetty which may not warrant capital dredging. The NMPT has also stated that construction of diaphragm wall was included under the cost of Jetty No.11 as per the technical requirement. At our request, the NMPT has furnished copies of approval obtained from the Government for construction of Jetty No.11, which shows that the estimates for construction of diapgrahm wall and capital dredging were included in the estimate for construction of Jetty No.11. Further, the capital cost estimate for Jetty No.11 as per the MoU dated 9 February 2000 entered between NMPT and MRPL also include estimates for these two works. It is noteworthy that the MRPL does not deny that the capital estimates and MOU include cost of capital dredging and diaphragm wall under Jetty No.11. The position of MRPL is that the benefit of diaphragm wall is enjoyed by the vessels using Jetty No.12 also. However, it has to be kept in view that the construction of diaphragm wall is the technical requirement of Jetty No. 11 only. That being so, the capital cost of the diaphragm wall is exclusive to the Jetty No.11 only. Although the MRPL argues that it was not aware of the construction of Jetty No.12 by the NMPT at the time of entering MoU, this Authority is not an appropriate forum for adjudication of disputes arising on account of MoU. In nutshell, since the estimates approved by the Government for construction of Jetty No.11 as well as the MoU entered between NMPT and MRPL include estimates towards capital dredging and construction of diaphragm wall and since this position is within the knowledge of MRPL, the question of apportionment of a portion of capital expenses incurred for Jetty No.11 to Jetty No.12 does not arise. Therefore, no adjustment in the tariff proposed by NMPT for Jetty No.11 is found necessary in this regard.

(v) <u>Preclosure of Loan with SBI</u>

Another issue agitated by MRPL is the pre-closure of Rupee Term Loan availed from SBI to finance the construction of Jetty No.11 by 3½ years, which has resulted in pre-closure of the MoU between NMPT and MRPL on 31 March 2011 instead of the original MoU completion period upto 30 September 2014. It has argued that MoU entered between NMPT and MRPL provides that the loan will be repayable in 120 equal monthly instalments and Article 8.2 of the Tripartite Rupee Term Loan Agreement (NMPT, MRPL and SBI) dated 9 February 2000 clearly stipulates that the repayment schedules shall be revised in case the loan amount disbursed is less than the sanctioned amount. According to MRPL, the NMPT has violated the provisions of MoU and Rupee Term Loan agreement by not resorting to rescheduling of loan repayment based on the actual loan amount of ₹103.42 crores drawn by NMPT, which is less than the sanctioned loan amount of ₹160 crores in order to maintain the scheduled loan repayment period of 10 years. It is the case of MRPL that higher repayment of loan during the years has resulted in higher wharfage rate during the years 2002-03 to 2008-09 and by preclosing the MoU ahead of schedule by 3 ½ years, the MRPL is deprived of the benefit of special tariff arrangement as per the MoU. The MRPL has reported that the NMPT did not concede to its several requests in this regard and unilaterally foreclosed the MoU. The MRPL has, therefore, prayed before this Authority to direct NMPT to revise the wharfage computation by effecting reduction in loan repayment amount, increase in the interest payable during the initial years and to keep in force the MoU terms with regard to fixation of charges till September 2014.

On the other hand, the position of NMPT is that it has followed the amortisation schedule given by SBI. It is for the SBI to revise the amortisation schedule. Since the SBI has accepted the payments and retired the loan in 6 ½ years, there is no violation of any provisions of Rupee Term Loan agreement. Further, after closing the SBI loan, the NMPT has also retired the MRPL loan which was accepted by MRPL.

As pointed out by MRPL, Article 8.2 of the Rupee Term Loan agreement stipulates for revision of repayment schedule by SBI in case of short drawal of sanctioned loan amount. However, it has to be recognised that Article 8.3 of the same agreement provides for pre payment of the loan with the approval of SBI. It appears that the SBI instead of revising the repayment schedule as per Article 8.2, has accepted the payment from NMPT as per original repayment schedule and agreed for prepayment of the loan in 6 ½ years as per Article 8.3. That being so, there does not appear to be any violation of agreement provisions on the part of NMPT in the repayment of rupee term loan. The MRPL in its pleadings has stressed upon a point that MRPL is also a party to the Tripartite Rupee Term Loan agreement and NMPT has unilaterally chosen to foreclose the loan without the consent of MRPL. When MRPL is claiming that it is also a party to the Tripartite Rupee Term Loan agreement, the factors / reasons which restrained MRPL from taking up the issue directly with SBI all these years remains unexplained.

In any case, this Authority is not the appropriate forum to adjudicate on the disputes arising between the parties in terms of the MoU or the Rupee Term Loan agreement as the case may be. As far as fixation of wharfage rate is concerned, this Authority has clearly laid down the guiding principles to be followed in fixation of wharfage for Jetty No.10 and for the reasons explained earlier, the same principles are applicable for fixation of wharfage rate for Jetty No.11 also. As per the guiding principles laid down by this Authority, the repayment of loan by NMPT has to be considered as an item of cost for fixation of wharfage rate. Therefore, the approach adopted by NMPT in considering the actual repayment of loan is seen to be in order and no adjustment in the tariff proposed by NMPT for Jetty No.11 is felt necessary with reference to preclosure of loan / MoU by NMPT.

(vi) Inclusion of short term deposits in working capital

As per the guiding principle specified in paragraph 11 (iii) of the Order dated 19 July 2000 prescribing the guiding principles to be followed for fixation of wharfage for Jetty No.10, the working capital shall be calculated as the difference between Current Assets (excluding cash balances of specific funds) and Current Liabilities.

The position of NMPT is that it has computed the working capital adopting the methodology prescribed in the above mentioned order which has been followed for fixation of wharfage rate for the years 1996-97 to 2000-01. The short term deposits which were shown as current assets upto 2004-05 have been regrouped under Investments from the year 2005-06 onwards as required under the modified format of financial statements prescribed in the Billimorea Report followed by the Major Ports. According to NMPT, mere regrouping of short term deposits would not warrant any change in the working capital computation.

On the other hand, the MRPL has countered that by any means short term deposits cannot be included under working capital and insisted for exclusion of short term deposits from computation of working capital from the year 2005-06 onwards.

MRPL has no dispute over considering short term deposits as current asset for the years 2002-03 to 2004-05. The NMPT has stated, as brought out above, that it has computed Working Capital adopting the methodology followed in fixation of wharfage for the years 1996-97 to 2000-01. If these short term deposits are considered in the computation of Working Capital in fixation of wharfage for the years 1996-97 to 2000-01, there is no reason for excluding the short term deposits in computation of Working Capital for fixation of wharfage for the years 2002-03 to 2008-09. Mere regrouping of short term deposits under Investments as required to be followed from the year 2005-06 by the procedure suggested by M/s. Billimorea would not warrant any change in the Working Capital computation. Therefore, the approach followed by NMPT in arriving the working capital is consistent and seen to be in order and no adjustment in the working capital proposed by NMPT is felt necessary in light of the guiding principle specified in paragraph 11 (iii) of the Order dated 19 July 2000.

(vii) Inclusion of HPCL and ASIDE assets under common assets

The position of MRPL is that HPCL assets and assets created under ASIDE schemes are not relevant for MRPL jetties and hence they should be excluded from the common assets for the purpose of apportionment of common assets to

MRPL jetties. As far as assets shown as "HPCL" are concerned, the NMPT has clarified that the assets shown in the audited accounts in the name of HPCL represent assets of Jetty No.9 which is a common jetty. The port has further confirmed that the assets covered under MoU with any other party / users have not been included under common assets. Relying on the position reported by NMPT, the apportionment of common assets to MRPL jetties considered by NMPT is considered without any modification.

(viii) Short consideration of income in the year 2006-07:

With reference to short consideration of vessel related income during the year 2006-07 to the tune of ₹47.48 lakhs reported by MRPL compared to the income reported in the annual accounts, the NMPT has stated that the income reported in the annual accounts may contain wrong bookings / adjustments and hence vessel wise income considered by the port only should be considered. In this connection, it has to be recognised that as per the guiding principles laid down by this Authority, the wharfage rate is computed by taking into account the sharing of certain expenses and income at actuals. For this purpose, the actual income / expenses reported in the annual accounts is relied upon. Further, MRPL has not pointed out such difference in any other years which leads to the presumption that the income considered by NMPT for the other years are in agreement with the annual accounts. Hence, the NMPT could have reconciled the vessel wise income with the income reported in the annual accounts for the year 2006-07 when the discrepancy was pointed out by the MRPL in order to substantiate its position, which the port has reportedly not done. In view of the above, this Authority is inclined to rely upon the position reported by MRPL in this regard. Accordingly, the vessel related income considered by NMPT for the year 2006-07 is increased by ₹47.48 lakhs (₹22.67 lakhs for Jetty No.10 and ₹24.81 lakhs for Jetty No.11) in order to reflect the income reported in the audited annual accounts.

(ix). The MRPL is not categorical in its statement that NMPT had allowed some other vessels to be berthed at Jetty No.10 and 11 and the income realized from this operations was not considered. Further, the MRPL has also not provided the details of other vessels presumably handled thereat and income earned from those operations. In any case, the NMPT has confirmed that income derived on vessels called on jetty no.10, 11 and 12 irrespective of the parties' are booked and taken into account to the credit of the respective jetties. Therefore, no adjustment in the tariff proposed by NMPT for Jetty No.10 and 11 is found to be necessary in this regard.

(x) The MRPL has stated that the annexure with reference to the apportionment of expenditure of two cost centers viz., 274 & 276 stated to be enclosed by NMPT was not received. But, while stating that the apportionment is erroneous, the MRPL has not established how it was erroneous. Nothing would have prevented MRPL from obtaining the requisite details from NMPT and verify the position, if it has not received them earlier from NMPT. In any case, the exercise in this regard made by NMPT is only to rectify the error of omission. Therefore, relying on the position reported by NMPT, the apportionment of expenditure of two cost centers viz., 274 & 276 considered by NMPT is considered without any modification.

(xi) Subject to the above discussions, the cost statements furnished by the NMPT for fixation of wharfage rate for cargo handled at Jetty No.10 and Jetty No.11 for the years 2002-03 to 2008-09 are modified. The modified cost statements are attached as **Annex - I (a) and (b)** for Jetty No.10 and Jetty No.11 respectively.

(xii) The wharfage rate for Jetty No.10 and Jetty No.11 proposed by the NMPT vis-à-vis modified rates based on the above discussion are furnished in the table given below:

Year	**Jetty No.10 (₹ per tonne)**		**Jetty No.11 (₹ per tonne)**	
	Proposed by NMPT	Modified by TAMP	Proposed by NMPT	Modified by TAMP
2002-03	60.41	60.41	71.51	71.51
2003-04	48.91	48.91	65.37	65.37
2004-05	40.16	40.16	42.21	42.21
2005-06	30.33	30.33	32.34	32.34
2006-07	30.64	29.89	38.73	38.45
2007-08	22.96	22.96	39.54	39.54
2008-09	27.61	27.61	36.07	36.07

(xiii) As far as the computation of wharfage for Jetty No.10 for the year 2006-07 is concerned, the NMPT has shown a figure of ₹.1621.66 lakhs towards Port and Dock charges. An arithmetical error noticed in the computation of the figure of ₹.1621.66 lakhs was rectified and the rectified figure is shown as ₹.1569.62 lakhs for the year 2006-07 towards Port and Dock charges in the cost statement.

(xiv) The proposal of NMPT is to fix the wharfage rate for the years 2002-03 to 2008-09 which is a retrospective approval of rates. As per the tariff guidelines, this Authority is mandated to fix tariff prospectively. In this case, the tariff is fixed based on apportionment of certain income and expenses at actuals and therefore calls for retrospective tariff fixation. However, the NMPT was reminded on several occasions to expedite the filing of tariff proposals in order to avoid inordinate delay in fixation of tariff by this Authority. Despite several reminders, the NMPT has filed the proposal for fixation of tariff from the year 2002-03 onwards only in March / April 2012. In view of the above, it is clarified to NMPT that this Authority will not be responsible for issues / dispute, if any, on account of retrospective implementation of the tariff approved in this case.

11.1. In the result, and for the reasons stated above and based on a collective application of mind, this Authority approves the wharfage rate for cargo handled at Jetty No.10 and Jetty No.11 of NMPT during the years 2002-03 to 2008-09, as given below:

Year	**Jetty No.10 (₹ per tonne)**	**Jetty No.11 (₹ per tonne)**
2002-03	60.41	71.51
2003-04	48.91	65.37
2004-05	40.16	42.21
2005-06	30.33	32.34
2006-07	29.89	38.45
2007-08	22.96	39.54
2008-09	27.61	36.07

11.2. The NMPT and MRPL are advised to sit together and finalise the wharfage rate for the period from 2009-10 onwards and submit a proposal to this Authority within 3 months' time from the date of notification of the Order in the Gazette.

(**T.S. Balasubramanian**)
Member (Finance)

Annex-I (a)

Computation of Wharfage rate payable by Mangalore Refinery and Petrochemicals Limited (MRPL) to New Mangalore Port Trust (NMPT) for cargo handled at Jetty No.10 during the years 2002-03 to 2008-09

(Rs. in lakhs)

Sl. No.	Particulars	As furnished by NMPT							As modified by TAMP						
		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
A	**EXPENDITURE**														
(i).	Cargo handling & Storage	327.31	325.43	336.83	349.01	356.35	360.33	380.55	327.31	325.43	336.83	349.01	356.35	360.33	380.55
(ii).	Port & Dock charges	1625.14	1858.21	1304.71	1508.09	1621.66	1659.42	1519.74	1625.14	1858.21	1304.71	1508.09	1569.62	1659.42	1519.74
(iii).	Estate Rentals	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
(iv).	General Management & Admn. Expenses	339.54	319.27	289.26	295.54	294.87	302.98	375.69	339.54	319.27	289.26	295.54	294.87	302.98	375.69
(v).	Finance & Miscellaneous Expenses	1904.88	1668.94	1584.96	499.08	524.74	467.90	471.61	1904.88	1668.94	1584.96	499.08	524.74	467.90	471.61
	Total Expenditure (i) to (v)	**4200.56**	**4175.55**	**3519.45**	**2655.41**	**2801.33**	**2794.32**	**2751.29**	**4200.56**	**4175.55**	**3519.45**	**2655.41**	**2749.28**	**2794.32**	**2751.29**
B	**INCOME**														
(i).	Port Dues	285.77	320.17	290.10	269.54	291.99	285.72	306.80	285.77	320.17	290.10	269.54	291.99	285.72	306.80
(ii).	Berth Hire charges	235.60	303.48	253.88	235.30	264.60	258.48	303.36	235.60	303.48	253.88	235.30	264.60	258.48	303.36
(iii).	Pilotage	935.85	1027.93	1077.05	1022.41	916.50	834.82	936.98	935.85	1027.93	1077.05	1022.41	939.17	834.82	936.98
(iv).	Interest on Escrow A/c	163.94	103.82	99.94	140.74	129.40	291.79	373.38	163.94	103.82	99.94	140.74	129.40	291.79	373.38
	Total Income (i) to (iv)	**1621.16**	**1755.41**	**1720.98**	**1667.99**	**1602.49**	**1670.82**	**1920.52**	**1621.16**	**1755.41**	**1720.98**	**1667.99**	**1625.16**	**1670.82**	**1920.52**
C	**Net Expenditure (A) - (B)**	**2579.40**	**2420.14**	**1798.47**	**987.42**	**1198.84**	**1123.50**	**830.76**	**2579.40**	**2420.14**	**1798.47**	**987.42**	**1124.12**	**1123.50**	**830.76**
D	**Return on Assets**														
(i).	Return on Jetty No.10 Assets (@ 3% p.a.)	640.15	633.98	635.10	611.26	601.12	598.95	580.69	640.15	633.98	635.10	611.14	601.12	598.95	580.69
(ii).	Return on other common assets (@ 18% p.a.)	374.06	378.79	384.06	509.76	485.78	519.27	533.40	374.06	378.79	384.06	509.76	485.78	519.27	533.40
(iii).	Loan Repayment	1772.00	1772.00	1772.00	1319.00	1251.74	675.00	1500.00	1772.00	1772.00	1772.00	1319.00	1251.74	675.00	1500.00
	Sub total (i) to (iii)	2786.21	2784.77	2791.16	2440.02	2338.65	1793.22	2614.09	2786.21	2784.77	2791.16	2439.90	2338.65	1793.22	2614.09
E	**Less: Depreciation**	494.53	489.26	491.38	493.06	489.64	489.50	489.50	494.53	489.26	491.38	493.06	489.64	489.50	489.50
F	**Net Return on Assets (D) - (E)**	**2291.67**	**2295.51**	**2299.78**	**1946.96**	**1849.01**	**1303.72**	**2124.59**	**2291.67**	**2295.51**	**2299.78**	**1946.84**	**1849.01**	**1303.72**	**2124.59**
G	**Net Expenditure + Return on Assets (C) + (F)**	**4871.08**	**4715.64**	**4098.25**	**2934.37**	**3047.85**	**2427.23**	**2955.35**	**4871.08**	**4715.64**	**4098.25**	**2934.26**	**2973.13**	**2427.23**	**2955.35**
H	**Traffic handled at Jetty No.10 (in lakh tonnes)**	80.63	96.42	102.05	96.74	99.48	105.74	107.04	80.63	96.42	102.05	96.74	99.48	105.74	107.04
I	**Wharfage per tonne (in Rs.)**	**60.41**	**48.91**	**40.16**	**30.33**	**30.64**	**22.96**	**27.61**	**60.41**	**48.91**	**40.16**	**30.33**	**29.89**	**22.96**	**27.61**

Annex-I (b)

Computation of Wharfage rate payable by Mangalore Refinery and Petrochemicals Limited (MRPL) to New Mangalore Port Trust (NMPT) for cargo handled at Jetty No.11 during the years 2002-03 to 2008-09

(Rs. in lakhs)

Sl. No.	Particulars	As furnished by NMPT							As modified by TAMP						
		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
A	**EXPENDITURE**														
(i).	Cargo handling & Storage	264.13	279.36	290.03	309.55	325.64	327.55	347.77	264.13	279.36	290.03	309.55	325.64	327.55	347.77
(ii).	Port & Dock charges	693.08	1278.19	1115.83	1489.98	1420.85	1272.65	1177.18	693.08	1278.19	1115.83	1489.98	1420.85	1272.65	1177.18
(iii).	Estate Rentals	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87
(iv).	General Management & Admn. Expenses	245.21	290.41	295.57	297.07	296.38	310.35	364.64	245.21	290.41	295.57	297.07	296.38	310.35	364.64
(v).	Finance & Miscellaneous Expenses	1136.78	1630.15	1550.86	680.30	742.90	685.64	571.18	1136.78	1630.15	1550.86	680.30	742.90	685.64	571.18
	Total Expenditure (i) to (v)	**2348.08**	**3487.00**	**3261.17**	**2785.77**	**2794.63**	**2605.05**	**2469.64**	**2348.08**	**3487.00**	**3261.17**	**2785.77**	**2794.63**	**2605.05**	**2469.64**
B	**INCOME**														
(i).	Port Dues	94.07	202.79	244.97	282.20	251.01	228.88	240.61	94.07	202.79	244.97	282.20	251.01	228.88	240.61
(ii).	Berth Hire charges	113.19	207.45	270.55	280.16	258.33	249.09	258.92	113.19	207.45	270.55	280.16	258.33	249.09	258.92
(iii).	Pilotage	401.92	742.64	933.29	1061.38	831.73	728.95	791.94	401.92	742.64	933.29	1061.38	856.54	728.95	791.94
(iv).	Interest on Escrow A/c	1.01	71.33	23.60	28.77	44.24	80.01	278.31	1.01	71.33	23.60	28.77	44.24	80.01	278.31
	Total Income (i) to (iv)	**610.20**	**1224.22**	**1472.41**	**1652.52**	**1385.32**	**1286.93**	**1569.77**	**610.20**	**1224.22**	**1472.41**	**1652.52**	**1410.13**	**1286.93**	**1569.77**
C	**Net Expenditure (A) - (B)**	**1737.88**	**2262.78**	**1788.76**	**1133.26**	**1409.31**	**1318.12**	**899.87**	**1737.88**	**2262.78**	**1788.76**	**1133.26**	**1384.50**	**1318.12**	**899.87**
D	**Return on Assets**														
(i).	Return on Jetty No.11 Assets (@ 3% p.a.)	394.28	436.86	440.55	418.71	415.69	415.80	399.82	394.28	436.86	440.55	418.59	415.69	415.80	399.82
(ii).	Return on other common assets (@ 18% p.a.)	318.56	378.79	384.06	509.76	485.78	519.27	533.40	318.56	378.79	384.06	509.76	485.78	519.27	533.40
(iii).	Loan Repayment	0.00	1608.00	1608.00	1608.00	1608.00	1608.00	1608.00	0.00	1608.00	1608.00	1608.00	1608.00	1608.00	1608.00
	Sub total (i) to (iii)	712.84	2423.65	2432.62	2536.47	2509.47	2543.07	2541.22	712.84	2423.65	2432.62	2536.35	2509.47	2543.07	2541.22
E	**Less: Depreciation**	0.00	406.69	405.61	405.41	413.46	413.46	413.46	0.00	406.69	405.61	405.41	413.46	413.46	413.46
F	**Net Return on Assets (D) - (E)**	**712.84**	**2016.96**	**2027.01**	**2131.06**	**2096.01**	**2129.61**	**2127.76**	**712.84**	**2016.96**	**2027.01**	**2130.94**	**2096.01**	**2129.61**	**2127.76**
G	**Net Expenditure + Return on Assets (C) + (F)**	**2450.73**	**4279.74**	**3815.76**	**3264.32**	**3505.33**	**3447.73**	**3027.63**	**2450.73**	**4279.74**	**3815.76**	**3264.20**	**3480.52**	**3447.73**	**3027.63**
H	**Traffic handled at Jetty No.11 (in lakh tonnes)**	34.27	65.47	90.41	100.93	90.51	87.19	83.93	34.27	65.47	90.41	100.93	90.51	87.19	83.93
I	**Wharfage per tonne (in Rs.)**	**71.51**	**65.37**	**42.21**	**32.34**	**38.73**	**39.54**	**36.07**	**71.51**	**65.37**	**42.21**	**32.34**	**38.45**	**39.54**	**36.07**